

Technology Foundation for Future Innovation: Financial Services



The wave of digital transformation has had major impact on companies in all vertical markets. The financial services sector in particular has experienced a sea change in terms of opportunities to address new markets and new customers in ways that previously were not possible—all with the goal of increasing customer satisfaction while improving operational efficiencies.

In particular, technologies that provide data-driven intelligence for enhanced decision-making and those that enable or enhance automation are helping financial services organizations move forward. McKinsey & Co. has identified three types of technologies that show the most promise in the continued transformation of the financial sector:

- **Automation and robotics**, to help improve processes and reduce the amount of manpower spent on redundant tasks.
- **Data visualization**, to provide information in real-time for better decision-making.
- **Advanced analytics for finance operations**, to provide more intelligence for better decision-making, and for **overall business**, to uncover areas of opportunity within an organization.¹

The technologies that further enable transformation serve to provide multiple benefits to organizations,

not the least of which are increased productivity and enhanced customer experience. Automation reduces the amount of time spent on manual tasks, freeing employees to focus on activities that provide higher value to the organization.

Data visualization and analytics, meanwhile, can help organizations be more strategic in their decision-making and planning efforts, with an eye toward improving the overall customer experience. For example, understanding that customers in a certain geographic region prefer to do their banking transactions at a branch office rather than online, a financial institution can plan for and build out additional locations to accommodate higher levels of foot traffic. Or, recognizing certain activities that signal a customer is looking to purchase a home, a bank could send personalized mortgage recommendations or interest rate information.

As the financial services sector continues to evolve, there will be a continued need for a solid foundation to support the technologies that will further advance it. While new technology offers unlimited opportunity in scope and results, it's as good as useless without the necessary infrastructure supporting it. Smart financial services organizations understand that a solid foundation that addresses performance, reliability and affordability will enable them to grow their business faster and more securely and position them to take advantage of future technology advancements.

Performance

As the number of devices on any given network increases, so, too, does the amount of data generated by these devices. Users—both employees and customers—meanwhile, expect networks to be fast and highly responsive, regardless of what applications they're using. A foundation of **performance** keeps systems, applications and services running at peak speed.

Flexibility

Likewise, as new technologies transform business models and processes and organizations become even more technology-enabled, networks must be able to adapt to new technologies without causing bottlenecks or slowdowns. A foundation of **flexibility** ensures that technology works for the business, not the other way around, and that the network can grow and adapt as new technologies are added.

Affordability

What's more, today's networking technology is open, vendor-agnostic and API-friendly—a far cry from the closed, proprietary legacy systems that organizations traditionally have relied on. A foundation of **affordability** ensures financial services organizations can easily add new technologies that integrate seamlessly and offer greater processing power without expensive “bolt-on” integrations.

In building a foundation of performance, flexibility and affordability, financial services organizations must ensure the technologies they choose will provide benefits both today and down the road. Those organizations that understand and adopt such technologies will have a greater chance of success in digital business today and in the future.

¹ Kapil Chandra, Frank Plaschke and Ishaan Seth, “Memo to the CFO: Get in front of digital finance—or get left back,” McKinsey & Co., July 2018 <https://www.mckinsey.com/business-functions/strategy-and-corporate-finance/our-insights/memo-to-the-cfo-get-in-front-of-digital-finance-or-get-left-back>