5 Digital Transformation Priorities for Financial Services

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Introduction

Over the last several years, the financial services sector has been under pressure to provide higher-quality user experiences, as changing consumer attitudes and encroachment from competitors spur the need to reinvent customer service models. The pandemic has only exacerbated that, as an unprecedented number of customers started using mobile and online banking services to conduct financial transactions in lieu of visiting a branch office. In 2020, a study by McKinsey found 88% of finance and insurance executives increased their implementation of automation and AI—two technologies integral to customer experience in digital transformation—since the onset of the pandemic.[1]

Digital transformation in financial services should include both infrastructure and capabilities in five focus areas: staffing, operations, revenue streams, security, and customer communications. Each is critical in achieving a customer experience that is simple, seamless between devices, and more secure. Each also requires an agile network that can scale as the business transforms as well as enough bandwidth to support the ever-increasing need for digital experiences throughout the customer journey.

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Staffing

If the pandemic has taught businesses anything, it's that their employees can be productive working from home. That is if they have the right tools and services to enable them to do their jobs effectively. Financial services representatives need to have access to corporate systems and data when interacting with customers and be able to assist customers in finishing a transaction they began via their mobile app and want to complete over the phone.

In the same vein, as pandemic restrictions lessen and branches open, financial services organizations must be able to provide a seamless experience across all environments-mobile, online and in-person. Whether the employee is working in-branch or remotely and interacting with customers via video, the experience needs to be seamless.

Therefore, the level of connectivity and access to enterprise systems by employees should be equitable regardless of location.

In the branch office, staffing needs will-and do-change often. As more branches open and customers resume in-person banking, branch managers will need to make staffing adjustments to meet evolving customer demand. For example, if a branch is experiencing a high volume of in-person customers looking for financial services beyond simple transactions, a branch manager can shift window tellers to revenue-generating areas such as mortgage services, or could have remote workers available via video to speak with customers. To support this flexible staffing model, bandwidth may also need to be dialed up and down accordingly.

Operations

These days, CIOs are being tasked to do more with less: Derive more revenue with IT budgets that are the same or less than the previous years. As such, their digital transformation road map should include technologies that are supported by an infrastructure that allows them to be more flexible, agile, and scalable.

At the same time, the shift to a mostly online experience by many customers during the pandemic is expected to remain even as businesses reopen. As such, networks need to be more robust and always-on to accommodate an increasingly online customer base and provide customer experiences that are seamless between in-branch and online, including mobile experiences.

A network that provides fast and reliable connectivity is critical in enabling seamless omnichannel experiences.

In the back office, financial services organizations can rely on insights derived from data analytics to save costs internally by uncovering areas of waste or areas of opportunities. At the same time, automation can help reduce the "busy work" to enable employees to focus on more revenue-generating activities, while IoT technologies can enable smart operations to help branches save money on facilities costs such as cooling and lighting.

Employing advanced networking solutions such as SD-WAN can help ensure the enterprise systems and data that support smart operational models are accessible and performing to requirements. More flexible infrastructure also can help an organization be more future-ready by being able to more easily launch digital applications and services in the next waves of digital transformation.

In addition to making it easier to add bandwidth at a specific location, SD-WAN enables optimal performing path traffic prioritization, to help improve application performance. It also helps promote continuity of service through techniques ranging from traffic replication across multiple paths to cutover of traffic from a failing link to a healthy one. SD-WAN is gradually replacing or supplementing MPLS networks as organizations look to enhance employee productivity, improve customer experiences, automate and streamline network management, and manage costs.

Revenue Streams

Financial services organizations must be able to uncover opportunities for additional revenue by existing customers, as well as targeting new customers. Personalization of services is one way to entice existing customers to take advantage of additional offerings, such as wealth management, mortgages or personal loans with a special interest rate, based on a customer's current and historical activity.

Customers today expect information instantly, and conducting transactions is no different. As such, the ability to offer instant approval of loans based on customer data is another way financial services organizations can quickly realize increased revenue. And the ability for the customer to conduct a transaction across multiple channels—starting the loan application online and completing it on their mobile device, for example— is increasingly becoming table stakes for savvy financial services organizations.

Uncovering these and other areas of additional revenue generation can be realized through the use of data analytics and next-generation infrastructures including SD-WAN, high-bandwidth connectivity, and cloud apps that provide access to the data and intelligence that financial services need.

Security

The pandemic unfortunately resulted in an increase in security issues for many organizations.

According to security firm Panda Security:

Network attacks numbered more than **3.3 million** in the third quarter of 2020.

A **90%** increase over the previous quarter and the highest level in two years.
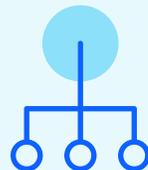
Unique network attack signatures also reached a two-year high in Q3 of 2020.[2]

What's more, COVID-19-related phishing attacks increased **600%** in the first quarter of 2020.

as hackers took advantage of the fact that employees were working from home and might not be as security-aware as they would in an office.[3]

Networks need to be protected against all manner of threats ranging from phishing to ransomware, and customers need to be able to trust that their data is safe, even in times of strife.

The increase in data breaches due to hackers, software supply chain issues or simple human error has put many organizations in the hot seat. In financial services, ensuring the security and integrity of customer data is critical, yet many—if not most—organizations lack the adequate technology or personnel to keep their systems and their data safe: Security positions remain vacant for at least three months at more than 60% of organizations, according to security organization ISACA.[4]

Partnering with a managed security services provider can help ease the burden on internal IT teams while also helping identify and mitigate cybersecurity threats. SD-WAN paired with advanced security solutions offers a level of security that may not be readily available in a more traditional infrastructure.

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Customer Communications

Of all the benefits brought on by digital transformation, the ability to communicate and collaborate via multiple channels is perhaps the most important in providing an exceptional customer experience. The pandemic forced us all inside, with little interaction beyond what was available via our computing devices. Being able to expand the level of communication via multiple channels has become a major differentiator for financial services organizations as they seek to increase the level of trust of their customers.

As such, a multi-platform, omnichannel approach to communication is increasingly what customers have come to expect. Whether it's via voice, text (via either a real person or a chatbot), email, or video, customers want to communicate on their terms and their platform of choice.

Financial services organizations, therefore, must be able to engage with customers according to their preferences.

In addition, any interaction with the customer must be high-quality and seamless across platforms, to enable both customer and financial services organization the ability to engage on a deeper and more additive level. Such interactions can help build trust and loyalty among customers, no matter how they communicate with the organization.

Technologies such as unified communications delivered as a service and managed Wi-Fi can support communication with customers how they want, whether it is in-branch or at home, and whether it is via video, text, voice, or email.

Conclusion

Rapid digital transformation was essential to the continued success of organizations during the pandemic. In the financial services sector, digital transformation has proven critical to ensuring employees and customers alike are able to interact, communicate and collaborate to the benefit of the customer as well as the organization.

Learn how Comcast Business is **helping financial services firms meet their digital transformation goals** with our innovative technologies and solutions.

[1] "What 800 executives envision for the post pandemic workforce," McKinsey and Co., September 2020

[2] "Do you know the Impact of COVID-19 on the Security Threat Landscape?" blog post, Panda Security, December 2020

[3] "Q1 2020 KnowBe4 Finds Coronavirus-Related Phishing Email Attacks Up 600%," blog post, KnowBe4, April 2021

[4] "The Life and Times of Cybersecurity Professionals 2020," Enterprise Strategy Group and the Information Systems Security Association, July 2020

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