

According to a Sopra Steria & Forrester study, 72% of financial institution executives rank their ability to innovate as their top priority

Paris, October 19, 2021 – For the [Sopra Banking Summit 2021](#), Sopra Steria, a European leader in consulting, digital services, and software development, is publishing a study conducted jointly with the independent research firm Forrester. The study, which collects interviews of more than 700 financial institution executives in nearly 30 countries, reveals the current priorities and future trends of the banking sector in terms of innovation and digital transformation.

The survey conducted by Sopra Steria and Forrester provides a broad and cross-functional view of banks' digital maturity and their innovation agenda for the coming years. Among the main findings of the study, it reveals:

- A global alignment on priorities and key challenges to secure banking institutions' digital transformation;
- A focus on improving the customer experience, especially for traditional banks;
- High expectations for Open Banking as a growth driver;
- Poor collaboration currently with ecosystem partners.

Innovation, a race against time

The study reveals that 72% of executives place their ability to innovate and improve digital products and services at the top of their current priorities, with 85% of them planning to invest in emerging technologies. The Internet of Things (85%), Artificial Intelligence (87%), and data security (88%) are perceived as the next big advances for traditional banks. A finding echoed by digital banks: IoT (91%), Artificial Intelligence (90%) and Data Security (88%).

Financial services firms have been able to adapt and innovate at a faster pace than ever during the pandemic, finding new ways to connect with prospects, supporting existing customers, while rethinking back-office operations. However, the question is whether traditional banking organizations, more so than digital banks, can maintain this spirit of innovation in a post-pandemic environment.

As Forrester points out in the report: *"The study showed that banks already overestimate their abilities in areas like customer experience — but underestimate the challenges they face as market dynamics shift to ecosystem-oriented collaboration."*

Customer experience, the key to success for the banking industry

When asked about their CX capabilities, the survey found that 70% of traditional bank executives rated their capabilities as good or excellent; a lower level was observed among digital bank executives (67%).

However, Forrester nuance in the report: *"Indeed, 72% of respondents rated their banks above average at embedding products and services in partner's platforms or channels. The law of averages suggests this is not possible and betrays overconfidence, however executives were more realistic when it comes to CX challenges."*

Legacy bank executives have a higher average perception of their digital capabilities than digital banks, in all areas except secured lending, where digital banks consider themselves to have the best digital skills (72%). In recent months, the banking sector has accelerated its transformation in reaction to the health crisis but also in response to the new relationship standards imposed by the Pure Players in the banking sector. An encouraging dynamic but a level of customer recognition that can still be improved.

Open Banking as a growth driver

As technologies evolve, traditional banks, like digital banks, are placing more value on their partners' advisory capabilities: from apprehension to integration of new technologies.

However, the needs of these two types of players differ. Security and compliance features are the most sought-after capabilities for legacy banks (67%); while digital banks value the convenience of out-of-the-box solutions (65%), cloud-based services (64%), and access to Open Finance (63%).

While Open Banking is a priority for 72% of executives surveyed, all players agree that they cannot do it alone and rely on their partner ecosystem. Thus, 67% of them plan to outsource all or part of the Open Finance APIs for developer needs. In addition, 62% of banks also plan to outsource all or part of their Open Banking compliance.

Every bank has a role to play in this open ecosystem. How effectively they participate in this ecosystem, and which partners they trust will determine the future success of their business.

The Forrester report details: *"Despite appreciating the potential value, most respondents noted their banks experience difficulties developing such an ecosystem. Top challenges mirrored those from digital banking with security and data heading the chart. Other issues were more specific to collaborative ecosystems: gathering customer consent, integrating legacy technology, and including new services in a scalable and effective manner. The inability to overcome these risks harms the relevance of banks in customers' lives."*

Security, a common concern

Data security, cybersecurity, and information sharing are among the top concerns for both digital and traditional banks. Indeed, 40% of traditional banks see data security as the top challenge (38% of digital banks) alongside cybersecurity at 40% (34% for digital banks).

Similarly, 68% of traditional bank executives consider data to be a critical issue and 43% of them considered it very critical. This observation is shared by 48% of banks with a high level of digital maturity. For IT decision makers, the rate is even higher (64%). 37% of banks want to reinforce their data security - only 19% in Europe (vs. 63% in North America and 47% in Asia). A greater concern among banks with the highest level of digital maturity (52%).

Security is a priority for all players in the ecosystem, but one that cannot be addressed without outside help. If banks want to stay in control of technology, they seek vendors in all areas of emerging technologies to address security issues.

"The study reveals the imperative need to maintain a level of customer satisfaction that meets the standards of digital leaders. This need must be maintained in a dynamic of innovation applied to growth. Open banking, as well as all the levers on data and artificial intelligence, are bringing out regulatory and security key issues," explains Nicolas Aidoud, Group Executive Head of Financial Services at Sopra Steria. He adds that "As a long-standing partner of banks and financial institutions in their digital transformation, we are investing in our offerings to diversify solutions for our customers so that they can achieve their growth ambitions with an efficient customer experience and especially in an increasingly competitive environment."

To attend the presentation of this study led by Nicolas Aidoud and Jacob Morgan, Principal Analyst at Forrester, join us on October 19 from 5:15 pm to 6 pm for the [Sopra Banking Summit](#).

To download the full report click [here](#).

**Methodology: This study was conducted by Forrester for Sopra Steria on a sample of 730 executives from financial institutions around the world (Europe, Africa, Asia, United States, Latin America, Middle East). The survey was conducted from June to July 2021.*

About Sopra Steria

Sopra Steria, a European leader in consulting, digital services and software development, helps its clients drive their digital transformation to obtain tangible and sustainable benefits. It provides end-to-end solutions to make large companies and organisations more competitive by combining in-depth knowledge of a wide range of business sectors and innovative technologies with a fully collaborative approach. Sopra Steria places people at the heart of everything it does and is committed to making the most of digital technology to build a positive future for its clients. With 46,000 employees in nearly 30 countries, the Group generated revenue of €4.3 billion in 2020.

The world is how we shape it.

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