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New Forces of Innovation and Purpose Impacting Financial Organisations' Data Resiliency Needs

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Executive Summary

The Financial Services industry (FSI) has waged their battles well over the past few years – they have embraced digital customer and employee experiences and successfully led with data-driven innovation of products and services. But to continue to survive and thrive, data and innovation will have to be an integral part of their corporate psyche – more so as they face newer forces of innovation that are rapidly changing market conditions.

While FSI organisations are managing trends such as open banking, decentralised finance (DeFi), and ESG now, there is no shortage of additional industry forces and buzzwords that will be added to this list, impacting Financial Services providers in an increasingly volatile economic environment. Organisations that will continue to win are those that have a firm eye on building data resiliency, in response to these newer forces of innovation.

Where will the next disruption come from? How do data management and discovery play a pivotal role in responding to the drivers of innovation? How best to address data compliance and integration challenges? How are organisations addressing the need to have a unified view of all data assets for real-time insights?

These were some of the themes that emerged at an invitation only ThinkTank session supported by our partners AWS and Capgemini, in November 2022. Industry leaders shared their perspectives on how they are driving innovation, what kind of data strategies are needed, and how the banking, finance, and technology industries will shape up going ahead. This report presents the key discussion points from the session.





THE KEY TAKEAWAYS

New Forces of Innovation & Purpose

#1 THE EMERGENCE OF A PURPOSE ECONOMY

It is crucial for banks and financial institutions to move the needle towards sustainable innovations, particularly to be relevant to the next generation.

6 out of 10 FSI organisations in Singapore have sustainability as a key business priority.

The younger consumers and new-age employees are environmentally and socially conscious and when interacting or working for a brand, they want to know whether the business is purpose driven and has a long-term sustainable business model in place. FSI organisations are reassessing what products they offer and how these services impact their sustainability goals.

In a purpose-driven economy, financial organisations need to decide their ESG goals at a board level; evaluate strategies to drive sustainable change; have the right teams to lead cross-organisational strategies; identify the data that will enable them to achieve their goals; and deploy the right data-driven technologies for automation and seamless data sharing.

While sustainability is a priority for most organisations across industries, sustainability measures are more challenging for FSI organisations. Not only do they have to reduce their own energy consumption and carbon footprint, but they also have a significant role to play in empowering their consumer and enterprise clients to be responsible.

#2 THE EVOLUTION OF FINANCIAL SERVICES

Financial Services, especially Banking, is being increasingly challenged by faster, digital options focused on the customer. In Singapore, traditional banking organisations are being challenged by digital banks, especially when it comes to attracting small and medium enterprise customers. The foundation for Singapore's open banking was laid by the API Exchange (APIX) and the intention to build a cross-border, open-architecture platform aimed at collaboration between financial institutions and fintech firms via APIs.

The way customers want to engage with banks and financial solution providers has forced traditional organisations to introduce newer channels. Regulations can inhibit innovation in some countries requiring traditional larger players to also promote financial well-being in their customers. But increasingly we are looking at financial super apps that act as a one-stop points for all customer transactions.



#3 THE IMPORTANCE OF ECOSYSTEMS

Financial organisations are being pushed to innovate to keep up with the rapidly evolving market trends. Leaders know that it is not possible to address all the customer, regulatory, and operational requirements without being part of a larger ecosystem. A collaborative business model and partnership-based ecosystems empower organisations to innovate constantly.

Building that right collaborative environment requires an open data ecosystem and seamless data exchange. However, this complicates data access and management requirements exponentially. Technology leaders in FSI are also challenged with implementing the right security and data governance practices to protect their customer and operational data. It also requires defining what kind of data is required and is truly relevant to set up an execution strategy, followed by seamless data sharing to empower the entire ecosystem.

The Need for Greater Resiliency

86% FSI organisations in Singapore will increase investments in data solutions, AI/machine learning, and/or automation technologies in 2023.

All the current forces of innovation – and other emerging forces – will require financial services organisations to have data strategies that are futureproof and scalable.

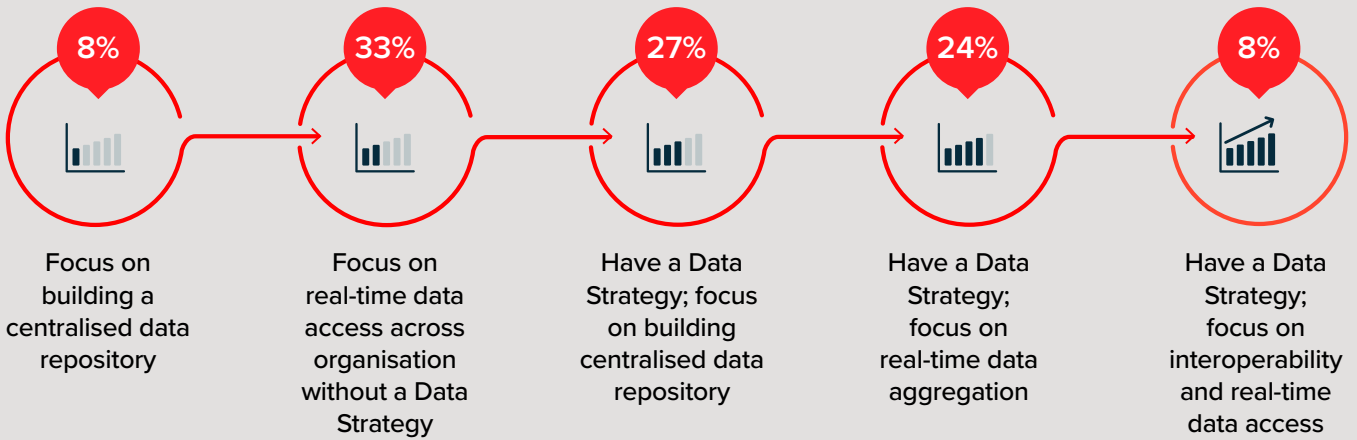
For example, to achieve their sustainability goals, financial services organisations need to identify and collect all necessary data across their operations to reduce their carbon footprint. To empower customers to be responsible in their ESG decisions, they need to build innovative, data-driven, and sustainable products and services. More importantly, given the industry's larger role in building a circular economy, they need the right data practices in place to measure the sustainability outcomes of their enterprise customers so that they can hold them accountable.

This becomes more complex in industries that have high emissions such as supply chain-based industries, where Scope 3 emissions need to be measured and reported. Similarly, building a seamless ecosystem requires financial organisations to work on developing a common data architecture and the capabilities to share data seamlessly across the ecosystem.

Often, financial institutions realise that they don't have the right data strategy only after beginning their modernisation journey.



Maturity of Data & AI Adoption in Financial Organisations



Source: Ecosystem Digital Enterprise Study, 2022

Ecosystem research shows that only 8% of financial organisations focus on building the right data and AI foundation. True insights can only be derived from a consistent and complete dataset that has no data gaps. Building that dataset requires a focus on clean and trusted data; identification of all the data required to deliver outcomes across the business; the right data modernisation tools to access all data across the organisation (including legacy systems); and a data interoperability strategy. Many organisations find that they no longer need to rely on centralised data repositories. A data fabric architecture can help with data flows across the enterprise, from their current data sources and platforms.

Financial organisations need to keep up with innovations and select the right data architecture and technology process to build truly resilient businesses.

This report is based on the conversations at a ThinkTank session hosted by Ecosystem and supported by their partners AWS and Capgemini. The insights are also based on the analysts' subject matter expertise in the area of coverage in addition to specific research based on interactions with technology buyers and technology vendors, industry events, and secondary research.



About Ecosystem



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Capgemini partners with companies to transform and manage their business by unlocking the value of technology. As a leading strategic partner to companies around the world, we have leveraged technology to enable business transformation for more than 50 years. We address the entire breadth of business needs, from strategy and design to managing operations. To do this, we draw on deep industry expertise and a command of the fast-evolving fields of cloud, data artificial intelligence, connectivity, software, digital engineering, and platforms.

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