



# The future of IT in Financial Services

New skill sets and the right tech are needed to keep the Financial Services sector from falling behind.



Our Future of IT survey found that IT professionals in Financial Services risk losing ground on their digital transformation in the future – due to insufficient budgets, increased workloads, complex regulatory requirements, and the slowness of large legacy institutions at implementing emerging tech.

## Pressure is increasing

Increasingly, IT managers and executives in Financial Services are asked to do more – on budgets that aren't sufficient to meeting expectations. That pressure comes from both digital-native FinTech start-ups disrupting the industry and legacy competitors rolling out their own digital solutions.

Tech promises to transform how Financial Services firms operate – by helping them improve their engagement with customers, modernize how they manage risk and due diligence, adopt agile operations processes, improve data security, reduce fraud, and better navigate arbitration. But to lead their institutions into that future, IT leaders will need new skill sets.

Those skill sets include the capacity to collaborate better with diverse stakeholders, and the know-how to deploy affordable and adaptable digital solutions that will help them get more done – all while meeting the sector's shifting regulatory and data security requirements.

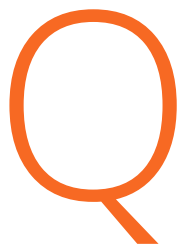


# Budgetary constraints

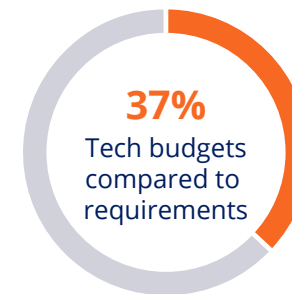
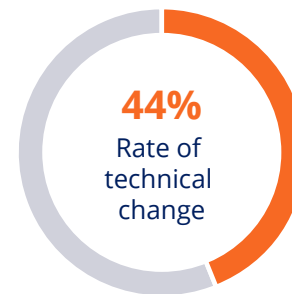
Our survey found that limited budgets compared to teams' actual requirements were a significant challenge for almost 40% of Financial Services firms. That might seem counterintuitive to anyone who has intimate knowledge of Financial Services companies' large tech budgets. After all, some banks have even gone as far as declaring themselves tech companies due to how much they spend on digital tools.

Financial Services' tech dollars aren't seen as sufficient by those in charge of IT because of the sheer number of digital solutions needed to simplify convoluted legacy systems and modernize multiple lines of business. IT leaders and managers in Financial Services are also hindered by complex data migration processes and rigid regulatory and data privacy rules, all of which add intricacy and expense to their digital transformations.

In the past, this slow adoption of the latest tech has left gaps that FinTech start-ups exploited to capture market share. If legacy Financial Services companies can't keep pace due to budgetary pressures, they risk that happening more in the future.



What are the biggest challenges for your business function?



# Increased workloads

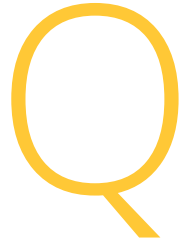
The pressure to move at the pace of their competition has almost 70% of IT leaders in Financial Services reporting that their workload has increased, and 44% saying that the rate of technology change was a significant challenge. Out of all the industries we surveyed, IT executives in Financial Services (50%) struggled the most to keep pace with the latest technologies.

Much of this added work revolves around navigating new regulations, which often force teams in this sector to suddenly pivot projects. In addition, IT teams are routinely faced with sudden reprioritization of their worklists to adjust to emerging priorities as customer or operational needs shift.

The complexity of banking operations means that there are many stakeholders to consult with in enterprise-level technology adoption projects. For that reason, change management planning is critical in any new tech implementation to ensure buy-in and guarantee continued functionality during the transition from legacy to new systems.

These myriad factors contribute to a much slower rollout of new technologies than in other sectors – and add significantly more work for the IT function.





Which competencies are important to you now, and which will be most important to you in two years' time?

#### Digital & computational



#### Emotional & social



#### Leadership



■ Currently  
■ In two years

## The need for new skills

To ensure that their companies aren't left behind, IT workers in Financial Services will need to cultivate emotional, social, and leadership skills in the future. While hands-on tech skills like digital and computational expertise will still be very important, as tech leaders drive digital transformation and innovation within their organizations, their soft skills will ultimately determine whether they succeed.

That's because IT teams will need to collaborate more with other functions and work closely with external stakeholders to ensure their digital implementations stay on track. Emotional and social skills will also help them design digital customer interactions, which are centered around empathetic customer service.

# The right tech

While Financial Services companies are making big investments in financial platforms and payment processing technologies, they need to also streamline their digital transformation – so they don't get left behind. Data analytics will be key to helping them better understand their operations and customers. But they should also focus on reducing their operations costs through the use of cloud services and protecting their data via robust cybersecurity offerings.

Financial Services companies will benefit from investment in low-code platforms to reduce the cost of development. Machine learning, process engineering, data analytics, AI, and virtual assistants all promise Financial Services firms an opportunity to save money, streamline their IT operations, and fast-track their digital adoption.

# The bottom line

To succeed, IT leaders in Financial Services will have to find cost-effective tech solutions that help them do more so they can keep up with their competitors. Utilizing their budgets and teams properly will require the development of emotional and social skills – all so they can better negotiate priorities with other functions, generate value in public-facing interactions, and work collaboratively to build their organization's future.

# Survey scope and methodology

To understand how IT managers, and leaders' roles are being shaped in response to digital transformation, we surveyed IT senior vice presidents, vice presidents, senior directors, directors, senior managers, and managers across key sectors.

For more on The Future of IT and our research methodology, go to [pega.com/futureofit](https://pega.com/futureofit)



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