

Financial Services Firms That Invested in Emerging Technologies Profited in 2020, New Broadridge Study Finds

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Widening gap emerges between Leaders and Non-leaders

Leading firms to allocate nearly 20% of global IT budgets to next-generation technologies by 2023

NEW YORK, Feb. 23, 2021 /PRNewswire/ -- Over half of financial services firms worldwide plan to increase their spending over the next two years on next-generation technologies such as AI, blockchain, the Cloud and digital, according to a new study surveying 1,000 global C-suite executives and their direct reports, released today by **Broadridge Financial Solutions** (NYSE: BR), a global Fintech leader.

Broadridge's Next-Gen Technology Adoption Survey indicated that firms also reported a range of strategic benefits from prior investments in emerging technologies, including accelerated time to market, better decision-making and improved risk management.

Broadridge developed The ABCDs of Innovation Maturity Framework™ for the study to categorize firms as either a Beginner, Implementer, Advancer or Leader in next-gen technology adoption. Next-gen technology maturity was based on progress made in implementing these technologies and reported effectiveness in driving business performance.

ACCELERATING TRENDS

Over the next two years, firms worldwide reported plans to increase the share of their overall IT budgets spent on next-gen technologies from 11.8% to 15.7% on average, an increase of 33%.

"In a remote and evolving business environment, investments in AI, blockchain, the Cloud and digital technologies

will continue to drive long-term growth and have already become essential to both day-to-day operations and larger strategic shifts around mutualization, resiliency and digital transformation," said Chris Perry, President of Broadridge. "Broadridge's inaugural study reveals that for financial services firms, investments in next-generation technologies directly lead to a range of strategic benefits, in addition to increased revenues and profits and decreased costs. Put simply, those who are investing in technology with a clear strategy for accelerating adoption are getting the most value."

The study found Leaders, those firms with multiple next-gen technology use cases, which are moving toward enterprise-wide adoption and driving major performance gains and business transformation, are spending a greater share of their overall IT budget on emerging technologies versus Non-leaders. They also report improved employee productivity, more effective risk management and compliance, faster creation of new/enhanced products and stronger reputations as a result of their investments.

The study reveals that while spend is increasing across the board, firms that are Leaders in next-gen technology adoption plan to increase this allocation to nearly 20% of their overall IT spend by 2023. The study showed that sell-side firms are spending a greater proportion of their IT budgets on next-gen technologies than buy-side firms and will continue to do so over the next two years.

THE CLOUD: UNDERPINNING FIRMS' STRATEGIC TRANSFORMATION

Broadridge's Next-Gen Technology Adoption study finds that organizations are most reliant upon Cloud technologies for improving their business activities and capabilities, followed by digital, AI and blockchain. According to the firms surveyed, the Cloud is used most often within areas such as sales and trading (68% and 54%, respectively), product development (68%), human resources (67%), customer management (66%) and IT infrastructure (65%), making it a beneficial tool for firms continuing to operate in a remote environment.

The study also found that digital capabilities are used most often within areas such as strategic planning (61%) and marketing (51%), and AI capabilities are used most often for security (39%) and portfolio and investment management (35%).

According to the study, firms plan to increase investments across all of the next-gen technologies in the next two years with 60% saying they will increase spending on the Cloud, followed by AI (56%), then digital (53%) and blockchain (53%).

DRIVING REVENUE

In terms of return on investment, those who were identified as Leaders said they had achieved a 2.55% profit

margin increase over the prior year through the use of emerging technologies. This compared with firms that were identified as Non-leaders, which reported a smaller 1.25% profit margin increase. Leaders also reported a 4.04% increase in revenue through the use of emerging technologies, compared to a 1.74% increase in revenue for Non-leaders, indicating that leading firms are more likely to create new revenue streams through these technologies. Cost reductions were relatively consistent among firms at an average of -2.72%.

Leveraging next-gen technologies is part of Broadridge's investment in The ABCDs of Innovation® – AI, blockchain, the Cloud and digital – helping clients understand and apply these technologies by simplifying the complex to help them be Ready for Next. **View the full Broadridge Next-Gen Technology Adoption survey report.**

METHODOLOGY

The Broadridge Next-Gen Technology Adoption Survey was conducted by ESI ThoughtLab to assess how financial services companies are adopting next-gen technology, where they are investing the most and the returns they are generating. C-suite decision-makers and their direct reports from 1,000 financial institutions were surveyed by phone, with fielding from October – November 2020. The sample consisted of 85% C-level executives and 15% direct reports. The survey was conducted with executives from buy-side and sell-side firms, including insurance companies (17%), asset managers (17%), broker-dealers (16%), wealth managers (16%), private equity companies (10%), universal banks (10%), banks (8%) and hedge funds (6%). Responses were split evenly among the APAC, EMEA and North American regions. For further details on survey methodology, please contact a Broadridge media representative.

ABOUT BROADRIDGE

Broadridge Financial Solutions, Inc. (NYSE: BR), a \$4.5 billion global Fintech leader, is a leading provider of investor communications and technology-driven solutions to banks, broker-dealers, asset and wealth managers and corporate issuers. Broadridge's infrastructure underpins proxy voting services for over 50 percent of public companies and mutual funds globally, and processes on average more than U.S. \$10 trillion in fixed income and equity securities trades per day. Broadridge is part of the S&P 500® Index and employs over 12,000 associates in 17 countries.

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