

# Gap Widens Between Leaders and Non-Leaders as Digital Transformation in Financial Services Reaches New Level of Maturity

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Firms pacing investments in core technologies and cyber while promise of GenAI and the war for talent becomes the next battleground

NEW YORK, March 14, 2024 /PRNewswire/ -- As the digital revolution accelerates, financial institutions are racing to create enterprise value by investing heavily through the economic cycle, according to a new study by **Broadridge Financial Solutions, Inc.** (NYSE: BR). The study found that 75% of executives are confident in their tech transformation roadmap, but a digital maturity gap is growing between leaders and non-leaders. While more than two-thirds say they have made meaningful progress in modernizing their core IT platforms, organizations must make progress against multiple tech and talent frontiers as they grapple with new technologies like GenAI, rising cybersecurity challenges, and accelerating needs for seamless digital customer experiences.

**The 2024 Digital Transformation and Next-Gen Tech Study** gauges the perspectives of 500 global C-suite and senior executives across the buy side and sell side, illuminating the forces driving the industry's technology modernization. The study categorized firms as digital "leaders" versus "non-leaders," based on their advancement levels across ten essential aspects of digital transformation, including modernized core IT, the use of automation tools, innovation culture, data management, and digital customer experiences, among others.

When it comes to areas of focus, more than 80% of all executives indicate that they are making the biggest day-to-day investments in cybersecurity technology and building an advanced IT cloud platform. Meanwhile the majority also expect to maintain or increase their investment in next-gen technologies like AI, quantum computing, crypto/digital assets, and blockchain over the next two years.

"It's no surprise that we are seeing significant momentum in the adoption of next-generation technology like GenAI from financial services firms looking to solve their most pressing business challenges, while they're also gaining measurable value from more established technologies including AI, blockchain, cloud and core infrastructure platforms," said Chris Perry, President of Broadridge. "Focusing on the human aspect of digital transformation – attracting and retaining digital talent and fostering a culture of innovation – has proven to be just as critical to ensuring these initiatives succeed. Our study also revealed that firms with a decentralized approach to innovation are more likely to be leaders in transformation."

## AI-Centric Customer Experiences Anticipated to Be the New Norm

Personalized and seamless digital customer experiences have become an expectation in the financial services industry. In fact, 40% of respondents indicate that being customer obsessed with priorities deeply rooted in client needs is the top accelerator of digital transformation.

Fueling many of these changes in the customer experience paradigm is AI. Seventy percent of leaders (52% overall) indicate that they are prioritizing their AI investments in customer interaction to fuel stronger and more meaningful customer engagement. When it comes to Generative AI, leaders are more likely to be making large or moderate investments in the technology (44%), more than twice the level of non-leaders.

Despite the higher levels of investment by leaders, the lower cost of entry to deploy GenAI may allow non-leaders to get in on the action more easily, enabling them to catch up in their efforts to deploy the technology to both customer-focused and internal use cases.

## Focus on Talent and Culture for Innovation Initiatives to Succeed

There have been significant IT advancements year-over year, however there is still work to be done in enterprise-wide skills development. Only 28% of all executives surveyed have reached the advanced stages of implementing a digital skills and talent strategy, a year-on-year increase of 4%.

In addition to the technology aspects of transformation, digital leaders have not neglected the human side. Seventy-one percent of leaders have reached the advanced stages of implementing digital skills and talent strategy, compared with 12% of non-leaders. A further 85% say they have created an advanced innovation culture versus 24% of non-leaders.

## Cyber Risks are Still a Top Challenge

As financial organizations accelerate digital customer experiences, they continue to put enormous effort into

strengthening trust and security.

Over the next two years, financial institutions plan to boost their investments in cybersecurity by 28% on average; impacting their internal security protocols, but also how they engage with third-party technology vendors. According to the study, cybersecurity is the top capability executives say they expect from their technology vendors, outpacing their ability to deliver projects on time and on budget and building next-generation technologies into their solutions.

Executives also cited cybersecurity risks as the top challenge currently inhibiting the pace of digital transformation at their company.

Tech executives, who often understand the risks of an insecure environment more than other senior leaders, tend to care more about cybersecurity than business executives.

The full 2024 Digital Transformation and Next-Gen Tech Study can be found [here](#).

## Methodology

This Broadridge survey was conducted by ThoughtLab Group to understand how financial services companies are digitally transforming and adopting next-gen technologies. C-suite executives and their direct reports from 500 financial institutions globally on the buy side and sell side were surveyed, with fielding completed in Nov 2023. The total assets or AUM of companies in the sample ranged from \$1 billion to over \$250 billion. The study scored firms on a range of factors related to progress with digital transformation. Firms were then categorized as digital leaders or non-leaders in the Broadridge Digital Transformation Maturity Framework. For further details on survey methodology, please contact a Broadridge media representative.

## About Broadridge

Broadridge Financial Solutions (NYSE: BR), a global Fintech leader with over \$6 billion in revenues, provides the critical infrastructure that powers investing, corporate governance, and communications to enable better financial lives. We deliver technology-driven solutions that drive business transformation for banks, broker-dealers, asset and wealth managers and public companies. Broadridge's infrastructure serves as a global communications hub enabling corporate governance by linking thousands of public companies and mutual funds to tens of millions of individual and institutional investors around the world. Our technology and operations platforms underpin the daily trading of more than \$10 trillion of equities, fixed income and other securities globally. A certified Great Place to Work®, Broadridge is part of the S&P 500® Index, employing over 14,000 associates in 21 countries.

For more information about us, please visit [www.broadridge.com](http://www.broadridge.com).

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