

# The Broadridge Next-Gen Technology Pulse Survey

How financial services firms globally are adapting to the new digital-first environment



Ready for Next

## Executive summary

Financial firms faced a need for technology transformation even before COVID-19 as regulatory cost pressures, increasing competition and shifting customer expectations acted as catalysts for change. Now, in the wake of a global shutdown, record unemployment and social restrictions, they are revising their plans for business transformation. Almost all are turning to next-gen technologies to address the complexity ushered in by the pandemic.

This study takes the pulse of the market today: where financial firms are, where they are going and how they will use technology to get there.

Many executives see short-term cost reductions as inevitable. However, most expect their businesses to recover relatively soon. As they adjust to new priorities and opportunities, they are accelerating their plans to implement next-gen technologies and the underlying data and analytics that power them.

### ABOUT THE STUDY

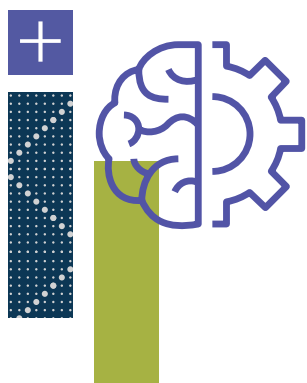
This Pulse Survey, completed June 1, 2020, is based on research commissioned by Broadridge. It surveyed the views of 500 global C-suite executives and direct reports from buy side and sell side financial institutions.

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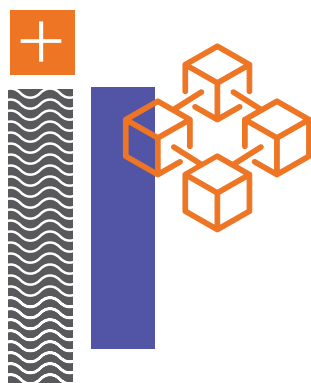
# This Broadridge survey focuses on the role of four specific next-gen technologies

## ARTIFICIAL INTELLIGENCE



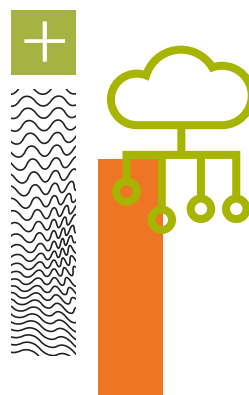
AI and data analytics include robotic process automation (RPA), machine learning, deep learning, natural language processing, digital assistants, computer vision and data management.

## BLOCKCHAIN



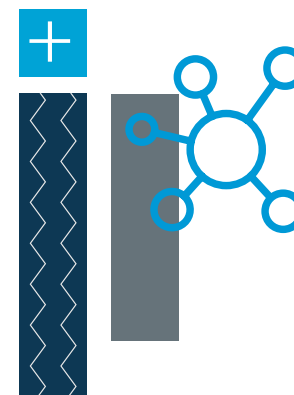
Blockchain-distributed ledgers provide shared, replicated and synchronized data, ensuring a single source of truth, typically in a peer-to-peer network.

## THE CLOUD



The Cloud includes Infrastructure as a Service (IaaS), Platform as a Service (PaaS), Software as a Service (SaaS) and open API cloud platforms.

## DIGITAL

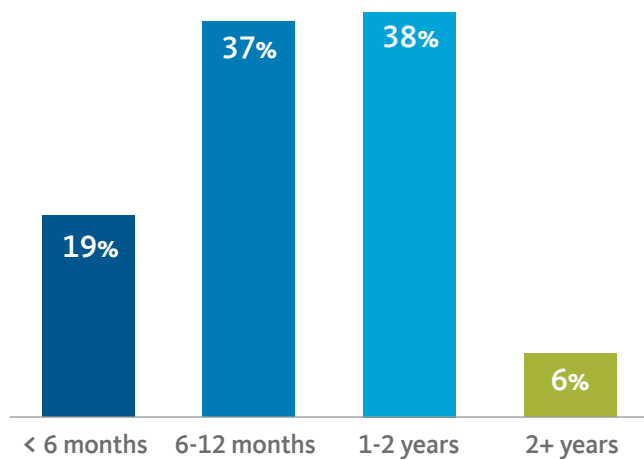


Digital interaction uses digital technologies to change the way you do things, such as digitizing customer and employee experiences, workflows, operations and decision making.

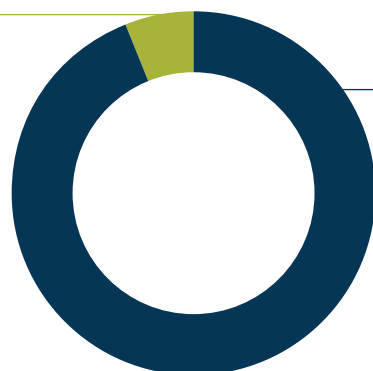
Broadridge simplifies the complex with The ABCDs of Innovation®. It's how we help our clients understand and apply next-gen technologies—including AI, blockchain, the Cloud and digital—to transform their business and get ready for what's next.

# Firms are optimistic about the road ahead

While the outbreak will have major economic impacts, most firms expect their business to recover within a year.



2+ years



< 2 years

Almost all firms expect to recover within two years.



## ✓ BROADRIDGE INSIGHT

For some firms, “recovery” may mark a relative return to pre-COVID-19 conditions. However, for many, the global pandemic is accelerating a shift to a new normal. Adjusting to remote working conditions is the obvious change, but there’s a broader focus on technology transformation.

Organizations that seize upon next-gen technology opportunities may widen their competitive advantage.

# Amid the storm, firms find value in next-gen technologies

The pressures facing financial firms are impacting businesses in powerful ways.

 46%

face an increased need to mutualize non-differentiating functions

 41%

have placed a focus on short-term business continuity

 40%

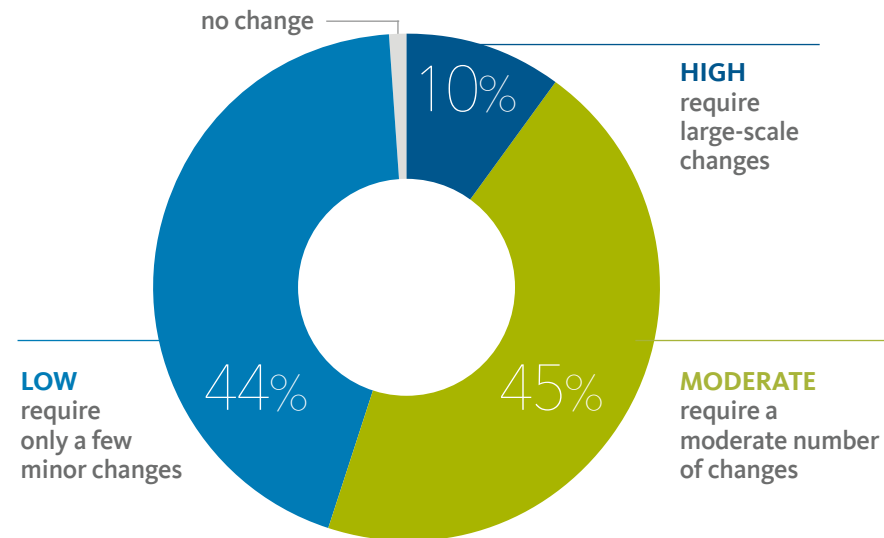
will scale back digital transformation plans

 34%

plan to increase the scope of their digital strategy

Nearly all firms expect changes to their operating models and next-gen technology strategies.

## EXPECTED DEGREE OF CHANGE

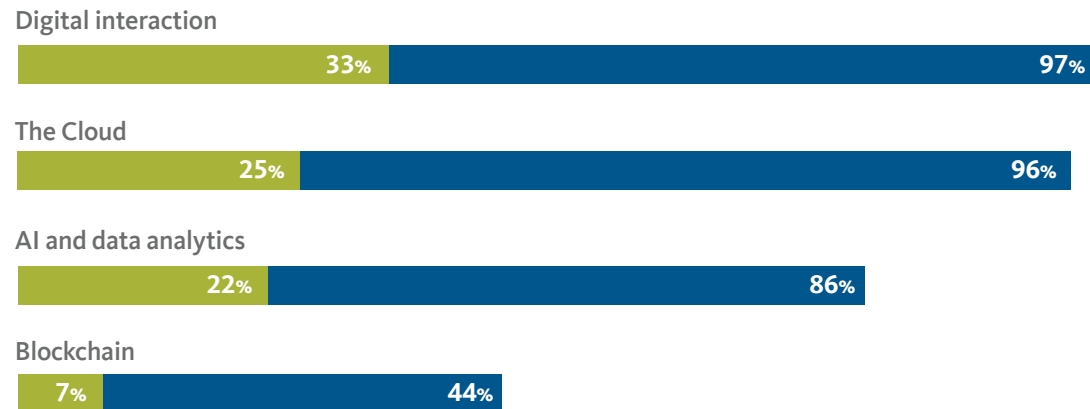


Even as firms turn to cost saving and continuity in the near term, 53% plan to accelerate their next-gen technology strategies.

Technology has provided significant value to organizations during the pandemic.

#### DIGITAL INTERACTION PROVED MOST BENEFICIAL

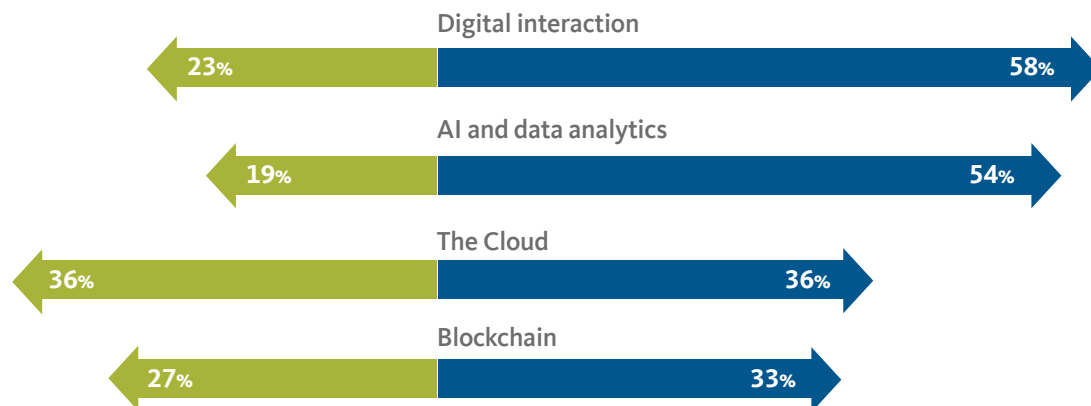
■ Highly Beneficial ■ Total Beneficial



In this turbulent environment, firms will adjust their next-gen technology investments. Most will increase spending.

#### AI AND DIGITAL INTERACTION WILL INCREASE THE MOST

■ Decrease ■ Increase



#### ✓ BROADRIDGE INSIGHT

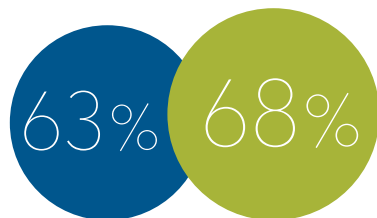
While a pandemic might seem the time for caution, firms who cut spending on innovation risk falling behind their competitors. Businesses may never return to the “old normal”—leaving firms little choice but to accelerate their business transformation. The question isn’t whether to adapt, but how.

When financial institutions can meet client demand for timely, accurate insight at a time of crisis, they build trust, increase loyalty and boost market share.

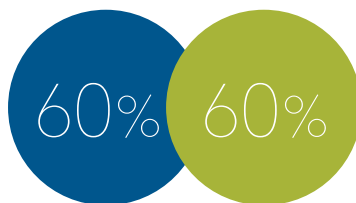
# Short-term caution will give way to a focus on business transformation

● Short term ● Longer term

Cybersecurity and the customer experience are top priorities now—and in the days ahead.

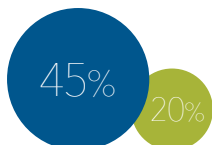


Improve cybersecurity and risk management

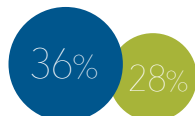


Enhance multi-channel client communications

In the near term, firms are addressing market uncertainties.

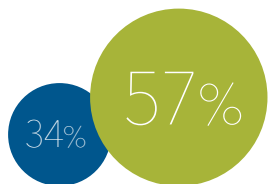


Make significant cost reductions

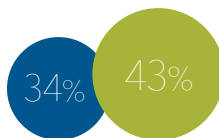


Review business continuity procedures

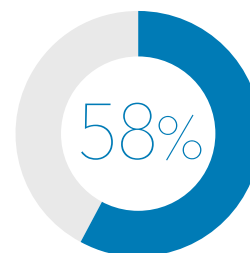
In the longer-term, firms' focus will shift from cost cutting and business continuity to increased automation and reinventing business models.



Increase automation through AI, RPA, etc.

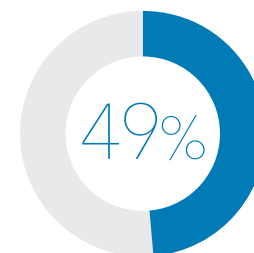


Reinvent business models and channels



Create a culture of continuous digital innovation

How will firms transform their business? By focusing on culture, data and analytics.



Improve ability to quickly gather and analyze data

## ✓ BROADRIDGE INSIGHT

Data underpins next-gen technologies—it's the foundation for business transformation. Increasing digitization and Cloud computing provide new opportunities to create, gather and centralize data. That data can then be used to drive more powerful AI and blockchain solutions—fueling new efficiencies and more dynamic customer experiences. State-of-the-art digital analytics for data-driven decision making can also provide significant benefits during crisis scenarios.

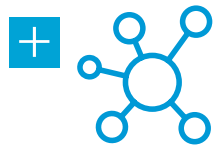


# Where firms are and where they are going with next-gen technologies





## DIGITAL

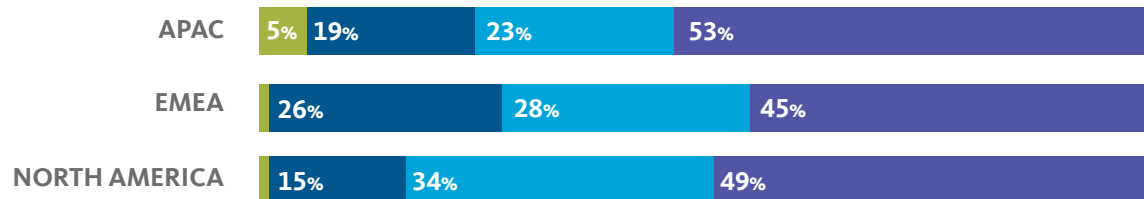


Social distancing and remote working environments increase the need for seamless two-way communication across multiple digital channels. Digital interaction will continue to be essential to driving customer trust, loyalty and market share even when the pandemic wanes.

Firms are well into their digital transformation.

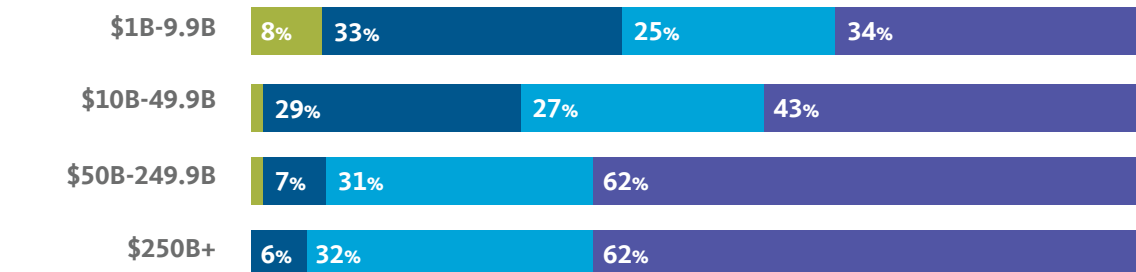
IMPLEMENTATION STAGES: ■ Planning ■ Early ■ Mid ■ Advanced

#### MANY FIRMS ARE IN THE ADVANCED STAGE OF IMPLEMENTATION



(numbers may not add up to 100% due to rounding)

#### ADVANCED IMPLEMENTATION IS MOST COMMON WITH LARGER FIRMS



Total Assets/  
Assets Under Management

(numbers may not add up to 100% due to rounding)

Those already in the advanced stage of implementation are most likely to be accelerating transformation during the pandemic, potentially widening the gap on their competitors.

#### BROADRIDGE INSIGHT

Digital interaction is not just a technology, it's a way of doing things—and about rethinking how to use new capabilities to improve how end-customers are served. It can result in more seamless and integrated customer journeys, more cost-effective and flexible delivery of services and more data-centric operating models and decision making.

Many financial firms are using digital interaction to improve their reputation with customers and employees during the outbreak, when the need for timely, accurate communications is high.

[Learn more with our latest CX report >>](#)

## THE CLOUD

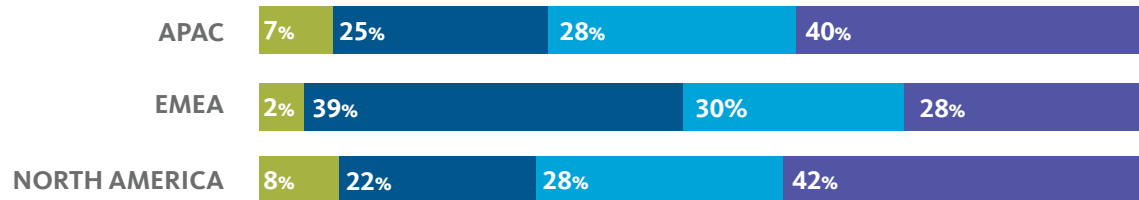


The Cloud adds flexibility and scalability. It is a key component in business continuity and resilience strategies for weathering the impact of potential future disruptions.

Everyone sees the value.

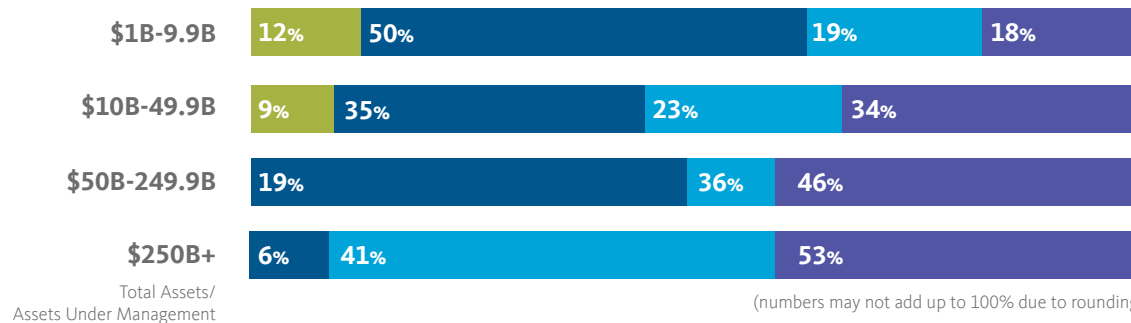
IMPLEMENTATION STAGES: ■ Planning ■ Early ■ Mid ■ Advanced

#### NORTH AMERICA AND APAC LEAD IN CLOUD IMPLEMENTATION



(numbers may not add up to 100% due to rounding)

#### LARGER FIRMS ARE WELL INTO THEIR CLOUD IMPLEMENTATION



(numbers may not add up to 100% due to rounding)

#### BROADRIDGE INSIGHT

With the Cloud, most people think about the infrastructure and platform, but the real power comes in how firms structure, configure and apply solutions to solve specific business problems.

In addition to offering scale and flexibility, the Cloud makes it possible to innovate through an open architecture while meeting the need for strict data security protocols. This enables a truly agile approach to innovation.

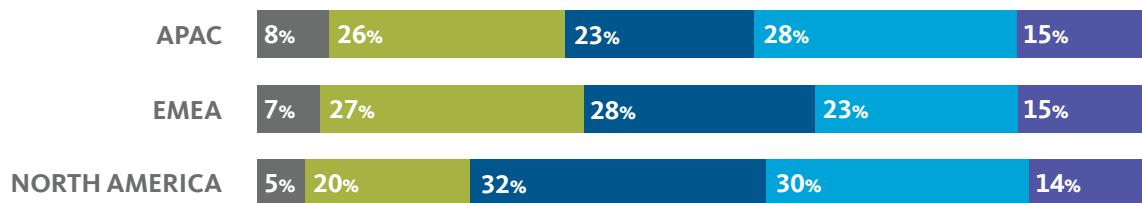
ARTIFICIAL  
INTELLIGENCE

AI and data analytics help firms adapt to operational workload due to market volatility, peaks and troughs in volume, and process bottlenecks. They empower data-driven decision making, accelerate learning and increase efficiency.

A key longer-term play.

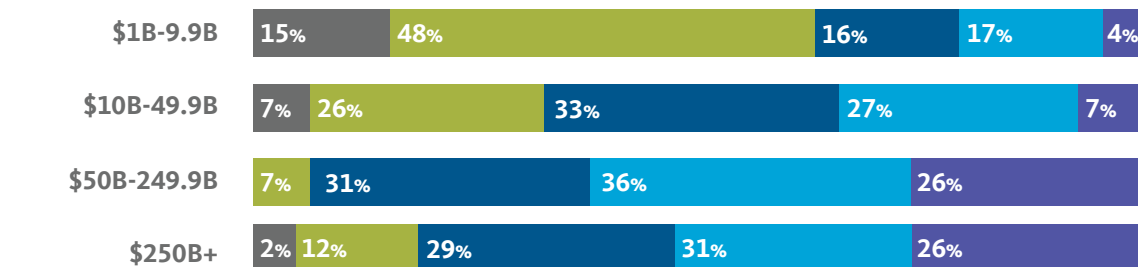
IMPLEMENTATION STAGES: ■ Not considering ■ Planning ■ Early ■ Mid ■ Advanced

### MOST FIRMS ARE IN THE EARLY TO MID STAGES OF IMPLEMENTATION



(numbers may not add up to 100% due to rounding)

### SMALLER FIRMS LAG, WITH 48% STILL IN THE PLANNING STAGE



Total Assets/  
Assets Under Management

(numbers may not add up to 100% due to rounding)

### BROADRIDGE INSIGHT

While it was initially used to streamline operations, AI is now being harnessed to personalize experiences, create products and drive revenue. Levels of investment and readiness among market participants vary widely.

However, most firms recognize the potential for radical change that AI will bring and are investing in solutions.

Is your firm AI ready? [Read more >>](#)

## BLOCKCHAIN

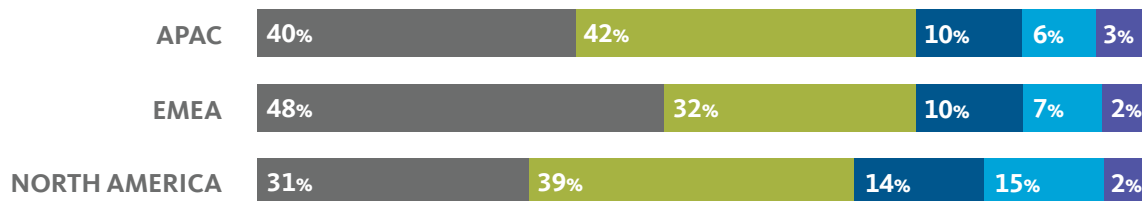


Blockchain provides a secure, transparent way to digitally track the ownership of assets before, during and after transactions, adding efficiency while mutualizing costs and risk.

More of a niche—for now.

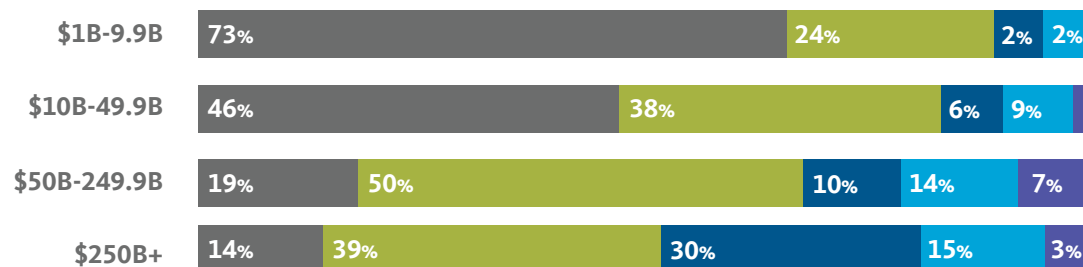
IMPLEMENTATION STAGES: ■ Not considering ■ Planning ■ Early ■ Mid ■ Advanced

#### NORTH AMERICA SHOWS THE HIGHEST BLOCKCHAIN IMPLEMENTATION



(numbers may not add up to 100% due to rounding)

#### PURSUIT OF BLOCKCHAIN RISES WITH FIRM SIZE



Total Assets/  
Assets Under Management

(numbers may not add up to 100% due to rounding)

While only 22% of firms overall are at the implementation stage, activity is significantly greater for Universal Banks (33%), Asset Managers (30%) and Wealth Managers (28%).

#### BROADRIDGE INSIGHT

Firms are just starting to implement blockchain on a broader scale and many are beginning to profit from these investments. In the longer term, blockchain has the potential to transform the financial services industry as its network of participants and peer-to-peer connections forge better security, transparency and more efficient processes.



# Firms reassess their Fintech service-provider relationships

The pandemic has tested financial firms and changed the criteria they use to assess Fintech service-provider relationships and supplier networks.

## % OF FIRMS CITING INCREASED IMPORTANCE WHEN ASSESSING FINTECH SERVICE PROVIDERS

70%

Innovative use of  
next-gen technologies

42%

Cyber-risk management  
capabilities

32%

Business continuity, failover  
and redundancy procedures

31%

Ability to provide a  
continuous service  
without outages

29%

Ability to adjust capacity  
in response to rises and  
falls in activity

### ✓ BROADRIDGE INSIGHT

Rightfully, many firms are focused on cyber risk, business continuity and service levels. However, they are increasingly looking to Fintech providers to help them apply emerging technologies.

Working with trusted, experienced providers can help market participants adapt to short-term disruption, mutualize the costs and risks of technology transformation, and gain a competitive advantage as technology drives changes in business and operating models.



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## Ready to apply these insights? Let's talk.

To find out more about how Broadridge is helping clients adopt emerging technologies, please visit:

[broadridge.com/ABCDs](https://broadridge.com/ABCDs)

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### THE ABCDs OF INNOVATION®

Broadridge helps clients understand and apply next-gen technologies by simplifying the complex to help them be Ready for Next. We call this The ABCDs of Innovation®. The ABCDs of Innovation includes a focus on AI, blockchain, the Cloud and digital—as well as the underlying data and analytics that makes them more powerful.

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Broadridge, a global Fintech leader with over \$4 billion in revenues and part of the S&P 500® Index, provides communications, technology, data and analytics. We help drive business transformation for our clients with solutions for enriching client engagement, navigating risk, optimizing efficiency and generating revenue growth.

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### ABOUT THE STUDY

ESI ThoughtLab conducted a pulse survey for Broadridge, completed June 1, 2020, in CATI (computer-assisted telephone interviews) of 500 senior executives at financial services organizations around the world, based on a pre-agreed sample. The companies ranged in size from \$1 billion to more than \$500 billion in assets under management for broker-dealers, hedge funds, investment firms and wealth managers, and from \$2.5 billion to more than \$500 billion in assets for commercial and investment banks, universal banks and insurance companies. Representatives of buy side and sell side organizations were evenly sampled. Just under half of the respondents were from the C-suite, while the rest were direct reports or heads of divisions. The largest functions represented were technology, management, and customer/product. We surveyed financial institutions in 13 countries, with the sample divided evenly into three regions. The largest number of responses came from the U.S.



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Ready for Next

Communications  
Technology  
Data and Analytics