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# Digital Intelligence Briefing



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# 2018 Digital Trends in Financial Services

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Prateek Vatash



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# Digital Intelligence Briefing: 2018 Digital Trends in Financial Services

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# Foreword by Adobe

**Michael Plimsoll**  
Product & Industry Marketing,  
Financial Services  
Adobe

We are pleased to bring you the latest annual Digital Trends in Financial Services report, focused exclusively on the financial services and insurance (FSI) sectors.

This Econsultancy research, produced in partnership with Adobe, has become an important barometer of progress for an industry very much in the spotlight due to the digital disruption and innovation that is prevalent. We believe it is an invaluable study for those who want to benchmark the extent to which companies are responding to technology-driven change, or who simply want to digest the latest trends.

The research recognises that while there are macro trends impacting the overall FSI sector, there are also important nuances in terms of what these trends mean for different sub-sectors. The report usefully includes charts that compare results for three main types of FSI business, namely retail banking, insurance and wealth and asset management.

According to Adobe's 2017 Digital Marketing Study<sup>1</sup>, the proportion of financial services companies that viewed themselves as advanced in terms of digital maturity nearly tripled from 7% in 2016 to 19% last year. As financial services companies increase their investments in digital technology, it is clear from this report that they continue to mature in terms of how they deploy the people, tools and processes required to deliver personalised content and experiences that are consistent across both digital and traditional offline operations.

We have witnessed first-hand how huge organisations are struggling to reconcile massive data silos and bricks-and-mortar channels with the requirement for root-and-branch digital transformation. FSI companies typically have huge quantities of data at their disposal from a myriad of sources, but they are still struggling to identify individuals across different channels and touchpoints, and to operationalise this data so they engage with customers and prospects in a more meaningful way.

While the challenges are evident through this report, so are the opportunities. Artificial intelligence, which is increasingly enabling companies to stand out from their peers, is just one area where companies are already reaping the benefits.

We believe that AI-powered integrated marketing and customer experience technology will increasingly come to define commercial success within the FSI sector. Adobe Sensei – which drives innovation across our cloud platform within a unified AI and machine learning framework – is an example of how our technology is helping FSI companies provide a more personalised and compelling experience. We are committed to helping our FSI clients build for a bright future.

1. <https://theblog.adobe.com/financial-services-companies-catching-digital/>

# Executive summary

The **2018 Digital Trends in Financial Services** report is based on a sample of almost 700 senior industry leaders (manager level or above<sup>2</sup>) who were among around 13,000 digital professionals taking part in the annual Digital Trends<sup>3</sup> survey carried out at the end of 2017 and start of 2018.

The research, conducted by Econsultancy in partnership with Adobe, is a barometer of the extent to which financial services and insurance (FSI) organisations are embracing digital technology, focusing their strategies and prioritising resources for the year ahead and beyond. The key findings from the research are summarised below.

2. The 663 FSI respondents who took part in the 2018 Digital Trends survey were among a total of nearly 13,000 marketing, creative and technology professionals in the digital industry from all sectors who participated, from countries across EMEA, North America and Asia Pacific.

3. <https://www.econsultancy.com/reports/digital-intelligence-briefing-2018-digital-trends>

## FSI companies maintain focus on customer experience and the customer journey

- › The growth of fintech continues to have a huge impact on the financial services industry, with innovative new companies disrupting the sector in ways that are making incumbent businesses raise their game. More than a quarter (28%) of FSI respondents rank *optimising the customer experience* as the 'single most exciting opportunity' in 2018, compared to 18% of their peers across all other sectors.
- › More than a third (36%) of all FSI respondents say that CX – specifically *making the experience on our properties easy / fun / valuable* – will be the primary way they seek to differentiate themselves over the next five years. Retail banking respondents are even more likely than their counterparts to be focusing on the customer experience, with 41% of these participants regarding it as the main focus for differentiation.
- › Companies in this sector are significantly more likely than their peers to regard customer journey optimisation as 'very important' over the next few years (81% for FSI vs. 69% for other sectors).

## Organisations in this sector are neglecting content as a key requirement in the recipe for creating compelling experiences

- › Great content, across formats ranging from email and social, to website copy and display advertising, is essential for powering the digital customer experience, but FSI companies are less inclined than their peers in other sectors to cite the creation of *compelling content for digital experiences* as the top opportunity for the year ahead (7% vs. 15%).
- › *Content marketing, content management*, and creation and delivery of *video content* are also relatively off-radar as priorities for FSI companies, when compared with those outside of the industry. Without the right content to fulfil the particular needs of individuals at different stages of the customer journey, FSI companies risk missed opportunities to truly engage customers as they progress from touchpoint to touchpoint, even though they have more data than ever at their disposal to help them target the right information at the right time.

## FSI industry seeks to master data-driven marketing, personalisation and AI

- › *Data-driven marketing*, a discipline that can itself play a pivotal role in improving CX, is regarded by those in this sector as the second most exciting opportunity for 2018, registering a percentage which is higher than the equivalent figure for respondents in other sectors (23% vs. 15%).
- › FSI companies recognise the importance of *targeting and personalisation*, with more than a third (37%) of respondents in this sector describing this as a top-three priority for 2018, compared to less than a quarter (23%) of respondents across all sectors.
- › Artificial intelligence, with its potential to power up analysis, optimisation and automation of customer communications, is of strong interest to FSI businesses. The majority (61%) of companies surveyed are either using artificial intelligence (AI) already, or planning to do so within the next 12 months, a percentage that puts this sector ahead of others (44%).

## Technology is a barrier to digital progress

- › The main 2018 Digital Trends report found that top-performing companies are almost three times as likely as their mainstream peers to have invested in an integrated, cloud-based technology stack. It is evident that FSI companies remain encumbered by the curse of legacy technology.
- › The proportion of FSI companies that have implemented a *highly integrated, cloud-based technology stack* is in single figures (7%). Wealth and asset management providers are particularly challenged in respect of technology, with 61% rating technology as 'difficult to master'.



### 3. The CX imperative: meeting the fintech challenge

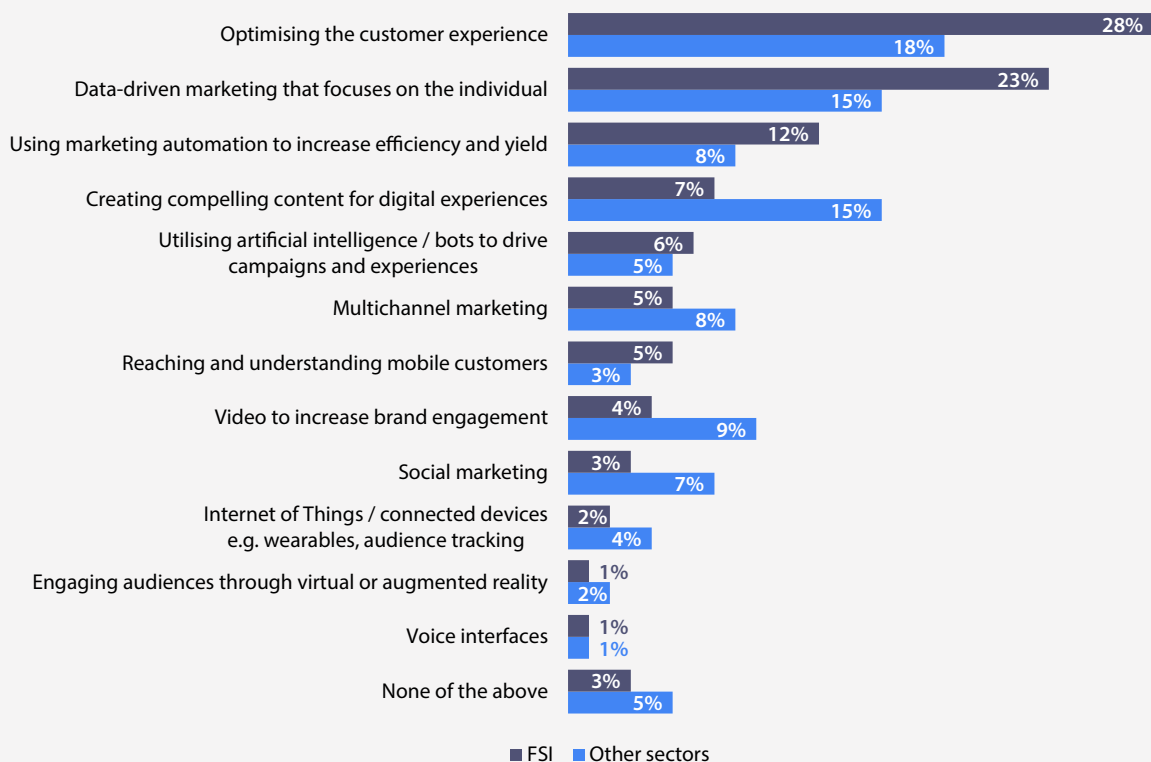
The growth of fintech continues to have a huge impact on the financial services industry, with innovative new companies disrupting the sector in ways that are making incumbent businesses sit up and take notice. Established financial institutions are acquiring and collaborating with startups in response to customer demands for more frictionless services, and to shareholder pressure to be part of the zeitgeist. According to the PwC Global FinTech Report 2017<sup>4</sup>, more than 80% of respondents at established financial services companies surveyed believed their companies were at risk, while 88% of the same 1,300-strong sample of global executives said they were increasingly concerned that they were losing revenue to innovators.

Figure 1 shows just how strongly the concept of customer experience has taken hold of this sector. More than a quarter (28%) of FSI respondents rank *optimising the customer experience* as the single most exciting opportunity in 2018, compared to 18% of their peers across all other sectors.

More than a quarter of FSI respondents rank **optimising the customer experience** as the single most exciting opportunity in 2018

4. <https://www.pwc.com/gx/en/industries/financial-services/assets/pwc-global-fintech-report-2017.pdf>

FIGURE 1: WHICH ONE AREA IS THE SINGLE MOST EXCITING OPPORTUNITY FOR YOUR ORGANISATION IN 2018?



Respondents FSI: 350  
Respondents other sectors: 2,507

*Data-driven marketing*, a discipline that can itself play a pivotal role in improving CX, is regarded by those in this sector as the second most exciting opportunity, registering a percentage which is again higher than the equivalent figure for respondents in other sectors (23% vs. 15%).

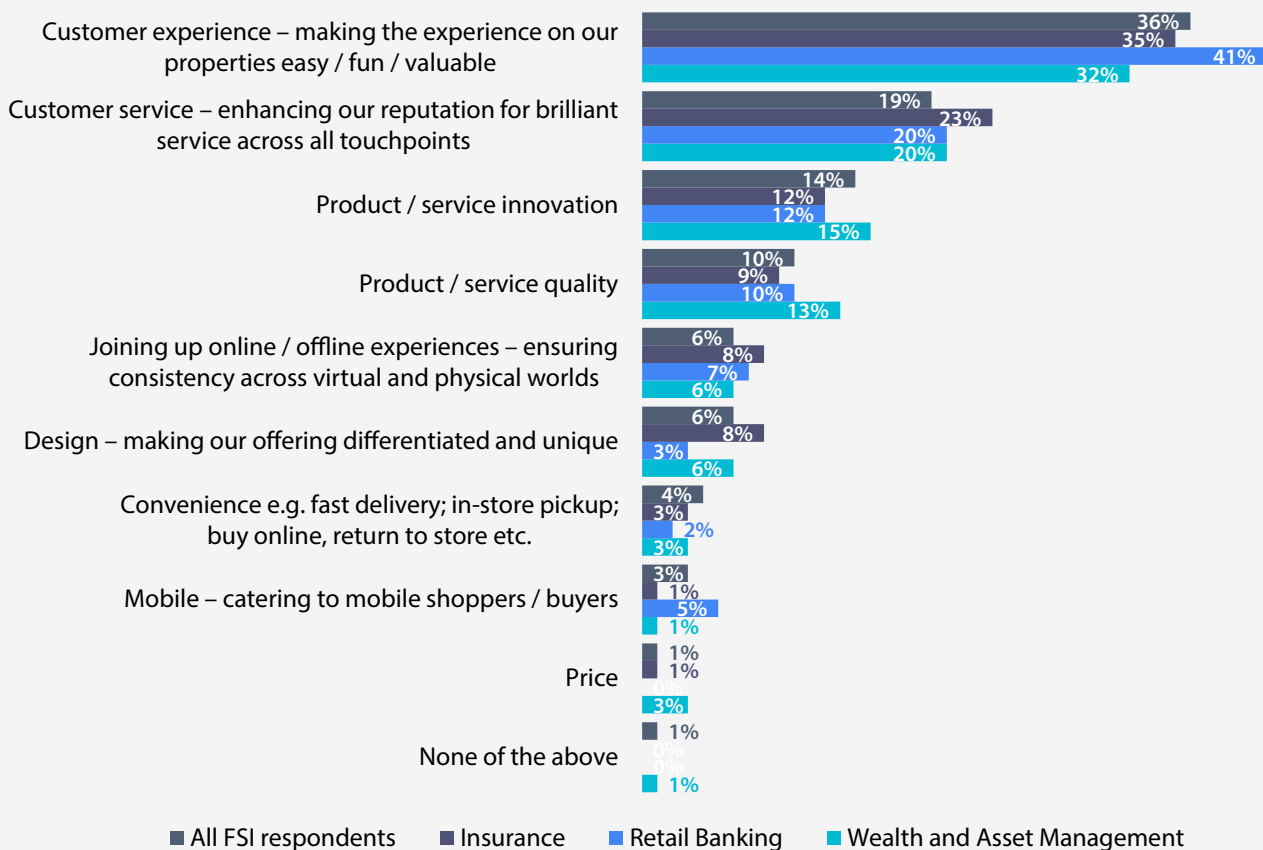
FSI companies are, meanwhile, less inclined than their peers to cite *creating compelling content for digital experiences* as the top opportunity (7% vs. 15%). Great content, across formats ranging from email and social, to website copy and display advertising, is essential for powering the digital customer experience, though the chart suggests that FSI companies are, first and foremost, preoccupied with the bigger CX picture.

A new trend we are starting to see from leaders in the FSI space though is a focus on creating content to power digital experiences once they have understood the bigger CX picture. Unlike their peers in other sectors who set up advanced CX programmes many years ago, FSI companies have yet to learn the demands a good CX journey has on content. Only those who grasp the full requirements understand the need to produce content at scale and at speed.

Respondents in North America are almost equally likely to be most excited by data-driven marketing (27%) as by CX optimisation, and this may be because for many companies in the United States and Canada, a CX strategy and programmes have already become engrained in their business, rather than being seen as a hot new area of focus. In Asia Pacific, there is an even smaller gap between those selecting optimising the customer experience (22%) and data-driven marketing (21%).

Figure 2 shows the FSI view on how they see their organisations differentiating from competitors over the next few years. As with Figure 1, CX is very much in pole position, with more than a third (36%) of all FSI respondents saying that CX – specifically *making the experience on our properties easy / fun / valuable* – will be the foremost means of differentiation. Strikingly, this compares to only 1% of FSI respondents who point to price as the primary means of differentiation, again emphasising the extent to which the experience economy has taken hold as companies avoid a race to the bottom by relying solely on being the cheapest option.

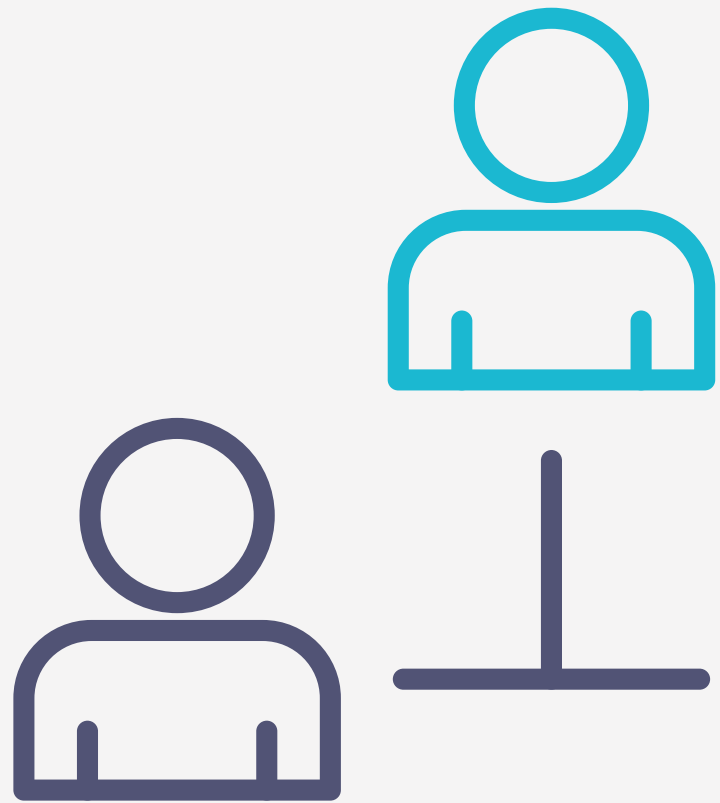
**FIGURE 2: OVER THE NEXT FIVE YEARS, WHAT IS THE PRIMARY WAY YOUR ORGANISATION WILL SEEK TO DIFFERENTIATE ITSELF FROM COMPETITORS?**



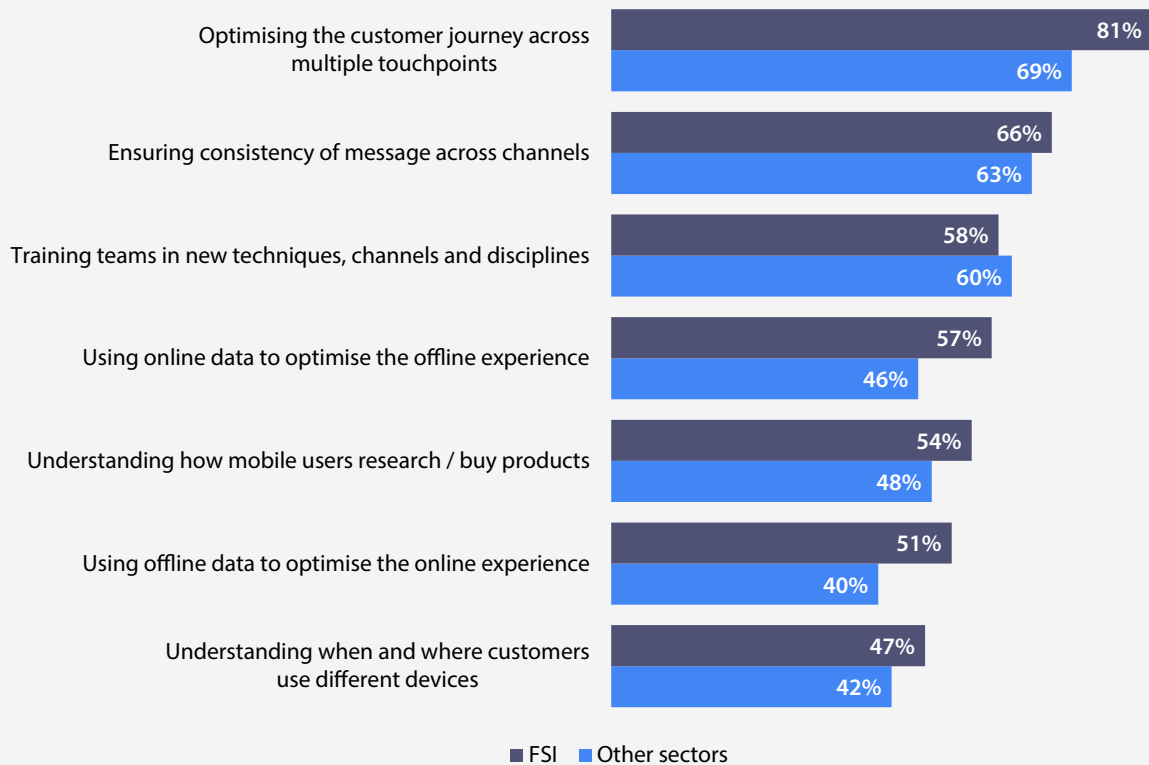
Respondents: 379

Figure 2 also shows percentages for FSI sub-sectors, namely insurance, retail banking and wealth and asset management. Retail banking respondents are even more likely than their counterparts to be focusing on the customer experience, with 41% of these participants regarding it as the main battlefield for differentiation. Mindful of the way in which digital-only companies such as Atom Bank are disrupting the familiar high-street bank paradigm, established companies are looking to fight back with their own innovation and ability to offer a truly omnichannel experience for consumers accustomed to dealing with their banks not just online and through apps, but also in a retail branch, using an ATM or through a call centre.

The key for retail banks – and indeed other FSI companies – is to make sure they are *optimising the customer journey across multiple touchpoints*, an imperative which is top of the agenda. As can be seen in Figure 3, companies in this sector are significantly more likely than their peers to regard customer journey optimisation as ‘very important’ over the next few years (81% for FSI vs. 69% for other sectors). Figure 4 shows an increase since last year in the proportion of companies in this sector prioritising the customer journey (and indeed most other disciplines and activities shown in the chart).



**FIGURE 3: PROPORTION OF COMPANY RESPONDENTS SAYING THESE WILL BE ‘VERY IMPORTANT’ FOR THEIR DIGITAL MARKETING OVER THE NEXT FEW YEARS**



Respondents FSI: 330  
Respondents other sectors: 2,783



Companies both inside and outside the FSI space increasingly recognise that their organisational structure needs to reflect evolving customer behaviour and the increasingly fluid nature of the customer journey. The rigidly demarcated channels that characterise many incumbent businesses can prevent a joined-up and omnichannel approach. It is paramount that companies can both surface and share data and insights relating to cross-channel customer activities, with teams, processes and software that transcend the boundaries that have historically divided teams within large organisations.

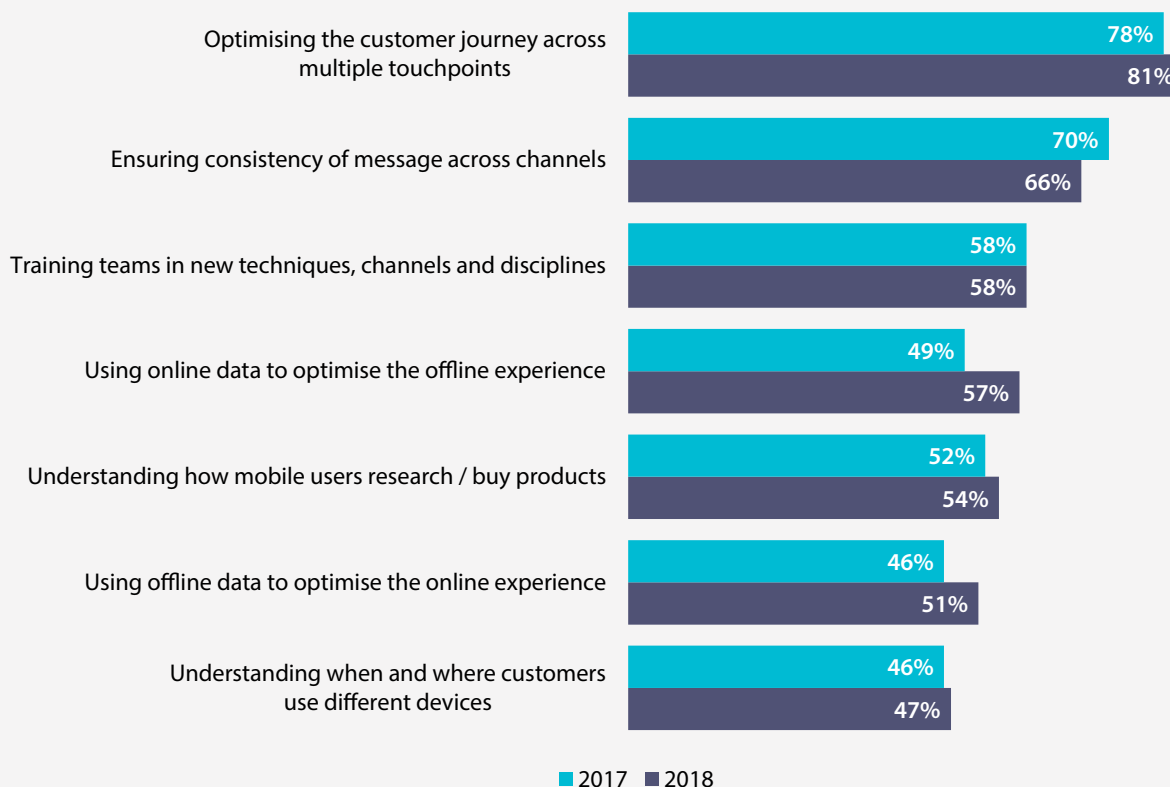
As well as surfacing cross-channel information, FSI companies also need to be able to 'activate' that data, for example by making sure that the right information and messages are shared in real time, based on predictive analytics. Customer-focused and cross-functional teams can also help with *ensuring consistency of message across channels*, something which two-thirds (66%) of FSI respondents describe as very important over the medium term (Figure 4).

According to the World Fintech Report 2018<sup>5</sup>, published by Capgemini and LinkedIn, digital-first organisations are much better positioned to provide the kind of highly personalised and customised solutions that consumers are increasingly expecting. Despite having access to enormous volumes of customer insights, the pressure is on legacy organisations to apply these insights for the benefit of the consumer in the form of personalised and contextualised information.

5. <https://thefinancialbrand.com/71050/banking-fintech-collaboration-bigtech-trends/>

Two-thirds of respondents describe **ensuring consistency of message across channels** as being very important over the medium term

**FIGURE 4: PROPORTION OF COMPANY RESPONDENTS SAYING THESE WILL BE 'VERY IMPORTANT' FOR THEIR DIGITAL MARKETING OVER THE NEXT FEW YEARS (YEAR-ON-YEAR)**



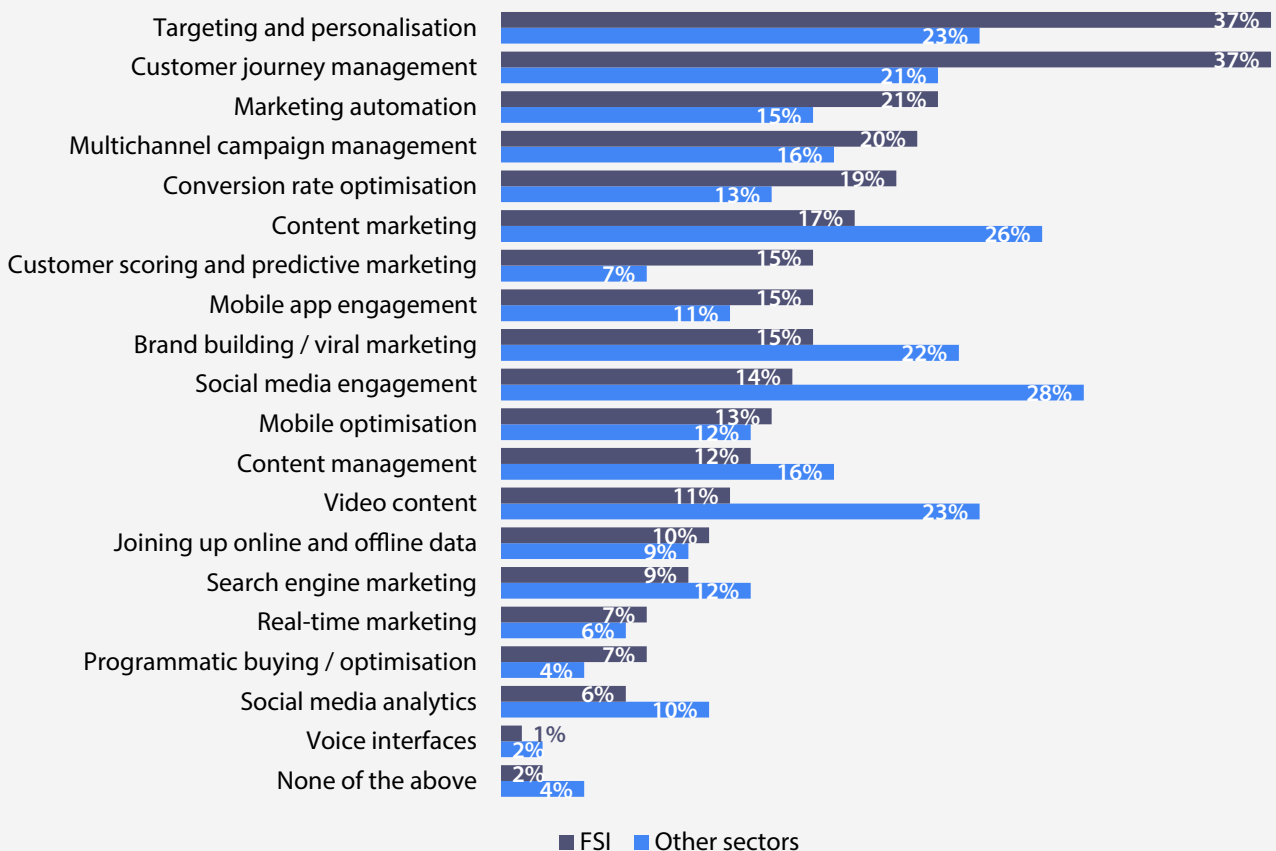
Respondents 2017: 506  
Respondents 2018: 330



The good news for incumbents is that the technology is there to enable them to provide much more targeted and personalised content. *Figure 5* shows that FSI companies recognise the importance of *targeting and personalisation*, with more than a third (37%) of respondents in this sector describing this as a top-three priority for 2018, compared to less than a quarter (23%) of respondents across all sectors. The importance of *customer journey management* is again evident from this chart, with the same percentage of FSI respondents (37%) ranking this as a top priority.

More than a third of respondents describe **targeting and personalisation** as a top-three priority for 2018

**FIGURE 5: WHICH THREE DIGITAL-RELATED AREAS ARE THE TOP PRIORITIES FOR YOUR ORGANISATION IN 2018?**



Note: Respondents could select up to three options.

Respondents FSI: 421  
Respondents other sectors: 3,702

# 4. Data, personalisation and AI

Recent years have witnessed insurance and banking players coming under growing stakeholder pressure to better understand the needs of their customers, so they can deliver them more timely and personalised experiences. While this is easier said than done, especially for players constrained by legacy systems and regulations, consumer expectation levels have now been raised irreversibly, and traditional financial services players still have plenty to do to ensure they are meeting them. A recent Bain study<sup>6</sup> showed that only a minority of customers believe their banking providers' applications and websites are user-friendly.

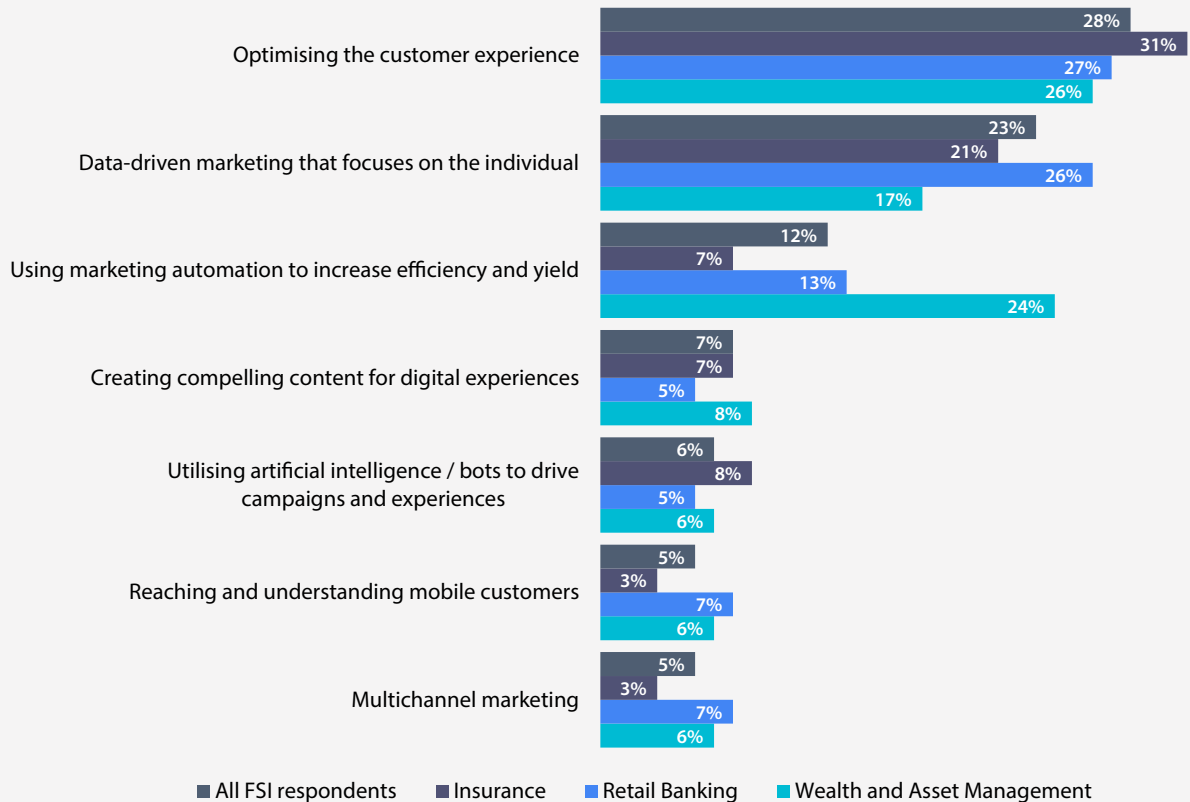
Our research indicates that FSI organisations are rising to this challenge, but it also reinforces the view that they still have some way to go in terms of pushing through customer experience transformation and building the data proficiencies that underpin it. As already seen in *Figure 1, optimising the customer experience and data-driven marketing that focuses on the individual* were standout

responses when FSI players were asked what they saw as their most exciting opportunity for 2018. Customer experience optimisation is seen as particularly significant in Europe's competitively challenged FSI sector, with 36% of respondents citing it as their most exciting opportunity, a figure which is 14 percentage points higher than for Asia Pacific (22%).

Competitive pressures being wrought by digital trends are also evident in the relatively high interest among banks in *using marketing automation to increase efficiency and yield*. This is especially evident in the wealth and asset management space (*Figure 6*), where the need for a highly personal touch is being complemented by progressive marketing techniques which allow companies to nurture prospects and service customers – at scale – with more relevant information, freeing up budget for other resources and marketing initiatives.

6. <http://www.bain.com/publications/articles/evolving-the-customer-experience-in-banking.aspx>

**FIGURE 6: WHICH ONE AREA IS THE SINGLE MOST EXCITING OPPORTUNITY FOR YOUR ORGANISATION IN 2018? (INCLUDING SUB-SECTOR BREAKDOWN)**



Methodology note: This chart excludes the least popular options, and therefore percentages do not add up to 100%.

Respondents: 350

## THE FSI SECTOR NEEDS CONTENT FIREPOWER TO BACK UP INTELLIGENCE

One inevitable consequence of FSI players' focus on catching up in customer experience optimisation and data-led marketing is that other areas of digital marketing are being downplayed. Content creation is an example. It was seen in the previous section that FSI companies are less than half as likely as respondents from other sectors to cite *creating compelling content for digital experiences* as their most exciting opportunity for 2018 (Figure 1).

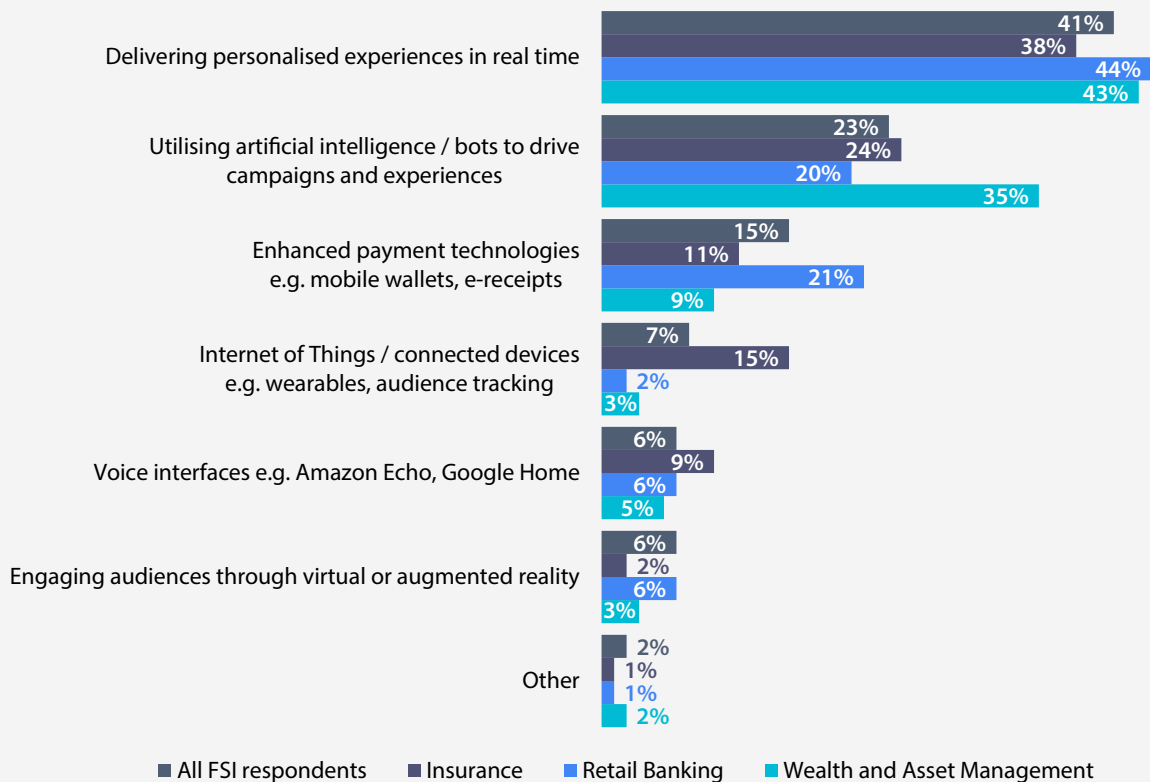
This indicates that they may still be struggling to make their mark in a field dominated by third-party sources, such as comparison and advice websites. *Content marketing, content management, and creation and delivery of video content* are also relatively off-radar as priorities for FSI businesses, when compared with those outside of the industry (Figure 5).

Without the right content to fulfil the particular needs of individuals at different stages of the customer journey, FSI companies risk missed opportunities to truly engage customers as they progress from touchpoint to touchpoint, even though they have more data than ever at their disposal to help them target the right information at the right time.

The drive to enable real-time, personalised experiences for financial service customers is particularly clear in the cut-and-thrust world of retail banking. FSI companies are most likely to see their most exciting medium-term (three-year) prospect as *delivering personalised experiences in real time* (Figure 7), still an aspiration for many organisations seeking to use data-driven insights to improve the way they communicate.

FSI companies are most likely to see their most exciting medium-term prospect as **delivering personalised experiences in real time**

**FIGURE 7: LOOKING AHEAD, WHICH OF THESE DO YOU REGARD AS THE MOST EXCITING PROSPECT IN THREE YEARS' TIME? (INCLUDING SUB-SECTOR BREAKDOWN)**



Respondents: 439



“

Banks have traditionally been very good at building product and then putting it in front of customers. They have never taken enough time to really think about whether they are solving customer problems. I think as we move into much more competitive arenas, where competitors are less likely to be other banks, this realisation that we are fundamentally now working for customers, ironically, is starting to land.

**Craig Corte**  
Chief Digital and Design Officer  
Barclays Africa Group

In recent years, Barclays Africa Group has been seeking to harness data to transform its digital and offline properties, using Adobe's Analytics and Experience Manager solutions for content management and customer insight. According to Craig Corte, the company's Chief Digital and Design Officer<sup>7</sup>: *“Banks have traditionally been very good at building product and then putting it in front of customers. They have never taken enough time to really think about whether they are solving customer problems. I think as we move into much more competitive arenas, where competitors are less likely to be other banks, this realisation that we are fundamentally now working for customers, ironically, is starting to land.”*

The fundamental, customer-led shift being undertaken by banks and other FSI players is naturally taking precedence over new-wave technologies. Artificial intelligence is clearly of strong interest to FSI companies, as a means of gaining a deeper connection with users (see following section), but there is noticeably less buzz about trends such as *voice interfaces, the Internet of Things (IoT) and virtual or augmented reality.*

For IoT, 'excitement' is only in the low single digits outside of the insurance sector, and even in this space, only 15% of respondents view IoT as their most exciting three-year prospect. This suggests that root-and-branch customer experience improvement outweighs the numerous service innovation opportunities that have been mooted around home security, driver monitoring and health-tracking wearables, as well as the rise of insurance-as-a-service upstarts such as Slice. Instead, many insurance providers evidently remain focused on the basics of improving their engagement with customers, such as via enabling more seamless processes for selecting policies and making claims.

Enthusiasm about voice interfaces over and above other tech-related trends is also yet to reach double figures, despite platforms such as Amazon Alexa and Google Home having been billed as potential game-changers for retail providers of all kinds. In the context of voice technology (and indeed other tech trends), one widely-cited hurdle for FSI organisations to overcome is to ensure their responsibilities as custodians of user data are met.

In Germany, a highly privacy-conscious market, Deutsche Telekom is in the process of releasing a more data protection-oriented alternative platform, and has claimed strong interest from banks, retailers and insurance companies in partnerships.

7. <https://www.adobe.com/uk/industries/financial-services.html>

Artificial intelligence, with its potential to power up analysis, optimisation and automation of customer communications, is of evident interest to FSI organisations that are moving down the digital transformation pathway. A majority (61%) of FSI players are either using AI already, or planning to do so within the next 12 months, a percentage that puts this sector ahead of others (Figure 8).

Respondents indicate that there are still considerable barriers to overcome, in terms of building internal resource and knowledge to exploit AI and identifying the most effective use cases, but they also have a broad scope when assessing prospective gains from AI. Among those currently using AI, *analysis of data* is by far the biggest current use case (for 43% of those respondents), but sizeable minorities (of above 20%) have also already deployed it for *on-site personalisation, optimisation and testing* and *automated campaigns*.

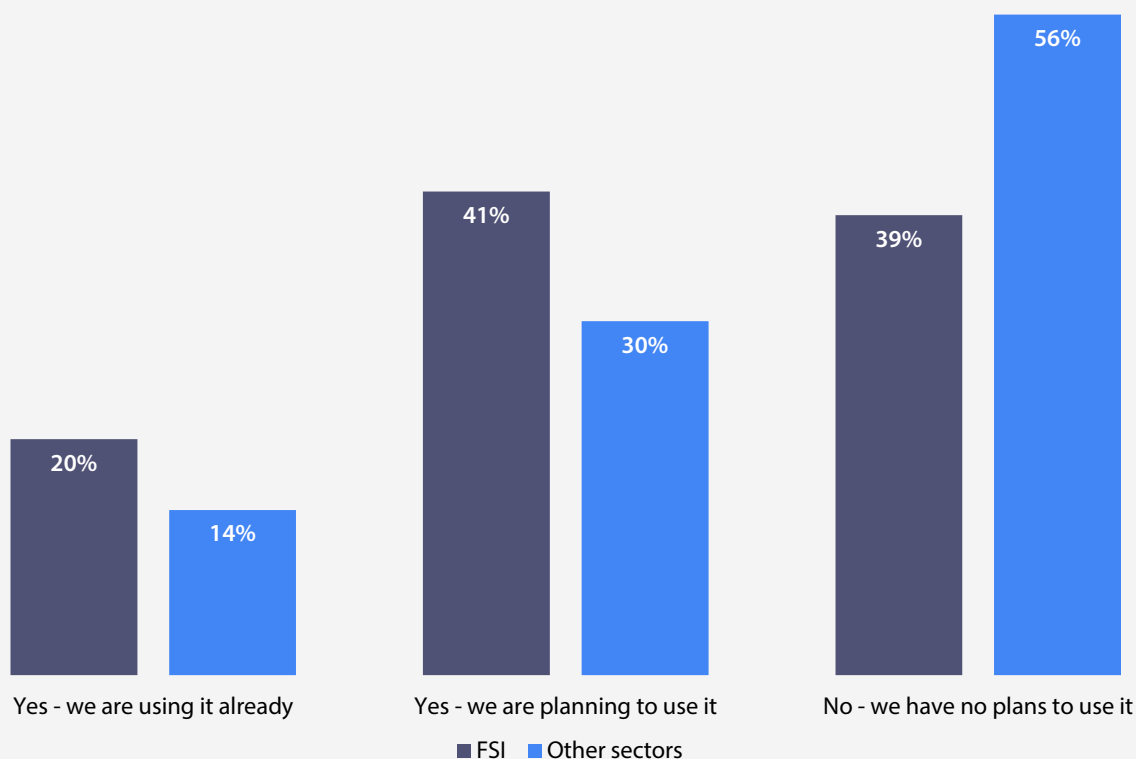
North American FSI companies are currently leading the pack, with penetration of 24%, but interestingly, Europe and Asia Pacific appear set to take on the mantle. Many more companies in these regions have plans to use AI (53% in APAC and 44% in Europe, versus just 29% in North America). There is a larger wall of resistance towards AI among North American respondents (47%).

Bank of America’s mobile chatbot, known as Erica, is a great example of AI-driven technology that helps to improve the customer experience. The bank’s digital assistant helps users with everyday tasks such as accessing balance information and transferring money between accounts.<sup>8</sup> Meanwhile, in the UK, NatWest has developed a ‘digital human’ prototype called Cora to have conversations with customers and help them out with around 200 banking queries.<sup>9</sup>

8. <https://financefeeds.com/bank-americas-clients-set-meet-virtual-assistant-erica-march/>

9. <http://www.cityam.com/281026/natwest-has-recruited-digital-human-called-cora-help>

**FIGURE 8: IS YOUR ORGANISATION USING OR PLANNING TO USE ARTIFICIAL INTELLIGENCE (AI) IN THE NEXT 12 MONTHS?**



Respondents FSI: 332  
Respondents other sectors: 2,762

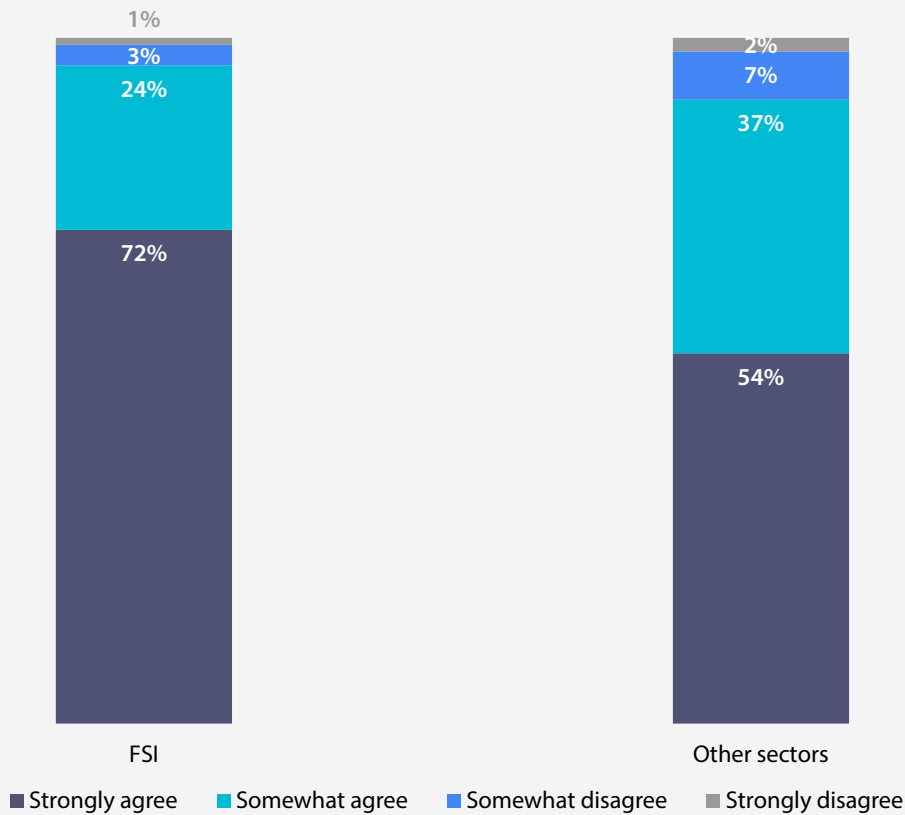
As financial services companies become more adept at gathering information on users, and using that data to gain a competitive advantage, it is of course crucial that they do the right thing by customers in terms of protecting their information.

Figure 9 shows companies in the sector are on top of this, due to their greater need for compliance. Confidence that they meet customer data and privacy regulations is much higher in the FSI space than other sectors (72% of FSI respondents 'strongly' indicate belief that they are compliant, versus 54% outside of the industry).

This 'strong' level of confidence is higher in North America (82%) and Asia Pacific (72%) than in Europe (66%), where requirements tend to be more stringent and are in the midst of a wide-reaching, regional update with the introduction of General Data Protection Regulation (GDPR) norms. Notably, 5% of Europe-based FSI companies disagreed when asked whether they were confident regarding compliance with customer data and privacy regulations.



**FIGURE 9: 'WE ARE CONFIDENT THAT WE ARE COMPLIANT WITH CUSTOMER DATA AND PRIVACY REGULATIONS' – AGREE OR DISAGREE**



Respondents FSI: 432  
 Respondents other sectors: 3,776

## 5. Capabilities, skills and budgets

Making a success of digital-led customer experience initiatives cuts much deeper than is immediately obvious when consumers are presented with a refreshed website or new app.

Companies require wide-reaching cultural, financial, operational and technical changes to support true digital transformation, and making a short-term business case for these shifts is especially difficult for large organisations – including banks and insurance providers – that are wedded to entrenched processes and systems.

For a fresh fintech entrant, every customer sign-up brings 'new' revenue, but for established players, financial planning for new services and features is much more conflicted and complex. The risks facing those that cannot make this radical leap have been described by GCHQ<sup>10</sup> as akin to a "boiling frogs" scenario, where "force-multiplying, cohesive change" is required to free organisations from inertia.

According to Jamie Brighton, Head of Product Marketing for Adobe Experience Cloud in EMEA<sup>11</sup>: *"Too many brands become paralysed by not knowing where to start or how to approach the adoption of a customer-centric strategy. Essentially, digital transformation is about people, process and technology, and you need the right mix of skills and an environment for people to flourish in, as well as the right technology to enable them."*

10. [https://github.com/gchq/BoilingFrogs/blob/master/GCHQ\\_Boiling\\_Frogs.pdf](https://github.com/gchq/BoilingFrogs/blob/master/GCHQ_Boiling_Frogs.pdf)

11. [https://www.warc.com/content/article/bestprac/delivering\\_effective\\_digital\\_customer\\_experiences/118116](https://www.warc.com/content/article/bestprac/delivering_effective_digital_customer_experiences/118116)



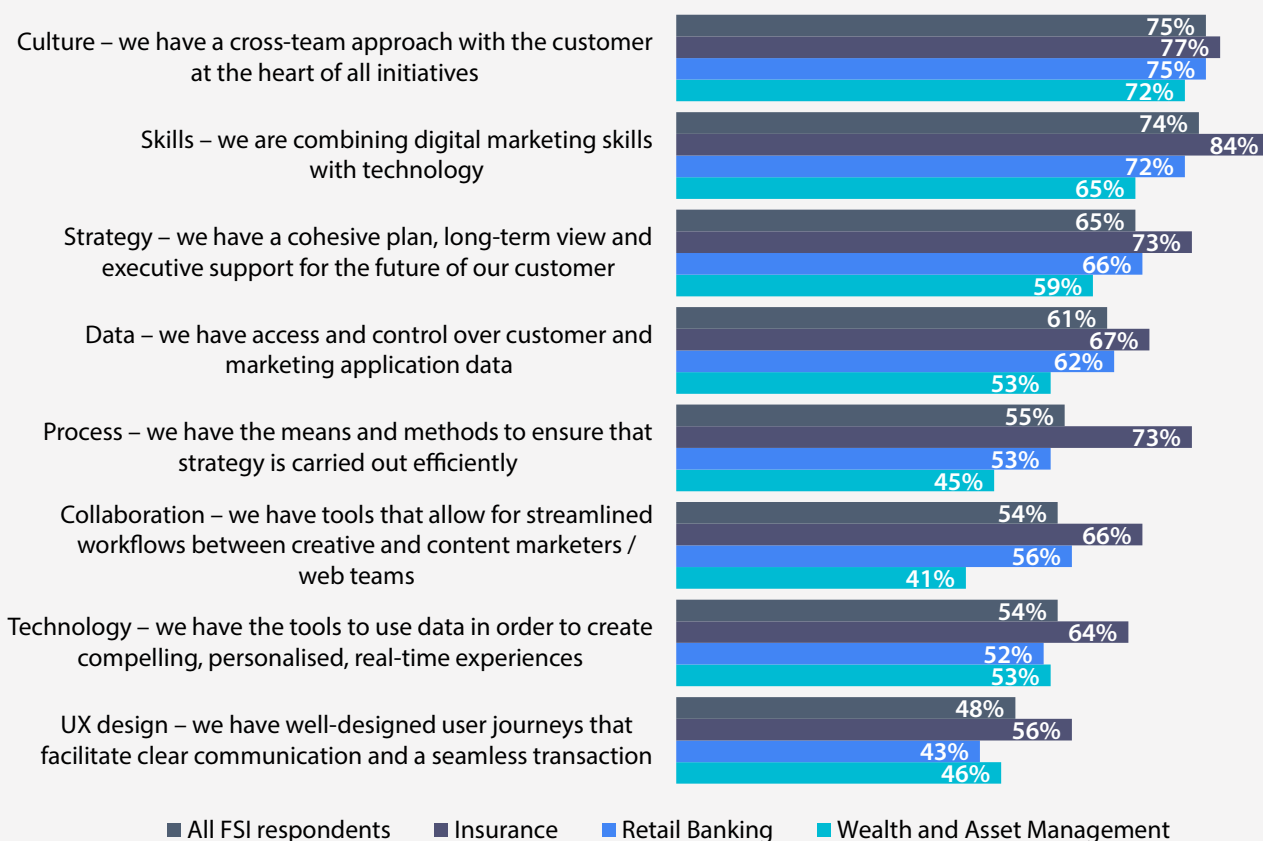
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Too many brands become paralysed by not knowing where to start or how to approach the adoption of a customer-centric strategy. Essentially, digital transformation is about people, process and technology, and you need the right mix of skills and an environment for people to flourish in, as well as the right technology to enable them.

**Jamie Brighton,**  
Head of Product Marketing  
Adobe Experience Cloud EMEA



**FIGURE 10: PROPORTION OF COMPANIES AGREEING ('STRONGLY' OR 'SOMEWHAT') WITH THESE STATEMENTS (INCLUDING SUB-SECTOR BREAKDOWN)**



Respondents: 373

There are reasons to be optimistic that this picture is changing, however, and the building blocks of innovation are being put in place by FSI companies. The majority of respondents are of the view that they have already gained the digital transformation-related capabilities listed in *Figure 10*, with the sole exception of UX design where most feel there is still significant work to be done.

Part of the shift towards greater customer centricity involves the adoption of more 'agile' frameworks, not just in respect of software development, but also the way that marketing and customer experience-related activities are carried out. 'Process' and 'collaboration' are essential for a more agile approach but, worryingly, fewer companies than in 2017 agree that they have the *means and methods to ensure that strategy is carried out efficiently* (55% this year compared to 57% last year), or that they have *tools that allow for streamlined workflows between creative and content marketers / web teams* (54%, down from 60%).

More encouragingly, compared with other sectors, more FSI organisations believe they have addressed the fundamentals of strategy and culture. They are also more positive than peers from other sectors on the development of their skills base – an encouraging and perhaps surprising signal, considering the digital-related human resource challenges being widely referenced across all industries.

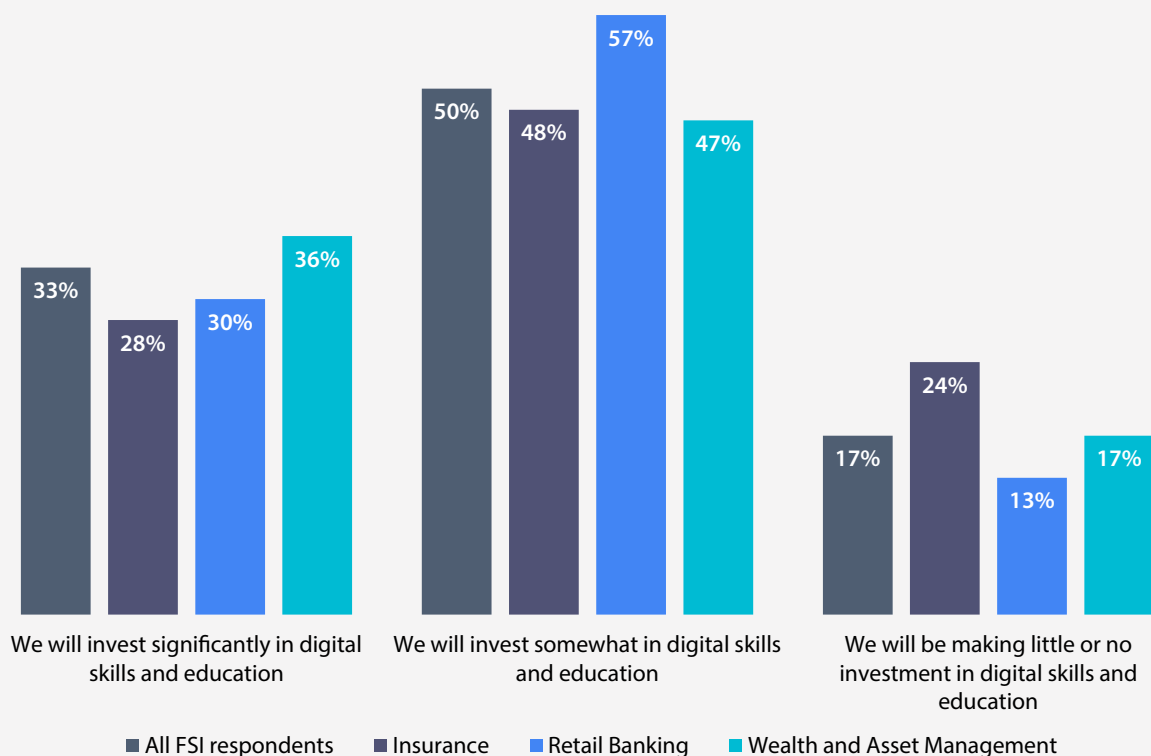
Fewer companies than in 2017 agree that they have **the means and methods to ensure that strategy is carried out efficiently** (55% this year compared to 57% last year)

Within FSI, insurance providers are noticeably more confident than other players, across all areas of digital capability (Figure 10). They see themselves as particularly well prepared in terms of skills. At face value, this is encouraging, but there would be obvious dangers if this was down to complacency. As referenced in Figure 11, insurance companies are much more likely to indicate reluctance to upskill their workforce. Nearly a quarter (24%) of these companies suggest they will make *little or no investment in digital skills and education this year*, against 13% of retail banks.

By contrast, wealth and asset managers – which are widely seen as having been slower to embrace digital trends, amid regulatory tightening and a greater legacy of personal client relationships – have made less progress on the foundations. Only a minority of these respondents feel well prepared on process, collaboration, technology and UX design (Figure 10), and they are more likely to cite all digital building blocks as difficult to master. The rise of ‘robo-advisors’ such as Betterment and Wealthfront which have rethought portfolio management for wealthy, digital-savvy investors, shows standing still is not an option in this sector, despite teething problems.



**FIGURE 11: WHAT BEST DESCRIBES YOUR ORGANISATION’S PLANS TO INVEST IN UPSKILLING ITS WORKFORCE IN 2018? (INCLUDING SUB-SECTOR BREAKDOWN)**



Respondents: 335

Out of all the digital enablers, technology appears to be the area where FSI providers are having a particularly challenging time. In the digital world, technology should make life easier, improving workflows to allow teams to introduce new features and services smoothly and quickly, and customers to gain a more seamless and satisfying experience across different touchpoints. Companies are therefore much more likely to be successful if they have flexible, joined-up technology. The main 2018 Digital Trends report found that top-performing companies are almost three times as likely as their mainstream peers to have invested in an integrated, cloud-based technology stack.

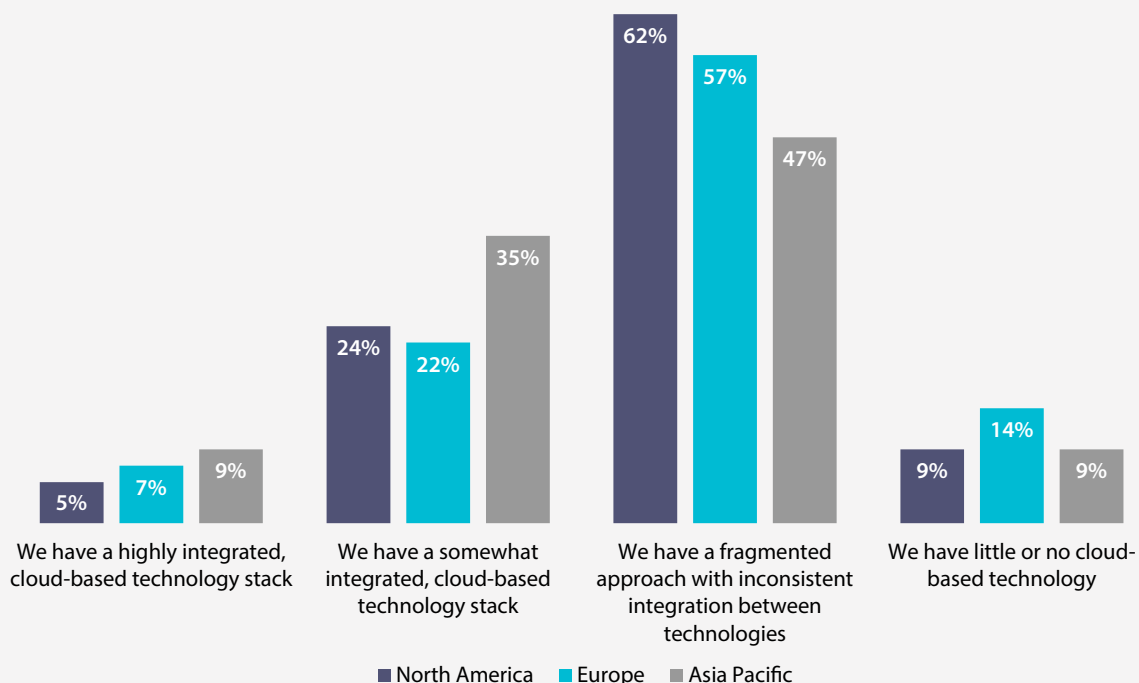
It is evident, however, that FSI organisations are struggling in this area and in many cases seem to remain encumbered by the legacy curse. Nearly half (46%) of respondents from the sector cite technology as 'difficult to master', compared to 37% across other sectors, and the proportion of FSI companies that have implemented a *highly integrated, cloud-based technology stack* remains in the single figures, whether looking across different regions (Figure 12) or at small or large businesses. Overall, only 7% of FSI businesses claim to have done so, compared to 12% of players in other industries.

Respondents in North America are most likely to say that they have a fragmented approach to their technology setup, though this is more likely due to the adoption of a wider range of marketing technology platforms over time, and increased complexity, than because of a relative lack of sophistication compared to their peers in Europe and Asia Pacific.

Wealth and asset management providers are particularly challenged on the theme of technology, with 61% rating technology as difficult to master, compared to only 36% of their peers from the insurance sector.

46% of respondents from the FSI sector cite technology as 'difficult to master', compared to 37% across other sectors

**FIGURE 12: WHAT BEST DESCRIBES YOUR ORGANISATION'S APPROACH TO MARKETING AND CUSTOMER EXPERIENCE TECHNOLOGY? (BY REGION)**



Respondents: 352

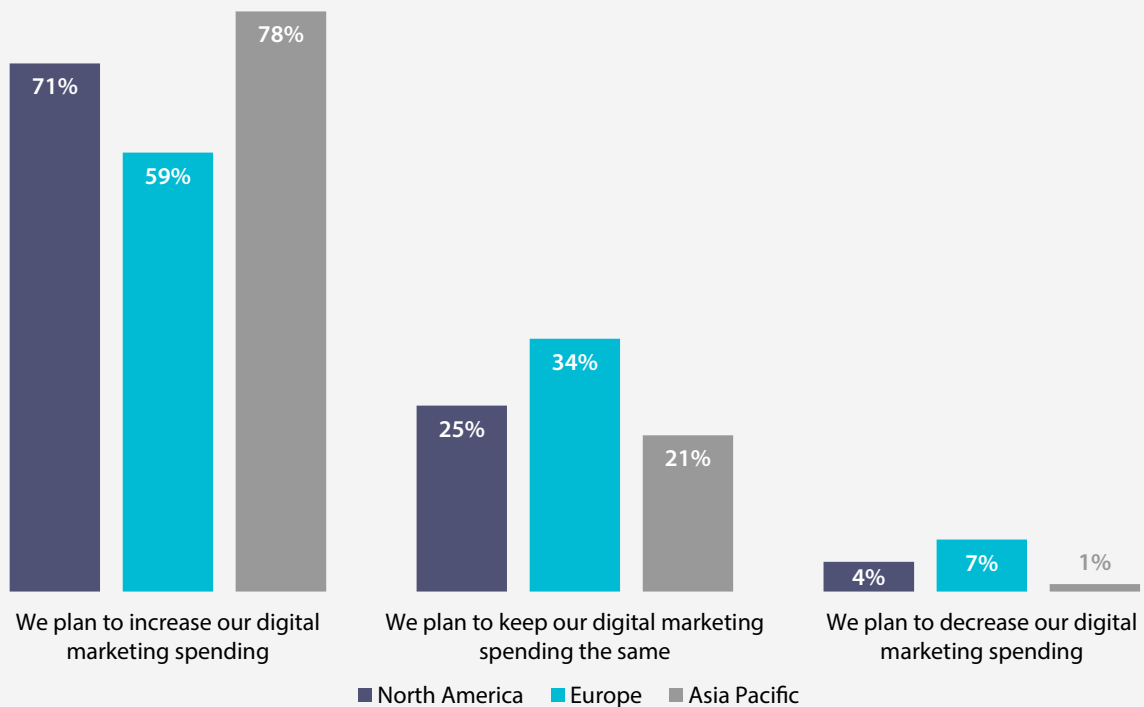


70% of FSI companies are **planning to increase digital marketing spend in 2018**

With FSI companies seeking to catch up ground in the realms of customer experience and data-led marketing, it is natural that many are directing budget towards this effort. Some 70% are planning to increase digital marketing spend in 2018, outweighing those saying so from other sectors by four percentage points. Only 4% are reducing budget.

As can be seen in *Figure 13*, companies in Asia Pacific are most likely to be increasing digital marketing spending in 2018 (78%), while those in Europe are least likely to be planning to do so (59%). The uncertainty around Brexit may be causing purse strings to tighten within some businesses, both in the UK and, to a lesser extent, in mainland Europe. That said, even within Europe, only 7% say they are planning to decrease digital marketing budgets during 2018.

**FIGURE 13: WHAT BEST DESCRIBES YOUR PLANS FOR YOUR DIGITAL MARKETING SPENDING IN 2018? (BY REGION)**



Respondents: 352

Tallying with their prioritisation of improving targeting and personalisation of customer communications, laid out in *Section 3*, FSI businesses are significantly more likely than other businesses to be directing cash towards *marketing automation, personalisation, lead generation and lead management, audience and data management, and marketing analytics* (Figure 14).

Downplaying of content creation, referenced earlier in the report, is evident in that FSI players are less likely to be freeing more budget not just for content marketing and management, but also for search engine optimisation.

FSI players based in North America and Asia Pacific are driving forward, while budget constraints are more evident in Europe. Over half of North American and APAC respondents are planning to increase their budgets for content marketing and content management in 2018, compared to only 50% and 34% respectively in Europe.



**FIGURE 14: PROPORTION OF RESPONDENTS PLANNING TO INCREASE THEIR BUDGET FOR THE FOLLOWING DIGITAL MARKETING CHANNELS OR DISCIPLINES IN 2018**



Respondents FSI: 253  
Respondents other sectors: 1,642

## 6. Actionable tips to help future-proof your FSI business

### 1. Build your business around the customer

Many fintech startups are succeeding because they make life as easy as possible for the customer. Whichever sub-sectors FSI companies are operating in, it is imperative that the organisation is built around the needs of the customer. Companies should set up cross-functional customer journey teams to ensure the experience is as seamless as possible across both digital and offline channels, whatever the entry point and goal of the prospect or customer. Customer journey mapping can help marketers identify opportunities to optimise interactions and iron out CX issues that could be alienating people and costing the business money.



### 2. Focus on personalisation... and the right data requirements

Personalisation is rightly identified by survey respondents as an important trend that can define whether FSI companies succeed or fail as the marketplace becomes more competitive. Companies need to ensure they can surface the right data at the right time, so that their marketing communications become more relevant for customers and predictive of their needs. This requires joined-up marketing technology platforms so that data is shared between systems effectively, rather than becoming stuck in channel-specific point solutions. Marketers will increasingly need to ensure that they are harnessing AI-driven machine learning to bolster their personalisation initiatives. Those companies not already doing so should seek to understand how AI can be harnessed to improve their offering.



### 3. Good content – and good content velocity – are essential

The research shows that companies in this sector are neglecting content, which is an essential element for providing great customer experiences. Companies cannot meet the personalisation challenge if they don't have the right types of content to meet the needs of individuals at different stages of the customer journey. Companies need to make sure they have the right content marketing velocity, ensuring that they are geared up to meet the increased demand for high-quality assets. While agencies can help companies succeed in this area, organisations must ensure that they have both the internal resources and workflows in place to ensure they can deliver. The cross-sector 2018 Digital Trends report found that organisations that are bringing content creation in-house are significantly more likely to have exceeded their top 2017 business goal by a significant margin.



#### 4. Invest in the right skills and training

The main 2018 Digital Trends report found that top performers are twice as likely to be planning significant investment in digital skills and education of their employees. Digital marketing and ecommerce continue to evolve rapidly, with employees needing to stay on top of the latest trends and tools that can help accelerate commercial success. The right data capabilities are particularly important for organisations to master, whether relating to optimisation of digital marketing, surfacing of customer insights, integration of data held in different systems, or the framing of automation and personalisation logic. FSI companies need to train their people accordingly, or source people with the know-how externally.



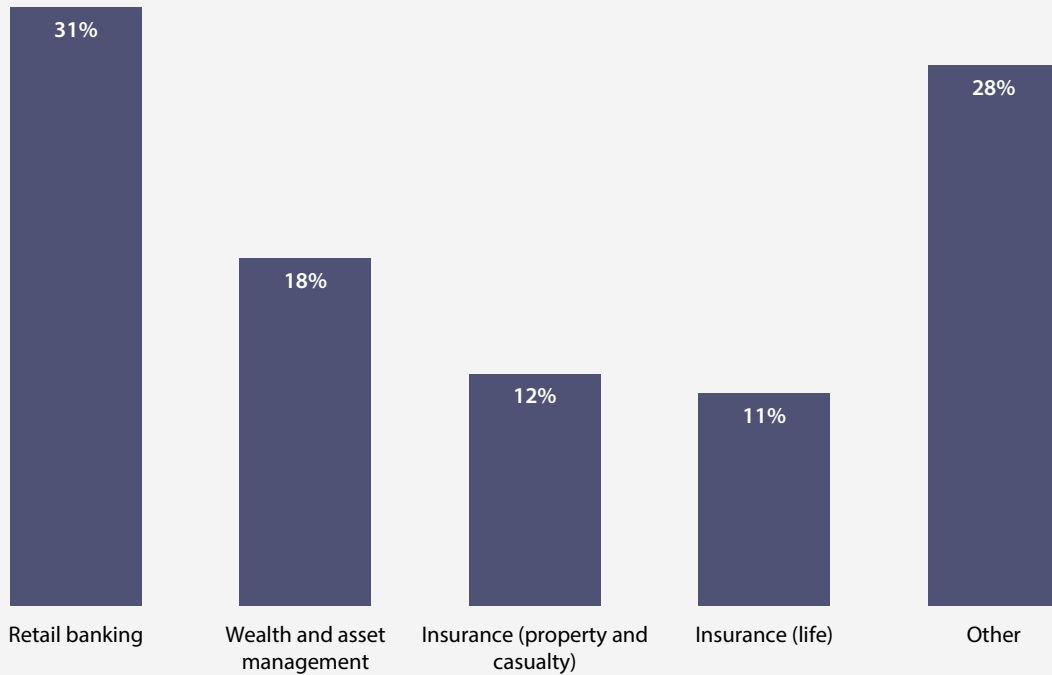
#### 5. Ensure that technology is an enabler, rather than a barrier to success

The 2018 Digital Trends report also found that top-performing companies are almost three times as likely as their mainstream peers to have invested in a highly-integrated, cloud-based technology stack. Companies are failing their customers, employees and shareholders if they are not investing in the best possible technology platforms to facilitate the best possible customer experience. While not a silver bullet, the right software can facilitate vastly improved workflows which significantly increase the efficiency of marketing and content teams, while also making it easier to deliver against the personalisation imperative, and to ensure consistency of brand messaging across channels.



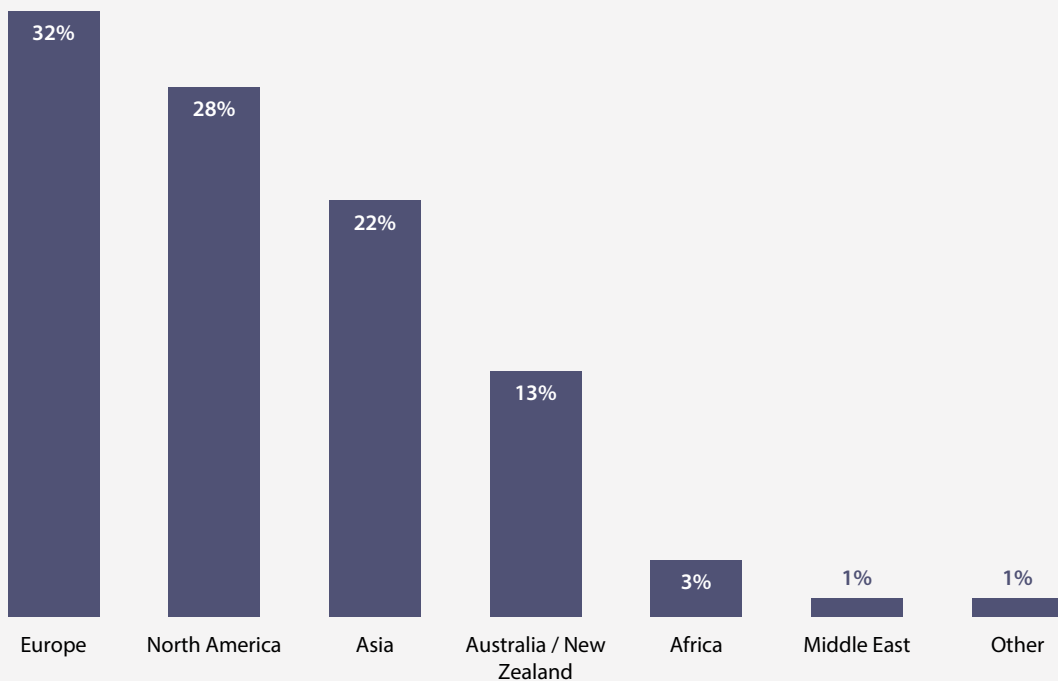
## 7. Appendix: respondent profiles

FIGURE 15: WHAT TYPE OF COMPANY DO YOU WORK FOR?



Respondents: 653

FIGURE 16: IN WHICH REGION ARE YOU BASED?

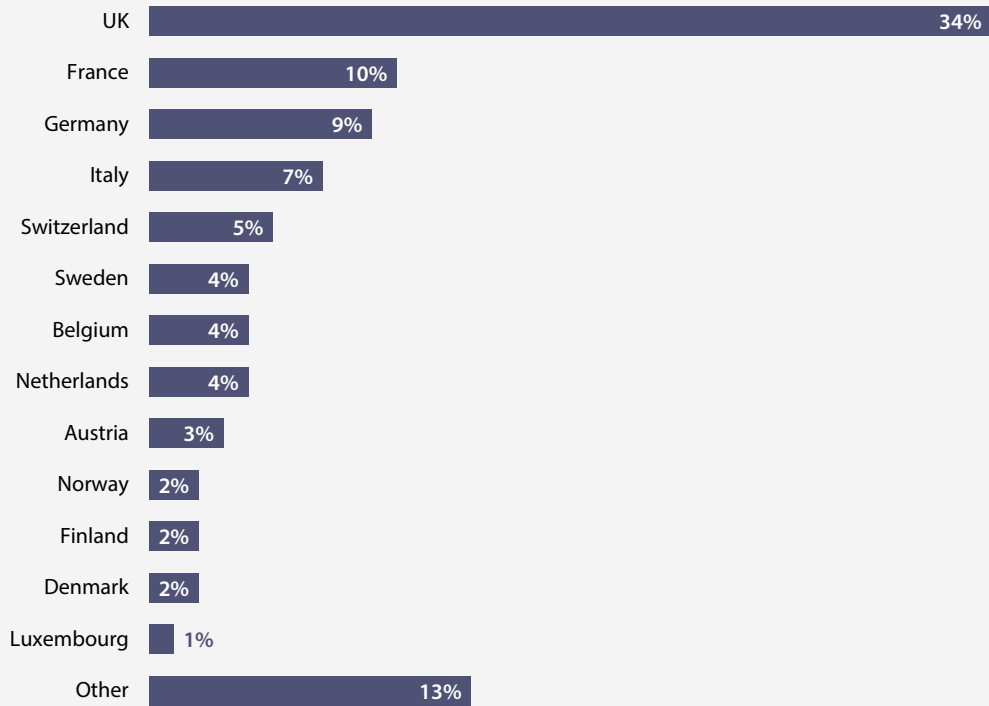


Respondents: 663



**RESPONDENTS BASED IN EUROPE**

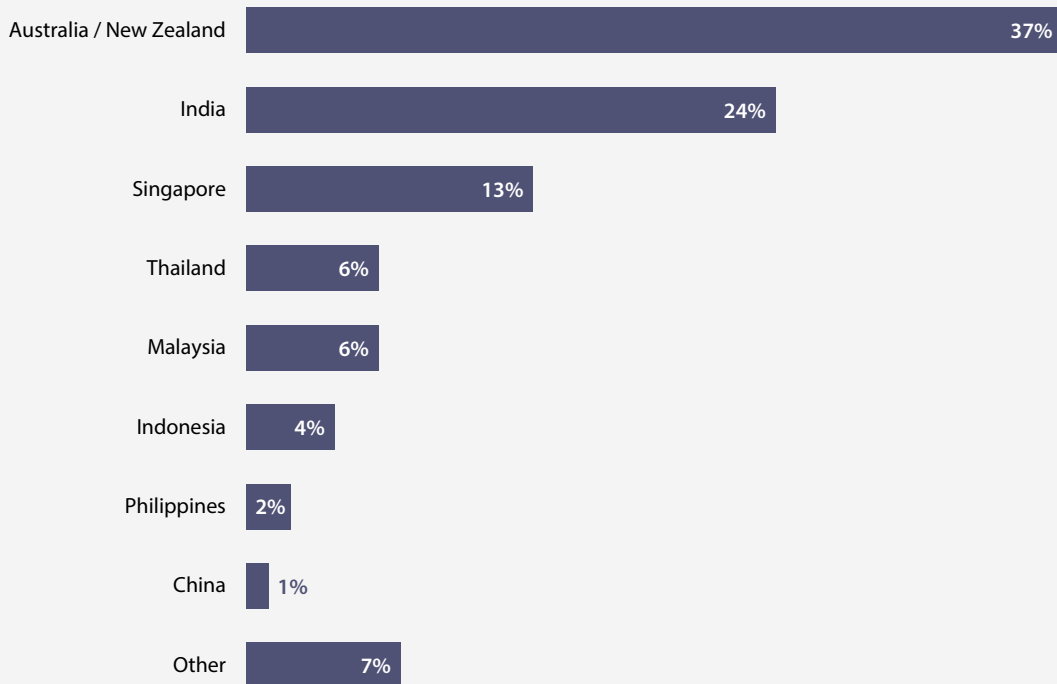
**FIGURE 17: IN WHICH OF THE FOLLOWING COUNTRIES ARE YOU BASED?**



Respondents: 209

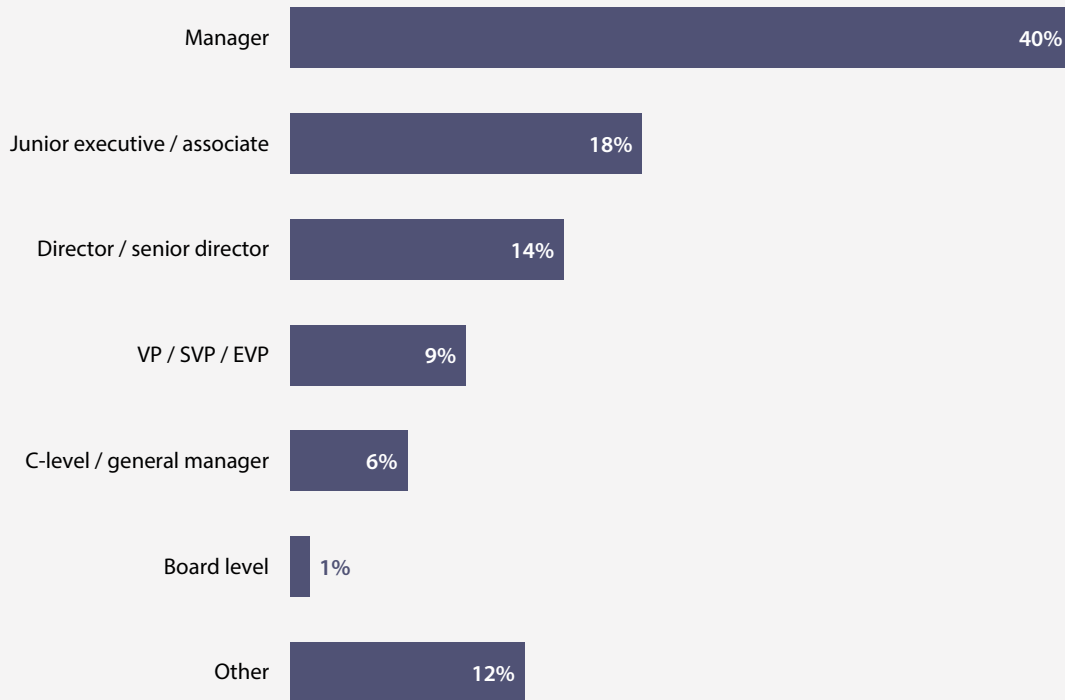
**RESPONDENTS BASED IN ASIA PACIFIC**

**FIGURE 18: IN WHICH OF THE FOLLOWING COUNTRIES ARE YOU BASED?**



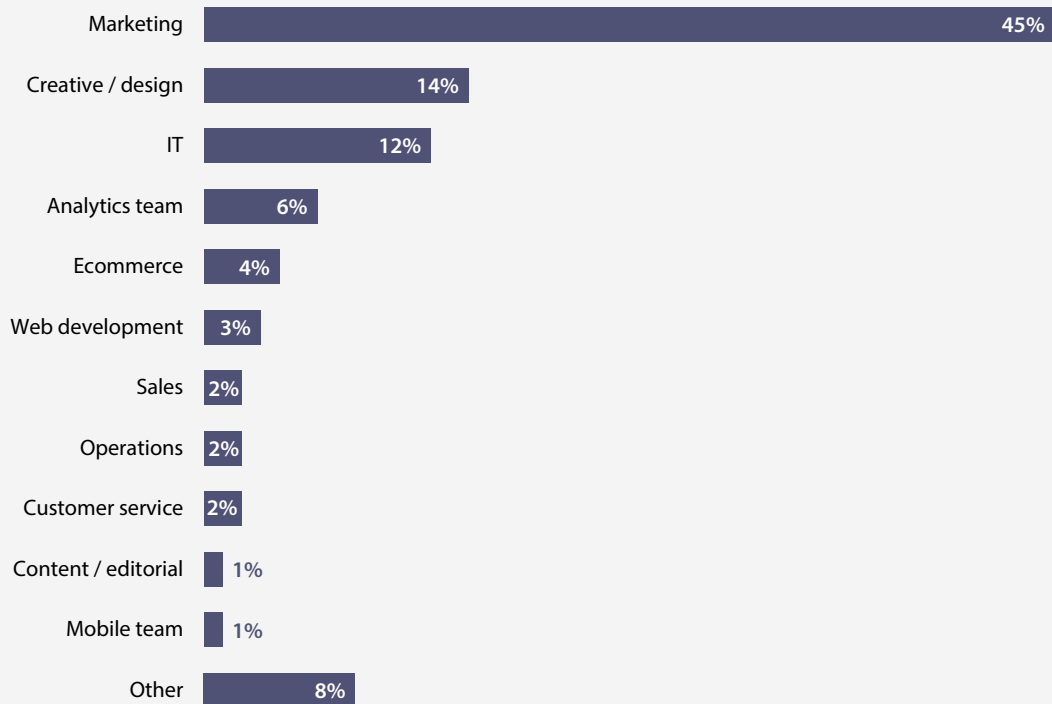
Respondents: 233

**FIGURE 19: WHAT BEST DESCRIBES YOUR JOB ROLE?**



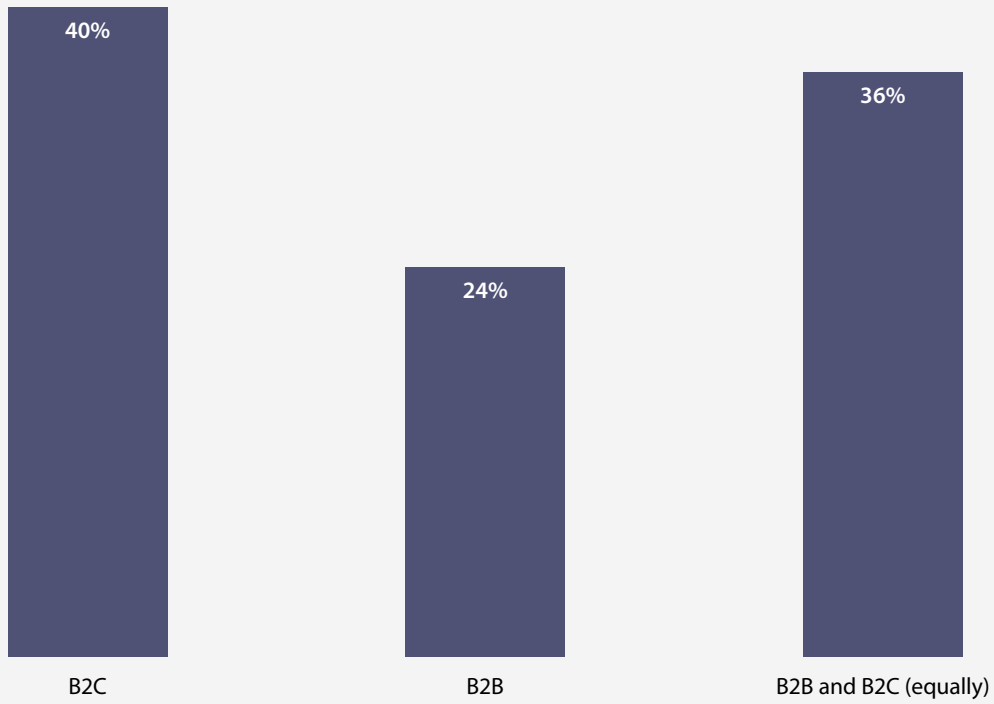
Respondents: 663

**FIGURE 20: IN WHICH BUSINESS FUNCTION DO YOU WORK?**



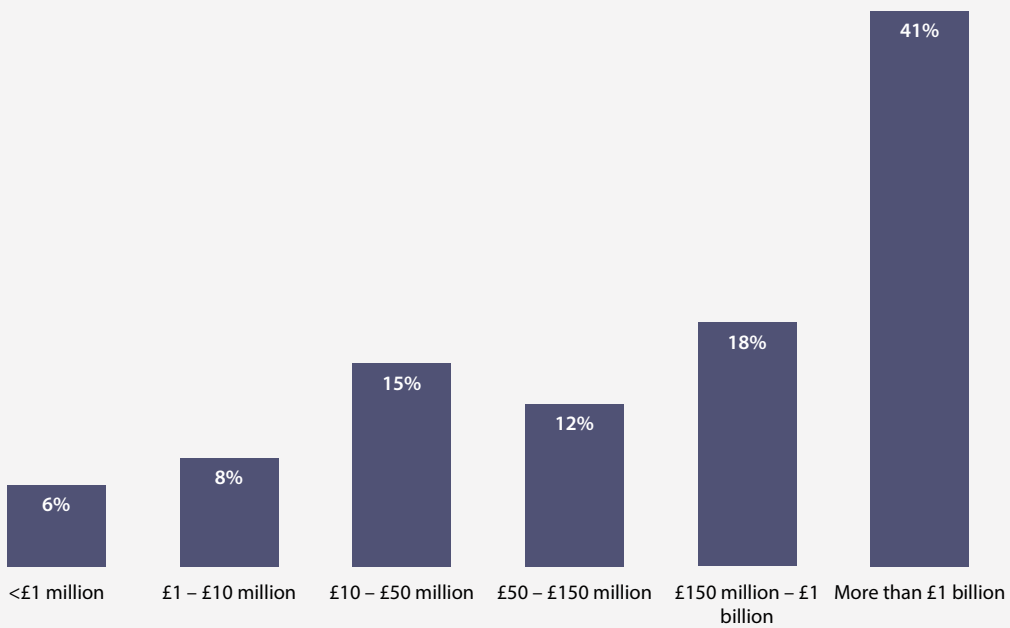
Respondents: 663

FIGURE 21: ARE YOU MORE FOCUSED ON B2B OR B2C AS A BUSINESS?



Respondents: 663

FIGURE 22: WHAT IS YOUR ANNUAL COMPANY REVENUE?



Respondents: 326



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## About Econsultancy

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