



Harnessing Technology: The 2024 Financial Services Market Report

New survey finds that 94% of financial services leaders believe the cloud is the future of IT operations, but data security remains a significant concern



Introduction

Technology plays a crucial role in driving revenue, ensuring compliance, and enhancing customer service at any growing financial services company.

Cloud operations can speed up and streamline work, but migrations and data security are important issues to navigate.

Egnyte's recent survey of 328 finance leaders across insurance, banking, and wealth management provides insights into how these sectors are adopting cloud technology, AI, and other digital tools to stay competitive while addressing concerns such as data security and regulatory compliance.

This eBook sheds light on these trends, offering valuable insights for executives looking to make informed decisions about technology adoption. With data-driven strategies, financial service organizations can better navigate the complexities of digital transformation, leveraging technology to enhance operational efficiency, improve customer satisfaction, and maintain regulatory compliance.

Survey Methodology:

Egnyte commissioned an independent research firm to survey 328 finance leaders in insurance, banking, and wealth management on the topic of how

financial service organizations are using cloud technology to improve customer service, handle regulation, and operate more efficiently.

The margin of error for this study is +/- 4% at the 95% confidence level.

What You Will Learn in this eBook:

- How cloud technology is reshaping IT operations in financial services and what this means for your organization.
- Key challenges and strategies for managing data security and regulatory compliance in the cloud.
- The role of artificial intelligence and generative AI in enhancing customer service and operational efficiency.
- Insights into the top priorities and concerns of financial service leaders when adopting new technologies.
- Practical steps for leveraging technology to achieve better customer engagement and streamline internal workflows.

Who this eBook is for:

- Chief Information Officers (CIOs) seeking to understand the future landscape of IT operations within financial services.
- Chief Technology Officers (CTOs) looking to navigate the challenges of cloud adoption and integration.

- Compliance Officers interested in learning how to manage regulatory requirements in a cloud-based environment.
- Customer Experience Managers aiming to leverage technology to improve customer engagement and satisfaction.
- IT Security Professionals focused on safeguarding sensitive data and managing cybersecurity threats in financial institutions.





Migration and Operations in the Cloud:



94%

of financial services leaders say the cloud is the future of their IT operations, but 68% worry about data security.

SUMMARY: Cloud technology is widely recognized as the future, yet security concerns persist among many leaders.

CONTEXT: This dual focus highlights a growing need for enhanced security measures as cloud adoption continues.



92%

of financial services leaders say they must adapt to cloud operations or fall behind competitors, but 64% worry about complying with regulations in cloud operations.

SUMMARY: While adaptation to the cloud is seen as essential, regulatory compliance remains a significant hurdle.

CONTEXT: Organizations need to balance technological advancement with stringent regulatory demands.



92%

of financial services leaders say they must adapt to cloud operations or fall behind competitors.

SUMMARY: There is a strong consensus on the necessity of cloud adoption for competitive advantage.

CONTEXT: This statistic underscores the urgency for digital transformation in the financial sector.

83%

of financial service organizations that have migrated to the cloud report significant cost savings.

SUMMARY: The financial benefits of cloud migration are clear, with substantial cost reductions reported.

CONTEXT: Cost efficiency is a major driver for cloud adoption among financial institutions.





Migration and Operations in the Cloud:



88%

of financial service organizations that have moved to the cloud report improved disaster recovery capabilities.

SUMMARY: Enhanced disaster recovery is a key advantage of cloud technology, providing greater resilience.

CONTEXT: This improvement is crucial for maintaining service continuity in an increasingly digital world.

Top Goals for Migrating to the Cloud:

- Improve data security
- Enhance operational efficiency
- Reduce IT costs
- Increase collaboration across teams
- Achieve scalability and flexibility

SUMMARY: Cloud migration is driven by diverse goals, from security to operational enhancements.

CONTEXT: These objectives reflect a comprehensive approach to leveraging cloud technology.

Top Challenges of Migrating to the Cloud:

- Data security concerns
- Integration with existing systems
- Data sovereignty issues
- Compliance with regulations
- Managing multi-cloud environments

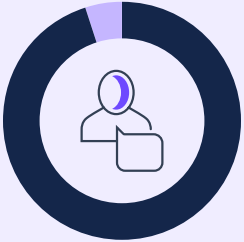
SUMMARY: Multiple challenges complicate the migration process, from security to regulatory compliance.

CONTEXT: Organizations must address these obstacles to ensure a smooth transition to cloud environments.





Collaboration with Customers Using Technology:

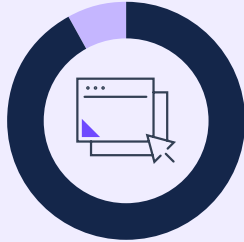


95%

of financial services leaders believe technology improves customer engagement, but 59% struggle to select a tech stack.

SUMMARY: While technology boosts engagement, selecting the right tools remains a challenge.

CONTEXT: Choosing the appropriate technology is crucial for optimizing customer interactions.



92%

report higher customer satisfaction with customer portals.

SUMMARY: Customer portals significantly enhance satisfaction levels among clients.

CONTEXT: Portals provide a streamlined, user-friendly interface for customers, improving their overall experience.



53%

report higher data security with customer portals.

SUMMARY: Portals not only improve customer service but also enhance data security.

CONTEXT: Security measures integrated into customer portals help protect sensitive information.



82%

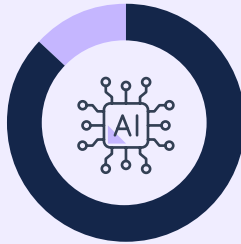
report fewer problems with customer portals.

SUMMARY: Customer portals are associated with reduced issues, enhancing service delivery.

CONTEXT: Fewer problems mean more efficient and reliable customer support.



Collaboration with Customers Using Technology:

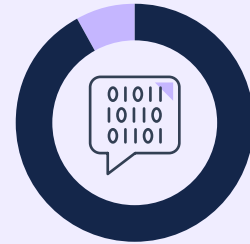


87%

say customer feedback is more easily collected via technology, but 90% now report not knowing how to organize and act on this data.

SUMMARY: While feedback collection is easier, data management remains a significant challenge.

CONTEXT: Effective data utilization is key to leveraging customer feedback for business improvement.



92%

say AI will play a top role in enhancing customer service.

SUMMARY: AI is expected to revolutionize customer service by enabling more responsive and personalized experiences.

CONTEXT: Leveraging AI could offer significant competitive advantages in customer service.

The top ways financial services leaders say AI will improve customer service:

- Faster response times
- Automated support
- Fraud detection
- 24/7 availability
- Identity verification

SUMMARY: AI brings multiple benefits to customer service, from speed to security.

CONTEXT: These improvements are essential for meeting modern customer expectations.

The top concerns financial services leaders have with AI aiding customer service:

- Data privacy concerns
- High implementation costs
- Compliance challenges
- Loss of human touch
- Security risks

SUMMARY: Despite its benefits, AI adoption comes with several concerns, especially around privacy and cost.

CONTEXT: Addressing these concerns is necessary for the successful integration of AI.

Top Benefits of Using Document Portals with Customers:

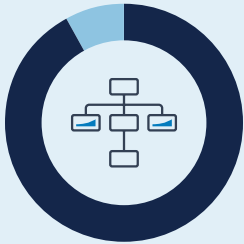
- Improved data security
- Faster document processing
- Enhanced client satisfaction
- Better compliance management
- Increased accuracy in transactions

SUMMARY: Document portals offer several advantages, from security to customer satisfaction.

CONTEXT: These benefits can help streamline operations and improve client interactions.



Workflow Collaboration within the Organization:

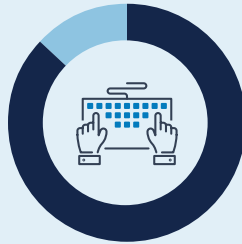


93%

of financial service organizations that use modern technology to streamline internal workflow say they're more likely to meet goals.

SUMMARY: Technology improves goal attainment by enhancing workflow efficiency.

CONTEXT: Streamlined workflows are vital for achieving organizational objectives.



87%

report higher productivity with digital collaboration platforms.

SUMMARY: Digital platforms boost productivity by facilitating better collaboration.

CONTEXT: Collaboration tools are key to driving efficiency and effectiveness within teams.

87%

find cross-departmental projects easier to manage with technology.

SUMMARY: Technology simplifies the management of projects that involve multiple departments.

CONTEXT: Improved project management capabilities are crucial for complex organizational tasks.





Data Security:



90%

say data security is their top IT priority.

SUMMARY: Data security is a major focus area for IT departments in financial services.

CONTEXT: Protecting sensitive data is critical to maintaining trust and compliance.



90%

of financial services leaders say data security is their top IT priority, but only 48% are highly confident they have the right security measures in place.

SUMMARY: Despite prioritizing data security, confidence in existing measures is relatively low.

CONTEXT: This gap suggests a need for stronger and more effective security strategies.



44%

of financial service organizations have experienced a data breach in the last year.

SUMMARY: Data breaches remain a significant risk for financial institutions.

CONTEXT: Addressing vulnerabilities is essential to preventing future breaches.

93%

conduct regular security audits, but only 35% consistently pass those audits.

SUMMARY: Regular audits are common, but passing rates indicate room for improvement in security practices.

CONTEXT: Consistently passing audits is crucial for maintaining robust security standards.





Data Security:

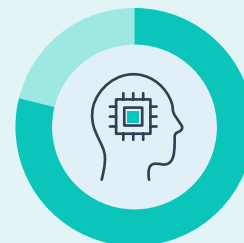


93%

of financial service organizations conduct regular security audits, but 44% have experienced a data breach in the last year.

SUMMARY: High audit rates do not necessarily correlate with reduced breaches, highlighting a need for more effective security measures.

CONTEXT: This discrepancy points to potential gaps in audit processes or security protocols.



AI

is both the top threat detection strategy and the top threat in 2024 for 79% of financial service organizations.

SUMMARY: AI is viewed as both a valuable tool and a potential risk in cybersecurity.

CONTEXT: The dual nature of AI in security requires careful management and oversight.



67%

are hesitant to adopt new technology due to regulatory uncertainties.

SUMMARY: Uncertainty around regulations slows down the adoption of new technologies.

CONTEXT: Clarifying regulatory requirements could accelerate technological innovation.



Data Security:



Top things leaders are confused about when it comes to regulation:

- The role of AI
- Data privacy laws
- Cloud compliance requirements
- Implementation of security measures
- Outdated regulation

SUMMARY: Confusion around various regulatory aspects complicates technology adoption.

CONTEXT: Clearer guidance and regulations are needed to support compliance efforts.

The role of AI poses the biggest confusion when it comes to regulation.

SUMMARY: AI's regulatory landscape is particularly unclear, posing challenges for adoption.

CONTEXT: Clarifying AI regulations will be critical as its use becomes more widespread.



67%

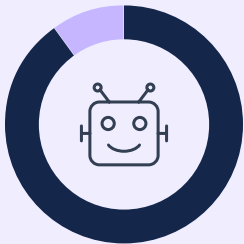
note compliance as a barrier to cloud adoption.

SUMMARY: Regulatory compliance challenges are a major obstacle to cloud adoption.

CONTEXT: Overcoming these barriers is essential for broader cloud integration.



Use of Generative AI:



89%

want to use more generative AI to enhance customer experiences.

SUMMARY: There is strong interest in using generative AI to improve customer interactions.

CONTEXT: Generative AI offers significant potential for personalized and efficient customer service.



86%

of firms would use generative AI if regulators provided guidance on usage.

SUMMARY: Clear regulatory guidance would encourage more firms to adopt generative AI.

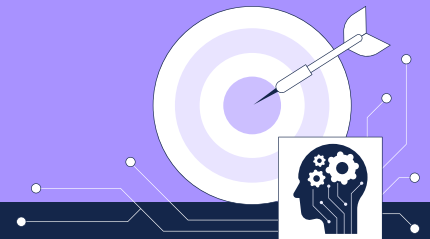
CONTEXT: Regulatory clarity is a key enabler for AI adoption in financial services.

The top concerns of financial services leaders around using generative AI to aid with regulation compliance:

- Data privacy concerns
- Accuracy and reliability
- Security risks
- Implementation costs
- Integration challenges

SUMMARY: Various concerns, particularly around privacy and costs, hinder generative AI adoption.

CONTEXT: Addressing these concerns is crucial for broader acceptance and use of generative AI.



61%

find generative AI critical for fraud detection.

SUMMARY: Generative AI is seen as a vital tool for identifying fraudulent activities.

CONTEXT: Leveraging AI for fraud detection can significantly enhance security measures.

75%

have already implemented generative AI for personalized customer experiences.

SUMMARY: A substantial number of organizations are already using AI to tailor customer interactions.

CONTEXT: Personalization through AI can lead to improved customer satisfaction and loyalty.

82%

use AI-driven analytics for decision-making.

SUMMARY: AI analytics are widely used to inform strategic decisions.

CONTEXT: AI-driven insights can enhance decision-making processes and outcomes.



Report Summary:



This eBook from Egnyte provides a comprehensive overview of how financial services organizations are embracing cloud technology, AI, and generative AI to improve efficiency, compliance, and customer satisfaction. The survey data reveals a strong commitment to digital transformation, with a majority of leaders recognizing the critical role of cloud and AI in future operations. However, concerns around data security, regulatory compliance, and technology integration highlight the complexities of this transition. By understanding these challenges and opportunities, financial services executives can better navigate the path forward, leveraging technology to drive growth and maintain a competitive edge in an evolving marketplace.

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