

4 tactics to achieve technology excellence in banking

Be audit-ready and become cloud-first while reducing costs

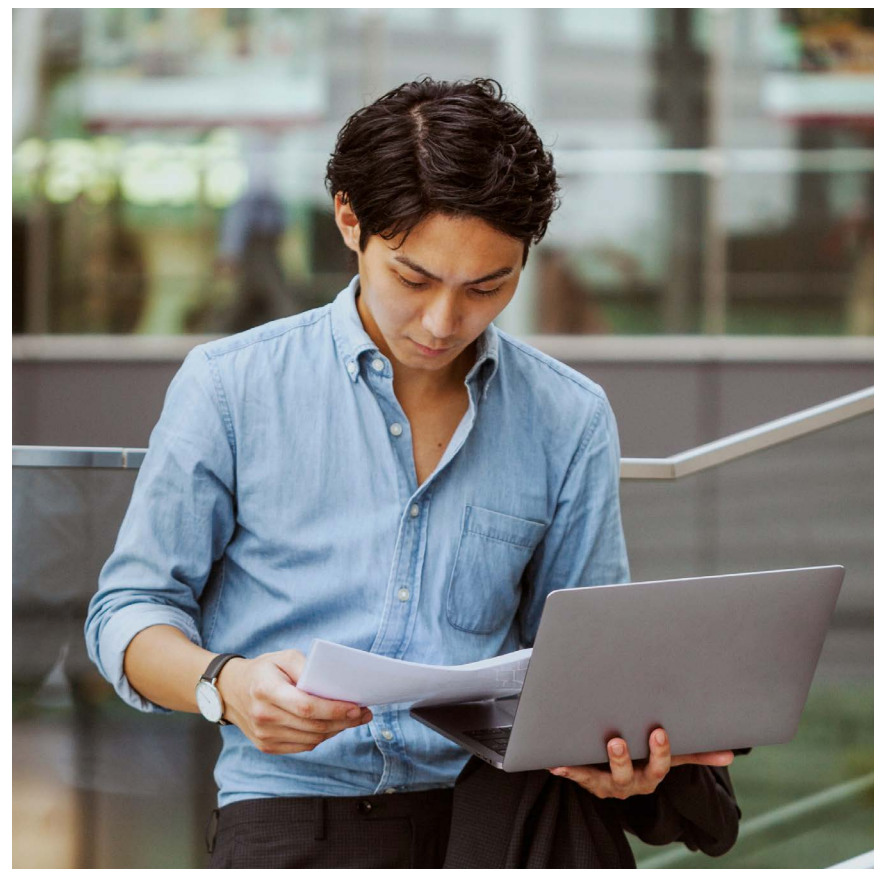
Manage the present or future-proof your bank? YES.

When resources are limited, how do banks manage the present while innovating for the future? When legacy systems, complex infrastructure, and siloed workforces generate an environment of decentralized, manual processes, how will banks stay resilient and audit-ready? With increasing pressures to reduce spend, how can banks afford to modernize the technology stack while simultaneously streamlining IT costs?

These paradoxical questions are no doubt familiar to banking sector decision-makers who must constantly balance maintaining consistent operations and service delivery while also strategizing to build for the future. The urgency to innovate without compromising reliability is nothing new. However, several emerging industry trends are compounding the pressure:

- **Achieving technology excellence has become a leadership priority.** Banks are digitally mature relative to other long-standing industries and are using technology to both modernize the IT stack and support enterprisewide strategic initiatives.
- **Disruptors are challenging core banking services.** Big Tech and fintech are targeting specific services in the banking market, tapping into proprietary data to develop differentiated customer insights and new revenue streams.
- **Longer-term growth has hit a slowdown.** Return on equity remains below 2008 levels, with regional variations in performance. Margin expansion is expected to be a key driver of future growth.
- **Remaining audit-ready as operational and regulatory risks are quickly evolving.** There is heightened regulatory scrutiny on consumer protection, as well as how data security is upheld during innovation.

How can you solve all these problems and say “yes” to future-proofing and digitalization opportunities? The solution is to embrace a digital platform that connects your bank to the cloud without disrupting ongoing operations. The platform can serve as both a resilient foundation and a launchpad as you strive toward technology excellence and drive intelligence to every corner of the business.



90%

of companies have launched some type of digital transformation¹

97%

of banks will declare themselves digital intermediates in two years' time²

59%

of banks that adopt a transformation model are more likely to exceed revenue cost and risk goals over an optimization model³

¹ McKinsey, *Rewired to outcompete*, June 20, 2023

² ServiceNow and ThoughtLab, *Global survey of 750 banking executives*, March–May 2023

³ Gartner, *2022 Gartner Financial Services Technology Survey* as cited in “Banking Reimagined: Preparing for Next Generation Business Models,” presented by Benjamin Seesel at the Gartner IT Symposium/Xpo[®] 2023, in Orlando, Florida, October 16–19, 2023

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According to research conducted by ServiceNow, only 20% of banks' digital leaders currently consider themselves to be at an advanced level of digital transformation. This is expected to grow to 30% in two years.^a

For banks striving to achieve technology excellence, their pursuit must be rooted in governance and strategy. A digital platform is critical to mission success and its full potential will only be unlocked once enterprisewide stakeholders agree to a focused technology excellence initiative that is driven by leadership.

This ebook presents tactical objectives, and their accompanying challenges and opportunities, that will strengthen your bank's operations while also serving as milestones and aspirational standards on the path to achieving technology excellence. Here are the four tactics:

1. **Become a cloud-first bank.** Many banks traditionally have complex, outdated technology that underpins thousands of unconnected systems across departments. Banks must migrate on-premises systems to the cloud and work with an experienced partner to revamp or retire their disparate tech stack.
2. **Automate to deliver frictionless experiences.** Low code and automation can empower IT teams to improve efficiencies, but fragmented platform architecture makes this difficult to achieve. Banks can eliminate spreadsheet routines and begin to batch file processes that are subject to delays, failures, and manual errors. This provides employees with a more positive working experience and frees up staff to focus on more critical IT operations.
3. **Build resilient risk operations and be audit-ready.** Underinvestment in operational risk management systems and tools often leads to ineffective controls and processes. Not only does a lack of real-time reporting hinder collaboration among teams, it can also leave banks exposed and on the hook for large fines due to regulatory noncompliance.

\$3.4 trillion

increase in global spending on digital transformation predicted by 2026¹

64%

of banks of named accelerated digital innovation as the top internal force driving the need to improve technology²

¹ Statista, [Spending on digital transformation technologies and services worldwide from 2017 to 2026](#), August 6, 2023

² ServiceNow, [Conquering technology risk in banking](#), 2023



4. **Enable innovation and improve productivity.** Banks continue to embrace new digital banking and branch services to meet customers' ever-evolving expectations for convenience and ease. Despite being wary that innovation brings new technology risks, 52% of banks surveyed by ServiceNow are moving cautiously forward and say that managing the risk of digital innovation is crucial for future growth and financial success.^b

1

Best practice

BECOME A CLOUD-FIRST BANK

Financial services systems are built with volume, availability, and security in mind. However, with legacy core technology systems, these robust characteristics can double as inflexible barriers to change. Decision-makers in the banking sector must balance critical priorities, such as adopting a cloud-first approach and digitalization, while avoiding service disruption at all costs.

Challenge

Banks have prioritized the migration of core systems to the cloud to help realize value, such as cost reduction, increased agility, and improved audit-readiness. Unfortunately, progress toward achieving technology excellence is halted by a reluctance to interfere with existing operations that may result in service downtime.

Solution

Engage with a solution provider that can connect your bank's existing legacy systems to a cloud-based, unified digital platform to avoid interruption of service or breaches in security.

Benefits

Innovate quickly without impacting reliability. Connect systems to the cloud and go beyond the constraints of current IT limitations. Use low-code functionality to develop cloud-based applications that won't disrupt ongoing business but will mitigate risk. Benefit from out-of-the-box instances for the banking industry that provide the flexibility needed to achieve technology excellence.

Accelerate technology transformation across your bank's core portfolio. Scale cloud processes faster with self-service automation of cloud request, incident, and change management processes that don't hamper DevOps and other teams. Maintain visibility and governance of services in one platform to drive process adherence and frictionless experiences.



48%

of bank IT leaders have invested cloud migration and adoption over the last two years to drive innovation.¹

¹ ServiceNow, Conquering technology risk in banking, 2023

Effectively assess and respond to cloud security risk and resilience. Operate cloud services with resilience using AIOps, security, and observability—even when the mix of on premises and cloud is constantly changing. Automatically unite data from on-premises and cloud sources to prevent service degradation, assess vulnerability in cloud environments, and preserve security and risk posture.

Understand the impact of future planned changes with AIOps. Combine AIOps with change management and service mapping to assess the potential service impact of planned changes before they are implemented. Use machine learning to identify and diagnose service anomalies that can lead to future disruptions.

2

Best practice

AUTOMATE TO DELIVER FRICTIONLESS EXPERIENCES

Banking leaders are largely in favor of automating many banking processes. Not only does automation remove human error and improve data quality, but it also creates consistent standards of service delivery across the organization. Furthermore, risk officers are empowered to proactively prevent risks early and quickly mitigate them. On the security front, automation helps detect and protect against opportunistic cybercriminals looking for an attack surface through a bank's IT and data systems.

Challenge

The combination of legacy infrastructure and siloed teams hinder innovation and frustrate staff, making it difficult to deliver consistent experiences.

Solution

Adopt a unified digital platform to connect disparate systems and efficiently orchestrate work processes. Identify opportunities where automation can free up your colleagues and improve your bank's IT operations.

Benefits

Streamline operations to deliver immediate, convenient banking experiences. The top internal forces driving banks' need to improve technology are accelerated digital innovation and the use of new technologies. This urgency is partly driven by customers who are increasingly expecting traditional, legacy institutions to deliver modern, consumer-grade experiences that customers already enjoy with streaming, entertainment, and shopping services.



59%

of banking leaders provide staff with data they need to improve IT risk management and their security posture¹

¹ServiceNow, [Conquering technology risk in banking, 2023](#)

Reduce costs. Although investment in a unified digital platform might seem to be an expenditure and not a cost reduction, the long-term cost savings created by tech stack consolidation, task routing efficiency, and virtual agent support will reduce costs in the long run.

Batch cases and prioritize with better data Connected systems, automation, and predictive analytics can help banks detect trends in the case issues they receive and batch incidents affecting more than one party. Banks can also leverage insights to identify bottlenecks or potential downtime and warn customers of service disruptions ahead of time.

Build and share dashboards to improve reporting in an audit-friendly way. Banks can deploy enterprisewide analytics and run cross-departmental, real-time reports that help the organization remain compliant and fulfill regulatory obligations. Audit-ready dashboards minimize the risk of fines and other penalties because of human error in record-keeping or failure to deliver accurate records to auditors.

3

Best practice

OPTIMIZE TECHNOLOGY USE AND SPEND

Managing risk in a bank's extraordinarily complex, regulated environment is challenging, to say the least. Most banks' risk and compliance technologies are outdated, inflexible, not user-friendly, and only partially integrated. As well as a lack of visibility and lost insight potential, inadequate infrastructure and processes leave the bank exposed to non-compliance, which can lead to fines, reputational damage, and negative employee and customer experiences.

Challenge

The absence of centralized governance combined with a partially integrated IT ecosystem encourages employees to rely on shadow IT solutions. Or they turn to end-user computing tools that are not scalable and are built for only single individuals or small teams. These manual, interdependent processes rely on email, spreadsheets, and shared presentation decks, all of which leave room for human error and unacceptable exposure for the bank.

Solution

Implement risk operations that connect tools, systems, people, and processes across your bank. Upgrade your IT stack to include a seamless enterprise system of action to digitize and automate risk and compliance controls as part of a business and technology excellence transformation.

Benefits

Integrate checks into a workflow and track the entire risk lifecycle. Review your existing workflows and incident management processes with your solution provider's security experts, and automate your most common runbook use cases. Leverage centralized data to better realize value from existing tools and processes. Once key use cases run efficiently, expand process automation to additional use cases, continue to scale



“We made technology and cyber security risk management and resilience a part of our board and senior management duties, which has aided us in the early detection and correction of issues.”

CRO, leading U.S. private bank¹

¹ServiceNow, [Conquering technology risk in banking](#), 2023

for incident response success, and repeatedly build for cyber resilience.

Proactively manage enterprisewide risk and compliance across teams and technology. Encourage real-time risk assessments, holistic testing, and traceability with a single source of truth. Centralize risk activities across the lines of defense with one system of action. Make use of predictive intelligence tools to identify issues such as potential bottlenecks that threaten system uptime.

Free up staff to work in more critical areas. Automate core processes to reduce manual work and ensure consistent process execution. This reduces the burden on risk and compliance teams, freeing up their time to focus on high-value activities such as strategic planning and program enhancements. Easily modify and extend processes to provide the flexibility to respond to rapidly evolving risks.

Be audit-ready and remain compliant. Simplify audits by bringing together all the information that auditors need in a single source of truth. For instance, create a single interactive portal where auditors can easily examine controls, other key data, and underlying evidence in reports. This slashes effort and unburdens your entire business by reducing questions, data requests, and audit findings.

4

Best practice

ENABLE INNOVATION AND IMPROVE PRODUCTIVITY

Innovation has never been more important for banks today. Customers expect banks to deliver service standards in line with the consumer-grade experiences they enjoy with subscription services such as Netflix, Spotify, or telehealth providers. Meanwhile, new fintech players continue to emerge and compete by using their cloud-native technology infrastructure to quickly spin off new value propositions. Tech players not previously operating in the banking sector are now bringing their data and flexible tech stack to the marketplace, capitalizing on a one-stop-shop appeal.

Challenge

Without a connected single system of action, banks will have difficulty providing consistent and effective customer and colleague experiences. Cloud-native challengers are competing for market share.

Solution

Accelerate innovation with enterprisewide connected applications, and automate at scale. A unified platform empowers your bank to shift from siloed automation efforts to rapid and efficient business improvements with enterprise-grade security and scalability. By modernizing legacy systems and automating as much as needed, your bank can build innovative products and services with a mobile app, self-service options, hyper-personalized banking experiences, automated onboarding, digital account opening, answers in real-time with AI-enabled virtual chatbots, and proactive core banking services around loan, cards, payments, and more.

53%

of collaborative digital initiatives fail because responsibilities are divided instead of shared¹

¹ Gartner, 2022 Gartner Financial Services Technology Survey as cited in "Banking Reimagined: Preparing for Next Generation Business Models," presented by Benjamin Seesel at the Gartner IT Symposium/Xpo™ 2023, in Orlando, Florida, October 16–19, 2023

Benefits

Rapidly prototype and introduce net new value propositions.

Take advantage of unified data within your connected ecosystem to create new applications that solve stakeholder issues—while using the same technology to build new services for your customers.

Expand AI and automation to enhance existing workflows.

Use the generative AI (GenAI) controller in your digital platform to apply machine learning and predictive intelligence to existing instances. If available, employ chatbot search tools that use GenAI to recognize users' intent and provide natural language results.

Automate IT asset management processes. Automate the end-to-end lifecycle for software licenses, hardware assets, and cloud—all on one platform. Increase efficiency, strengthen governance, and create the agility needed to stay ahead of rapid change.

Encourage employee productivity. Deliver unified and connected experiences that support IT team members with personalized guidance, learning, growth, development, and tasks while driving operational efficiencies and compliance. Enable collaboration across the front, middle, and back offices with workflows and push notifications. Adopt AI-powered automation to quickly resolve IT ticket requests.

Support managers with optimized business processes. Adopt a platform with a 360-degree view of a team's actions and daily stats to allow managers to identify tasks and requests that require immediate attention. Stay up to date with team performance by using in-moment listening capabilities. Gain direct access to employee journeys so managers can initiate, track, and personalize journeys for each role and function.

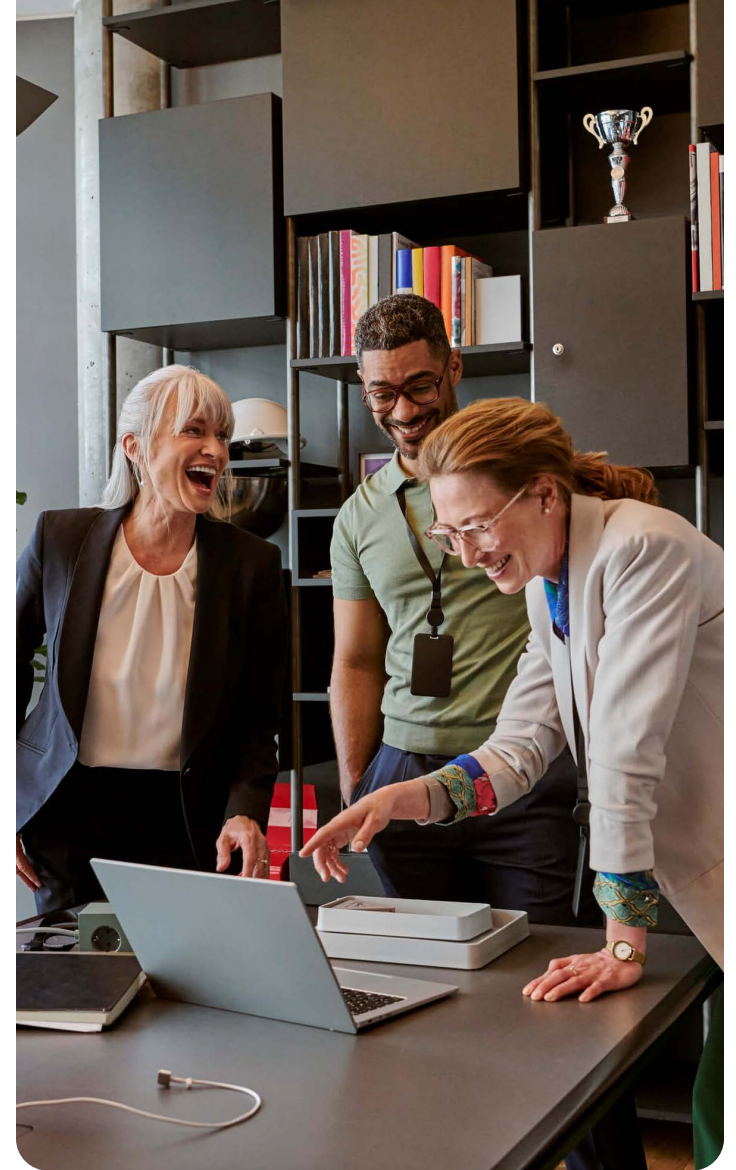
A single foundation for digital-first business growth

The way banks currently strategize, align, and deliver matters more than ever. How can you proactively plan for change, reach decisions faster, and boost employee productivity? How will you make the most of your current budget and past IT purchases while recovering lost value to fund future projects?

ServiceNow understands that no banking process lives in just one department or system - they affect other areas of the bank, feed other workflows, and integrate with multiple systems, with humans always working in the middle. This is part of the reason why 1,400+ financial institutions choose ServiceNow to help intelligently orchestrate and automate work across customer experience, risk management, security, employee engagement, and technology processes.

With the Now Platform[®], you have the power to plan, service, optimize, and govern your total IT estate with a seamless connection across both cloud and on-premises technologies. Get a modern architecture for mastering change and transforming your digital operations with these ServiceNow capabilities together on a single platform:

- Strategic portfolio management
- Technology service operations
- IT asset management
- Cloud transformation
- Generative AI

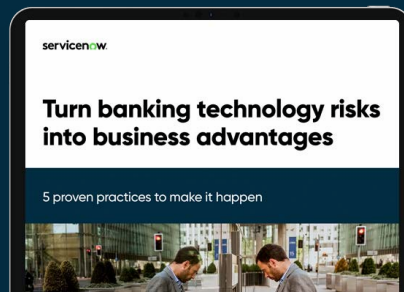


For a deeper exploration of ServiceNow solutions, we recommend the following content:

Turn banking technology risks into business advantages

Increase risk and compliance efficacy while boosting strategic and financial performance. This ebook explains how lower risks and better compliance help prevent costly incidents and improve profitability.

Read Ebook



How to stay ahead of ever-changing cybersecurity risks in banking

Manage security or drive innovation: How about both? In this ebook, discover how your IT, risk, and security teams must work hand-in-hand to respond to evolving cybersecurity threats in real time.

Read Ebook



Customer insights: Banking industry testimonials

This customer experience testimonial guide showcases how our banking industry customers are modernizing technology and accelerating innovation with the Now Platform.

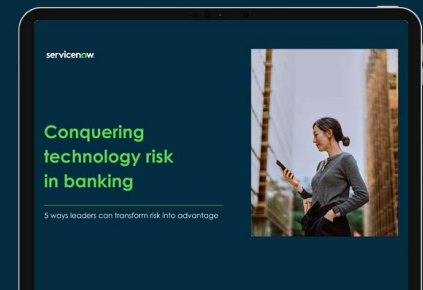
Read Ebook



Conquering technology risk in banking

Learn how by embracing technology risk management as a competitive advantage rather than a burden, banks can thrive in a dynamic environment.

Read Ebook



Notes

^a ServiceNow, [Conquering technology risk in banking](#), 2023

^b Ibid.

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About ServiceNow

ServiceNow (NYSE: NOW) makes the world of financial services work better for everyone. Over 1,500 financial institutions globally use ServiceNow's cloud-based platform and solutions to intelligently automate processes and services across their businesses. So financial institutions can future-proof their customer experiences, employee engagements, risk management, security, and technology innovation. And we can all create the future of financial services that we imagine. For more information, visit www.servicenow.com/financialservices.

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