

REGION FOCUS: WORLDWIDE

Enterprise Software Drives the IT and Finance Operations in the Banking Industry



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In This InfoBrief

Goal

Obtain insight and understand challenges and use cases of implementing modern ERP and finance systems within the financial services industry.



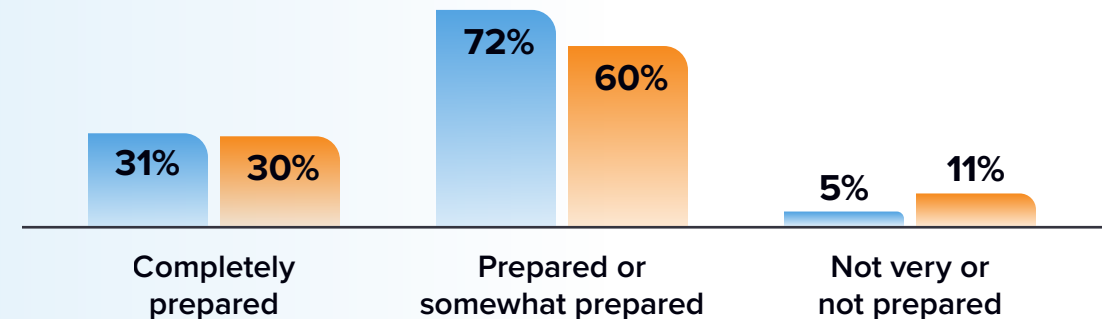
All data from IDC's *Workday Multi-Industry Study*, June 2023

IDC conducted a survey of 443 global FSI executives distributed among both IT decision makers (58%) as well as line of business decision makers (42%) in June 2023. These executives were highly knowledgeable regarding their institutions' digital transformation plans including modernization opportunities around enterprise IT systems such as ERP and finance.

Most of those surveyed were in the institution's finance and accounting area, with good representation within purchasing and procurement, and setting overall corporate strategy.

When asked to rate their own organizational preparedness in finance and planning, the following was reported:

■ Finance ■ Planning



The banking industry is aware that digitalization of ERP and finance systems is a component that currently is shaping their strategic investment.

Bankers Are Embracing Core Business Transformations

Technological adoption priorities lead to tactical implementation across business processes. **Identifying and investing in key use cases for the financial institution will yield better results and provide a clear path forward for growth and success.** These new investments will also improve data access and quality, create more modern customer experiences, and position institutions to leverage more automation using AI and ML.

Among ERP decision makers, use cases driving IT investments include:



22%

Risk mitigation, fraud detection and compliance



21%

Enhancing finance operations and cost and spend management

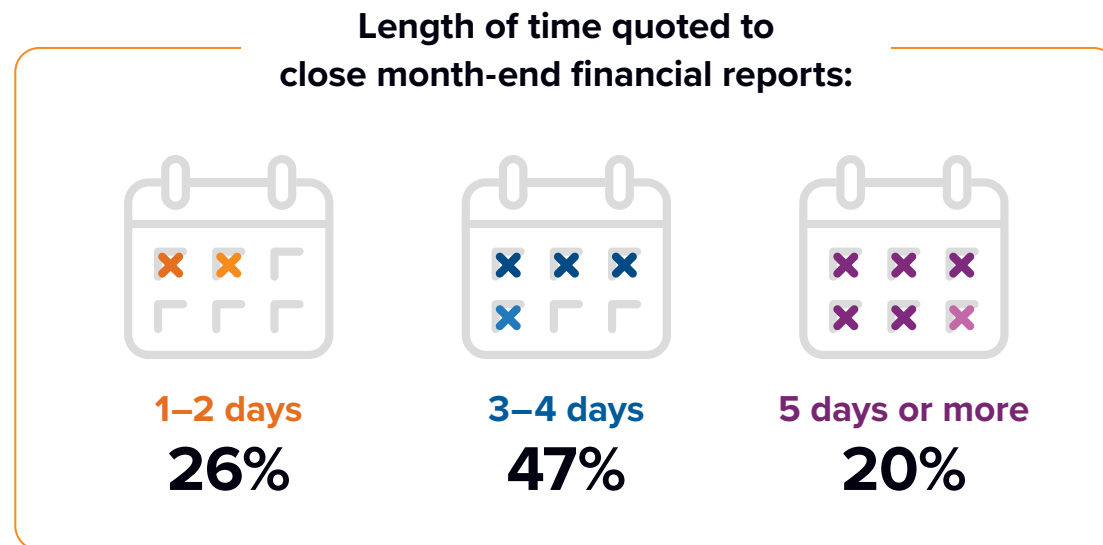


20%

Customer acquisition and onboarding

Shortening Time and Effort to Complete Monthly Financial Reports Is Becoming a Key Initiative

Investments in finance and ERP solutions over the years have **reduced the time needed to close the month and generate the necessary internal and external reports**. Yet there remains significant effort for most to complete this task and one out of five institutions still require more than a week to complete their close process.



Accelerating Innovation and Reducing Complexity Are Priorities for Bankers

Competitive pressures and disruptive market forces have only increased bankers' resolve to improve organizational resilience and agility so that they can accelerate innovation, reduce IT complexity, hire and keep the right talent, and invest in new business models and growth.

Current and continued success is dependent on getting access to and utilizing data to make decisions, plan for the future, and drive operational improvements and efficiencies.

Bankers report that top priorities for improving or competing are as follows:



Improving technology infrastructure



Improving customer satisfaction



Being more innovative



Improving overall profitability



Increasing market share

Current Challenges Impede Seamless IT Operations

Banks need to modernize legacy systems and skills to improve their response to customers' needs and regulatory requirements. Disconnected point solutions, siloed data, and integration complexity slow innovation and impede long-term performance.

Which of the following, if any, have been your organization's biggest challenges in managing its systems, processes and functions in the past 18 months?

48%

Need to upskill, reskill, and cross-skill workforce to maintain legacy knowledge, to adapt to modern IT systems, to address changing customer needs and to comply with regulatory requirements

45%

Improving data quality and availability while reducing non-value-added tasks to leverage data as a valuable organizational asset

44%

Streamlining IT processes to increase organizational agility and meet the growing demand for actionable data and insights

41%

Ensuring cost containment through optimized procurement processes and better visibility into third-party service providers' performance

40%

Adopting new AI and ML innovations without material cost and disruption to existing systems

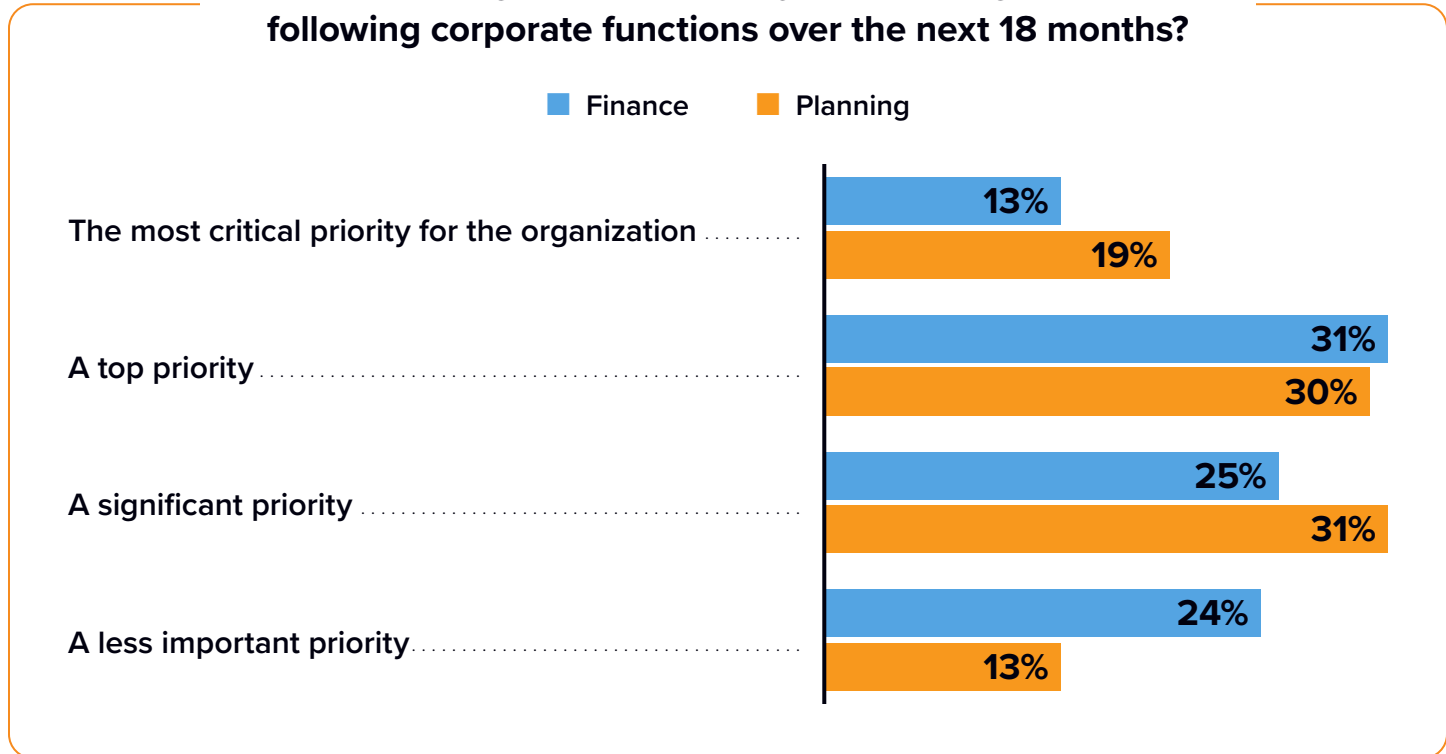
Improving Finance Functions Is a Key Initiative for Most Banking Executives

Banks need tools to map out their strategic success which requires a modern finance system.



One out of five executives believe **improving finance functions is their top priority for the organization.**

Overall, how significant a priority is improving each of the following corporate functions over the next 18 months?

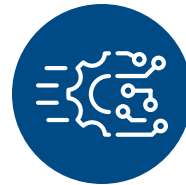


The Top Benefits of Partnering with Cloud Solution Providers

Partnering with cloud solution providers helps bankers achieve business objectives and grow profitably.

Cloud benefits enable banks to be innovative without the concern for the impact on infrastructure while providing better access to data and an improved customer experience.

What main benefits does your organization anticipate or currently experience from embracing connected cloud services in your organization's finance, planning, or other banking systems?



20%

Increased efficiency and agility:
Streamline processes and respond to changing market conditions through digital transformation



17%

Improved risk management:
Access to more data and expertise to make better risk assessments and underwriting decisions



18%

Accelerated innovation:
Collaborate with cloud solution providers and partners to develop new products and services fast



15%

Expanded market reach:
Enter new markets and customer segments by leveraging cloud-based systems and partnerships



17%

Better data insights:
Visibility into financial, people, operation and external data to make more informed decisions



13%

Enhanced customer experience:
Provide tailored offerings and seamless service

Better Decision Making Using AI and ML Provides Functional Improvements

The benefits of AI and ML within financial services starts with providing more automation, yet they extend beyond self-approval and reconciliation. Using AI for recommendations, both for customers and employees, as well as for anomaly detection, can provide greater benefits than simply automating an existing process.

Among ERP decision makers, investments in AI and ML will be focused on these main functions within the institution:
(Top objectives of ERP decision makers)



How are you using or considering using AI and ML in your organization?



Key Takeaways

1

Focus on Data Readiness



Data is everywhere and has become such a critical component in running any financial institution. It is essential to make sure that data is easily accessible, able to be analyzed and can be leveraged quickly for all decision making, both short term and long term.

2

Cloud Becomes Critical Tech Stack



The benefits of the cloud have been solidified over the last few years, and as almost all modern applications are built cloud native, embracing cloud as the critical tech stack for a bank is the first step toward transformation and modernization of hardware and software applications.

3

Continuous Innovation and Engagement Among Decision Makers



An open dialog fostering innovation must exist among the key decision makers, whether they be from IT, line of business, customer experience, audit or operations. Everyone has a seat at the table to help foster an innovative culture.

About the IDC Analyst



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Marc DeCastro is Research Director for IDC Financial Insights, responsible for the consumer banking engagement strategy practice. Marc's core research coverage includes the complete omni-experience journey for the retail customer, including branch transformation, digital product strategies, and onboarding. Based on his background covering the consumer banking space, Marc's research also includes a particular emphasis on how consumer trends and habits are forming the next generation of products and services that utilize current and emerging technology.

[More about Marc DeCastro](#)

Message from the Sponsor



Workday is a leading provider of enterprise cloud applications for finance and human resources, helping customers to adapt and thrive in a changing world.

Workday applications for financial management, human resources, planning, spend management, and analytics have been adopted by thousands of organizations around the world and across industries — from medium-sized businesses to more than 50% of the Fortune 500.

For more information about Workday, visit workday.com/banking

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