



## Gartner's 5 Digital Transformation Identities of Financial Services Organizations

One-third of financial services CIOs identified digital as their top business priority for this financial year, up by more than 8% from last year, according to Gartner. "Digital business usually means different things for financial services CIOs," says Juergen Weiss, Practice Vice President at Gartner. "We can differentiate two completely different digital strategies in the financial services industry: Digital optimization and digital business transformation."

To evaluate the state of digital change within the financial services industry, Gartner analysts studied how financial services organizations create value (their approach to business models and IT strategies) and the way they operate (adoption of key emerging technologies and the organizational approaches to drive digital transformation).

Per Gartner, these survey findings categorize financial services organizations into five different clusters:

- **Traditional Business** - The 26% of financial services organizations belonging to this cluster will typically rely on traditional business and growth within their existing markets as opposed to either process optimization or transformation via new technologies or business model expansion.
- **Early-Stage Digital** - Insurers and banking institutions falling into the early-stage digital cluster view talent as paramount to digital optimization. For example, One of the leading Banks created an entirely new way to pay bills by applying machine learning capabilities to recognize the biller, payee, account number, amount and due date across a range of corporations and statement formats.
- **Digital Fast-Follower** - Financial services companies falling into the digital fast-followers group take calculated risks in embracing new technologies or optimizing business processes. Some fast followers seek agility and speed to market to reduce response time to market changes or to competitors.
- **Digital Innovator** - Digital innovators are more technology-enabled and mature in how they embrace new approaches and strategies to improve. They are early adopters of new technologies such as blockchain and artificial intelligence (AI). For example, A Financial Services Firm was able to automate 40 business processes within the first year of a major automation project, translating into a \$1.4 million reduction in operational costs and a \$7.5 million increase in the bank's income.
- **Digital Transformer** - Only 12% of financial services organizations are mature in their digital transformations and fall into the digital transformer cluster. Their top driver is disrupting the industry to unlock new areas for growth, enter new markets or create new revenue streams. In this cluster, companies are more than doubling the rate of using technologies such as AI, Blockchain or Augmented Analytics.