



Cybersecurity

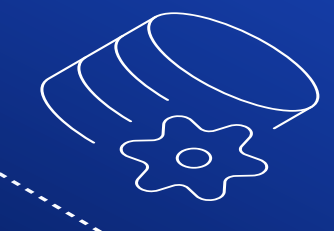


Blockchain



Generative AI

Data Strategy



Tech Modernization



2024 DIGITAL TRANSFORMATION & NEXT-GEN TECHNOLOGY STUDY

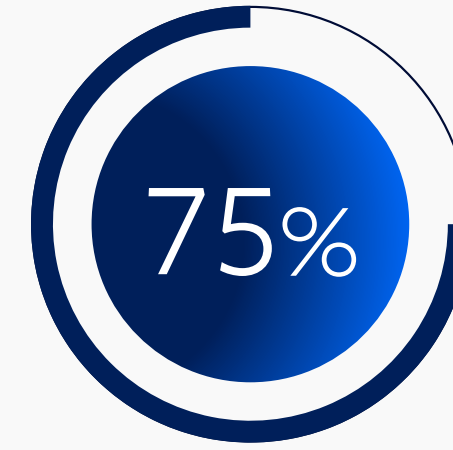
The Next Horizon in Digital Transformation

Introduction

Financial services companies have made big strides in digital transformation in recent years. Firms are investing heavily through the economic cycle, modernizing their core IT platforms to support continuous innovation and adopt next-gen technologies, such as AI and blockchain.

Only a few years ago, many institutions struggled to overhaul aging systems, and the existential threat of disruption from digital-first upstarts was tangible. Now in a sharp reversal, executives are feeling the most bullish about their plans. In fact, **75%** of C-suite executives and senior leaders Broadridge surveyed say they are confident about their transformation roadmap, and a little more than two-thirds say they have made meaningful progress in modernizing their core IT platforms. These leaders are capturing a significant technological dividend, benefiting from a virtuous cycle of progress and reinvestment.

Organizations can't afford to slow down. Rather, they have to double-down on their transformation efforts. Disruptive new technologies like GenAI, as well as ever-escalating cybersecurity



of respondents say they are confident about their firms' digital transformation and the progress they are making

concerns, are pushing companies to innovate along multiple tech frontiers at the same time. To meet accelerating needs for a personalized and seamless omnichannel customer experience in a cost effective manner, companies are increasingly recognizing the imperative of putting the customer first by leveraging technology.

Now in its fourth year, the 2024 annual *Broadridge Digital Transformation and Next-Gen Technology Study* offers a snapshot of five trends that are defining excellence in today's complex financial services environment — and in emerging areas such as GenAI that require greater attention from executives to sustain the momentum and harness new opportunities.

Germán Soto Sanchez

Chief Product and
Strategy Officer
Broadridge





What separates leaders from the pack

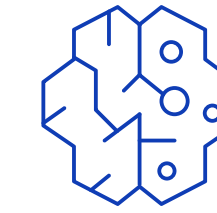
This year's study surveyed 500 C-level and senior executives in 18 countries, representing firms across the financial services spectrum. Their average total estimated assets/assets under management (AUM) was \$122 billion. Two-thirds of respondents were C-suite executives, while the rest report to the C-suite or serve as heads of a business unit.

To determine what separates the leaders from other organizations, we asked executives how advanced their firms were across 10 key dimensions (shown to the right) and classified the top 25th percentile as leaders in digital transformation.

The 10 key dimensions of digital transformation leadership



Innovation culture



Digital skills and talent



Digital customer experiences



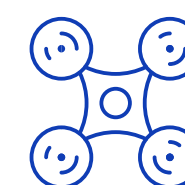
Data security and privacy



Digital regulatory compliance



Agile software deployment



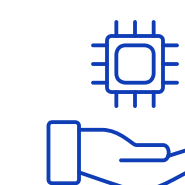
Automation tools



Data management



Modernized core IT

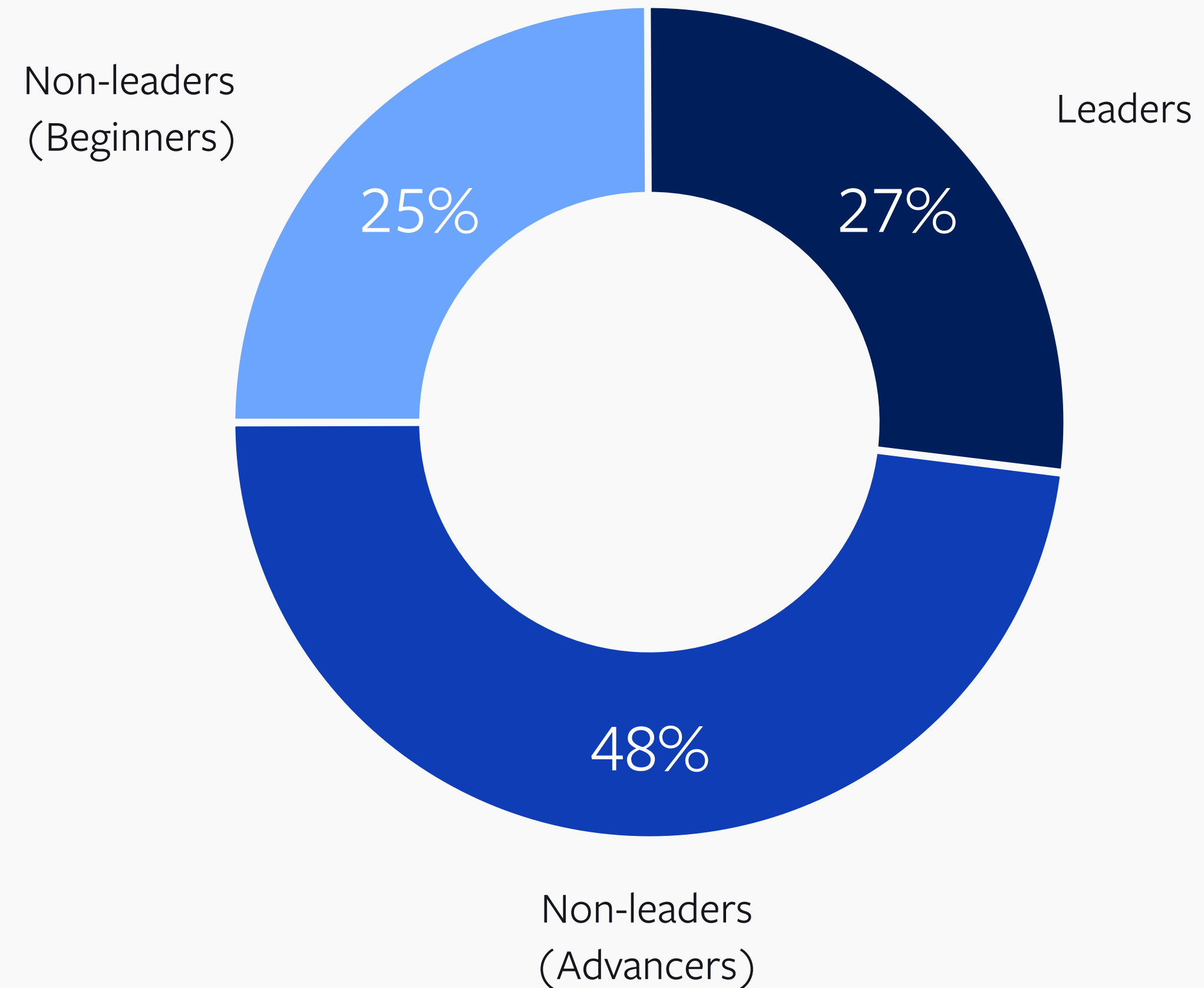


Harnessing emerging technologies

Leaders pull ahead

We saw that a profound gap has opened up between leaders and non-leaders (beginners and advancers). Companies that have invested big in digital transformation — and built the innovation cultures and talent capabilities critical to fostering growth — are now pulling ahead of firms that will need to play catch-up to stay competitive. For example, **44%** of leaders are making moderate to large investments in GenAI — more than twice the level of non-leaders.

Respondents' maturity breakdown





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1



Momentum drives maturity

Steady investments yield dividends

2



Customer obsession

Meeting and exceeding evolving customer expectations

3



Unleashing AI

Targeting investment on smart uses of GenAI

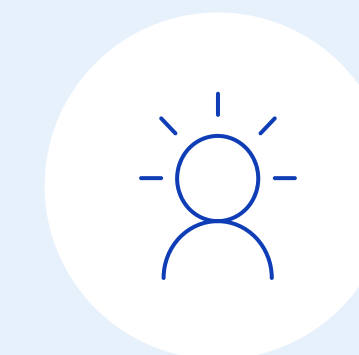
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Cyber resiliency

Securing the digital perimeter

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People-powered innovation

Focusing on talent and culture

6



The transformation roadmap

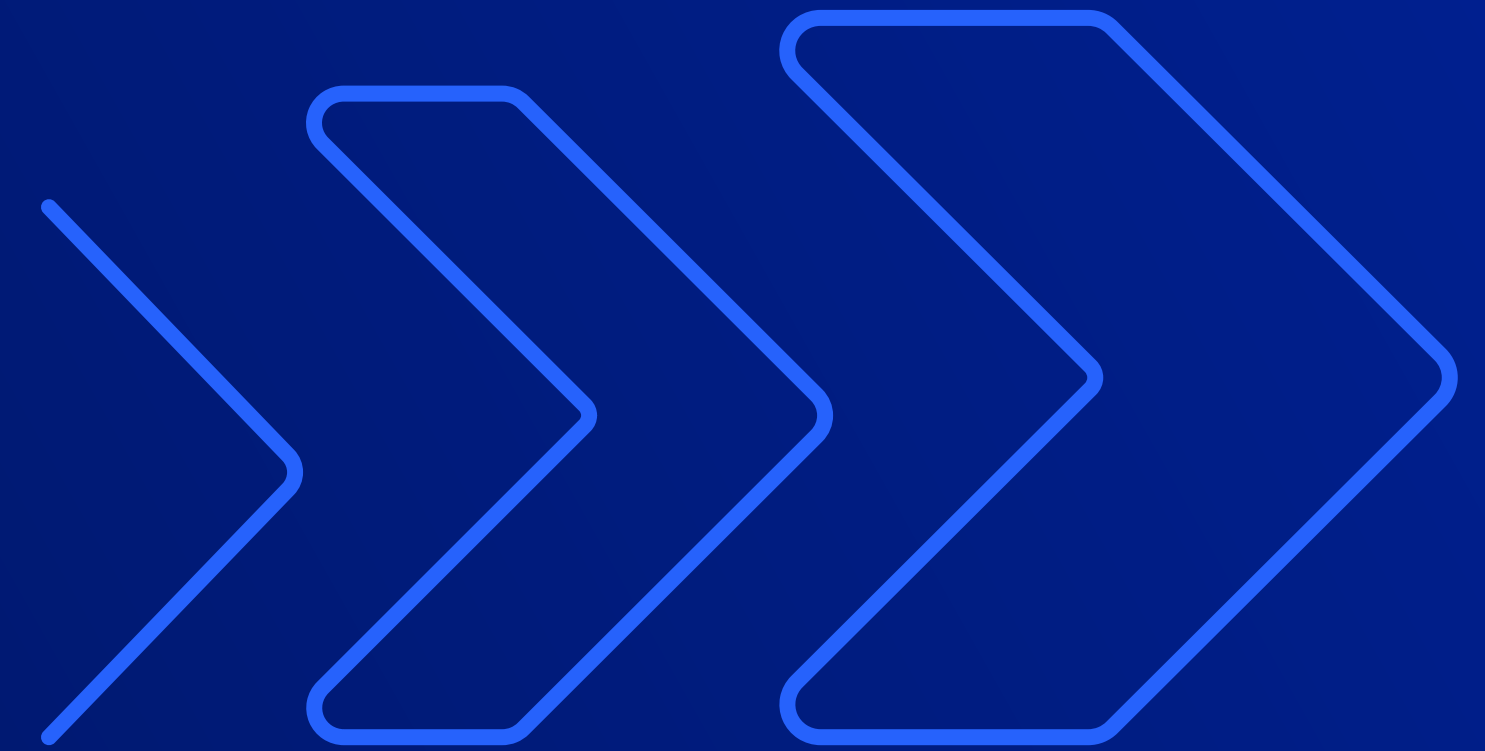
What you can learn from leaders



TREND 1

Momentum drives maturity

Steady investments yield dividends





Momentum drives maturity

Financial services executives are capitalizing on strong investments in core IT platforms and accelerating plans to invest in next-gen technologies with the most impact.

For all the talk about GenAI sweeping financial services, more than 80% of all executives surveyed said they are making the biggest day-to-day investments in building an advanced cloud platform for digital transformation.

Executives have invested heavily in moving core IT platforms to the cloud to support continuous innovation and create an integrated data platform accessible across business departments. To safeguard their platforms and data, they have adopted cutting-edge cybersecurity technologies and processes.

Firms are prioritizing investments in core technologies

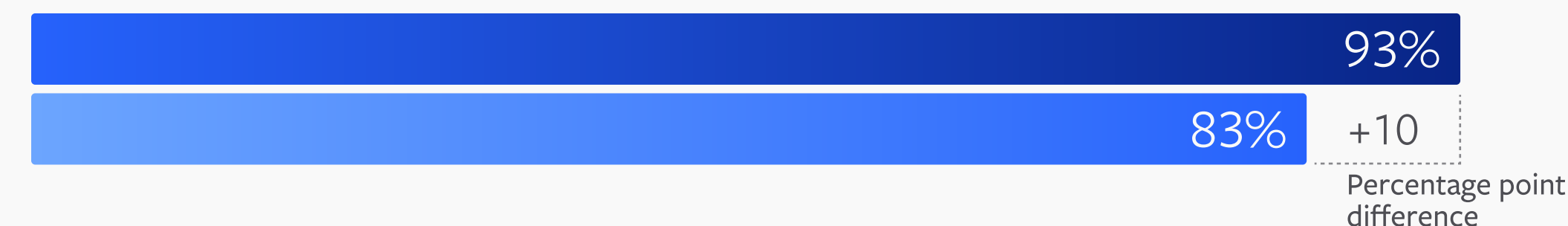
Percentage of respondents making moderate-to-large tech investments

● Leaders ● Non-leaders

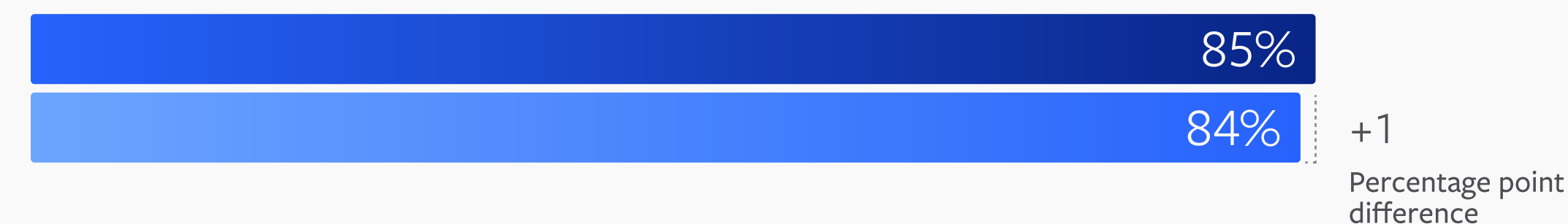
Data management



Cybersecurity



Cloud platforms





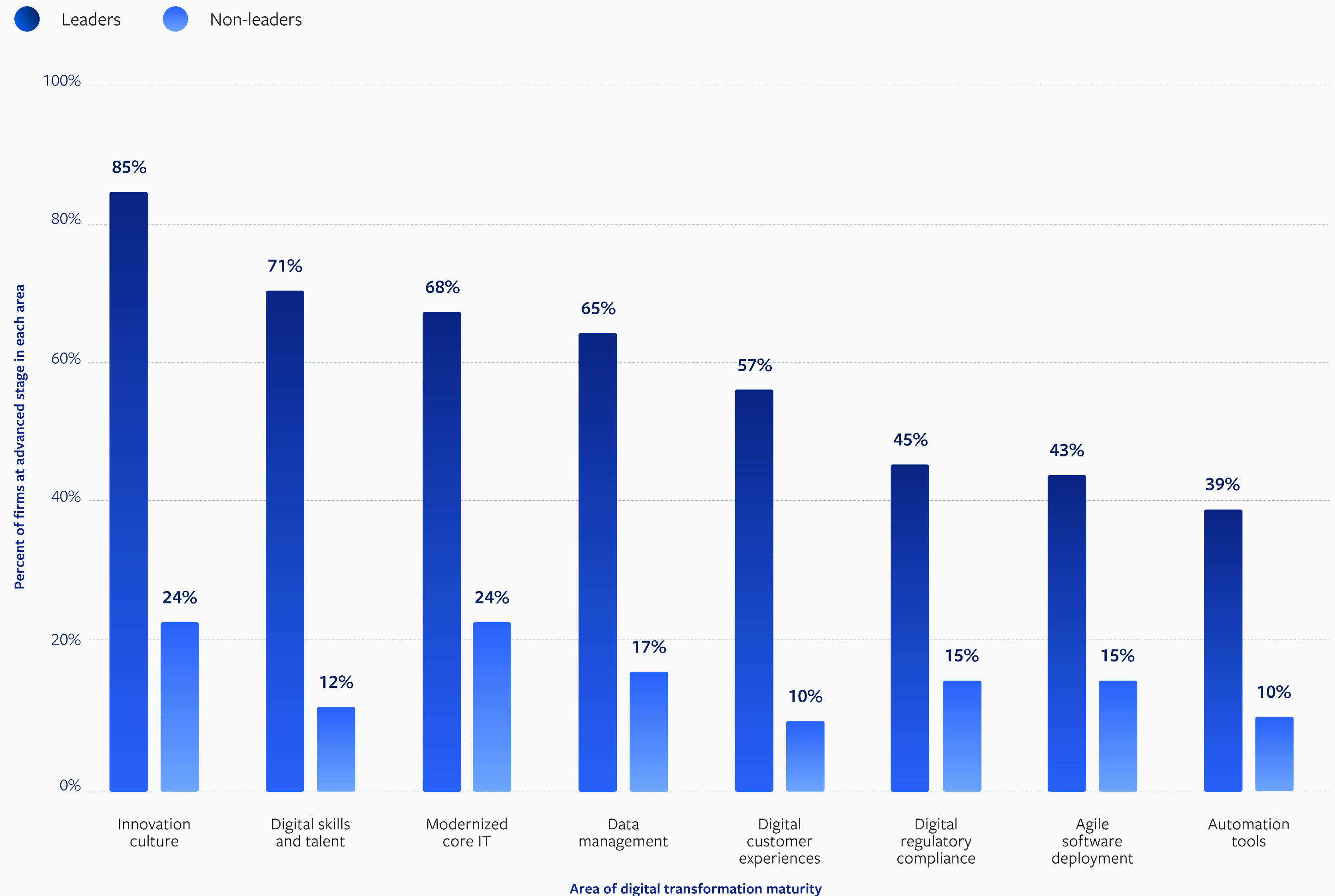
A growing maturity gap

Leaders are three times more likely than non-leaders to have reached the advanced stages of implementing the foundational elements of digital transformation; modernized core IT, data management, and automation.

That said, even leaders have more to do in some key areas of digital transformation. Despite progress over the last year, more than three-quarters are still not at the advanced stages of several dimensions.

Leaders see significant advancement across transformation efforts

Percent of firms at advanced stage in each area



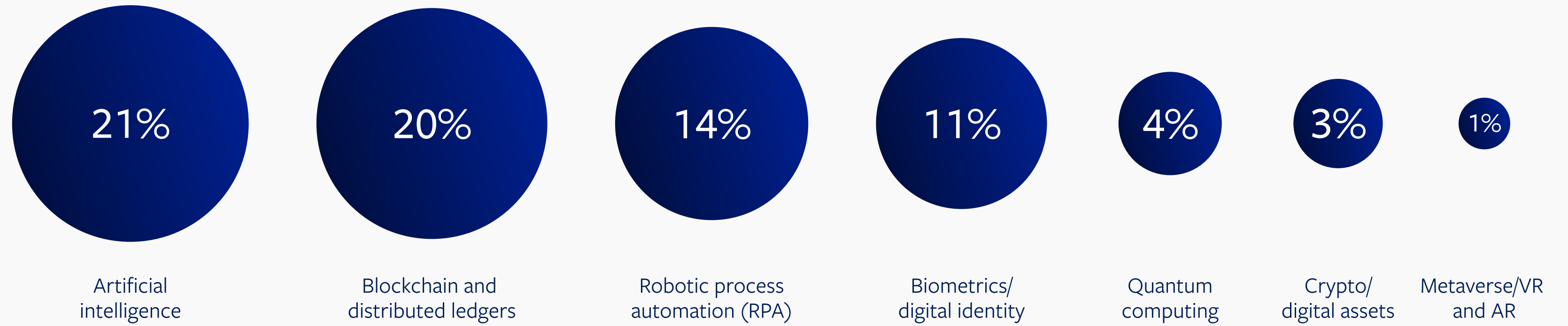


Next-Gen technologies beyond the core

In the next two years, the majority of respondents also expect to maintain or increase their investment in next-gen technologies such as AI, quantum computing, crypto/digital assets, and blockchain, with AI and blockchain showing the strongest growth. Despite all the activity, only around one-tenth of non-leaders are at the advanced stages of harnessing these technologies' potential, as compared with slightly over one-third of leaders. There's significant room to grow for everyone.

Firms plan to increase their investments

Average percent increase over the next two years





TREND 2

Customer obsession

Meeting and exceeding the changing needs of customers



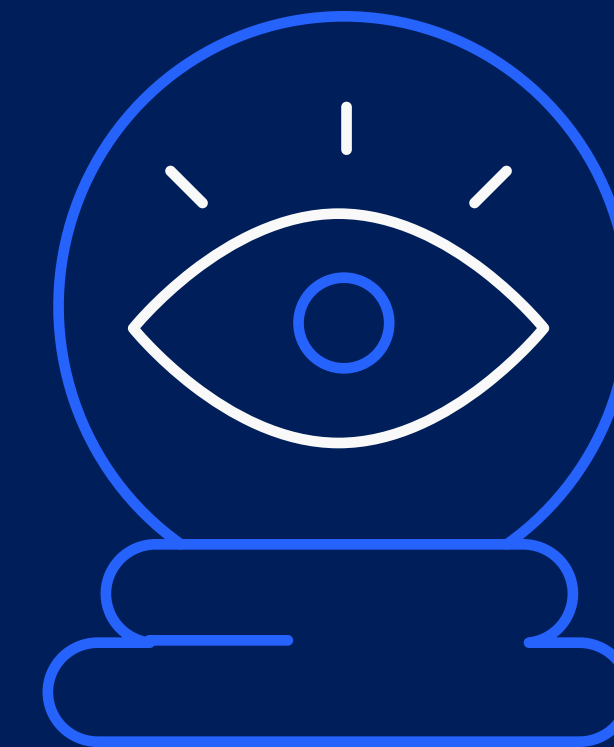
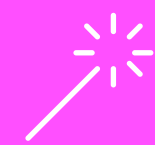


Customer obsession

Customer centricity is the key to maintaining relevance, increasing loyalty, and winning market share as firms compete in a rapidly evolving landscape.

Forty percent of survey respondents said being customer obsessed, with priorities deeply rooted in client needs was the top accelerator of digital transformation. In the past, executives have tied their efforts to driving down costs and improving efficiencies.

To meet fast-changing customer expectations and behaviors — particularly as new generations come of age — firms are recognizing the need to move quickly and drive innovation across products, services, and experiences. When asked how they would use a magic wand to accelerate their digital transformation efforts, most executives chose having a crystal ball to help anticipate customer needs.



51% of executives said if they had a magic wand they would wish for a crystal ball that predicts the future needs/expectations of customers



Leaders striving to deliver seamless digital experiences

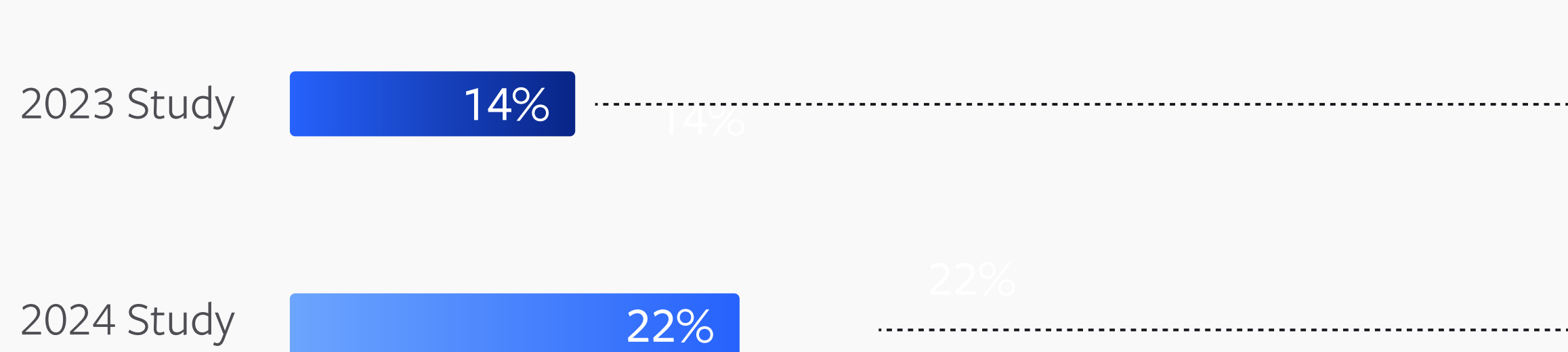
Financial organizations made headway in creating seamless digital customer experiences in the 2024 study: 22% are now advanced, compared with 14% in the 2023 study. Although more work needs to be done, more than half of leaders are at the advanced stages of delivering seamless digitized customer experiences — almost six times as many as non-leaders.

“The focus of digital transformation has moved from operational efficiency and cost savings to more intentional, technology-driven customer experiences that truly differentiate the firm.”

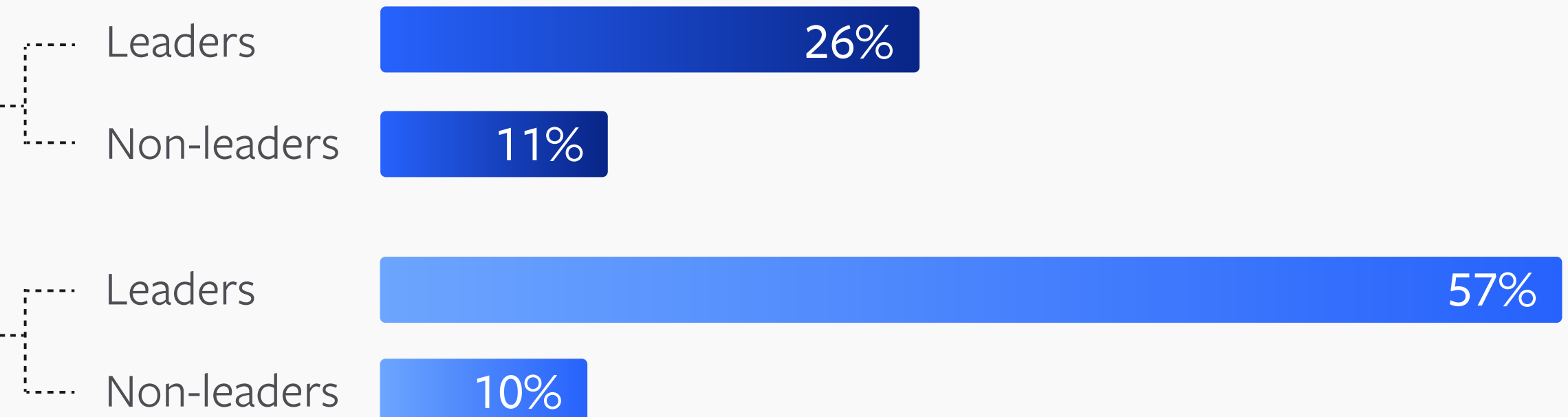


Rob Krugman
Chief Digital Officer
Broadridge

Firms advanced in creating seamless digital experiences



The gap continues to grow as leaders make meaningful progress

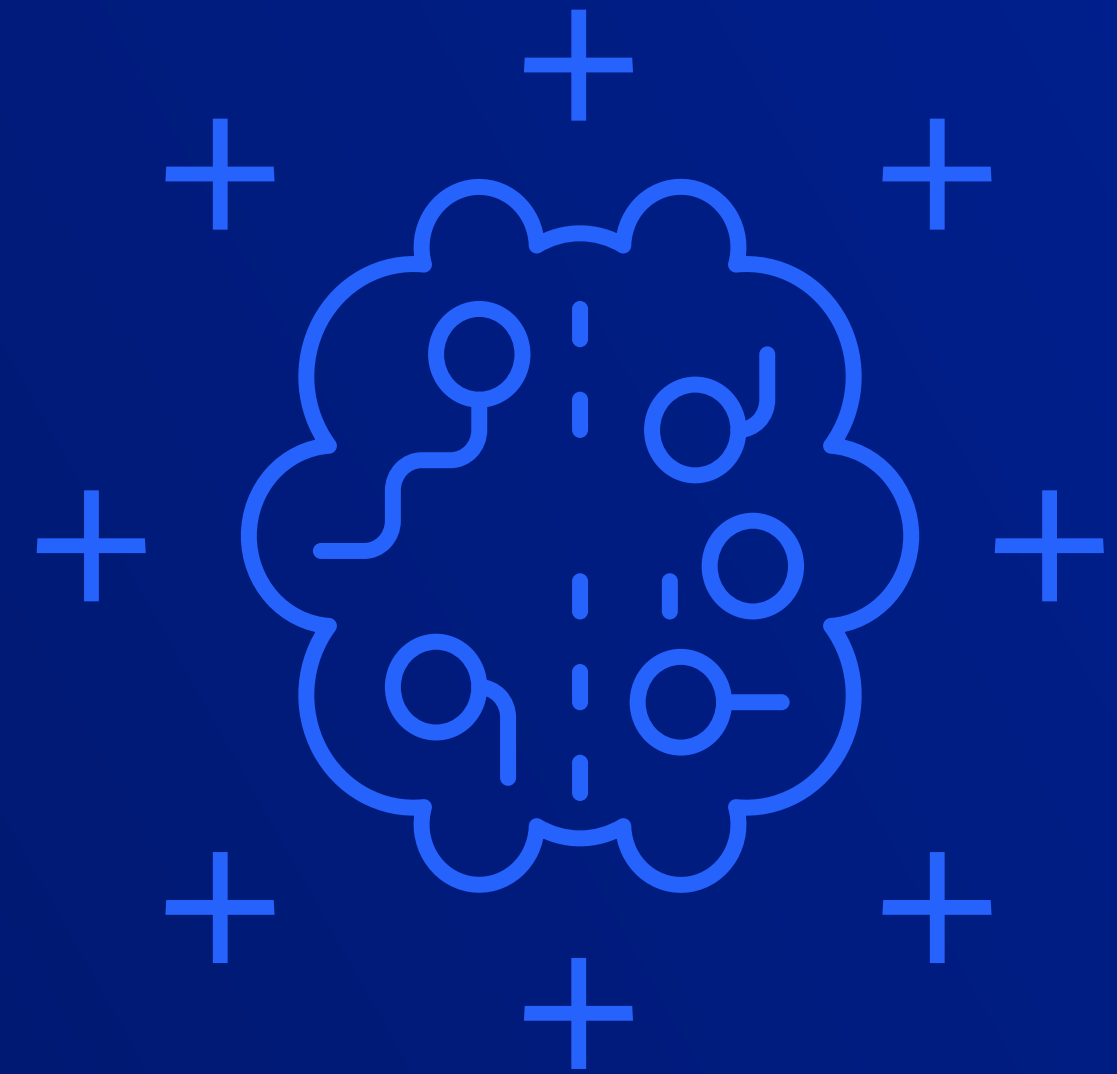




TREND 3

Unleashing AI

Targeted investment in scaling AI and unlocking GenAI





Unleashing AI

Although GenAI has been capturing the headlines lately, financial firms have been harnessing AI for years.

More than 95% of firms surveyed are investing in AI, with top investment priorities in client-facing front-office functions such as customer interaction and research, as well as the data management systems to support those activities and the risk, fraud, and data security to protect them.

Priority areas for AI investments — now and over the next two years

Front office AI priorities

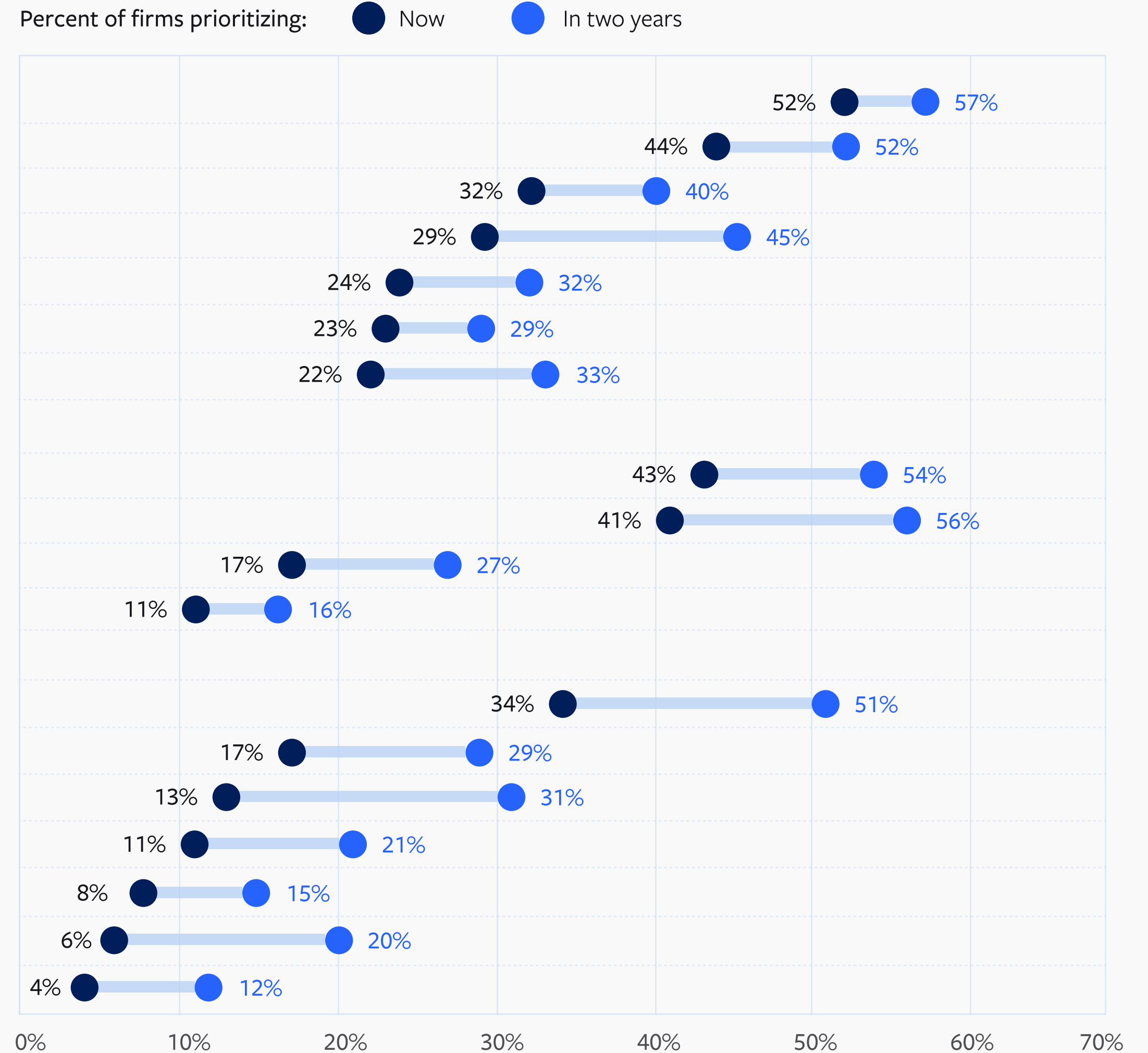
- Customer interaction
- Research & analysis
- Portfolio management
- Product/service development
- Customer onboarding/ID
- Trading, transactions & loans
- Sales & marketing

Middle- and back-office AI priorities

- Risk & fraud management
- Data management
- Operations
- Compliance

Corporate and IT AI priorities

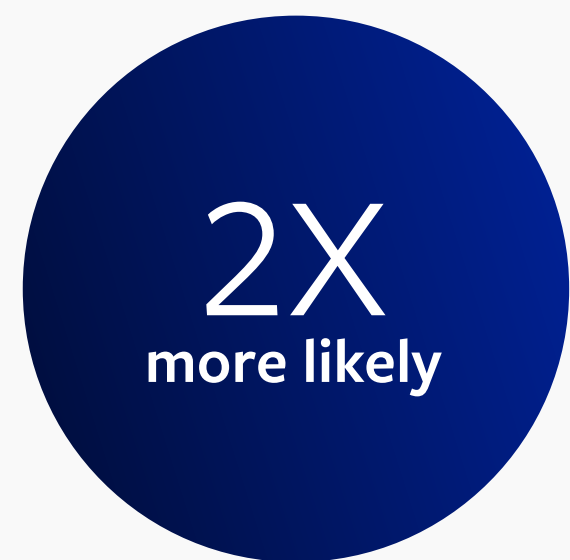
- Data security & privacy
- Strategic planning
- Finance/accounting
- Employee experience
- Training
- Software development
- Human resources



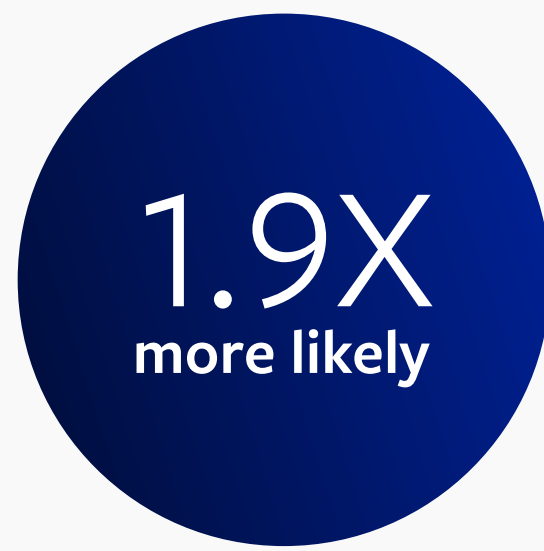
Leaders more likely to prioritize investments in five areas

Digital leaders are placing a greater priority on deploying AI across the enterprise in the next two years. They are more likely than non-leaders to prioritize investment to improve decision making and deliver business value.

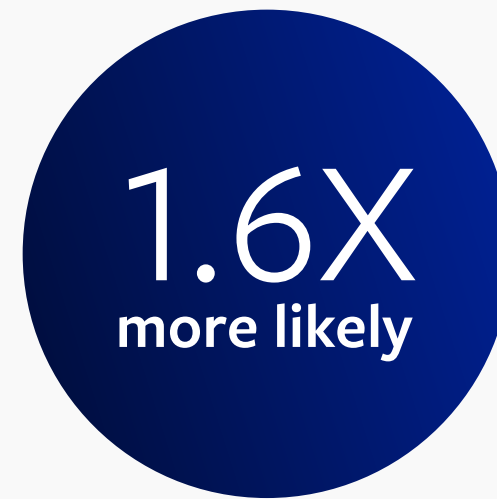
How leaders prioritize their AI investments in key functions compared to non-leaders



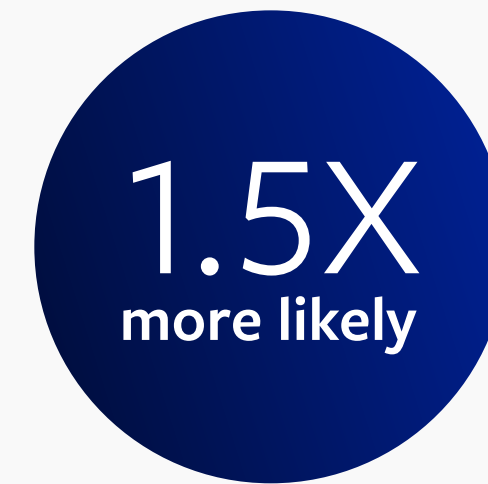
Strategic planning



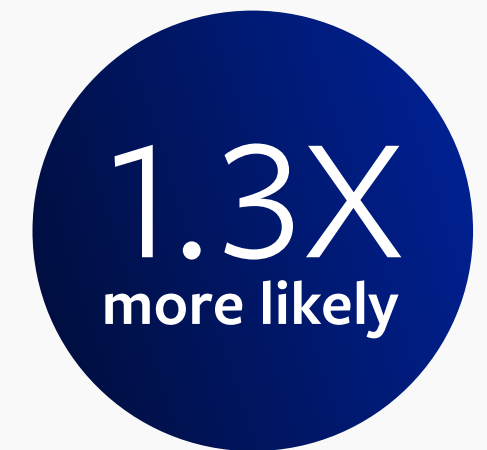
Sales and marketing



Customer interaction



Product development



Data management

Source: Broadridge 2024 Annual Digital Transformation & Next-Gen Technology Study

GenAI is capturing both attention and investment

Since the GenAI platform ChatGPT emerged in late 2022, companies have engaged in a flurry of investments in use cases and skill development. They are deploying AI chatbots and next-gen tools to augment and automate the work of employees in customer service, portfolio construction, software development, and compliance and risk management.

Among digital leaders, **44%** are making moderate to large investments in GenAI, more than twice the percentage of non-leaders. Having more advanced data platforms and greater resources, the largest organizations in our survey — those with AUM/assets over \$250 billion — are the most likely to embrace GenAI.

More than half of big firms are placing moderate to large bets compared with about a quarter of the smallest firms. Despite all the promise, however, only 46% of firms using GenAI have a clear strategy in place to mitigate its risks.

“Many firms are still grappling with how to capture value with GenAI while ensuring compliance to evolving regulation. Firms need to rapidly ‘learn by doing’ to remain competitive — using GenAI platforms that intrinsically manage risk.”



Roger Burkhardt

*Chief Technology Officer,
Capital Markets
Broadridge*



How financial firms are using GenAI

Organizations are already using the large language models (LLMs) behind GenAI for a wide range of tasks where insight generation can make a difference, including:

- Answering client inquiries and offering customer support
- Educating and training employees about investment products
- Improving data-driven decision making and analysis

SOFTWARE DEVELOPMENT

“Our programmers can now write code more quickly with the new AI-driven coding tools we’ve implemented.”

Chief Operating Officer, Canadian commercial/investment bank

PORTFOLIO CONSTRUCTION

“We are finding and evaluating potential investments across a wider range of categories of assets and geographical regions. This enables us to create more diverse portfolios that better correspond with the risk appetite and financial goals of our clients.”

Chief Strategy Officer, Dutch asset manager

PERSONALIZED CONTENT

“Our firm is creating personalized investment reports and educational content for clients with GenAI, helping them make informed investment choices.”

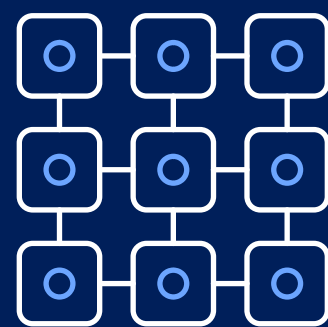
Chief Investment Officer, U.S. broker-dealer

CUSTOMER ONBOARDING

“We created a chatbot that guides new customers through the client onboarding process, reducing manual effort.”

Chief Financial Officer, Luxembourg-based broker-dealer

BLOCKCHAIN INSIGHTS



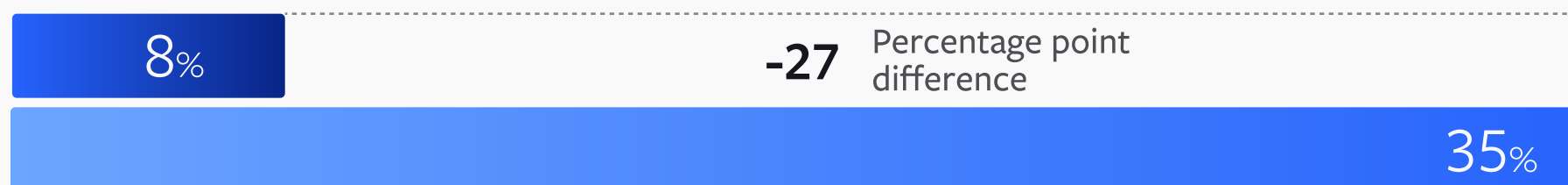
Blockchain comes of age

Companies are well on their way to building out a blockchain infrastructure. Executives plan to increase investment by 20% on average over the next two years and almost three-quarters of leaders are midway through or advanced in their implementations as compared with one-third of non-leaders.

Percent of respondents making progress implementing blockchain

● Leaders ● Non-leaders

Not implementing



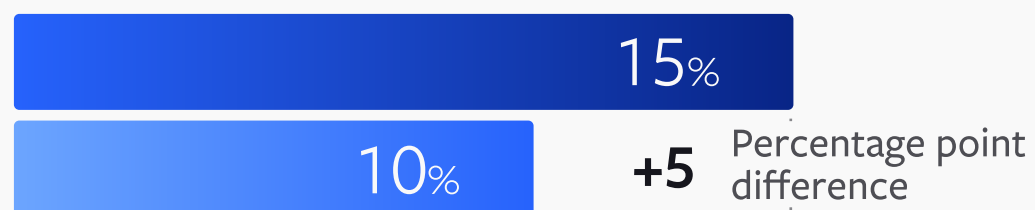
Early implementation



Mid implementation



Advanced implementation



The evolution of the approach to blockchain — from conceptual “frontier” technology to specific, measurable implementations of distributed ledgers — offers broad lessons for digital transformation. Although fewer firms are investing in blockchain, those that are see the technology as a way to save time and resources, particularly in areas such as trading and transactions, and back-office operations. In critical areas, such as security origination and post-trade processing, 36% of respondents agreed that “blockchain/distributed ledger technology will reduce the need for intermediaries like custodians and clearing houses.”

“Blockchain and DLT have moved into a more mature stage of development. Rather than seeing projects in isolation, leaders have increasing amounts of data and experience to make informed decisions about where these technologies will provide tangible, meaningful benefits.”



Horacio Barakat

*Head of Digital Innovation & GM of DLT
Broadridge*



TREND 4

Cyber resiliency

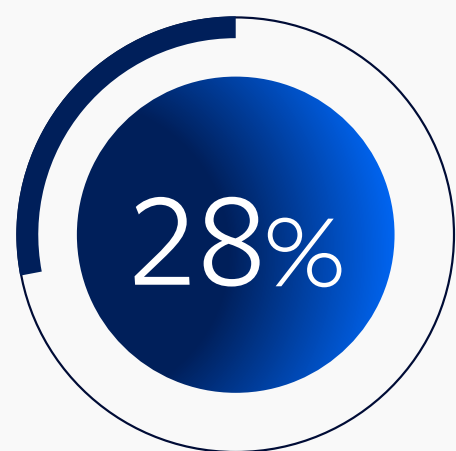
Securing the digital perimeter



Cyber resiliency

In the age of GenAI and blockchain, cybersecurity is more important than ever before.

Next-gen technologies like GenAI and blockchain are multiplying the attack surface and accelerating fraud. Cybercriminals are 300 times as likely to target financial services firms than any other industry, according to Boston Consulting Group.¹ It's vital that leaders game out the risks in the future and mitigate them in the present.



In the next two years, financial firms will boost their investments in cybersecurity by 28%.

As financial organizations accelerate digital innovation, they continue to put enormous time and effort into strengthening trust and security.

Cybersecurity is the top capability executives say they expect from technology vendors, outpacing their ability to deliver projects on time and on budget, and building next-gen technologies into their solutions. Tech executives, who often understand the risks of an insecure environment more than other senior leaders, tend to care more about cybersecurity than business executives.

Despite growing awareness, cyber resiliency is the most challenging capability to master for companies in the earlier stages of digital transformation. Firms often find it hard to recruit and retain cyber talent in a field where burnout is high, according to the Information Systems Audit and Control Association (ISACA).²

Percent of firms reporting challenges addressing cybersecurity risk



Source: Broadridge 2024 Annual Digital Transformation & Next-Gen Technology Study

¹: Boston Consulting Group. 2019. *Reigniting Radical Growth*.

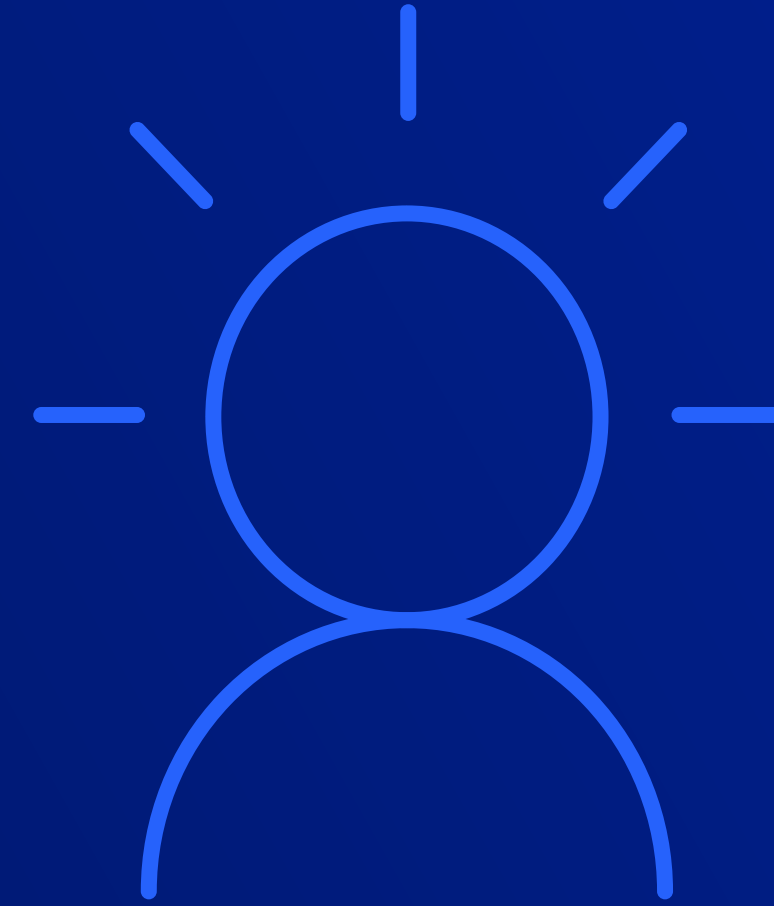
²: Tanium. 2022. *Survey: The Risks of the Cybersecurity Talent Gap Are Getting Worse* | Endpoint.



TREND 5

People-powered innovation

Focusing on talent and culture





People-powered innovation

The accelerated pace of transformation and the promise of new tech like GenAI are reinforcing the need to harness the power of people and culture.

As executives grow more confident in their transformation roadmaps — and tackle their core IT modernization needs — their attention necessarily shifts to maintaining their momentum. For innovation initiatives to succeed, the human side of transformation has become the latest battleground.

Many firms see focusing on the human part of change, fostering a “fail fast” mentality, and breaking down organizational silos as critical factors in turbocharging their innovation cultures. Without these building blocks, investments in emerging technologies like GenAI and blockchain won’t generate sustainable impact at scale.

Top accelerators of digital transformation

- 1 Being customer obsessed, with priorities deeply rooted in our clients’ needs

- 2 A decentralized approach, letting innovation occur naturally

- 3 Focusing on the human part of change, not just on technology

- 4 Getting control of our data to leverage insights across our enterprise

- 5 An innovation culture, with a fail-fast mentality



Shortage of digital skills slows progress

Financial firms made little progress since last year in reaching the advanced stages of developing enterprise-wide skills to drive digital transformation, improving only four percentage points.

Leaders have gained significant maturity in their talent and culture initiatives

Percent of firms at the advanced stages of implementation

● Leaders ● Non-leaders

Innovation culture



Digital skills and talent



Source: Broadridge 2024 Annual Digital Transformation & Next-Gen Technology Study



“Innovation is not a one-time initiative but a mindset that should be ingrained in our DNA, shaping our actions and decisions every day.”

Stephanie Clarke, Senior Vice President: Data & Analytics, Broadridge



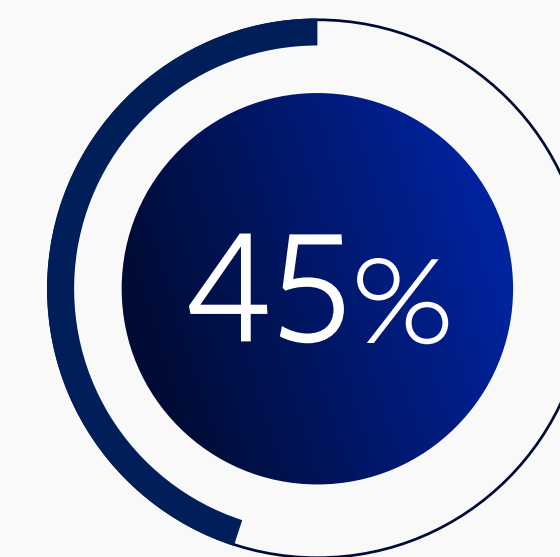
GenAI adds to the pressure

Fifty-five percent of survey respondents say the rise of AI will create an even greater need for humans to possess analytical and critical thinking skills. After all, many use cases, such as customer service chatbots and risk-scoring tools, are using GenAI to augment human effort rather than replace it, clearing the way for work that is less mundane and more creative.

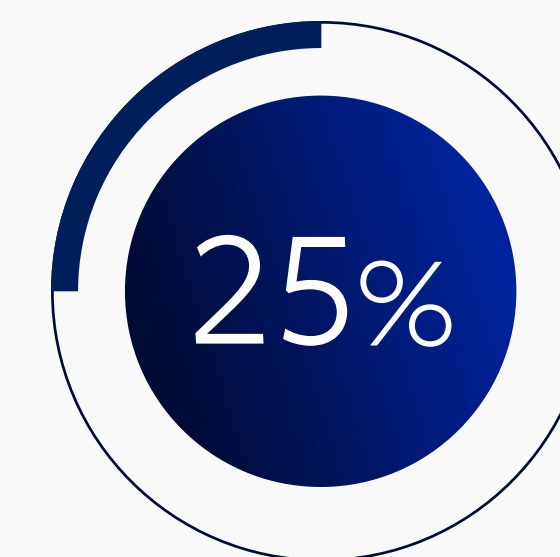
The industry sees major potential for GenAI, but the majority have not yet defined a strategy for reskilling their teams. Financial firms stand to benefit from some of the biggest productivity gains from

GenAI, yet our research indicates most firms are still in the early stages of preparing for the coming wave.

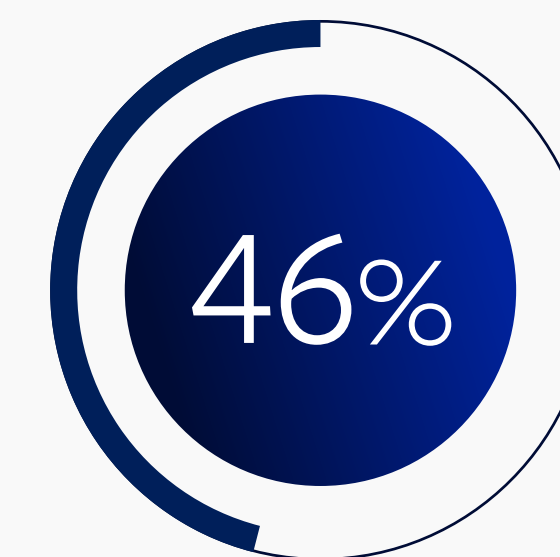
Companies that have the right reskilling strategy in place can take advantage of GenAI's value generation, estimated between \$2.6 – 4.4 trillion annually.³ Upskilling technology roles including developers, security professionals, and data engineers is critical. Also important is training teams outside of tech roles, creating GenAI experts throughout the company.



are allowing staff to use GenAI tools for work purposes



are training staff in how to use GenAI tools



have a reskilling plan to help employees manage the impact of AI in general

³: McKinsey. (2023). *Economic potential of generative AI*.



The transformation roadmap

How digital leaders are pulling ahead



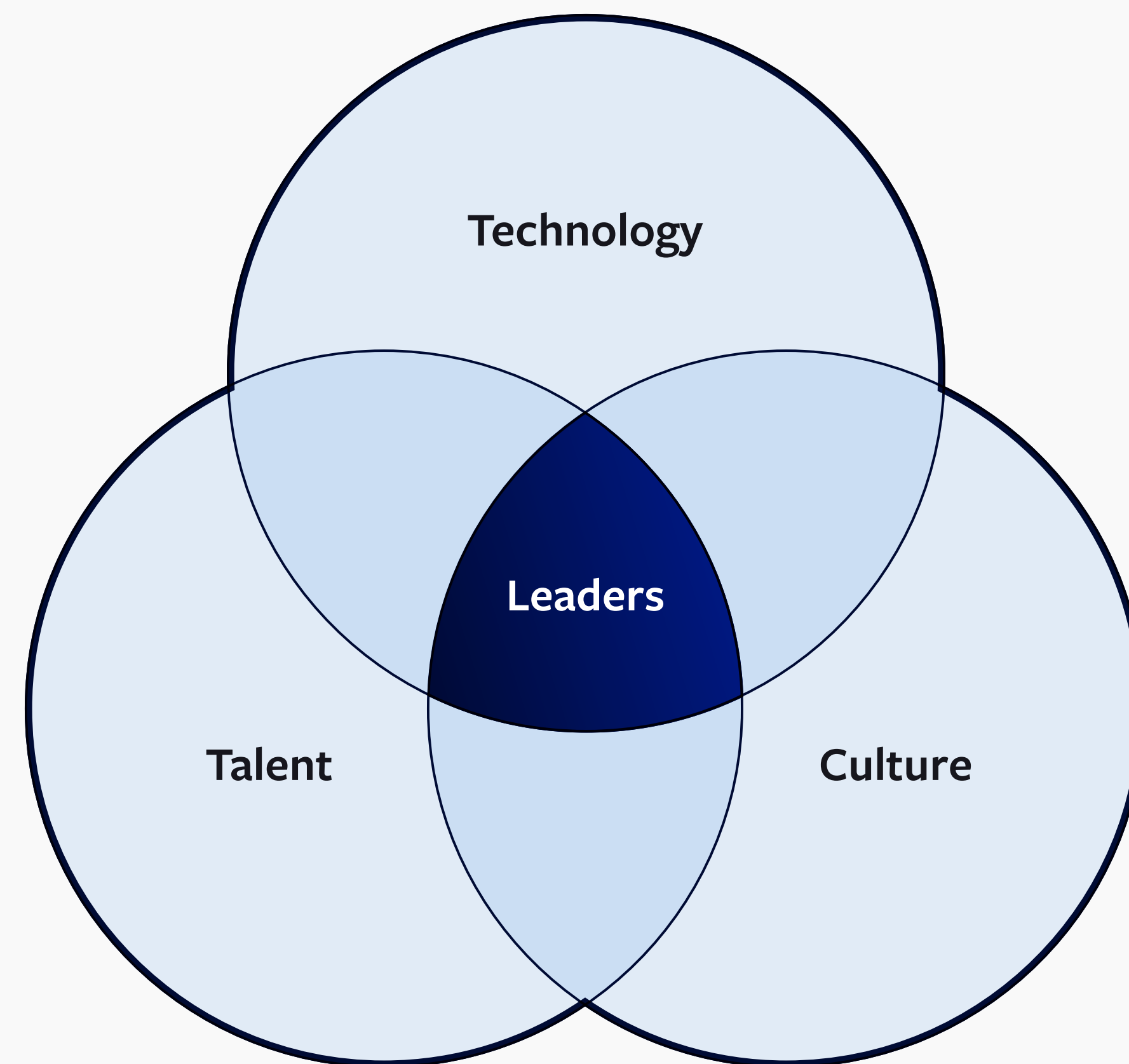


The transformation roadmap

The gap between leaders and non-leaders is growing in key areas of digital maturity.

The pace of innovation in GenAI and other frontier technologies means firms must invest in new capabilities to adapt to rapid shifts in the competitive landscape. Here's how leaders are pulling ahead, and how those following can keep up.

How leaders position themselves to win organizational change

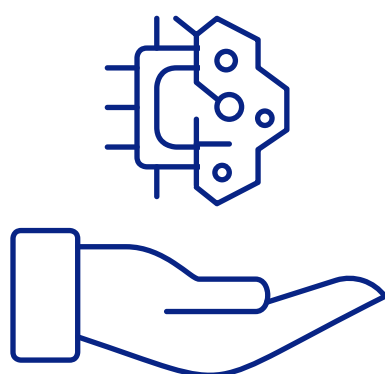




Invest in talent and culture to fuel innovation

Leaders understand that a digital skills shortage can hold firms back and are adapting quickly to take advantage of newer technologies like GenAI. Nearly a third of leaders are committed to training their employees on how to use GenAI tools, and have already set up internally hosted generative AI platforms.

Organizations need to foster a culture of innovation, breaking down silos, while sourcing and retaining the best tech talent.



Be strategic with next-gen tech

Emerging technologies like GenAI have the potential to generate an exponential return on investment. It will be crucial to focus on use cases that drive impact and build valuable expertise in how to deploy this nascent technology. Firms must also continuously balance risk with appropriate safeguards for each use case. The pace of innovation means the greatest risk is not investing in next-gen technologies. The gap between leaders and the rest could further widen as leaders gain valuable expertise and scale critical technologies of the future.



Double-down on digital maturity

To be truly transformative, firms must invest in a range of core technologies and competences that together create a force-multiplier effect. Leaders are building enterprise platforms and data capabilities that facilitate rapid innovation and scaling of next-gen technology, often in the cloud and underpinned by robust cybersecurity.



In closing, themes from the *2024 Digital Transformation & Next-Gen Technology Study* reinforce that digital transformation playbooks need a holistic approach to technology, talent, and culture. When done right, firms can reap outsized performance gains and competitive advantages well into the future.

At Broadridge, our expertise and industry-specific technology, solutions, and intelligence power digital transformation for leading financial firms globally — helping them stay ahead of today’s challenges while preparing for what’s next.

Broadridge prepares you for what’s next

Broadridge sits at the intersection of financial services, providing the technology and infrastructure for everything from trading to debt servicing, deal making, regulatory compliance, and shareholder communications. We modernize platforms, digitize communications, and offer next-gen technology and data solutions that help our clients and the industry operate, innovate, and grow.

Let’s talk

Further reading

Market trends, insight, and analysis to help you navigate digital transformation, innovation, and next-gen technologies.

[Explore more](#) →

Study Methodology

This Broadridge survey was conducted by ThoughtLab Group to understand how financial services companies are digitally transforming and adopting next-gen technologies. C-suite executives and their direct reports from 500 financial institutions globally on the buy side and sell side were surveyed, with fielding completed in Nov 2023. The total assets or AUM of companies in the sample ranged from \$1 billion to over \$250 billion. The study scored firms on a range of factors related to progress with digital transformation. Firms were then categorized as digital leaders or non-leaders in the Broadridge Digital Transformation Maturity Framework. For further details on survey methodology, please contact a Broadridge media representative.

Study respondents

500
Respondents

49%
Business roles

51%
Technology roles

49%
North America

27%
Europe

24%
Asia Pacific

69%
C-suite executives

31%
Senior executives

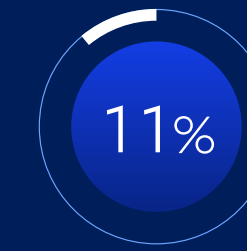
Respondents by industry sector



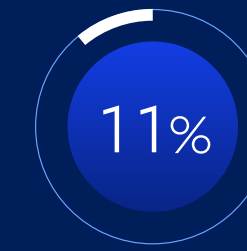
Wealth management firm



Private equity/private debt



Investment/asset management firm



Hedge fund



Commercial/investment bank



Neo bank



Digital broker



Broker dealer



Retail bank



Universal bank

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Let's talk

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