

# Unlocking Digital Transformation in Financial Services

Winning Digital Transformation Strategies for Technology Leaders in Banking and Financial Services.



**“For financial institutions, especially those that have been in existence for some time, modernization is required, and getting it wrong can be extremely costly.**

**“With fintechs gaining real traction in the market, especially with the younger demographic, it’s imperative to put end-user experience at the top of the priority list. This will require product and design expertise to be part of the modernization strategy, and not simply think of modernization as a ‘lift and shift’ IT exercise.”**

**Bret Cunningham,**  
Americas GM & Head of  
Product, NearForm





Key digital transformation strategies that we see working for large enterprises in every sector.

## 1. Service-driven, not technology driven

A services-driven architecture that provides distributed teams with a clear way to access and consume data while customizing the design and development of purpose-built products is a must.

When architecting a platform, there are some core concepts to consider. A platform that works but that cannot be easily extended quickly becomes a burden to a business. Maintainability, including both flexibility and testability, should be a key consideration along with extensibility, scalability and security.

## 2. Cloud for scalability

[Cloud-native applications](#) provide a clear path to meeting current and future needs around scalable and reliable software.

Leveraging cloud services allows businesses to focus on solving their needs with the confidence that they are utilizing tried and tested services that can scale with the business.

Again, maintaining on-premise cloud/hosting environments gets expensive and complex. For applications that can leverage cloud tooling and deliver to their needs, this is the approach that modern enterprises have embraced.



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### 3. Data-driven

All enterprises must be able to monetize their data consistently to compete in the marketplace.

Whether it's to deliver more personalized digital experiences for users or leveraging AI to actually have 'smart' experiences that can be consistently more predictive and prescriptive, enterprises must be able to consistently digest, standardize and leverage data to deliver optimized user experiences.

### 4. Talent as fuel

Finally, there is the looming market element we refer to as the [Talent Gap](#).

The difficulty in finding, attracting and retaining the best engineering talent is real. While we believe one answer to this challenge lies in leveraging the right product engineering partners, all companies must become more digital to be successful. This is the only way to show the best talent that you have challenging, modern work for them to tackle.

Maintaining legacy technologies is not something that the best talent wants to do. Fostering a product mindset approach through the business organization, coupled with efficient ways of working, enables engineering teams to build platforms that accelerate the business.



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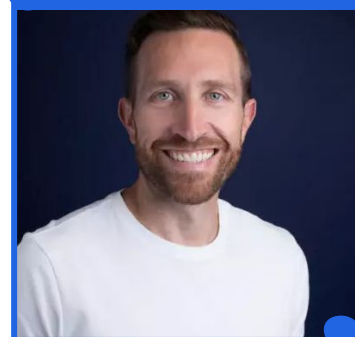
## 1. Determine customer strategy

Define a customer strategy led by a needs-based analysis rather than products and services to sell. Many banks still offer traditional products in the form of day-to-day consumer banking, various loan types, financial/wealth management. The offerings are ubiquitous across all customer segments.

In a study by EY, [86% of respondents](#) expect a seamless cross-channel experience. This means digital product engagement (i.e. mobile and web) will need to be visible to employees who have direct interaction with customers (i.e. wealth management, in-bank, loan origination).

Furthermore, younger customers reported an expectation of personalization. This requires knowledge of where each customer is in their personal/professional/financial life.

Digital products and experiences should align with these needs, and be personalized based on them, leveraging the data captured to provide that personalized offering. This requires strong product and design expertise coupled with product engineering.



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## 2. Define the foundation and formulate a plan

Identify the core foundation elements of your platform and create a plan that identifies the areas that must be modernized, how best to leverage cloud technologies and a strategy to maximize future maintainability and extensibility. Areas to focus on would include the business logic behind services and data.

We recommend prioritizing consumer-facing applications which represent the areas of your business where you want to invest. These products will then shift to a modern architecture, and often have dedicated product teams to take them forward once they are modernized. 'Neo-bank' or consumer-facing digital banking products may fall into this category.



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### 3. Bring a platform first mentality

Evan Bottcher introduced a [definition for a platform](#) in 2018 that we like: “a foundation of self-service APIs, tools, services, knowledge and support which are arranged as a compelling internal product”. Today, we'd say that a platform should be both internal and external facing.

Modern enterprises architect and build platforms that enable both internal and external developers to design and build products on top. It's crucial, even when modernizing legacy applications to take this approach as well. For applications that will continue to evolve and be crucial to the business, the modernization strategy must analyze existing systems from both a business and technology perspective.

If a system is not meeting the business needs or lacks the agility to respond to business needs, then it needs to be modernized. From a technical perspective, if the cost of ownership of a system is too high, its maintainability is too complex or its scalability is limited, then it needs to be modernized.



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## 4. Determine a modernisation strategy

The approaches to modernization are rebuild, re-architect or replace. When choosing an approach, you need to strike a balance between the approach that has the highest effect versus the associated cost and risk.



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## 5. Design Systems

All enterprises should be thinking about implementing design systems across their digital properties and products. A design system is a set of interconnected [patterns](#) and shared practices that are coherently organized. This means your digital products take on a consistency so that users gain comfort in how to get done what they want to within your product. Common buttons, locations of functionality and navigation standards all fall into the design system.

We recommend design systems as a requirement in experiences for both consumers, and your employees or channel users. Design systems ensure simplicity and help users work across digital products efficiently.

Most importantly, these design systems should apply across both new digital products being created as well as updated front end for legacy products.



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