

Future-Proof Finance:

How to Thrive in an Uncertain World



Introduction

The financial services world has shifted dramatically over the past decade. We're more interconnected than ever, the technology we use has advanced at a dazzling speed and the regulation that governs us has evolved and expanded to fit newly uncovered areas of finance. As we look ahead to the next decade and beyond, there's one thing we can be certain of: things will continue to change.

With change comes uncertainty, but with uncertainty comes opportunity. It may be impossible to predict all the ways our world will change or the pace at which things will change, but what is in our control is how we, as businesses, react to uncertainty.

In the following report, [Acutest](#) and [FSL](#) explore four pillars on which financial institutions can build to future-proof themselves against an evolving market backdrop and thrive amid uncertainty.

The four pillars for growth

- › **Customer experience**
- › **Trust in your offering**
- › **The data you use**
- › **Agility in an evolving industry**

These core pillars were informed by a discussion between our parent companies, Trustmarque and Industrial Thought Ltd, and business futurist William Higham. Without these four pillars, it would be difficult to grow and seize the opportunities that lie ahead as your business navigates changing markets, technology and regulations. Indeed, without these as your guiding principles, it may be impossible to survive.

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Dive into customer experience and the rise of personalisation within the B2C space, looking at how this marketing megatrend is impacting customer service expectations within the financial services industry.

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Explore the 'new gold' within financial services - data - and how the need for accurate and validated data is becoming an increasingly urgent concern for business.

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Take a look at business agility and its benefits as a methodology for firms seeking to stay on top of today's market and tomorrow's.



Customer Experience

Pressure builds on the requirement for quality customer experience in the financial services industry.

Personalisation

Although personalisation is not a new concept in banking, getting closer to the customer is still evolving in the wider world of finance.

In the B2C space, one-on-one marketing is the norm, with those doing it expertly (Amazon, Netflix - to name a few) reaping the return on investment with higher engagement, loyalty, and revenue. As the consumer market continues to capitalise on this, the pressure builds on the requirement for quality customer experience in the financial services industry.

As business futurist William Highman discussed with Trustmarque and Industrial Thought during our panel: "people are now looking at one sector and expecting the same from another. What was best practice last week is now almost a hygiene factor."



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William Highman
Business Futurist



65%

of high-net worth individuals say they are concerned about the lack of personalised advice tailored to their changing financial situation.

Capgemini - World Report Series

This research by Capgemini, and others like it, has lifted the lid on the demand for personalisation and highlighted it as a potential silver bullet for the financial services sector to build trust and customer loyalty.

40%

more revenue is generated by companies that excel at personalization compared to those that do not.

McKinsey & Co

Capgemini has shown that wealth management firms that deeply understand client behaviour and deliver personalised value can boost their share of wallet among high-net worth individuals.

How can financial institutions plug the personalisation gap?

High-quality and relevant customer data is essential to building a personalised offering. We will look at the importance of data in a later chapter but in short: the better the data, the greater the understanding of the customer and the clearer the vision for the value-added products and services that can be created.

But how will firms of the future use this data effectively and efficiently? AI will have a pivotal role here - and not just in the way you might think.

We know that AI can help generate these deeper personalised touchpoints for firms - whether that's narrowing in on specific sets of customers based on certain criteria to produce dynamic product recommendations or analysing their data for insights on when to send campaigns. But AI will also be indispensable in speeding up these processes.

This is because AI can be used to automate high-volume, low-value tasks like data collection to free up time for high-value work that requires greater complexity and a more human touch.



60%

Time and Effort Saved

Figures from software firm Hexaware suggest that AI in quality assurance can save up to 60% of your time and effort by eliminating duplicate test cases and repeat runs of smoke tests and regression tests, helping you be more productive.

Hexaware

64%

Reported Cost Savings

Research by testing platform Katalon also found that 64% of AI adopters in the test automation space reported cost savings of 20% or more.

Katalon

As Trustmarque highlighted in our discussion, AI intervention in the quality assurance and software testing space has proven that front-end customer experience can be simplified, secured and effective within the financial services.



Trust

With greater consumer understanding comes greater trust. But in a highly regulated industry like financial services, can it ever be that straightforward?

The 2022 CFA Institute Investor Trust Study found that personalisation is “additive to trust” and that advisers who understand their clients personally or provide investment products that align with clients’ personal value and beliefs, can deliver “the most value.”

However, while personalisation can offer significant benefits to firms, it is crucial to strike a balance with customer privacy.

Financial institutions must ensure they have robust data protection measures in place and adhere to regulatory guidelines. Transparency in data usage is also vital for building trust with customers.

As Trustmarque said in our discussion, financial institutions should be guided by a simple mantra for trust: “delivering with integrity, delivering with trust, delivering it in a way that the customer knows who you are and what you are doing.”

The good news is trust in financial institutions is growing. We can see this across the sector.

86%

of institutional investors report high or very high trust in financial services, marking an all-time high for the sector.

72%

*of millennial investors aged **25-34** express high or very high trust levels in financial services, making them the most trusting demographic.*

The most-trusted financial services brands

Separate research by accountancy firm EY has shown that FinTechs are consumers' most-trusted financial services brands, with **37%** of those surveyed listing them as their top trusted brands. In contrast, just **33%** of consumers say a bank is the most trusted, while **12%** name a wealth management firm.

The biggest driver of financial trust is confidence that the financial institution is protecting customer data, with between **14%** and **18%** of all ages listing it as the top consideration. The quality of product and service offerings is the next biggest driver, while affordability and the ability to help meet financial goals also rate highly for most groups.

EY



The highs we're now seeing in investor trust are certainly cause for optimism, but the challenge is sustaining trust even during periods of volatility...Technology, the alignment of values, and personal connections are all coming through as key determinants in a resilient trust dynamic."

REBECCA FENDER -

Head of Strategy & Governance for Research, Advocacy and Standards at the CFA Institute



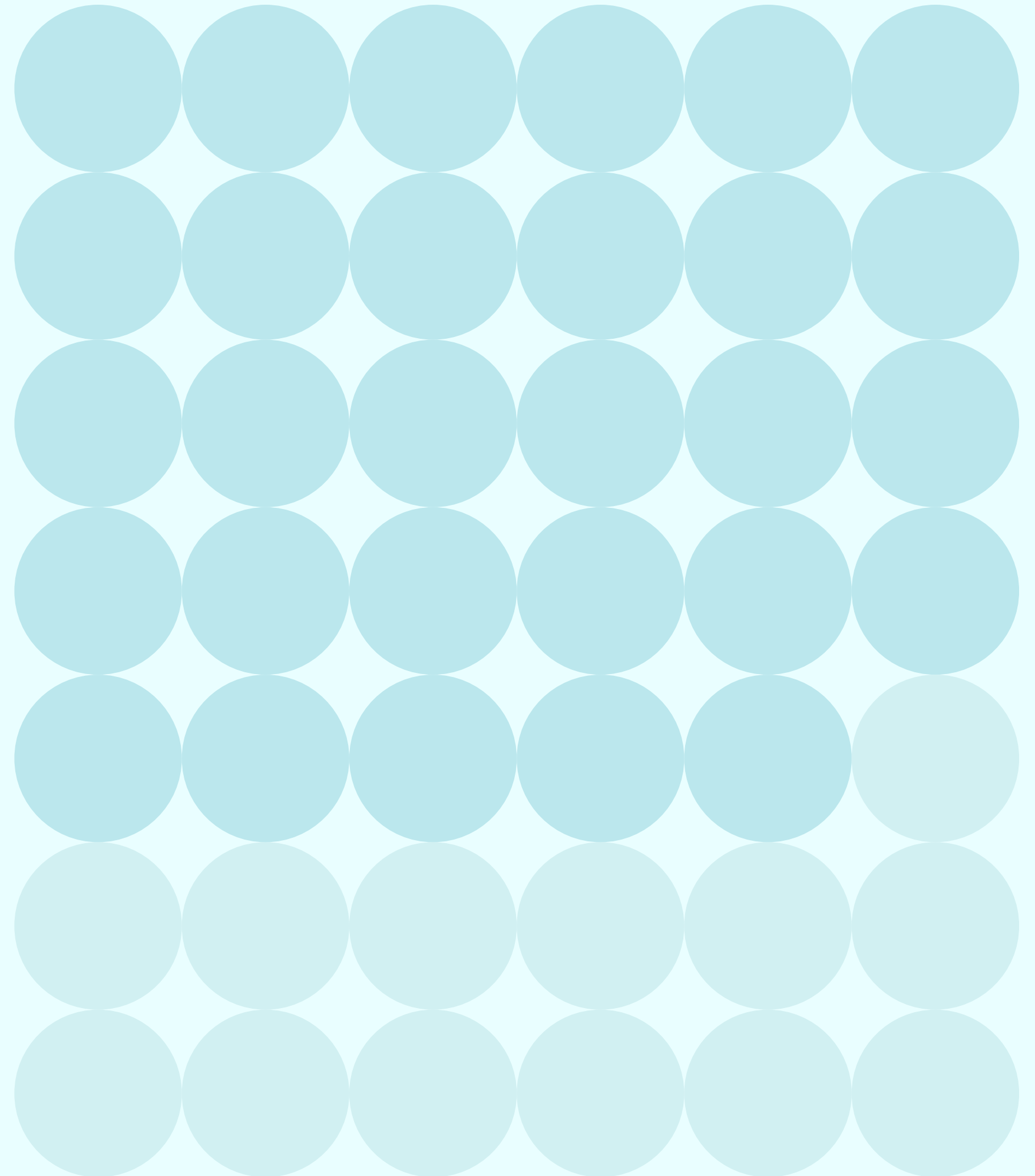
Data

In our tech-driven, modern world, data has become one of the most important assets a company can hold. Some have even called it the new gold.

2/3

of over 500 business decision-makers surveyed in the UK and US by Dun & Bradstreet agree that data has helped their business mitigate risks, improve the service they provide and identify new opportunities for growth. And yet, the same survey found that:

- **Over 1/3 of business leaders struggle with inaccurate data**
- **3/5 worry about the accuracy and completeness of their data moving forward**





Poor quality data can result in ineffective decision-making, can damage customer relationships and put a company's reputation at risk. This is particularly true in financial services where even the smallest of errors can have huge consequences.

Estimates differ, but experts think that organisations spend between **10% to 30%** of revenue on handling data quality issues.

Each year, poor quality data costs an organization an average of \$12.9 million (around £9.9 million).

Gartner

However, there are also costs associated with poor quality data that aren't just monetary.

Poor quality data can often result in operational issues. A firm may send staff to the wrong place, pay the wrong amount, fail to provide services correctly, or spend extra time on verification or re-entering data. It can also result in substandard decision-making that leads to strategic challenges or risks which then have a longer-term, negative impact on a business.

As data becomes increasingly complex and abundant, the need for accurate and validated data will become a more urgent concern for businesses. And if data is the new gold, it should be treated like gold.



X



A Case Study in Collaboration

Strong, lasting business partnerships can play a vital role in ensuring a firm's data provision remains the gold standard. FSL's seven-year relationship with Acutest is a clear testament to this.

One of the key aspects of FSL's capital gains solution, CGiX, is its extensive database of corporate events. It contains all the corporate events that directly affect capital gains tax (CGT) for securities listed on the stock exchange of UK and Ireland since March 1982 and is supported by a legislative database which holds all the share and security rules since 1965.

The depth of the database helps FSL deliver an accurate capital gains calculation but with such an extensive and complex database, performance speeds began to become a concern. To ensure its data delivery ran smoothly, FSL decided to reach out to an existing quality assurance provider.

Acutest worked with FSL's in-house capabilities and explored the team's inefficiencies with time-consuming manual performance testing processes. Acutest's recommendations to put an automation framework in place were welcomed and enabled FSL to gain control of testing and improve performance.

The partnership helped ensure that FSL's data delivery was as quick as it was thorough.

"As we expand our product and build it into wider markets, we will need quality assurance in place. Our strong relationship with Acutest gives us full confidence as we continue to grow, innovate and enhance our offering," commented Michael Edwards, Managing Director at FSL.



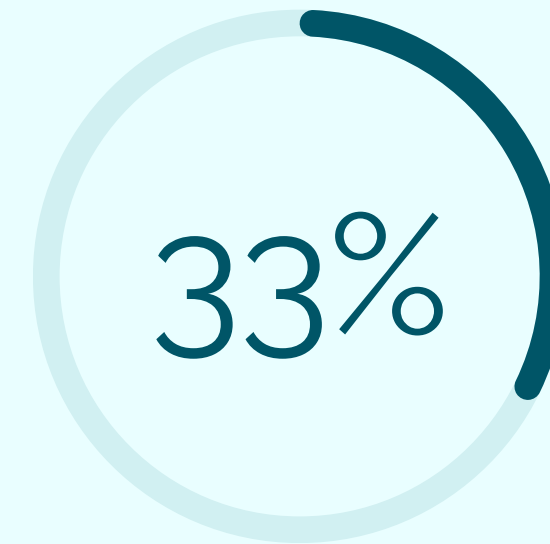
Agility

Against an ever-changing backdrop of regulation and consumer demands, business agility is vital if firms want to stay on top of their game.

The world of finance is constantly evolving and this presents a challenge for financial services firms that want their offerings to remain future-proof.



of senior decision-makers within UK-based financial services firms believed it has become more challenging for their business to remain compliant with evolving regulatory compliance requirements in the past five years.



also said the demands and expectations of their customers have evolved significantly in the past 12 months.

'Being agile'

refers to the ability to move quickly and easily. In a business and project management context, it means being adaptable, responsive, and flexible in the face of change.

The concept of agility was originally conceived in 2001 by seventeen software developers in The Agile Manifesto. It was a customer-centric method that welcomed changing requirements, even late in development, and stood in stark contrast to traditional 'waterfall' software engineering. It emphasised iterative progress, collaboration, and continuous improvement with the aim of allowing a team to more easily and effectively respond to new opportunities or challenges.



Case Study

In one case study presented by Deloitte, a global financial services company reached new heights after beginning its agile transformation. The company embarked on a broad-based reinvention, taking on new methods, new team structures and new tools. By the end of the year, the business was already seeing results, reporting:

120%

increase in output

88%

reduction in
production defects

27%

increase in
customer satisfaction

Deloitte

According to a 2021 study by McKinsey, successful agile transformations typically make organisations **5-10 times faster** and *'turbocharge' innovation*.

It also delivered around **30%** *gains in efficiency, customer satisfaction, employee engagement, and operational performance.*

McKinsey

The success stories resulting from innovative agile methods has led to a surge in popularity in the Financial Services industry.

And it's no different in the world of investment taxation. Specialists FSL find agile ways of working essential to the success of their business operations: tax rules and industry regulations are constantly changing and so FSL must respond quickly and efficiently, adopting any changes into their CGiX software or developing new, solution-focused offerings.

80%

of financial organisations are committed to adopting agile methods

50%

are in the process of doing adopting agile methods

25%

have already implemented them

Conclusion

The World Uncertainty Index, a measure of economic and policy uncertainty, has been steadily rising since the global financial crisis. It reached an all-time high in 2020 with the onset of the Covid-19 pandemic and picked up again following the Russian invasion of Ukraine. Experts predict that this level of uncertainty is here to stay and that against this backdrop firms will need to be nimble and face up to the challenge.

While it may be impossible to predict all the ways our world will change or the pace at which things will change, what is in our control is how we, as businesses, respond to this uncertainty.

As Simon William, Trustmarque CEO, has said: **“Uncertainty has driven massive amounts of change and necessity being the mother of invention has led to massive opportunities for the people who make an effort.”**

As we look ahead to tomorrow's world, we hope this report has given you four guiding principles on which you can build to future-proof your business and thrive.



Uncertainty has driven massive amounts of change and necessity being the mother of invention has led to massive opportunities for the people who make an effort.”

Simon William
Trustmarque CEO



Acutest is a technology consultancy, specialising in assurance and testing of IT change programmes and accelerating business as usual change.

✉ enquiries@acutest.com

🌐 www.acutest.com

☎ +44 (0)845 2101 500



Financial Software Ltd. the creators of CGiX, provides specialist investment tax solutions that simplify the process of management, analysis, and reporting.

✉ info@financialsoftware.co.uk

🌐 www.financialsoftware.co.uk

☎ +44 (0)20 7011 9940