



The new risk reality: How financial institutions can thrive if they modernize

Unlock growth, build resilience and keep your
bank out of the \$100M loss category

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Content

Executive summary

Technology modernization is no longer optional for banks striving to overcome disharmony across the money lifecycle, especially during the money in motion phase where tensions like fraud, cyberthreats, and regulatory complexity peak. But the need to modernize extends far beyond risk. As digital expectations rise and product innovation accelerates, banks must also modernize so they can improve speed to market, unlock smarter use of data, and deliver more intuitive customer experiences.

Financial institutions are under pressure from both regulators and customers, demanding not only stronger safeguards but also more seamless

functionality, open connectivity, and personalized digital engagement. Modern banking is not just about the core. It's about transforming the ecosystem to meet future demands.

Banks that continue relying on legacy technology systems risk falling dangerously behind, exposing themselves to escalating fraud, regulatory penalties, and customer attrition. Without modernization across core platforms, payments infrastructure, cybersecurity, data management, regulatory reporting, and customer engagement, even well-established banks could quickly lose competitive ground.



New research from FIS® and Oxford Economics, based on a survey of more than 1,000 senior business and technology leaders across the U.S., U.K., and Singapore, reveals that enterprises are losing nearly \$100 million each year due to gaps across the money lifecycle.¹ This equates to nearly \$270,000 in lost value every day, or more than \$11,000 every hour, draining resources that could be fueling growth and innovation.

According to the research, cyberthreats and fraud are the costliest risks for financial services and fintech organizations, driving more than \$53 million in combined annual losses. Together, they account for over half of the \$98.5 million in average total losses reported across the financial technology ecosystem.

Regulatory and compliance issues, along with operational inefficiencies, contributed another \$26 million to the average annual financial impact.

Traditional risk frameworks are failing to keep pace with today's rapidly evolving threat landscape, leaving banks exposed to escalating fraud, regulatory scrutiny, and reputational damage. Modernization is no longer optional. It is critical to developing resilient, data driven risk models that can protect trust, strengthen operational integrity, and drive competitive advantage. Banks that fail to evolve will almost certainly fall behind.

While financial organizations wrestle with improving cybersecurity and reducing fraud and risk, customers' expectation of friction-free service is not abating. Financial services organizations are looking for ways to improve their security profile and regulatory position while improving the customer experience and addressing their concerns for privacy and convenient services.

¹Source: FIS and Oxford Economics, New Research on the Cost of Financial Disharmony, 2025

Understanding modernization

First, let's consider what modernization means. Risk is constantly changing. If your risk frameworks are not addressing today's evolving risks, you could be sabotaging your own efforts. Next, consider the impact of today's emerging threats. These threats could stem from a cyberattack, fraud, a targeted artificial intelligence (AI) attack, or perhaps geopolitical chaos that could put your institution and your clients' funds at risk. Modernization isn't just about protection; it's about architecting the future of banking, unlocking agility, and enabling faster innovation across the technology stack.

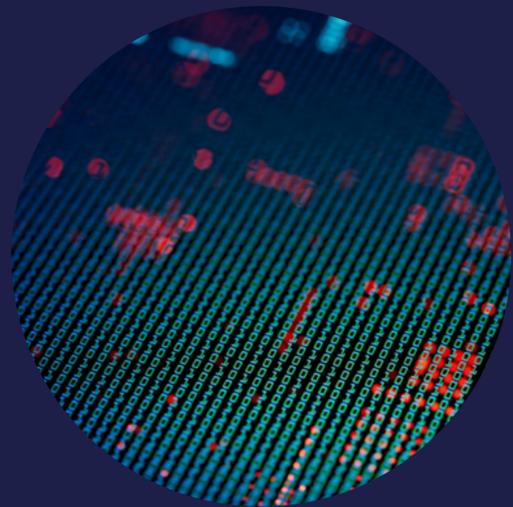
Recent survey findings highlight that risk concerns vary significantly across industries within the financial sector.² Cyberthreats ranked as the top concern among fintech respondents (**35%**), compared to **24%** among technology and big tech participants. However, when it came to fraud, the pattern reversed: **28%** of technology and big tech respondents cited fraud as their primary concern, versus **22%** of fintech respondents and **20%** of those in financial services. Insurance industry respondents reported the lowest concern about fraud (**17%**), likely reflecting the sector's strong underwriting processes that proactively screen out high-risk clients.

¹ Source: Global State of Bank Modernization & Technology Transformation survey, 2025. Conducted by TechStudio, an Energize Marketing company, in partnership with FIS.



While cyberthreats and fraud are key drivers of disharmony, the survey also shows that tension throughout the money lifecycle is a leading cause of financial losses. Fintech investments in modernizing business practices, however, are leading to significant and tangible benefits.

The survey's key takeaways include the following:



- Embracing digital transformation to help modernize infrastructure, leverage cloud-based technologies, and integrate AI and automation



- Deploying advanced threat intelligence platforms with AI-driven managed detection and response (MDR), endpoint detection and response (EDR), and other network security applications



- Implementing advanced fraud detection systems using machine learning algorithms to help flag suspicious transactions in real time



- Utilizing centralized management platforms to help security teams protect varied client data across systems



The growing impact of AI on risk and resilience

The FIS and Oxford Economics research confirms that trust, agility, and operational resilience are now top concerns for financial services leaders. These are foundational priorities that sit at the core of modern risk management.

Today's evolving threats, from sophisticated AI-driven cyberattacks to complex financial fraud schemes, are generating significant friction, particularly during the money in motion phase of the financial lifecycle. Managing asset movement across multiple currencies, geographies, and payment gateways introduces new vulnerabilities that legacy banking platforms can no longer address effectively.

In today's environment, cyberattacks do not just disrupt operations; they threaten customer trust, regulatory compliance, and market reputation at an unprecedented scale and speed. The next breach or operational failure could cost far more than recovery. It could permanently damage customer relationships and brand equity.

Modernizing risk management is not just about defense. It's about building the resilience, transparency, and operational speed required to compete and grow in a volatile financial landscape. It's also the foundation for scalable innovation across core platforms, payments, and digital customer journeys.



Blueprint for transformation

As noted, some current offerings for fintech data protections are falling short for cybersecurity and fraud. Survey respondents said that inadequate security measures were the most significant challenge they faced, followed by high operational costs, lack of integration with other systems, and compliance and regulatory issues.

That said, almost two-thirds of respondents **(60%)** report their technology investments resulted in greater collaboration across their enterprise, while half said they signed more customers as a result of the increased investment in financial technology.

These results are promising, so where do you start?

According to the 2024 FIS Global Innovation Research, organizations currently utilizing core processing systems have three primary goals related to strengthening their competitiveness, security, and customer relationships:³

46%
wish to enhance their competitiveness by staying ahead of market trends

44%
depend on their core processing systems to strengthen cybersecurity and ensure compliance with regulation

42%
aim to deepen customer relationships by improving the overall experience

³ Source: FIS Global Innovation Research, 2024

The traditional definition of digital has typically been limited to front-end interfaces — enabling customers to move money, make payments, and manage transactions. But digital must now extend across the broader technology ecosystem, encompassing the core-to-channel connectivity that powers these front-end experiences.

Modernization is an ongoing process, not a one-and-done proposition. That means enterprises need to develop a plan that not only addresses immediate needs but is flexible enough to adjust to and embrace future changes.

One essential baseline is understanding your risk now and recognizing where new risks could occur. Financial institutions and

fintechs are facing risks from rising interest rates, inflation, market volatility, and geopolitical instability. These are factors that can significantly affect customer behavior, margins, and long-term growth plans. Emerging technologies and their associated regulatory and compliance implications, such as AI and quantum computing on the technical side and cyberthreats and privacy concerns, further create ongoing and ever-changing risks.

Early adopters of technology, those comfortable taking risks and among the first to introduce new technology for their organization, are more likely to agree that they face less risk than in the past, according to FIS' ongoing research.

For example, banks must consider how

personal financial management tools can be tailored to each customer's spending habits, or how real-time data can support smarter cross-selling opportunities.

As nefarious actors deploy increasingly advanced tools to exploit weaknesses, banking platforms must also evolve. Strengthening cybersecurity requires an aggressive strategy, accountable leadership, and continued investment in channel-specific authentication tools. Prevention is far less costly than recovering from a breach.

Finally, banking platforms house a wealth of customer intelligence. Modernization enables banks to harness the power of AI, machine learning, and analytics to help transform that data into insights that build stronger customer relationships.

“Your modernization strategy must address these core-to-channel connections if you wish to create a highly personalized experience for each customer.”

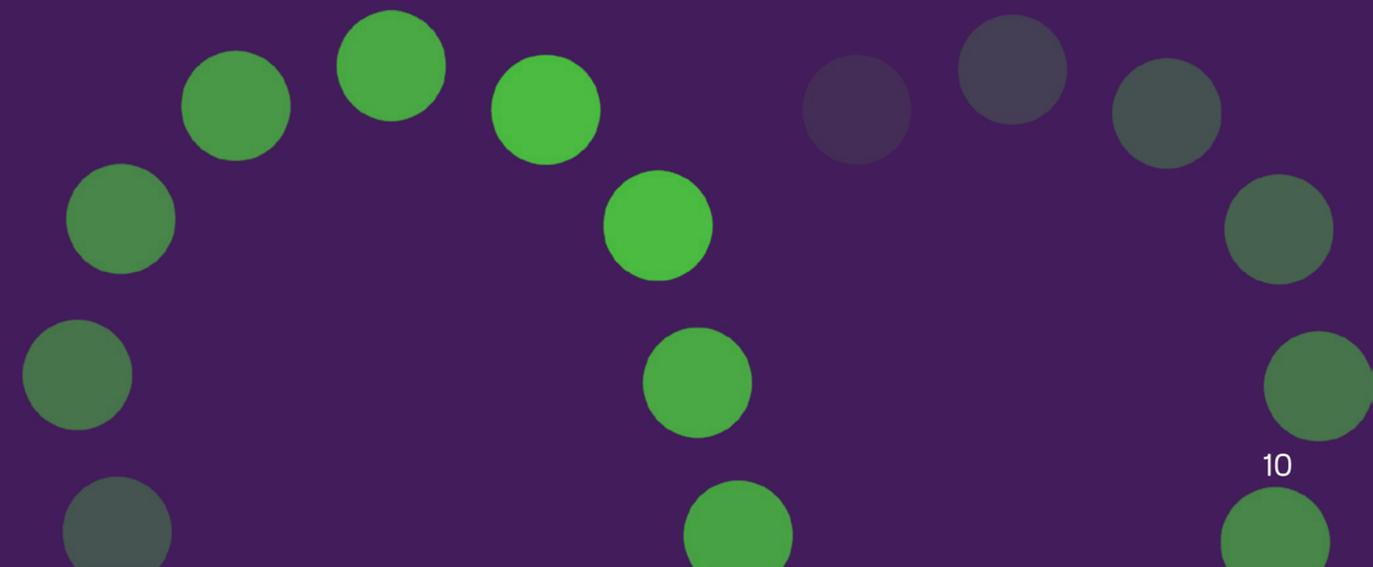
— **Melissa Cullen,**
Head of Strategy, FIS



One common approach for reducing risk is to assign existing staff to take responsibility. Utilizing existing staff is a fast and cost-efficient option, although talent shortages could impact its effectiveness. An exception to this approach is financial services firms' strategies for environmental and transition risk and strategic risk. When it comes to this type of risk, financial institutions are most likely to hire additional staff or engage third party system integrators, reflecting the

need for specialized expertise and support to minimize delivery risk.

While mitigating risk is a major benefit of modernization, it's not the only benefit. Modernization helps to make an organization more competitive, including advances in regulatory technology. It can better protect an organization and address regulatory reporting, a business benefit even if it is not directly cybersecurity-related.



BMO's digital transformation at scale: Delivering a future-ready bank

How one of North America's largest banks unified systems and modernized for growth

When BMO acquired Bank of the West, it wasn't just about scale. It was about delivering a modern, digitally enabled bank built around customer expectations. With FIS as a strategic partner, BMO unified two distinct banking environments across 22 states, migrated 2 million customers in under 8 months, and executed an 83-hour go live with minimal disruption.

The results speak volumes:

- **94%** of digital users logged in successfully without assistance
- **90%** of digitally active users fully enrolled within 2 days
- **2M+** customers successfully migrated
- Future-ready digital capabilities in place to support continued growth

More than a conversion, this was a bold modernization strategy to exceed expectations and lead in the digital-first era.



Together, we can
fuse reliability with
innovation to architect
your banking future.
Book your strategic
modernization
assessment now.



Architecting the future of banking

The FIS and Oxford Economics survey makes it clear: modernization is not a one-time initiative. It's a continuous, strategic effort to reduce risk, prevent fraud, strengthen compliance, and deliver better experiences for both customers and employees.

The BMO case study proves that even the most complex transitions can drive real growth when institutions commit to a clear vision and a future-ready strategy. Success often comes from unifying systems, elevating digital experiences, and executing with precision under pressure.

At FIS, we combine reliability and innovation to architect the future of banking. As a trusted partner powering 10% of the global economy, we help financial institutions unlock value at every phase of the money lifecycle. We modernize not just core systems, but the entire banking ecosystem.

Modernization isn't just a mandate. It's a mindset. And those who lead with it, thrive.

[Book your strategic modernization assessment](#)

Money at rest Money in motion Money at work™

Make your digital transformation a success with FIS.
Our **technology** powers the global economy across the money lifecycle.



Money
at rest

Unlock seamless integration and human-centric digital experiences while ensuring efficiency, stability, and compliance as your business grows.



Money
in motion

Unlock liquidity and flow funds by synchronizing transactions, payment systems, and financial networks without compromising speed or security.



Money
at work

Unlock a cohesive financial ecosystem and insights for strategic decisions to expand operations while optimizing performance.

About FIS

FIS is a financial technology company providing solutions to financial institutions, businesses and developers. We unlock financial technology that underpins the world's financial system. Our people are dedicated to advancing the way the world pays, banks and invests, by helping our clients confidently run, grow and protect their businesses. Our expertise comes from decades of experience helping financial institutions and businesses adapt to meet the needs of their customers by harnessing the power that comes when reliability meets innovation in financial technology. Headquartered in Jacksonville, Florida, FIS is a member of the Fortune 500® and the Standard and Poor's 500® Index. To learn more, visit FISglobal.com. Follow FIS on KinkedIn, Facebook and X (@FISglobal).

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