

of challenges. But our new research reveals that companies are also deploying innovation and new technologies to address these risks and find a competitive advantage. Based on a survey of senior decision makers at large global financial institutions, regional banks, community banks and

From rising interest rates to nimble competitors like digital banks, financial institutions are facing a diverse and fast-changing set

credit unions around the world, *The Global Innovation Report*: <u>Creating Advantage in Uncertainty</u> offers new insights into the macro risks confronting financial institutions - and the strategies they've chosen to manage them.* High risk, high optimism

more risk now than in the past.

say they face less risk.

of financial institutions say they face

Despite their concerns, executives are confident that they can mitigate these risks.

What have they done so far?

Legal and **Financial** Strategic Operational **Reputational** Environment risk regulatory risk and transition risk risk risk risk Assigned 48% 43% 50% 39% 53% 47% existing staff Hired additional 38% 42% 44% 51% 47% staff Hired outside 39% 35% 42% 38% 45% 40% consultants

Adopted new 49% 46% 47% 39% 51% 45% technology Acquired / partnered 36% 37% 38% 42% 47% 44% with other businesses Restructured 40% 42% 40% 50% 47% 48% business model *Percentages are the proportion of those experiencing the risk and have taken this step to mitigate it. Innovation** plays a critical role

> role in managing the risks currently faced by their organization.

> > Technology

and systems

innovation

7%

59%

Process

innovation

agree that innovation plays an important

Financial institutions are deploying a range of innovation strategies to mitigate risk. The goals for each strategy vary too.

Become more 9% competitive

Customer

experience

innovation

Business

innovation

Sales and

marketing innovation

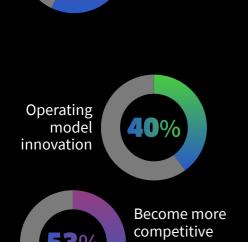
model

competitive Product and service innovation

Become more

Become more

competitive



Become more

Protect business

29%

Become more competitive

competitive



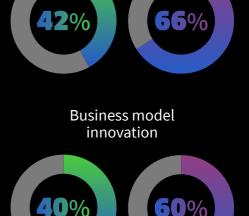
Pursuing or planning to pursue in the next 12 months

Goal



Customer experience

innovation



Product and service

innovation

61%

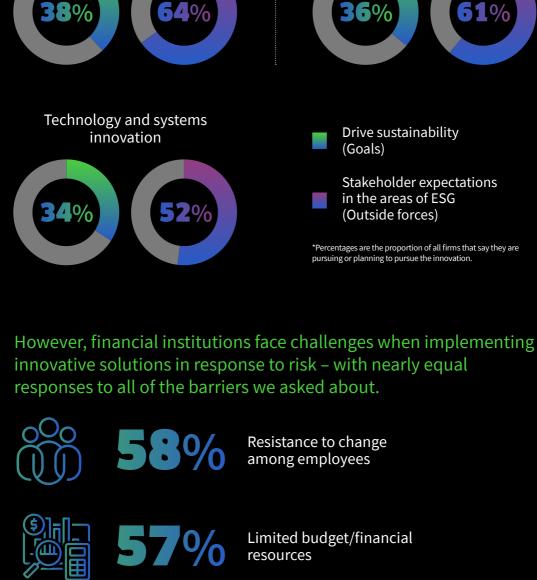
36%

(Goals)

Drive sustainability

Operating model

innovation





New technologies drive change of financial institution executives that use or plan to use one of these technologies

But they're also embracing these advances for specific benefits to

Cloud computing

50%

46%

41%

Digital chnologies technolog to improve the CX

47%

46%

42%

their business.

Generative AI

50%

49%

41%

Artificial intelligence

49%

48%

42%

say they mitigate macro risks.

Regulatory technology

50%

49%

40%

Embedded finance

47%

45%

41%

49%

45%

39%

52%

45%

43%

41%

40%

36% 25%

Resistance to change among top management

Lack of internal technology/data

40% 40% 38% **39**% 39% 38% 37% 36% 35% Become more competitive Protect business Deepen customer relationships Drive sustainability Improve profitability Grow revenue Improve internal culture *Percentages are of firms that are currently using or intend to use the technology

Innovation and new technologies can make your business more

competitive and protect it too. And in times of uncertainty, it's more urgent than ever to take advantage of the latest

developments. Whether you need to adopt new technology,

reassess your operations or augment in-house skills, the right partner will help you invest wisely and stay ahead of the fast pace of change.

Finding the advantage

WANT TO LEARN MORE? DOWNLOAD your copy of The Global Innovation Report 2023: Creating Advantage in Uncertainty or **EXPLORE** how we are helping companies like yours achieve their goals faster.

**Innovation is defined as the conception, development and delivery of new products, services, processes and business models.

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*All data is based on a survey of 411 executives from financial institutions in North America, Europe and APAC. The survey was conducted by Savanta on FIS' behalf in June 2023.