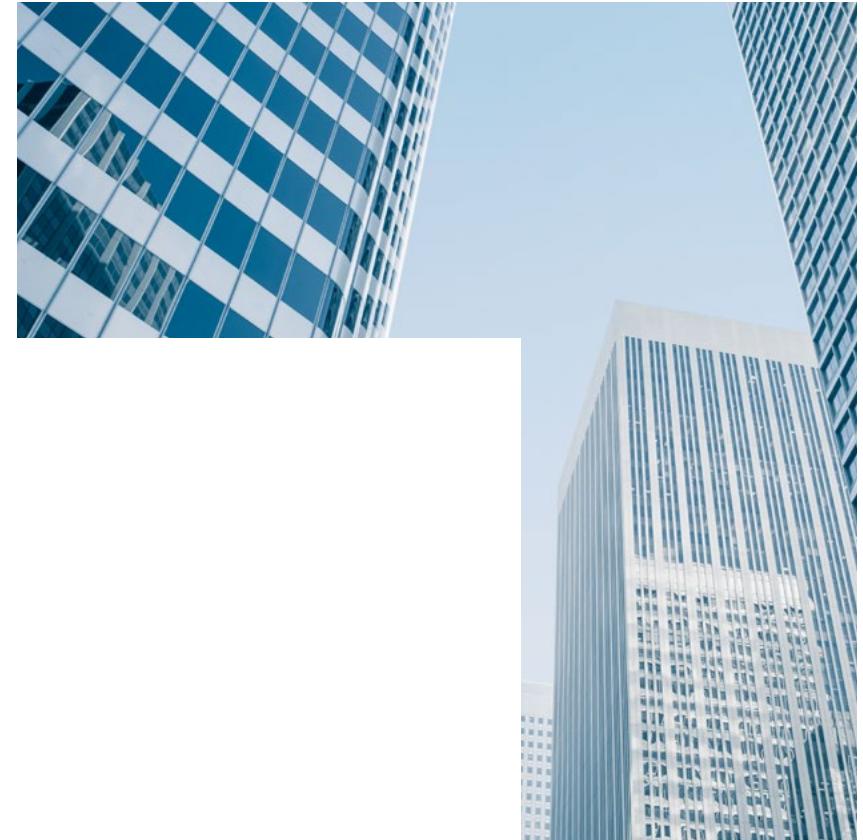


# Capital markets

Among digital leaders on the sell-side and buy-side, 86% say digitization has a high impact on their business models. Further, 71% are evolving their business models due to the impact of digitization, and 29% say their new models are now complete. These are just some of the insights shared by capital markets executives this year.

Read on for more insights into their top trends and priorities, along with recommendations for key actions they can take now to accelerate their digital journeys.



# Accelerating customer-facing transformation programs

To ensure a superior customer experience and drive revenue throughout the pandemic and beyond, both sell-side and buy-side executives are focused on accelerating customer-facing transformation programs through digitization. This ranks as their top business priority for 2021. Digitization is having a high impact on the business models of 86% of digital leaders, and 71% are evolving their models as a result, with 29% having completed this work.

Further, digital leaders on both the sell-side and buy-side are experiencing greater success with their digitization efforts. This year, 26% of leaders are producing results from their digital strategies, compared to only 19% last year. To continue this momentum, a strong majority of executives plan to invest in application modernization and cloud migration over the next two years.

Each year, we meet with client executives from around the world to get their views on the trends affecting their organizations and industries. Through the CGI Voice of Our Clients, we analyze these findings to provide actionable insights by industry to benchmark best practices, including the attributes of digital leaders. This report summarizes the trends and priorities from our 2021 CGI Voice of Our Clients discussions with 61 capital markets executives, along with recommendations for banks to accelerate their digital journeys.

## About the insights

In 2021, we met with 1,695 business and IT executives. This summary shares sample insights from 61 capital markets client executives.

### Interview demographics

<b>48%</b> Business leaders	<b>52%</b> IT leaders
<b>64%</b> C-level	<b>36%</b> Ops-level

Over the past 6 years through the CGI Voice of Our Clients program, we've held 7,470 client discussions, collecting 1 million data points across the industries and geographies we serve. Our anonymized benchmarking data reflects insights from 5,500 client organizations located in countries representing 68% of the world's IT spend across all economic sectors.

# Top trends and priorities

Executives on the sell-side and buy-side closely align on their trends and priorities — citing identical trends and nearly identical priorities — but differing on their order of importance.

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## Top trends

### Sell-side:

Growing use of advanced data analytics, automation and new technologies in the industry

### Buy-side:

Increasing customer expectations for digital experience services

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## Top business priorities

### Sell-side:

Accelerate customer-facing transformation programs to increase loyalty and revenue

### Buy-side:

Accelerate customer-facing transformation programs to increase loyalty and revenue

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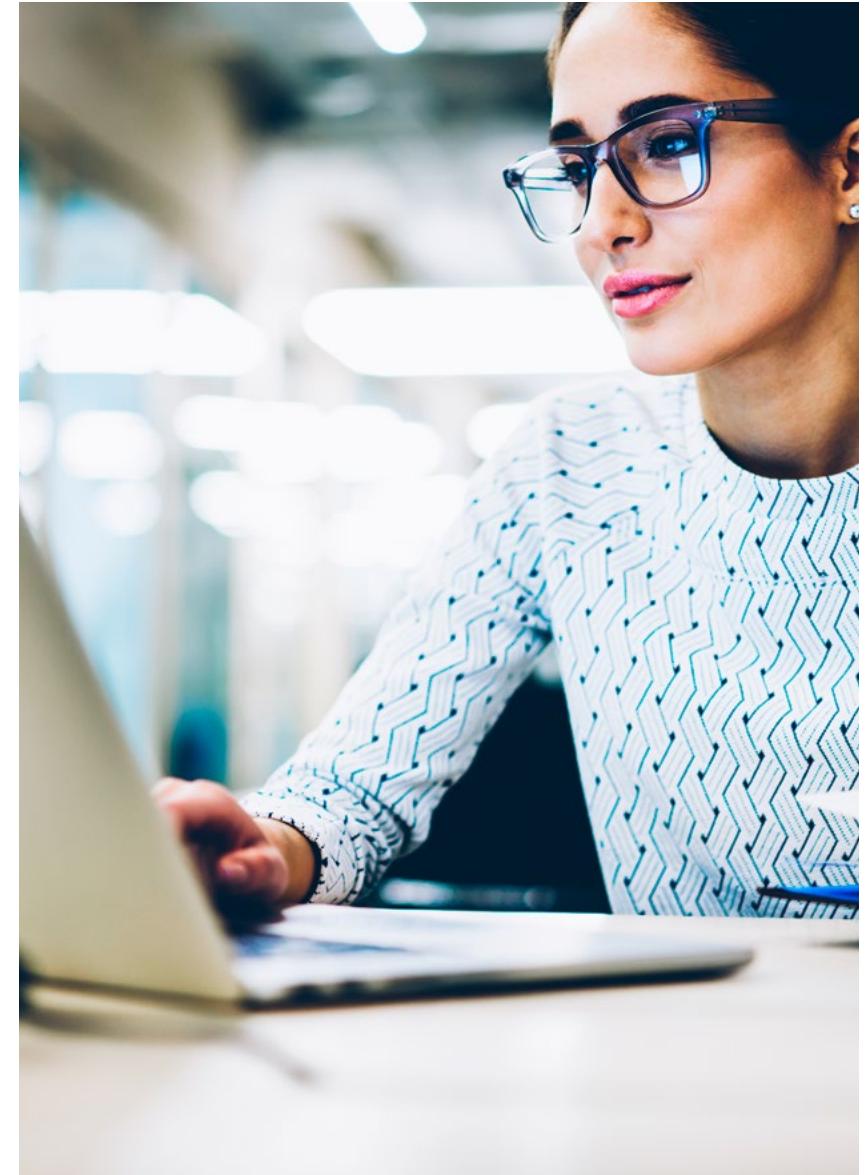
## Top IT priorities

### Sell-side:

Simplify technology landscape and adopt new delivery models (SaaS, Cloud, PaaS)

### Buy-side:

Continuously reduce run costs through efficiency and use of suppliers to invest in change



# Top 10 insights for capital markets

## 1 **Accelerating customer-facing transformation becomes the top business priority for 2021.**

For both sell-side and buy-side executives, accelerating client-facing transformation programs rises dramatically in importance in response to the pandemic's impact on customer interactions, becoming their top business priority for 2021. Last year, this priority ranked fifth for sell-side executives and sixth for buy-side executives.

## 2 **Meeting increasing customer expectations for digital services rises in importance as a trend.**

For buy-side executives, meeting the digital servicing expectations of customers shoots up from third place in 2020 to first place in 2021 as a trend. It also increases in importance for sell-side executives, though not as much (moving from fourth place in 2020 to third place in 2021).

## 3 **Protecting customer data through cybersecurity decreases in importance both as a trend and as a business priority.**

Protecting customer data through cybersecurity falls from first place last year to second place this year as a trend for both sell-side and buy-side executives. It also declines in importance as a business priority for each. This decline, however, does not mean cybersecurity is unimportant, but rather reflects the sector's shift towards digitization and customer service over the last year and a half.

## 4 **Securing cloud platforms is key to successful cybersecurity.**

Sell-side executives cite securing cloud platforms as their most important cybersecurity initiative (up from fourth place in 2020). On the buy-side, executives continue to cite identifying critical assets as their most important cybersecurity initiative (same as last year).

## 5 **Most executives are investing in application modernization and cloud migration.**

Over the next two years, most capital markets executives plan to modernize more than 20% of their application portfolios (80% on the buy-side; 74% on the sell-side). In addition, most plan to migrate over more than 20% of their applications to the cloud (72% on the sell-side; 67% on the buy-side).

**6 Simplifying the technology landscape and adopting new delivery models remains an important IT priority for the sell-side, but declines in importance for the buy-side.**

Sell-side executives cite simplifying their technology landscape and adopting new delivery models as their top IT priority in 2021, as they did in 2020. This priority drops significantly in importance, however, for buy-side executives, falling from first to fourth place. Taking the top spot for buy-side executives in 2021 is the constant drive to reduce run costs through efficiency and the use of suppliers to invest in change.

**7 Budget constraints are the biggest impediment to achieving business priorities.**

All capital markets executives, including digital leaders, cite budget constraints as their biggest impediment to achieving their business priorities. Organizational culture and legacy systems are the second and third most cited hindrances.

**8 A strong majority of digital leaders say digitization has a high impact on their business models and are evolving their models as a result.**

Among digital leaders on both the sell-side and buy-side, 86% say digitization has a high impact on their business models, and 71% say they are evolving their business models in response to the impact of digitization. Further, 29% say their new models are now complete.

**9 Digital leaders cite significant improvement in producing results from their digital strategies.**

The percentage of digital leaders on both the sell-side and buy-side that are producing results from their digital strategies climbs from 19% last year to 26% in 2021. In Western Europe, 69% of digital leaders say they are producing results, a jump from 31% last year.

**10 Most executives say their IT supply chains are not highly agile.**

In 2021, only 36% of buy-side executives rate the agility of their organization's technology supply chain as very high (8, 9, or 10 on a scale of 1–10). Slightly fewer on the sell-side (31%) say their IT supply chains are highly agile.

# Digital leaders in capital markets

Across the sell-side and buy-side, digital leaders are accelerating their digitization, with 71% evolving their business models, and 29% reporting that their new models are now complete. In addition, more executives on both the sell-side and buy-side are producing results from their digital strategies, compared to 2020 (26% in 2021 vs. 19% in 2020; 6 percentage points higher than the global average of 20%).

Executives who are producing results from their digital strategies share several common attributes that distinguish them from others who are in the earlier phases of building or launching their digital journeys. The most significant attribute is their ability to align their business and IT priorities. This year, 93% indicate close alignment of their priorities, compared to only 54% of those in the building or launching phases.

Further, among those producing expected results, 100% are more sensitive to data privacy laws and regulations, compared to 90% of those in the building or launching phases.



# 5 recommendations for achieving your top priorities

**1 Continue to accelerate customer-facing digitization and transformation.** As the pandemic continues, there is uncertainty as to how long it will last or when “normal” business operations will resume. Remote work is still in place for most capital markets firms; and, for some roles, it may become permanent. As a result, firms must be able to effectively serve customers from any location, at any time. This requires providing remote employees with the right tools for accessing information and interacting with customers smoothly and seamlessly. To maintain a superior customer experience throughout the pandemic and beyond, leading firms are continuing to accelerate customer-facing digitization and transformation.

**2 Tackle the issue of talent management.** While executives have the budgets to manage and modernize their systems, a shortage of skilled technology professionals is a potential constraint on their digitization and transformation objectives. As a result, we see a dramatic increase in the impact of talent management on IT budgets this year. In 2021, 83% of executives across the sell-side and buy-side cited talent management as a spending trend, compared to only 10% in 2020. Executives also cite acquiring, building and retaining the right talent and culture as among their top business and IT priorities. Left unaddressed, talent management will likely become a key impediment to new products and services, as well as overall growth.

**3 Use data more effectively.** While the growing use of data analytics makes the top 5 trends for both sell-side and buy-side executives in 2021, it is of greater importance for the sell-side, ranking as the top 2021 trend (versus fourth place for the buy-side). Using data to run, control, and grow the business also is a top 5 business priority for both sides. Data is critical for driving automation, improving efficiencies, reducing costs, better understanding the customer, and responding to change. With advanced data sets and a keen focus on producing better products and services, capital markets firms are well-positioned to gain competitive advantage through insights and predictive analytics.

## 5 recommendations for achieving your top priorities

4

**Keep an eye on security.** While protecting customer data through cybersecurity was the top trend cited by executives on both the sell-side and buy-side in 2020, it fell to second place in 2021. Executives shifted their focus to customer-facing transformation and new technologies to manage pandemic impacts on both customers and employees. However, strong stock market performance during the pandemic has resulted in significant business growth, and now executives face the challenge of preserving customer wealth. This, in turn, requires securing customer data, which demands advanced security. In addition, as many of employees continue to work from home, hybrid workforces raise serious security concerns.

**Case in point:** CGI worked with a large bank to build a centralized, scalable and automated platform for managing anti-money laundering (AML) risks across its capital markets business. We replaced manual processes for identifying AML alerts and migrated transaction monitoring from the front office to the back office to free up front-office resources for revenue generation. In building the platform, our use of nearshore and offshore resources significantly reduced the costs of implementation and maintenance. The platform now supports a broad array of bank products in key areas such as foreign exchange, fixed income, cash equities, commodities, prime brokerage, corporate banking, remittances and more.

5

**Leverage sustainability.** This year's insights reveal that the sell-side in North America has the second highest level of interest in sustainability, among all banking sectors, second only to retail banking in Europe. Among sell-side executives in North America, 69% say environmental sustainability is core to their organization's ability to continue creating value for customers in the future, compared to 70% of retail banking executives in Europe. Buy-side interest is significantly lower (36% for buy-side executives in North America; 57% for buy-side executives in Europe). Sell-side executives see great opportunities for creating value for their firms, customers and the environment by connecting their business practices to sustainability.

# About CGI

## Insights you can act on

Founded in 1976, CGI is among the largest IT and business consulting services firms in the world.

We are insights-driven and outcomes-based to help accelerate returns on your investments. Across 21 industry sectors in 400 locations worldwide, our 80,000 professionals provide comprehensive, scalable and sustainable IT and business consulting services that are informed globally and delivered locally.

For a complete set of the CGI Voice of Our Clients industry insights, and to consult with one of our experts, please visit [cgi.com/voice-of-our-clients](https://cgi.com/voice-of-our-clients) or contact us at [info@cgi.com](mailto:info@cgi.com).

