

# Top trends to watch in Corporate & Transaction Banking

Read on for CGI client insights  
on how to drive innovation  
through digitization



**2022** CGI VOICE  
OF OUR CLIENTS

**CGI**

# Driving innovative products and services through digitization

## Impact of macro trends

Corporate and transaction banking executives cite technology and digital acceleration as their most impactful macro trend this year as they strive to deliver more innovative offerings. While this trend's impact is felt equally by digital leaders (those producing results from digital strategies) and digital entrants (those building or launching strategies), digital leaders' more modern infrastructures reduce the impact of this trend on their organizations. These modern IT environments also help them to attract and retain professionals, addressing the IT talent shortage they face, another top-cited macro trend for 2022.

## Top of mind for clients

To drive more innovative products and services in response to fast-shifting customer expectations, executives in corporate and transaction banking are focusing this year on modernizing their infrastructures and applications through real-time platforms, digitization, automation, and new delivery models, such as the cloud. The goal is to create a modern IT landscape that is innovative, agile, and automated to drive a better customer experience, cost savings, and increased competitiveness.

As they focus on modernization, executives also continue to prioritize securing their businesses, managing mounting and changing regulation and security standards, and optimizing their operations to reduce costs as in previous years. Access to technology and IT talent, however, remain top constraints to achieving their priorities.

## About the insights

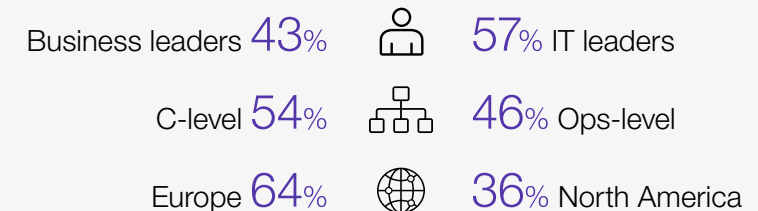


Each year, we meet with client executives from around the world to get their views on the trends affecting their organizations and industries. Through the CGI Voice of Our Clients, we analyze these findings to provide actionable insights by industry to benchmark best practices, including the attributes of digital leaders.

In 2022, we met with 1,675 business and IT executives.

**This summary report shares sample insights from 77 corporate and transaction banking client executives.**

## Interview demographics



# Top trends and priorities

Modernizing IT infrastructures and applications is top of mind for corporate and transaction banking executives this year, as they seek to deliver more innovative products and services, along with a better customer experience.

## Key takeaway

Executives are investing in real-time platforms, automation, client-centric operating models, and new delivery models, such as the cloud, to drive agility, innovation, operational efficiencies, and cost savings.

|   | Top trends  | Top business priorities   | Top IT priorities  |
|---|---|---|--|
| 1 | Real-time, low-cost, resilient platforms                | Innovate products and services aligned to clients, business, and regulatory changes | Digitize and automate business processes to deliver better customer experience |
| 2 | Mounting and changing regulation and security standards | Drive a client-centered operating model   | Protect through cybersecurity  |
| 3 | Technology advances and the adoption of technology      | Optimize operations to reduce costs   | Simplify technology landscape and adopt new delivery models                    |

The industry trends capture key drivers with the greatest impact on the clients' industry. The business priorities represent how clients are addressing the industry trends, and the IT priorities reflect the technology areas of focus to address the trends and achieve the business priorities.

# Digital progress for Corporate & Transaction Banking

More corporate and transaction banks are producing results from their digital strategies in 2022.

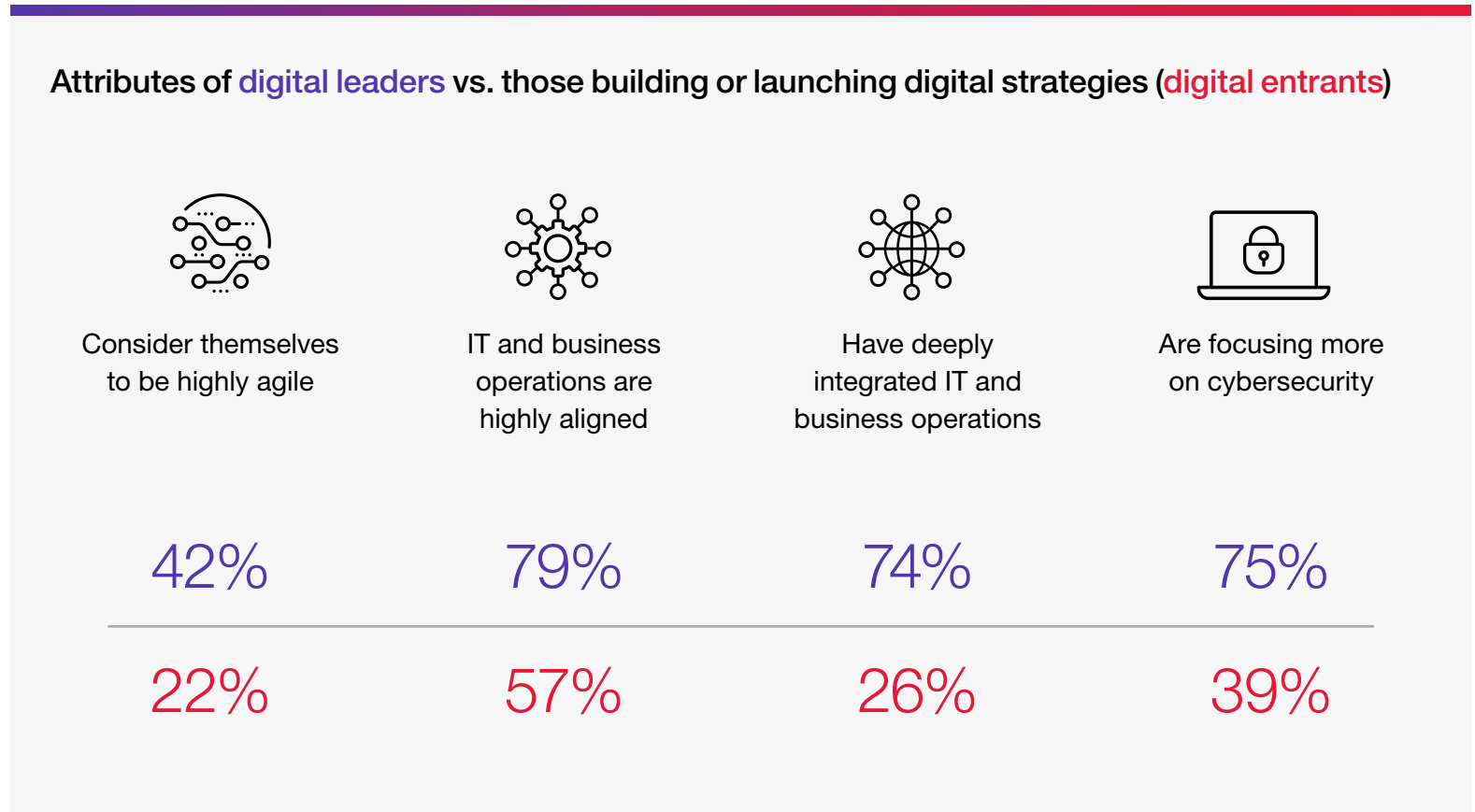
Last year, only 17% were producing results, but, this year, that percentage jumps to 27% as the strategies put in place during the pandemic have matured. On average, 25% of executives in all of our clients' industries are producing results.



# Digital leaders in Corporate & Transaction Banking

In examining insights from the 27% of corporate and transaction banking executives who are digital leaders (i.e., producing results from their digital strategies), some common attributes emerge.

The table compares responses to questions from the digital leaders to those from executives whose organizations are still building or launching digital strategies (digital entrants).



# Key findings from our interviews with Corporate & Transaction Banking executives

1.

**The impact of digitization is high, but fewer rate their agility as high.**

While 75% of executives say the impact of digitization on their business models is high this year, only 30% rate their organizations as being highly agile in addressing this impact, including the integration of new technology. However, 64% cite a medium-level of agility, mitigating this mismatch in the short term.

2.

**Despite legacy challenges, IT and business alignment is accelerating digitization.**

This year, 96% of executives say their legacy systems are either very or somewhat challenging as they work to implement their digital strategies. On the positive side, however, 62% report that their IT and business operations are highly aligned in support of their strategies.

3.

**Executives are investing in new platforms and innovation to drive differentiation.**

Investment in real-time, low-cost, and resilient operational platforms significantly rises in impact as a trend this year, moving from fourth place last year to first place in 2022. Product and service innovation also increases in importance, moving from third place as a business priority last year to first place in 2022.

4.

**A majority view sustainability as highly core to creating future value.**

While a majority of executives continue to view sustainability as highly core to creating future value, there is a slight drop in the percentage—a trend we see across all of banking (55% this year, compared to 58% last year). Regionally, only 37% of North American executives view sustainability as highly core versus 65% in Europe.

5.

**Other banking sectors are having more success with cybersecurity strategies.**

When it comes to producing results from their cybersecurity strategies, corporate and transaction banks fall behind their peers in retail banking and capital markets. This year, 40% of executives say they are producing results, compared to 53% in retail banking and 41% in capital markets.

## 6.

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### **Automation continues to mature and shift towards continuous improvement.**

This year, 64% of executives have either implemented robotic process automation or their implementations are in progress. For enhanced process automation, that percentage is slightly lower (62%). European banks lead in using simpler forms of automation, but lag behind when applying more complex forms of automation.

## 7.

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### **IT modernization and cloud migration are expected to rise dramatically.**

IT modernization and cloud migration will more than double over the next two years. Currently, 34% are modernizing, and 71% say they will do so within two years. In terms of the cloud, fewer than 26% are currently migrating to an as-a-service provider, but more than 50% will migrate to one by 2024.

## 8.

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### **Despite the high use of open standards, holistic cloud management is limited.**

While 58% of executives use an agnostic approach and open standards to ensure compatibility between their technology stacks and cloud vendors, only 19% rate their ability to holistically manage cloud service providers as high, limiting the return on their cloud investments.



# 6 recommendations for achieving your top priorities

## 1. Heighten your focus on customer-centricity and innovation

Over the past few years, corporate and transaction banks have devoted resources to achieving one of the defining attributes of the retail bank—customer centricity. They have done this by improving how clients interact with them digitally. However, while this effort has improved the customer experience, there is still much work to be done to develop innovative offerings like embedded finance that can drive differentiation. Whether these offerings are developed by the banks or delivered through third-party partners, they are key to increasing the value that clients place on their banking relationships.

## 2. Invest in driving business agility in tandem with digitization.

The highly in-person nature of corporate and transaction banking drove executives to launch a significant number of digitization projects in 2020 and 2021 in response to the global pandemic, and these projects are now maturing and producing results. Executives continue this year to rate the impact of digitization on their organizations as high, and yet there is a gap between this impact and their level of agility to address it. As they continue on their digital journeys, investment in initiatives that drive agility both on the business and IT sides, including business process optimization, IT modernization, and change management, are key to closing this gap. This investment also will enable them to respond agilely to ever-increasing business demands and improve the ability of relationship managers to add value.



### Case in point



#### **Automating resolution planning for a large German bank**

CGI enabled a large German bank to automate its resolution planning processes—processes mandated by law to ensure a bank’s bankruptcy does not disrupt the broader financial system. Our solution reduced the amount of time involved in the resolution planning life cycle from 400 hours to 11 hours—a 95% reduction. It also enables automated data validation and end-to-end tracking, while significantly reducing operational costs.



### 3. Continue to advance IT and business alignment.

As executives continue to pursue digitization, a key success factor is ongoing IT and business alignment. While 62% report high alignment this year, maintaining momentum can be challenging. Digitization planning should involve IT and business working in concert to move forward together. This requires maintaining open communication lines and fostering dialogue to assess what is needed, what can be done, what can't be done, and how to prioritize. It also involves close collaboration in the execution of digital initiatives to ensure strategic objectives are mutually understood and ultimately achieved in a timely and cost-effective fashion.

### 4. Choose the cloud for maximum flexibility.

Simplifying the technology landscape and adopting new delivery models is the third top IT priority this year, as corporate and transaction banks seek to implement more flexible, scalable, and cost-effective ways of delivering IT services. In terms of flexible delivery models, the cloud provides them with a myriad of options. In migrating to the cloud, strive for a cloud-agnostic approach to make it easier to add and consume cloud services and change providers as needed without the constraints of complex integration and vendor lock-in.



#### Case in point



##### **Helping BNP Paribas achieve IFRS 9 compliance**

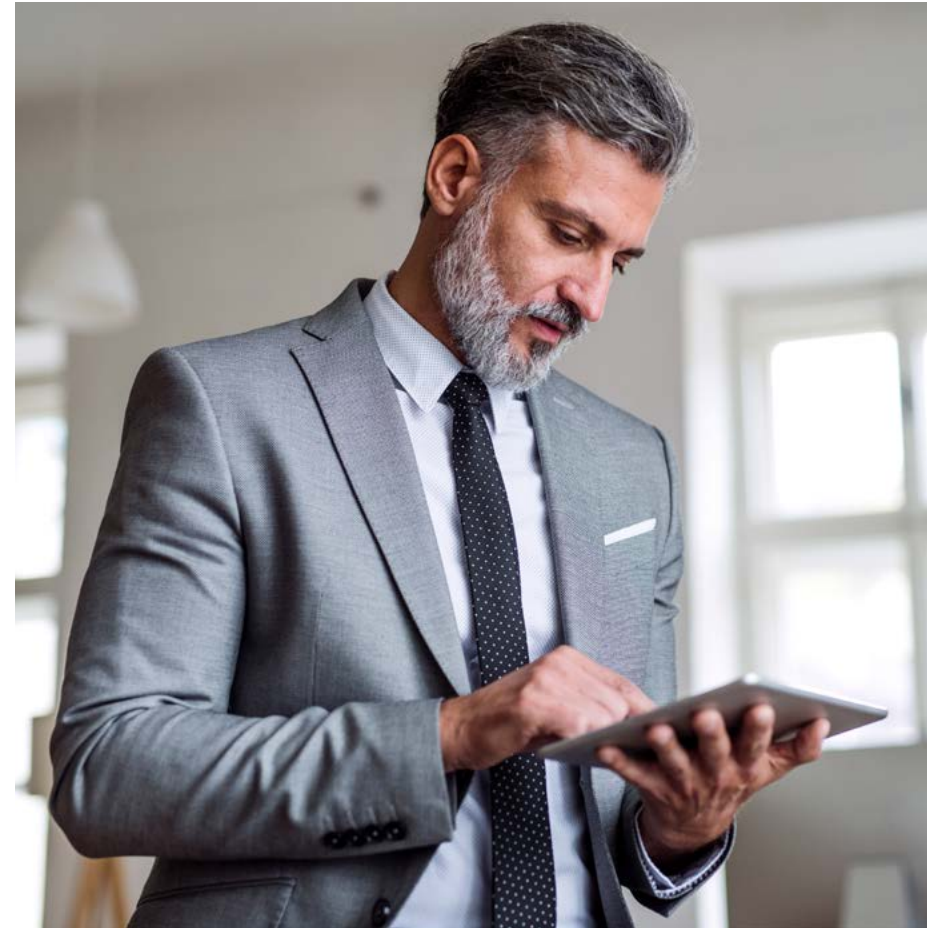
CGI helped BNP Paribas achieve compliance with IFRS 9, an international financial reporting standard published by the International Accounting Standards Board. We implemented an IFRS 9 solution enabling the bank to fully comply with the regulation, while benefiting from comprehensive data handling, cost optimization, automated risk management, and reduced financial and operational risks.

## 5. Make sustainability a standard part of business.

Slightly fewer executives in corporate and transaction banking view sustainability as highly core to creating future value in 2022. However, this does not necessarily mean they view it as less important. Ideally, it reflects that sustainability is becoming a standard part of their day-to-day business rather than a future aspiration. With increasing regulatory, investor, and customer sustainability expectations, executives are wise to treat sustainability as an integral part of their business by, for example, proactively partnering with customers and partners to find more sustainable ways of doing business and driving supply chain sustainability.

## 6. Focus more on testing response capabilities to improve cybersecurity.

While our findings this year show that corporate and transaction banks lag behind their banking peers in producing results from their cybersecurity strategies, this does not necessarily indicate that their strategies are less effective. Instead, it is more likely a result of the fact that they defend fewer and higher value accounts than, for example, retail banks, and place a greater focus on testing cyberattack response capabilities than on employee training. Regardless, executives should continue to invest in developing and executing a cybersecurity strategy that best fits the needs of their business, working closely with a cybersecurity specialist to benefit from the latest expertise and technology advances.



# 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 outcome-based to help accelerate returns on your IT and business investments. Our insights represent deep knowledge of industry trends and your business and IT priorities.

For the latest [CGI Voice of Our Clients](#) industry insights, and to consult with one of our experts, please [contact us](#).

