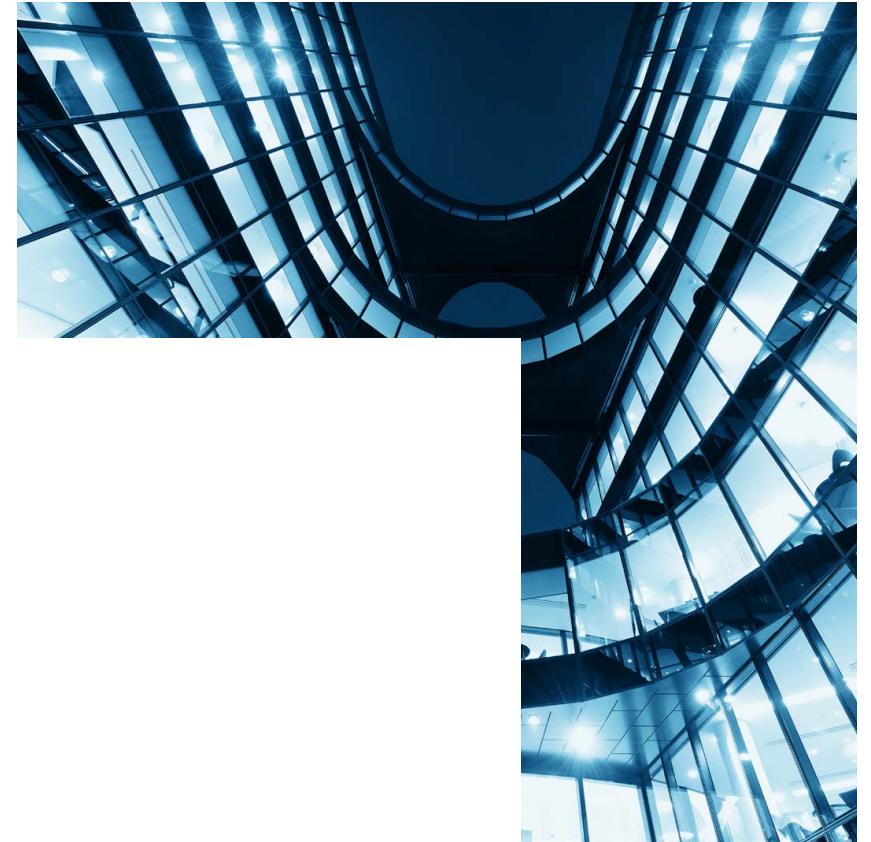


Top trends to watch in Capital Markets

Read on for CGI client insights on
accelerating your digital journey



2022 CGI VOICE
OF OUR CLIENTS

CGI

Meeting customers' increasing digital expectations

Impact of macro trends

Capital market executives cite technology and digital acceleration as their most impactful macro trend this year due to rising customer digital expectations. Changing social demographics, including a shortage of IT talent, ranks second in impact, followed by climate change, including the energy transition and the acceleration of decarbonization. Digital leaders (i.e., those producing results from their digital strategies) are better prepared for the impact of climate change than digital entrants (i.e., those building or launching digital strategies). Only 18% of digital leaders are concerned versus 36% of digital entrants.

What's top of mind

It's business as usual for capital market executives this year, as they continue to focus on the same top five trends that they have been focusing on for the past three years. While the trends remain the same, their rankings based on impact have changed this year, with cybersecurity taking the top spot, followed by increasing customer expectations for digital services and experiences. Taking advantage of advanced technologies, including data analytics and automation, ranks third, while low-cost, real-time platforms comes in fourth. In fifth place is innovating business models to meet customer digital expectations.

Capital market executives are further ahead in advancing cybersecurity than their banking peers and, as they strive to meet increasing customer digital expectations, more are producing results from their digital strategies this year.

About the insights

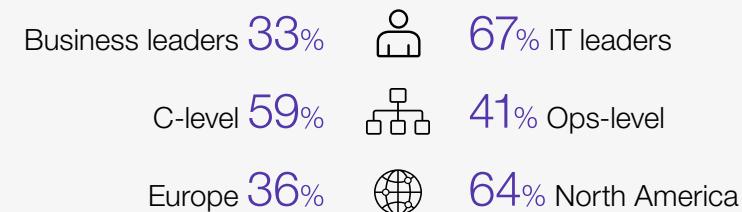


Each year, we meet with client executives from around the world to get their views on the trends affecting their organizations and industries. Through the CGI Voice of Our Clients, we analyze these findings to provide actionable insights by industry to benchmark best practices, including the attributes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

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

This summary report shares sample insights from 39 capital market client executives.

Interview demographics



Top trends and priorities

Cybersecurity takes the lead as an industry trend and business priority, while putting in place the right talent and culture tops the list of IT priorities.

Key takeaway

As capital market firms continue to invest in digitization, cybersecurity and regulatory compliance become increasingly important to ensure asset, client, and brand protection.

Top trends

Top business priorities

Top IT priorities

1

Protecting client data through cybersecurity

Protect the organization and its clients from all threats

Acquire, build and retain the right talent and culture

2

Increasing customer expectations for digital services and experiences

Demonstrate control to regulators and clients

Simplify the technology landscape and adopt new delivery models

3

Growing use of advanced data analytics, automation, and new technologies

Accelerate client-facing transformation programs

Ensure regulatory compliance and control

Digital progress for Capital Markets

More executives are producing results from their digital strategies in 2022. This percentage has increased from 26% in 2021 to 31% this year. On average, 25% of executives across all of our clients' industries are producing results.



Digital leaders in Capital Markets

In examining insights from the 31% of capital market 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 Capital Markets executives

1.

Few say their agility in addressing the impact of digitization is high.

While 71% of executives say the impact of digitization on their business models is high this year, only 14% rate their organizations as being highly agile in addressing this impact, including the integration of new technology. However, 86% cite a medium-level of agility, mitigating this mismatch in the short term.

2.

High IT and business alignment helps overcome legacy challenges.

This year, 83% 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, 68% report that their IT and business operations are highly aligned in support of their strategies.

3.

Executives' top five trends remain consistent for three years straight.

Executives cite the same top five trends for three years straight, namely, cybersecurity, customer digital expectations, advanced technologies, real-time platforms, and digital business model innovation. Rankings, however, differ each year, with cybersecurity taking the lead in 2022.

4.

Security and control take precedence over transformation.

While accelerating client-facing transformation programs was the top business priority last year, it falls to third place this year. Instead, protecting the business and clients, along with demonstrating control to regulators and clients, rise in importance, ranking first and second, respectively.

5.

Talent and culture are obstacles to achieving business priorities.

Acquiring, building and retaining the right talent and culture tops the list of constraints to achieving executives' business priorities this year. In turn, executives cite addressing this constraint as their top IT priority for 2022.

6.

Fewer executives view sustainability as highly core to creating future value.

While 59% of executives cited sustainability as highly core to creating future value in 2021, only 42% do so this year. This decline places capital markets behind its banking peers; 58% of executives in retail banking and 55% in corporate and transaction banking cite sustainability as highly core for 2022.

7.

Executives are relying on a high number of cloud providers.

Capital market executives are shifting to open standards as their cloud capabilities mature (76%), but few rate their ability to holistically manage cloud solutions as high (20%). In managing the cloud, executives have a high number of cloud providers (3.8), compared to their banking peers.

8.

Cybersecurity is a differentiator for capital markets.

When it comes to operationalizing and producing results from their cybersecurity strategies, capital market firms are ahead of their peers in retail banking and corporate and transaction banking. This year, 93% are either operational or producing results, compared to 85% in retail banking and 77% in corporate and transaction banking.



5 recommendations for achieving your top priorities

1. Stay the course with client-facing transformation.

Although accelerating client-facing transformation programs declines in importance as a business priority this year (from first place last year to third place in 2022), improving the customer experience remains a constant imperative and challenge across all banking sectors, including capital markets. Arguably, customer experience is less of a differentiator for capital market firms, many of which serve long-time institutional traders well-accustomed to using the same interfaces. However, as emerging fintechs develop more user-friendly interfaces that make trading more efficient and profitable, competitive risks for traditional capital market firms rise. Keeping up with the fintechs requires ongoing investment in client-facing technologies and transformation.

2. Move beyond data and analytics to predictive analytics.

Data is good, data analytics is better, and predictive analytics is best when it comes to generating insights that drive value, differentiation and outcomes. Leading capital market firms are going beyond data and data analytics to invest in robust predictive analytic technologies, including artificial intelligence and machine learning, that enable them to predict future contingencies and plan accordingly. Such technologies support better decision-making, which, in turn, drives better business outcomes. Predictive analytics also play a key role in strengthening security and control, the top two business priorities cited by capital market executives this year. Regulators, in fact, are increasingly relying on predictive analytics themselves in issuing new regulations and overseeing compliance.



Case in point



Using data to meet regulatory requirements and make smarter, faster decisions

We implemented data quality rules and controls for a client's trade compliance program to ensure all critical data elements met quality criteria necessary for timely and accurate regulatory reporting and decision-making. We also implemented a real-time trade surveillance service that monitors trade anomalies and market abuse, as well as a solution to automate quality assurance for various applications.

3. Ensure you have a defined cybersecurity strategy in place.

While a majority of digital leaders within capital markets (i.e., those producing results from their digital strategies) have a defined cybersecurity in place, digital entrants (those building and launching digital strategies) lag behind. This year, 63% of digital leaders report having a defined cybersecurity strategy, compared to only 38% of digital entrants. However, even among digital leaders, only 37% have a cybersecurity strategy that extends across their enterprise and external ecosystem. Strong security depends on a strong strategy. Invest in a robust cybersecurity strategy that best fits the needs of your business, working closely with a cybersecurity specialist to benefit from the latest expertise and technology advances.

4. Make IT talent acquisition a focus.

Across all banking sectors and, in fact, across all of the industries we survey through the CGI Voice of Our Clients, executives cite IT talent acquisition and retention as a major challenge in today's business climate. So much so that it's impeding their digital transformation initiatives and progress. Capital markets traditionally attracts top talent through its lucrative salaries. However, higher than average compensation is no longer a guarantee in finding and retaining the right talent. In addition, it is no longer inflation-proof in a challenging global economy. With a severe shortage of IT talent across the board, leading capital market firms are re-evaluating their recruiting, compensation and cultures to ensure they continue to draw the "best of the best" and progress on their digital transformation journeys.



Case in point



Advancing regulatory reporting for a large Canadian bank

For a large Canadian bank, we played a leading role in updating the firm's regulatory reporting system, which helps to ensure its compliance with global reporting requirements. As the global regulatory environment becomes more complicated, the need for a trusted service provider that can maintain reporting rules across jurisdictions increases. The success of our solution led the client to enquire about monetizing it and providing it as a service to other financial institutions.

5. Choose the cloud to drive efficiencies and flexibility.

While capital market firms have a high number of cloud providers, compared to other banking sectors and industries, only 20% rate their capability to manage multiple cloud solutions across the enterprise as high. This level of management is critical to gaining the full benefits of the cloud, including greater efficiencies and flexibility. It enables firms to more effectively implement and change cloud solutions, as well as add and change cloud providers, as business needs evolve. More focused investment on the cloud, including the adoption of open standards to foster compatibility and increased migration with strong governance, will help support the holistic management required to achieve competitive advantage from the cloud.

Read more about the 2022 CGI Voice of Our Clients insights:

- > [What digital leaders do to accelerate results](#)
- > [Impacts of macroeconomic trends](#)



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.

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