Cognizant

The Work Ahead in Banking & Financial Services: The Digital Road to Financial Wellness

Banking and financial services organizations are moving beyond the basics of digital banking and one-size-fits-all services, according to our recent study. Using AI, automation and analytics, they aim to speed processes, blend human-centric and tech-driven customer engagement and deliver personalized financial wellness.

THE WORK AHEAD

Executive Summary

By 2023, banking respondents expect to boost the percent of revenues obtained through digital channels by 54%, on average. To get there, they must adopt a holistic, personal and proactive approach toward financial wellness.

Digital banking and financial services didn't start with the pandemic, but the crisis certainly made it official. Banking customers who weren't making deposits, transferring funds, checking balances and paying bills remotely before the stay-at-home advisories and lockdowns almost certainly are now, and there's no turning back.

But what about improving the financial well-being of customers at different stages of their life and career by offering personalized products and services through digital means? These more complex and customized functions – already starting to be supported by fintechs, nonbank competitors and a few forward-thinking banks before the pandemic – are the new digital banking vanguard left in COVID's wake. These and other customer wants and needs that were percolating before early 2020 will soon be at full-strength.

Banks and financial services organizations appear to be heeding the wake-up call. In our recent Work Ahead study, half of banking respondents said they'd made significant cross-enterprise changes in response to the pandemic, and by 2023, they expect to boost the percent of revenues obtained through digital channels by 54%, on average. To get there, they must adopt a holistic, personal and proactive approach toward financial wellness.[1]

To understand how banking and financial services organizations are preparing for a world dominated by digital and disrupted by COVID-19, Cognizant's Center for the Future of Work surveyed 4,000 business leaders from around the world, including 287 executives at leading banking and financial services companies (see methodology, page 21). Our research reveals that industry leaders plan to sustain and build on the momentum they developed in response to COVID-19 by using technology to both humanize and personalize the experience across the banking lifecycle, while augmenting back-office processes like compliance and fraud detection. Future winners in the digital economy will be those that put technology in the background and focus on humans first by ensuring the financial well-being of customers.

Our key insights include:

1. **COVID-19 sped up banks' digital strategy progress.** The pandemic shook the industry to the core, with 51% of banking respondents forced to take significant actions across the business to manage the sudden uptake in digital services, support remote employees and handle the influx of customer needs, from changing loan payment terms, to paying credit card bills and getting loans.

2. **Digital banking will expand beyond the basics.** On average, respondents expect to generate 17% of their revenue from digital channels by 2023, up from 11% today. To meet these ambitious digital revenue targets, financial organizations need to imbue their digital initiatives with a human-centric and personalized approach to rebuild trust with consumers.

3 **The mesh of data analytics, AI and automation will provide personalization, predictions and speed.** The top technologies used to augment business processes are data analytics (81%), AI (77%) and process automation (57%). By merging AI with analytics, businesses aim to improve data management, user experience and finance-related processes. The key to success is banks' ability to turn these technologies into powerful experiences at every single touchpoint with customers.

4 **Efficiency, customer experience, decision-making are top outcomes.** The top expected outcomes of technology-driven processes by 2023 are improvements in customer experience, operational efficiency and decision-making. Creating a holistic customer experience and understanding customers' financial needs have become more critical than ever.

5 **Data is the new digital currency.** Banking respondents say they'll increasingly rely on intelligent machines to make complex decisions in real-time, sift large data sets to identify errors and actionable items, and improve processes. Leveraging machine-driven insights to augment workforce performance will become the new normal.

6 **Regardless of how much machines can do, humans will remain the ultimate X factor.** Decision making (64%), customer care (63%) and communication (61%) will become the top three most essential skills in 2023. These skills are best performed by humans – not in isolation, though, but supported by the insights generated by AI and data analytics and complemented by the cost efficiency gains from automation.

COVID-19: a digital reality check

The pandemic galvanized a shift in the entire banking ecosystem. In response, 51% of banking respondents in our study took swift and significant action in some parts or across the business, and a similar percent (56%) expect these digital changes to accelerate.

While digital banking has been on the rise for a decade, the pandemic pushed it to new levels and new customers. OCBC Bank in Singapore named senior customers as its fastest-growing segment for digital adoption, with uptake among 60- to 80-year-olds increasing by 20%.[2] In the wake of intensified hygiene and safety, contactless transactions also skyrocketed; as 78% of global consumers adjusted the way they pay for items, the pandemic renewed the push toward a cashless society.[3]

While necessity was the key driver for the accelerated adoption of digital banking and services, the convenience factor will ensure these practices live on. Research from Mastercard found that 42% of customers now handle their finances digitally more frequently than before the COVID-19 pandemic, while 62% are thinking of switching from physical banking to digital platforms altogether.[4] The pandemic galvanized a shift in the entire banking ecosystem, shaking how customers, employees and businesses interact with financial organizations to the core.

In response, 51% of industry respondents in our study took swift and significant action in some parts or across the business, and a similar percent (56%) expect these digital changes to accelerate. Early adopters of digital technology were better prepared. For example, Singapore's DBS Bank saw a 30% increase in the use of its digital banking services in the first half of 2020 and now serves nearly one-third of its 3.4 million digital users entirely online.[5]

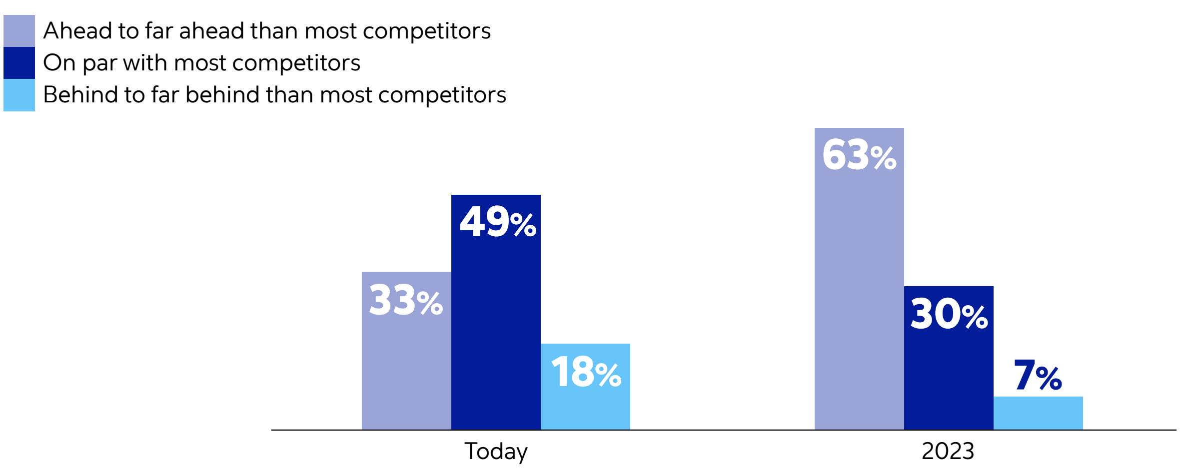
Our research makes clear the speed of change that respondents anticipate. Currently, just over one-third (33%) of banking respondents feel they are ahead of their competitors in applying digital technologies to transform business strategies, processes and services (see Figure 1). Fast-forward to 2023, however, and that percent almost doubles (63%). Since no more than half of banking and financial services organizations can actually be above average, mathematically, time will tell which ones emerge as leaders, but the direction of travel is clearly uppermost in executive minds.

The pandemic is likely to spur a widespread implementation of high-impact digital journeys, from customer onboarding to loan origination, widening the gap between digital leaders and laggards. Banking and financial services executives must reimagine how their institutions will operate, serve customers and create value in the post-COVID-19 world.

This is as true in the consumer banking world as for corporate banking. In July 2020, Goldman Sachs launched self-serve account opening and client onboarding for corporate clients, in addition to other digital services. Interestingly, the company hired its 10,000th computer engineer as it completed its switch to digital-first.[6]

A digital arms race

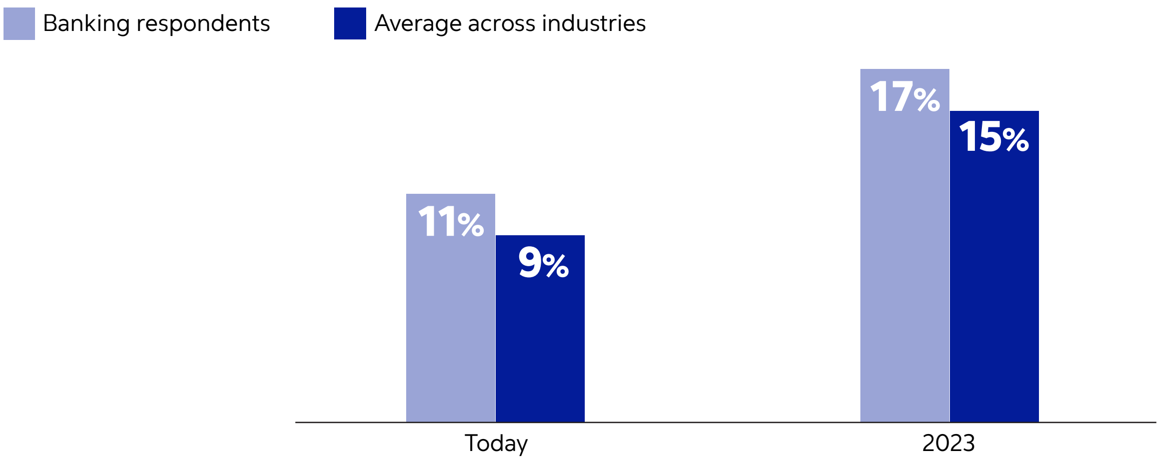
Respondents were asked how they compared with others in their industry in applying digital technologies to transform business strategies, processes and services, now and in 2023. (Percent of respondents)



Base: 287 senior banking and financial services executives
Source: Cognizant Center for the Future of Work
Figure 1

Banking on digital to unlock new revenue channels

Respondents were asked the percent of revenues they expected to obtain from digital channels, today and in 2023.
(Percent of revenues)



Base: 287 senior banking and financial services executives
Source: Cognizant Center for the Future of Work
Figure 2

Digital-first: navigating the crisis and thriving in the future

While banking respondents currently generate 11% of their revenue from digital channels on average, they expect that to reach 17% by 2023 (see Figure 2), which is higher than the global cross-industry average of 15%. This change-fueled growth will mainly be driven by the explosion of customer data (both retail and corporate) flowing into and around processes, resulting in the hyper-personalized products and services customers demand.

To achieve their ambitious digital revenue targets, financial institutions must move beyond transactional digital apps – checking balances and making payments and transfers – to weaving their products and services into customers' lives in a way that makes them personalized and relevant.

One way to do this is through AI-driven financial wellness tools that deepen the bank-customer relationship by providing digitally-driven insights that improve money management (see Quick Take, next page). Another is to add more human-like interfaces to customer touchpoints. By adding facial recognition technology to some of its ATMs, for example, Taiwan-based Taishin International Bank has enabled its financial consultants to personally greet wealth management clients (who agree to create a facial ID) when they visit a branch.[7]

Voice interfaces will also boost customer engagement. Alexa usage shot up 65% globally in the first two months of lockdowns in 2020,[8] and in our earlier research, we found that banking and financial services organizations were the most bullish of all industries about generating revenue through voice technology, with 55% planning to build a "voice skill" in the next 12 to 24 months. (For more on this topic, see our report "**From Eyes to Ears: Getting Your Brand Heard in the New Age of Voice.**")

Voice will soon become the new customer experience as consumers get more comfortable with their voice assistants performing various banking and financial activities: "Hey, Alexa, which bank is offering the lowest mortgage interest?"

In July 2020, US Bank rolled out a voice-based virtual assistant in its mobile app to help with money management, provide information about account balances, upcoming bills and spending history, and handle tasks like money transfers.[9] From selling products, providing information, completing transactions and helping customers access services, voice interfaces will soon be embedded in chatbots, applications, products and services.

Quick Take

Personalized financial wellness drives digital-first strategies

With increased financial uncertainty amid the global pandemic, many people are looking to simplify and streamline their financial interactions and adopt new financial habits and lifestyles to stay financially fit. While many banks offer some sort of financial wellness product or service – a budgeting app, a financial literacy course, education on financial planning – these products don't address customers' personalized needs or do anything to change their financial behavior.

That's why one of the greatest opportunities for banks to become more integral in their customers' lives (thus boosting customer loyalty and lifetime value) is to turn the data they collect about their financial behaviors into personalized money management insights that improve financial wellness.

For example, to help customers continuously build emergency savings, banks can use data and AI to understand cash flow patterns and automatically divert customized amounts of customers' funds to savings or investments. Royal Bank of Canada says its NOMI Find & Save program has helped over 210,000 clients save over $225 per month each in this way.[10]

Through AI-driven interventions, personalized "nudges" and micro-level targeting, banks can ensure customers take the steps needed to embrace their financial destiny. In the corporate banking world, PNC Bank in October 2020 launched a new financial wellness business called PNC Organizational Financial Wellness. While the bank has offered several financial wellness solutions across its business lines for years, it now has established a cohesive team and strategy.[11]

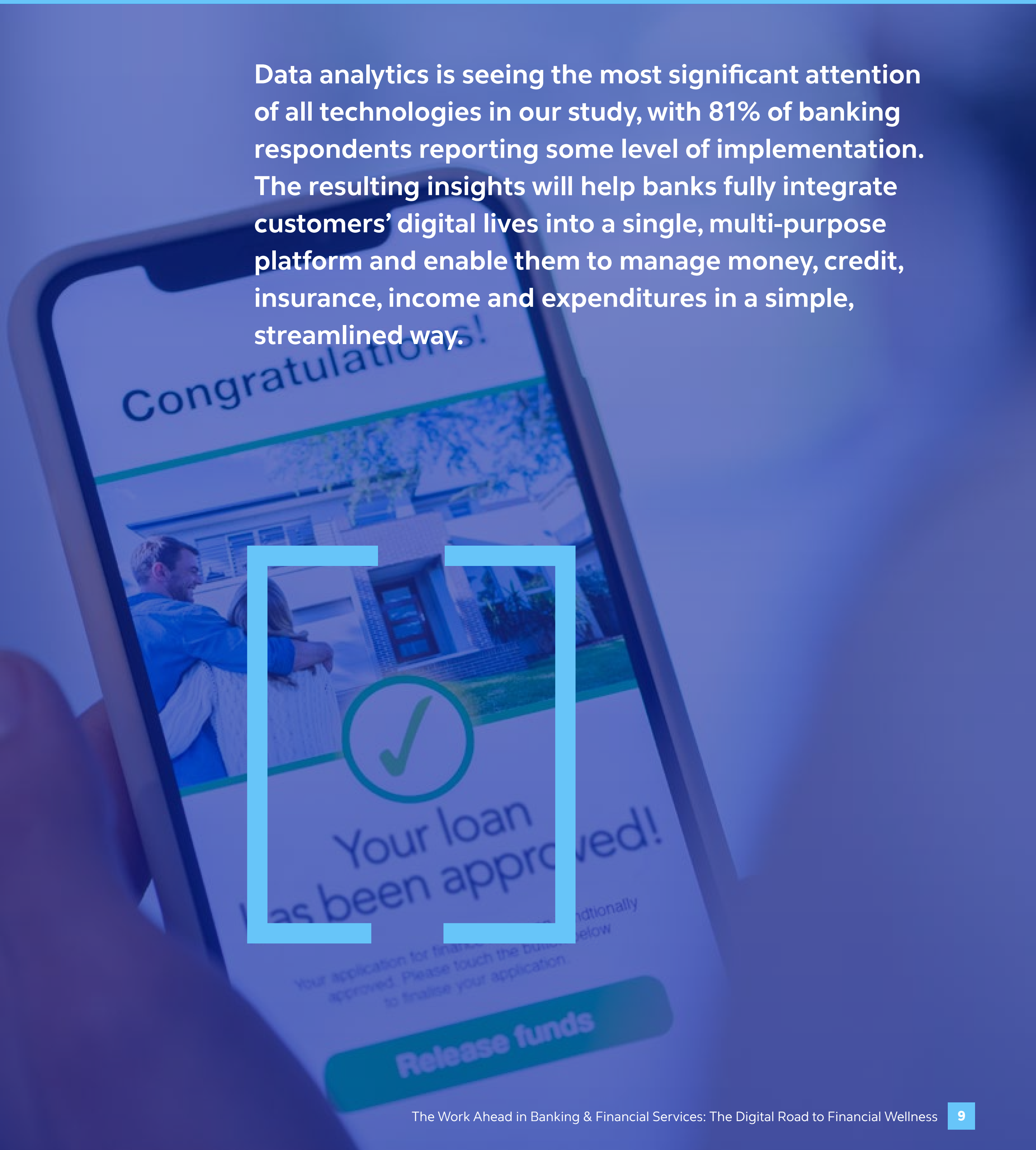
Personalized financial wellness is directly linked with banks' performance. A study of major banks in the U.S., UK and France found that a bank with 1.5 million customers could save $34 million if just 20% of its customers opted into an automated savings program, and 5% of those customers avoided delinquency as a result of their participation.[12] The upshot: Banks can achieve significant savings by supporting even just a small fraction of their customers through personalized financial wellness programs.

In addition to finances, the pandemic has also affected many people's mental wellness. Successful brands are now focusing on their employees' mental well-being as much as their financial equivalent. During Mental Health Awareness Week in May 2020, Nationwide in the UK launched a platform to help employees track and manage their mental health using data and metrics.[13] An organization's internal culture can translate into an external perception. When customers see the steps a bank is taking to protect its staff during difficult times, it can positively impact brand perception.

Moreover, customers may be more apt to embrace financial brands that are inclusive, transparent and cater to marginalized and overlooked communities. Greenwood, a digital bank designed to empower Black and Latinx consumers, aims to ensure communities of color can accrue wealth.[14] The future of financial services is more human, and companies' digital-first strategies must reflect that.

A focus on personalization, predictions and speed

Data analytics is seeing the most significant attention of all technologies in our study, with 81% of banking respondents reporting some level of implementation. The resulting insights will help banks fully integrate customers' digital lives into a single, multi-purpose platform and enable them to manage money, credit, insurance, income and expenditures in a simple, streamlined way.



With customers' lives shifting online so significantly, data volumes are exploding. It's not surprising, then, that when we asked respondents which technologies they have applied and leveraged most in their digital initiatives, data analytics is seeing the most significant attention, with 81% of industry respondents either widely implementing, partially implementing or piloting this technology (see Figure 3).

Successful banks will access and analyze multiple disparate data sources to design personalized offerings and financial wellness tools, driving customer acquisition, retention and lifetime value.

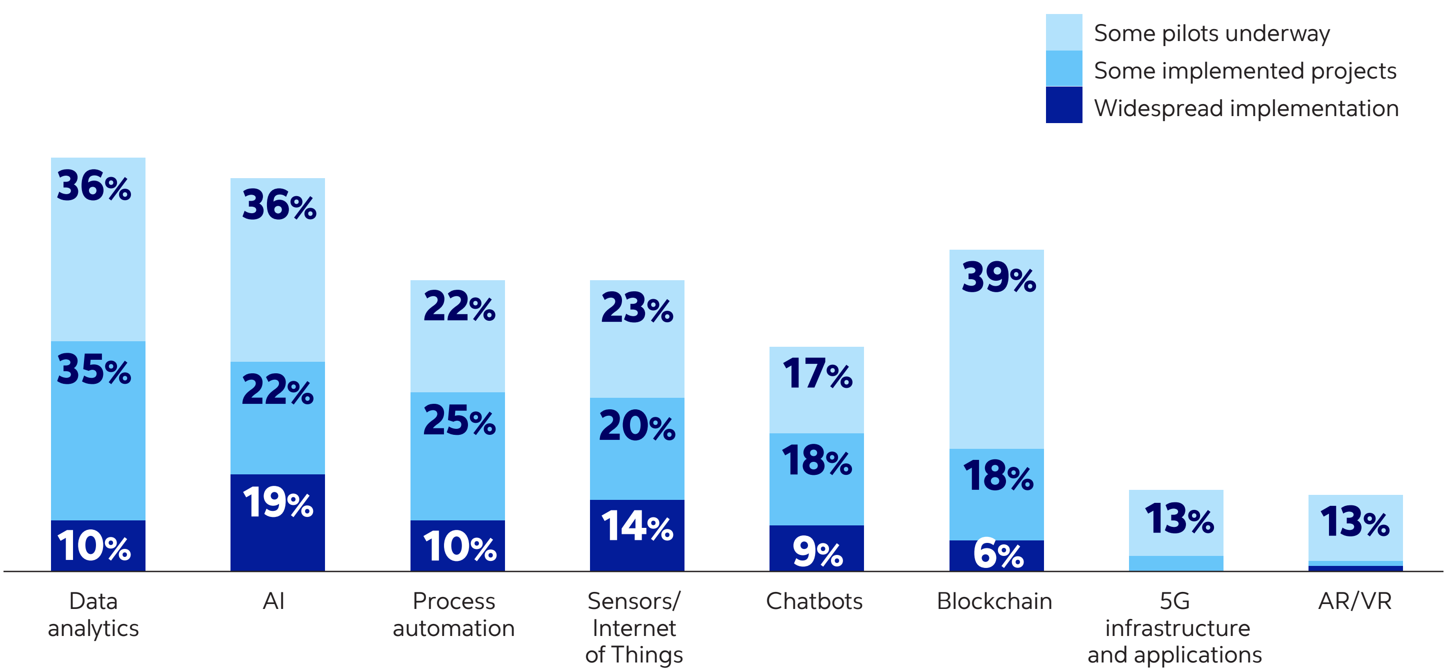
For instance, by mining debit card data, banks can gain insights into spending habits that they can share with customers or incorporate into personalized offerings. All these insights will help banks fully integrate customers' digital lives into a single, multipurpose platform and enable them to manage money, credit, insurance, income and expenditures in a simple, streamlined way.

In 2020, Capital One moved data analytics to the public cloud. The bank says this change has helped it shift resources from managing IT operations toward building more innovative, personalized customer experiences.[15] The Boston Consulting Group has estimated that by personalizing customer interactions, a bank can garner up to $300 million in revenue growth for every $100 billion it has in assets.[16]

AI is also seeing widespread uptake, with 77% of industry respondents either already implementing AI projects or experimenting with pilots. The banking and financial services industry will shift from a system based on historical data to being driven by AI-driven predictions. These insights will be highly accurate – no more best guesses or "we think we know." Banks can apply machine learning and AI to develop innovative products and services that help customers save time, money and effort. They can also use it internally to gain insights into customer thresholds such as risk levels, price sensitivities or propensity for prepayments.

The augmentation trifecta: AI, automation, analytics

Respondents were asked about the progress they'd made in implementing a variety of technologies. (Percent of respondents)



Base: 287 senior banking and financial services executives
Source: Cognizant Center for the Future of Work
Figure 3

AI will also be crucial for improving cybersecurity, especially as digital banking increases. Research suggests that banks and financial services firms are 300 times more vulnerable to cyberattacks than other industries.[17] As a result, financial organizations lose approximately 5% of their annual revenue to fraud.[18] As technology continues to evolve, cybercriminals will use more sophisticated techniques to exploit technology. Our respondents echoed this challenge, as 69% of respondents agreed that people will be more exposed to fraud and theft in the future. Banks' digital customers are a soft target for fraudsters, making digital banking platforms susceptible to a myriad of security risks. With more employees working remotely, this is another threat vector.

Fighting back requires an intelligent machine that can detect threats proactively, identify malware, reconfigure network traffic to avoid attacks, inform automated software to close vulnerabilities before they are exploited, and mitigate large-scale cyberattacks with great precision. Any cybersecurity strategy without AI will be more prone to cyberattacks.

Banks no longer see automation as optional. We found that 57% of respondents are either implementing or piloting process automation systems. Organizations are using the new machine to rewire core internal processes, including customer onboarding, loan origination, loan servicing, compliance, marketing/customer retention and cybersecurity/fraud detection. Automation is a reality, but the key is to make it intelligent. Bank of America's AI-driven chatbot Erica handled 400,000 client interactions a day in 2020 — twice as many as in 2019. In all, digital accounted for 60% of the bank's mortgage business in 2020.[19]

In our study, 39% of banking organizations are piloting blockchain technology (compared with the cross-industry average of 30%), while 24% have implemented some projects or are already seeing a widespread implementation (compared with 13% across industries). With blockchain, institutions are no longer the mediators of control, transactions and trust, as these mechanisms are embedded within the technology itself. The role of intermediaries will be reinvented and even become obsolete as trusted transactions can take place among anyone, including parties with no prior relationship. As the CIO of a large bank in our study said, "Our treasury and trade solutions business is currently exploring blockchain applications to automate cash management, fraud protection and foreign exchange to consolidate our position to develop a robust banking platform."

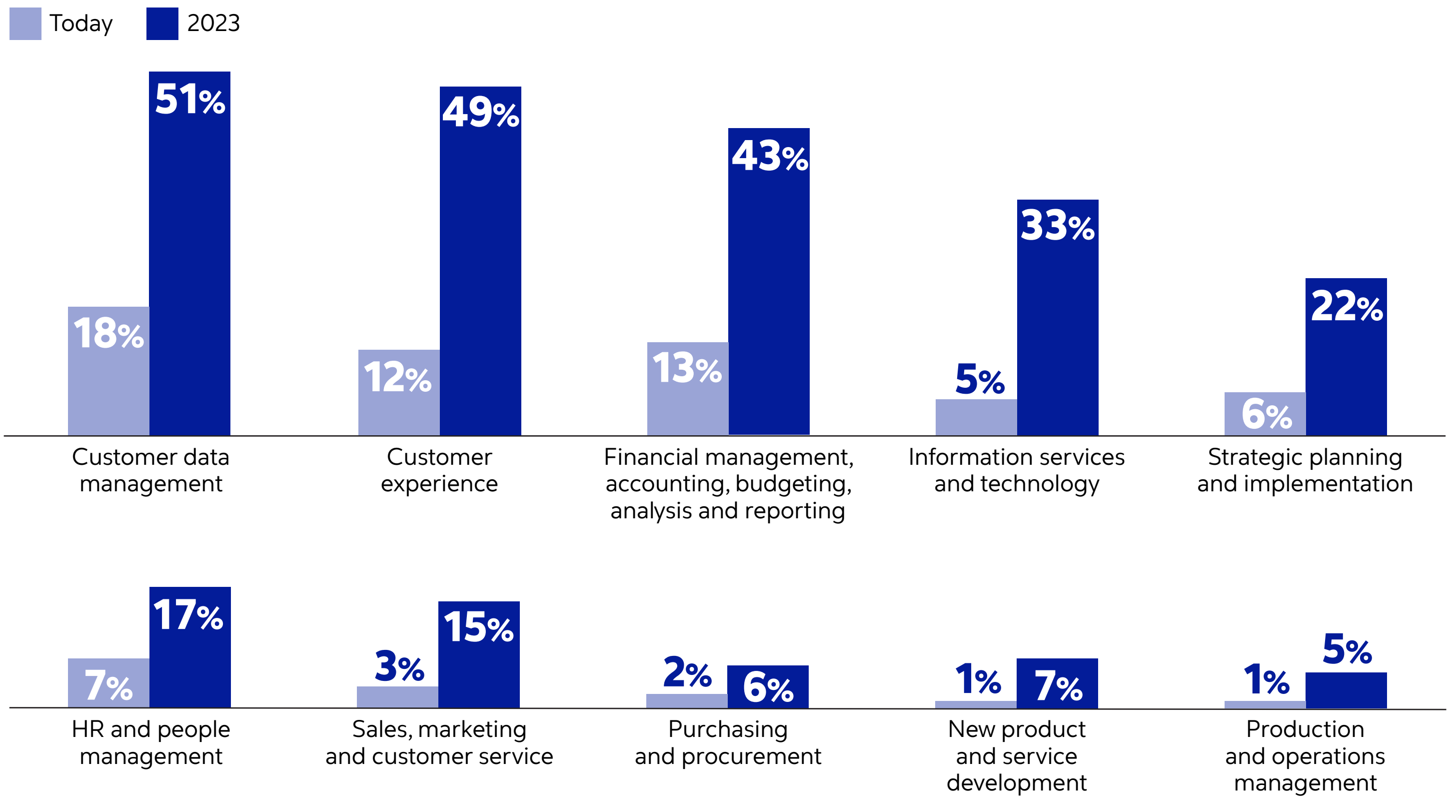
Customers at the heart of augmented processes

In terms of the outcomes of digitally augmented processes, the top areas in which banking and financial services respondents expect to reap benefits by 2023 are customer data management

Successful banks will access and analyze multiple disparate data sources to design personalized offerings and financial wellness tools, driving customer acquisition, retention and lifetime value.

Augmenting processes to augment the customer experience

Respondents were asked about the progress they'd made in augmenting a range of processes across the business, now and in 2023. (Percent of respondents who had achieved some level of augmentation: implemented projects/good augmentation or widespread augmentation)



Base: 287 senior banking and financial services executives
Source: Cognizant Center for the Future of Work
Figure 4

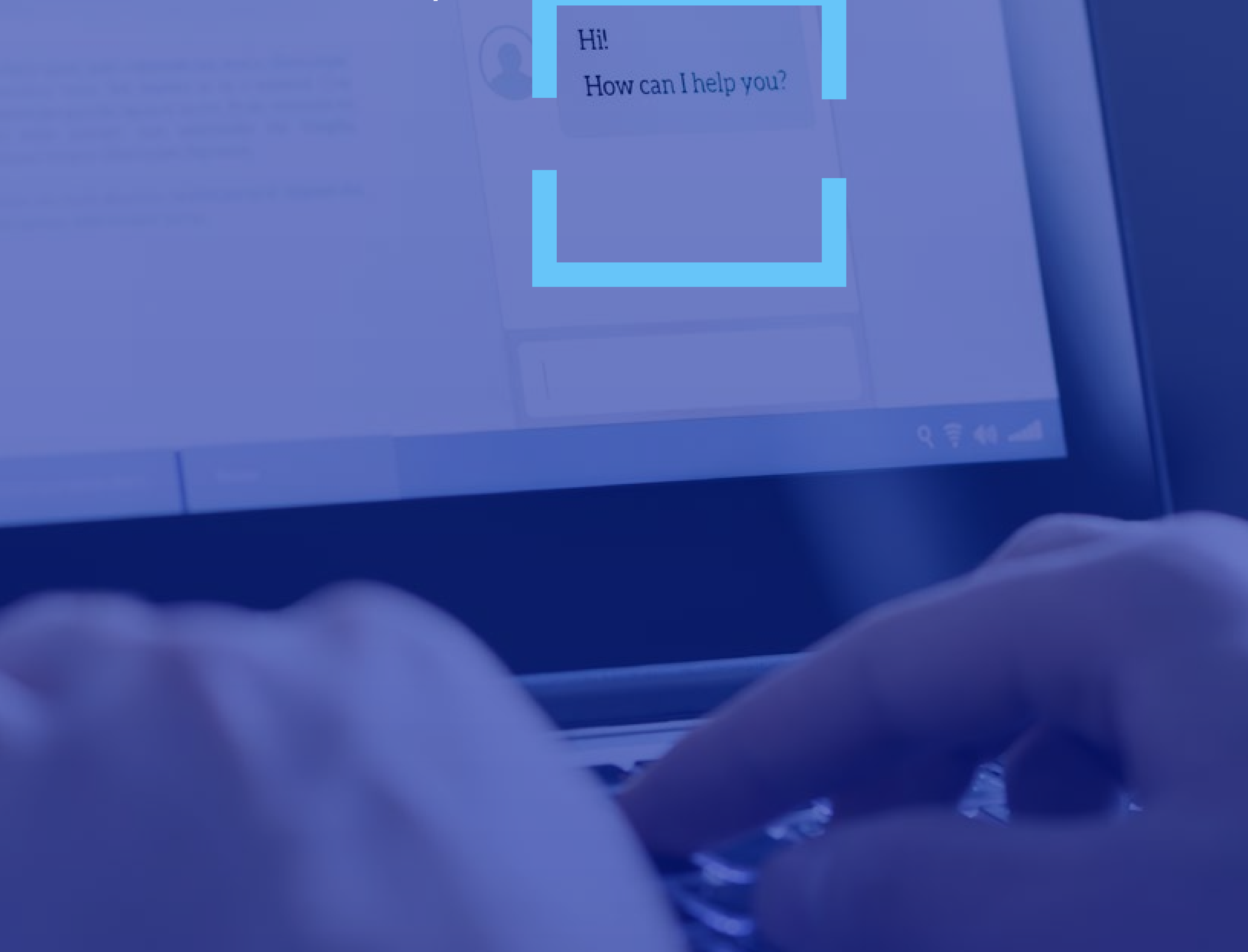
(51%), customer experience (49%) and financial management and accounting (43%) (see Figure 4). A recent study found that financial institutions lose up to $10 billion in revenue a year due to insufficient data management practices.[20] An example is the customer onboarding process, which can be lengthy and cumbersome for banking organizations when client documentation is spread across multiple systems and data is siloed by department or branch. This is all the more reason for banks to augment their customer data management processes.

Data management is also essential to building the hyper-personalized experiences that will deepen the customer experience. Hyper-personalization approaches, though acknowledged conceptually for a long time within the industry, have seen limited uptake due to process limitations. In our earlier research, "**Algorithms Over Brands: How to Reach Today's and Tomorrow's AI-Augmented Customer**," we found that only 45% of consumers are satisfied with the customized personal experience they get from their banks and financial services companies. With technology augmentation, banks can overcome these limitations by gaining significant insights into customer preferences and needs.[21]

For instance, a bank could predict what kind of loan a customer will need next, whether for a wedding, college tuition or debt refinancing before the customer approaches the bank directly. The banking user experience, in fact, will increasingly mirror the experiences seen in other tech-driven businesses. As Aris Bogdaneris, head of challengers and growth markets at ING, says, "User experiences for technology platforms like Uber are the same, regardless of where a customer is located. We started measuring ourselves more against these platforms than against traditional banks."[22]

Unlocking new business value: from efficiency, to customer experience

Currently, efficiency is the top outcome realized by respondents, who have so far seen a 15% improvement and expect that to grow to 25% by 2023. The focus will shift dramatically as customer experience takes center stage. By 2023, respondents expect to see a 29% improvement in the customer experience, up from just 9% today.



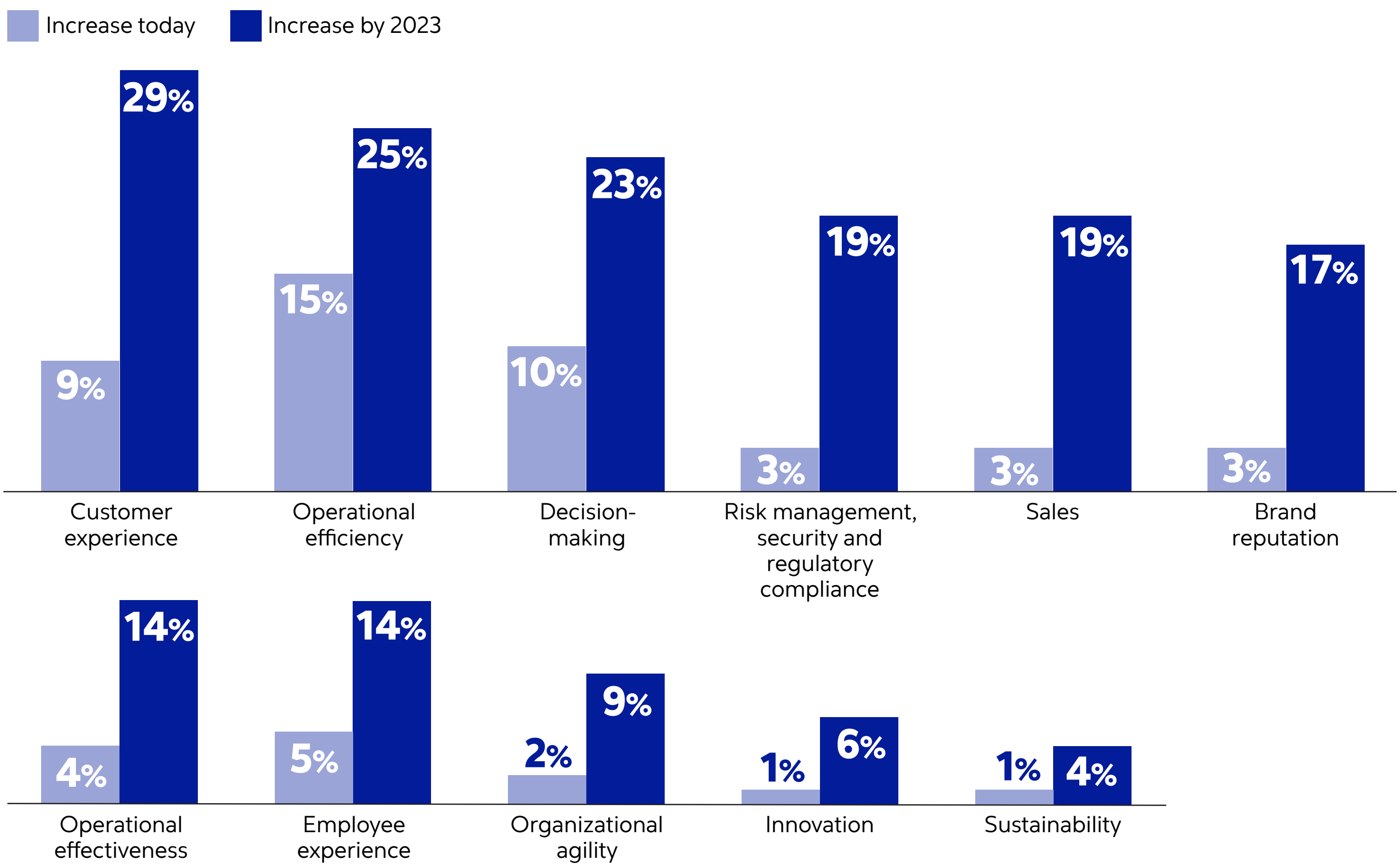
When it comes to the benefits realized by augmenting processes with technology, the top focus area has been on achieving operational efficiencies (see Figure 5). Currently, efficiency is the top outcome realized by respondents, who have so far seen a 15% improvement and expect that to grow to 25% by 2023.

Augmented processes can deliver the required level of operational efficiency the industry needs to compete in the fast-changing banking landscape.

For example, AI-infused analytics can help banks more quickly identify non-performing loans, liquidity impact and fraud so they can respond more quickly. As a senior executive from a large bank in our study said, "AI has certainly helped reduce operational costs, increase productivity and reduce turnaround time. We've reported 12% operational expenses savings in the last 12 months."

Customer experience and efficiency are top outcomes

Respondents were asked what progress they expect to make in a variety of outcomes as a result of process augmentation, now and by 2023. (Mean percent increase)



Base: 287 senior banking and financial services executives
Source: Cognizant Center for the Future of Work
Figure 5

Improving back-office capabilities and making them more efficient is the foundation for banks to offer a better customer experience. As processes become more streamlined on the back end, they can be seamlessly integrated with the front end, resulting in a faster and more tailored experience for customers. Between now and 2023, in fact, the focus will shift dramatically as customer experience takes center stage. Respondents expect to see a 29% improvement in the customer experience by 2023, up from just 9% today.

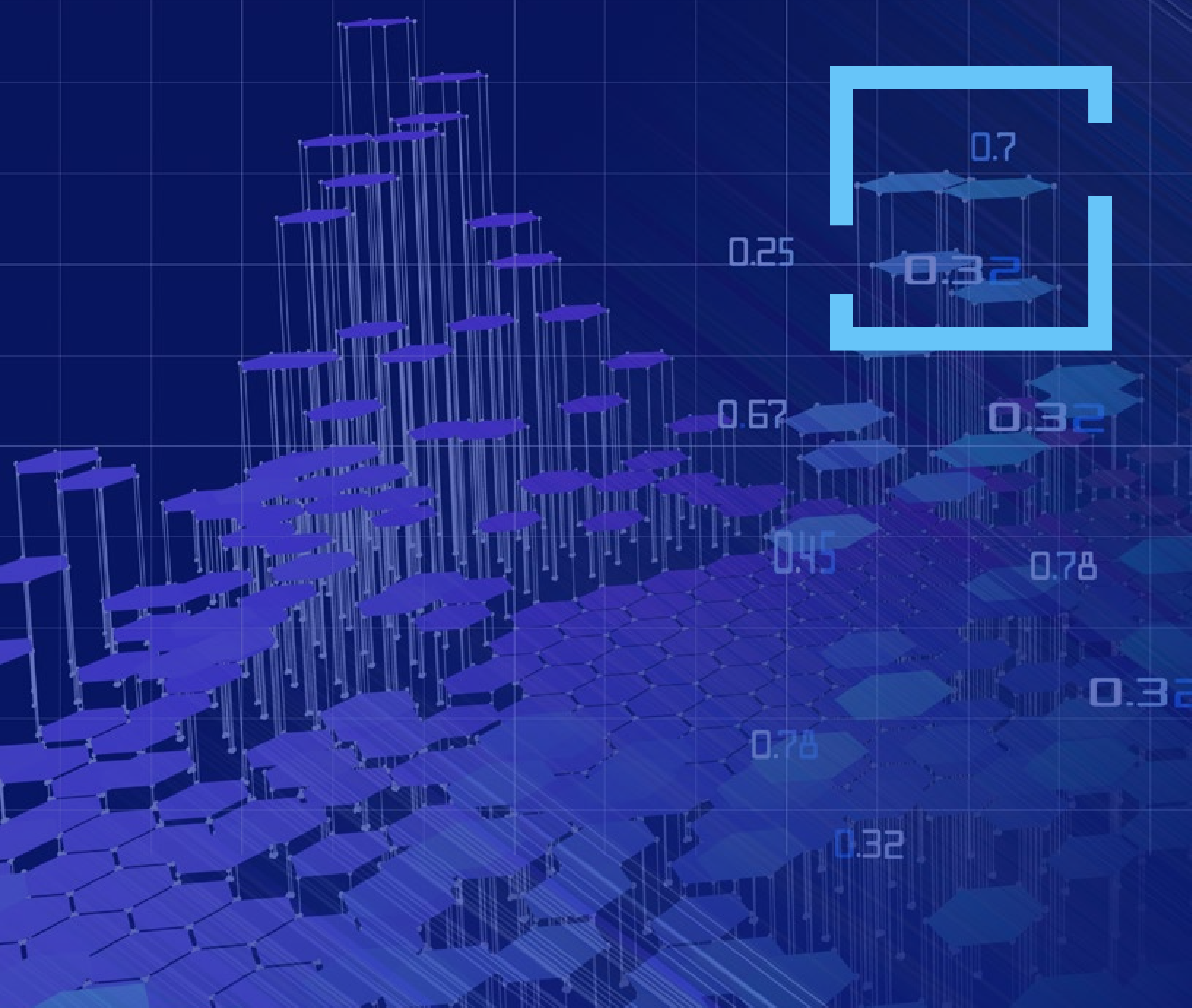
Elevating the customer experience starts with finding and addressing the specific pain points that can be relieved and liberated with digital technologies. For many banks, this starts with a focus on the call center. AI-based call centers can not only help reduce wait times, but also provide more accurate and faster resolution and also provide next-best actions that lead to revenues. A large wealth management company, for example, deployed a chatbot-based virtual assistant that handles hundreds of common call center inquiries and transactions related to account balances, withdrawals, loans and transfers. According to the company, the system reduced the volume of calls handled by live agents by 5%, improved the center's customer service index score by 5% and reduced operating costs by $6.7 million.[23]

Another top benefit area by 2023 will be decision-making, which will grow from 10% improvement today to 23% in 2023. For instance, banks can use AI to forecast customer behavior and make instant decisions on loan applications and credit limits. The fundamental difference between banks and fintechs is the speed of decision-making. Fintechs can process loans, which might take banks weeks, in minutes. Common roadblocks for traditional organizations are a corporate culture that hinges on a strict hierarchy, impeding innovation, and an inability to effectively manage burgeoning data volumes, slowing decision-making.

Banks must speed data to speed intelligence. They should set a target for the next 12 months to match their decision-making speed to that of anticipated growth in data volumes. For instance, if you expect a 30% annual growth in data over the next 12 months, then the organization's speed of making insights and applying data intelligence needs to accelerate by 30% during the same period. Anything less will impact the speed of doing business in this fast-changing world.

Human + machine: embracing the new rulebook of modern work

Respondents firmly believe intelligent machines will take on a greater portion of the labor involved in executing various data-oriented tasks, from about 15% of this work today to 22% by 2023.



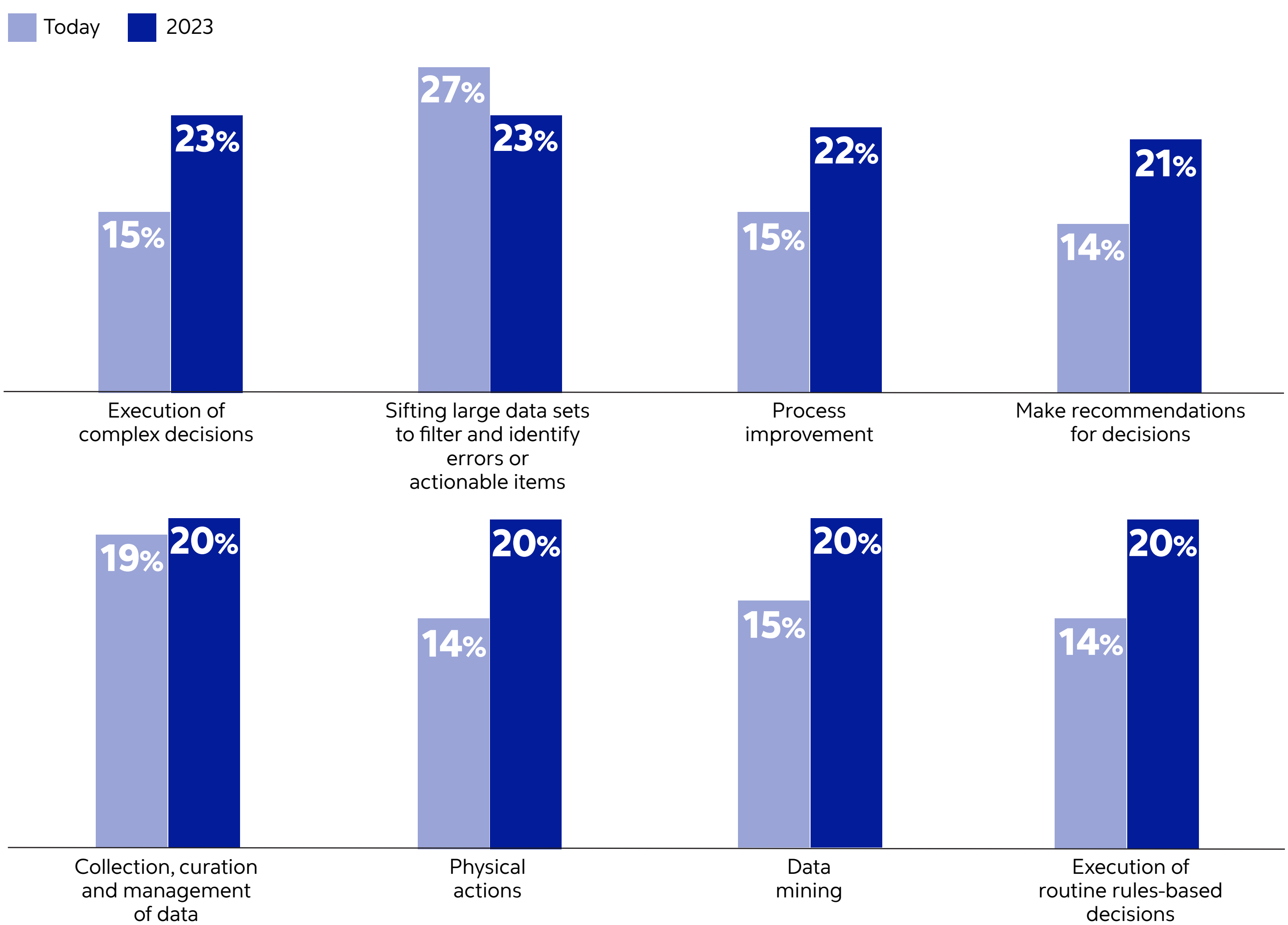
With augmented processes, organizations in our study espouse the idea of modern work supported by machines and driven by human workers. Respondents firmly believe intelligent machines will take on a greater portion of the labor involved in executing various data-oriented tasks, from about 15% of this work today to 22% by 2023 (see Figure 6).

Such work includes leveraging data for complex decisions and sifting large data sets for actionable insights. The CFO of a large bank said, "Our employees still have to deal with loads of paperwork daily. Such time-consuming and repetitive tasks often lead to a rise in operational costs, reduce productivity and increase human error chances. AI eliminates all that."

When intelligent machines take on the work of collecting, managing and analyzing data, the self-learning algorithms that drive them can learn much faster and generate valuable insights, helping businesses lower costs, improve productivity and offer more targeted products and services to customers.

Machines move into routine tasks and complex work

Respondents were asked to what extent a range of activities would be carried out by machines vs. humans, now and in 2023. (Percent of work done by machines)



Base: 287 senior banking and financial services executives
Source: Cognizant Center for the Future of Work
Figure 6

Top skills reflect a need for human-machine collaboration

Respondents were asked which skills were becoming more important today than previously, now and in 2023.
(Percent of respondents)

Today	IMPORTANCE	By 2023
Customer care **(43%)**	1	**(64%)** Decision-making
Decision-making **(38%)**	2	**(63%)** Customer care
Analytical **(38%)**	3	**(61%)** Communication
Innovation **(36%)**	4	**(60%)** Analytical
Leadership **(35%)**	5	**(57%)** Strategic thinking
Communication **(32%)**	6	**(54%)** Learning
Strategic thinking **(31%)**	7	**(55%)** Leadership
Interpersonal **(26%)**	8	**(41%)** Selling
Selling **(23%)**	9	**(42%)** Interpersonal
Learning **(21%)**	10	**(39%)** Innovation

Base: 287 senior banking and financial services executives
Source: Cognizant Center for the Future of Work
Figure 7

At the same time, respondents are starting to develop a more realistic view of humans' role in the age of AI. As Figure 7 shows, the top valued workforce skills will increasingly be tilted toward very human capabilities that validate the need for human-machine collaboration: decision-making, customer care, communication and analytical work. Both decision making and communication will surge in importance by 2023 (decision making moving from second to first place, and communication from sixth to third).

These skills are best performed when workers are supported by the insights generated by AI and data analytics, and freed by intelligent automation from performing rote and repetitive work. By augmenting people and processes through new technologies, banks can vastly improve human performance levels.

At HSBC, for example, customers can begin a conversation in the bank's mobile app with an AI chatbot, answering simple questions immediately. Complex inquiries get passed on to front-line colleagues. The AI system provides agents with details on the issue and provides guidance on how to resolve it. The bank aims to handle 10 million chat conversations a month by 2024.[24] When banks pair the right technology with the right human skills, they can unlock new performance thresholds. (To learn more, read our report "**Humans + Machines: Mastering the Future of Work Economy**."[25])

There’s no going back: preparing for the work ahead

Using customer data, banks and financial services companies are well positioned today to predict what customers are looking for tomorrow, and deliver value they haven’t yet realized they needed.

Changes made now, big or small, can make a significant difference in the future. Here are a few ways in which banking and financial services executives can capitalize on the massive shift in customer expectations that comes with digital's inexorable proliferation:

- **Institute front-to back digitization.** The recent advances in AI, ML and RPA have opened up significant possibilities for business automation. It has become an urgent priority to effectively compete with fintech competitors, which have a built-in, born-digital advantage: a structure that enables real-time decisioning, offers and fulfillment in areas that include crypto-currency and retail and institutional financial services.

  By coupling process automation with the digital customer experience at the front end and leveraging the power of data analytics, banks can truly become and behave like digital institutions.

- **Explore new customer segments and business paradigms.** What was risky in the past is possible today due to the prevalence of data and analytics. For example, while traditional banks had previously not prioritized the small business segment due to profitability concerns, there is increased action in this space due to more available insights into the creditworthiness of small businesses. Cases in point: Amazon's work with Goldman to provide small-business credit lines,[26] and American Express's acquisition of Kabbage to provide small-business financing.[27] Banks should balance their pursuit of these newer opportunities with their current business.

- **Move toward a business model primed on platform centricity and smart aggregation that goes beyond banking.** While fintechs are fueled by open banking-fueled democratization, the prospect of regulation still provides banks with a distinct advantage. It is imperative for banks to adopt a platform-centric approach, driven by digital banking application programming interfaces (API), to provide customers with a wide range of personalized products from partners, and also to become the engine behind fintechs.

  By correlating customers' financial behavior with non-bank events, banks and financial services firms can better understand their underlying motivations and build new products and services accordingly. For example, when a customer is looking into buying a new car, a bank could offer an instant view of financing options for purchase. By integrating with other service providers like insurance companies, retirement funds, healthcare providers, retail chains and more, banks could take on an increasingly important role in customers' lives and promote or create new business lines.

- **Invest in personalizing the customer relationship.** Making customers' lives as frictionless as possible with unique and personalized experiences will be the key to success. Some hyper-personalization concepts being explored include platforms that deliver integrated banking and business services, such as accounting and payroll management for small businesses integrated with banking services; usage-based product pricing, such as cash back based on purchase type; and dynamic lines of credit, such as capital loans based on predicted cash flow needs and smart underwriting capabilities.

- **Focus on re-building trust and resiliency.** The shift to a digital-first society will create new questions around privacy, security and the impact of algorithmic-based decisions on disadvantaged communities. For instance, a court in the Netherlands recently determined it was a breach of human rights for the government to use an algorithmic risk scoring system to predict the likelihood that social security claimants would commit benefits or tax fraud.[28] The biggest ethical dilemma of the near financial future is who will be in control: technology or humans.

  Banks need to ensure the decisions made by technology are unbiased and that the inner-workings of the supporting algorithms are transparent. The goal is to create customer experiences facilitated by machines and intensified by humans. Mastercard, for example, announced the launch of its Data Responsibility Imperative to promote dialog around how companies collect, manage and use consumer data.[29]

- **Enshrine inclusivity into your digital strategy.** Whether for the elderly, physically or cognitively challenged or any population traditionally without access to financial services, digital augmentation can enable banks to reach new customers. In South Korea, KB Kookmin Bank's customers can use palm recognition to withdraw money, making it easier, especially for senior populations, to access services with no need to remember their ATM password or carry a bank book.[30] Catch, a personal benefits platform, offers its retirement savings plans, time-off savings and tax withholding services directly to those in the gig economy.[31]
- **Strike a balance between machine-driven and human-centric work.** The transition to AI won't happen without an acute focus on the relationship between humans and machines, how the two will collaborate, and how the current workforce and the business itself will adapt to AI. To enable human-machine collaboration, companies will have to deconstruct jobs and identify which tasks are best performed by humans vs. machines. As a result of this shared involvement, AI systems can learn to better proceed with new and unknown scenarios, while humans can continue to adapt and focus on higher-value tasks. An excellent first step is to appoint a role such as a human-machine teaming manager to ensure successful collaboration. (For more on jobs that will emerge in the digital age, read our report "**21 Jobs of the Future**.")[32]

The financial wellness industry has arrived

Banks have a renewed opportunity to align with the needs of the customers they serve – shifting focus from "managing accounts" to "managing financial well-being." Increasingly, customers will want banks and financial services firms to not only manage their money, but also guide them to be in control of their financial future. Using customer data, banks and financial services companies are well positioned today to predict what customers are looking for tomorrow, and deliver value they haven't yet realized they needed. Using immersive technologies, banks can even become a virtual concierge by bringing the in-bank experience to customers' homes.

Banks and financial institutions have an opportunity to respond to this shift by becoming more flexible, responsive and human-centric. By making the transition from financial services to financial care, banks can ensure their brand not only survives but also thrives in the post-pandemic future.

Increasingly, customers will want banks and financial services firms to not only manage their money, but also guide them to be in control of their financial future.

Methodology

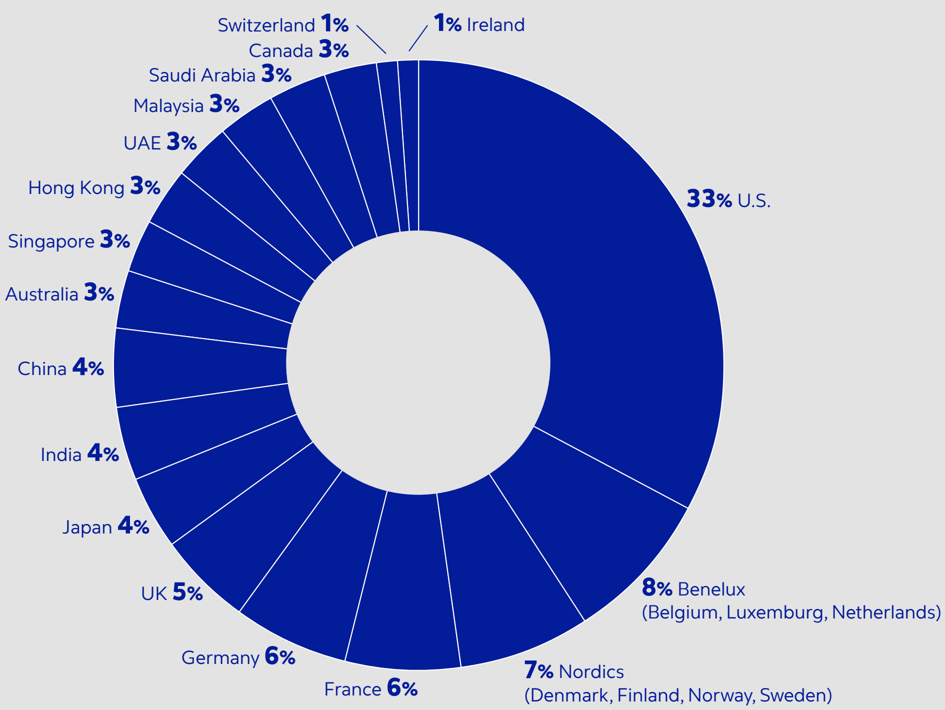
Cognizant commissioned Oxford Economics to design and conduct a study of 4,000 C-suite and senior executives, including 287 in the banking and financial services industry. The survey was conducted between June 2020 and August 2020 via computer-assisted telephone interviewing (CATI). Approximately one-third of the questions were identical to those included in the 2016 Work Ahead study, allowing us to compare responses and track shifting attitudes toward technology and the future of work.

Respondents were from the U.S., Canada, UK, Ireland, France, Germany, Switzerland, Benelux (Belgium, Luxemburg, Netherlands), Nordics (Denmark, Finland, Norway, Sweden), Singapore, Australia, Malaysia, Japan, China, Hong Kong, India, Saudi Arabia and UAE. They represent 14 industries, evenly distributed across banking, consumer goods, education, healthcare (including both payers and providers), information services, insurance, life sciences, manufacturing, media and entertainment, oil and gas, retail, transportation and logistics, travel and hospitality, and utilities. All respondents come from organizations with over $250 million in revenue; one-third are from organizations with between $250 million and $499 million in revenue, one-third from organizations with between $500 million and $999 million in revenue, and one-third with $1 billion or more in revenue.

In addition to the quantitative survey, Oxford Economics conducted 30 in-depth interviews with executives across the countries and industries surveyed. Interviewees who responded to the survey have a track record of using emerging technology to augment business processes. The conversations covered the major themes in this report, providing real-life case studies on the challenges faced by businesses and the actions they are taking, at a time when the coronavirus pandemic was spreading around the world and companies were formulating their strategic responses. The resulting insights offer a variety of perspectives on the changing future of work.

The following figures represent the demographics of the 4,000 respondents from the full global study.

Respondents by geography



(Percentages may not equal 100% due to rounding)

Respondents by role

- **13%** Vice President
- **13%** Chief Operating Officer
- **13%** Director reporting to senior executive
- **13%** Senior Vice President
- **12%** President
- **12%** Chief Executive Officer
- **12%** Chief Financial Officer
- **12%** Other C-suite Officer

About the authors

Manish Bahl
Associate Vice President
Center for the Future of Work, Asia Pacific and the Middle East

Manish Bahl is a Cognizant Associate Vice President who leads the company's Center for the Future of Work in Asia-Pacific and the Middle East. A respected speaker and thinker, Manish has guided many Fortune 500 companies into the future of their business with his thought-provoking research and advisory skills. Within Cognizant's Center for the Future of Work, he helps ensure that the unit's original research and analysis jibes with emerging business-technology trends and dynamics in Asia Pacific, and collaborates with a wide range of leading thinkers to understand and predict how the future of work will take shape. He most recently served as Vice President, Country Manager with Forrester Research in India.

Manish can be reached at **Manish.Bahl@cognizant.com**
LinkedIn: **linkedin.com/in/manishbahl**
Twitter: **@mbahl**

Amit Anand
Vice President and North American Practice Leader
Cognizant Consulting

Amit Anand is Vice President and North American Practice Leader for Cognizant Consulting's Banking and Financial Services. He has successfully led and managed large business transformation, digital and IT transformation, and associated organizational change management for several financial services clients. Amit is a recognized thought leader with more than 15 publications on topics such as Open Banking, Digital 2.0 and new-age operating models.

Amit can be reached at **Amit.Anand@cognizant.com**.
LinkedIn: **www.linkedin.com/in/amit1anand/**

Madhusudan Ponnuveetil
Assistant Vice President
Cognizant Consulting's Banking and Financial Services

Madhusudan Ponnuveetil is an Assistant Vice-President within Cognizant Consulting's Banking and Financial Services. Madhu has more than 15 years of experience leading large digital transformation initiatives, complex operating model innovations, performance improvement and change management programs.

Madhu can be reached at **Madhusudan.Ponnuveetil@cognizant.com**.
LinkedIn: **www.linkedin.com/in/madhusudanp/**

Endnotes

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Cognizant's Center for the Future of Work™ is chartered to examine how work is changing, and will change, in response to the emergence of new technologies, new business practices and new workers. The Center provides original research and analysis of work trends and dynamics, and collaborates with a wide range of business, technology and academic thinkers about what the future of work will look like as technology changes so many aspects of our working lives. For more information, visit Cognizant.com/futureofwork, or contact Ben Pring, Cognizant VP and Director of the Center for the Future of Work, at Benjamin.Pring@cognizant.com.

About Cognizant

Cognizant (Nasdaq-100: CTSH) is one of the world's leading professional services companies, transforming clients' business, operating and technology models for the digital era. Our unique industry-based, consultative approach helps clients envision, build and run more innovative and efficient businesses. Headquartered in the U.S., Cognizant is ranked 194 on the Fortune 500 and is consistently listed among the most admired companies in the world. Learn how Cognizant helps clients lead with digital at www.cognizant.com or follow us @Cognizant.

Cognizant

World Headquarters
300 Frank W. Burr Blvd., Suite 600
Teaneck, NJ 07666 USA
Phone: +1 201 801 0233
Fax: +1 201 801 0243
Toll Free: +1 888 937 3277

European Headquarters
1 Kingdom Street
Paddington Central
London W2 6BD England
Phone: +44 (0) 20 7297 7600
Fax: +44 (0) 20 7121 0102

India Operations Headquarters
#5/535 Old Mahabalipuram Road
Okkiyam Pettai, Thoraipakkam
Chennai, 600 096 India
Phone: +91 (0) 44 4209 6000
Fax: +91 (0) 44 4209 6060

APAC Headquarters
1 Changi Business Park Crescent,
Plaza 8@CBP # 07-04/05/06,
Tower A, Singapore 486025
Phone: + 65 6812 4051
Fax: + 65 6324 4051

Codex 6473