

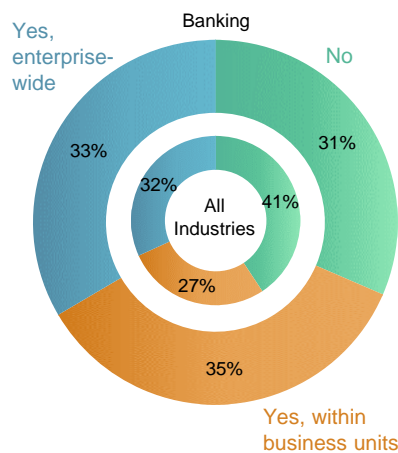


The Harvey Nash/KPMG CIO Survey is the largest IT leadership study in the world, with almost 4,000 respondents across 84 countries, representing over US\$300bn of IT budget spend.

This Banking industry snapshot provides survey responses from more than 300 IT leaders on some of the key topics, and highlights several areas where this industry's responses differed significantly from those across all industries.

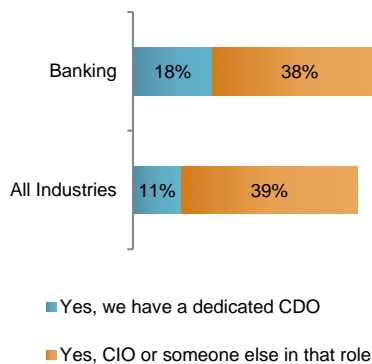
Digital Strategy

Does your organization have a clear digital business vision and strategy?



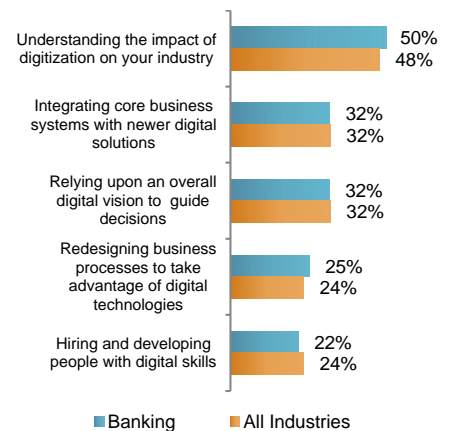
Banks are roughly equally likely to maintain a clear enterprise-wide digital business strategy as companies in other sectors (33% vs. 32% for all industries), but are more likely to have one within business units (35% vs. 27%). Overall, 68% have a clear digital strategy.

Does your organization have a Chief Digital Officer or someone serving in that capacity?



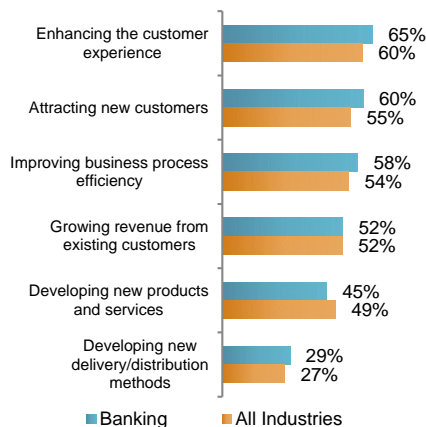
56% of banks have a Chief Digital Officer or equivalent, with 18% having a dedicated CDO, much higher than the all-industries average of 11%. An additional 38% have the CIO or someone else acting in that role.

How effective is your organization at each of the following capabilities? (Very/Extremely Effective)



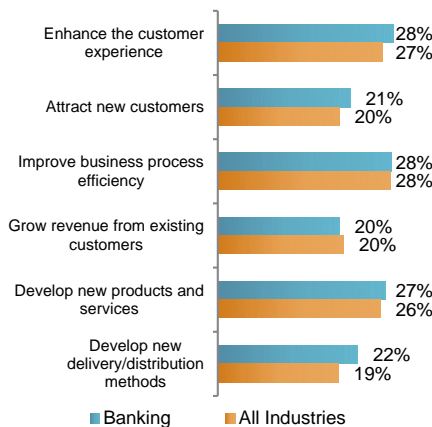
Banking effectiveness in key digital capabilities closely mirrors that of peers in other industries. Banks are most effective at understanding the impact of digitization (50%), but struggle with hiring and developing people with digital skills (22%).

Which are the most important goals when prioritizing digital technology initiatives in your organization?



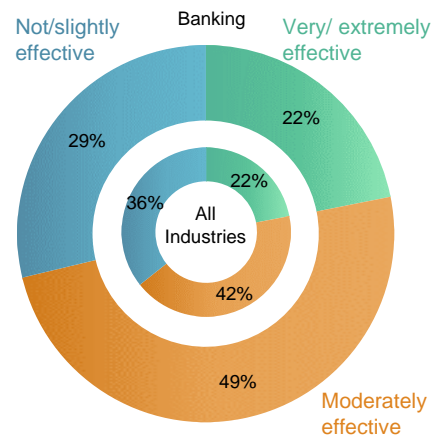
When prioritizing digital investments, Banks heavily focus on the revenue-facing goals of enhancing the customer experience (65% vs. 60% for all industries) and attracting new customers (60% vs. 55%).

How effective has your organization been in using digital technologies to advance the following goals? (Very/Extremely Effective)



Despite its high importance, only 28% of banks rate themselves as very effective or better at using digital to enhance the customer experience. They are even less effective at using digital to attract new customers (21%), also an important focus.

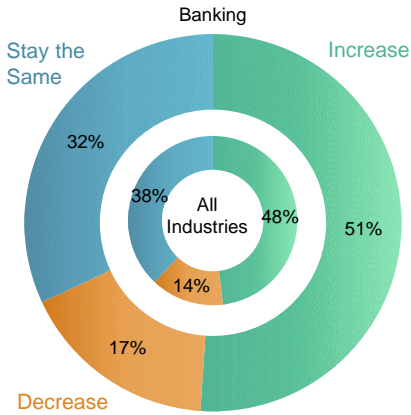
Overall, how effective has your organization been in using digital technologies to advance its business strategy?



Like other industries, Banks report low overall effectiveness levels in their digital strategies, with just 22% describing their digital strategies as very effective or better.

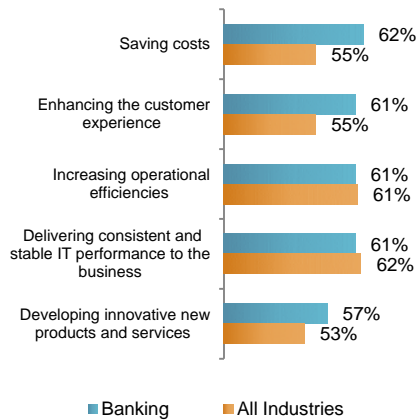
Budget/Priorities

Looking forward, over the next 12 months, what do you expect your IT budget to do?



Banks are **slightly more optimistic about their IT budgets for next year** than companies in other industries, with 51% expecting an increase in their IT budgets, compared to an all-industries average of 48%.

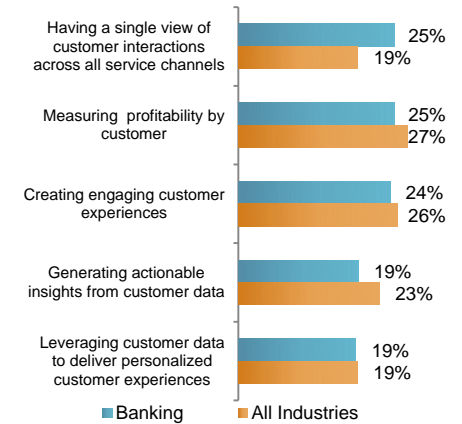
What are the key business issues that your management Board are looking for IT to address? (top 5)



Compared to IT priorities in other industries, Banking management Boards **more heavily emphasize saving costs** (62% vs. 55% for all industries), and **enhancing the customer experience** (61% vs. 55%).

Customer Capabilities

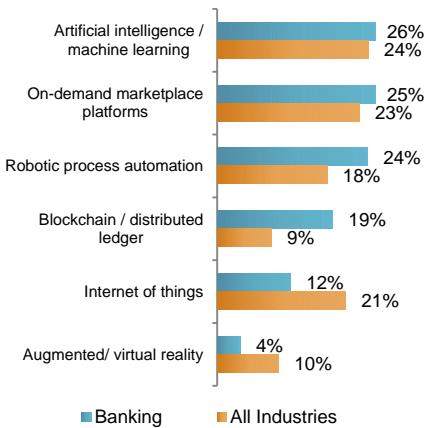
How effective is your organization at each of the following capabilities? (Very/Extremely Effective)



Despite its focus on enhancing the customer experience, Banking **lacks effectiveness in five critical customer-focused capabilities**, with no more than a quarter rating themselves at least very effective at any. Banks especially struggle with generating actionable insights from customer data (19%) and leveraging customer data to deliver personalized experiences (19%).

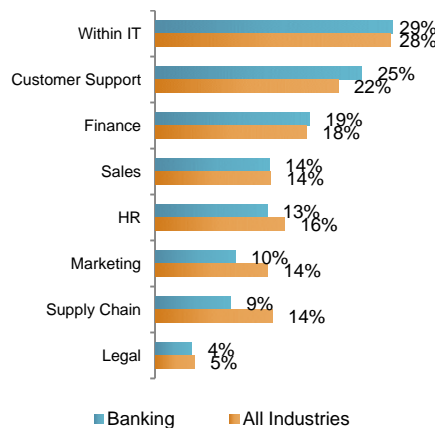
Technology & Innovation

How would you characterize your investment in the following technologies? (Moderate/Significant Investment)



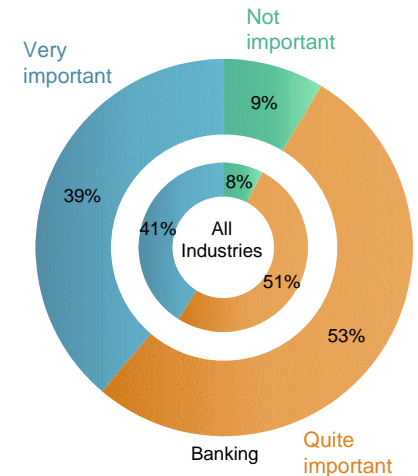
Banks are **most likely to have invested in AI/machine learning** (26%) and **on-demand marketplace platforms** (25%). Unsurprisingly, they have invested in blockchain/distributed ledger more than twice as often as others (19% vs. 9% for all industries).

In which functions have you implemented digital labor / automation?



While **digital labor/automation remains in its relative infancy across all corporate functions** both in Banking and elsewhere, banks are most likely to have implemented it within IT (29%), and in Customer Support (25%).

How important is it to have an innovative, experimental culture in your organization to ensure its digital strategy is a success?



As with companies in other industries, banks **view having an innovative, experimental culture as a critical component of the success of their digital strategies**, with 93% viewing it as very or quite important.

Conclusion

Banks recognize the strategic potential offered by digital technologies to enhance the customer experience, attract new customers, improve business process efficiencies, and create new business models. The challenge many banks face revolves around turning this opportunity into action through a well thought out strategy. Without well-defined digital strategies and initiatives aligned with specific goals, banks will quickly fall behind fintechs looking to disintermediate the banking model or competitors better able to embrace their digital potential. The CIO survey provides detailed insights banks can use to better understand how they compare to their peers and to develop a more actionable plan to achieve the full range of benefits provided by digital technologies.

Further information

Judd Caplain

Head of Global Banking and Capital Markets
KPMG International
T: +1 212 872 6802
E: jcaplain@kpmg.com

www.kpmg.com/ciosurvey

The information contained herein is of a general nature and is not intended to address the circumstances of any particular individual or entity. Although we endeavor to provide accurate and timely information, there can be no guarantee that such information is accurate as of the date it is received or that it will continue to be accurate in the future. No one should act on such information without appropriate professional advice after a thorough examination of the particular situation.



© 2018 KPMG International Cooperative ("KPMG International"), a Swiss entity. Member firms of the KPMG network of independent member firms affiliated with KPMG International. KPMG International provides no client services. No member firm has any authority to obligate or bind KPMG International or any other member firm third parties, nor does KPMG International have any such authority to obligate or bind any member firm. All rights reserved. Designed by CREATE | CRT099516A. The KPMG name and logo are registered trademarks or trademarks of KPMG International.