



2020 Digital Trends

Financial Services and Insurance in Focus

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Foreword

Welcome to Adobe's *Digital Trends* report, our annual survey of marketing, advertising, e-commerce, creative and technology professionals around the world. Now in its 10th year, *Digital Trends* continues to reveal the most significant shifts in the industry that are driving marketing strategies, company investment and consumer behavior.

This 10th edition of the report gives us the opportunity to reflect on the last decade. Adobe, in partnership with Econsultancy, has gathered more than 75,000 senior leaders' experiences and insights across this period. Our commitment to measuring the industry viewpoint from business leaders and influencers delivers a fascinating window into how much change the technology sector has experienced.

When we produced the first report in 2011, the marketers were obsessed with digital channels. How would social media impact ecommerce? Would people buy anything on a mobile device? How would television advertising be affected by digital channels?

Of course, the landscape we operate in today is very different from that of 2011. Today's consumer expectations are far greater, but so is the opportunity. Technology and data are empowering brands to build direct, emotional relationships with consumers that are changing the way businesses operate forever. This is a new era for marketers. We can understand and interact with our audience in more meaningful ways than ever before.



Christopher Young
Director of Industry Strategy & Marketing, Financial Services

This also poses challenges for brands. Customer-centricity is magnifying organizations' structural, cultural and technological barriers that shape data management, customer experience delivery, and ultimately define business success. The regulatory environment, AI and emerging tech are all providing challenges and opportunities whose impact is explored in detail in the report.

Fundamentally, the *2020 Digital Trends* report shows that today the value of customer experience is unquestionable. Brands leading the way in customer experience are three times more likely to have significantly exceeded their 2019 business goals.

Digital Trends continues to be a valuable tool for our teams at Adobe and marketers across the globe to track industry developments. This year's report is a fantastic opportunity to reflect on how these changes have evolved over the last decade and drive success for our customers in 2020 and beyond.

Executive summary

Financial services companies make CX their priority

As we enter a new decade, companies need to focus more than ever on customer experience. This is particularly true in the financial services sector, where building and maintaining trust and loyalty is key to success.

Digitally native companies, from the tech giants to start-ups, are continuing to disrupt and reinvent the sector. The onus is on incumbents to raise their game and meet growing expectations for greater quality and ease of digital engagement.

For companies operating in banking, wealth management, insurance and other areas of financial services, an enhanced customer experience represents a fantastic opportunity to create competitive advantage.

But, do they have the right data, technology and people-building blocks in place to maximize the CX opportunity? This report suggests not currently, despite a slow and steady technology take-up across the sector.

The effort is worth it, though. According to the main *2020 Digital Trends* report, CX leaders are three times as likely to have significantly exceeded their top business goal in 2019, with great experiences leading to higher retention and advocacy.

FS brands focus on customer-centricity in the face of digital disruption

Financial services and insurance providers (FS) are set to redouble their CX optimization efforts in 2020 as they respond to industry disruption and disintermediation. There is a strategic focus on customer journey management and personalization.

- FS providers' main source of concern is competition from digitally native companies. They are 60% more likely than businesses in other industries to name this as their top business worry for the year ahead (24% vs. 15%).
- Digital disruption remains a particularly widespread concern among retail banking players (28%) and insurance providers (26%).
- Demonstrating their focus on a CX-led fightback, about 4 in 10 (42%) financial services organizations are prioritizing customer journey management during 2020.
- FS companies continue to commit to targeting and personalization to a greater degree than other sectors such as technology, media and manufacturing, retail, and travel and hospitality (38% vs. 27%).



Financial services leads other sectors in recognizing the power of data-driven marketing

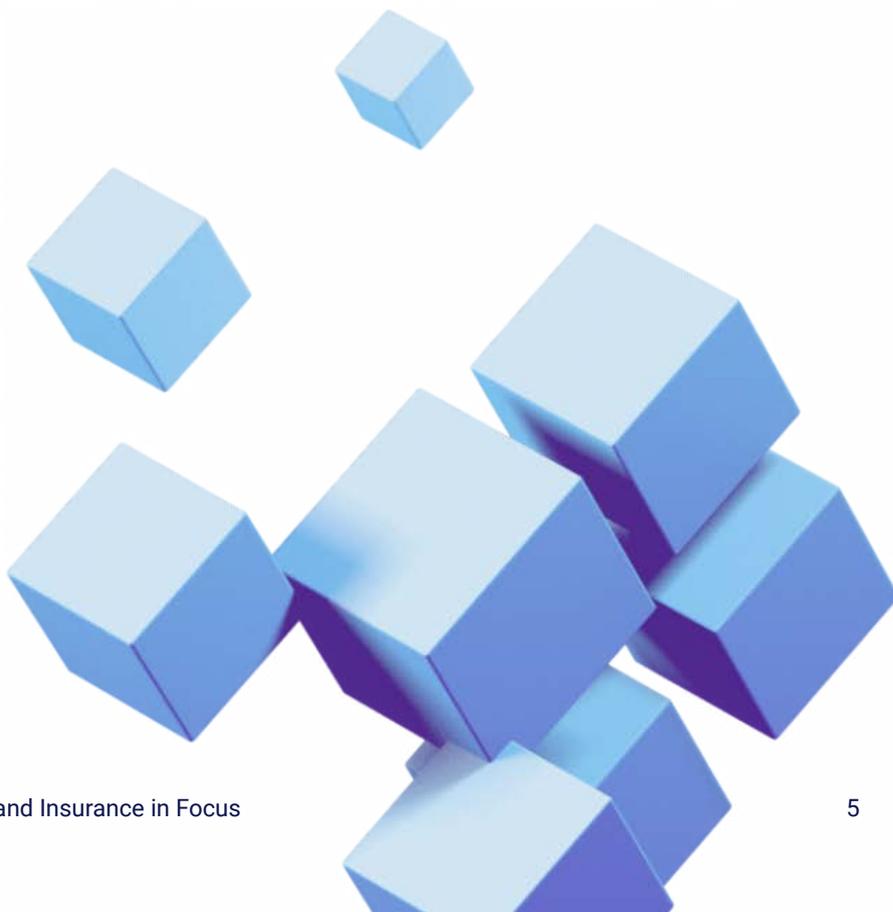
Financial services companies are prioritizing data-driven marketing, with many having already incorporated real-time personalization into their CX strategy. They understand that data can unlock the door to a deeper understanding of the customer journey, allowing them to deliver a differentiated customer experience that forms the basis of long-term loyalty.

- Optimizing the customer experience (27%) and data-driven marketing (23%) are seen as the most exciting opportunities in 2020.
- The financial services industry is ahead of other sectors when it comes to recognizing the opportunities afforded by data. For almost one in four FS companies, data-driven marketing is the single most exciting opportunity in 2020, compared to just 12% of companies in other sectors.
- More than a third of FS companies surveyed have already started to incorporate real-time personalized experiences into their business. They are ahead of the curve in this respect compared to peers in other sectors (36% vs. 27%).

But, despite embracing AI, their slow and steady technology adoption approach might put incumbents at a disadvantage

The fintech and insurtech waves of disruption have reshaped the industry, pushing incumbents to reassess and adjust their infrastructures and operating models. Progress has been noticeable but somewhat slow when considering the rate of innovation on the technology front. Organizations that fail to invest in a flexible technology base and keep up with AI applications will be left behind.

- Compared to peers in other sectors, financial services organizations are less likely to already have a highly integrated, cloud-based technology stack in place (7% vs. 11%). However, the proportion of those claiming their stacks are integrated to some extent has increased by 39% compared to last year's survey.
- The retail banking sector is making headway, with 13% of companies having a highly integrated stack. This compares to only 2% and 4%, respectively in the wealth management and insurance sectors.
- FS organizations are 8% more likely than those in other sectors to already utilize AI or bots to "drive campaigns and experiences" (27% vs. 15%). However, the proportion of those that haven't yet assessed AI use cases has increased by 28% since last year.



1

New decade, new opportunities

How to excel in an increasingly competitive market?

The financial services sector is often held up as a model of digital disruption. Fintech and insurtech startups are showing customers that next-generation experiences are possible in financial services, pushing established players to refresh their strategies and ways of working. Meanwhile, the tech giants have been rolling out banking-related operations for some time.

Globally, 58 venture capital-backed “unicorns” were operating in the sector as of September 2019¹, with each working to drive change and challenge incumbents. Meanwhile, Google announced its Google Pay service in 2018, bringing together Android Pay and Google Wallet, while Apple launched the Apple Card in conjunction with Goldman Sachs last year. And Amazon has been building a financial services infrastructure for 10 years—it now includes Amazon Pay, Amazon Cash and Amazon Lending, as well as the Prime Store Card and the Amazon Visa credit card. As we enter a new decade, this competitive disruption continues to influence heavily how financial services organizations view their business environment (Figure 1).

- FS companies are 60% more likely than peers in other industries to name competition from digitally native companies as their most significant concern for 2020 (24% vs. 15%).
- Almost a fifth of FS companies (18%) said their biggest worry was consumer concern about data and privacy, slightly higher than in other sectors and no doubt reflecting the fact that customers are typically far more conscious of potential risk in financial matters.
- The third-biggest concern for the sector is attracting and retaining talent in data, digital and CX, cited by 15%. Competition for talent will be another crucial aspect of the FS sector’s battle with digitally native companies large and small.
- Despite ongoing global macroeconomic challenges, changes to the economy are less likely to be identified by FS companies than those in other sectors as their top concern for 2020 (15% vs. 20%).

Figure 1: Which of the following pose the most significant concern for your business in 2020?



Respondents: 8,352

Methodology note: Respondents from all major business sectors took part in the 2020 Digital Trends survey, including manufacturing, media, retail, travel and technology, and financial services.

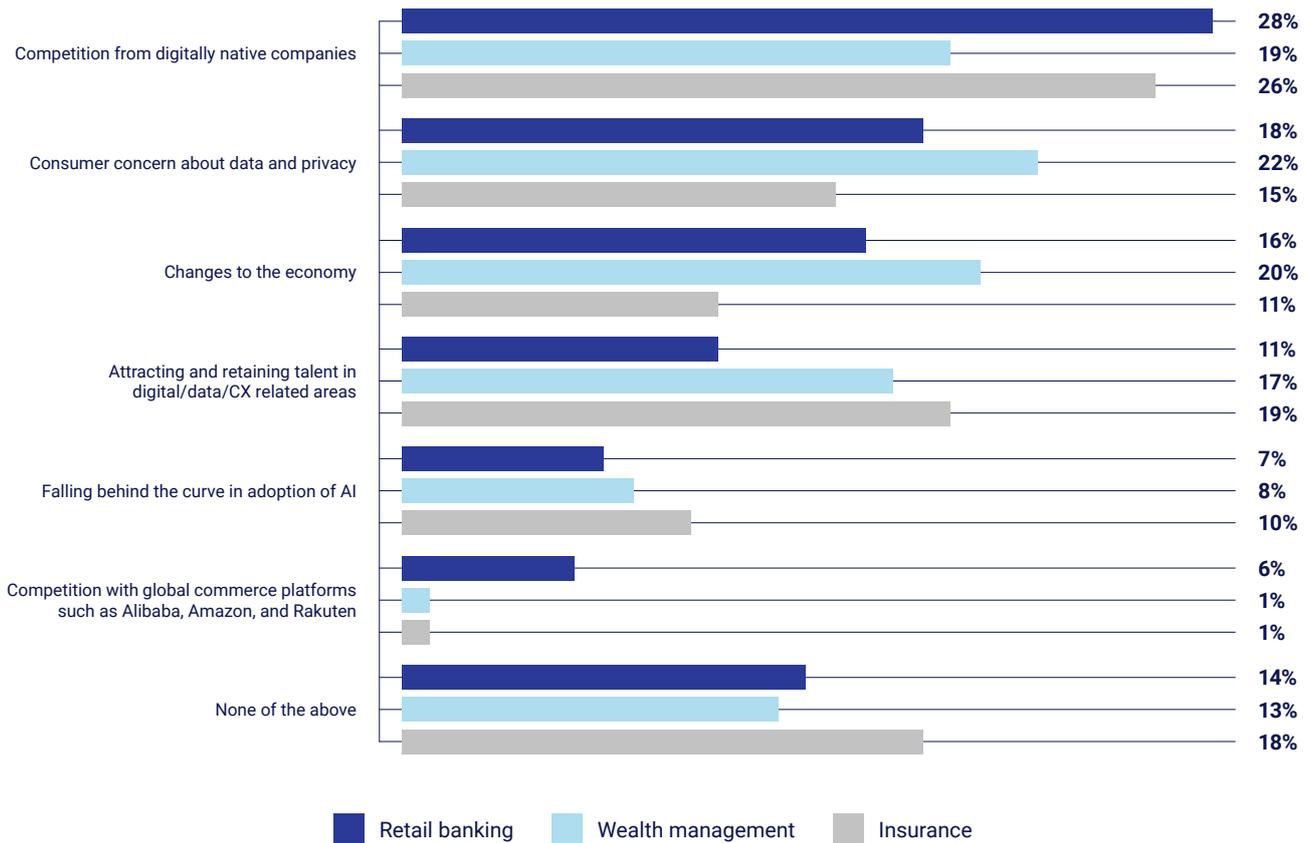
¹ [Global Fintech Report Q3 2019,” CB Insights, 2019.](#)

Retail banking fights back

With its legacy very much rooted in the physical world, retail banking continues to bear the brunt of competition from digital natives. Some 28% of retail banking providers rate this as their most significant concern for 2020, more than any other sub-sector (*Figure 2*).

This is backed up by a recent survey of senior bankers by Market Force. More than four in five respondents (83%) said they believe that both Amazon and Google will establish themselves in the banking sector in the next 10 years, with 65% thinking the same about Facebook.

Figure 2: Which of the following pose the most significant concern for your business in 2020?



Respondents: 364

Challenges for insurance and wealth management

Like retail banks, insurance providers are very much preoccupied with digital disruption from native companies. About a quarter (26%) of insurance professionals cite this as their main concern for 2020 (*Figure 2*).

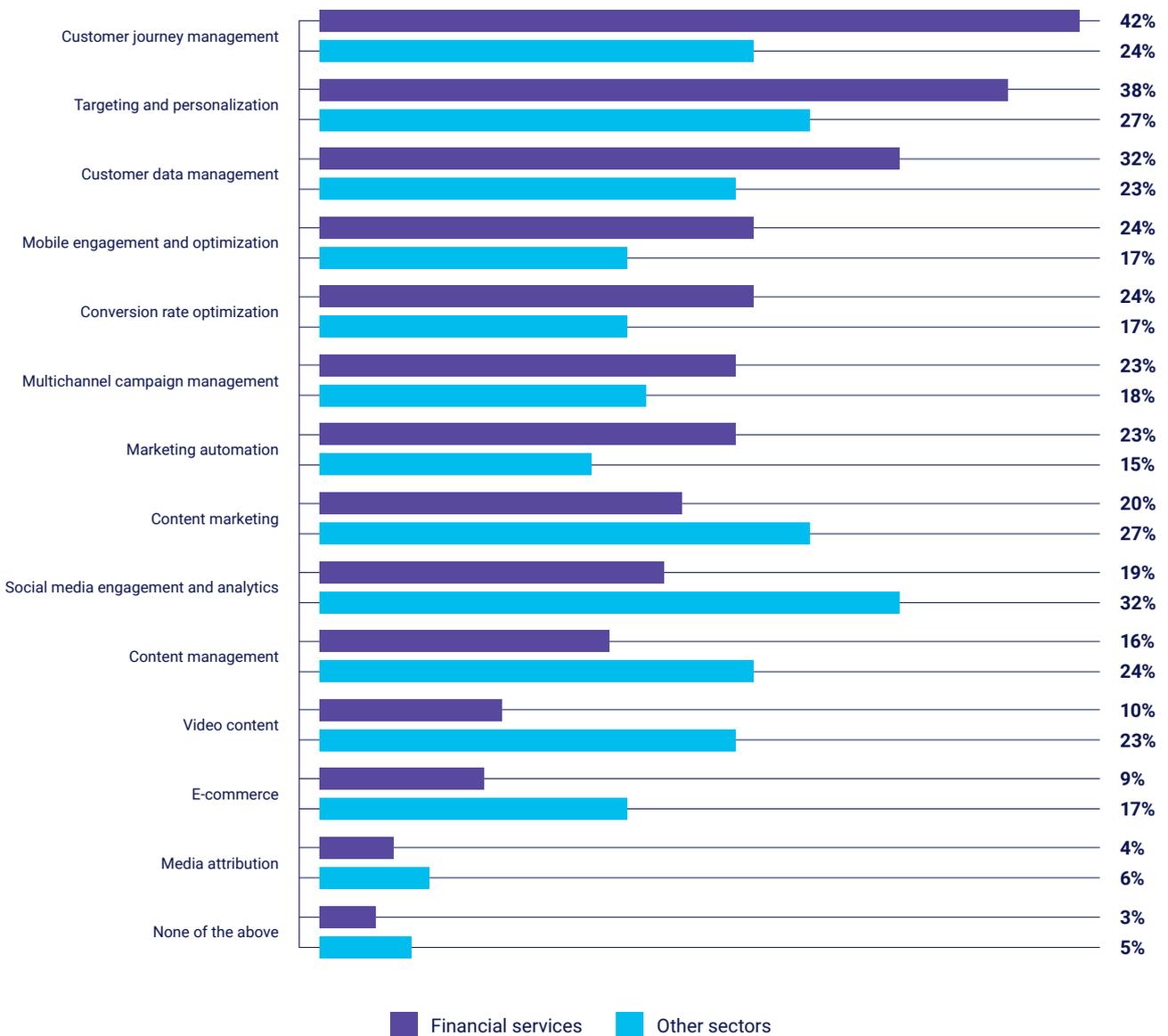
Wealth managers are by no means immune from digital competition, but have a more even spread of concerns. Naturally, with the make-up of their client base, data protection features strongly as a focus. Broadly, the attention of wealth managers is evenly split between privacy (22%), recession (20%), digital competition (19%) and talent (17%).

Turning digital native threat into customer experience opportunity

Figure 3 shows how closely financial services organizations are focusing on customer needs, to fight back against their digital pureplay rivals. Their main priorities for 2020 revolve heavily around learning more about individual customers and ensuring the customer experience they provide aligns with user behavior and preferences.

- FSI providers are nearly twice as likely as peers in other sectors to name customer journey management as one of their top priorities for the year (42% vs. 24%) as they continue to connect online and offline touch points by digitizing the process as much as possible.
- Some 38% of FS respondents say their organizations are prioritizing targeting and personalization in 2020, compared to just over a quarter (27%) in other industries.
- Also evident is the particularly strong onus on FS providers to be adept and responsible with data. Nearly a third (32%) cite customer data management as one of their highest priorities, compared to 23% of peers in other industries.

Figure 3: Which three digital related areas are the top priorities for your organization in 2020?



Respondents: 5,140

Methodology note: Respondents from all major business sectors took part in the 2020 Digital Trends survey, including manufacturing, media, retail, travel and technology, and financial services.

150-year-old Swiss cooperative bank Raiffeisen is an example of an FS business focusing on strengthening digital and multichannel initiatives to defend its market share.² The company has sought to provide a refreshed experience across the 267 website versions run by its individual banks, enabling it to “remain a community bank in the digital age.” It has also elevated the role of analytics internally to gain better insight into customer journeys across its different channels.

A further indication of the scale of disruption in the industry is that individual tactics are being overshadowed by high-level strategic priorities. FS companies are noticeably less heavily focused than others on practices such as social media engagement and analytics (19% vs. 32%) and video content (10% vs. 9%).

Although, as was the case in 2019, content marketing ranks in mid-table as a priority (20%), its importance is likely to be increasingly recognized as the sector moves from simple targeting to more sophisticated, one-to-one personalization, which requires significantly more content to deliver.

Another key aspect of FS companies’ focus on customer journey management will be joining up the online and offline elements. There is a growing trend toward digitizing customer-facing processes, from form filling to signatures, in order to increase efficiency and reduce the time customers need to wait for interactions to be processed, resulting in a better customer experience.

There is widespread recognition among financial services and insurance providers around where their main business threats are coming from. The awareness that these problems aren’t easy to solve means that they are rightly more focused on strategic rather than tactical priorities. The coming year will see them further ramping up efforts to deliver excellent CX.

² [Building Communities Online,” Adobe customer story for Raiffeisen.](#)

2

Data excellence holds the key to better personalization

Leveraging data opportunities while respecting user privacy

As in other sectors, financial services brands are focusing on data-driven marketing to drive better customer experiences, while also seeking to help ensure that they are respecting user data and staying on the right side of privacy laws and consumer sentiment.

For brands, gaining trust is crucial. According to Edelman’s 2019 Trust Barometer, 81% of consumers agree that trust is a deal breaker or deciding factor in their buying decisions.³

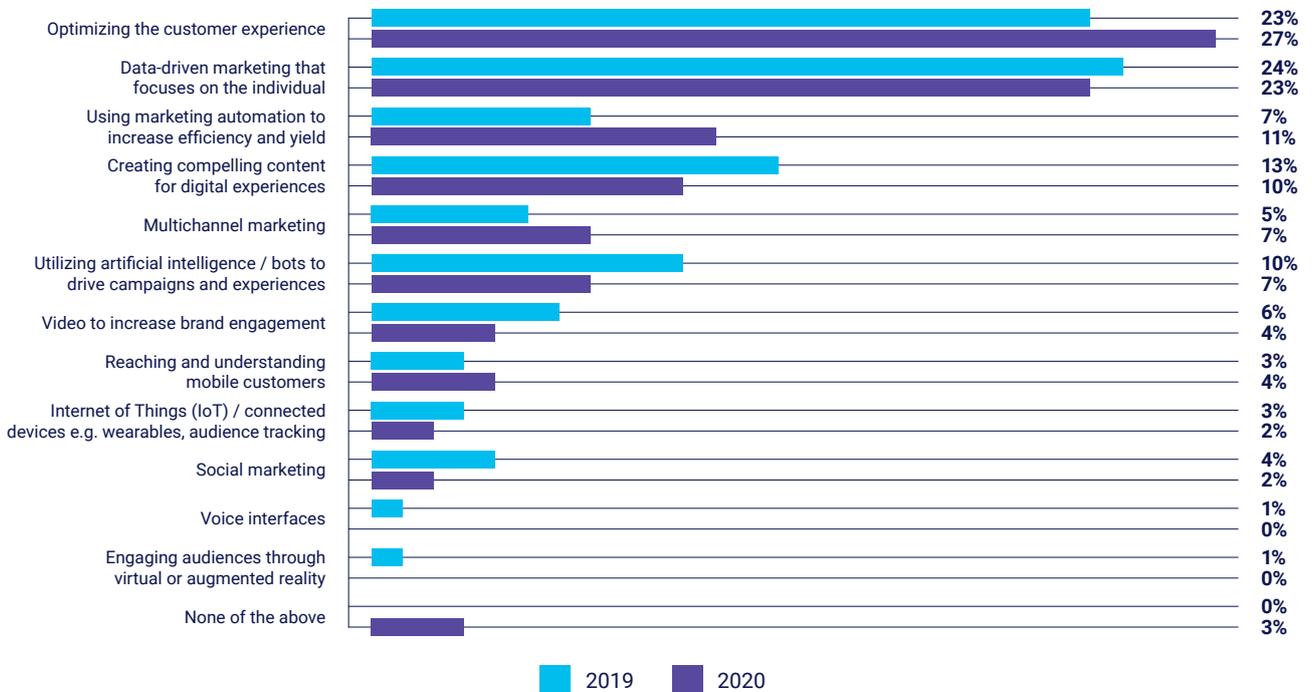
In the world of financial services especially, organizations are focused on being ethical and transparent about how data is used and collected.

Financial services companies champion CX optimization and data-driven marketing more than any other sector

Financial institutions are increasingly shifting their focus to customer experience optimization. A focus on customer-centric strategies is vital for traditional financial institutions to stand out among competitors.

- As seen in *Figure 4*, CX optimisation is now considered to be the most exciting opportunity (27%, up from 23% in 2019), followed closely by data-driven marketing (23%).
- Compared to organizations in other industries, FS providers are 29% more likely to see CX optimization as a top opportunity (27% vs. 21%, *Figure 5*).
- They’re also almost twice as likely to focus on data-driven marketing (23% vs. 12%, *Figure 5*).

Figure 4: Which one area is the single most exciting opportunity for your organization in 2020?

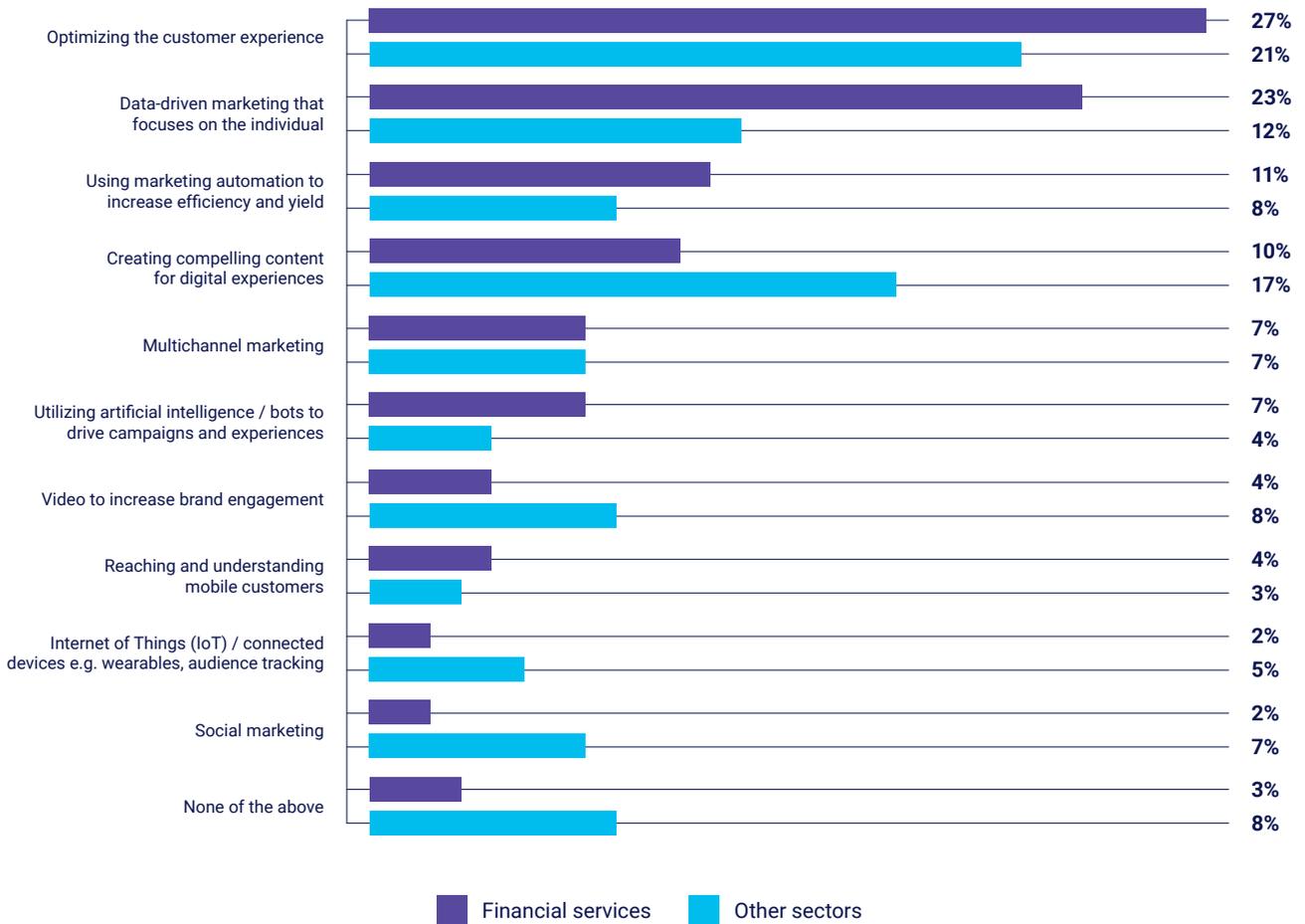


Respondents 2019: 237 – Respondents 2020: 385

Note: “Engaging audiences through virtual or augmented reality” and “Voice interfaces” weren’t included in the 2020 survey.

³ *In Brands We Trust?*, Edelman Trust Barometer, 2019.

Figure 5: Which one area is the single most exciting opportunity for your organization in 2020?



Respondents: 5,000

Methodology note: Respondents from all major business sectors took part in the Digital Trends 2020 survey, including manufacturing, media, retail, travel and technology, as well as financial services.

Royal London uses omnichannel data to provide seamless online and offline customer experiences

Royal London understands that implementing customer-centric strategies and gaining trust are key to cultivating customer relationships and fostering life-long loyalty. The insurance company wanted to embrace a more customer-centric approach through the smart use of data. Moving to a centralized technology platform allowed them to develop a connected view of customer journeys.

The brand used customer profile information to tailor communications for different segments. Customized messaging and increased relevance led to better email marketing performance, with targeted abandonment emails achieving up to 60% open rates and 13% click-through rates.

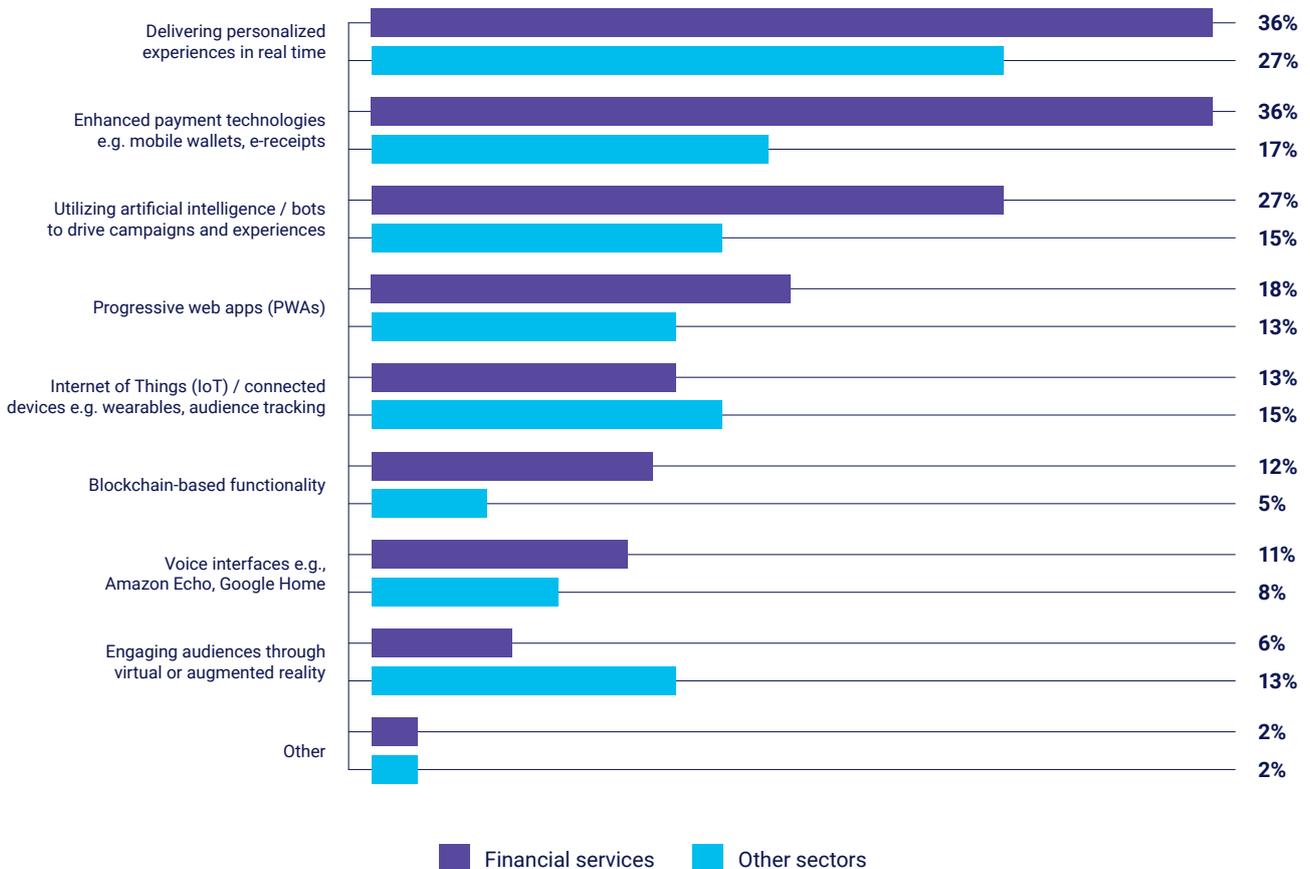
Personalization 2.0: moving beyond demographics to a deeper understanding of customer behavior

Marketers have moved to increasingly sophisticated targeting via data, which helps them understand the nuances of customer needs and preferences. However, although personalization is about adapting to customer behavior, this needs to be done while respecting user choice.

As *Figure 6* indicates, 36% of FS companies have already started to deliver real-time personalized experiences into their business, compared to 27% of companies in other sectors.

The key challenges for marketers will lie in delivering an engaging experience while also being respectful of user choice and preference. This could include developing a strategic approach to user consent that recognizes and advises the importance of transparency and helping to ensure the data is labeled properly.⁴

Figure 6: Which of the following have you started to incorporate into your business?



Respondents: 4,773

Methodology note: Respondents from all major business sectors took part in the Digital Trends 2020 survey, including manufacturing, media, retail, travel and technology, as well as financial services.

Financial services companies must strike a balance between reaching out to customers with relevant news at the right time while respecting user choice and privacy. The good news is that these two priorities are by no means mutually exclusive. Understanding customer preferences and increasing relevance are key to gaining customer trust and building life-long relationships.

3

Finding the path to a technology makeover

The fintech pressure point

Amid intense pressure from regulators and evolving customer expectations, the financial services industry has been in flux for the last decade. But what has ultimately reshaped its landscape is the fintech and insurtech wave of disruption.

Back in 2014, JP Morgan's CEO, Jamie Dimon, warned investors: "They all want to eat our lunch. Every single one of them is going to try." Since then, non-traditional, digital-only competitors have been raising the bar for innovation, agility and CX excellence, and showing customers that managing their finances doesn't have to be devoid of choice, convenience and flexibility.

"Between a sexy front end and ultra-convenient experiences, digital-only players have changed what customers expect from established banks," said Felix Wenger, Head of Channel and Distribution at Raiffeisen Bank.⁵ While independent fintech firms are likely to end up partnering with, or being acquired by, established players, they're currently propelling incumbents to reconsider their organizational structures and operating models. "[We can't] sit still and hope for the best. Fintechs have some distinct advantages over traditional banks that force us to grow our risk appetite," Wenger added.

Breathing new life into legacy tech

According to PwC's 22nd annual CEO survey, a third (32%) of financial services executives regard "speed of technological change" as a top threat to their organizations.⁶ A risk-averse mentality has prevented some companies from seeing the opportunity behind the initial challenges.

The pace of technological advancement in the financial services sector has been accelerating over the last few years, but not many companies have managed to keep up.

Technology can put FS companies in a better position to compete with new entrants, but revamping legacy technology systems that are not readily interoperable requires organization-wide commitment. There also needs to be a customer-centric vision that goes beyond immediate financial gains. A recent Financial Services Leadership Summit participant aptly highlighted the size of the challenge. "We are all faced with a wall of technology, applications, platforming, partnerships—it's a struggle to see the best roadmap of how to invest and move forward."⁷

The *2020 Digital Trends* report underlines this tech adoption challenge:

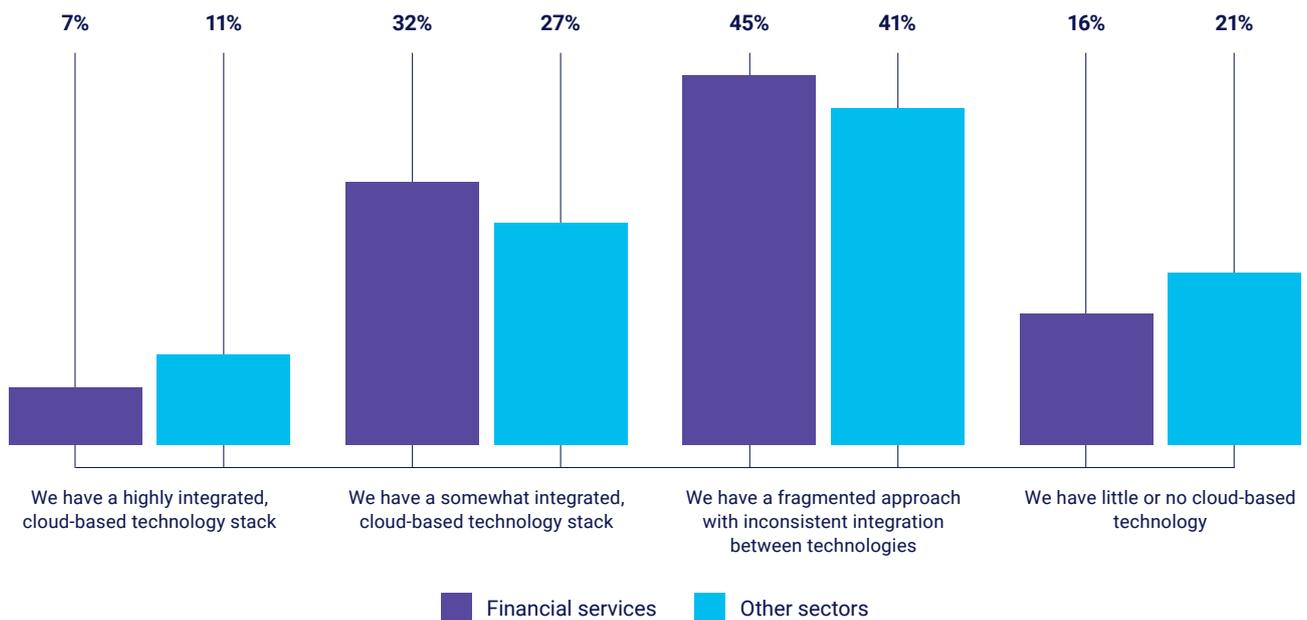
- Financial services organizations are less likely than their counterparts in other sectors to already have a highly integrated, cloud-based technology stack in place (7% vs. 11%, *Figure 7*).
- A further third of FS companies have at least begun their integration journey (32% compared to 27% in other sectors), reporting that they have a somewhat integrated cloud-based technology stack. Encouragingly, the proportion of those claiming their stacks are integrated to some extent has increased by 39% since 2019.

⁴ Dan Argintaru, "Raiffeisen's MD Talks Fintech and the Future of Digital Banking," CMO by Adobe.

⁵ *Asset and Wealth Management Trends 2019*, PwC, 2019.

⁶ *Tapstry Networks, "Three Challenges for Financial Institutions as They Compete with New Market Entrants," EY, February 27, 2019.*

Figure 7: What best describes your organization's approach to marketing and customer experience technology?



Respondents: 3,336

Methodology note: Respondents from all major business sectors took part in the Digital Trends 2020 survey, with technology, media and manufacturing the best represented, along with financial services.

Can slow and steady win the CX-enabling technology race?

Progress has been slow, but FS organizations are steadily moving along:

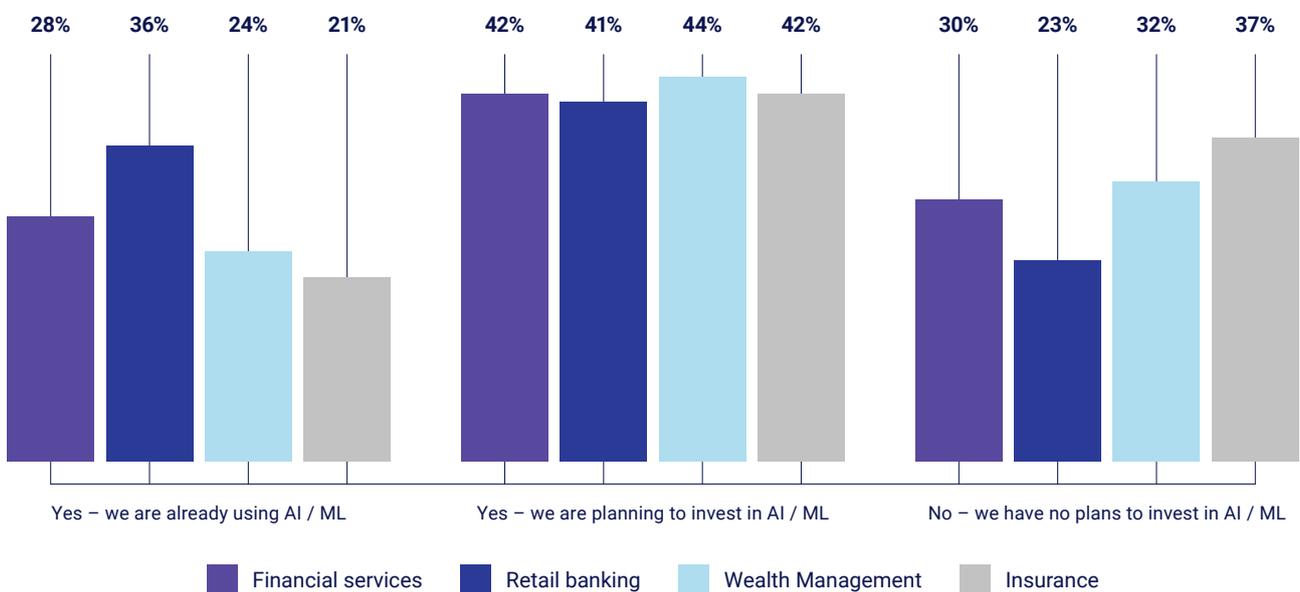
- Those who've revamped their infrastructure and have a highly integrated stack have already reaped the benefits. They're 2.5 times more likely than their less progressive peers to have exceeded their top business goal by a significant margin (37% vs. 15%).
- The retail banking sector is forging ahead, with 13% of companies having a highly integrated stack. This compares to only 2% and 4%, respectively in the wealth management and insurance sectors.
- The FS sector is more likely to see a surge in CX technology spending in 2020, with more than half (55%) of organizations planning to increase their investment, compared to 48% in other sectors.
- The insurance sector is planning to catch up with their retail banking counterparts, as 6 in 10 plan to increase their CX technology spending (60% vs. 52% in retail banking and 55% in wealth management).

Putting AI to work

The technologies and processes underpinning artificial intelligence (AI) developments are advancing rapidly, so the time is ripe to explore AI-powered capabilities. As data management is increasingly seen as a core competency and more organizations become data-driven (as seen in Section 2), AI's footprint will continue to grow across both front- and back-office processes throughout the industry:

- As seen in *Figure 6*, FS organizations are 80% more likely than peers in other industries to already utilize AI or bots to “drive campaigns and experiences” (27% vs. 15%).
- The retail banking sector is leading the way (36% of companies are already using AI and machine learning – *Figure 8*), while the insurance sector is lagging behind as 37% of organizations have no investment plans in this area.
- As seen in *Figure 9*, compared to last year, the proportion of FS organizations that haven't yet assessed AI use cases has increased by 28%.

Figure 8: Is your organization using or planning to invest in artificial intelligence (AI) / machine learning (ML) in 2020?



Respondents: 312



Figure 9: Why is your organization not using or planning to use AI?



Financial services organizations are making an effort to move to the cutting edge of CX delivery by embracing innovative practices and increasing their technology investment. However, unless the pace of progress picks up, they risk remaining at a disadvantage to agile new entrants unencumbered by legacy technology and rigid infrastructures.

Conclusion

Four key takeaways for financial services and insurance companies

1. Root and branch reform is needed

The sector's savviest providers have recognized the importance of consistently delivering great experiences to customers as a way of combating disruption by digital rivals. That means adopting a strategic approach, supported by a fully integrated technology stack and cross-functional teams, digital and CX skills. A less holistic, tactical marketing plan is unlikely to address competitive challenges faced by financial services companies.

2. Customer journeys must incorporate both online and offline channels

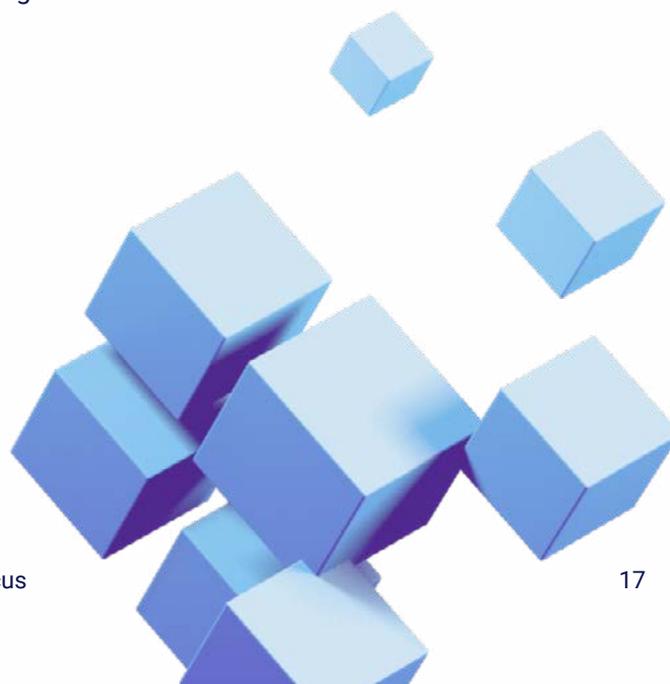
Customer journey management is the top priority for the sector in 2020, and with good reason. FS companies need to deliver stand-out digital experiences not just online, but also reconciled and combined with traditional channels like call centers and branches, which still drive a large majority of revenue.

3. Companies must deliver on personalization while respecting user choices

FS organizations can use appropriately personalized experiences to boost customer satisfaction, deliver value-added services and features in their products, and foster life-long relationships. However, customers are also increasingly sensitive about their data, so respecting user choice and having the right policies and procedures in place is critical. The challenge and opportunity is to help deliver relevant experiences customers expect while providing transparency and respecting user privacy throughout the journey.

4. It's time to keep technology front of mind and instill an innovation-led culture

The competitive pressures from digital-only entrants and technology powerhouses can't be ignored. The rate of change is so fast that standing still is no longer an option. FS companies need to assess their technology base and work towards building a flexible, seamlessly integrated infrastructure designed around the needs of their business and their customers. The time is ripe to explore the use cases and potential impact of AI and other innovative technologies.



Methodology

2020 Digital Trends – Financial Services and Insurance in Focus is based on an online survey fielded to select Adobe and Econsultancy lists in the fourth quarter of 2019. The survey closed having collected 505 qualified responses from the Financial Services and Insurance (FSI) sector.

Demographic profiles

- Seventy-eight percent of all the responses were at manager level or above.
- In terms of business function, marketing held the largest share of respondents (32%), followed by creative / design (19%), IT (11%) and analytics (6%).
- As defined by target market, those addressing both markets equally accounted for 40%, followed by B2C (33%) and B2B (27%).
- The sample is global, with Europe providing the largest share of respondents (45%), followed by the United States (29%) and the Asia-Pacific region at 15%. The survey was translated into French, German, Chinese and Japanese.
- 42% of the respondents were from retail banking companies, followed by insurance (35%) and wealth management.



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Leveraging Adobe Sensei's machine learning and artificial intelligence capabilities, Adobe Experience Cloud combines world-class solutions, a complete extensive platform, comprehensive data and content systems, and a robust partner ecosystem that offer an unmatched expertise in experience delivery.

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