

Harvey Nash/KPMG CIO Survey 2017

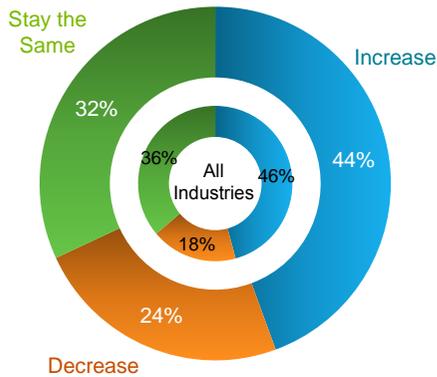
Banking Sector Findings

The Harvey Nash/KPMG CIO Survey is the largest IT leadership study in the world, with almost 4,500 respondents across 86 countries, representing over US\$300bn of IT budget spend.

This banking sector snapshot provides survey responses from more than 350 banking companies on some of the key topics, and highlights several areas where this sector's responses differed significantly from those from across all industries.

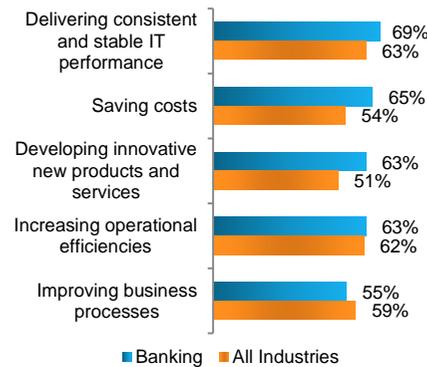
Key Topics

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



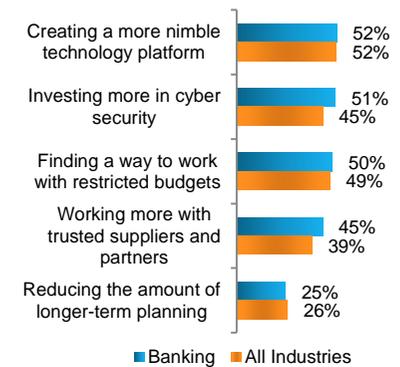
Banking companies are **somewhat more pessimistic about their IT budgets for next year** than those in other industries, with fewer expecting a budget increase (44% vs 46% for all industries), and more expecting a decrease (24% vs. 18%).

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



Banking company Boards **place a greater emphasis on delivering consistent and stable IT** (69% vs. 63% for all industries), **saving costs** (65% vs. 54%) and **developing innovative new products and services** (63% vs. 51%).

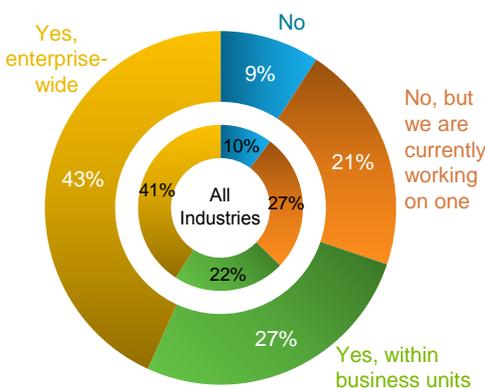
How have you adapted your technology plans to deal with uncertainty? (top 5)



Compared to other industries, banking companies are **more likely to deal with uncertainty by investing in cybersecurity** (51% vs. 45% for all industries), and **working with trusted supplier and partners** (45% vs. 39%).

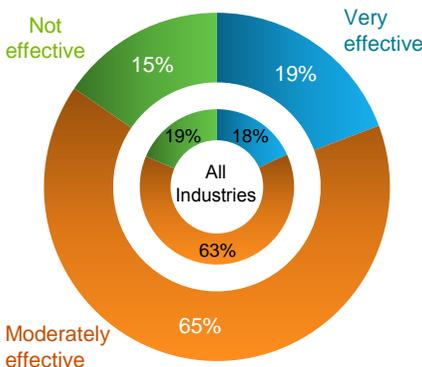
Digital Strategy

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



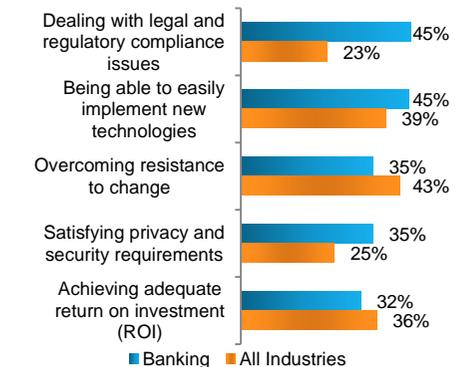
Banking companies are **somewhat more likely to maintain a digital business strategy**, either enterprise-wide (43% vs. 41% for all industries), or within business units (27% vs. 22%).

How effective has your organization been in using digital technologies to advance its business strategy?



Like their peers in other industries, banking companies **report low overall effectiveness levels in their digital strategies**, with just 19% describing their digital strategies as very effective.

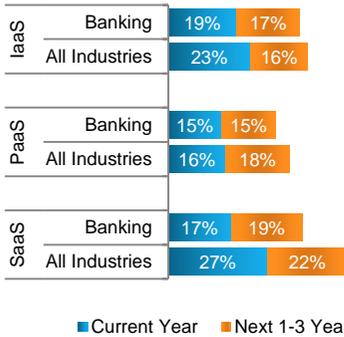
Which of the following represent the greatest challenges to your organization's successful implementation of digital capabilities? (top 5)



When implementing digital capabilities, banking companies **face much greater challenges dealing with compliance issues** (45% vs. 23% for all industries) and **satisfying privacy and security requirements** (35% vs. 25%).

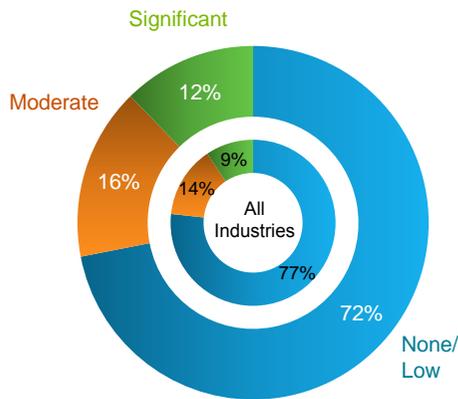
Technology & Innovation

How would you characterize your current investment in the following cloud services and how do you expect that to change over time? (Significant Investment)



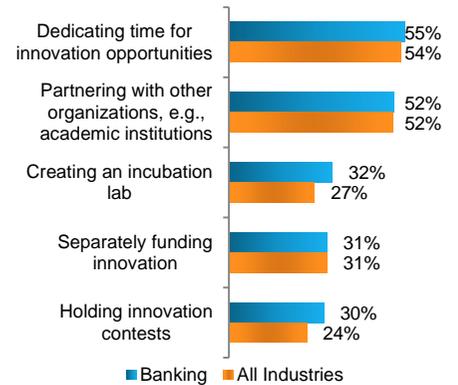
Compared to other industries, banking companies are **much less likely to invest significantly in SaaS**, and **slightly less likely to invest in IaaS and PaaS**.

How would you characterize your current investment in digital labor?



Banking companies **have invested more heavily in digital labor** than those in other industries, with more making both significant investments (12% vs. 9% for all industries) and moderate investments (16% vs. 14%).

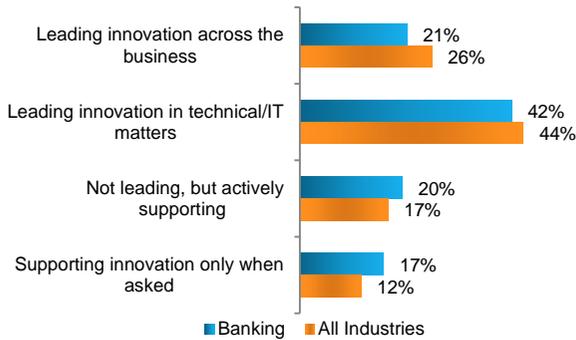
In which of the following ways is your organization fostering innovation?



To foster innovation, banking companies are **more likely to create an innovation lab** (49% vs. 54% for all industries) and **hold innovation contests** (30% vs. 24%).

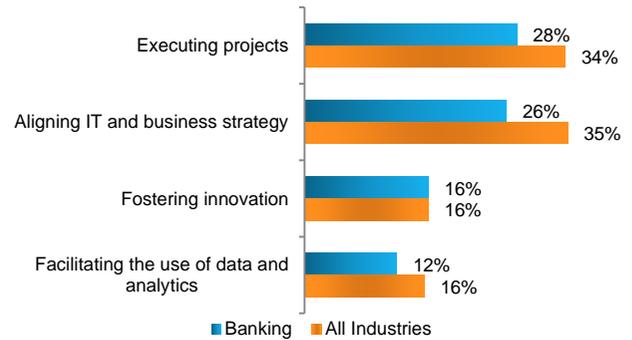
Significant Differences

Which of the following do you think best describes the role your organization's CIO is currently playing in promoting innovation?



Compared to their peers, Banking CIOs are **less likely to lead innovation across the business** (21% vs. 26% for all industries), **or lead innovation in technical/IT matters** (42% vs. 44%), and are **more likely to take secondary, supporting roles**.

How effective is your IT organization in each of the following capabilities? (Very Effective)



Compared to others, banking companies **excel at managing risk and security** (40% vs. 32% for all industries), but **lag in key capabilities such as executing projects** (28% vs. 34%), **aligning IT and business strategy** (26% vs. 35%) and **facilitating the use of data and analytics** (12% vs. 16%).

Conclusions

IT is both a challenge and an opportunity for organizations. Some of the challenges unique to banks include decreasing budgets as part of the industry's focus on cost control and cyber attacks that create both personally identifiable information (PII) and financial exposure. Banks also have a risk in becoming disintermediated by fintechs and other new banking models driven by IT if they do not invest, and successfully invest, in digital strategies and technologies. New digital models are also an opportunity for banks to cost-effectively reach more customers while improving the user experience. The CIO survey provides additional insights in each of these areas and shows how banks compare to their peers.

Further information

Judd Caplain

Acting Head of Global Banking and Capital Markets
KPMG International
T: +1 617 840 1413
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 endeavour 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.

© 2017 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 vis-à-vis third parties, nor does KPMG International have any such authority to obligate or bind any member firm. All rights reserved.

The KPMG name and logo are registered trademarks or trademarks of KPMG International.