

INDUSTRY RESEARCH

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TRENDS *in* FINANCIAL SERVICES

Insights from nearly 2,800 global leaders on building resilience in the face of the pandemic



A Note from Rohit Mahna

SVP and General Manager, Financial Services
Salesforce



2020 had a different plan for all of us.

We began research on the future of financial services in late 2019. Our mission was to understand how rising consumer expectations, automation, and artificial intelligence (AI) would shape the next decade of finance. Then the pandemic struck, triggering a series of crises that dramatically changed every industry. In the face of a new reality, we regrouped with financial services leaders, and launched a second survey to investigate how the world is changing – and what it means for the industry. We found that questions around AI, automation, and customer experience are more pressing than ever. If anything, the need for a digitally transformed customer experience has only intensified – a hypothesis we confirmed in our second survey.

Our research suggests that to succeed, institutions dedicated to long-term growth have an opportunity to:

- Support individual client journeys and wellbeing via scaled personalization
- Automate back-office processes to create efficiencies
- Automate front-office services to create new value streams

These actions all fall under the umbrella of autonomous finance – automated, algorithm-driven financial services – a theme we explore in detail in the following pages. Ultimately, autonomous finance will be critical not only for repairing the customer experience, but also for unlocking brand-new sources of value. As we work toward better times ahead, I hope you find this report to be a helpful guide.

Onward together,

Rohit Mahna
SVP and General Manager, Financial Services

What You'll Find in This Report

For the “Trends in Financial Services” report, Salesforce Research surveyed financial services leaders worldwide at two key junctures: immediately preceding the pandemic, and again nearly a year later. Combined, these two studies provide perspective into the financial services industry’s evolution and what growth-minded organizations do differently from their competitors. This research uncovers:

- How health and economic crises are upending financial services’ priorities and damaging the customer experience (CX)
- Growth strategies and tactics adopted by financial services institutions (FSIs)
- The role of autonomous finance – which Forrester defines as algorithm-driven financial services that make decisions or take action on a customer’s behalf*

* “Introducing Autonomous Finance,” Forrester Research, August 2019.

Nearly

2,800

financial services leaders surveyed globally



North America

Latin America

Europe

Asia Pacific



Salesforce Research provides data-driven insights to help businesses transform how they drive customer success. Browse all reports at salesforce.com/research.






Who We Surveyed

Regions

Salesforce Research acquired the data in this report through two double-blind surveys. The first was from November 12 through December 12, 2019, and generated responses from 1,400 leaders in insurance, retail banking, and wealth management across North America, Latin America, Europe, and Asia Pacific. The second was from August 21 through September 21, 2020, and generated responses from 1,360 leaders in the same sectors and geographies. All respondents are third-party panelists (not limited to Salesforce customers). See [page 24](#) for detailed respondent demographics.

Due to rounding, not all percentage totals in this report equal 100%. All comparisons are made from unrounded numbers.

Wave 1: November to December 2019 (n = 1,400)

-  Retail banking
(n = 446)
-  Insurance
(n = 531)
-  Wealth management
(n = 423)



Wave 2: August to September 2020 (n = 1,360)

-  Retail banking
(n = 401)
-  Insurance
(n = 562)
-  Wealth management
(n = 397)



What You'll Find in This Report

Crisis Response Archetypes

Throughout this report, we classify survey respondents into two different groups representing their current priorities, based on Salesforce's COVID-19 Recovery Framework.

First Phase: Stabilize

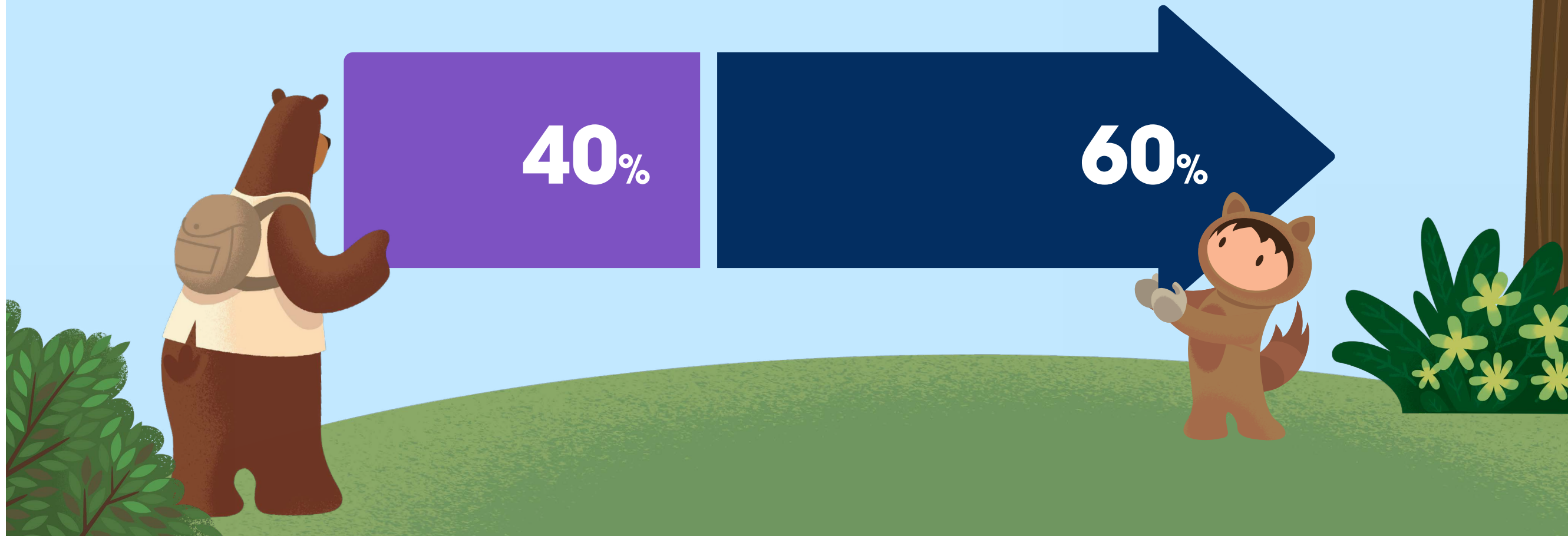
Mitigate short-term risks and stabilize operations with a focus on short-term wins

40%

Next Phase: Grow

Accelerate toward growth in the next normal with a focus on long-term relationships

60%



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Executive Summary

The global pandemic forced in-person interactions online, seemingly overnight – and many FSIs have struggled to keep up with the pace of change.

An analysis of our 2019 and 2020 data shows the customer experience suffered in response. FSIs focused on long-term growth have taken concrete steps to expand services, hyperpersonalize interactions, and emphasize financial wellness to close this CX gap.

This research shows what growth-oriented FSIs are doing to set themselves up for long-term success, and how new technologies like autonomous finance will factor in.

01 Financial Institutions Reshuffle Priorities at the Expense of CX (See page 8)

The pandemic upended every industry – including financial services. In the rush to attend to the crisis, financial services institutions have prioritized customer trust and implementing new technologies above the customer experience. Customers have taken notice, reporting breakdowns in services, customer-centricity, and long-term wellbeing. **Improving customer experiences falls from FSIs' number one priority in late 2019 to number five amid crises.**

02 Growth-Oriented Financial Services Providers Close the CX Gap (See page 11)

We identify two archetypes to help financial services companies address this customer experience gap and prepare for the next normal. **Growth-oriented companies are 22% more likely than their competition to invest in omni-channel service, support client financial wellness, and improve the user experience (UX).**

03 Intelligent Automation Plays Key Role in Achieving Growth (See page 14)

As personalized, on-demand experiences become the norm across other verticals, customer demands for improved financial experiences are spurring change in the industry. **Eighty-seven percent of financial services leaders agree that autonomous finance will soon be critical for top performers in the industry.**

01

Financial Institutions Reshuffle Priorities at the Expense of CX

Customers' digital expectations were already on the rise when COVID-19 struck, elevating those expectations and accelerating digital adoption in all aspects of our lives.

68% of customers say COVID-19 has elevated their expectations of companies' digital capabilities.*

Yet many FSIs have struggled to keep up with the new pace of change. A separate Salesforce study found that 20% of financial services professionals were unprepared to handle the influx of demand driven by government programs like the Paycheck Protection Program.**

Much like the 2008 financial crisis tested FSIs' liquidity, today's health and economic crises are a stress test of their technology foundations. In this case, FSIs' digital transformations are on trial, spurring companies to improve their technologies.

* "State of the Connected Customer," Salesforce Research, October 2020.

** "The COVID-19 Effects on the Financial Services Industry," Ravco Marketing & FS Club, Sponsored by Salesforce, August 2020.

Technology and Trust Take the Helm of Business Strategy amid a Changing Landscape



Top Five Business Priorities for Next Two Years

- 1 Implementing new technology
- 2 Building/improving customer trust
- 3 Developing new products and services
- 4 Automating processes
- 5 Improving customer experiences

01

Financial Institutions Reshuffle Priorities at the Expense of CX

Though barely a year separates our 2019 and 2020 surveys of FSIs, their business priorities shifted considerably. A number one business objective prior to the pandemic, customer experience initiatives have fallen to fifth place, as calls for new technologies to support surging digital demands take precedence.

This digital surge – spanning online loan applications to customer service via chat – coincides with a rising appetite for automated processes.

Another shift concerns the drive to improve customer trust – which moved up from fifth to second place. The last global recession diminished customer trust in FSIs. Although the causes of the current crisis are different, the mandate to strengthen customer confidence nevertheless takes on urgency in the face of economic uncertainty. Eighty-two percent of customers say a company’s trustworthiness matters even more this year than last.*

Customer Experiences Fall on Priority Lists amid Crises

Ranked Business Priorities for 2019



Ranked Business Priorities for 2020



* "State of the Connected Customer," Salesforce Research, October 2020.

01

Financial Institutions Rapidly Reshuffle Priorities at the Expense of CX

In the rush to stabilize operations, FSIs deprioritized customer experiences – and customers are noticing.

All eyes were on the financial services industry when a dozen major providers experienced website and app outages during the U.S. government disbursement of 80 million individual stimulus checks. At the same time, a mere 27% of consumers and business buyers describe FSIs as completely customer-centric.

Only **23%** of customers believe FSIs handled the crises as best as they could have.*

Consumer concerns extend beyond the pandemic, with 83% of consumers reporting concern over their long-term financial situation.** The breakdown of services, customer-centricity, and long-term wellbeing exposes a considerable gap between what customers expect and what FSIs deliver.

Expectation

59%

of customers say this year's crises have raised their standards for customer service*

83%

of consumers are concerned about their long-term finances**

66%

of customers expect companies to understand their unique needs and expectations

Reality

27%

of customers feel the financial services industry provides great service and support*

32%

of FSIs believe it is significantly more important to focus on client financial wellbeing

27%

of customers feel the financial services industry is fully customer-centric*



* "State of the Connected Customer," Salesforce Research, October 2020.

** "Consumer and Workforce Research Series," Salesforce Research, May–August, 2020.

02

Growth-Oriented Financial Services Providers Close the CX Gap

Wellness today is top of mind: Over three-quarters of consumers are concerned about their financial situation, job security, and physical health.* Although the majority of all FSIs recognize the importance of catering to both personal and financial wellness considerations, less than half are taking action. Yet the business benefits of doing so can be profound.

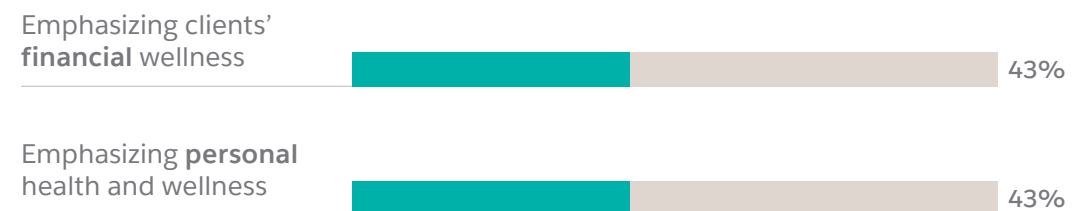
For example, many insurers now enable clients to defer life policy payments or provide automotive premium refunds to give insureds more peace of mind. In turn, these actions can have benefits such as reducing the number of lapsed or cancelled policies – and even foster client satisfaction and loyalty. In the words of one fintech CEO, “[our company] can only reach its potential if our customers reach theirs, so we take their success personally,” highlighting the intertwined nature of customer and company wellbeing.**

FSIs Acknowledge Importance of Customer Wellbeing, but Fall Short on Taking Action

Wellness Initiatives That Have Increased in Importance Since the Pandemic



Actions FSIs Are Currently Taking Around Customer Wellness



2020 Survey Data

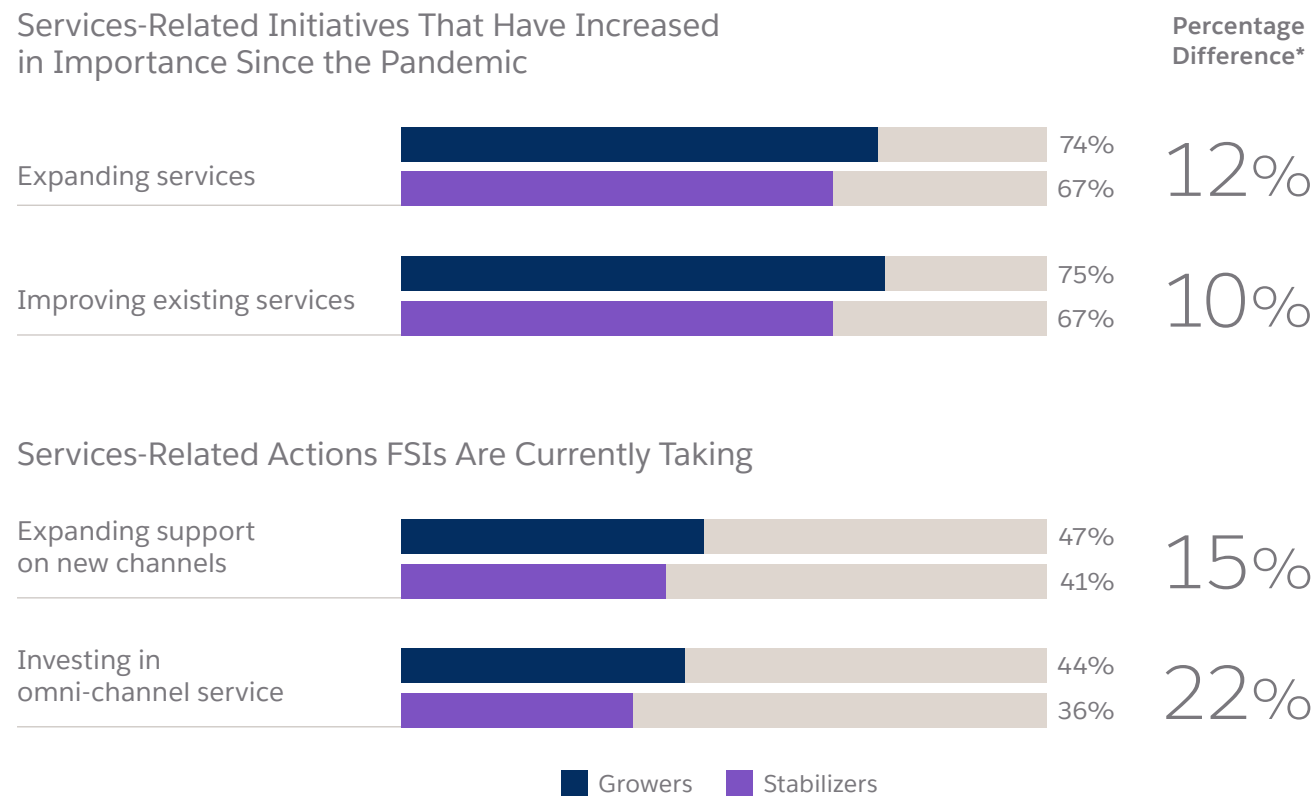


* “Consumer and Workforce Research Series,” Salesforce Research, May–August, 2020.

** “A Banking and Lending Guide to Crisis Recovery,” Salesforce, August 2020.

02 Growth-Oriented Financial Services Providers Close the CX Gap

Filling the CX Gap: Growth-Oriented FSIs More Likely to Improve Customer Services and Support



2020 Survey Data

The pandemic brought drastic changes customer service request volumes for many FSIs. According to reports, large banks witnessed a 43.3% increase in call volumes in 2020’s first quarter alone, with wait times averaging over 40 minutes.** In response, some FSIs shifted their customer service channel mix. Credit union PenFed, for instance, moved 21% of its customer service cases from phone to chatbots to better support customers during the crisis.†

Customers prefer to connect via a mix of channels, using an average of nine to engage with companies.†† As such, providing support across preferred channels is a critical component of CX – and one that slipped through the cracks for many FSIs. Fifty-nine percent of customers say this year’s crises have raised their standard for customer service,†† which gives growth-oriented FSIs (“Growers”) an edge over their competitors. Growers were 22% more likely than Stabilizers to invest in omni-channel services and 15% more likely to expand their support capabilities to new channels.

* Percentage Difference = [(Growers % - Stabilizers %)/Stabilizers %] x 100
 ** “How Banks Prepared Call Center Reps to Handle Surges in Volume – from Home,” American Banker, April 2020.
 † “A Banking and Lending Guide to Crisis Recovery,” Salesforce, August 2020.
 †† “State of the Connected Customer,” Salesforce Research, October 2020.



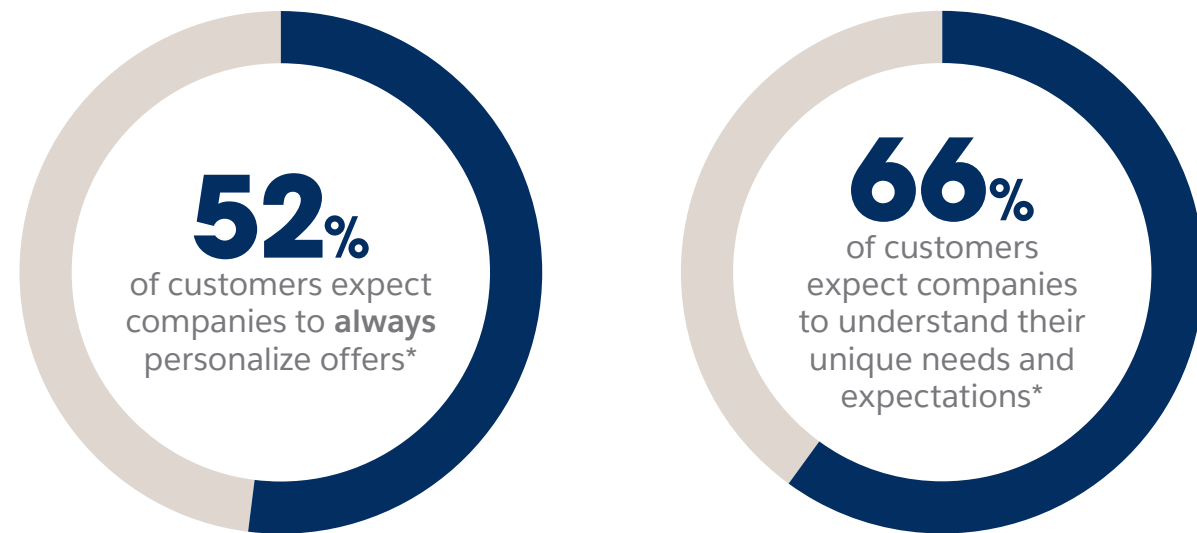
02

Growth-Oriented Financial Services Providers Close the CX Gap

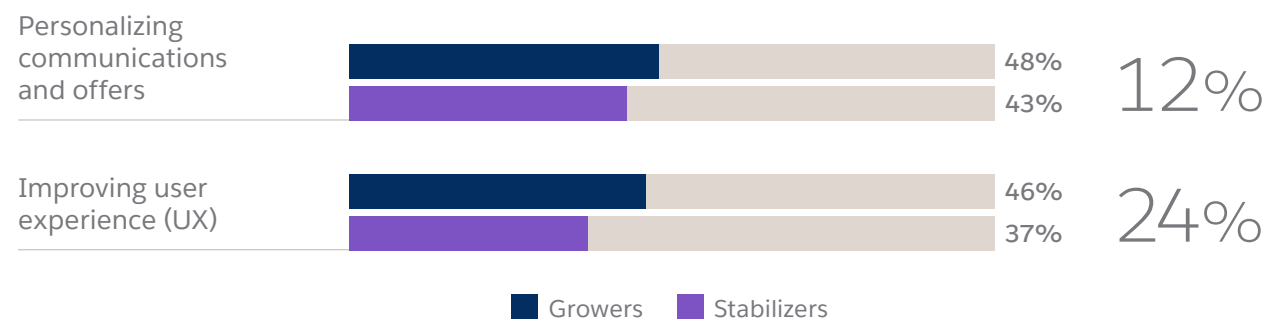
Two-thirds of today’s customers expect companies to understand their unique needs and expectations.* To deliver, FSIs can use clients’ financial and personal milestones to properly anticipate their needs. For retail bankers, this can mean using life events to provide the most appropriate support – like using knowledge of a job loss to proactively extend forbearance options.

While the majority of FSIs have yet to take action, long-term focused FSIs are a step ahead of their short-term focused competitors. Growers are 12% more likely than Stabilizers to personalize outreach, as well as 24% more likely to be improving their UX.

Filling the CX Gap: Growth-Oriented FSIs Are More Customer-Centric



CX Actions FSIs Are Currently Taking



2020 Survey Data

* “State of the Connected Customer,” Salesforce Research, October 2020.

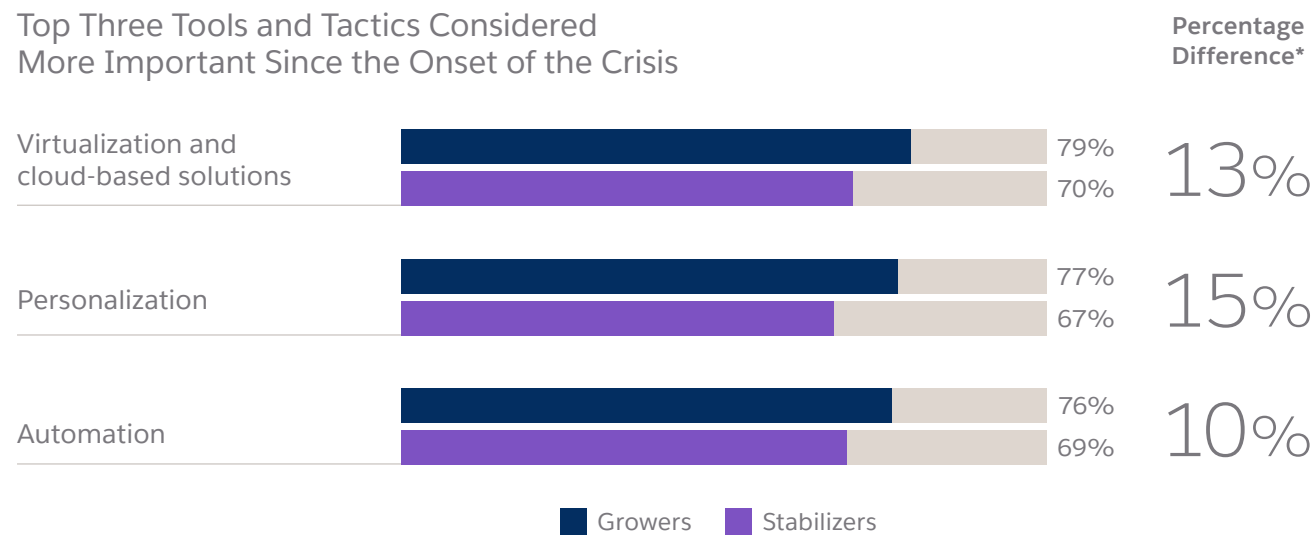
** Percentage Difference = [(Growers % - Stabilizers %)/Stabilizers %] × 100%

03

Intelligent Automation Plays Key Role in Achieving Growth

Growers Focus on Automation, Virtualization, and Personalization to Address CX Gap at Scale

Top Three Tools and Tactics Considered More Important Since the Onset of the Crisis



2020 Survey Data

* Percentage Difference = $[(\text{Growers \%} - \text{Stabilizers \%}) / \text{Stabilizers \%}] \times 100\%$

As in-person transactions shift online out of necessity, FSIs have massive amounts of digital information at their fingertips. This begs the question: How can FSIs activate new data to develop deeper, more connected relationships to close the customer experience gap?

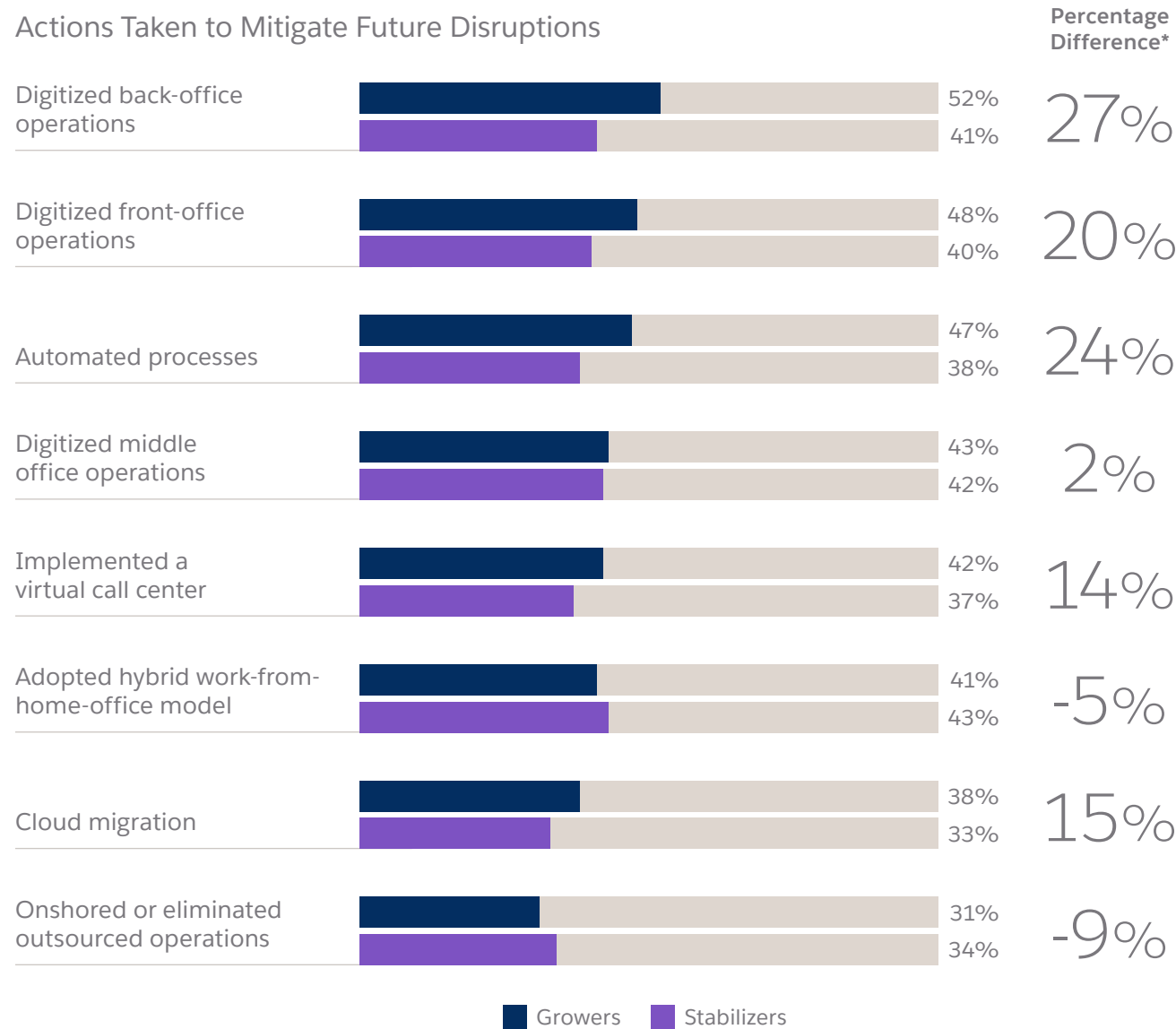
Supporting individual financial journeys at scale – never mind through a global crisis – is a massive undertaking. Yet data alone is not enough to achieve this goal. Tools and technologies are also important pieces to extracting value. Since the onset of the crises, Growers are more likely to recognize the increased importance of virtualization, personalization, and automation to help turn data from a resource into an asset.



03

Intelligent Automation Plays Key Role in Achieving Growth

Growers Digitize Operations at a Faster Clip



2020 Survey Data

Growers are more likely than Stabilizers to digitize operations and automated processes in an effort to future-proof their businesses.

Growers are **27%** more likely than Stabilizers to digitize back-office operations.

Setting up a solid technological foundation can do more than create process efficiencies. Other research shows that digitized, AI-enabled operations have the potential to create entirely new value streams for FSIs.**

* Percentage Difference = [(Growers % - Stabilizers %)/Stabilizers %] x 100%
 ** "The New Physics of Financial Services," The World Economic Forum, August 2018.

03

Intelligent Automation Plays Key Role in Achieving Growth

The Impact of Autonomous Finance Emerges Across Sectors

Top Autonomous Finance Use Cases in Retail Banking

- 1 Automating account transfers
- 2 Personalized product recommendations
- 3 Automatic prequalification

Top Autonomous Finance Use Cases in Insurance

- 1 Claims processing
- 2 Risk modeling and monitoring
- 3 Risk evaluation

Top Autonomous Finance Use Cases in Wealth Management

- 1 Financial advising
- 2 Portfolio optimization
- 3 Private equity fund optimization

A Autonomous finance is the organic convergence of all the technology innovation we've been seeing over the years, from AI to unprecedented access to data, to finally deliver on self-driving finance.

— RACHID MOLINARY
SVP DIGITAL STRATEGY & INNOVATION
BANCO POPULAR

2019 Survey Data

Improvements in AI and automation, coupled with the increase in online customer data, have wide-ranging implications for the financial services industry. Such advancements have opened doors for FSIs to offer new products, services, and even new modes of business. One potential application is an emerging technology: autonomous finance.* Opinions on how best to apply autonomous finance vary by sector:



Retail banking leaders are particularly interested in automating **account transfers**. For instance, customer behaviors could trigger the frequency and amount of transfers depending on factors like balances and goals.



Insurance leaders view their top use case in **claims processing**, potentially reducing human error in what is now a manual, resource-intensive process.



On the **wealth management** front, leaders foresee the optimization of investments, which could come in the form of **automated savings**, portfolio rebalancing, dividend reinvestment, or tax-harvesting strategies.

* Autonomous finance (n.) - algorithm-driven financial services that make decisions or take action on a customer's behalf.

* "Introducing Autonomous Finance," Forrester Research, August 2019.

03

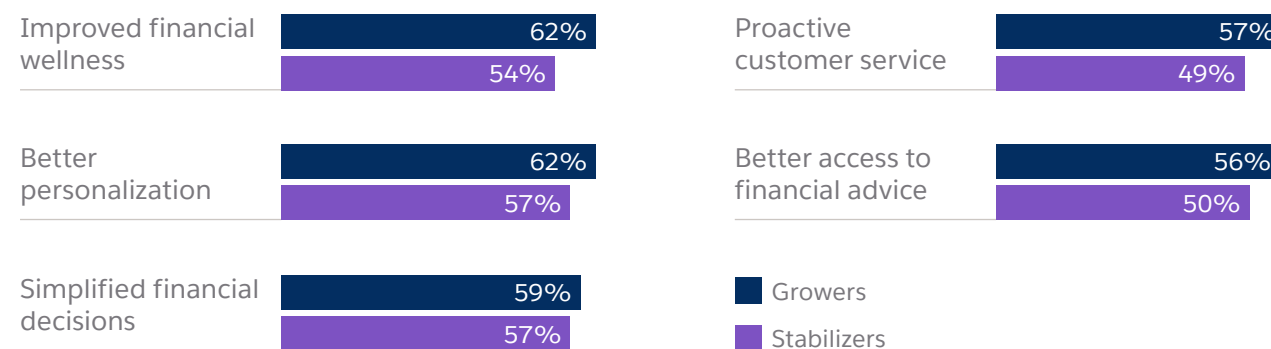
Intelligent Automation Plays Key Role in Achieving Growth

FSIs Expect Autonomous Finance to Provide a Boon to the Customer Experience

Top Three Expected **Business** Benefits from Automated Financial Decision-Making



Expected **Customer** Benefits from Automated Financial Decision-Making



2020 Survey Data

Part of autonomous finance's appeal is its ability to support individual customer journeys at scale. Rather than solely being a cost-cutting vehicle, autonomous finance can lead to better end-user outcomes. Growers expect it to enhance customer understanding and experience, leading to better personalization, improved customer financial wellness, and proactive customer service.

F Autonomous finance requires a deep sensitivity to the ties between a client's finances and their personal wellbeing. With that, client trust is essential. Autonomous finance is about deepening the existing relationship with the client, not replacing client communication.

— TREVOR CHUNA
CTO
SEQUOIA FINANCIAL GROUP

Practitioner Perspective

Efficiencies to Growth

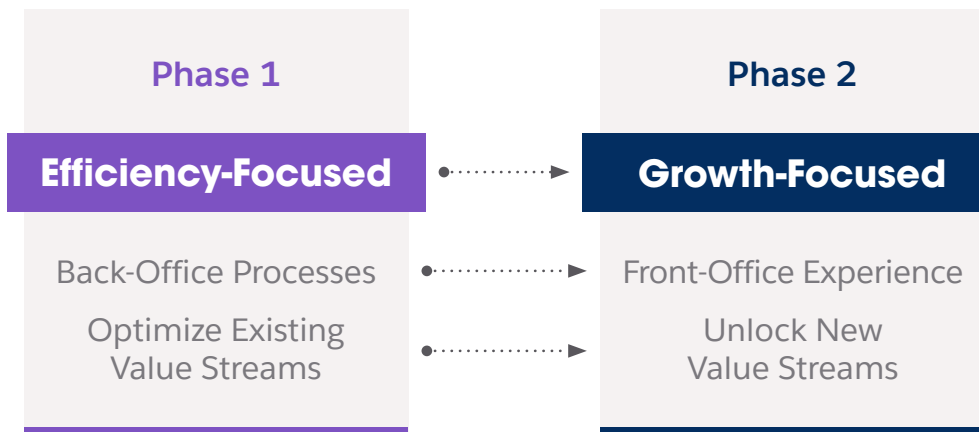
Leaders view autonomous finance's potential impact as extending beyond improving existing operations. According to a focus group of financial executives, it can also unlock entirely new value streams as its usage matures.*

A Autonomous finance is advancing quickly from creating back-office efficiencies today to powering personalized end-user experiences across lines of business tomorrow: It starts with efficiencies and then moves into doing completely new things that previously hadn't been possible.

— CIO, INSURANCE

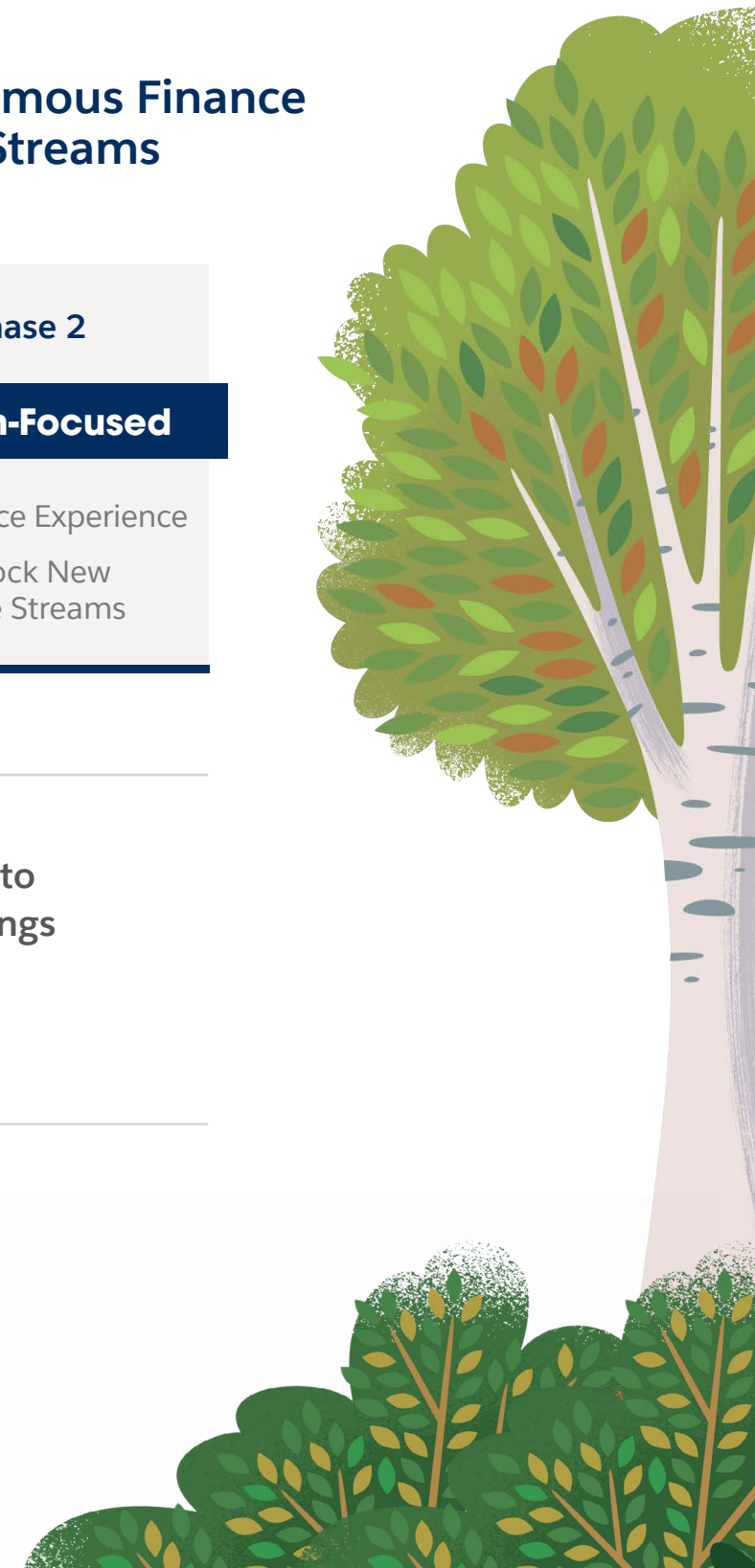
This shift from internally facing use cases to customer-facing applications can be visualized in phases, as shown here.

According to Executives, Autonomous Finance Advances to Unlock New Value Streams



A Digital transformation and the journey to autonomous finance is about doing things differently – not just more efficiently.

— CIO, INSURANCE



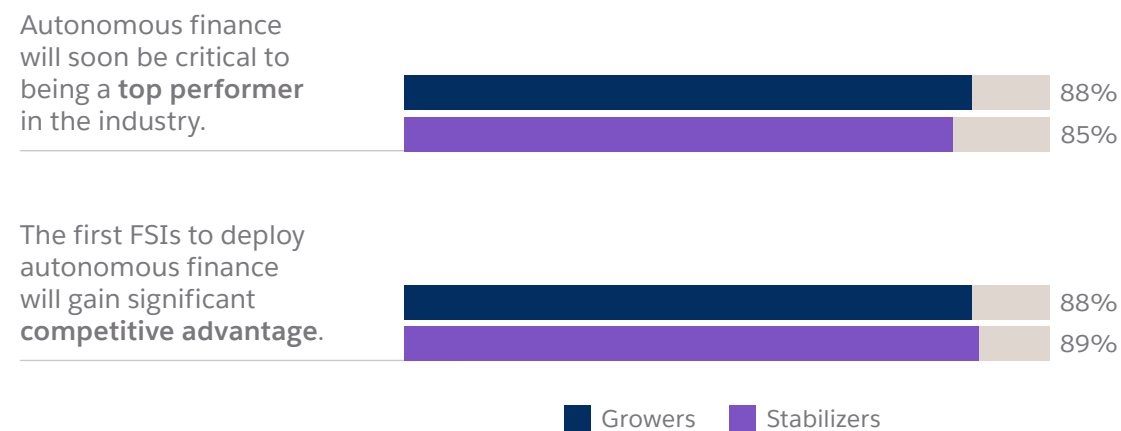
* In February 2020, Salesforce conducted a focus group of seven financial services executives to discuss survey findings and the implications of autonomous finance.

03

Intelligent Automation Plays Key Role in Achieving Growth

Both Stabilizers and Growers Agree That Autonomous Finance Is Key to Future Success

FSI Leaders Who Agree with the Following



2020 Survey Data

Not only do FSIs see autonomous finance as a solution to today's customer experience gap, both Growers and Stabilizers see the technology as key to future success. One VP of banking describes autonomous finance as a critical component of attracting the next crop of business:

[Autonomous finance helps us with] going after the next generation of clients.

— VP, BANKING

Financial services leaders are nearly unanimous in their belief that autonomous finance will be a must for top industry performers. Nearly nine in 10 say deployers will gain a strong competitive advantage, setting what could become the new baseline for attracting, serving, and retaining customers.

Appendix

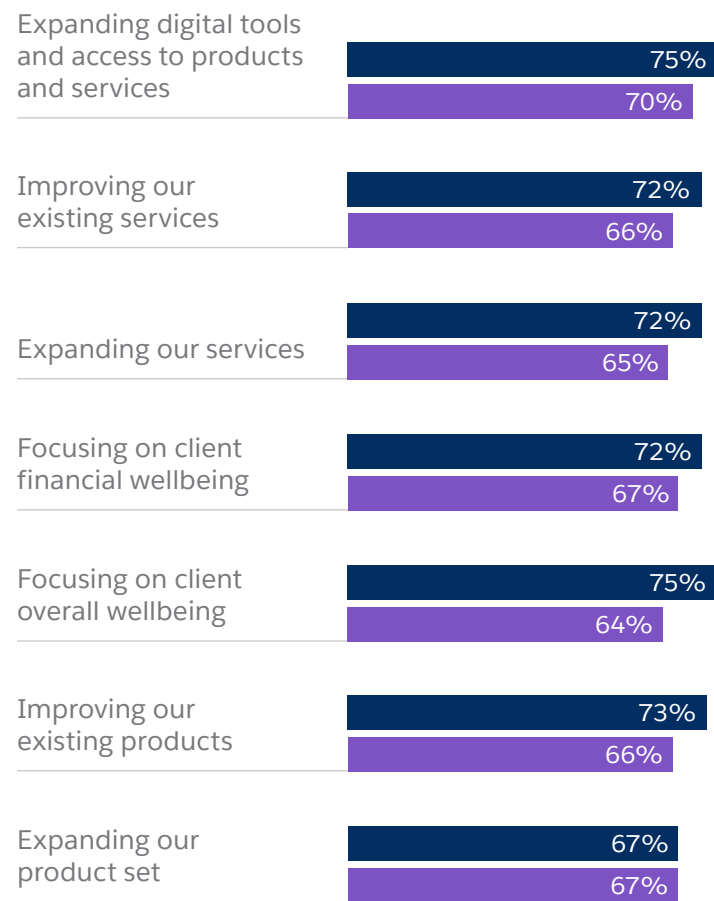


Appendix

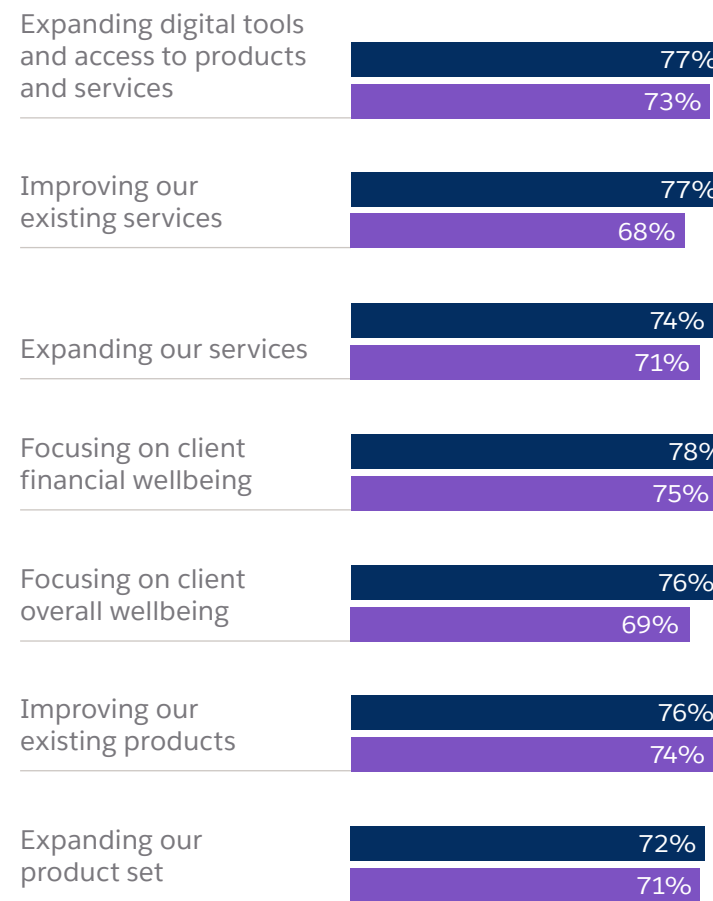
COVID-19 Impact on Initiative Priorities, by Sector



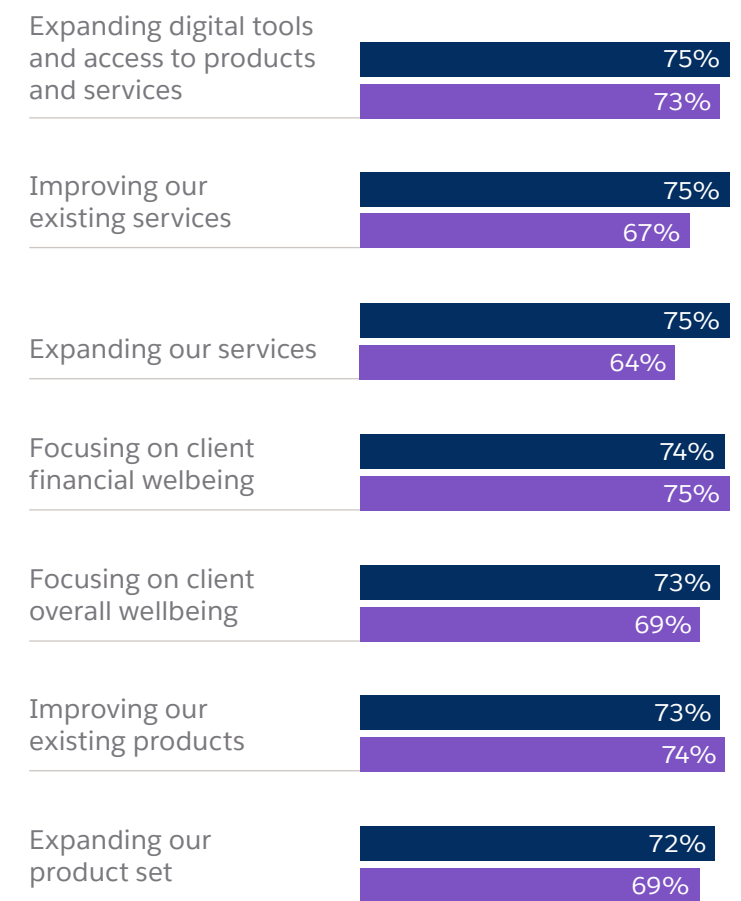
Retail Banking



Insurance



Wealth Management



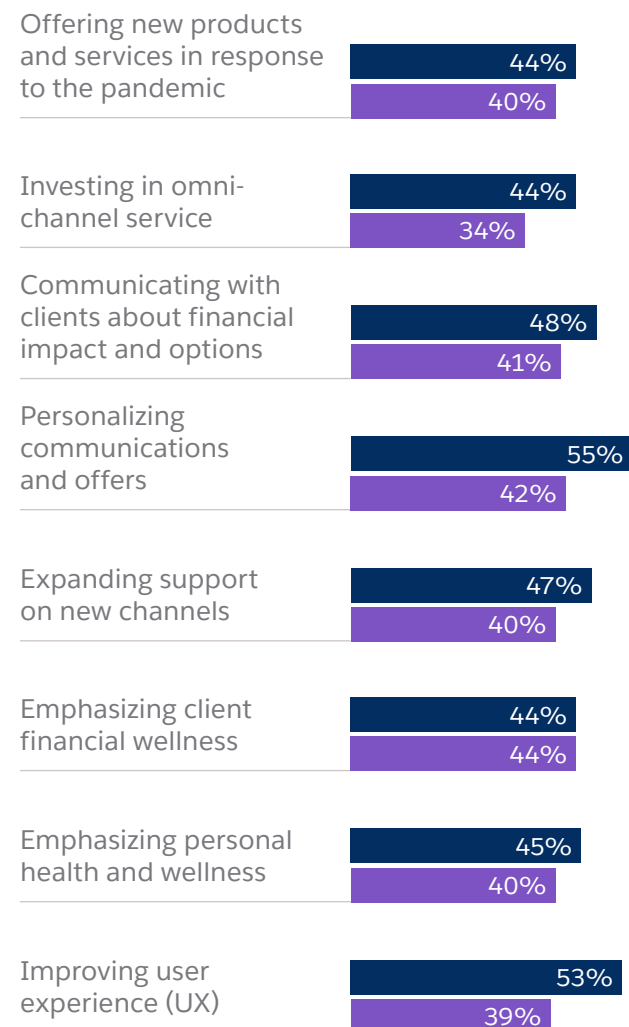
■ Growers ■ Stabilizers

Appendix

Actions Taken to Mitigate Crises, by Sector



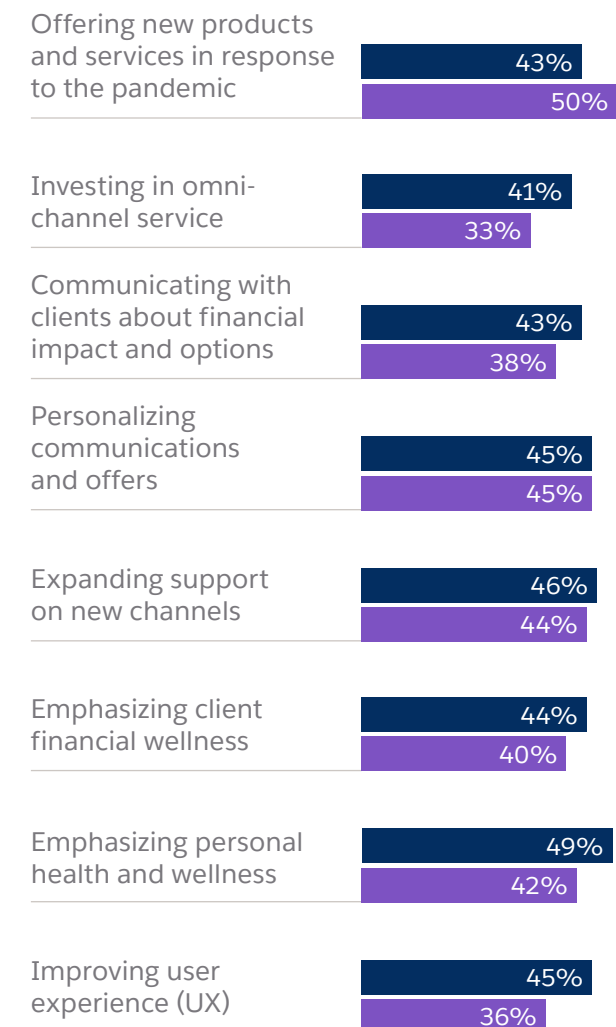
Retail Banking



Insurance



Wealth Management



■ Growers ■ Stabilizers

Appendix

Benefits of Autonomous Finance, by Sector

Top Benefits for Retail Banking

- 1 Better customer understanding
- 2 Improved customer experiences
- 3 Better use of employees' time

Top Benefits for Insurance

- 1 Improved customer experiences
- 2 Better customer understanding
- 3 Improved customer retention

Top Benefits for Wealth Management

- 1 Improved customer retention
- 2 Better customer understanding
- 3 Improved customer experiences



Appendix

Survey Demographics

Sector	2020	2019	Role	2020	2019	Country	2020	2019
Insurance	41%	38%	C-level	30%	25%	Australia & New Zealand	7%	7%
Retail Banking	29%	32%	Vice President, SVP, or EVP	38%	32%	Brazil	7%	7%
Wealth Management	29%	30%	Director	27%	37%	Canada	7%	7%
			Manager	6%	6%	France	7%	7%
						Germany.....	7%	7%
						Italy	7%	7%
						Japan	7%	7%
						Netherlands	7%	7%
						Nordics	7%	7%
						Spain	7%	7%
						United Kingdom	7%	7%
						United States	21%	21%

Company Size	2020	2019
100 to 999 employees.....	30%	55%
1,000 to 4,999 employees	48%	27%
5,000 or more employees.....	22%	18%





Want more insights?



Segment by country

Segment "Trends in Financial Services" data by country.

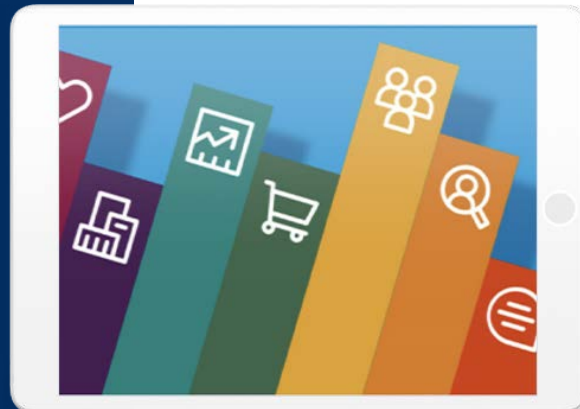
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