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?**

- **Increase**
  - All Industries: 44%
  - Banking: 32%
- **Stay the Same**
  - All Industries: 42%
  - Banking: 39%
- **Decrease**
  - All Industries: 14%
  - Banking: 24%

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%).

**Digital Strategy**

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

- **Yes, enterprise-wide**
  - All Industries: 43%
  - Banking: 44%
- **Yes, within business units**
  - All Industries: 27%
  - Banking: 22%
- **No, but we are currently working on one**
  - All Industries: 21%
- **No**
  - All Industries: 9%

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?**

- **Very effective**
  - All Industries: 19%
- **Moderately effective**
  - All Industries: 65%
- **Not effective**
  - All Industries: 15%

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.

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

- **Delivering consistent and stable IT performance**
  - All Industries: 69%
  - Banking: 63%
- **Saving costs**
  - All Industries: 65%
  - Banking: 54%
- **Developing innovative new products and services**
  - All Industries: 63%
  - Banking: 51%
- **Increasing operational efficiencies**
  - All Industries: 63%
  - Banking: 62%
- **Improving business processes**
  - All Industries: 55%
  - Banking: 59%

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)**

- **Creating a more nimble technology platform**
  - All Industries: 52%
  - Banking: 52%
- **Investing more in cyber security**
  - All Industries: 51%
  - Banking: 45%
- **Finding a way to work with restricted budgets**
  - All Industries: 50%
  - Banking: 49%
- **Working more with trusted suppliers and partners**
  - All Industries: 45%
  - Banking: 39%
- **Reducing the amount of longer-term planning**
  - All Industries: 25%
  - Banking: 26%

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%).

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

- **Dealing with legal and regulatory compliance issues**
  - All Industries: 45%
  - Banking: 39%
- **Being able to easily implement new technologies**
  - All Industries: 39%
  - Banking: 35%
- **Overcoming resistance to change**
  - All Industries: 35%
  - Banking: 35%
- **Satisfying privacy and security requirements**
  - All Industries: 35%
  - Banking: 32%
- **Achieving adequate return on investment (ROI)**
  - All Industries: 36%
  - Banking: 36%

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)

<table>
<thead>
<tr>
<th>Service</th>
<th>Current Year</th>
<th>Next 1-3 Years</th>
</tr>
</thead>
<tbody>
<tr>
<td>SaaS</td>
<td>Banking 19%</td>
<td>All Industries 23%</td>
</tr>
<tr>
<td>PaaS</td>
<td>Banking 15%</td>
<td>All Industries 16%</td>
</tr>
<tr>
<td>IaaS</td>
<td>Banking 17%</td>
<td>All Industries 27%</td>
</tr>
</tbody>
</table>

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?

- **None/Low**: 72%
- **Moderate**: 16%
- **Significant**: 12%

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?

<table>
<thead>
<tr>
<th>Method</th>
<th>Banking</th>
<th>All Industries</th>
</tr>
</thead>
<tbody>
<tr>
<td>Dedicating time for innovation opportunities</td>
<td>55%</td>
<td>54%</td>
</tr>
<tr>
<td>Partnering with other organizations</td>
<td>52%</td>
<td>52%</td>
</tr>
<tr>
<td>Creating an incubation lab</td>
<td>32%</td>
<td>27%</td>
</tr>
<tr>
<td>Separately funding innovation</td>
<td>31%</td>
<td>31%</td>
</tr>
<tr>
<td>Holding innovation contests</td>
<td>30%</td>
<td>24%</td>
</tr>
</tbody>
</table>

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?

- **Leading innovation across the business**: 21% Banking, 26% All Industries
- **Leading innovation in technical/IT matters**: 42% Banking, 44% All Industries
- **Not leading, but actively supporting**: 20% Banking, 17% All Industries
- **Supporting innovation only when asked**: 17% Banking, 12% All Industries

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)

- **Executing projects**: 28% Banking, 34% All Industries
- **Aligning IT and business strategy**: 26% Banking, 35% All Industries
- **Fostering innovation**: 16% Banking, 16% All Industries
- **Facilitating the use of data and analytics**: 12% Banking, 16% All Industries

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

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