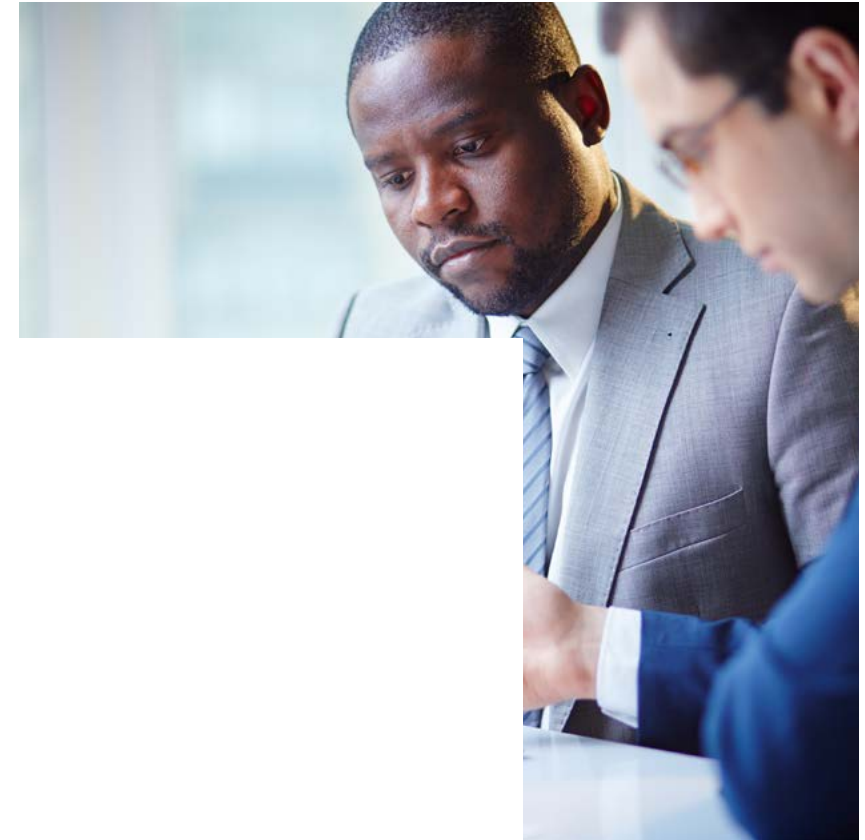


# Corporate and transaction banking

Corporate and transaction banks are accelerating the pace of their digitization—finally catching up with their peers in other banking sectors. Last year, only 60% had an enterprise digital strategy in place. This year, 97% have one, although only 17% are producing results at this point, as these strategies mature.

These are just some of the insights shared by corporate and transaction banking executives this year. Read on for more insights into their top trends and priorities, along with recommendations for key actions they can take now to accelerate their digital journeys.



# Accelerating digital strategies to provide a better end-to-end customer experience

In response to new customer demands emerging from the global pandemic, corporate and transaction banks accelerated their digitization and automation efforts in 2021 to meet these challenges and deliver a better end-to-end experience for both customers and employees. Executives had to quickly pivot from in-person customer interactions to digital self-service channels as their offices closed. As a result, the percentage of executives with enterprise digital strategies soared from 60% in 2020 to 97% this year. This increased focus on digitization led to investment in new customer-centric operating models, enhanced process automation, and innovation, along with a renewed focus on cost reduction and cybersecurity. Executive interest in cloud and managed services also increased in 2021 as they explored more cost-efficient IT delivery approaches.

Each year, we meet with client executives from around the world to get their views on the trends affecting their organizations and industries. Through the CGI Voice of Our Clients, we analyze these findings to provide actionable insights by industry to benchmark best practices, including the attributes of digital leaders. This report summarizes the trends and priorities from our 2021 CGI Voice of Our Clients discussions with 69 corporate and transaction banking executives, along with recommendations for banks to accelerate their digital journeys.

## About the insights

In 2021, we met with 1,695 business and IT executives. This summary shares sample insights from 69 corporate and transaction banking client executives.

### Interview demographics

<b>54%</b> Business leaders	<b>46%</b> IT leaders
<b>59%</b> C-level	<b>41%</b> Ops-level

Over the past 6 years through the CGI Voice of Our Clients program, we've held 7,470 client discussions, collecting 1 million data points across the industries and geographies we serve. Our anonymized benchmarking data reflects insights from 5,500 client organizations located in countries representing 68% of the world's IT spend across all economic sectors.

# Top trends and priorities

Regulation and security remain the dominant trend for 2021, while top business and IT priorities focus on customer centricity.

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## Top trends

- 1 Mounting and changing regulation and security standards
- 2 Driving down costs to adapt to new banking economics
- 3 Technology advances and the adoption of technology

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## Top business priorities

- 1 Driving a customer-centric operating model
- 2 Optimizing operations to reduce costs
- 3 Innovating products and services aligned with customers, the business and regulatory changes

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## Top IT priorities

- 1 Digitizing and automating business processes to deliver a better end-to-end customer experience
- 2 Protecting through cybersecurity
- 3 Addressing the payments landscape



# Top 10 insights for corporate and transaction banking

## 1 **Driving down costs to adapt to new banking economies rises in impact for 2021.**

Cost reduction rises from the third most impactful trend last year to second this year as market changes such as real-time payments affect bank operations and put pressure on executives to transform and optimize their operations.

## 2 **Customer centricity becomes the top business priority, followed by cost reduction and innovation.**

Driving a customer-centered operating model displaces optimizing operations to reduce costs as the top business priority in 2021. Cost reduction through optimization, however, is the second most important priority in line with this year's top trend. Product and service innovation remains the third top business priority, year-over-year as corporate and transaction banks seek to differentiate their offerings.

## 3 **Corporate and transaction banks have caught up with their peers in the banking industry in terms of their digital strategies.**

This year, 97% of executives cite having enterprise digitization strategies, a significant increase from last year (60%), as they face more pressure to build an online presence. This puts corporate and transaction banks on par with their peers in retail banking (97%) and capital markets (92%, buy side; 97%, sell side) for the first time, underscoring the importance of digital in today's banking industry.

## 4 **While 97% of executives now have enterprise digital strategies in place, most are still waiting to produce results.**

Most executives who launched enterprise digital strategies in 2020 are waiting to produce results. Only 17% say they are producing results in 2021. European banks are having more success than their North American counterparts, with 20% producing results compared to only 11% in North America.

## Top 10 insights for corporate and transaction banking

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### **Addressing payments and new regulations emerge as IT priorities this year.**

Executives cite two new IT priorities this year: addressing the changing payments landscape and addressing new regulation. These rank third and fourth in importance, respectively. Digitizing and automating processes to improve the customer experience remains the top IT priority, followed by cybersecurity, which ranks second.

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### **The importance of securing cloud platforms rises in importance this year as corporate and transaction banks seek new applications and infrastructure.**

Several factors that are key to securing the bank, such as data asset tracking, employee awareness, and identifying critical assets, drop dramatically in importance in 2021. However, one factor — securing cloud platforms — increases in importance by 6%, as corporate and transaction banks look to the cloud to create new opportunities.

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### **Business model innovation is the top cited innovation investment, followed by securing the bank and its customers.**

Innovating business models through new technologies and partnerships is the top cited innovation investment over the next three years, while securing the bank and its customers ranks second. Data, automation and payments follow as priority areas, respectively.



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### **The cloud remains a top IT spending trend, as executives pursue cloud modernization and migration.**

Adopting new IT delivery models, such as the cloud, ranks second as an IT spending trend this year. This aligns with the move of executives toward cloud modernization and migration; 82% of executives plan to modernize at least 21% of their applications portfolio in the next two years, and 60% are planning to migrate at least 21% of their applications to the cloud.

## Top 10 insights for corporate and transaction banking

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### **Most executives believe their technology supply chain is not agile enough.**

This year, 78% of executives say their IT supply chain cannot respond quickly to the needs of the business. Another 21% believe their IT supply chain poses a challenge to achieving their business priorities and digital transformation.

10

### **The vast majority of executives view internal resource capacity and organizational culture as key hindrances to digital transformation.**

Corporate and transaction banks are no strangers to the quest for talent. This year, 84% see internal resource capacity as an impediment to achieving their business priorities and digital transformation, while 81% cite the challenge of “organizational culture and the ability to transform.”

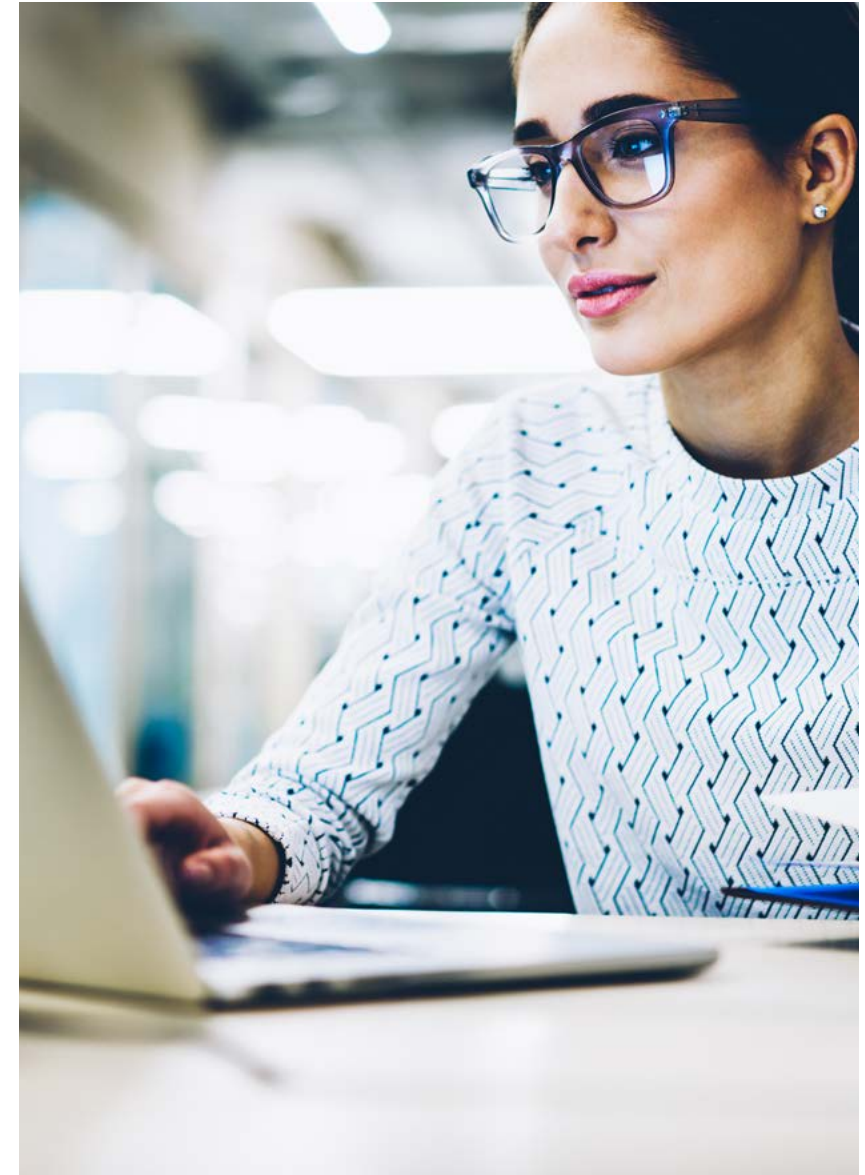


# Digital leaders in corporate and transaction banking

For several years, the pace of digitization within corporate and transaction banking has been slower than in other banking sectors. However, we see a significant acceleration this year. Last year, 60% of executives had an enterprise digital strategy in place; this year, 97% report having such a strategy.

Executives who are producing results from their digital strategies share several common attributes that distinguish them from others who are in the earlier phases of building or launching their digital journeys. The most significant attribute is their ability to align their business and IT priorities. This year, 86% indicate close alignment of their priorities, compared to only 52% of those in the building or launching phases.

Further, among those producing expected results, 83% are more sensitive to data privacy laws and regulations, compared to 74% of those in the building or launching phases.



# 5 recommendations for achieving your top priorities

- 1 Continue to launch and operationalize digital transformation strategies** to satisfy customers and stay competitive. While corporate and transaction banks have digitized at a slower pace than other banking sectors, the pandemic forced them to accelerate their efforts out of necessity. Because of office closures and other pandemic impacts, customers and employees increasingly put pressure on corporate and transaction banks to provide more digital services, and these banks responded by launching new digital initiatives. Although we see a drop this year in the percentage of banks producing results from their digital strategies, this is because their strategies are still maturing. Banks should stay the course by continuing to launch and operationalize digital initiatives, while, at the same time, carefully measuring outcomes to assess their effectiveness.

**Case in point:** CGI is working with a large global bank to consolidate all of its digital channels into a single digital engagement model for its corporate customers, as well as automate a wide range of business processes and implement straight-through processing. With these transformative changes, the bank has been able to improve customer retention, revenue growth and cost reduction.





## 5 recommendations for achieving your top priorities

2

**Continue to increase spending for new applications and infrastructure** to improve operational efficiencies and support new growth. As more than half of executives increase their spending in this area for 2021, we see a corresponding increase in their interest in both the cloud and managed services. The cloud offers executives the scalability and long-term cost control they need, while managed services provides them with access to expertise and economies of scale, including simplified upgrade paths. Ultimately, pursuing both approaches helps executives drive performance and innovation more easily and reliably, which explains why each is on the rise for 2021.

**Case in point:** CGI helped a top Canadian bank become the first to move its payment processing into a dual public cloud environment (Microsoft Azure and Amazon Web Services) through our CGI All Payments platform-as-a-service (PaaS) solution. The bank needed to modernize its payment processing infrastructure to prepare for upcoming regulatory changes, reduce complexity and costs, and tighten security. Integrating seamlessly with the bank's existing payment systems, CGI All Payments enabled the bank to reap all of the benefits of modernization without having to completely replace its systems. Through dual public cloud bank payment processing the bank also can avoid any interruptions in service.

⊕ Read more about our public cloud migration approach:  
[Moving payments to the public cloud with CGI All Payments](#)



## 5 recommendations for achieving your top priorities

3

**Continue to invest in enhanced process automation** to drive more value than basic robotic process automation (RPA). While RPA remains an important tool, more executives are investing in enhanced process automation in 2021 to achieve greater gains. While RPA can automate basic processes such as entering a customer’s name, enhanced process automation can automate more complex and value-added processes — processes that traditionally require human interaction. For example, it can automate processes that retrieve additional customer information, creating a better picture of who the customer is and what the customer needs. This not only drives efficiencies but enables banks to deliver a better customer experience.

**Case in point:** In response to the COVID-19 pandemic, the U.S. Congress set up a new Paycheck Protection Program (PPP) for affected small businesses. U.S. banks had to gear up quickly to begin processing PPP loans, including a large regional bank in the southeast, which turned to CGI for help. Once the PPP took effect, an extremely high volume of loan applications inundated the bank. To handle the volume, it needed to implement an automated loan submission process — and fast. CGI stepped in to address the bank’s challenge using robotic process automation (RPA). Our team developed three RPA bots that automatically pull loan applications into a queue, validate the loan data, and submit the loan applications into the SBA E-Tran site.

⊕ Read our case study: [CGI helps U.S. bank automate loan processing for small businesses seeking to benefit from the Paycheck Protection Program](#)



## 5 recommendations for achieving your top priorities

4

### Continue to focus on creating a superior customer and employee experience

through digitization and data. While corporate and transaction banks have relied more on in-person interactions with customers than other banking sectors in the past, the branch and office closures resulting from the pandemic forced a shift to digital self-service channels and tools, as well as more automation, not only to retain existing customers — and the employees who serve them — but also to create a competitive customer experience for the future. Data also is playing an increasing role in the customer experience, enabling banks to make better decisions in critical areas such as liquidity management, cash management and cash forecasting. With rich data, banks can better assess customer needs and respond with value-added services to address them.

**Case in point:** CGI worked with a large bank to upgrade its mobile application architecture to provide a hassle-free mobile banking experience for its customers and increase the time-to-market for new features. The bank had been serving customers in different regions using a third-party mobile app and back-end services. However, delivering new features was a time-consuming process. As part of its digital transformation journey, the bank turned to CGI for help in building and implementing its own mobile app and back-end services. With the new app and back-end services in place, the bank is able to process 40,000 requests per hour, provide 24/7 service availability, draw 200,000 new users and counting, reduce its third-party IT costs, and ensure scalability of its back-end services using the cloud.

5

### Pay more attention to sustainability

to create opportunities to “do well by doing good.” The sell-side of capital markets and retail banking is increasingly focused on sustainability and capitalizing on opportunities for driving revenue growth through sustainability. Corporate and transaction banks have similar opportunities. For example, they can tie lending to customer sustainability efforts, offering more favorable interest rates and repayment terms to customers committed to sustainability. Likewise, they can offer to invest in customer-driven sustainability programs to not only build customer relationships and loyalty, but also to generate investment revenue, while positively affecting the environment.

⊕ Read [Making sustainability a differentiator in global trade finance, part 1.](#)

# About CGI

## Insights you can act on

Founded in 1976, CGI is among the largest IT and business consulting services firms in the world.

We are insights-driven and outcomes-based to help accelerate returns on your investments. Across 21 industry sectors in 400 locations worldwide, our 80,000 professionals provide comprehensive, scalable and sustainable IT and business consulting services that are informed globally and delivered locally.

For a complete set of the CGI Voice of Our Clients industry insights, and to consult with one of our experts, please visit [cgi.com/voice-of-our-clients](https://cgi.com/voice-of-our-clients) or contact us at [info@cgi.com](mailto:info@cgi.com).

