

## 5 REASONS

# Why Financial Institutions Don't Innovate. And How Low-code Platforms Can Help.

JUNE 2023



Digital transformation has become a buzzword in the financial industry, with more and more companies striving to digitise their operations and keep up with the ever-evolving technological landscape. However, despite the numerous benefits of digital transformation, many financial institutions are still hesitant to fully embrace it. In this mini white paper we will explore the five main reasons why financial institutions may not adopt digital transformation, despite its benefits. By understanding these reasons, we can better appreciate the challenges involved in digital transformation and explore potential solutions to overcome them.

## Introduction

Digital transformation has the potential to revolutionise the financial industry, allowing companies to increase efficiency, reduce costs, and improve customer experiences. However, many financial institutions are still hesitant to fully embrace it, for a variety of reasons.

## 1

## Natural Human Tendency to Resist Change

One of the main reasons why financial institutions may resist digital transformation is the natural human tendency to prefer the status quo and resist change. Many people are more comfortable with what they know and may be hesitant to embrace new and unfamiliar technology. In the financial industry, this can manifest in various ways, such as employees being resistant to new software or processes, or management being hesitant to invest in new technologies.

However, low-code automation platforms can help overcome this resistance to change. By using low-code tools, companies can empower non-technical staff to create and implement new solutions quickly and efficiently. This enables them to experiment with new ideas without requiring extensive coding knowledge, which can help reduce the fear of change and increase acceptance of digital transformation. Additionally, low-code platforms can provide clear and transparent processes that are easy to understand, helping to alleviate some of the uncertainty that often accompanies change.

## 2

## Fear of Making Mistakes

Another reason why financial institutions may resist digital transformation is the fear of making mistakes. This fear can stem from a variety of factors, including the potential for financial loss, reputational damage, but also personal career impacts.

However, when it comes to digital transformation, small-scale mistakes are actually an agent for positive change. You can review mistakes, learn from them, and subsequently adjust and correct your approach, in order to progress. Mistakes can clarify what you actually want and need.

With low-code automation platforms, mistakes are part of the solution-making. These platforms are like a training wheel for digital transformation - they let you experiment with new ways of working quickly.



## 3

## Turning Regulatory Burden into your Competitive Edge

We all know that, in the pursuit of financial stability and investor protection, regulators produce what some market participants experience as roadblocks to productivity. But here's a tip: "Low-code" automation platforms can actually help you turn your compliance approach to meeting regulatory requirements into your competitive edge.

As part of your digital transformation, you can adopt digital solutions to overcome regulatory roadblocks. You can deploy process automation to help you keep on top of compliance requirements and associated documents and data governance. In the case of investor onboarding, for example, you can automate your KYC and AML checks. Or in the case of depositaries, process automation can generate your asset register within a few minutes instead of you manually producing this over several hours.

Offering smoother, digitalised onboarding and processes will give you a competitive edge since the underlying clients and investors are increasingly calling for a digital experience, yet only a small percentage of the market is currently offering this.

## 4

## Complexity of Digital Transformation Projects

Many digital transformation projects fail because they are too big and too complex to manage effectively. Financial institutions may struggle to identify the right technologies, integrate them with existing systems, and manage the organisational change required to implement them.

Financial institutions can adopt a more agile approach to digital transformation to overcome these challenges, focusing on short, iterative deliveries of additional benefits. Approaching change one process at a time by breaking your ambition into small, bite-sized pieces can help. You experience the benefits faster than trying to digitalise all processes simultaneously, which would be inherently more complex and lengthy to achieve.

“Thinking big and starting small” can also help you with budgeting. You can start small and incrementally scale up your digitalisation project rather than commit to a full-scale transformation project upfront with significant costs and timelines.

Low-code automation platforms can be beneficial for turning your complexity into simple solutions, as they allow for rapid development and deployment of new applications and processes without requiring extensive coding expertise or IT resources.

## 5

## Language Barrier

Finally, financial institutions and technology companies often need help communicating effectively because they speak different languages. Financial institutions may require more technical expertise to understand new technologies, while technology companies may need help understanding financial institutions' specific needs and requirements.

Low-code automation platforms can help to bridge this language barrier by providing a visual, drag-and-drop interface that allows non-technical users to create and modify applications and workflows. Still, it requires the low-code provider to provide business experts to guide the users. Through co-configuration partnerships, low-code automation platforms can help to ensure that digital transformation efforts are aligned with business goals and priorities.

## Conclusion

In conclusion, digital transformation is essential for financial institutions that want to remain competitive in today's fast-paced, technology-driven world. While there are many obstacles to digital transformation, including resistance to change, fear of making mistakes, regulatory burden, complexity, and language barriers, low-code automation platforms can help to overcome these challenges by providing a flexible, scalable, and user-friendly framework for digital innovation.

By leveraging the power of low-code automation platforms, financial institutions can streamline their operations, improve customer experiences, and drive innovation across their entire organisations. Whether you're a CTO, CFO, or another executive in the financial industry, now is the time to embrace digital transformation and seize the many opportunities it presents.