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2024

More than a decade on from the global financial crisis of 2008, the financial services industry is far from settled. In fact, the next five years look set to be just as dynamic for financial services companies as the previous ten. David Furlonger, ...

Apr. 28, 2019



More than a decade on from the global financial crisis of 2008, the financial services industry is far from settled. In fact, the next five years look set to be just as dynamic for financial services companies as the previous ten. David Furlonger, vice president and distinguished analyst at Gartner, said recently that banks face an alarming risk of failure if they continue to maintain 20th century business and operating models and suggested that **80 percent of financial firms** will go out of business as consumers look towards more convenient solutions.

If this prediction is correct, the next five years will be filled with challenges and

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financial services decision makers view cybersecurity as the biggest challenge the industry will face over the next five years. While many institutions have already improved their cyber hygiene by aligning and leveraging their security capabilities, they will need to continue to follow best practices if they are to stay compliant and resilient to threats. [McAfee](#) estimated the cost of cybercrimes was around \$600 billion in 2018 alone. The cost of failure is clearly too great, and businesses risk not only losing money and information but also reputation, which can be the hardest to repair. Enterprises need to ensure they are getting the right solutions and processes in place to not only protect their individual businesses, but also their customers, which means having an incident response plan in place should their organization be the target of a cyber-attack.

2. **The political landscape** The Future of Financial Services report also found that 24 percent of US respondents believe political changes will cause them disruption, and over half (54 percent) of UK respondents are expecting disruption – undoubtedly due to Brexit. More than a third of the UK's largest financial services firms have announced they will be migrating staff and operations to other EU cities and markets such as Dublin, Luxembourg, Frankfurt and Paris. Additionally, banks from the United States have relocated around 1,000 employees from London, but the number could grow to 5,000 as the March 29 deadline approaches, according to many analysts. This will shake up the way the financial industry does business around the globe. London has been seen by many as the financial hub of Europe and that standing is now in question.
3. **Regulation and compliance** Regulation and compliance have been a huge challenge for the financial services industry since the financial crisis some 10-odd years ago. Laws such as GDPR, PSD2, MiFID II, IFRS9/15/16/17 have focused on better safeguarding consumers and investors' data privacy, ensuring financial stability across the industry and promoting the responsible development of technology. There are serious financial penalties for organizations that aren't

meeting these laws and regulations, yet we're still seeing businesses all around the

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found that 20 percent of respondents (20 percent) do not have a plan in place for big data – so we can assume the answer for many financial services organizations is that they do not. Surprisingly, only 14 percent of respondents see big data as a potential disruptor. Part of this is likely because big data has become a common tool for modern business, but that makes the 20 percent number even more damning. Companies in the financial service industry must ensure that they are harnessing the power of their data because it is the key component to tackling challenges including regulation and compliance.

- 5. Planning for the uncertainty in the market** Sure, every organization has some kind of plan for the future, but advances in technology, cyber threats, changes in regulation and political uncertainty make it extremely difficult to plan for what lies ahead. The only realistic way to effectively plan for success is for companies to start leveraging their data to study the challenges directly impacting them. Companies can start by changing their approach through the use of connected planning. Connected planning helps organizations dramatically improve ROI by leveraging the latest technology to quickly analyze their data sets and give them access to a clear view of what's needed in order to formulate solid, evidence-based plans for the future. The only way to plan for the future is to keep your enterprise agile and able to adapt to the incoming challenges.

Over the next five years, financial services organizations will face a myriad of challenges and disruptions and it's crucial they remain calm, proactive and pragmatic in their approach when facing them. With disruption coming from every angle it can feel like chaos and the temptation can be to either panic or freeze, taking a wait-and-see approach. This can be dangerous – and perhaps the fastest way to be left behind by more nimble competitors. With effective planning and solid forecasting, enterprises can unlock opportunities, get closer to their customers and be prepared to face these challenges head-on.

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