

## Changes Ahead in Financial Services: Key Issues for 2003

**To remain competitive, financial service providers must understand the industry's Key Issues. By balancing tactical and strategic investments, and evolving their IT architectures, FSPs will be positioned to respond.**

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External and internal forces will continue to drive rapid evolution in the financial services industry in 2003. Changes in the political, economic, technical and regulatory environments will prove challenging and encourage financial services providers (FSPs) to develop new strategies to support unpredictable market and technology changes. In 2003, competitive pressure will continue to be intense, making it imperative that FSPs meet stakeholder expectations, improve operational efficiency, reduce operating costs, support product and service enhancements, and focus on customer intimacy.

To do so, current and emerging technologies must be used to support core applications, enterprise architecture, customer relationship management (CRM) and risk management. Tactical and strategic investments must be balanced to achieve the architectural flexibility needed to support industry and market evolution. FSPs that cannot achieve this necessary balance — for example, those that cannot plan and execute strategically because of an over-reliance on tactical projects — will face greater difficulty in responding to changing conditions.

### Key Issues

In 2003, Gartner's financial services group will assist its clients in achieving strategic/tactical balance. We will continue to provide our clients worldwide with the research and analysis that will enable them to understand the financial industry's rapidly evolving drivers, strategies, direction and vision. Gartner will, as always, maintain a sharp focus on the impact and opportunities of technology, supplying clients with actionable advice on enterprise architecture, process support and technology decision making.

Our combined research into IT and business issues will assist our FSP clients in meeting business demands for:

- Increased revenue
- Reduced operational costs
- Improved efficiency and productivity
- Greater customer satisfaction

We will also help FSPs make essential decisions about critical application areas, including

- CRM, including distribution, service and marketing

### Gartner

- Enterprise architecture
- Sourcing
- Risk management
- Privacy

“New Directions and Shifting Strategies: Key Issues for 2003,” by Kimberly Harris, Mary Knox, Brad Adrian, Richard DeLotto and Avivah Litan discusses the issues that will most radically affect the financial services industry in 2003. This article focuses on the ways social, technological, environmental, economic and political forces will drive FSPs to essentially “reinvent” themselves and their business and technology models. The analysts — drawing on their long experience in many financial services industry sectors — present an outline for Gartner’s research for 2003. This research is designed to guide FSPs in: understanding the shifting market forces and technological and process changes within the industry and sectors; evaluating and aligning their priorities; and implementing IT management practices that enable success in the current market.

Success in this market demands that FSPs do more than simply monitor current industry conditions, however. FSPs must reposition themselves to respond to future demands and requirements — and this requires business and technological flexibility. “Architectures and Technologies: Key Issues for 2003,” by Mary Knox, Don Free, Brad Adrian, Richard DeLotto, Avivah Litan, Kurt Brenneman and Kimberly Harris, outlines research addressing this critical need. This article discusses the architectural models and technologies that can support key industry trends, such as straight-through processing (STP), real-time enterprise (RTE) capability, corporate performance management (CPM), CRM and risk management. Among the evolving options addressed are sourcing alternatives, enterprise architecture roles; best practices for achieving architectural flexibility; and financial industry/sector-specific trends in supporting operational and decisioning needs.

Financial services industry conditions will continue to be extremely tough. FSPs that expect to achieve long-term survival must recognize critical changes in the industry and modify their businesses (including their technological infrastructures) to adapt to future market requirements. Gartner’s financial services research for 2003 will be a key element in FSP efforts to achieve their business goals.

## Features

“New Directions and Shifting Strategies: Key Issues for 2003” — Despite limited resources, financial services providers must focus on increasing efficiency and maintaining competitiveness. **By Kimberly Harris, Mary Knox, Brad Adrian, Richard DeLotto and Avivah Litan**

“Architectures and Technologies: Key Issues for 2003” — Financial services providers will increasingly need to implement architectures that support enterprisewide strategies in 2003. **By Mary Knox, Don Free, Brad Adrian, Richard DeLotto, Avivah Litan, Kurt Brenneman and Kimberly Harris**