



# Beyond Price: Choosing the Right Digital Transformation Partner

Are you planning to leverage digital technology to streamline operations, enhance customer experiences, and improve overall efficiency and accessibility?

The benefits of digitization in banking are numerous, including enhanced customer experiences, improved operational efficiency, cost savings, expanded market reach, and the ability to remain competitive in a rapidly evolving financial landscape. However, it also comes with multiple challenges related to data privacy, cybersecurity, and the need for continuous technological innovation and adaptation.

“An IDC InfoBrief commissioned by Insight Enterprises found that data privacy/security concerns **(50%)**, lack of essential technology skills **(39%)**, and insufficient resources for change management (31%) were the greatest digital transformation hurdles organizations faced.

While pricing is important to ensure the project fits within your budget, it cannot be the primary determinant. A low-cost solution may not provide the required level of expertise, support, scalability or security, and may end up costing more in the long run due to issues and inefficiencies.

This theory holds true even more for a heavily regulated industry such as the financial services sector. If you strategize to partner with a digital solution company, it is imperative to ensure that their data security is airtight, and the solution you pick is robust enough to operate the high volume of sensitive data that carries the fate of thousands of people and companies. At the same time, it should also allow you to fully utilise the power of data by seamlessly integrating with all relevant systems, streamlining your process and giving you more control over your entire financial tech eco-system.



*According to IDC's 2023 FutureScape: Worldwide CIO Agenda 2023 Predictions, we have now entered the era of the digital business, where transformation must be part of enterprise DNA*

## Presenting a few critical values that transcend price when you're choosing your technology partner:



**Expertise and Experience:** It is essential for technology vendor to have a proven track record of working in the financial services industry, with solid experience in developing and implementing similar projects. Domain expertise is critical to completely understand the requirement and map the best fit solution enabling future-proof operations.



**Security and IT Compliances:** Financial practices involves sensitive and confidential data which you would like to be handled with utmost care. The technology partner should ensure and optimize industry best practices for security and compliance, such as GDPR, PCI DSS, and other relevant regulations. The ability of a reliable technology partner to deploy a secure and robust product is crucial for financial institutions (FIs) in protecting the sensitive data of customers who trust the banks with their hard-earned money. The system should be equipped with various measures, including robust encryption protocols, Intrusion Detection and Prevention Systems (IDPS), Multi-factor Authentication (MFA), and others.



**Regulatory Compliance:** Regulatory compliance is in a constant state of evolution, demanding FIs to remain adaptable and progressive. While pricing can be adjusted based on market dynamics, a strong commitment to regulatory compliance safeguards institutions from legal risks, reputational damage, and systemic impacts, contributing to their overall stability and success.



**Scalability and Performance:** With the technologies being very dynamic it is quite important that the financial digital solution has the capability of handling the growing number of users and transactions with zero downtime and without compromising its performance.



**Integration Capabilities:** Another important factor to keep in mind is that the chosen solution should seamlessly integrate with existing systems, such as CRMs, ERPs, and accounting software as well as the latest fintech innovations. The solution should be compatible with a robust architecture, and user-friendly APIs to ensure that the existing solutions can be seamlessly integrated.



**Risk Mitigation:** It is critical to consider the ability to identify and mitigate potential risks during the development and implementation process. This can only be managed by a technology partner who has extensive and diverse knowledge and experience to foresee impending risks.

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*When **70 percent** of transformations fail, a company needs a proven strategy to beat the odds*

While pricing can be adjusted in response to market fluctuations, a strategic focus on sustainable growth through innovation, customer-centricity, and ethical practices allows FIs to cultivate enduring relationships, adapt to changing industry landscapes, and weather economic uncertainties effectively. This approach not only safeguards the institution's stability but also contributes to its resilience, adaptability, and continued success in a dynamic financial ecosystem.



## Fostering Sustainable Growth: Embracing ESG in Financial Services

Today, with the vast plethora of information available and absorbed online by consumers daily, transparency and focus on ESG compliances for banks and financial institutions is more than ever now. Environment centricity and people centricity is extremely crucial and a well thought overall technology strategy will help achieve this faster.



Leading FIs around globe are on a transformational journey to achieve net zero carbon footprint to increase acceptance amongst stakeholders as well as regulatory authorities and most importantly strive to play a responsible role towards creating a sustainable organisation.

Overall, ESG practices in financial digital solutions aim to align financial interests with sustainable and ethical practices, like making financial services paperless, optimizing collectors route plan to eliminate fuel wastage, implementing fair credit policy and financial inclusion and accurate and timely reporting for governance compliance, to mention a few ESG initiatives that help create a more resilient and responsible financial system.

“Ninety-one percent of banks monitor ESG, along with **24** global credit rating agencies, **71%** of fixed income investors and over **90%** of insurers.

**89** percent of investors consider ESG issues in some form as part of their investment approach, according to a 2022 study by asset management firm Capital Group.

### "Maximizing Returns, Optimizing Investments: Unleash the Power of ROI"

ROI impact can be far-reaching and transformative for businesses, driving growth, attracting resources, and enhancing overall performance and reputation.

Calculating the Return on Investment (ROI) for deploying technology in financial digital solutions can be complex and depends on various factors.





### Savings in Operational Costs:

Streamline processes, reduced manual labour, and improved efficiency. This can lead to cost savings in terms of staff hours, paperwork, and operational expenses.



### Increased Loan Approvals:

Faster processing times and better accuracy leads to increased loan approvals.



### Reduction in Bad Debt:

The right technology helps in better credit risk assessment, ensuring minimized NPA's



### Cross-selling Opportunities:

The technology enables cross-selling other financial products, increasing revenue streams.



### Customer Satisfaction:

Better technology improves the overall customer experience, leading to increased customer retention and referrals.



### Regulatory Compliance:

The technology helps in maintaining compliance with regulatory requirements, potentially avoiding fines or penalties.

**All the above factors contribute immensely towards ROI while deploying a technology solution**

Now that the key factors have been identified while choosing your Financial technology partner. Let's go a step further and understand the long-standing reputation and reliability of services that Nucleus Software has delivered for over three decades, in banking technology assets. Nucleus Software has a domain expertise of 10000+ years, serving the biggest banks in India and across 50 geographies, a value-based approach which focusses on understanding and addressing the unique needs and challenges of the customer and positioning solutions that deliver specific value and benefit. Nucleus Software has mastered the seamless digital transformation space and has digitally transformed many leading financial institutions worldwide.

In conclusion, while pricing is an essential factor to consider when choosing a technology partner for financial institutions (FIs), it should not be the sole criteria. Price considerations must be balanced with other critical factors to make an informed decision that aligns with the FI's long-term goals and requirements. Choosing the right technology partner is a crucial investment, as it can have a profound impact on the FI's efficiency, growth, and ability to deliver excellent customer experiences in the long run.



#### References:

[1]: 2023 Insight Intelligent Technology Report

[2]: IDC's 2023 FutureScape: Worldwide CIO Agenda 2023 Predictions

[3]: Why do most transformations fail?

[4]: Gartner, The ESG Imperative: 7 Factors for Finance Leaders to Consider, "2021