The State of Automation

in Financial Services 2024

TECHNOLOGIES

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Dear Financial Services Executive,

It is with great pride and enthusiasm that I share SMA Technologies' landmark report, "The State of Automation in Financial Services 2024." This comprehensive analysis, rooted in a proprietary survey of banking, credit union, and insurance executives, offers deep and meaningful insights into the evolving landscape of automation within the financial sector.

Our survey, encompassing a diverse range of executives across the financial services landscape, highlights the accelerating integration of automation technologies in their operations. The findings are a testament to the transformative power of automation, offering a glimpse into its profound impact on efficiency, customer experience, and the bottom line.

Key insights from the report include:

- Adoption Rates and Future Trends: A significant majority of respondents have already integrated some form of automation, with many planning substantial investments in the near future. This trend underlines the growing recognition of automation as critical in driving strategic objectives like better customer service and revenue growth.
- Impact on Efficiency and Productivity: The report details how automation technologies are streamlining processes, reducing manual errors, and enhancing operational efficiencies—resulting in substantial cost savings and ROI.
- Enhancing the Customer and Employee Experience: Automation is also playing a key role in improving customer engagement and satisfaction. From personalized services to faster response times, automation is reshaping the customer experience in finance, while enabling staff and management to get time back to focus on higher-level, more strategic initiatives.

Despite these positive trends, our research has also uncovered some areas of disconnect among financial services organizations' desired automation outcomes and how they're currently deploying automation in their operations. As financial services leaders expand their automation strategies to drive digital transformation and growth initiatives, it's clear that end-to-end automation will prove increasingly vital.

This report is not just a collection of data; it's a roadmap for the future of the financial services industry—I'm excited about the possibilities that lie ahead, and I hope our report serves as the guide your organization needs while navigating this new era of digital transformation.

Sincerely,

Todd Dauchy
CEO, SMA Technologies
January 8, 2024

Top Takeaways from the 2024 State of Automation in Financial Services Report

Financial services organizations (FSOs) are largely happy with their current level of automation, reporting an average **satisfaction** rating of

7.5/10

Automation's **importance** to the organization's future success ranked even higher at

8.5/10

Workload automation is the top-used automation technology in the industry, with

56%

of respondents indicating they use it in their operations currently.

There's a gap between current and desired levels of automation: The median percentage of **operations automated** is between

41–50%

But, the median **desired level** of automation is between

61–70%

This 20-point gap reflects a strong desire to implement comprehensive, end-to-end automation.

52% of respondents save at least

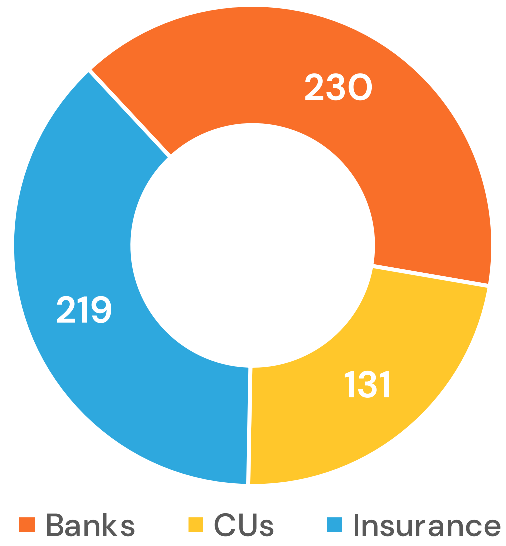
$100k

from automation each year.

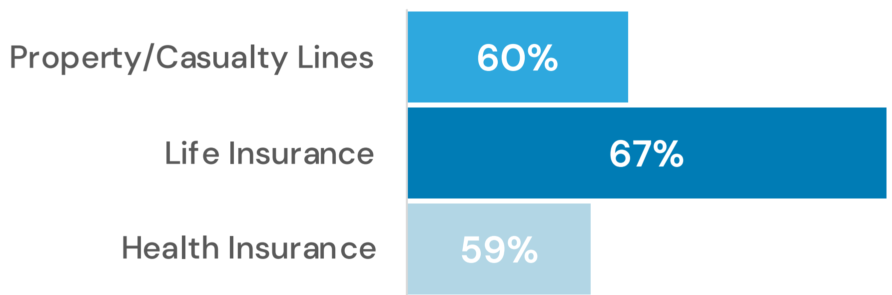
FSOs plan to **increase** their use of business process automation **(BPA)**, intelligent process automation **(IPA)**, IT process automation **(ITPA)**, and workload automation **(WLA)** more than other automation types in the next year.

About the Research: Methodology & Demographics

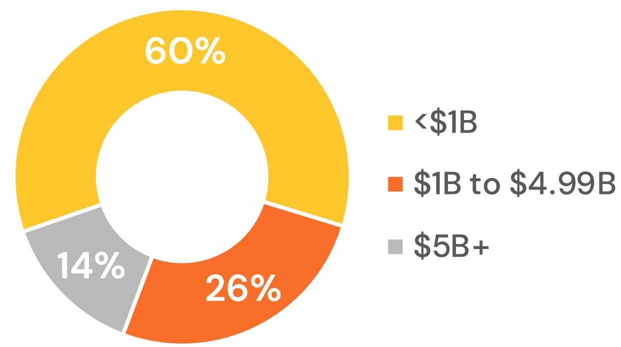
SMA Technologies, in collaboration with Ted Goldwyn Communications, LLC, a research and advisory firm for the financial services industry, surveyed 580 U.S.-based executives from the banking, credit union, and insurance sectors.



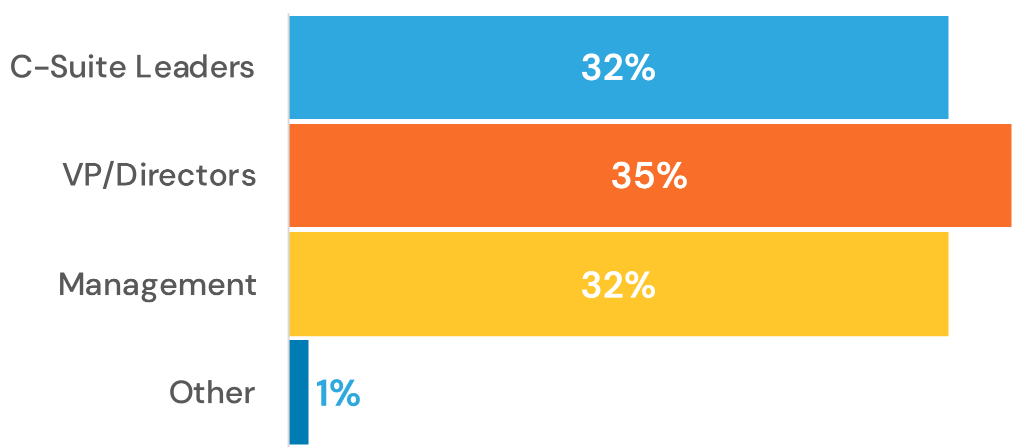
Insurance Offerings



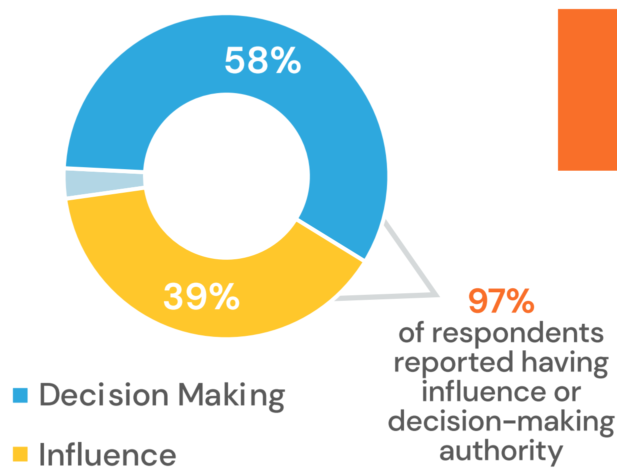
Assets for Banks/CUs



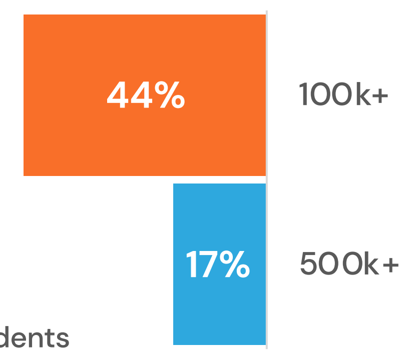
Seniority Level



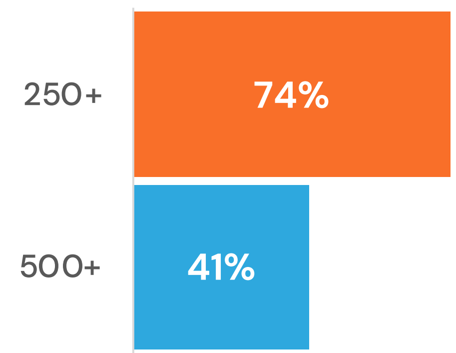
Authority



Clients



Employees



Glossary of Key Terms

Following are descriptions and examples of some of the most common automation tools used in the industry:

Basic Job Scheduler

A traditional job scheduler native to Windows, Unix/Linux, or IBM, or a simple program that provides scheduling or batch processing where automation requirements are minimal.

Example: Schedule a data backup job to run daily.

Workload Automation (WLA)

A software-enabled method of scheduling, initiating, and executing processes and workflows with inter-system dependencies.

Example: Run an end-of-month financial reporting workflow where data is extracted, transformed, and reported in an event-driven sequence.

Robotic Process Automation (RPA)

RPA refers to the recording of a sequence of human interactions and playing them back on demand.

Example: Extract customer data from applications and validate it by cross-referencing with external databases.

Business Process Automation (BPA)

BPA is defined as the automation of complex business processes and functions necessary to run the business.

Example: Capture documents from various sources and route them to the appropriate team for processing.

IT Process Automation (ITPA)

ITPA automates complex backend IT processes into workflows.

Example: Validate and cleanse data by checking for duplicates, inaccuracies, or missing information in databases.

Intelligent Document Processing (IDP)

IDP is a tool to convert typed or handwritten data into structured, machine-readable data.

Example: IDP can be used to extract expense details from scanned or digital receipts, categorize expenses, and populate expense reports.

Intelligent Process Automation (IPA)

IPA combines RPA with process mining, OCR/ICR, analytics, and AI.

Example: Automate the analysis of creditworthiness by examining a customer's financial history, income, and other relevant data.

Integration Platform as a Service (iPaaS)

iPaaS is defined as an event-driven form of automation for workflows across dissimilar systems.

Example: Integrate a CRM with accounting software and create a record in the CRM when payments are made.

Introduction

Today's financial services organizations face a formidable set of challenges, including evolving consumer expectations, ongoing economic uncertainty, the rise of competitive threats from Big Tech, fintechs, and insurtechs, and a growing regulatory burden.

These external pain points are impacting organizations' internal operations, particularly the IT function. Constrained by tightening budgets and limited resources, IT departments are forced to do more with less while managing growing workloads. The resultant staff burnout is making it harder to retain and recruit skilled talent, burdening those left behind with heavier workloads and greater responsibility for managing increasingly complex and diverse technology stacks, including outsourced core processing systems.

Compounding these challenges is the problem of siloed operations, which severely limits an organization's ability to extract and use data across the enterprise. Comprehensive data access and analysis is critical to personalizing relationships and developing long-term strategies and new products, as well as supporting regulatory compliance and business continuity needs.

Recognizing the impact of these pain points, leaders across many industries are adopting automation technologies at a record pace to improve operational efficiency, drive growth, and provide better customer experiences. **According to a Deloitte study, more than half of organizations planned to implement AI and automation technologies in their operations in 2023.** In financial services, however, the need for process improvement is especially acute. According to a 2023 KPMG study, 53% of financial services executives surveyed identified "improving processes across the business" as the leading innovation goal for their technology function.

In **The State of Automation in Financial Services 2024**, we delve into the trends driving the growth of automation among financial services organizations, analyzing the powerful impact that modern automation solutions are having on these organizations' back-office operations and customer and employee experiences, as well as their financial health, safety, and soundness. At the same time, we explore the barriers that are holding some firms back from fully automating their operations and unlocking the incomparable value within this powerful technology.

Complacency Crowds Out Urgency in the Current State of Automation

In 2023, 100% of financial institutions and insurance companies employed automation in their operations. The median percentage of operations automated ranged from 41-50%, or slightly less than half. Only 2% of respondents reported that less than 10% of their operations were automated.

And financial services organizations (FSOs) are generally satisfied with their current level of automation. On a scale of 1 to 10, the average satisfaction score was 7.53, midway between "somewhat satisfied" and "extremely satisfied."

Yet opportunity for growth exists. When asked, "How important do you consider automation to your organization's future success?", the average response was 8.48 on a scale of 1 to 10, highlighting how critical automation has become for those in the financial services industry.

When comparing their use of automation with their peers, half of all respondents believe they are ahead of the competition, with 14% saying they are "far ahead." In contrast, only 18% believe they are behind the competition.

This data reflects at least a partial disconnect with reality. It's unlikely that 8 in 10 firms are on par with or ahead of their peers in their use of automation, particularly when the average percentage of operations currently automated is below 50%. In fact, 40% of respondents reported that only 40% or less of their operations are currently automated, placing them below the median. Of that 40%, nearly three-quarters (71%) feel their organization's use of automation is "about the same as" or ahead of their peers.

These results show that, despite recognizing automation as vital to future success, financial services organizations aren't demonstrating sufficient urgency toward automating their operations. Because they're generally satisfied with their current level of automation and assume they're outpacing the competition, banks, credit unions, and insurers are comfortable with the rate at which they're automating. However, resting on their laurels could be costing FSOs more than they realize.

Operations Automated

41%–50%

Satisfaction
with current levels of automation

7.53/10

Importance
of automation to future success

8.48/10

Organizations Spend a Lot on Automation

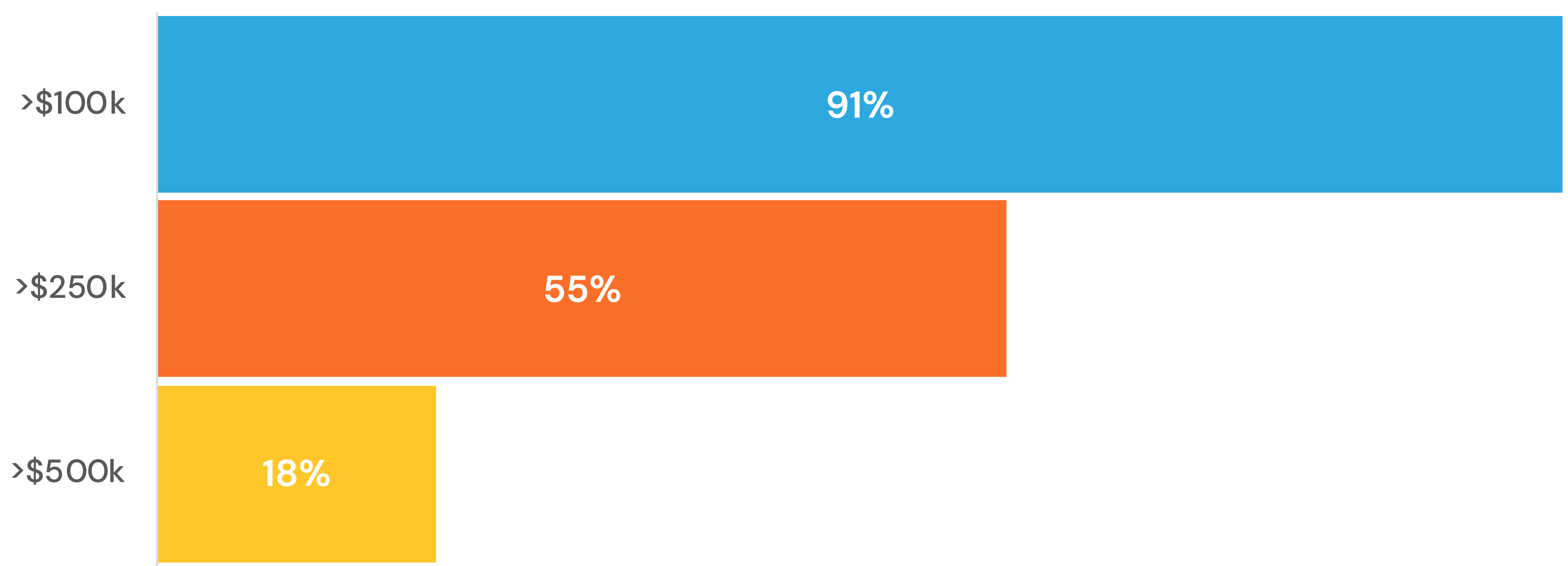
Banks, credit unions, and insurance companies have not shied away from investing their technology dollars in automation solutions. They spend—a lot.

More than 9 out of 10 (91%) of respondents across the three sectors spent at least $100,000 on automation in the past 12 months. And more than half—55%—spent more than $250,000. Nearly 2 in 10 (18%) spent $500,000 or more.

Notably, automation leaders—organizations that reported over 80% of their operations were automated—spent even more. Seventy-nine percent of leaders spent $250,000 or more in the past year. On the other end of the spectrum, just 44% of slow adopters—organizations that reported less than 40% of their operations were automated—spent $250,000 or more.

As we review the comparative spend across various types of automation solutions, it becomes clear that financial services organizations are dedicating the largest amount to emerging technologies. This fact, coupled with many organizations' ongoing investments in aging tools like basic job schedulers, suggests that financial services leaders may not be ready to abandon the status quo entirely, but they're looking to get more out of their automation solutions as they target an increasingly strategic set of goals.

Spending on Automation



Financial Services Organizations Are Exploring a New Wave of Automation Tools

Though financial services organizations haven't historically held a reputation as early adopters, they're leaning into the latest automation solutions—without giving up traditional tools entirely.

Today, financial services organizations use a wide variety of automation tools, ranging from traditional solutions like a basic job scheduler to newer technologies like RPA, BPA, and IDP. Financial services organizations are also leveraging evolved versions of familiar technologies, such as modern-day WLA platforms, which are now capable of supporting many workflows and orchestrating across multiple systems and applications.

While respondents were generally satisfied with all the automation types they currently use, they were most satisfied with RPA, IPA, and WLA. In contrast, the lowest level of satisfaction was for iPaaS. This may be due to the technology's relative newness, or it may highlight a lack of iPaaS solutions purpose-built for financial services. Many well-known iPaaS solutions are relatively horizontal, designed for large enterprises, and they don't include the integrations that deliver the highest value to financial services organizations. On top of that, they're pricey.

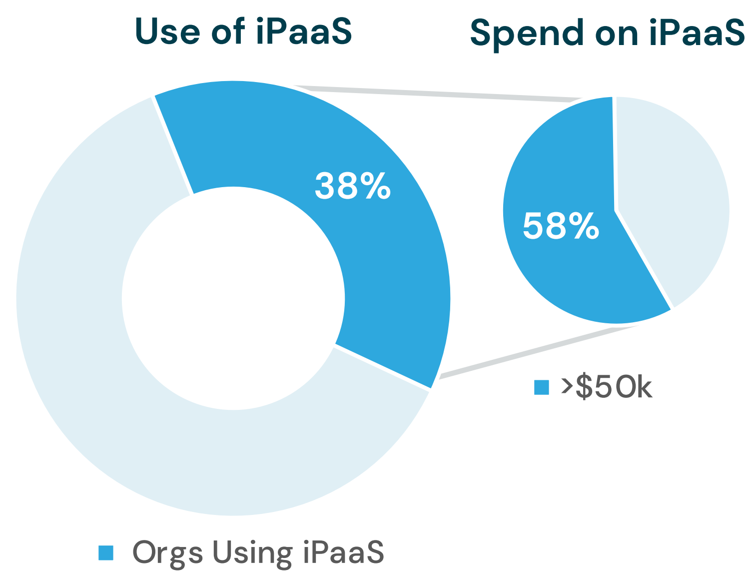
Despite lower rates of satisfaction, iPaaS spending highlights the growing importance of this technology in digital transformation initiatives—among the 38% of respondents that reported using iPaaS, 58% spent over $50,000 on this type of technology.

Highest Satisfaction Ratings

RPA, IPA, WLA

Lowest Satisfaction Rating

iPaaS



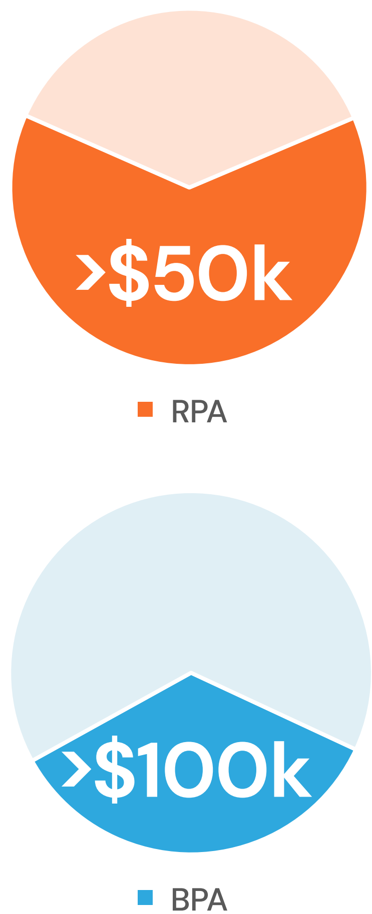
WLA is by far the most widely implemented solution type in financial services, with 56% of respondents indicating usage. WLA is an established technology with a decades-long track record, in contrast to iPaaS and some of the other newer, less widely adopted solutions FSOs are now exploring. However, as financial services organizations exhibit an increasingly progressive approach to automation by embracing emerging tools, it's hard to attribute WLA's widespread adoption entirely to its history. Instead, the ongoing investment in WLA across the industry likely signals that modern platforms have effectively adapted with financial services organizations' changing needs.

At 49%, basic job scheduler most closely trailed WLA in terms of implementation. The least common was IDP, with just 27% of respondents indicating they use the data-reading technology in their operations.

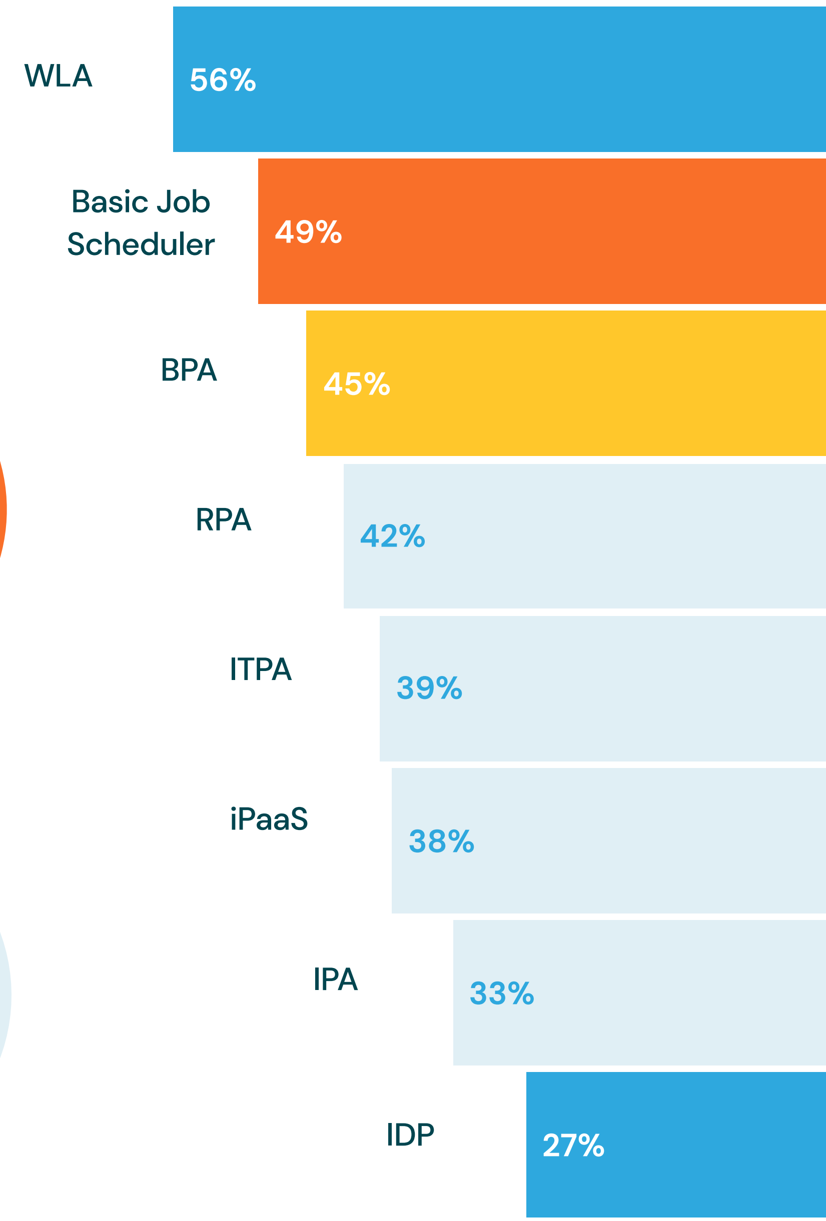
Despite their age and limited functionality, basic job schedulers rank as the second-most popular type of automation among FSOs; nearly half of the organizations surveyed continue to use simple scheduling software to perform low-level automation tasks, but almost all of these organizations use more advanced automation solutions to augment their basic scheduler. As financial services organizations grapple with increasingly complex demands, the limited capabilities of this solution will make it a less valuable technology over time. Before that reliance on basic schedulers' limited functionality reaches its inevitable breaking point, FSOs are poised to stay ahead of the curve by investing more in emerging automation solutions that can meet the evolving needs of IT.

The industry is recognizing this gap in capabilities and responding to it. Although many financial services organizations continue to use basic job schedulers in some capacity, the bulk of their automation investment is dedicated to newer solutions. Financial services organizations spend the most on RPA, with 63% spending more than $50,000 each year on the software, and BPA, on which 35% spend at least $100,000 per annum.

Top Automation Spending



Solution Type by Usage



Budgetary Concerns and Misconceptions Prevent Full Achievement of Automation Goals

When asked what prevents organizations from fully achieving their automation goals, survey participants most cited cost, budget, and money, indicating that the financial burden of automation is a significant challenge, or one that is not fully met through the budgeting process.

Despite this widespread concern, significant financial investment is not necessarily a prerequisite for the effective implementation of automation; implementing the right solutions (in the right order) is arguably more important than allocating major financial resources. By leveraging a comprehensive, end-to-end automation solution that is capable of orchestrating diverse processes and technology systems, financial organizations can achieve massive cost and resource savings that more than cover their upfront investment. For example, rather than purchasing a separate (costly) RPA tool, FSOs can seek out a modern WLA platform with built-in RPA capabilities to achieve end-to-end automation faster and at a lower cost.

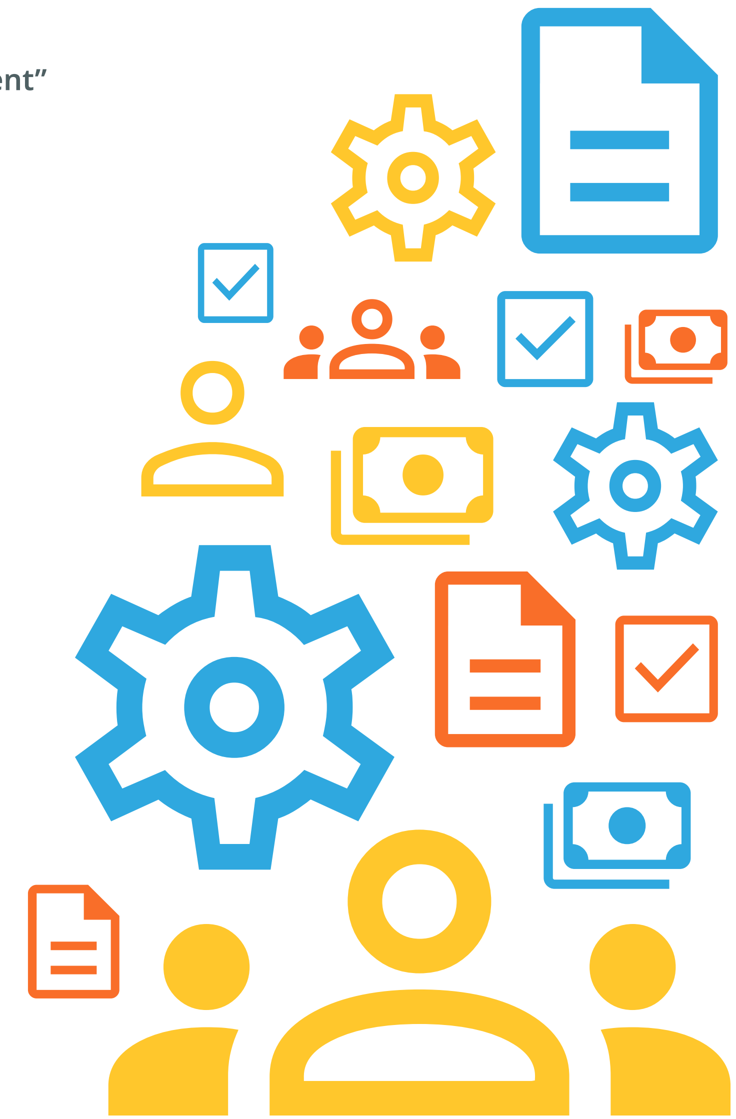
Respondents also mentioned legacy systems as a common barrier to automation, indicating that outdated infrastructure remains a major hurdle for firms trying to implement new automation technologies in their operations. In reality, legacy systems are an easily surmountable hurdle for advanced automation solutions that include cross-platform orchestration capabilities. This suggests that, despite their increasing focus on progressive types of technology, financial services organizations have yet to recognize the opportunity to overcome certain status quo pain points.

The lack of sufficient resources was also noted as a concern, indicating that financial, human, or technology limitations may be holding them back from successful automation.

Some of the specific comments related to talent and training issues included:

- **"Having the right talent to automate it"**
- **"Budget constraints and qualified staff to support current systems and projects for future development"**
- **"Quality engineering talent shortage"**
- **"The push for automation requires specific skilled talent, but currently, education and some training institutions are unable to meet the demand for such talent. This results in a skill gap in automation, which affects progress."**
- **"My company lacks experts to train employees and drive the implementation of automation."**
- **"There is a shortage of talent."**

However, it's worth noting that automation actually returns bandwidth to staff, allowing organizations to achieve more despite limited resources.



> "Without an automation tool, we had to schedule employees to cover system processing 24 hours per day. Now we're able to let the schedule run automatically, have no more overnight shifts, and we're able to expand automation into other parts of the organization."
>
> Core Systems Analyst, Veridian Credit Union

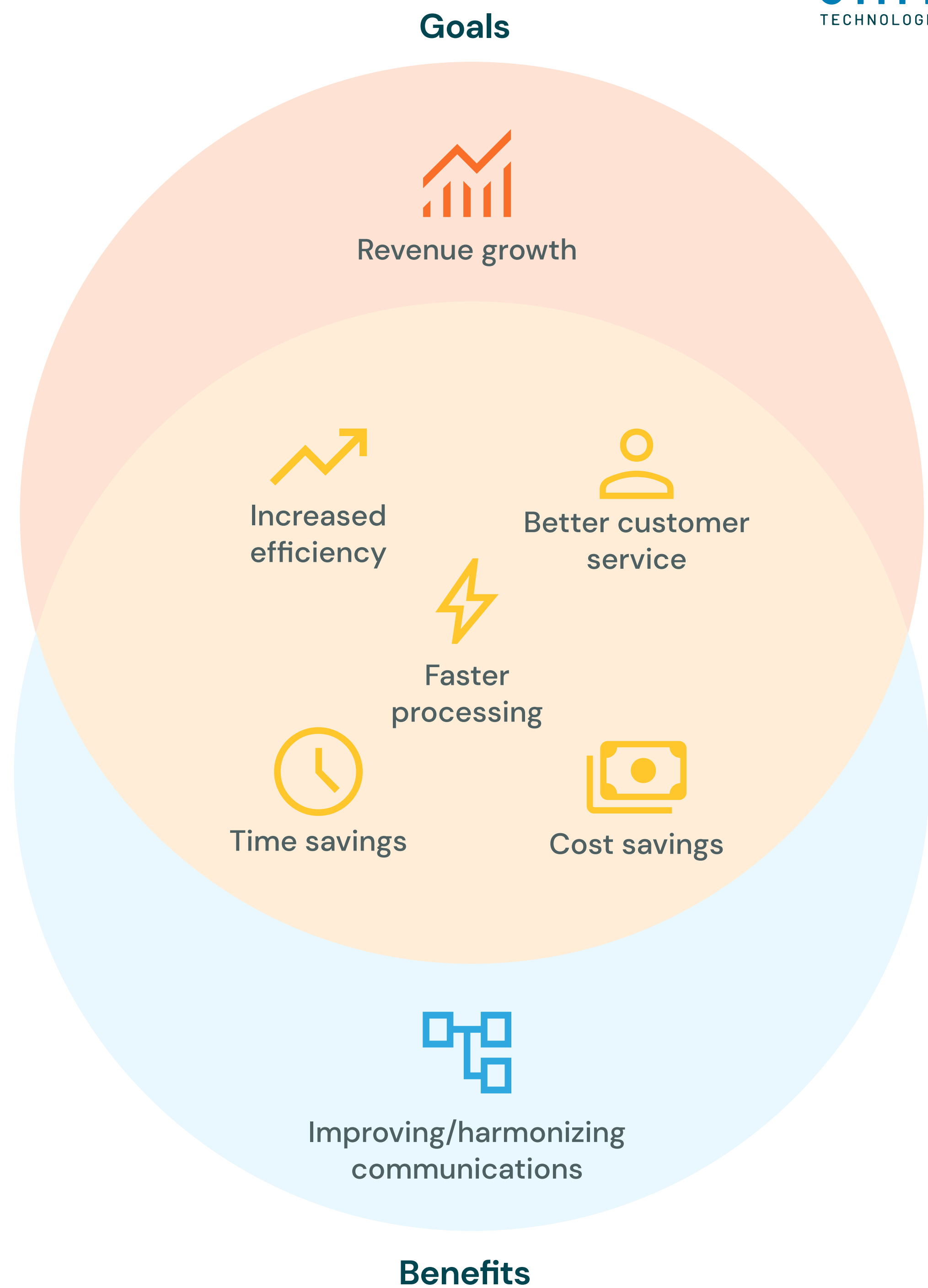
Automation Goals Are Growing More Strategic as Unexpected Benefits Surface

Among the reported goals for automation, increased efficiency, time savings, faster processing, and cost savings topped the list. Somewhat more surprisingly, 24% of respondents selected better customer service/outcomes and revenue growth among their top three goals, indicating that financial services leaders grasp the potential of automation to drive critical business objectives.

Automation goals that align with broader business objectives were particularly common among automation leaders. Organizations with more than 80% of their operations automated cited revenue growth, digital transformation, and better customer service/outcomes among their top automation goals, while slow adopters targeted increased efficiency, time savings, and faster processing, rarely reporting more strategic goals for automation.

The actual results organizations have achieved with automation mostly aligned with their expressed goals, as respondents cited increased efficiency, faster processing, time savings, and cost savings among the top benefits received from existing automation.

In addition to these benefits, 22% also cited better customer service/outcomes, and 17% named improving/harmonizing communication among systems as top benefits of automating their operations. As fewer than 15% of respondents selected “improving/harmonizing communications” as a top 3 goal, this suggests it’s a result that financial services organizations may not know is possible through automation.



This is particularly important given the perceived barrier that legacy systems create on the path to implementing automation. In answer to the question, "What is preventing you from fully achieving the automation goals you selected?" many respondents cited the challenge of harmonizing communication among systems, particularly legacy solutions within their aging technology stack:

- **"Slow process of moving from legacy systems to current technology"**
- **"In the banking industry, regulatory compliance, legacy systems, and the need to protect sensitive customer data can hinder full automation. These factors often necessitate manual oversight and intervention, limiting the extent of automation implementation."**
- **"Certain legacy systems that don't map well to automation solutions"**
- **"We still have large number of apps on legacy technologies."**

Despite this, the fact that many survey respondents are benefitting from harmonized systems thanks to automation confirms that advanced automation solutions can enable orchestration across disparate systems regardless of environment, thereby eliminating the roadblock of legacy systems.

This disconnect further reinforces the takeaway that many financial services organizations simply may not be aware that advanced automation solutions can harmonize disparate systems across environments, enabling more streamlined communication between modern and legacy systems.

"Our biggest goal with automation is to eliminate manual intervention. We know when there is manual intervention, you are going to run into issues every once in a while. Humans are not perfect — whereas if we code something, it is as close to perfect as perfect can get."

Senior Application Administrator, Achieva Credit Union

"With [WLA], we have the capability to schedule across all environments: in the cloud, on servers, and on the mainframe. Now, we've got the software in place, and we're ready to start scheduling. We're ready to start moving forward."

Manager of the Operations Team, Ameritas

Organizations Save Big With Automation… *But Are They Leaving Money on the Table?*

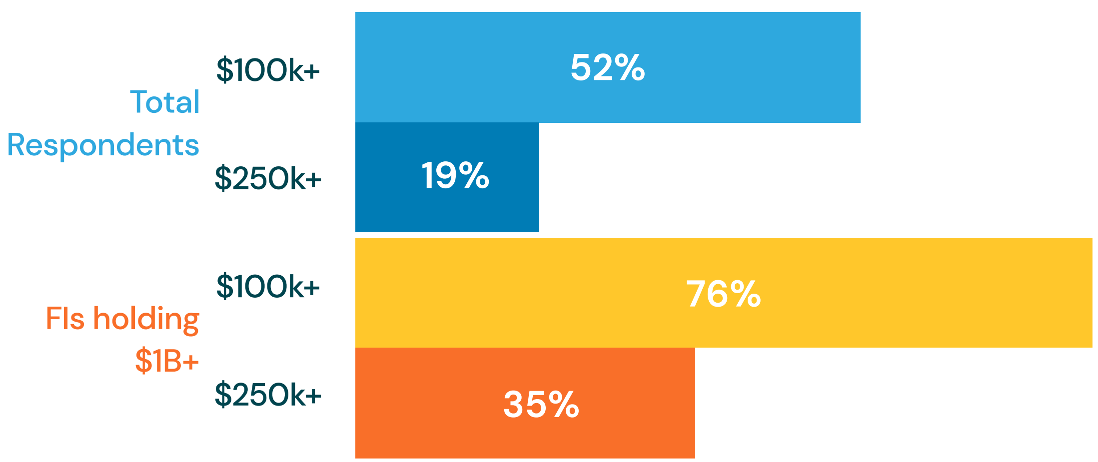
Respondents to the State of Automation survey reported benefitting from large cost savings due to automation:

- 52% of respondents save at least $100,000 per year
- 19% save $250,000 or more each year

There's a size component to this data as well. Among financial institutions (credit unions and banks) that hold $1 billion in assets or greater:

- 76% saved at least $100,000 per year from automation
- Over one-third (35%) saved at least $250,000

Automation Savings



While impressive, firms may be missing out on even greater cost savings from deploying a comprehensive, end-to-end automation solution throughout their operations.

Those types of solutions have been shown to save organizations $375,000 or more every year.[i]

How? End-to-end solutions can automate hundreds or thousands of manual tasks every day across disparate systems. As a result, they allow organizations to:

- Reduce or eliminate costly human errors from business-critical processes.
- Give their staff time back to focus on the latest strategic initiatives, like digital transformation, that directly address member and customer demands.
- Harmonize communication between modern and legacy systems to enable optimal operational efficiency and performance, reducing operating expenses as a result.
- Get more work done without adding headcount, even as IT environments grow increasingly complex.

The longer organizations wait to adopt a comprehensive automation solution, the more their operational efficiency—and ultimately, financial results—will suffer.

Bottom line, most financial services organizations are enjoying six-figure savings from automation, but they're likely missing out on far greater returns. To unlock the next level of savings, a more comprehensive approach to automation is necessary.

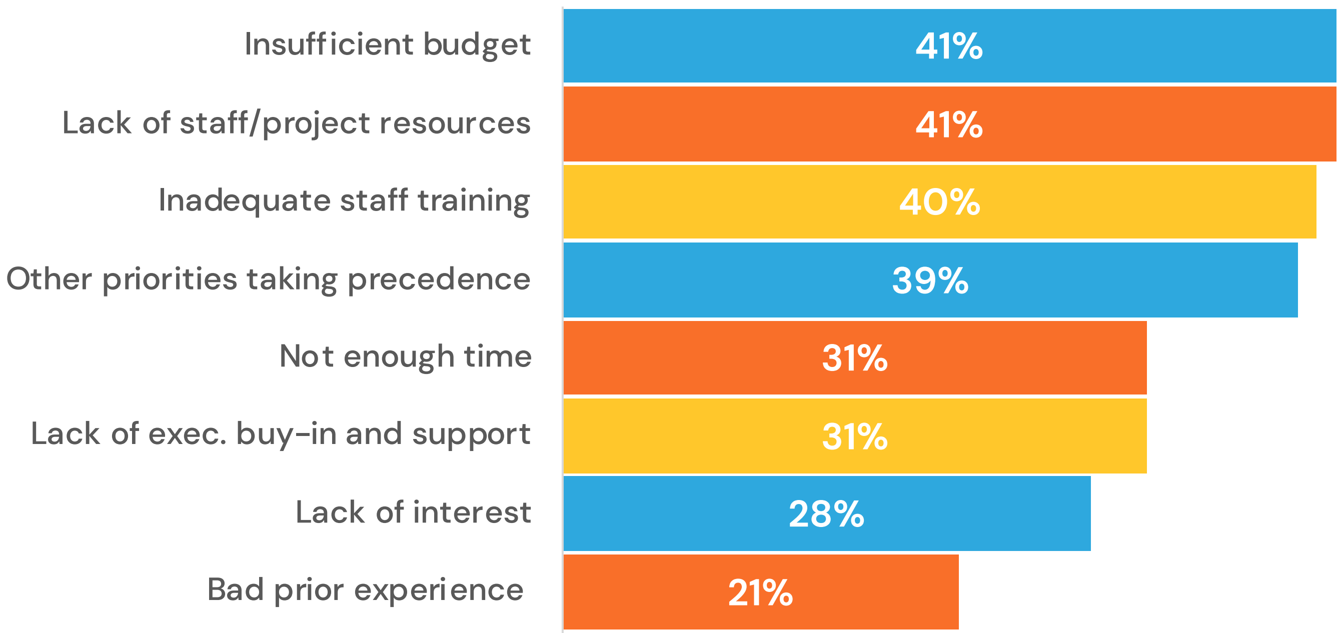
i. Based on conservative internal calculations by SMA Technologies for OpCon customers that automate at a pace of 105 seconds per task (i.e., 30 seconds to key a manual task, 60-second wait time between tasks, and 15 seconds to verify successful completion of the previous task) at a rate of $34.85 per hour (i.e., average hourly rate for a full-time employee assuming no premium pay for overtime, holidays, nights, or weekends). These calculations don't include any expenses for errors, re-processing, or other manual operations-related items.

Overcoming Barriers to Automation Implementation and Adoption

The data shows that automation is a top priority for financial services organizations in 2024. So, what's holding them back from automating more of their operations?

The responses to this question represent a mix of expected challenges (e.g., insufficient budget, other priorities, and time constraints) and interesting or unexpected ones, including lack of staff/project resources, inadequate staff training, lack of executive buy-in and support, and lack of interest in managing automation in-house.

Top Challenges with Implementing Automation



To overcome these barriers to implementation and adoption, organizations have a number of solutions at their disposal:

Managed Automation Services (MAS)

Businesses are struggling to find the time and talent to run their automation initiatives, and it's hurting their ability to grow. Managed automation services function as an extension of your team, handling all aspects of the implementation and maintenance of automation solutions at a fraction of the cost of a dedicated employee. In turn, this allows your organization to focus on high-value work like strategic initiatives and new product development.

Managed automation services allow you to benefit from the expertise of experienced IT staff who've worked in your industry without the overhead of hiring a full-time employee. It also allows you to achieve the scalability and efficiency of system-wide automation and benefit from 24/7 coverage, providing you with peace of mind. Lastly, a managed service solution ensures your software stays up to date with the latest features, best practices, and security protocols.

"[Managed automation services] was one of the best decisions we made."
Operations Manager, WCCU

Getting executive buy-in and support

Support for automation starts at the top. Yet, one of the biggest challenges for IT leaders is how to explain the value of automation to non-IT C-suite executives, especially considering the wide variety of solutions on the market today.

Take the time to explain automation concepts to your organization's top leaders and share how the technology's benefits align with your firm's goals and objectives. Also make sure to share the ROI and impact that automation can have on your organization's bottom line.

Training

Implementation doesn't end at installation. A successful process features an end state where the IT team feels comfortable administering their new automation environment and creating new workflows. Look for a provider that takes these factors into consideration and ensures your team is prepared to go live and manage your automation and orchestration during hand-off. Even if it means taking your key staff out of the operation for a week for remote training classes, the short-term inconvenience is well worth the investment.

Low-code/no-code options

The talent shortage is real, and many organizations are struggling with a lack of skilled resources. But when it comes to automation, this doesn't have to be a barrier to deployment. Leading automation solutions now offer low-code and no-code options, such as self-service capabilities, which enable front-line and non-IT users to initiate fully automated workload routines with zero risk of error or downtime to critical systems.

Instilling a change management culture

Competition in financial services is brutal, and it's projected that half of today's firms won't even exist 20 years from now. That's why it's so critical to instill a change management mindset and culture among your team and organization. Your team needs to understand the importance of continuous innovation and improvement because maintaining the status quo is no longer an option.

> Seeing a return on our investment with [automation] was pretty instant. The flexibility we had with the staff just within those first two weeks of having [automation] up gave us the additional time and opportunity to work on projects that had been waiting in the wings."
>
> Technology Officer, Safe 1 Credit Union

The Future State of Automation: Core to Long-Term Success in Financial Services

Financial services organizations see automation as hugely important to their organization's future success.

On a scale of 1 to 10, respondents ranked automation's importance to their organization's future success at an average of 8.5.

Moreover, even though the median percentage of operations currently automated is between 41-50%, respondents' desired level of automation is between 61-70%. This is a 20-point gap between the current state and desired future state, indicating a strong need for end-to-end automation throughout the enterprise.

To move toward this goal of end-to-end automation in the next year, 92% of respondents intend to spend the same or more on automation as last year, with 61% planning to spend more on automation over the next 12 months than they did last year. Among automation leaders, that number is even higher—76% plan to spend more on automation in the next year than they did last year.

While these planned investments are a heartening indication that financial services organizations aren't simply placing their automation goals on the backburner, the figures underscore the indication that financial services organizations may believe reaching their automation goals costs more than it actually does.

Importance
of automation to future success

8.5/10

Current Level of Automation

41%–50%

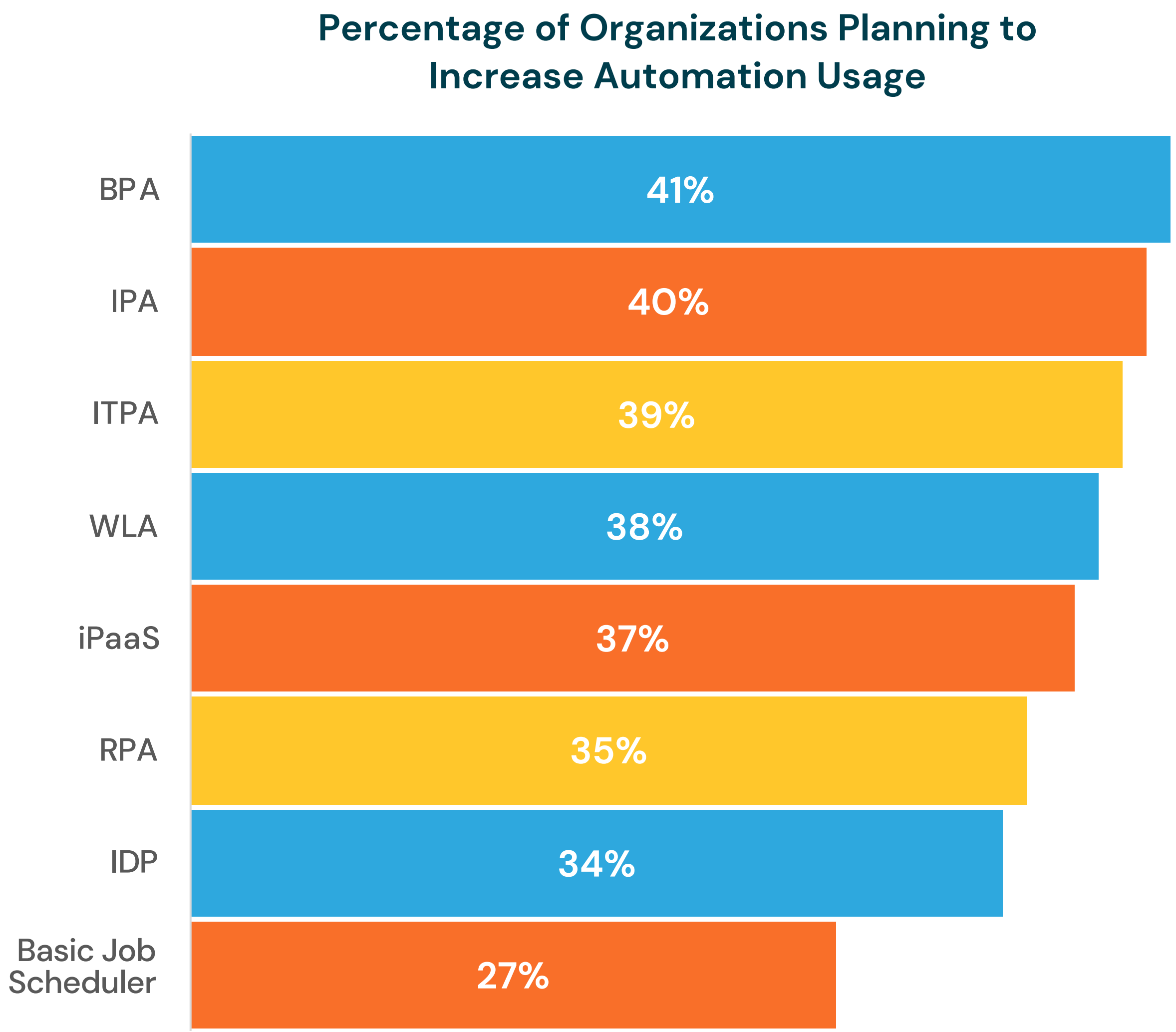
Desired Level of Automation

61%–70%

Future Automation Spending

92%

same as or more than last year



Firms Look to Emerging Technologies to Boost Automation

Looking to the future, financial services organizations are embracing BPA, IPA, ITPA, and WLA as the future of automation in their organizations. With the exception of WLA, these technologies are not currently among the most widely used automation technologies. The ongoing investment in WLA signals again that modern-day solutions are keeping this technology at the forefront of innovation.

Falling off precipitously is the basic job scheduler, with only 27% of respondents saying they would increase their use of the technology in the future.

- BPA: 41% (vs. 3rd most widely used today)
- IPA: 40% (vs. 7th most widely used today—only 30% use it)
- ITPA: 39% (vs. 5th most widely used today)
- WLA: 38% (vs. top-most widely used today)
- iPaaS: 37% (vs. 6th most widely used today
- RPA: 35% (vs. 4th most widely used today)
- IDP: 34% (vs. 8th most widely used today)
- Basic job scheduler: 27% (vs. 2nd most widely used today)

This lack of confidence in basic job schedulers as the future of automation reflects the limitations of the software. In stark contrast to WLA, which remains viable despite its long-established roots, basic job schedulers simply cannot advance to the level of functionality required by today's financial services organizations.

Interestingly, although BPA ranked second-lowest among automation types in current levels of satisfaction, it ranked at the top of the list for planned deployment or expansion. Traditionally, most firms have implemented automation first in the back office before gradually expanding it to customer-facing departments—if ever. Now, that dynamic appears to be flipping.

This points to a potentially detrimental trend: as organizations target more strategic automation goals, they're pursuing solutions that most clearly align to their objectives without necessarily consulting the bigger picture.

Just adding BPA to solve a pain point—despite its hefty price tag and the fact that it has broadly fallen short of expectations thus far—is like not seeing the forest for the trees. As financial services leaders expand their vision for automation's impact on their organizations, they must also remember who is implementing and managing these solutions: IT departments. If IT is experiencing inefficiencies because back-office complexity remains unsolved, a new front-end solution can't yield the desired ROI.

With all of this in mind, it's clear that the time has come for a new approach. Rather than investing in separate tools that drive the cost of automation ever higher only to fall short, financial services leaders can target an expanded set of objectives while still addressing underlying complexity with a single comprehensive solution. More robust, full-service technologies are designed for building foundational, end-to-end automation that allows organizations to capture both quick wins and lasting ROI, regardless of whether their technology is outsourced or on-premises.

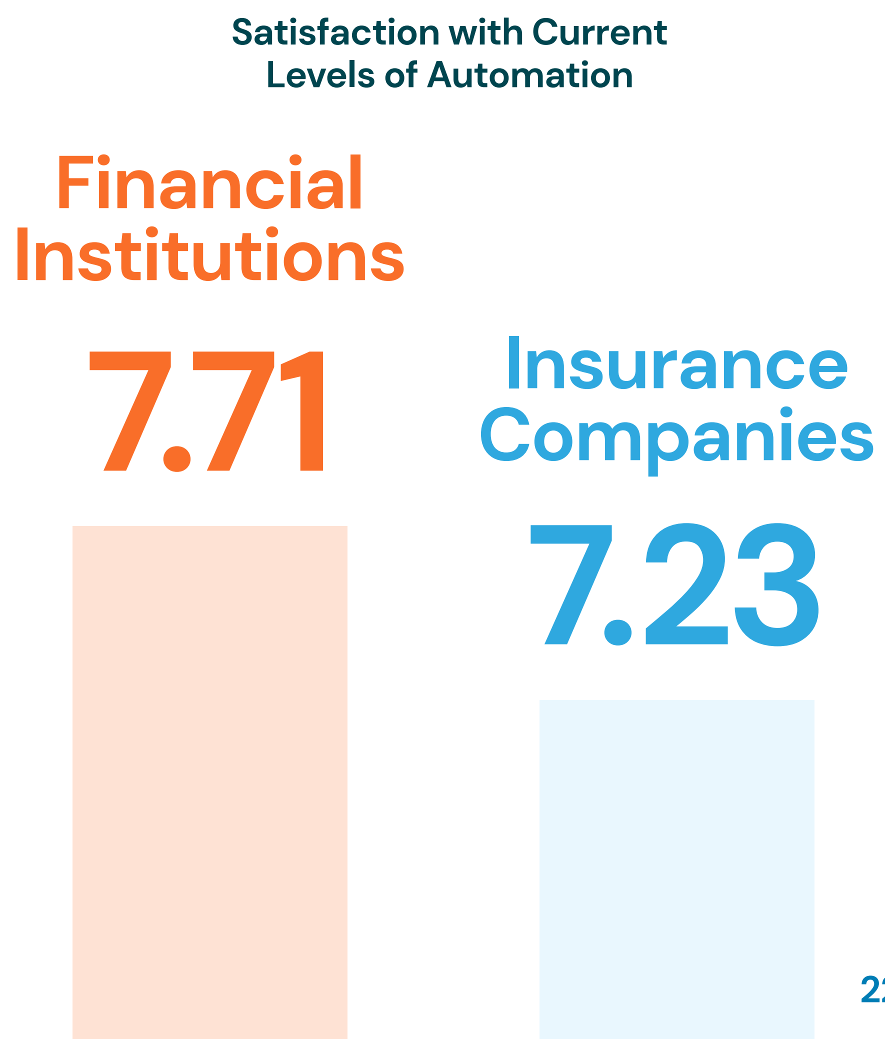
Insurance Companies and Financial Institutions Diverge on Automation Satisfaction and Confidence

Insurers and financial institutions face many of the same challenges: legacy systems remain key to their operations, modern disruptors threaten the stability of traditional players, and more rapid digital transformation is necessary to meet evolving customer demands.

This being the case, it's no surprise that insurance companies, banks, and credit unions mostly reported the same automation usage, goals, results, and priorities. However, there were a few key areas where nuances between insurance companies and financial institutions became apparent.

Among insurance respondents, overall satisfaction with automation was meaningfully lower than for credit unions and banks. Insurers rated their satisfaction at 7.23 on a scale of 1 to 10, compared with 7.71 for financial institutions. Yet, they ranked the importance of automation to their organization's future on par with financial institutions at 8.46.

Another important divergence between the insurance audience and financial institutions came in answer to the question, "How do you feel your organization's use of automation compares with your industry peers?" Insurance respondents indicated a lower level of confidence than financial institutions, reporting that they largely felt



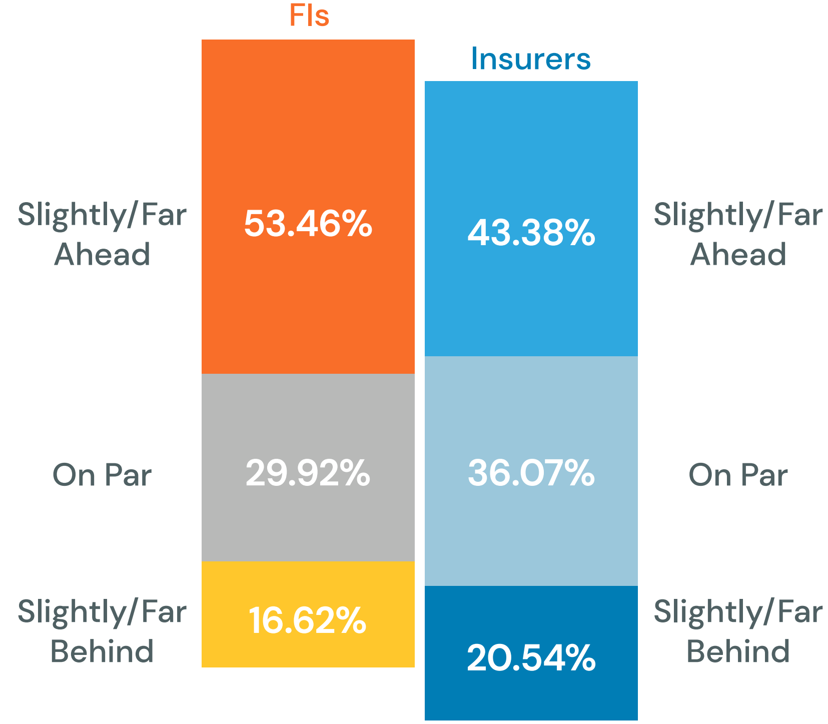
they were on par with their peers, with the median response (36% of respondents) stating "about the same," as compared with 43% claiming to be slightly or far ahead, and 21% stating they were slightly or far behind. For comparison, 53% of banks and credit unions felt they were slightly or far ahead of their peers, while 30% felt they were about the same, and only 17% reported feeling slightly or far behind.

As it turns out, this comparatively low level of confidence among insurance companies when it comes to their relative pace of automation is warranted. Although the same proportion of insurance companies and financial institutions reported current levels of automation that fall below the median, insurers are lagging more significantly.

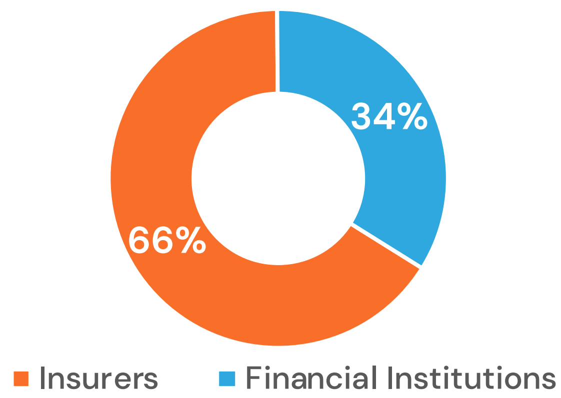
Importantly, the fact that insurance companies are generally less confident in where their use of automation stands compared to their peers does not mean they're entirely realistic on this front—while 21% of insurance companies believed they were slightly or far behind, 40% reported levels of automation that fall below the median. This disconnect suggests that insurance companies may be more cognizant than financial institutions of the need to uplevel their automation overall, but many still remain unaware that they're falling behind.

While insurance companies and financial institutions are equally convinced that automation is vital to their future success, insurers are not as happy (or comfortable) with their current levels of automation, underscoring the need for urgency as they pursue an expanded set of automation goals.

Perceived Automation Levels in Relation to Peers



Insurers make up two-thirds of the slowest adopters



Conclusions

A new era in digital transformation has arrived in financial services. As consumer expectations evolve, and banking technology grows ever more complex and sophisticated, organizations are finding it increasingly challenging to keep up and are devoting more and more resources and staffing to back-office operations.

Today's most robust automation solutions are designed to help financial services organizations get time back to focus on strategic and growth-oriented initiatives in a competitive industry. These types of solutions are needed now more than ever.

Yet, many financial services organizations have implemented limited automation point solutions in their back office, attaining efficiency gains and time savings, but missing out on larger opportunities to improve the customer or client experience, achieve superior cost savings, and get time back for staff and management to use in higher-value, more strategic activities.

Comprehensive, end-to-end automation is the key to achieving these next-level objectives. By deploying this type of solution across the entire enterprise, financial services firms can finally achieve the promise of modern automation and obtain the ROI they desire to remain competitive and innovative in a dynamic, evolving industry.

About SMA Technologies

SMA Technologies is the maker of OpCon—a powerful, easy-to-use automation solution that eliminates manual tasks and manages workloads across business-critical operations. It's the perfect fit for financial institutions, insurance companies, and other transactional businesses. Many of our team members come from financial institutions and have personally experienced the power of OpCon. We exist to give you time back, so you can do what really matters. Whether that's implementing strategic business objectives or making it to your child's sports games, our automation makes it possible.

To find out how you can implement a comprehensive automation solution in your organization, contact the financial services automation experts at SMA.