



Leading the change in  
capital markets with  
digital transformation



## The wheels are turning – toward a digital world

Digital is becoming pervasive across industries. The capital markets industry is based on data. Its leaders understood, very early on in the process, the importance of digitalization and were the first to apply it in their day-to-day operations to improve efficiency, reduce costs and pass on the benefits to their customers. However, the degree of digitalization in this industry lags behind other financial services while the overall sector trails consumer goods/retail business.

Going digital in capital markets will be a result of innovation rather than operations and enablement. The challenges in front of the digital leaders are manifold as they embark on the change journey. These are:

- Excessive complexity in the current IT landscape of organizations with bulky architecture that is cross matrixed across business/operations desks
- Number of organizations still using legacy execution methodologies which are entirely out of sync with today's agile world
- Payback and outcomes not prioritized enough before authorizing large transformation programs

## Digital transformation in capital markets industry

The capital markets industry, today, finds itself in a transitional period where it has the opportunity to adapt to digital trends and technologies as well as innovate with new business models and products/services.

### Top risks to be addressed by securities firms

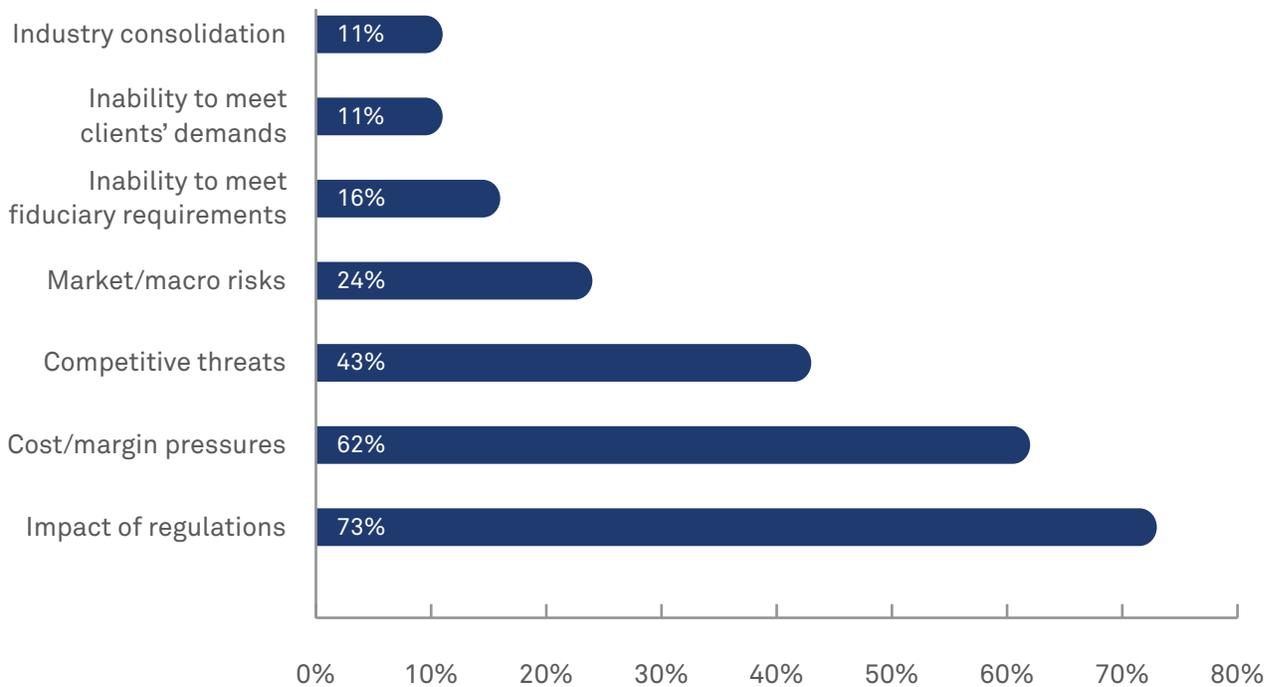


Figure1: Top risks addressed by securities<sup>1</sup>

## Top opportunities for digital transformation in securities

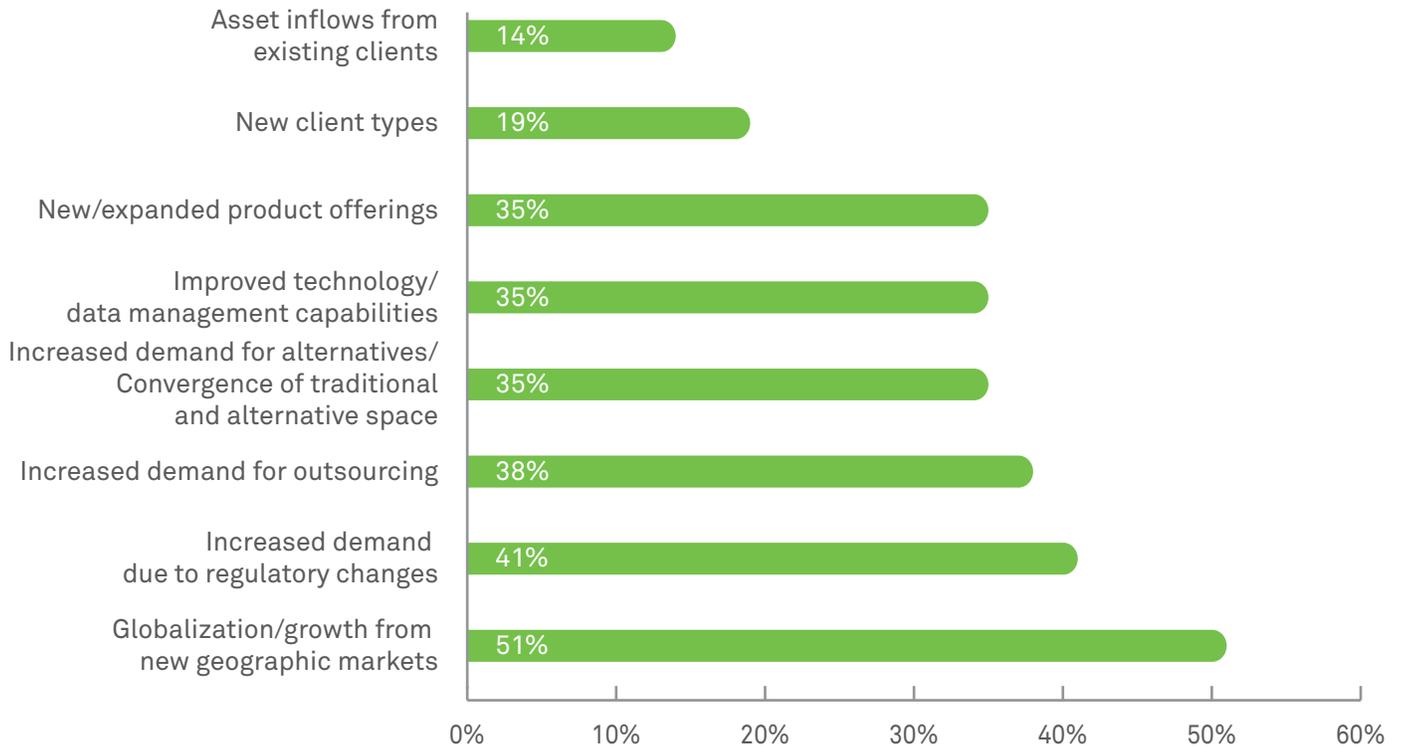


Figure2: Top opportunities for digital transformation in securities<sup>1</sup>

Globalization and growth from new geographic markets, regulatory changes, and the increasing convergence of traditional and alternative business models, are key drivers for the adoption of digital transformation strategies (Figure 2). Outsourcing

presents a key opportunity for capital markets companies to balance the demand for embracing new capabilities presented by digital while reducing costs for the organization.



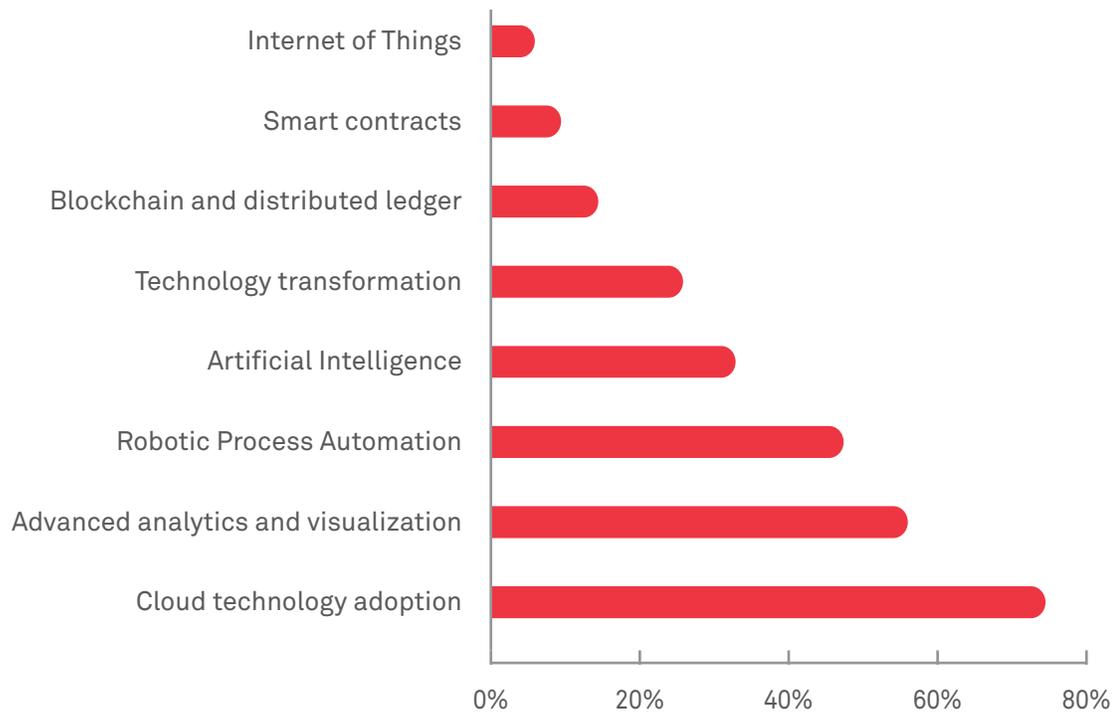


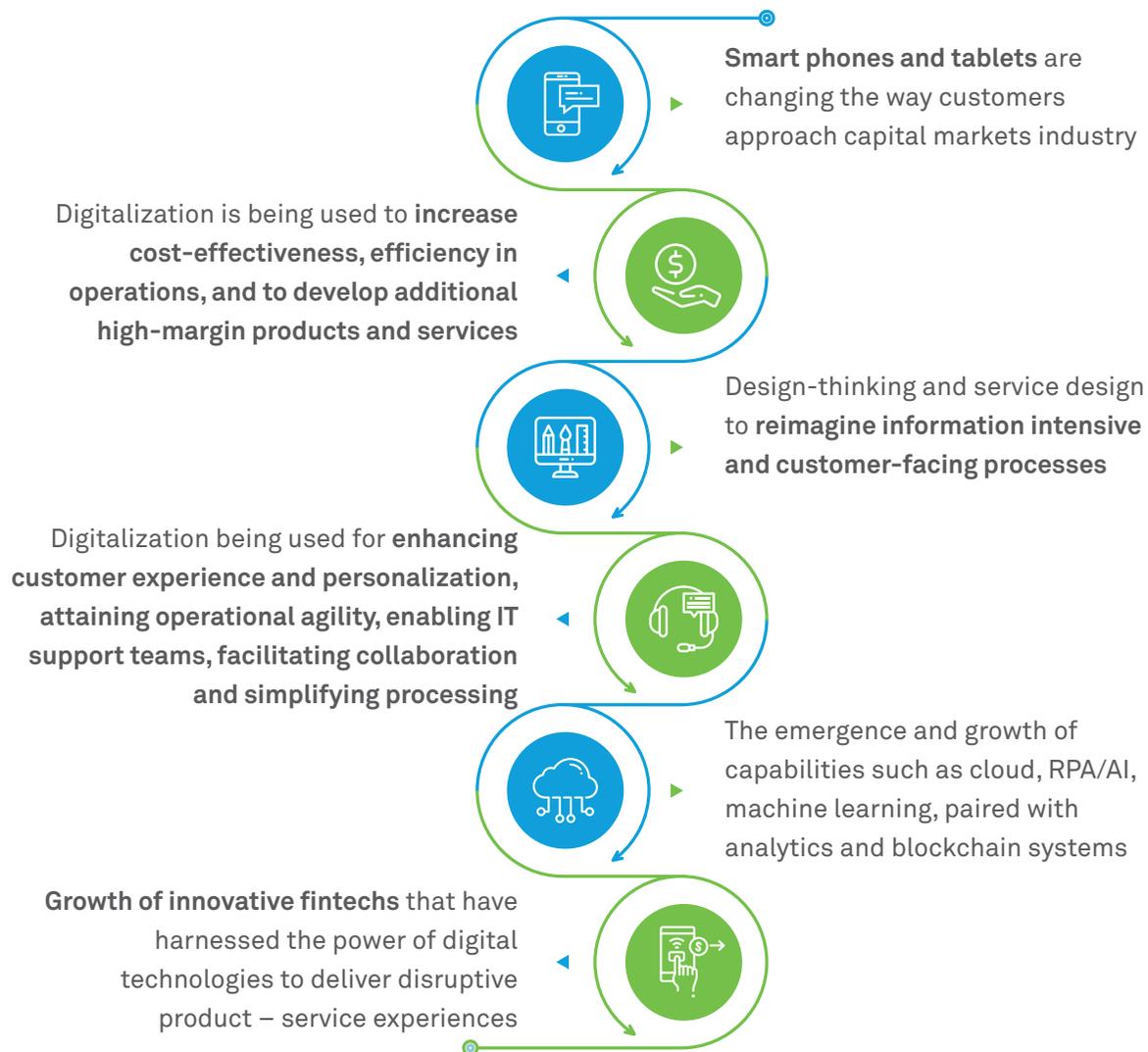
Figure3: Innovations themes and appetite for adoption<sup>5</sup>



Among the CXO level stakeholders in capital markets firms there is higher investment appetite for cloud, advanced analytics, and RPA. This is followed by AI, technology transformation and blockchain. Blockchain is starting to move beyond the concept stage. The bottom line for industry leaders is that digital transformation is a strategic imperative

across front, middle and back office processes. They need to identify the tipping point by analyzing the trends, and understanding the implications, much faster than others.

### Trends overview



## Implications



Technologies such as **cloud, distributed computing and mobile** will increase **operating leverage**



Digitalization of existing business processes will enable **automated decision making, reduce risk in fraud management and regulatory processes, and streamline operating models**



**Platform-based business models** will be core to growth strategies of capital markets firms by 2022



**Market-making revenue** will be **migrated** to alternative firms and electronic options



Opportunities will arise in **mining, packaging, and redistributing actionable information**, from the large amount of data collected through digital channels



By using **Distributed Ledger Technology**, capital markets would **not require data normalization, reconciliation of internal systems, or agreements on exposures and obligations. Regulatory supervision would be less complicated** as asset holdings would be transparent across the system, leading to reduced chances of fraud

## Solutions

Investment banks investing in institutional **client web portals**. Asset managers building **unified platforms** for their partners and clients

**Mobile and AI based advisory platforms** in brokerage and private wealth management

Digitalized **end-to-end wealth management solutions** with **cloud based or on-premise installation**



Digitalization of processes like **collateral contract management, corporate actions income processing, and client on-boarding**

Process digitalization across middle and back offices to **eliminate manual processes in financial index/pricing/NAV calculations**

**Open banking and API solutions to integrate with fintechs** to leverage each other's capabilities and customers

## Digital case-in-point examples



Large US based asset manager adopted a cloud based solution to drive personalized marketing for clients of financial advisors and institutions, delivered across devices. Resulted in 80% increase in website registrations, improved user experience, and 50% reduction in the time taken for publishing campaign content.



Large retail brokerage firm implemented a modernization program leveraging microservices and a container-based approach to transforming the existing mainframe systems. Benefits include faster time-to-market, improved resiliency, and ease of maintenance aside from the immediate benefits in user experience.



Large middle east bank launched a mobile-only bank with a reimagined platform for banking, investments and insurance. The process involved a human-centric design approach focusing on the bank's core concept, business model, multichannel and digital experience.

## Management required for digital adoption

Traditional qualities of a leader like risk-taking ability, decision-making capabilities, accountability, delegation & empowerment still hold good. However, in the digital age the way ahead will be to:

- Adopt the agile way of thinking across program execution, to ensure business and IT are always working together in a collaborative engagement.

### References

1. A PwC report on "Capital markets 2020" - 2018
2. <https://www.wiprodigital.com>
3. Everest Group - Enterprise Digital Adoption in Banking and Financial Services Pinnacle Model – 2018
4. Gartner report on The Future of Work – 2017
5. ENY report on New opportunities for Securities industry – 2017

This can be done through deep and wide training on Agile philosophy and implementation at the workplace

- Remove fear and guesswork from the organization. This can be done with a use-case based approach and clear outcomes defined for success and failure
- Drive design-thinking and human-centric service design to build new product-service experiences
- Move from project and budgeting-based model to product/platform approach and prioritization based on business outcomes
- Build a T and  $\pi$  shaped organization by investing in cross skilled resources across the multiple capabilities needed to deliver on user experience and effectiveness

## About the author

**Samir Das**

**Head of Presales & Solution Design, Securities & Capital Markets (Financial Services)**

Samir has over 20 years of experience in the financial services industry. His work experience includes business requirements elicitation and analysis, development and implementation, sales and account management and presales and solution-design in banking and capital markets.

He can be reached at [samir.das4@wipro.com](mailto:samir.das4@wipro.com)

● **Wipro Limited**

Doddakannelli, Sarjapur Road,  
Bangalore-560 035, India

Tel: +91 (80) 2844 0011

Fax: +91 (80) 2844 0256

**wipro.com**

Wipro Limited (NYSE: WIT, BSE: 507685, NSE: WIPRO) is a leading global information technology, consulting and business process services company. We harness the power of cognitive computing, hyper-automation, robotics, cloud, analytics and emerging technologies to help our clients adapt to the digital world and make them successful. A company recognized globally for its comprehensive portfolio of services, strong commitment to sustainability and good corporate citizenship, we have over 175,000 dedicated employees serving clients across six continents. Together, we discover ideas and connect the dots to build a better and a bold new future.

For more information,  
please write to us at  
**info@wipro.com**

