

Digital Transformation: From Wall Street to Main Street

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Organizations of various sizes and stages are faced with adapting to rapid changes and stakeholder demands by transforming their strategic plans and operating tactics. Their functions, including finance and accounting, are tasked with adopting a flexible perspective on priorities and desired organizational outcomes. Common strategic themes include developing or deepening organizational capability for data-driven decision-making and adopting an anticipatory posture to be able to benefit from business upsides, while fortifying the organization against emerging risks.

This is only emphasized further with the current banking crisis and highlights the need for more automation using technology for controls as well as treasury management. Much of this activity is underpinned and aided by various technology-focused initiatives commonly referred to as “digital transformation.”

Transformation Trends

Building on this legacy of technological adoption are emerging digital transformation themes, such as data science, artificial intelligence (AI), neural networks and cybersecurity. To address either traditional or emerging digital transformation initiatives, much may be borrowed from established change management frameworks (e.g., Kurt Lewin’s 3-Stage Change Model; McKinsey’s 7-S Framework; John Kotter’s 8-Step Process for Leading Change).

At the heart of such frameworks tends to be a focus on socializing and acclimating a team to an ongoing series of organizational changes, including digital changes. The experience of your team becomes of paramount concern and includes a thoughtful and agile change management leadership group supported by the highest levels of an organization, a decisive aim to embrace change and a reinforced policy, especially for those maintaining the front-line efforts necessary for consistent, effective progress.

Leaders charged with digital transformation efforts should expect a spectrum of changes; for instance, the need to embrace a mix of bottom-up and top-down change activities, to focus on securing quick wins to build momentum and to keep the spotlight on the positive anticipated outcomes and organizational improvements.

Financial Services Industry Considerations

Major advancements in technology are impacting many industries, including regulated industries like financial services and, in turn, broader economic environments. For example, AI or data science can affect or transform customer interactions through Natural Language Processing (NLP) capabilities which may enable analysis of customer interactions and transaction data to identify patterns and anomalies that may indicate potential risk to an organization. Machine Learning (ML) algorithms can further learn from past risk cases and detect similar patterns in new transactions, which can help financial services organizations to identify potential risk in real-time.

Consider AI developed as a part of a Customer Segmentation workstream within a financial services organization, such as a bank which can help with reviewing customers based on their risk profile and then creating targeted risk management strategies for those different customer segments. Including pattern recognition as part of the workstream can help with recognizing anomalies around process flows, laws, regulations, transactions and site risks and alerts.

Similarly, a significant shift in how more routine tasks are addressed may change the face of talent and technology outsourcing and employment in the financial services industry. AI solutions-based

undertakings can potentially revolutionize the way banks interact with their customers by automating tasks, such as answering frequently asked questions, thereby freeing up customer service representatives to focus on more complex and value-added activities. Additionally, AI's ability to understand natural language queries and provide accurate and personalized responses can improve the overall customer experience and increase customer satisfaction. Furthermore, AI can be available 24/7, which can provide customers with the flexibility to access banking services at any time.

Wrap-Up

Business ecosystems, including the financial service industry, will require adapting to these advancements. Digital transformation across business functions, including in client servicing delivery from Wall Street to Main Street is not an option. It is survival.

Contact Us

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