

# WHAT'S IN YOUR BFSI ECOSYSTEM?



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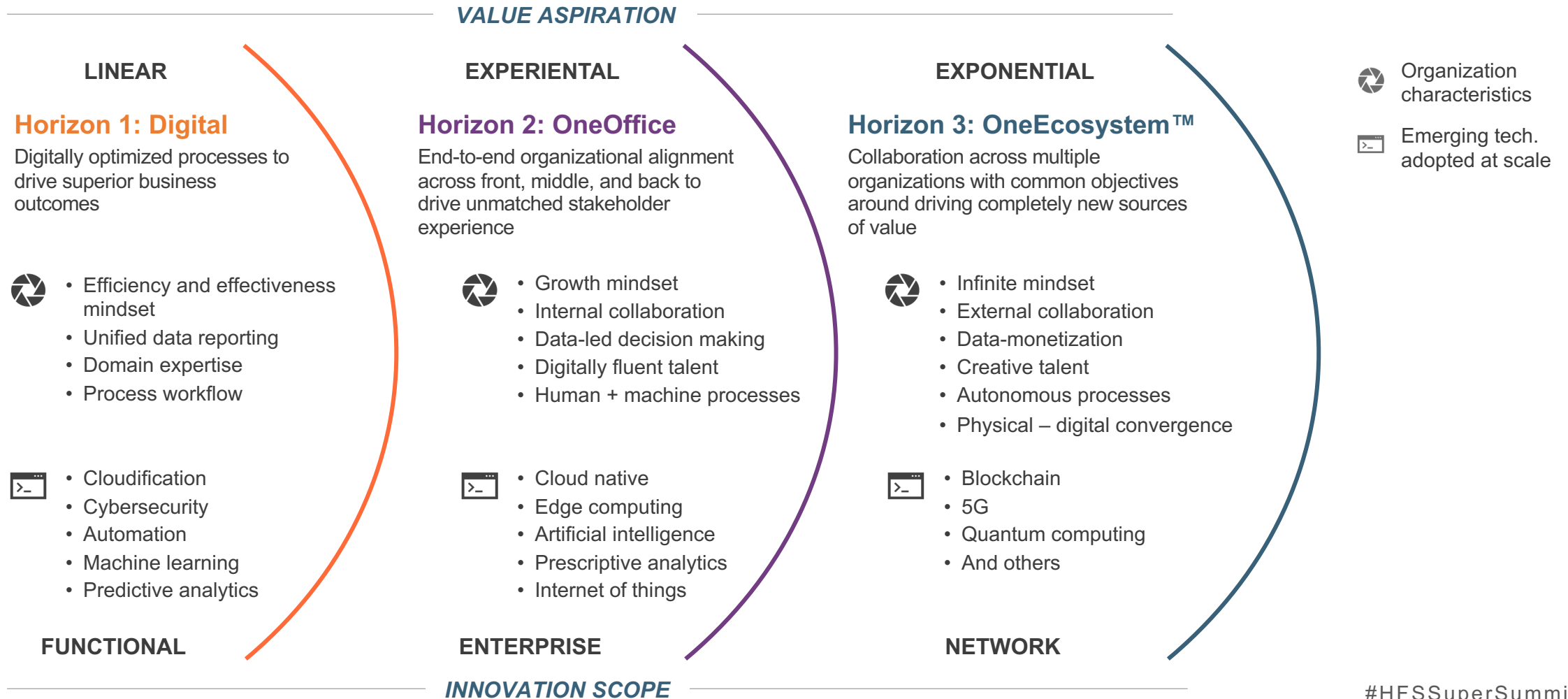


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#HFSSuperSummit

# The rise of ecosystems

## The HFS Enterprise Innovation Framework



# It's all about the ecosystem as BFSI tech stacks get decomposed

Component	Description	Sub-sector demand
<b>Nouveau core banking and insurance</b>	<ul style="list-style-type: none"><li>• Cloud-native SaaS solutions offering headless core banking or insurance functionality</li><li>• Sometimes clubbed together like Mambu and nCino</li></ul>	<ul style="list-style-type: none"><li>• Banking, especially net new firms</li><li>• Insurance, established firms</li></ul>
<b>Customer experience (CX)</b>	<ul style="list-style-type: none"><li>• The creation and management of customer journeys, including CRM elements, engagement, and specific enabling tech aligned to journeys like onboarding and KYC</li></ul>	<ul style="list-style-type: none"><li>• All BFSI sub-sectors</li></ul>
<b>Data and insights</b>	<ul style="list-style-type: none"><li>• Ingestion, curation, and management of customer and third-party data</li></ul>	<ul style="list-style-type: none"><li>• WAM with aggregation and integration focus</li></ul>
<b>Best-of-breed functional FinTech, insurtech, and wealthtech capabilities</b>	<ul style="list-style-type: none"><li>• Provision of functional domain capabilities such as e-signature, payments, KYC, and biometric-enabled identity management powered by a range of best-of-breed FinTechs, insurtechs, and wealthtechs</li></ul>	<ul style="list-style-type: none"><li>• All BFSI sub-sectors; typically pulled through by core or CX</li></ul>
<b>Infrastructure</b>	<ul style="list-style-type: none"><li>• Public cloud from your favorite hyperscalers</li></ul>	<ul style="list-style-type: none"><li>• Banking and insurance</li></ul>
<b>Services</b>	<ul style="list-style-type: none"><li>• Advisory, integration, and outsourcing</li></ul>	<ul style="list-style-type: none"><li>• All BFSI sub-sectors, but net new firms are keen to self-serve after the advisory stage</li></ul>

# We also see change spawning from disrupted industry value chains (insurance)

## Product development

- Continuously access and analyze market data that points to new customer needs
- Catering to the “market of one”
- Creating data-driven products & value-added services

## Underwriting

- Bringing in unstructured data and new data sources for smarter risk selection
- Profitability and productivity analysis and enhancements for underwriters
- Automated underwriting using AI

## Claims

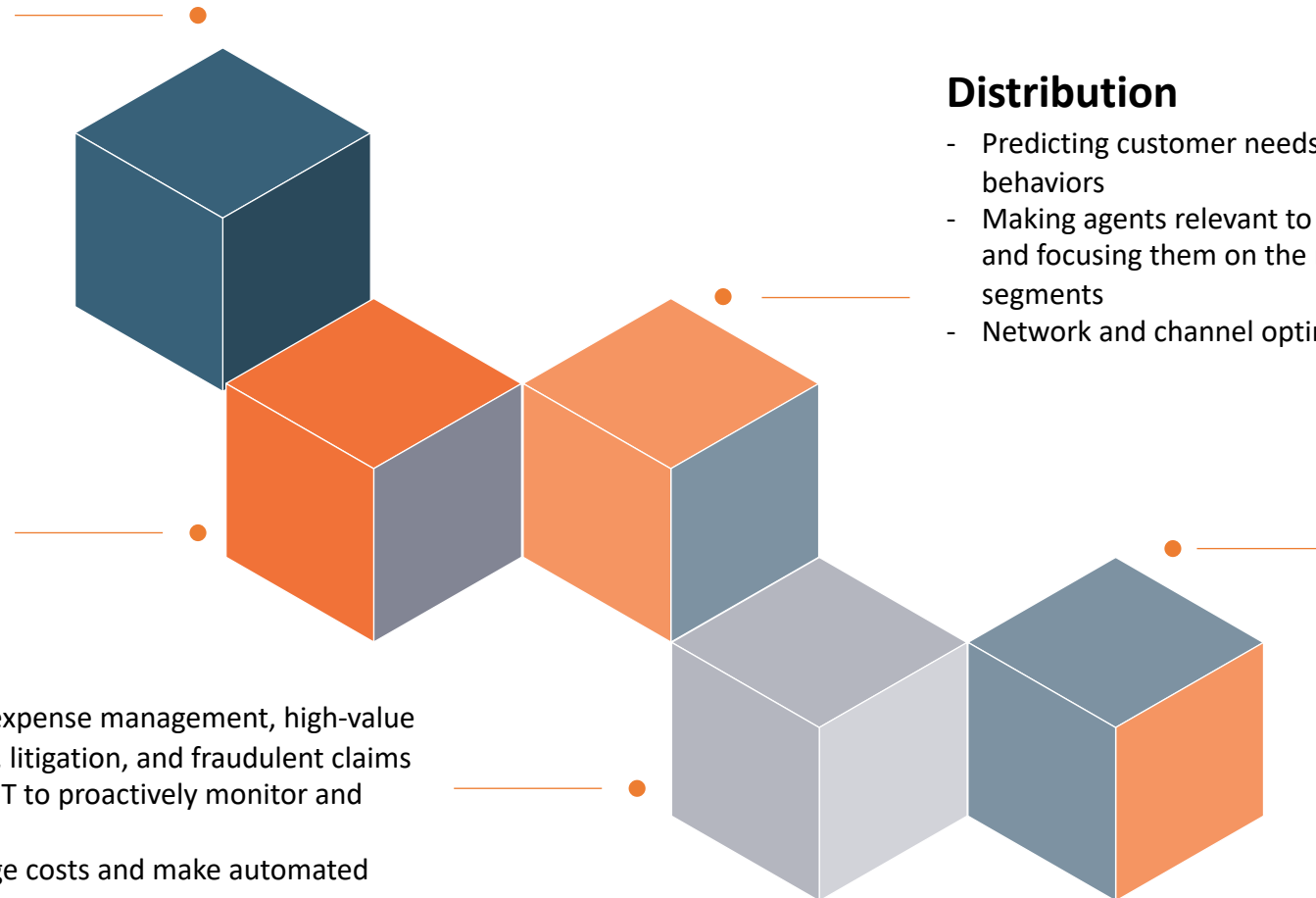
- Using predictive models for expense management, high-value losses, reserving, settlement, litigation, and fraudulent claims
- Using computer vision and IoT to proactively monitor and prevent events
- Using AI to determine damage costs and make automated claims payouts

## Distribution

- Predicting customer needs and behaviors
- Making agents relevant to customers and focusing them on the right segments
- Network and channel optimization

## Overall CX & EX

- Reducing customer friction
- Enabling self-serve to reduce employee administrative burdens
- Personalizing offerings and customer experience through sentiment analysis, topic modeling, and text mining





# The changing face of BFSI partnerships

Top partners specified by service providers

## Banking & Financial Services



## Insurance



# The enterprise perspective

*“From a business perspective, we are absolutely looking at ecosystems. **We have a lot of integration ahead of us, with third parties wanting to exchange data and be on our portals, or we want to plug into theirs** ...whether for them to adjudicate sales or for us to understand volumes.*

*Internal to IT, that’s translated into revisiting our DevOps strategy to become more agile. From a technical perspective, we need to architect in more an open services oriented way...”*

- CIO at one of the largest dental health plans in the US

*“Your **Open API approach has to become the main principle** or strategy of all your business and technical ambitions.*

*You have to evolve your systems to an open platform and ecosystem—like the ones Amazon and other digital retailers have made very successful—selling everything to everybody, not only your own products.”*

- Oliver Lauer, former Head of Architecture and Head of IT Innovation at Zurich

# Discussion topics

1. Does any of this resonate?
2. How is the role of ecosystem partners changing in the face of the composable enterprise?
3. What's working? What are best practices for BFSI ecosystem optimization?
4. Prize time. Share examples of BFSI ecosystems in action – the group votes for the big winner.



# Recommended research

- Standard Chartered doubles down on its composable digital banking model
- Recognise Bank harnesses digital flexibility to drive better outcomes for SMBs
- PwC & Microsoft further cloud-native digital banks with their ecosystem offering
- Established banks should be much more worried about nimble digital native competitors
- Banks must actively convince clients that ESG is proper and profitable
- Don't let antiquated partnerships become the most dangerous legacy in BFS enterprises
- Banks thinking about insourcing need to think again
- Cloud-hungry BFS enterprises need to navigate public cloud capabilities by value, not brand
- For insurance firms, SaaS modernizes fragmented, monolithic technology stacks
- The BFSI industry gets proactive with its ransomware defense strategy
- Insurers must make data-driven digital transformation the top priority



# About HFS

Insight. Inspiration. Impact.



HFS is a unique analyst organization that combines deep visionary expertise with rapid demand side analysis of the Global 2000. Its outlook for the future is admired across the global technology and business operations industries. Its analysts are respected for their no-nonsense insights based on demand side data and engagements with industry practitioners.

HFS Research introduced the world to terms such as "RPA" (Robotic Process Automation) in 2012 and more recently, the HFS OneOffice™. The HFS mission is to provide visionary insight into the major innovations impacting business operations such as Automation, Artificial Intelligence, Blockchain, Internet of Things, Digital Business Models and Smart Analytics.

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