

## Simplify for Success: Financial Services Firms Must Streamline Operations, Embrace Technology Enablement

By Brian Kostek and Michael Thor

**Successful companies view even challenging times as catalysts for innovation and growth, actively seeking opportunities where others see obstacles.**

Over the last 13 years, we have issued annual research reports on the top risks faced by leaders all over the world. This year, we have added an emphasis on opportunities to set the tone for identifying and responding proactively to emerging trends, market shifts and evolving customer expectations.

Organisations balancing risk management with a strong focus on seeking growth are better equipped to innovate products and services, enhance their resilience, adapt to change, and achieve top-line growth and strategic differentiation. It is all about unlocking opportunity.

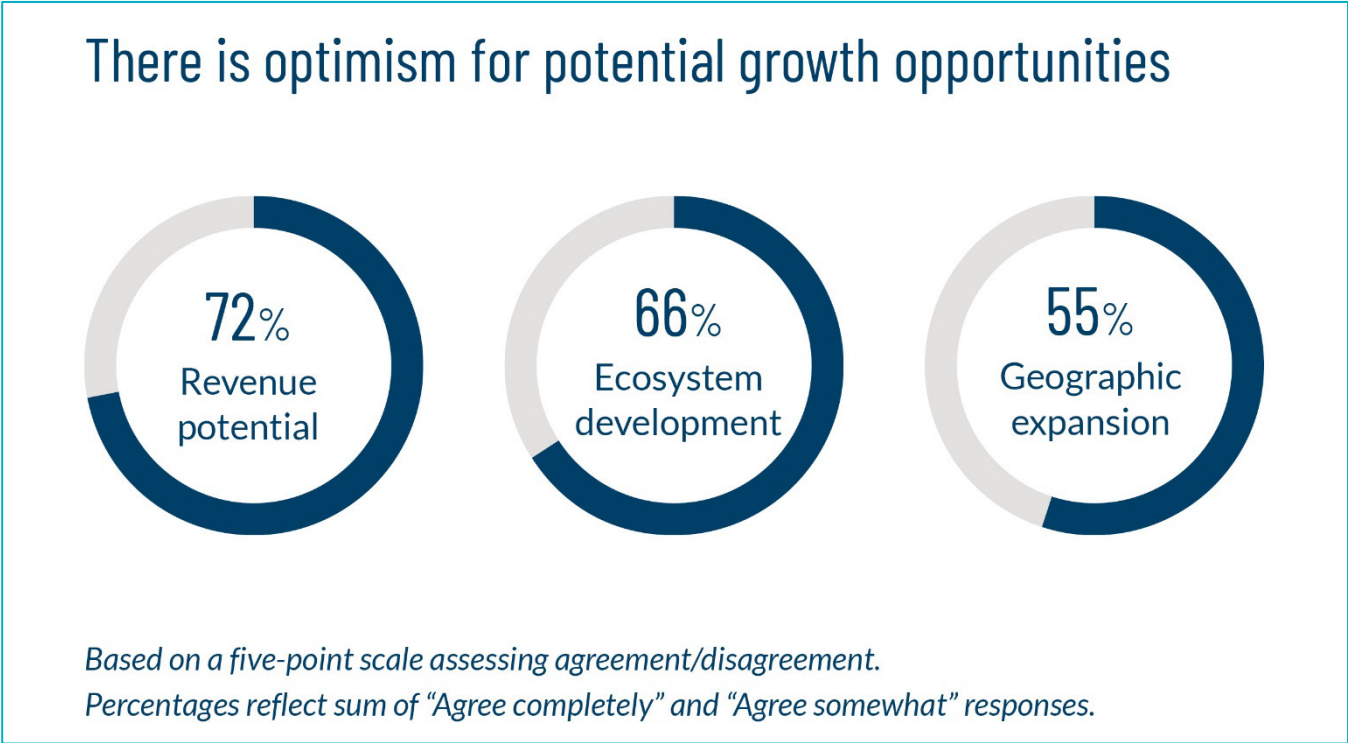
Our 14th annual **Executive Perspectives on Top Risks and Opportunities Survey** contains insights from 1,540 board members and C-suite executives around the world regarding their views on:

- Three specific areas for growth considering the current environment;
- Opportunities and challenges associated with the transformative impact of artificial intelligence (AI) on their organisations;
- The top risks on the horizon for the near-term (two to three years ahead) related to 28 specific risks across three dimensions (macroeconomic, strategic and operational) and for the long-term (a decade from now) related to 12 risk themes that consider the strategic and operational near-term risks; and
- A discussion of their organisations' near-term strategic investment priorities, given the opportunities and the risks they face.

Our survey participants shared their views through an online survey conducted from early September through mid-October 2025. This paper offers specific insights into these issues from the perspective of leaders in the Financial Services industry group.

# Where do leaders in the financial services industry group see the greatest opportunities for their organisation over the next two to three years?

In short: **Simplify for success.** This is not simplification for its own sake, but rather a strategic imperative to streamline business models, optimise operations, and leverage technology to drive efficiency and effectiveness. Complexity has long been a drag on agility and profitability. Now, technology – AI and automation, in particular – offers a pathway to operational clarity and resilience.



At the same time, the **changing regulatory environment** is poised to open **new pathways to growth opportunities**. In the U.S., for example, potential deregulation and rollbacks of previous guidance (including the recently proposed increase in the asset threshold from \$50 billion to \$700 billion for the OCC’s Heightened Standards guidance), especially around lending limits and credit offerings, could usher in an ultra-competitive credit landscape. Industry leaders anticipate a surge in innovative products and services, coupled with expanded access to credit. This dynamic is not only expected to fuel economic growth but also spark heightened competition, including increased merger and acquisition activity.

Scale itself is another important growth factor. Larger, more resilient organisations will be better positioned to capitalise on these opportunities as they **integrate AI to enhance decision-making and operational performance**. However, growth must be sustainable. Building technology-enabled operations with durability in mind is essential to safeguarding organisational health amid market volatility.

# What will be the organisation’s most significant challenges regarding the impact of AI over the next two to three years?

The most significant challenges in harnessing AI are **data quality** and **technology infrastructure**. While many organisations are experimenting with AI applications, moving from pilots to full-scale integration requires a strong data foundation. Without high-quality, well-structured data, even the most advanced AI models cannot deliver meaningful insights or efficiencies. This makes data integrity and governance a must.

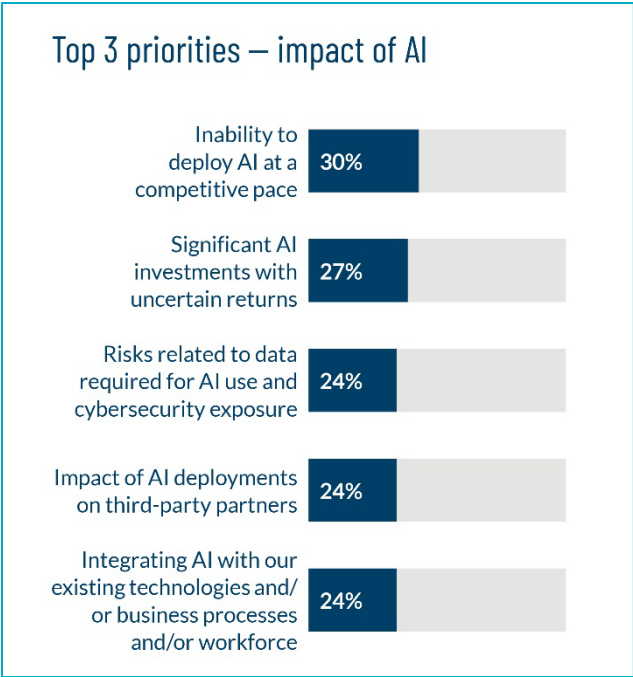
Equally critical is the flexibility of the underlying technology stack. Embedding AI into day-to-day operations demands systems with the flexibility to adapt to new processes and workflows. **AI will not simply automate existing tasks – it will fundamentally reshape how financial services organisations operate**, from account opening and transaction processing to payment routing and fraud detection. These changes require significant investment in modernising legacy systems to ensure they can support AI-driven capabilities.

Beyond operational adjustments, the ultimate goal is **improved customer outcomes**. AI must reduce friction across the customer journey, enabling faster, more accurate and more personalised experiences. Achieving this vision hinges on overcoming structural challenges: fragmented data, rigid technology architectures and the complexity of embedding AI into core processes.

## What are the most significant short-term (two to three years) concerns and risks on the minds of leaders in the financial services industry group?

Financial services leaders are most concerned with **future readiness**; specifically, ensuring their organisations adapt quickly to evolving market and regulatory dynamics while maintaining strong operational control. This focus spans day-to-day operations, product offerings, cybersecurity and customer outcomes. Leaders must pursue growth with the right control mechanisms in place to safeguard organisational health and compliance.

**Regulatory uncertainty** is a key undercurrent in the near-term risks. As rules shift both locally and globally, financial services firms must be prepared to respond with agility, adjusting processes and governance frameworks without disrupting service delivery. This adaptability is critical for organisations operating across multiple jurisdictions, where regulatory changes can have cascading impacts.



## Top global near-term risks – Financial Services

2026 rank	Risk issue	Average*	2025 rank
1	Cyber threats	3.56	2
2	Third-party risks	3.37	4
3	Emergence of new risks from implementing AI	3.30	9
4	Adoption of new and emerging technologies elevating the need to upskill/reskill our workforce	3.24	12
5	Economic conditions, including inflationary pressures	3.19	1

\* Average based on a five-point scale where 1 reflects "No impact at all" and 5 reflects "Extensive impact."

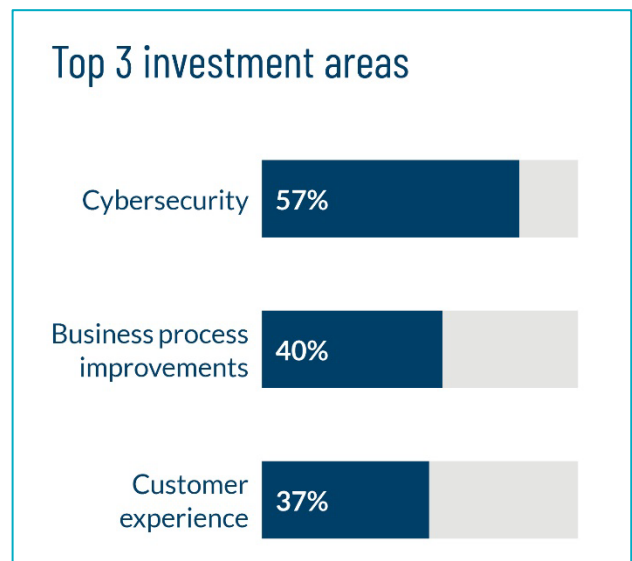
Technology enablement adds another layer of complexity. While automation and AI promise efficiency gains, they also require significant investments in **first-line enhancements** and workforce upskilling. Technology alone cannot drive transformation; employees must be equipped to work effectively in a more digitised environment. **Failure to invest in talent development** could undermine efforts to modernise operations and stay ahead of the competition in product innovation.

Ultimately, the short-term challenge is **balancing innovation with resilience** – allocating capital to future-focused initiatives while maintaining robust controls around cyber threats, third-party risks, AI implementation and operational resilience.

### Based on these near-term risk issues, in what areas is the organisation likely to invest the most over the next two to three years, and why?

**Technology investment and business process transformation** are the top investment priorities, which are essential to driving efficiency, improving customer outcomes and maintaining competitiveness. By streamlining operations and embedding technology into core processes, financial services firms will deliver more seamless customer interactions and unlock profitability through organisational efficiency.

The rationale is clear: **Those willing to embrace change quickly will gain a competitive edge**, positioning themselves to capitalise on emerging market opportunities. Recent developments in the credit landscape, such as the rollback of leveraged lending guidance, underscore this point. As regulatory shifts unlock capital for growth, financial services organisations need robust technology and risk management frameworks to monitor and manage evolving risk exposures.

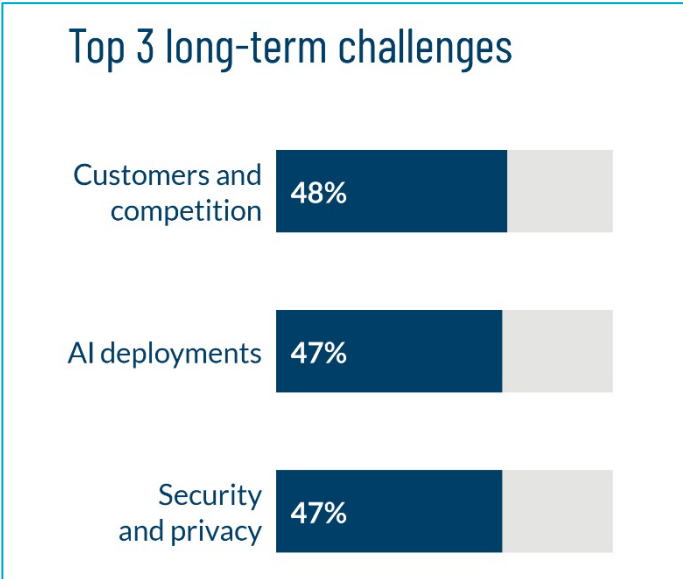


**Resilience remains a critical investment theme.** Executives are focused on mitigating concentration risk across technology, third-party relationships, balance sheets and customer portfolios. This will translate into strategies such as dual-cloud adoption and diversification of technology providers to reduce risks tied to single points of failure or cyber attacks. These measures not only strengthen operational resilience but also support compliance with evolving regulatory standards, such as the Digital Operational Resilience Act (DORA) in the EU.

### How do leaders in the financial services industry group view the 10-year risk outlook for their organisation?

The top risks shaping the long-term outlook converge around **customer dynamics, technology** and **workforce**. AI enablement, data protection and cyber resilience will be critical as financial services organisations embed advanced technologies into their operations.

When simplifying these risks to a common theme, leaders point to **customer interaction and growth** as the defining factor. Customer expectations and behaviours will evolve over the next decade, reshaping how financial institutions deliver their products and services. This shift will intersect with heightened competition, changing market economics and geopolitical uncertainties.



Another important emerging risk, though ranked lower in the long-term outlook, is **quantum computing**, which could disrupt technology stacks and force organisations to rethink security, infrastructure and investment strategies.

### Guidance/call to action for next two to three years

The call to action for financial services industry leaders is clear: **simplification**. Organisations must streamline operations, clarify core competencies and embrace technology enablement to position the enterprise for growth. Simplification for success may involve tearing down legacy processes and rebuilding with resilience and agility in mind. Those willing to invest aggressively in redesigning operations and modernising technology infrastructures today – rather than taking a conservative approach – will be better equipped to manage risk and seize opportunities.

## About the authors



**Brian Kostek** is a Managing Director with Protiviti and leads our Chief Risk and Compliance Officer solutions team, bringing over 19 years of consulting and regulatory experience in financial services. He specialises in addressing client challenges related to designing and implementing third-party risk, compliance management and operational risk management programs that enhance risk oversight while supporting business agility and growth. Brian's experience includes control optimisation, business process redesign, monitoring and testing design and execution, program management, regulatory remediation design and validation, independent compliance reviews, business process risk assessments, risk and control self-assessments, mergers and acquisitions integration support, and internal audit services.



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