

Transformational Value

What Every Financial Services Firm
Should Know About Low-Code



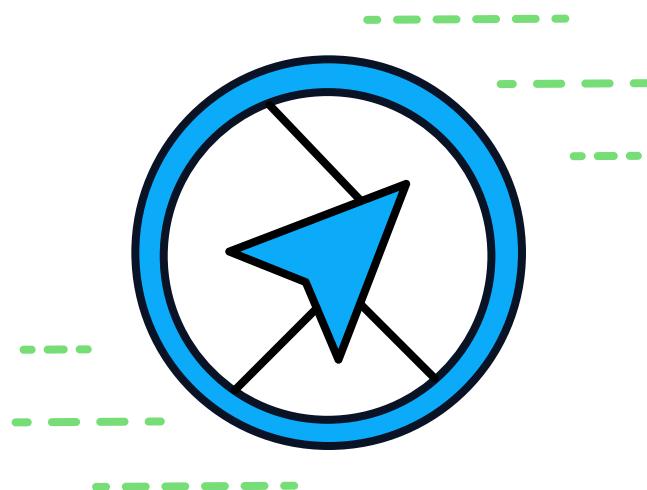
Table of Contents

03	Executive Summary	18	Low-Code for Financial Services
04	Background	19	Respondents
06	Low-Code Gets Results Across FSI	20	Benefits for Financial Services
07	Key Benefits	21	Business Agility
08	Build Vs. Buy	22	Omnichannel Experiences
09	Low-Code Is Faster <i>(And Even Faster Than Many Think)</i>	23	Migrations
11	Unexpected Benefits	24	Use Cases
12	Citizen Development	27	Potential Concerns
13	IT/Business Collaboration	28	Financial Services Conclusions
14	Wrap and Renew	29	The Increasing Value of Low-Code
15	Potential Risks and Solutions		
16	Cloud Deployments		
17	Security		

Executive Summary

Before 2020, digital transformation was on the roadmap for most financial services organizations, and some projects even had funding and priority. However, in many cases, compliance projects and urgent needs consumed development budgets and left digital transformation more a hope than a reality.

When the pandemic hit, though, customers and firms needed to adjust overnight, as it became painfully apparent that those digital initiatives needed to be prioritized immediately for the future of the business. Transformation roadmap items became business-critical.



Low-code is rapidly becoming the engine driving these initiatives in financial services. Digital transformation, process automation, business agility, and improved customer journeys are all low-code strengths. A recent survey from Mendix explored how firms use low-code and where they see opportunities and concerns. Key outcomes include:

- ✓ Low-code offers untapped value to organizations, even those already using it.
- ✓ Low-code is meeting and often exceeding expectations, providing tangible business value.
- ✓ Low-code offers significant speed benefits over traditional development. This has proven helpful in digitizing processes exposed by the COVID pandemic but is essential moving ahead.
- ✓ Critical needs like cloudifying, modernizing, replatforming, and integrating client journeys are ideal use cases for low-code.
- ✓ Integrations must be managed carefully, less because of platform concerns and more due to traditional thinking and legacy systems and processes, as well as concerns about government regulations.

Background

In September 2021, Mendix contracted with Momentive to conduct a global survey about low-code in financial services and insurance (FSI). The study aimed to learn more about how the industry views low-code, uses, and potential concerns.

The survey had 1,414 total respondents from across the globe.



Respondents all identified as sole decision makers, key stakeholders, or responsible for making SaaS decisions for their organizations. They reported being from one of Business/Product Line, Data/Analytics, Digital/Innovation, Finance, HR (Human Resources), Marketing, IT, Operations, Risk/Compliance/Audit, or Sales.

Respondents' firms ranged in size from less than 500 global employees to over 20,000 global employees.

Finally, all respondents knew at least something about low-code. Many worked for organizations that had deployed a low-code solution from at least one of several low-code platform providers.

**How would you
describe your
familiarity with
Low-Code/No Code
platforms?**

35% are Knowledgeable

25% are Expert

22% Somewhat knowledgeable

18% Heard of it

Low-Code Gets Results Across FSI

Not only are more FSI organizations using low-code to fuel their digital transformations, they're getting more than they expected.

How has
implementing
Low-Code/No Code
performed to your
expectations?

That number is eye-opening, and drilling down into the data provides an even more compelling story. FSI organizations aren't just seeing one benefit from deploying low-code. They see several.

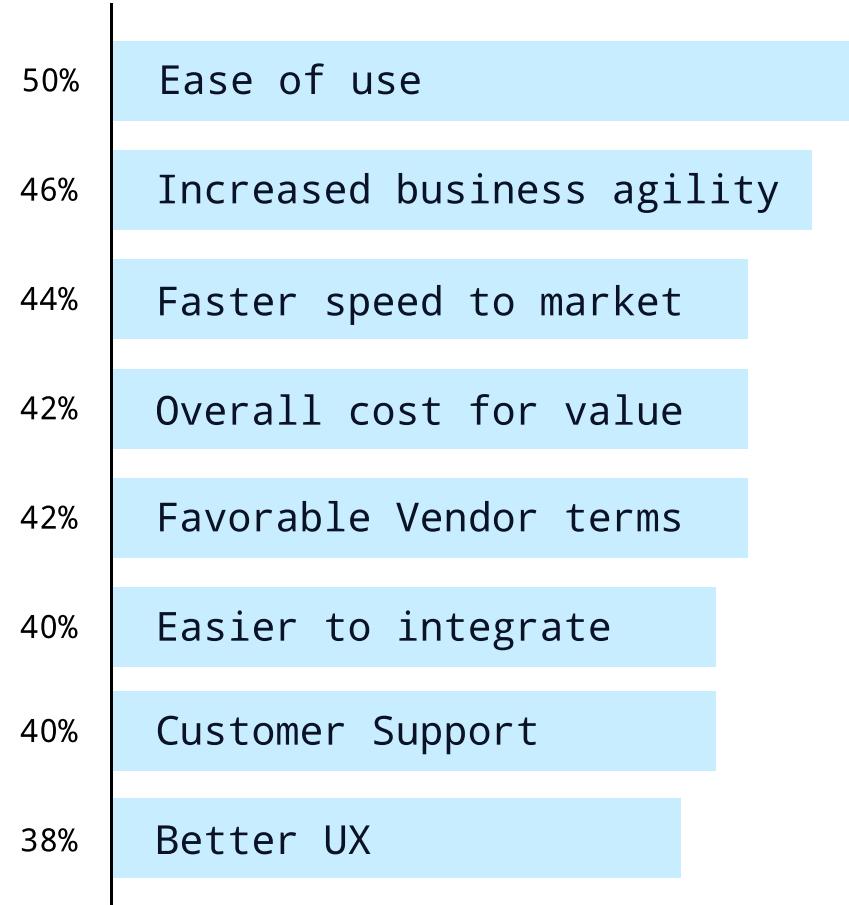
97%

of respondents reported that low-code implementation met (56%) or exceeded (42%) their expectations.

Key Benefits

The top reported benefits were ease of use, increased business agility, and faster speed to market. Put another way, **low-code users deploy solutions faster and with fewer resources while also opening their business to future possibilities.** Low-code is a critical catalyst to help supercharge organizational change and an innovative mindset.

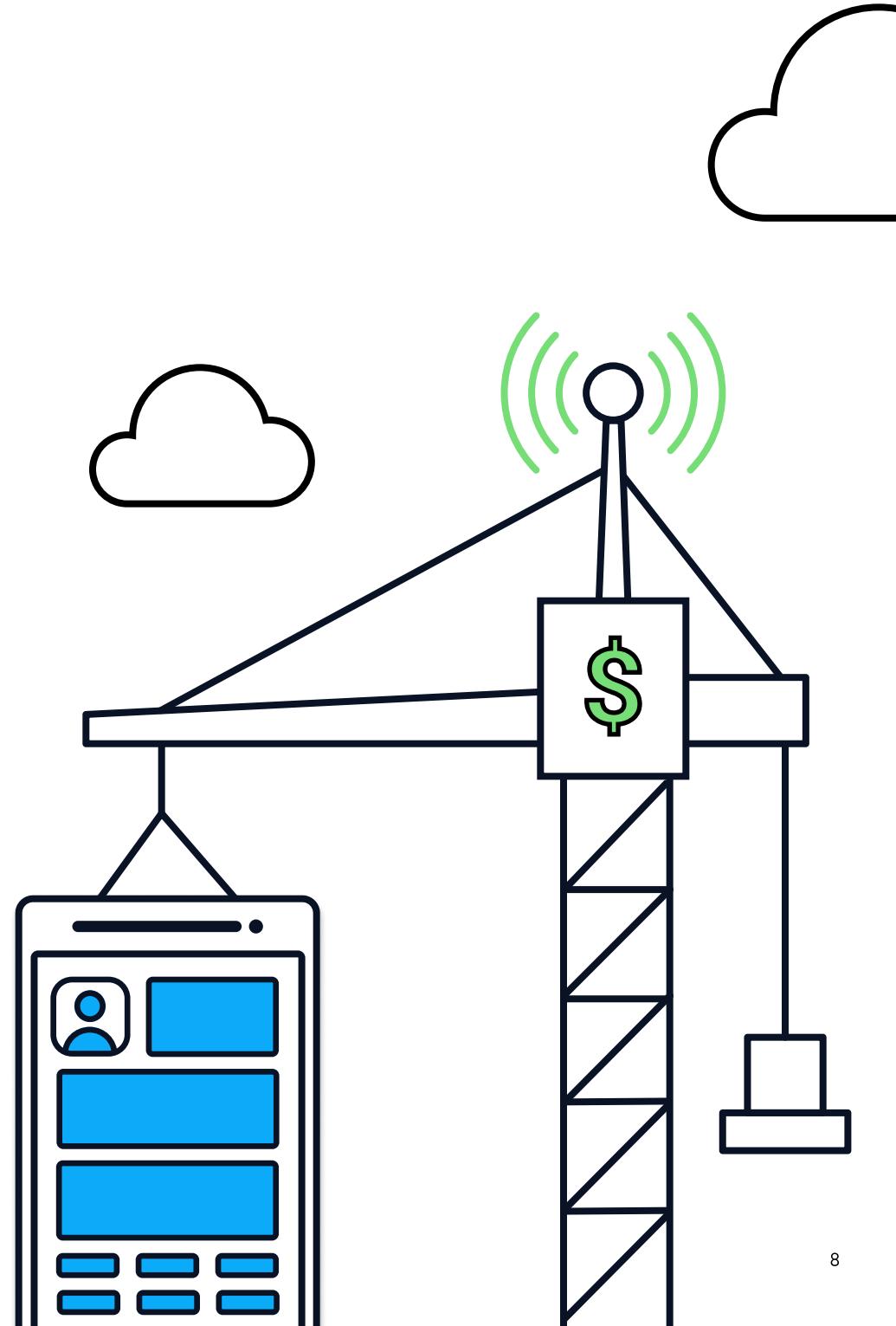
Which of the following reasons describe the way Low-Code/No Code exceeded your expectations?
(Select all that apply)



Build Vs. Buy

Many organizations use commercial-off-the-shelf (COTS) solutions for one of a few reasons: either they're the industry standard, they don't believe there is a viable technical alternative, or they don't think there is an affordable alternative. Low-code is a viable alternative, but can organizations see the same level of success even if all the COTS pre-baked standards aren't there? 97% of survey respondents think so and are having success taking control of their digital experiences.

The [Business Development Bank of Canada \(BDC\)](#) invested millions of dollars and five years into traditional development to help modernize their loan application and approval technology, only to show no deployable solutions. After turning to low-code, BDC built a prototype in 4 days and deployed a solution that added automation to their processes in under a year. Those results are echoed repeatedly with organizations that deploy low-code.



Low-Code Is Faster

(And Even Faster Than Many Think)

When much of the world went online-first, modernization and digitization didn't just become nice-to-have. They became imperative. Development cycles needed to shorten from months and years to days and weeks.

Low-code platforms position themselves as providing a faster path for deployment, and survey respondents agreed.

61% believe that
low-code was at least
30% faster to deploy than
traditional development.



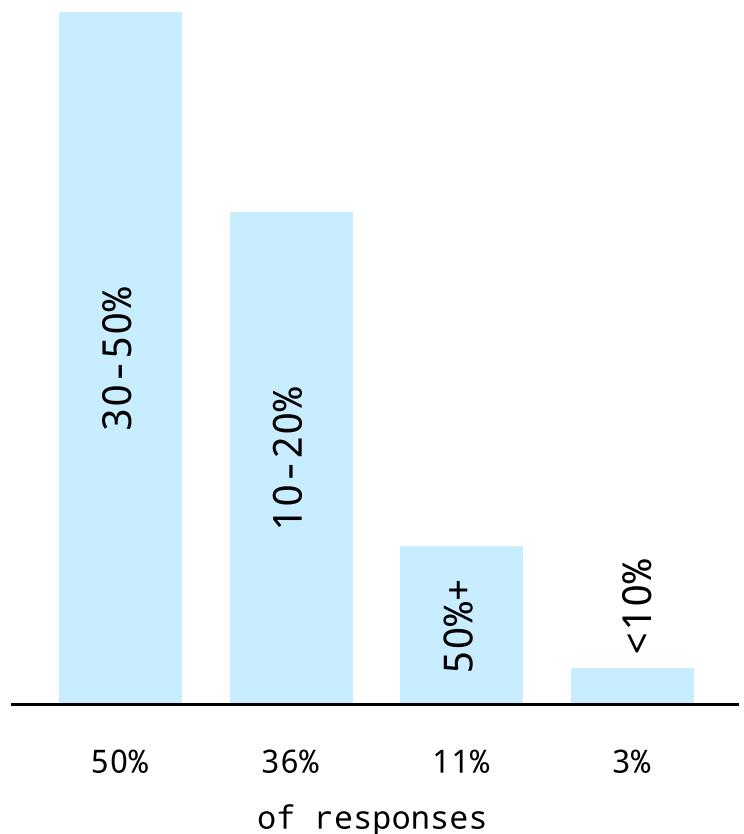
If anything, this data point undervalues how much speed low-code is capable of. A [recent article](#) showed that low-code can increase development speed by up to 90%, and that's not just theoretical. Organizations using low-code see substantial time savings over and over again. Even organizations already utilizing low-code can continue to gain efficiencies.

Increasing development speed reduces the number of resources (people and money) required, meaning that organizations utilizing low-code realize time and cost savings using the same measure.

There are numerous examples to demonstrate this value. [Zurich Insurance](#) built and deployed a facial recognition app that processes over 63,000 images per year in just seven days. [SAGA Healthcare](#) received a build time and budget quote of 3 years and €12m for their transformation before turning to low-code. Six months and €250k later, they deployed their low-code platform to the public.

The world isn't slowing to where it was pre-2020. Instead, the pace of change will only continue to increase. Localized events, widespread emergencies, and business and market disruptions will happen, and organizations must respond immediately. Low-code helps organizations do just that.

How much faster on average do you believe Low-Code/No Code platforms can improve the speed of application development?



Unexpected Benefits

Items like cost savings, increased agility, and faster development are the obvious benefits organizations are getting out of using low-code. However, businesses are seeing other tangible benefits that might be less apparent. Some apply directly to development, but others get into culture and employee experience.

Please rank the following benefits of Low-Code/No Code platforms.



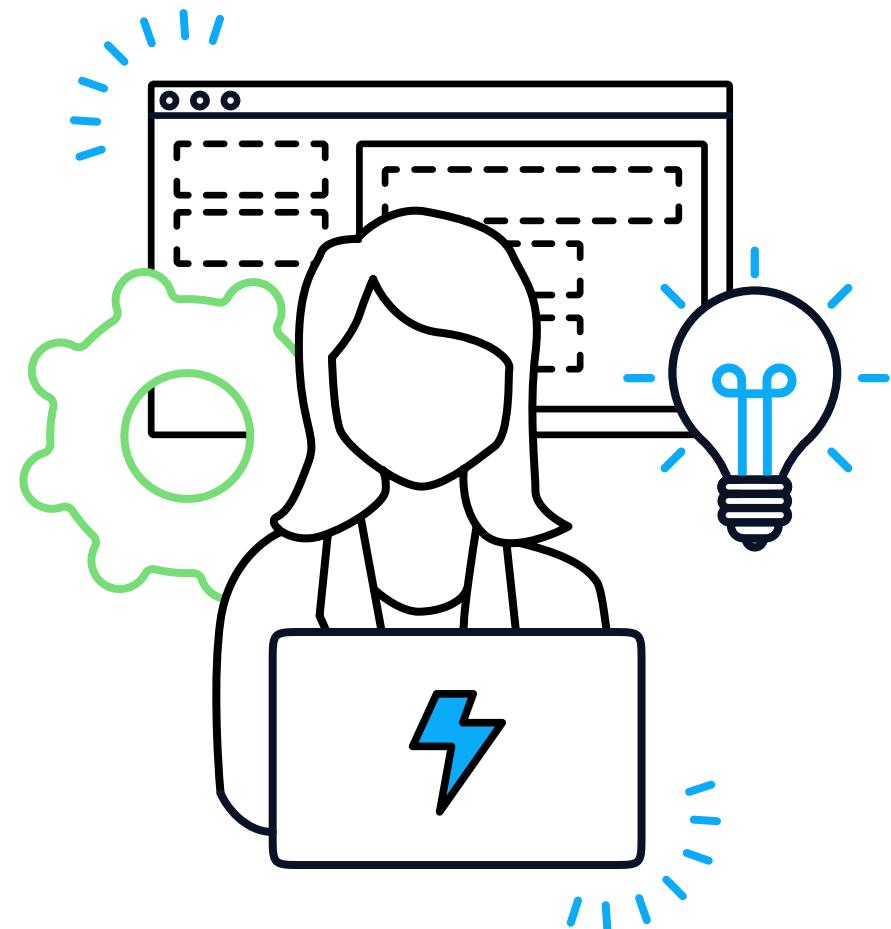
Citizen Development

Mendix defines citizen developers as “business users with little to no coding experience that build applications with IT-approved technology and automated adherence to IT governance controls.” In other words, staff from the business can identify issues affecting their jobs and are empowered to build solutions.

According to a recent Gartner report, 61% of organizations either already have or are thinking about implementing a citizen development program. Citizen development allows organizations to boost IT and business productivity and increases collaboration.

Many low-code platforms give anyone the tools to test, build, and deploy with a visually-based interface that requires zero coding. These present positives for both the business and employees.

Dutch Railways, the foremost passenger train operator in the Netherlands, is just one example of how non-IT employees use citizen development to convert business analysts to business engineers to rapidly iterate to MVP.



IT/Business Collaboration

Because low-code accelerates development so much, there are always new features and user stories to build, test, and deploy. This offers terrific opportunities for business and IT stakeholders to collaborate. “Fusion teams” of business and IT plan, build and celebrate success together.

To read further how this looks in a business environment, explore the story of [Trane Technologies](#). Trane took a thoughtful approach to low-code, evaluating use cases and seeing where the intersection of low-code, IT, and the business would best benefit their goals. As a result, they were able to maximize their low-code ROI.



Wrap and Renew

Wrapping and renewing is the idea of keeping core systems but giving them a UX overhaul. The concept of wrapping and renewing isn't new; organizations have discussed it for years with legacy sprawling infrastructure and systems.

Refreshing and renewing systems to gain immediate value instead of a long, drawn-out replacement often makes sense. Some examples might be building a new web or mobile experience for a legacy application, pulling together multiple systems and processes to connect customer journeys, or accelerating prototypes/MVP capabilities.

Erie Insurance identified that they needed a customer-facing native mobile app to keep up with the competition. However, migrating legacy systems would be a massive headache. Erie used the Mendix platform to build an app for iOS and Android on top of their existing systems, and they did it without any native mobile developers on staff.





Potential Risks and Solutions

Even though current conditions require organizations to think about innovative solutions, the idea of integrating new platforms raises questions about potential risks. Within financial services and insurance, the concerns about low-code fell firmly within two areas: cloud deployments and security.



Cloud Deployments

Within cloud deployments, the top three areas of concern were clear. These include **integration to legacy on-premise (48%), lack of support for a particular provider (31%), and data residency (18%)**.

Given existing infrastructures, these concerns make total sense, but low-code platforms provide value here as well.

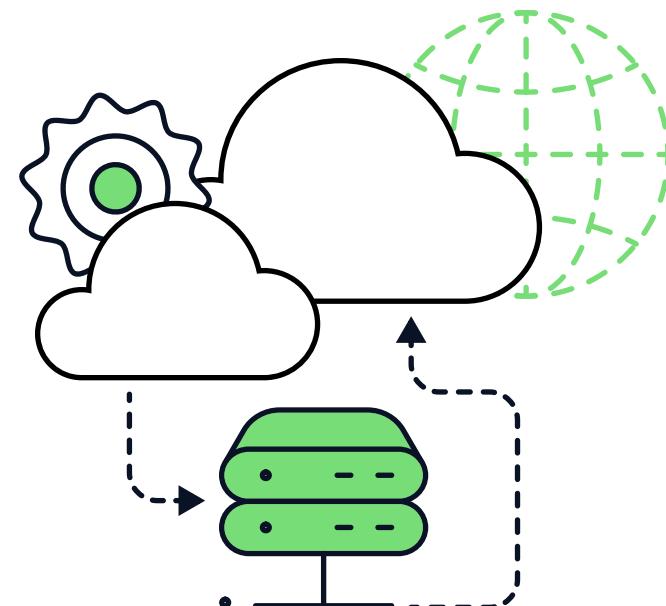
Many low-code platforms connect to public cloud providers such as IBM, SAP, Microsoft, AWS (Amazon Web Services), and Google. In addition, some top providers allow for hybrid cloud deployments and even on-premise deployments.

Data residency is also a significant concern that low-code providers must deal with in an increasingly global environment. Many providers use their cloud offering to combat that, allowing customers to determine where their data resides.

The possibilities are endless for leaders willing to challenge traditional thinking.

Two large banks, Rabobank and ABN AMRO, decided to move their operations onto public clouds, which significantly impacted their customer journeys. Rabobank built a fully integrated online portal managing €18 billion for 500,000 customers in a matter of months while reducing IT costs by 50%. ABN AMRO has deployed more than 200 end-user solutions.

Top providers are working with these deployment concerns in mind and are well-prepared for any contingency.



Security

Keeping data, processes, and organizations secure was the other top concern from survey respondents. The top two risks were government regulations (40%) and internal policy (38%).

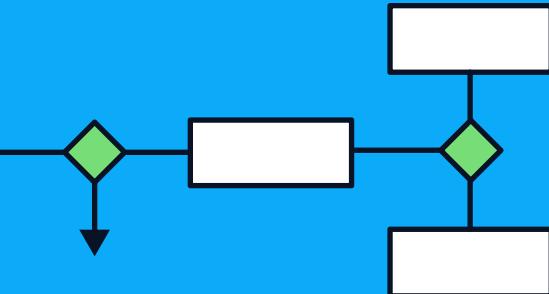
With government regulations, respondents from Germany and the United Kingdom responded 9-11 points higher on average than elsewhere, indicating the impacts of modern regulatory regimes. Regardless of where a firm is, it is incumbent on low-code providers to meet and exceed needs there. Top providers must prioritize security because providers who don't take compliance seriously open customers to serious risk.



When looking at internal policy, banking firms with fewer than 5,000 employees were 20% more likely to be concerned about this than larger firms. These firms may have less security staff, and those staff need to think operationally. Organizations simply may not be aware of the compliance capabilities that low-code can provide.

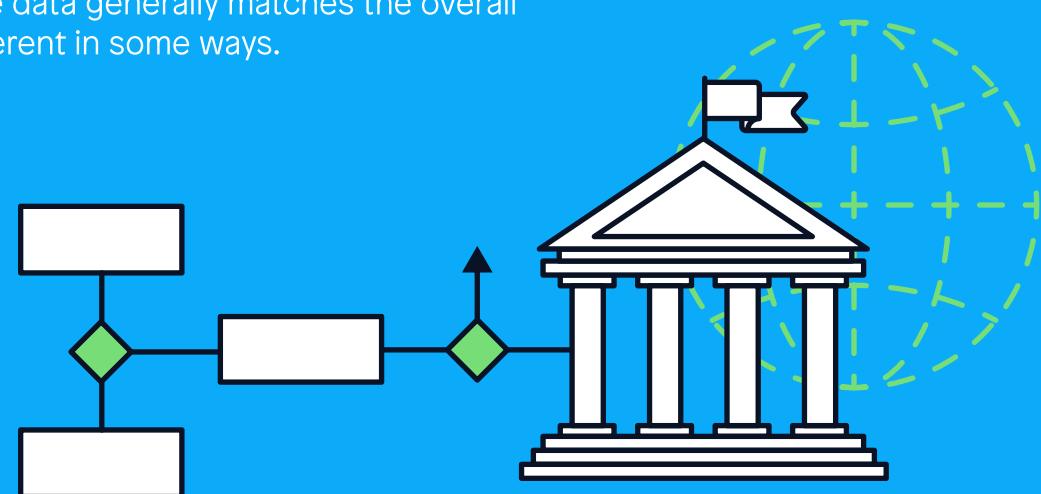
Integrating low-code platforms can make security more manageable, adding further value to the low-code proposition.

Low-code can help enable innovative thinking because low-code providers are always thinking about the future.



Low-Code for Financial Services

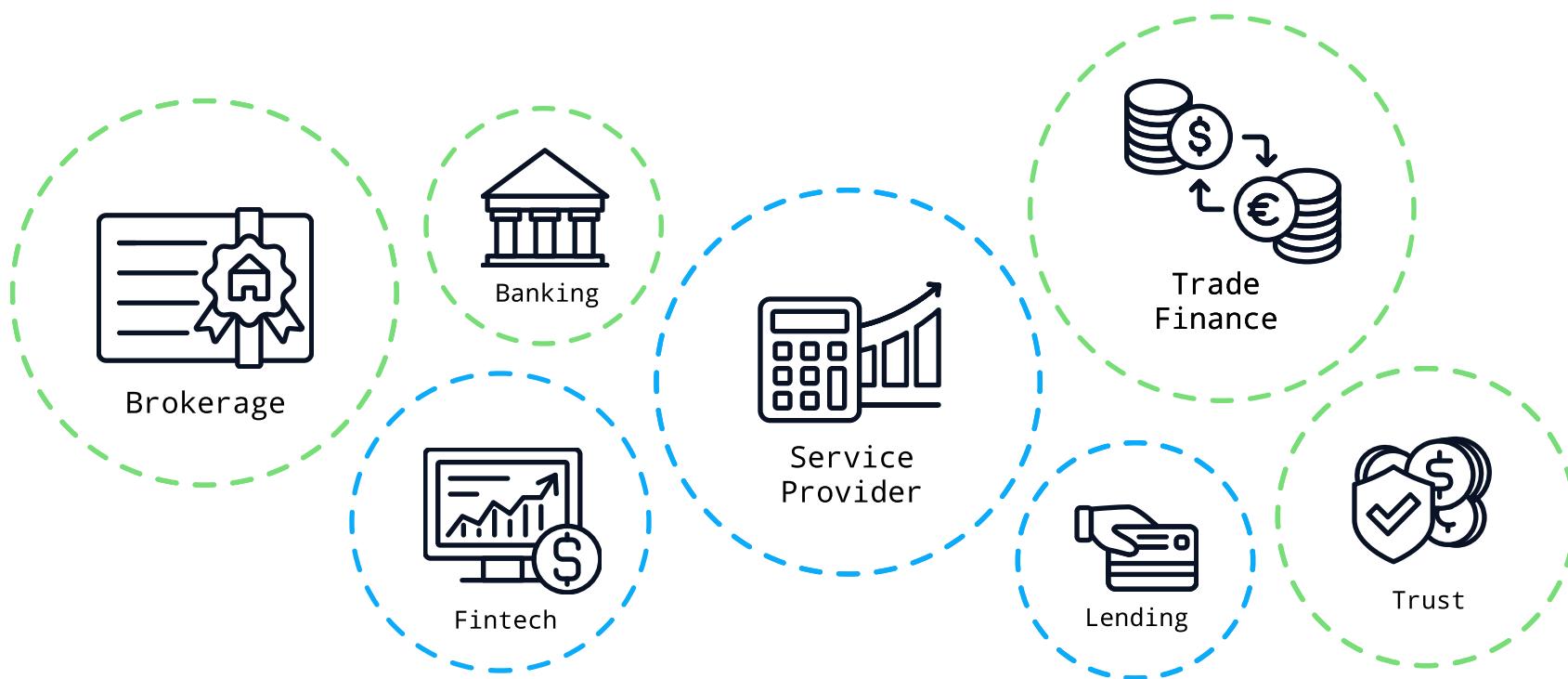
The survey showed further insights into what low-code means specifically for financial institutions and banks. The data generally matches the overall sentiment, but the picture is quite different in some ways.



Respondents

1,260 survey respondents identified as being from financial services, specifically from one of the following sub-industries: brokerage, commercial/corporate/institutional banking, financial planning/investment advice, fintech, investment banking/capital markets, lending/financing, other, retail banking, service provider, trade finance, treasury management/transaction banking, or wealth/trust.

Respondents also came from across their respective businesses, coming out of at least one of business/product line, data/analytics, digital/innovation, finance, HR, IT, marketing, operations, risk/compliance/audit, or sales.

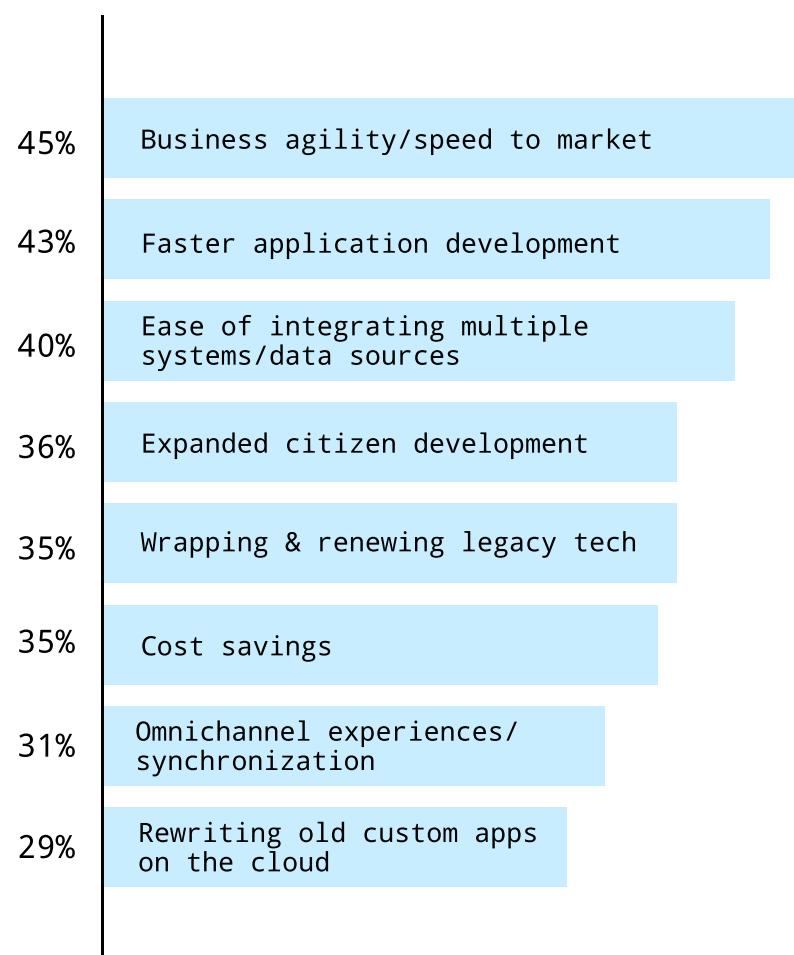


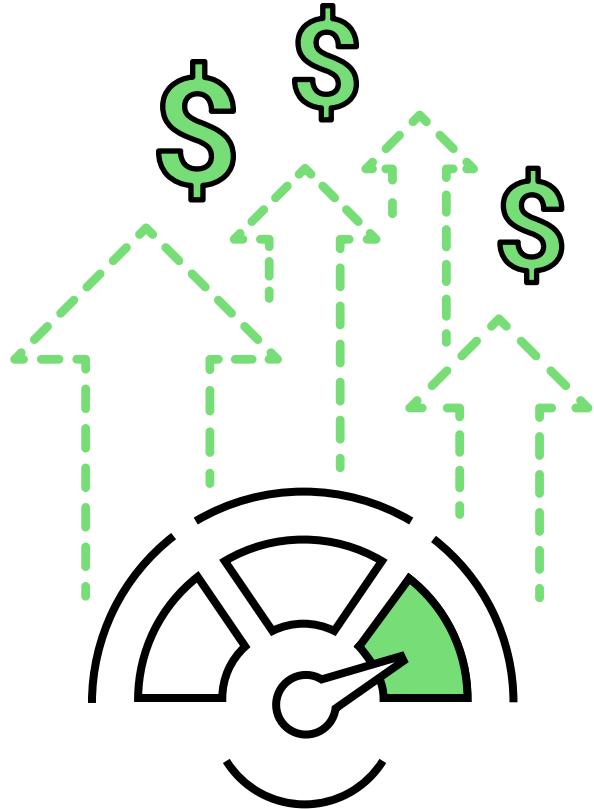
Benefits for Financial Services

While respondents saw the same benefits to low-code platforms as the overall results, the ordering differed. Business agility and faster application development/deployment still rank highest, but ease of integration rates nearly as highly (just over 40%). Cost savings, while still important, drop to the sixth-most significant benefit.

Those mirror the current environment, where digital transformation has rocketed to the top of many firms' roadmaps, even if the cost is higher. Fortunately, low-code is a faster and less expensive solution.

What do you see as the
3 primary benefits of
Low-Code/No Code
platforms?

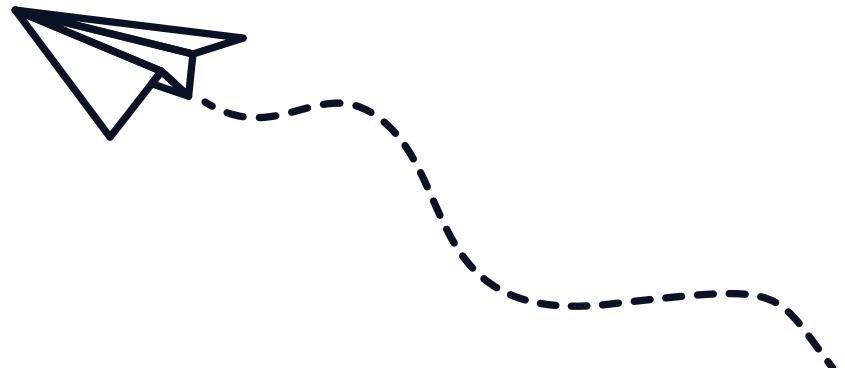




Business Agility

Financial services respondents noted that low-code platforms could be most effective with test-and-learn implementation, quicker product launches, and responding to market change.

This fits in well with an agile methodology. Test-and-learn and fast deployments are part of a low-code workflow. Adopting the rapid application development (RAD) mindset makes responding to market changes easier.



Omnichannel Experiences

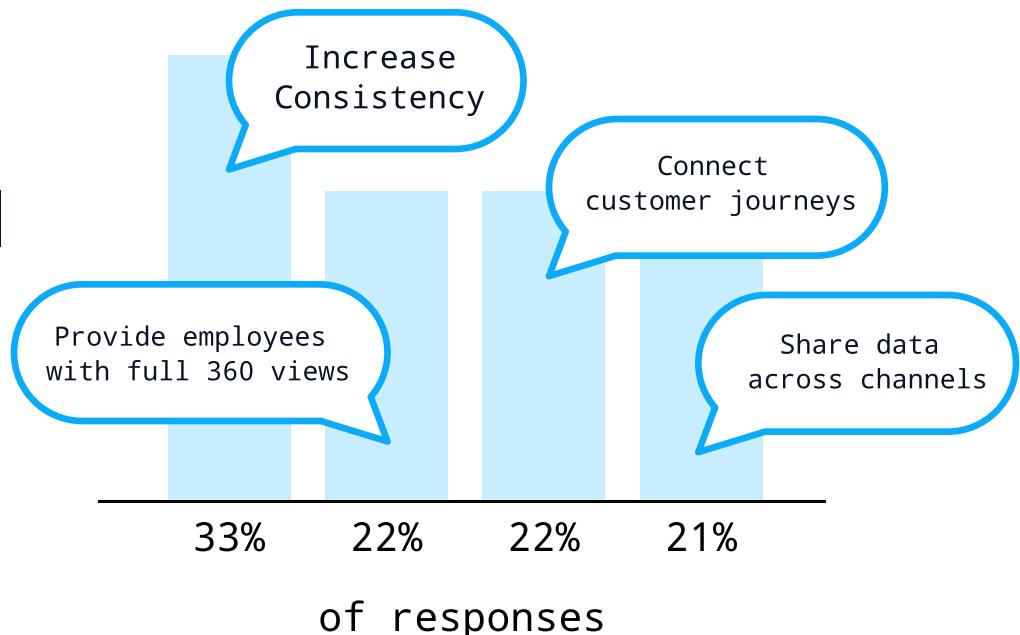
Omnichannel experiences are another critical focus for financial institutions. The top two focus areas were channel consistency and providing employees 360 views, indicating the continued need to rationalize experiences across channels.

This is a challenge because many firms and banks deal with disparate apps, systems, and legacy architecture. The complete picture is often fragmented, at best.

To see how low-code can help drive omnichannel, look at the case study of [Washington Federal Bank](#).

What is the top priority with creating an omnichannel experience that your organization is trying to solve using a Low-Code/No Code platform?

This American bank faced upgrading its digital banking for commercial and consumer customers. Upgrading core processing solutions or using third-party off-the-shelf solutions would typically take 24-36 months to evaluate, select, implement, and migrate. Using low-code, Washington Federal deployed a complete replacement of their digital banking platforms in eight months. That's enormous value realized in cost, resources, and improved customer satisfaction.



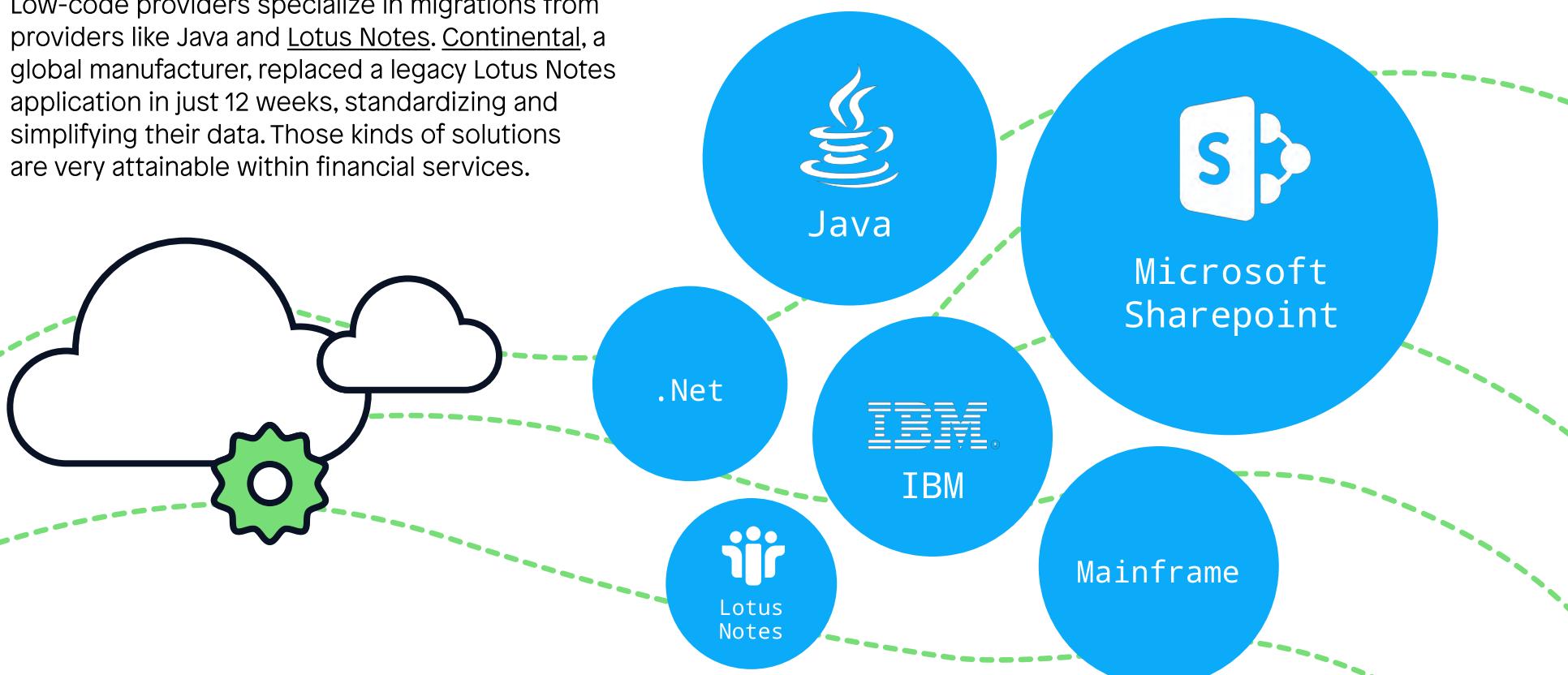
Migrations

When asked about potential migrations, the answers firmly pointed toward Microsoft SharePoint, custom Java, and Mainframe apps as targets, with Lotus Notes a bit further down the list.

Low-code platforms are built with migrations in mind, so can clear many technical hurdles even before a project starts.

Low-code providers specialize in migrations from providers like Java and Lotus Notes. Continental, a global manufacturer, replaced a legacy Lotus Notes application in just 12 weeks, standardizing and simplifying their data. Those kinds of solutions are very attainable within financial services.

Which of the following legacy custom apps would you use Low-Code/No Code platforms to rewrite on the cloud?



Use Cases

Common use cases for low-code included payments, client servicing, and self-service portals. These are all areas where providers have proven to excel. There are many real-world examples of this.

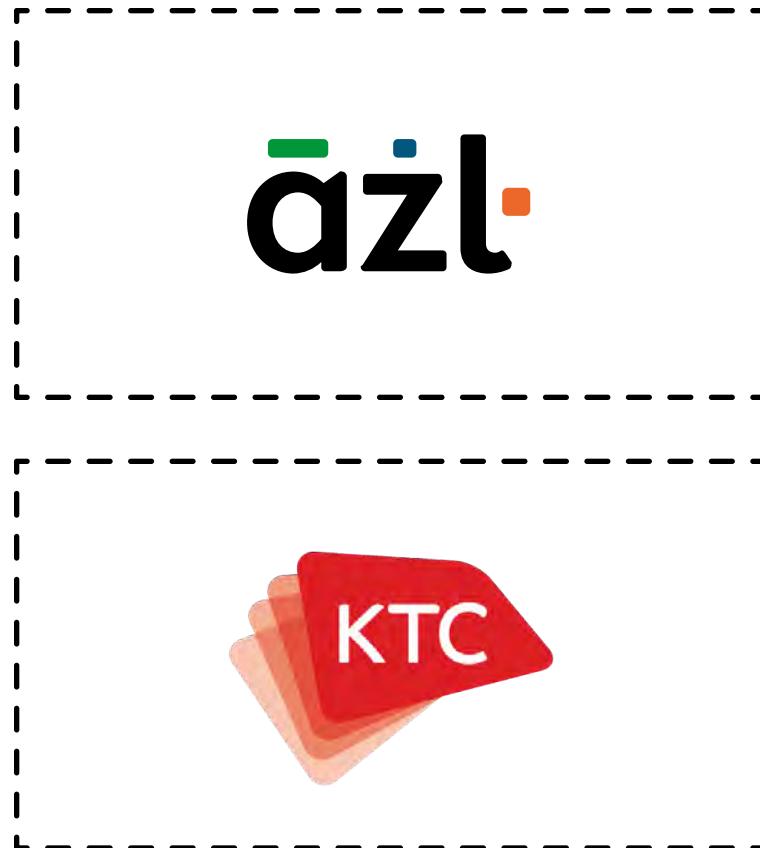
Which of the following business areas are most suited for Low-Code/No Code platform development?
(Select 5)



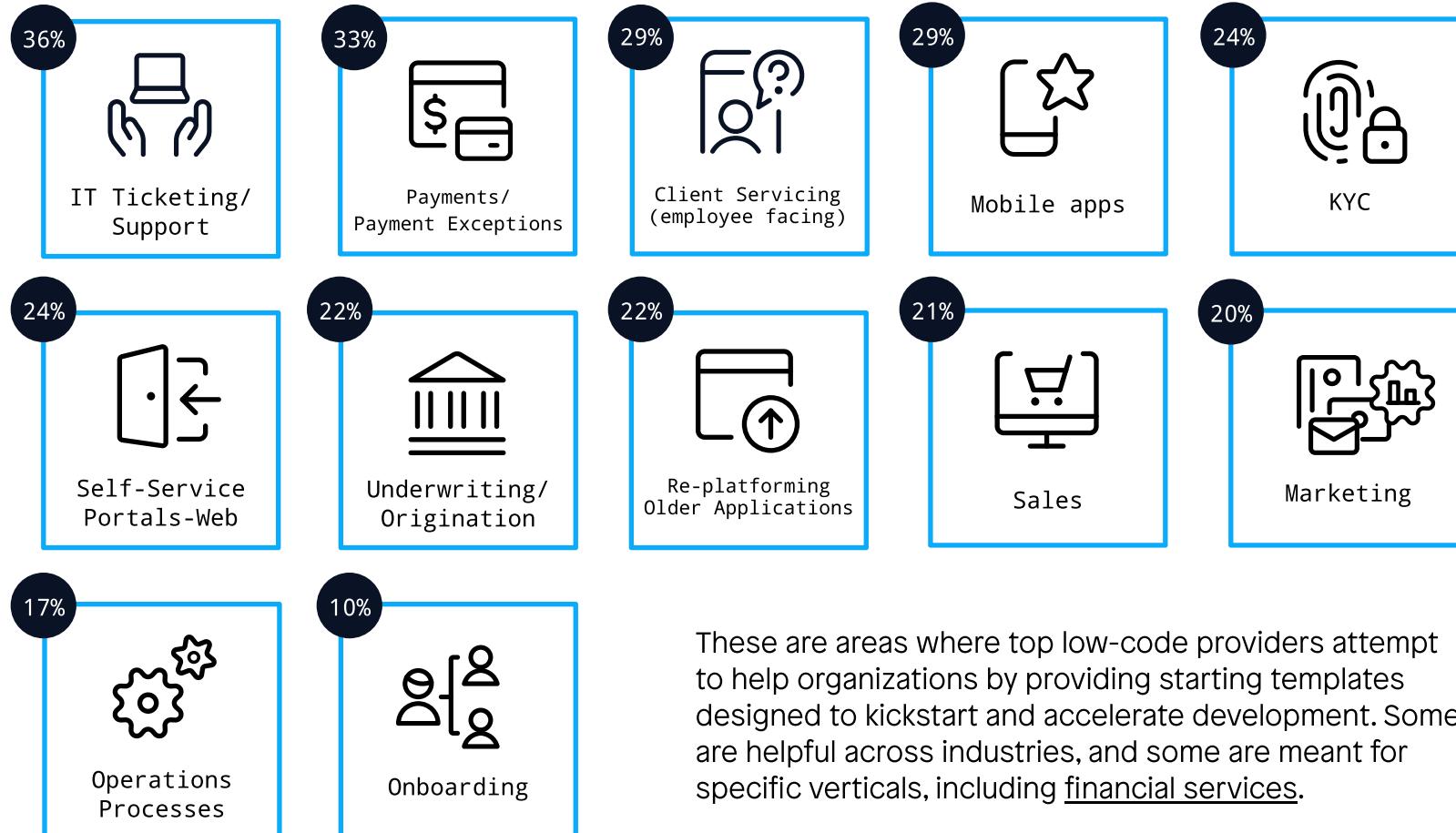
As a pension fund administrator, AZL is responsible for helping retirees make some of the most important financial decisions of their lives. AZL relied on mountains of paperwork and phone calls, which was a suboptimum customer experience. However, they used low-code to develop a customer-facing app to replace all that paperwork and give users automated reminders about vital upcoming dates.

For another example, look at KTC Thailand. By using low-code to automate much of their contact center, KTC reduced employee stress, increased customer satisfaction, and reduced call handling time by more than 30%.

When respondents identified where low-code would be helpful but is currently lacking, critical items such as mobile apps and know-your-customer stood out. This indicates that **financial services firms want to see low-code vendors add more templates and solutions on top of their base platforms.**



Which apps solution areas were missing with Low-Code/No Code platforms?



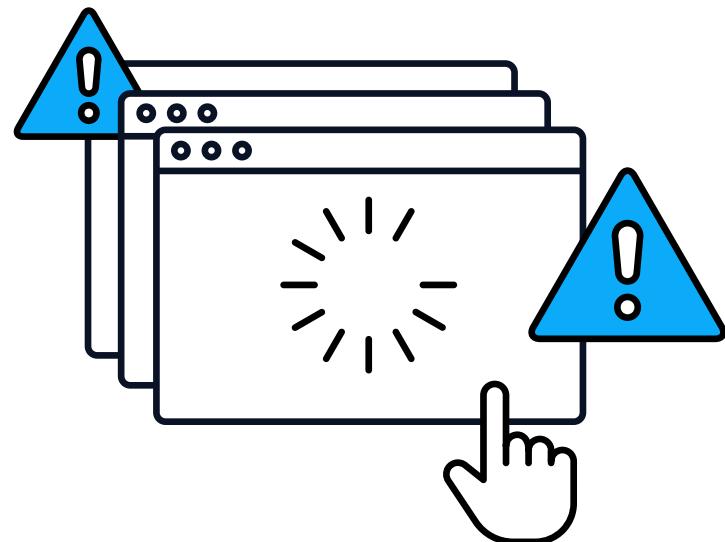
Potential Concerns

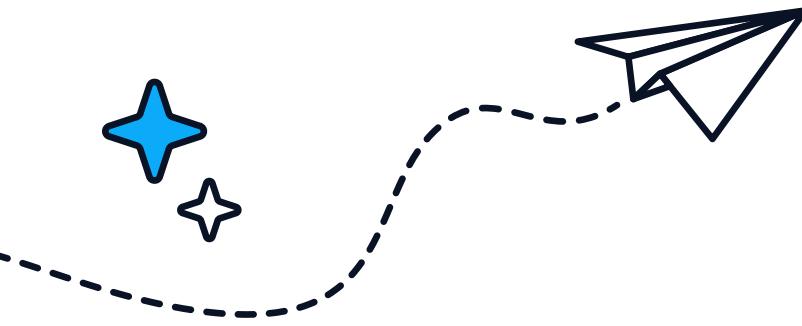
Financial services respondents had two obvious top concerns about low-code solutions: **legacy on-premise integration (49% of respondents) and matching full mobile and creative experiences (47%).**

Leading low-code providers should be relieved by integration topping the list of concerns because the top platforms all allow for high levels of integration.

With mobile experiences, low-code providers focus on UX capabilities of their platforms precisely because they're often used to bring so many systems together. If the experience is poor, there's no point in using the platform. Top low-code platforms have native mobile capabilities, easily allow for client CSS templates, and easily incorporate any custom coding to ensure top mobile experiences across the board.

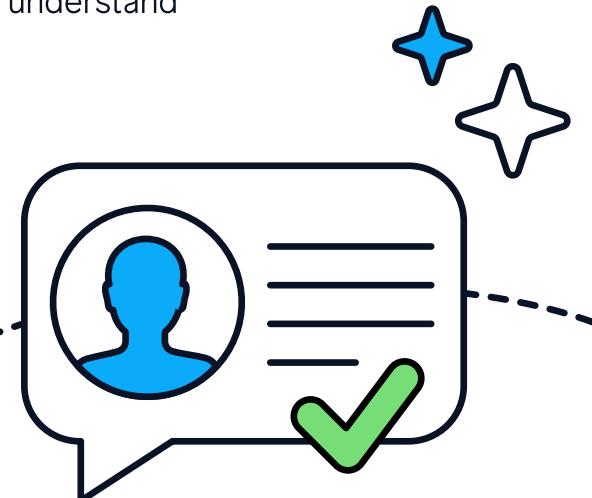
Before the coronavirus pandemic, Al Baraka Bank's South African operations relied on in-person interaction for customer onboarding. When lockdowns made that impossible, Al Baraka turned to low-code. **The bank deployed a native mobile app in just four months**, significantly improving customer experience and allowing Al Baraka to remain competitive with much larger players.





Financial Services Conclusions

Leading with the customer first and enabling a consistent omnichannel experience is a critical winning formula for financial services. Low-code rapid application development platforms are leading the way to rapidly iterate, connect customer journeys across disparate backend systems, and enable a consistent frontend experience. The key is to start using low code for the easy challenges (SharePoint migrations, end of life system replacement) and then work outward to understand better where low-code fits within an organization's infrastructure.



The Increasing Value of Low-Code

The data shows a considerable role for low-code platforms in financial services digital transformation and operations. At the least, organizations should be exploring low-code integration because competitors already are, leading to considerable risk of competitive disadvantage. Think of the following when considering potential low-code fits:

Continually evaluate where low-code fits with your digital transformation strategy.

Development roadmaps are constantly shifting in today's environment, and new opportunities for automation are opening all the time.

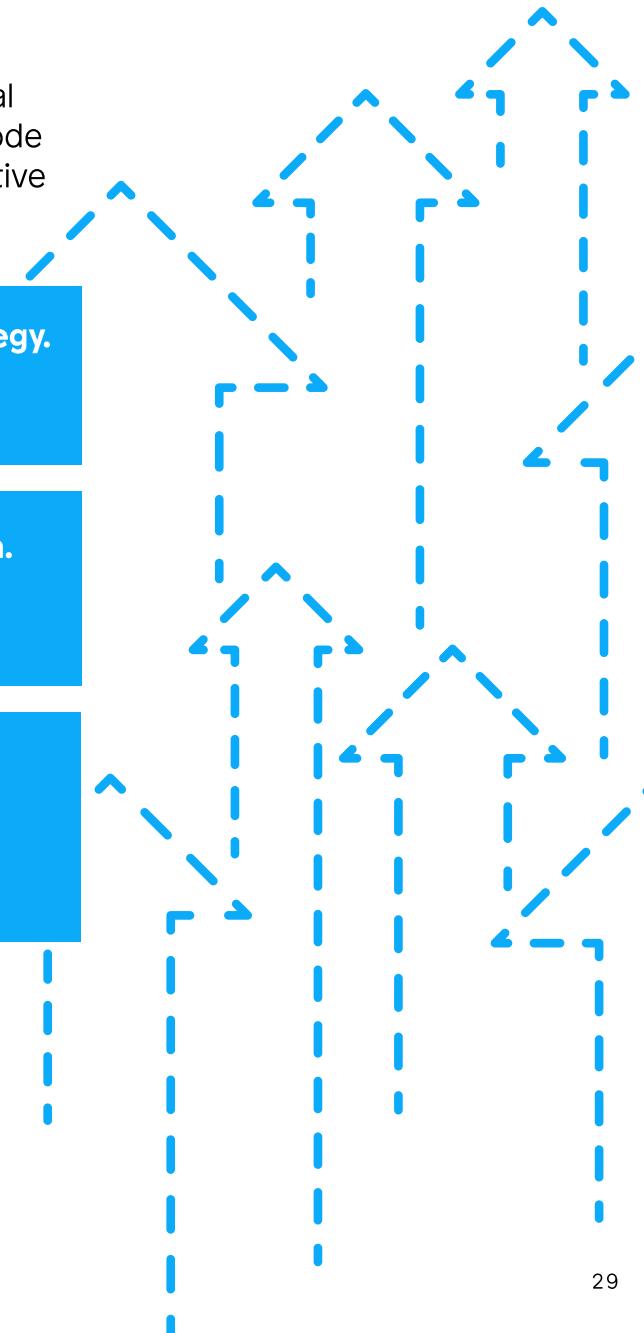
Challenge legacy risk and security concerns, especially those not driven by data.

Strategies that have worked for decades are under disruption. Don't be late to modernizing your processes.

Choose leading vendors with the key capabilities you need and stability to be a long-term partner.

Understanding your technology strategy in conjunction with low code is critical for success. Knowing where you want to use "best of breed" solutions across your technology portfolio vs. "one size fits all" solutions is vital.

Low-code allows organizations to unlock untold value and gain competitive advantage through process efficiency, improved user experience, and automation. It will be the primary driver of digital transformation in the present and the future.



About Mendix

Mendix is a leader in low-code enterprise application development and is a leader in Gartner's Magic Quadrant for [Enterprise Low-Code Application](#) and [Multiexperience Development](#).

Read more about the [Mendix platform](#) and how it can drive your organization forward. Speak with a [Mendix representative](#) to learn how your business can start today.