



# Data-Driven Success: Best Practices For Australia's Banking, Financial Services, & Insurance Organisations

Report Author  
**Steve Shipley**  
Principal Advisor, Ecosystem

December 2024



**Hewlett Packard  
Enterprise**



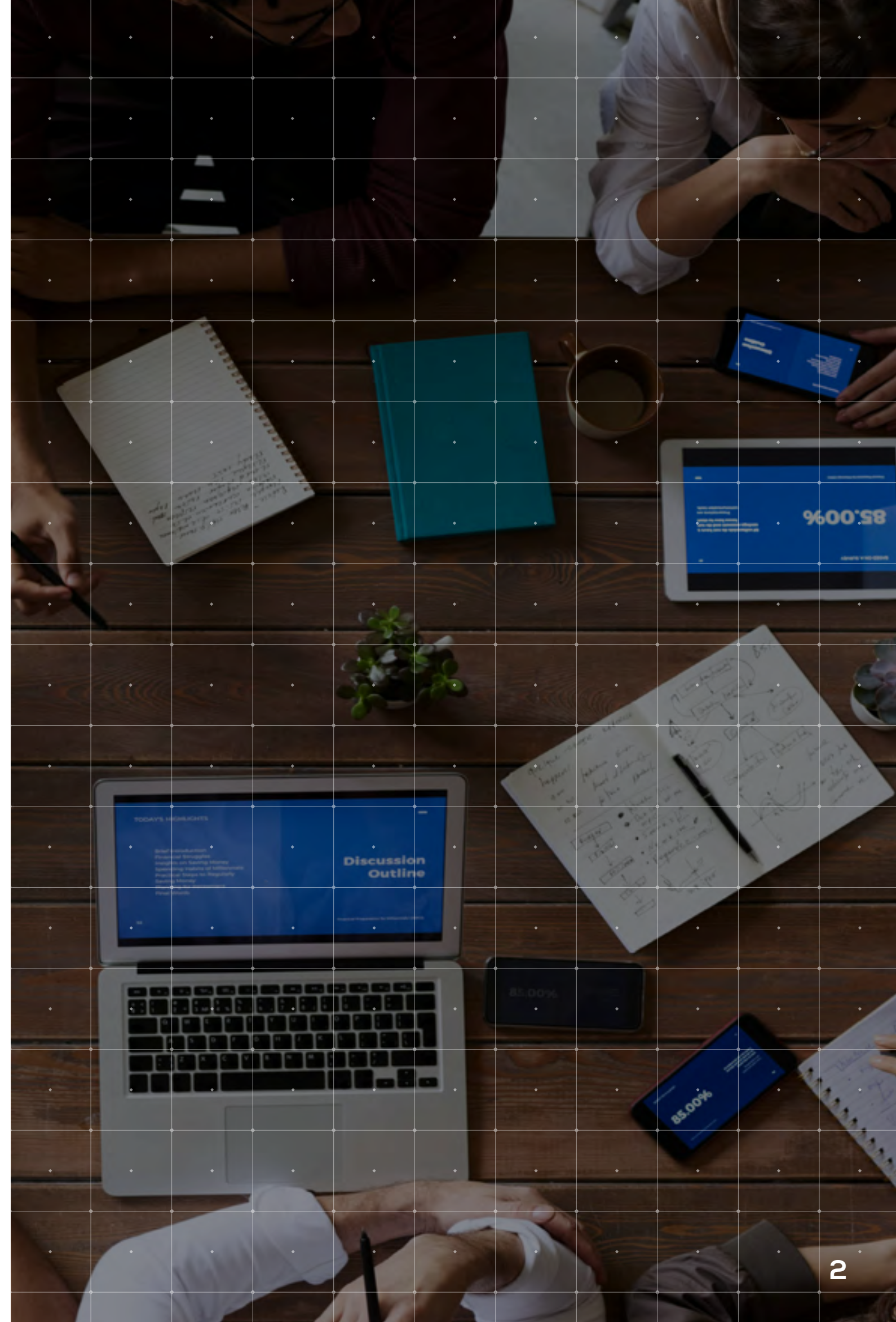
# Introduction

**This eBook examines the key challenges facing Australian financial institutions and outlines five strategic areas leaders can adopt to gain a competitive edge.**

Transformation is happening in Australia's Banking, Financial Services, and Insurance (BFSI) industry due to technological advancements and shifting consumer expectations. Tier-2 banks, credit unions, and superannuation funds must adapt to this customer-centric economy, compete with larger institutions and fintech disruptors, and navigate complex regulations.

As the gap between technology leaders and laggards widens, this market segment is poised for considerable rationalisation. Success will lie in prioritising customer experience, optimising operations, and embracing AI-driven innovation.

**Strategic partnerships and data-driven insights will be key drivers of rapid growth and sustained success in Australia's BFSI industry.**



# The Evolving Dynamics of Australian BFSI

Several trends and initiatives are increasing competition in Australia's BFSI sector, particularly for tier-2 players:

## Open Banking

This changes the competitive landscape by allowing consumers to share financial data with third-party providers. It increases competition from fintechs and non-traditional players, challenging tier-2 BFSI institutions to retain and attract customers.

## Faster Time to Market

Speed and scale are crucial to addressing evolving customer needs, increased competition, and regulatory changes. Larger institutions can innovate and quickly launch new products, potentially outpacing tier-2 players.

## Emerging Technologies

Tech advancements significantly improve customer experiences and operational efficiency. However, high costs and the need for specialised expertise may limit adoption by tier-2 institutions.

## Cybersecurity Threats

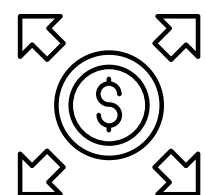
The escalating threat landscape in the digital BFSI sector poses challenges. Tier-2 institutions struggle to invest in the same level of cybersecurity infrastructure and talent as larger organisations, making them more vulnerable to cyberattacks.

## Consumer Data Rights

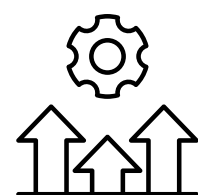
Tier-2 organisations face high compliance costs, regulatory uncertainty from prolonged consultations, and the need for further investment to align with Digital ID standards and potential screen scraping bans. While proposed reforms aim to simplify consent and lower barriers, staying vigilant on evolving regulations is crucial.

In an increasingly competitive BFSI landscape, tier-2 organisations must adopt a strategic approach to leverage technology as a competitive differentiator. By embracing emerging technologies and implementing robust cybersecurity measures, these institutions can effectively address the challenges posed by open banking, rapid market changes, evolving regulatory requirements, and other trends.

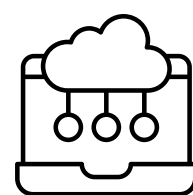
In this eBook, we will explore the five strategic imperatives for tech leaders in Australia's BFSI organisations, to gain a competitive edge.



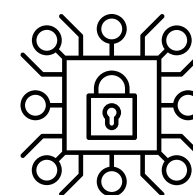
**Tech Investment  
Alignment to  
Business & AI  
Strategies**



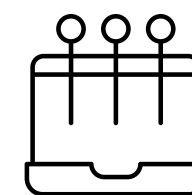
**Strategic Data  
Framework**



**Optimised Cloud  
Management**



**Fortified  
Cyber-Resiliency**



**Next-Generation  
Managed Services**



# #1 Tech Investment Aligned to Business & AI Strategies

Technology is a constant conversation topic among business executives and in boardrooms. Cybersecurity, compliance, cost optimisation, and cloud resilience have emerged as the dominant themes, underscoring the imperative for digital resilience.

## Boards of BFSI Organisation are Concerned with Digital Resiliency



Q: What 3 topics consistently dominate Board and Management discussions, significantly influencing tech team decisions?  
N=32; Source: Ecosystem-Nexon Digital Landscape Study, 2024

These concerns are interconnected. For instance, a cybersecurity breach can trigger significant compliance violations and financial losses. Likewise, while cloud optimisation improves cost efficiency, it must prioritise security and compliance. All these considerations influence tech modernisation initiatives.

Additionally, there's a growing push to adopt emerging technologies like AI to enhance employee experience, boost productivity, drive product innovation, and reduce operational costs. For tier-2 organisations, however, careful evaluation of technology costs is essential to ensure alignment with business objectives. As technology investments become increasingly critical to driving revenue and profit growth, organisations must strike a balance between innovation and financial sustainability.

**56% of tier-2 BFSI organisations in Australia will increase their AI/ML investments in 2025.**

Source: Ecosystem-Nexon Digital Landscape Study, 2024

### Technology investment can be optimised through:

#### Rigorous Business Case Justification

Conduct thorough qualitative and quantitative business cases, including costs and financial impacts on profit.

#### Migrating Workloads to Cloud

Leverage cloud solutions to reduce investment capital and ongoing operating costs significantly.

#### Annual IT Asset Audit

Regularly review technology providers to find opportunities for better arrangements and use cost benchmarks to benefit from industry competition.

## #2

# Strategic Data Framework

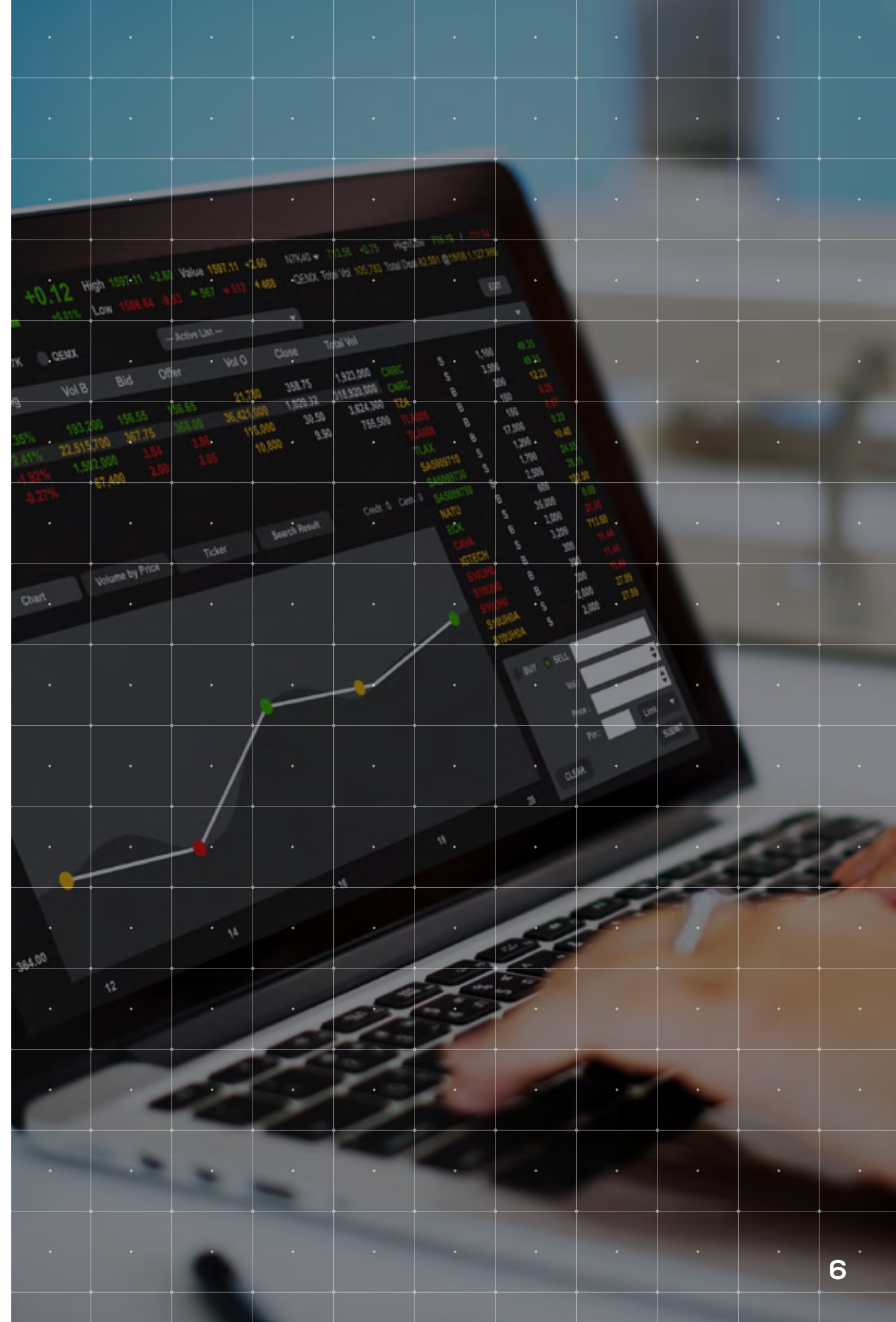
Financial services firms operate in a highly regulated environment, making risk management and regulatory compliance paramount for AI implementation. By integrating AI technologies, the sector can achieve greater efficiency and effectiveness. AI has the potential to transform various aspects of operations, from fraud detection and customer service automation to risk management. While the initial focus has been on productivity gains, organisations will shift towards AI applications that deliver greater value.

**The primary driver of AI investments in Australia's BFSI sector is increasing employee productivity, with 59% of organisations prioritising it over customer experience, cost, and optimisation benefits.**

*Source: Ecosystem-Nexon Digital Landscape Study, 2024*

To fully leverage AI, financial institutions must identify high-value use cases and build a strong data foundation. High-quality, interoperable, and secure data is key to deploying successful AI models, enabling agility, innovation, and customer focus.

**A centralised data strategy is critical, emphasising improved access, reduced costs, and strengthened governance.**



## BFSI Tech Leaders Recognise the Importance of a Robust Data Framework



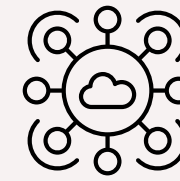
**56%**

Improving data quality, interoperability, & consistency



**38%**

Improving data governance & compliance



**6%**

Centralising all data

*Q: What is the main focus of your organisation's data initiatives for the next year?  
N=32; Source: Ecosystem-Nexon Digital Landscape Study, 2024*

### Effective data management requires skills and expertise in:

- Building a Strategic Data Management Framework**  
Based on the Data Management Association (DAMA) principles, including data architecture, quality, interoperability, governance, and privacy.
- Assessing Data Foundations**  
A comprehensive assessment to identify gaps in data infrastructure.
- Workload Migration to Cloud**  
Migration of suitable workloads to the cloud to leverage cloud-native technology and scale for data improvement initiatives.
- Continuous AI/ML Data Driven Improvement**  
AI to identify data patterns, redundancies, lineage, and relationships to enhance data usefulness.
- Using APIs & Data Maps**  
Uniform APIs and data maps using XML or JSON to ensure consistent data interpretation for AI initiatives.

# #3 Optimised Cloud Management

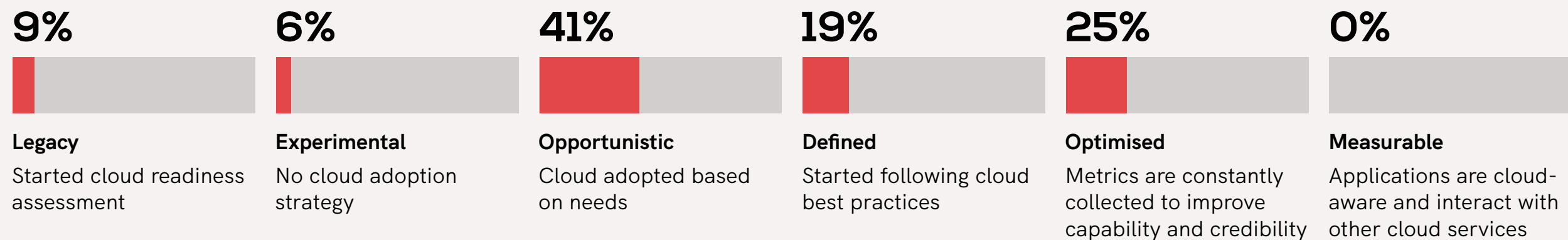
BFSI organisations are adopting cloud solutions to drive innovation, enhance customer experiences, and improve operational efficiency at lower costs. Cloud boosts agility, simplifies technology, and strengthens competitiveness. Many are leveraging hybrid cloud strategies to optimise cost, performance, and security by distributing workloads across multiple environments.

**91% of organisations in Australia’s BFSI sector have adopted a hybrid cloud strategy.**

*Source: Ecosystem-Nexon Digital Landscape Study, 2024*

Despite the surge in cloud adoption, many still operate opportunistically, lacking a strategic approach to cloud management. Only 44% follow best practices or optimise capabilities, indicating a significant gap in cloud maturity.

## BFSI Organisations Must Enhance Cloud Maturity to Achieve Optimal Resilience & Value



*Q: How would you rate the maturity of the organisation’s environment?  
N=32; Source: Ecosystem-Nexon Digital Landscape Study, 2024*



BFSI organisations face significant challenges in managing cloud environments, including optimising cloud consumption to control costs, ensuring compliance with stringent security standards to guard against cyber threats, and optimising performance to deliver low-latency, seamless customer experiences.

**To address these challenges, unified cloud management solutions are essential, offering a single management layer that integrates multi-cloud and on-premises infrastructures across distributed locations, simplifying operations and enhancing control.**

**Factors to consider for unified cloud management:**

**Cloud FinOps**

Optimise costs by using FinOps tools to track spending, identify underutilised resources, and right-size infrastructure.

**AIOps**

Leverage AIOps to automate tasks, reduce alert fatigue, and enable teams to focus on strategic initiatives.

**Optimal Contract Length**

Balance flexibility with discounts when choosing a cloud service provider (CSP). For tier-2 BFSIs, opt for month-to-month or annual contracts and monitor CSP pricing models to adjust strategies.

**Cloud-Native Technologies**

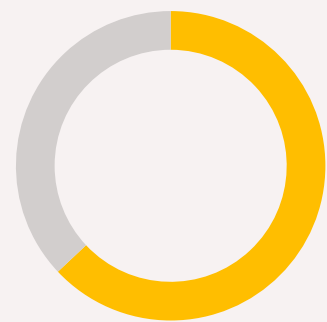
Modernise legacy workloads by migrating to cloud-native technologies, reducing operational costs, accelerating innovation, and minimising technical debt.

## #4 Fortified Cyber-Resiliency

As AI drives customer experience and operational efficiency, BFSI organisations face mounting challenges in safeguarding sensitive data and countering advanced cyberattacks, including state-sponsored threats. With escalating risks, regulators are enforcing stricter compliance, especially in data-sensitive industries like BFSI.

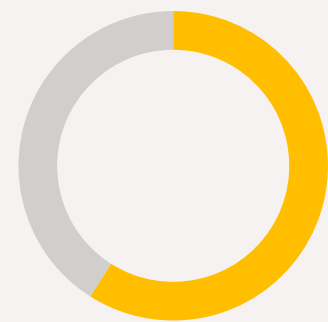
**While resilient networking and security are critically important, tier-2 financial institutions are struggling to develop robust cybersecurity policies and educate stakeholders.**

### BFSI Organisations Struggle with Cyber Tool Proliferation & Awareness Gaps



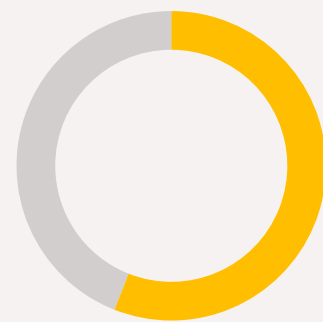
**63%**

Having a thorough, accurate assessment of cybersecurity posture & risk



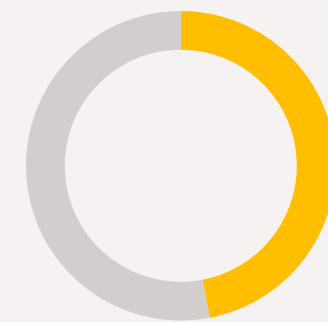
**59%**

Low cybersecurity awareness among employees & other stakeholders



**56%**

Maintaining or implementing security tools



**47%**

Having enough/qualified, trained security staff

*Q: What are the organisation's top 3 cybersecurity challenges?  
N=32; Source: Ecosystem-Nexon Digital Landscape Study, 2024*

Security is constantly evolving, and as prime targets holding sensitive personal data, BFSIs must continuously invest in their cyber defences. The complexity of meeting governance requirements, APRA guidelines, and the need for cyber insurance to mitigate risks from attacks and outages adds to the challenge. Automation and orchestration technologies can enhance compliance, safeguard data, accelerate recovery, and streamline audits.

**Fortifying cyber-resiliency requires organisations to:**

- 1 **Prioritise Risk Management**  
Continuously assess and mitigate risks, balancing security with operational efficiency.
- 2 **Automate for Efficiency**  
Implement automated patch management to ensure timely security updates and minimise human error.
- 3 **Elevate Security Posture**  
Employ layered security, real-time monitoring, and rapid response to detect and contain threats.
- 4 **Streamline Compliance**  
Automate compliance testing to ensure ongoing adherence to regulations without operational disruptions.
- 5 **Fortify Disaster Recovery**  
Implement robust disaster recovery strategies to minimise downtime and financial loss.
- 6 **Safeguard Sensitive Data**  
Employ encryption, regular backups, access controls, and ransomware protection to safeguard critical data.
- 7 **Enhance Skills & Awareness**  
Continuously upskill technical and cybersecurity teams on the latest cyber threats and techniques and improve employee awareness of potential risks to bolster overall security posture.

# #5

## Next-Generation Managed Services

Balancing innovation, cost-effectiveness, regulatory compliance, and cybersecurity is critical for BFSI organisations. However, many lack the expertise to keep pace with rapid technological advancements. Managed service providers (MSPs) have become essential, especially for tier-2 organisations with limited internal tech skills. Partnering with experienced MSPs enables organisations to manage costs, improve service delivery, enhance security, and gain the agility to adapt to evolving business needs.

**Managed services streamline processes, boost security, ensure operational resilience, and offer scalability to support future growth, allowing organisations to focus on their core business while tackling complex IT challenges.**

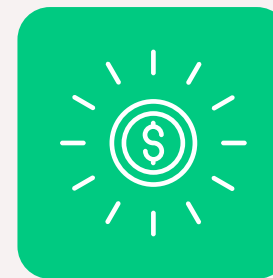
Tech teams in tier-2 BFSIs are under pressure to do more with less due to rising costs, including inflation, technology, and cloud expenses while striving to reduce costs through automation and subscription-based services. With shifting budgets from CapEx to OpEx, organisations need to optimise IT spend and focus on strategically aligned initiatives. The complexity of securing a growing number of endpoints, managing device lifecycles, keeping technology up-to-date, and adapting legacy systems to emerging technologies such as AI, further strains overburdened teams. Partnering with managed services helps tech teams to offload day-to-day operations, freeing up resources for innovation, to remain competitive.

### BFSI Organisations Benefit from Engaging Managed Service Providers



**59%**

Managing risk & compliance



**53%**

Managing & optimising technology cost



**50%**

Optimising performance & efficiency

*Q: What are the top 3 strategic advantages of using managed services?  
N=32; Source: Ecosystem-Nexon Digital Landscape Study, 2024*

## Best practices for engaging with an MSP:

### **Calculate ROI**

Assess the total cost of in-house operations to gauge the ROI of using managed services.

### **Check services roadmap**

Evaluate whether the provider's current and future offerings can scale with your needs as you gain experience and the business evolves.

### **Access advanced technology**

Use latest technologies to automate routine tasks, streamline workflows, and boost operational efficiency, freeing resources for strategic growth.

### **Build robust disaster recovery & business continuity plans**

Ensure operational resilience, minimising downtime, and protecting critical assets during disruptions.

### **Focus on data privacy**

Ensure the provider follows transparent data handling practices and secures device lifecycle management.

# Ecosystem Opinion

By strategically leveraging cloud, AI, and cybersecurity, tier-2 BFSI organisations can drive digital transformation, enhance customer experiences, and improve operational efficiency. However, the complexity of these technologies and the evolving regulatory landscape can pose significant challenges.

Partnering with a reputable managed service provider is a game-changer. These providers offer the necessary expertise, technology, and resources to overcome challenges and achieve strategic goals. By focusing on core competencies and outsourcing non-core IT functions, tier-2 BFSI organisations can accelerate digital transformation and gain a competitive edge.

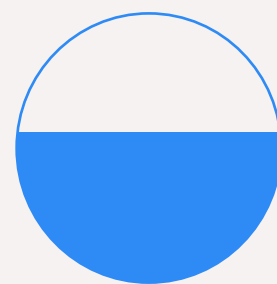
However, it's crucial to select a managed service provider that aligns culturally and understands the BFSI industry, including its specific challenges and regulatory requirements.

## Essential Attributes of a Managed Services Provider for BFSI Tech Leaders



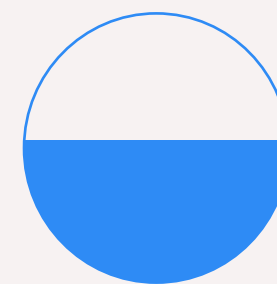
**75%**

Alignment with organisation strategy/culture



**56%**

Strong account management



**53%**

Industry expertise

*Q: What are the top 3 factors used to select a new service provider?  
N=30; Source: Ecosystem-Nexon Digital Landscape Study, 2024*

# Shaping the Future of Financial Services

## The Power of Hewlett Packard Enterprise (HPE) and Nexon Asia Pacific (Nexon)

Tier-2 financial institutions are at a pivotal moment, needing to innovate quickly to remain competitive in a digital-first landscape. The partnership between HPE and Nexon provides a game-changing opportunity to lead this transformation, enabling financial services institutions to enhance operations, elevate customer engagement, and make smarter decisions for sustained growth.

With HPE's advanced infrastructure and Nexon's expertise in secure, integrated digital solutions, organisations can leverage real-time analytics and AI to deliver superior customer experiences and boost operational efficiency. Tailored cloud solutions ensure secure, scalable, and growth-optimised digital transformation, backed by enterprise-grade protection.

Beyond technology, Nexon fosters a culture of innovation by enabling automation, improving visibility, and enhancing agility. Guided by Nexon's experienced consultants, organisations can streamline compliance, unlock new opportunities, and position themselves for long-term success in an evolving market.



**Hewlett Packard  
Enterprise**

## About Ecosystem

Ecosystem is a Digital Research and Advisory Company with its global headquarters in Singapore. We bring together tech buyers, tech vendors and analysts onto one integrated platform to enable the best decisionmaking in the evolving digital economy. Ecosystem has moved away from the highly inefficient business models of traditional research firms and instead focuses on research democratisation, with an emphasis on accessibility, transparency, and autonomy. Ecosystem's broad portfolio of advisory services is provided by a team of Analysts from a variety of backgrounds that include career analysts, CIOs and business leaders, and domain experts with decades of experience in their field. Visit [ecosystem.io](https://ecosystem.io)

## About Nexon Asia Pacific

Nexon Asia Pacific (Nexon) is an award-winning digital consulting and managed services partner for mid-market and government organisations across Australia. We have a uniquely broad suite of solutions to service clients who require end-to-end capabilities coupled with specialist expertise in security, cloud, and digital solutions.

Our end-to-end solutions help clients to solve problems, address frictions, and accelerate growth. Committed to the highest standards of responsiveness, competency, and transparency, Nexon is built on a unique client care model that is fuelled by continuous feedback. With 500+ staff, we employ some of the country's most experienced consultants and empower teams to make decisions that accelerate change for client organisations.

As a certified and accredited local and state government provider, CREST, and ISO-certified, Nexon partners with world-class technology vendors to deliver innovative solutions and service excellence.

We help our clients move from a position of overwhelm to empowerment, looking forward to a more agile and digital future.

[nexon.com.au](https://nexon.com.au)

## About Hewlett Packard Enterprise

Hewlett Packard Enterprise is the global edge-to-cloud platform-as-a-service company that helps organisations accelerate outcomes by unlocking value from all their data, everywhere. Built on decades of reimagining the future and innovating to advance the way we live and work, HPE delivers unique, open, and intelligent technology solutions, with a consistent experience across all clouds and edges, to help customers develop new business models, engage in new ways, and increase operational performance. For more information, visit: <http://www.hpe.com>

*This ebook is sponsored by Nexon Asia Pacific and HPE. It is based on the analyst's subject matter expertise in the area of coverage in addition to insights from interactions with technology buyers in multiple industries and technology vendors, industry events, and secondary research.*

*The data findings mentioned in all Ecosystem reports are drawn from Ecosystem's live and on-going studies on the Ecosystem research platform. For more information about Ecosystem visit [ecosystem.io](https://ecosystem.io).*