

# Big bucks, bigger risks:

## How banks are investing in digital transformation and compliance

As financial products proliferate and banking operations become more digitized and globalized, financial institutions are exposed to increased business, compliance, and regulatory risk. To stay competitive, they must transform customer engagement and provide modern experiences—all while improving governance and transparency to mitigate these risks.

Since the 2007 financial crisis, financial institutions have invested enormous resources to improve internal controls.



Globally, banks spend **US\$650 billion each year** on information technology.<sup>1</sup>



Bank's IT spending reached **20% of expenses** in 2022.<sup>2</sup>



According to McKinsey, in 2022, applications accounted for **60% of IT expenditures**, compared with **38% for infrastructure**.<sup>3</sup>



It was estimated that financial institutions would spend **US\$34.7 billion** on financial crime compliance technology and **US \$155.3 billion** on operations in 2024.<sup>4</sup>



In 2023, risk IT spending grew **4.4%** from the year before to reach **US\$57.1 billion**, with 2024 growth projected at **4.9%** to reach **US\$59.9 billion**.<sup>5</sup>



**73%** of participants in a KPMG survey predicted that the level of focus on compliance, particularly in relation to regulatory expectations and scrutiny, **will rise**.<sup>6</sup>



**61%** of firms expect the cost of senior compliance staff to **increase significantly** in the coming years, according to Thomson Reuters.<sup>7</sup>

Learn how an information management framework can enhance your IT investments by improving governance and transparency.

1 Gartner, [Gartner Forecasts Worldwide Banking and Investment Services IT Spending to Reach \\$652 Billion in 2023](#)

2 McKinsey, [Managing bank IT spending: Five questions for tech leaders](#)

3 ibid

4 Celent, [IT and Operational Spending on Fraud: 2024 Edition](#), 2024

5 Celent, [IT Spending on Risk Management in Banks: 2024 Edition](#), 2024

6 KPMG, [Managing the risk of regulatory changes](#)

7 Thomson Reuters, [2023 Cost of Compliance](#)