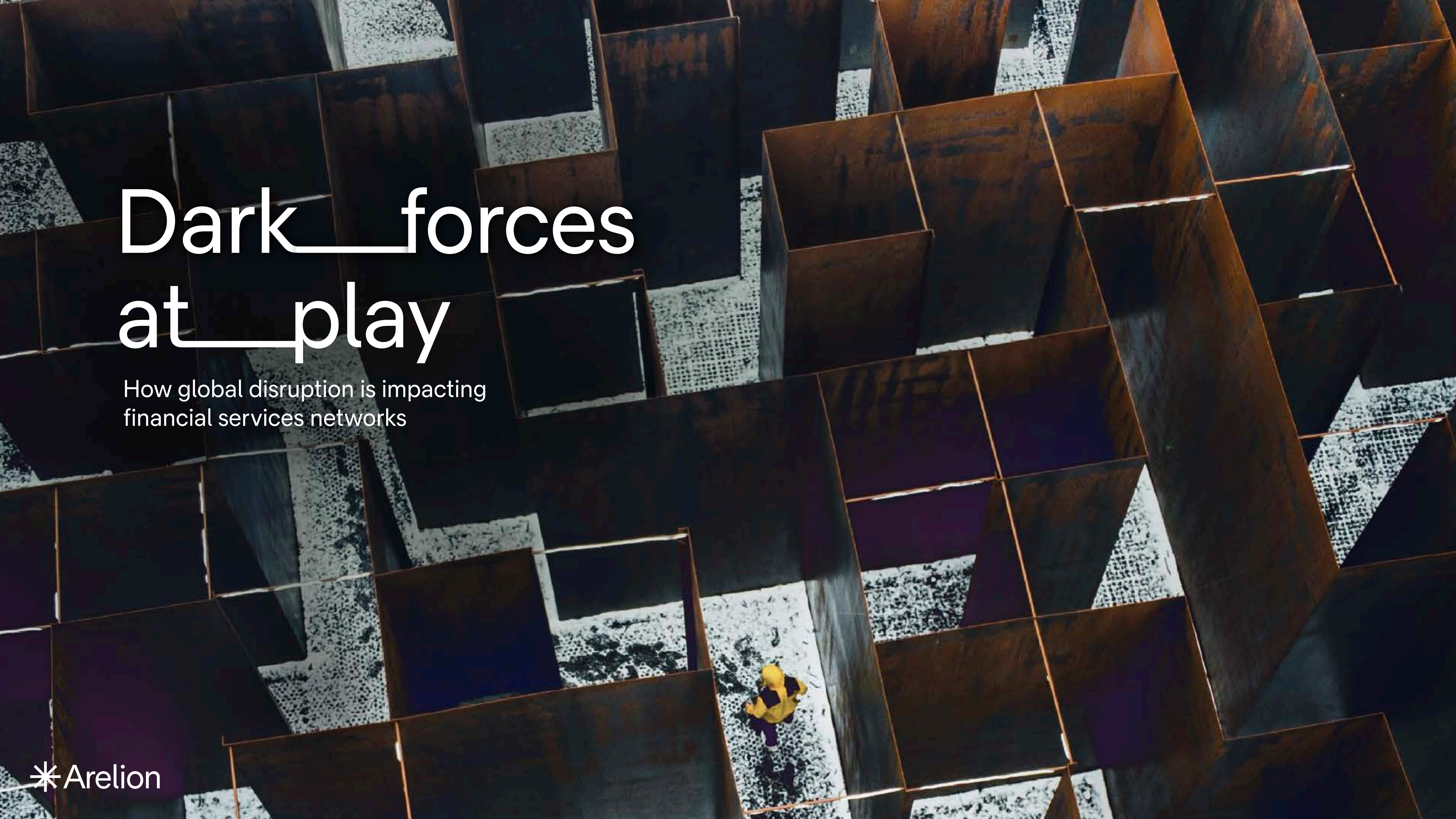




Dark forces at play

How global disruption is impacting
financial services networks



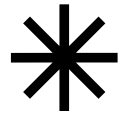
Change is the only constant

This report offers insights into the key macroeconomic disruptive forces that financial sector enterprise leaders have seen impact their organizations' networks over the last two years.

The report is based on our research survey of 195 senior decision-makers from the financial sector, made up of 104 from banking and 91 from financial services. They represent a robust sample of 35% of our broader 'global disruptors' survey of hundreds of senior decision-makers across a range of industry verticals, enabling us to make insightful cross-sector comparisons. All respondents have a decision-making role in companies with over 2,000 employees in four of the world's biggest markets – the US, the UK, Germany and France.

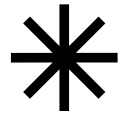


Executive summary



Rising costs are the main disruptive force

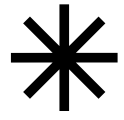
- Rising costs are the most disruptive macroeconomic force impacting networking decisions in the financial sector.
- An eye-catching 88% of financial services leaders and 80% of those in banking will be using artificial Intelligence (AI)-based tools and/or systems to support their network management within the next 12 months – with financial services boasting the highest number of AI early adopters across all industries.



More than half of leaders have cancelled plans

- In reaction to recent disruption, a striking 68% of financial services leaders have changed a network route in the last three years, and over half of banking leaders have cancelled plans to deploy assets in a new country.
- The vast majority of decision-makers in the financial sector admit that macroeconomic disruption has made them less confident in the network investment decisions they have made with approximately half of them stating that they regret decisions that they have made over the last three years.

Lack of confidence and hesitation might have led to some poor judgments.



Economic disruption causes a sustainability slowdown

- When it comes to specific sabotage threats to the global network infrastructure, decision-makers across the sector are most concerned about DDoS and data center attacks.
- Disruption has slowed down their investment in sustainability. Despite this, most remain confident that sustainable networking (with net zero emissions) remains a realistic aim.
- The financial sector has found that the rate at which network technology is advancing makes it harder to reach decisions about which hardware and services to deploy in the network. They also struggle to get suitably skilled staff.

Survey findings



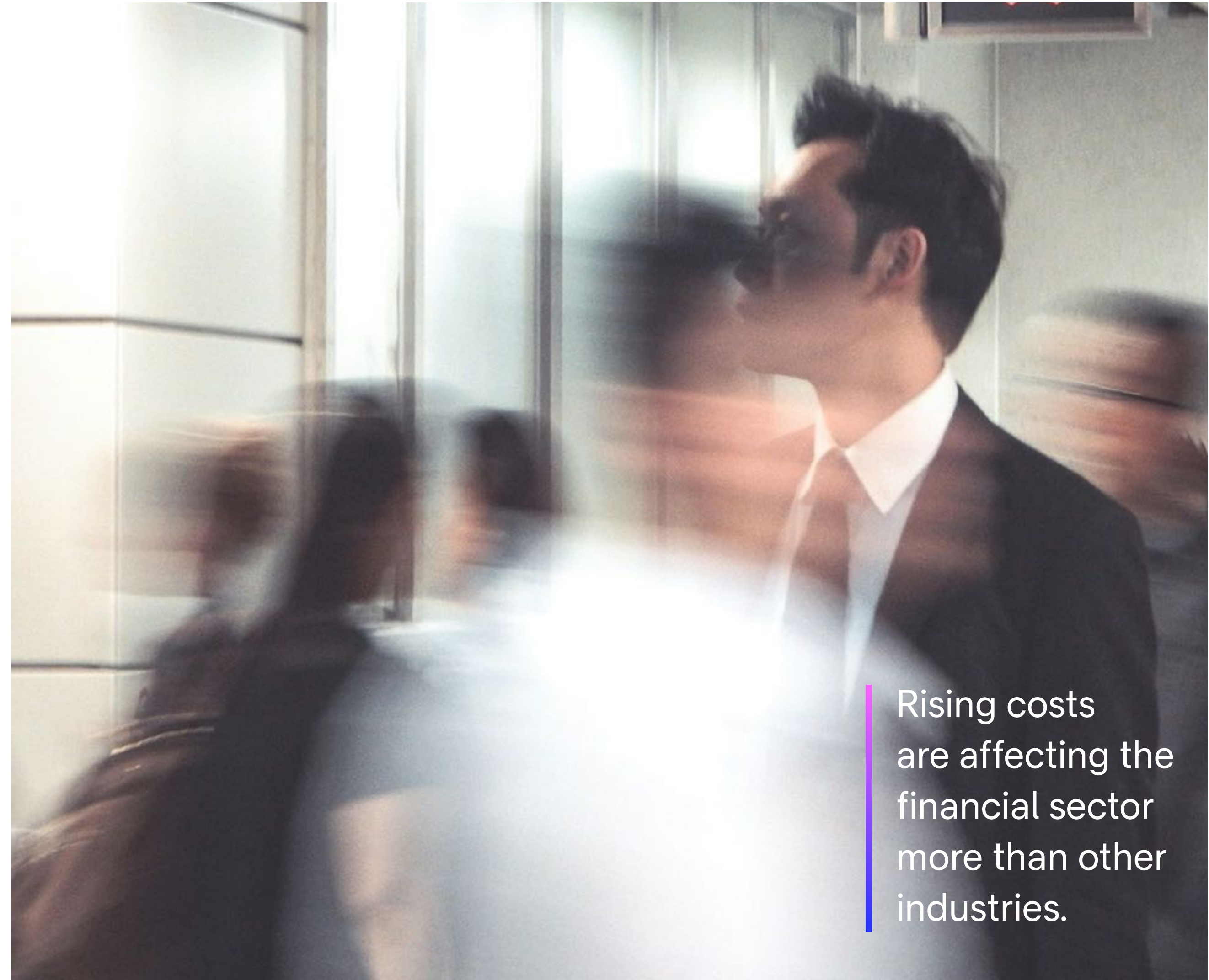


The key disruptor: rising costs

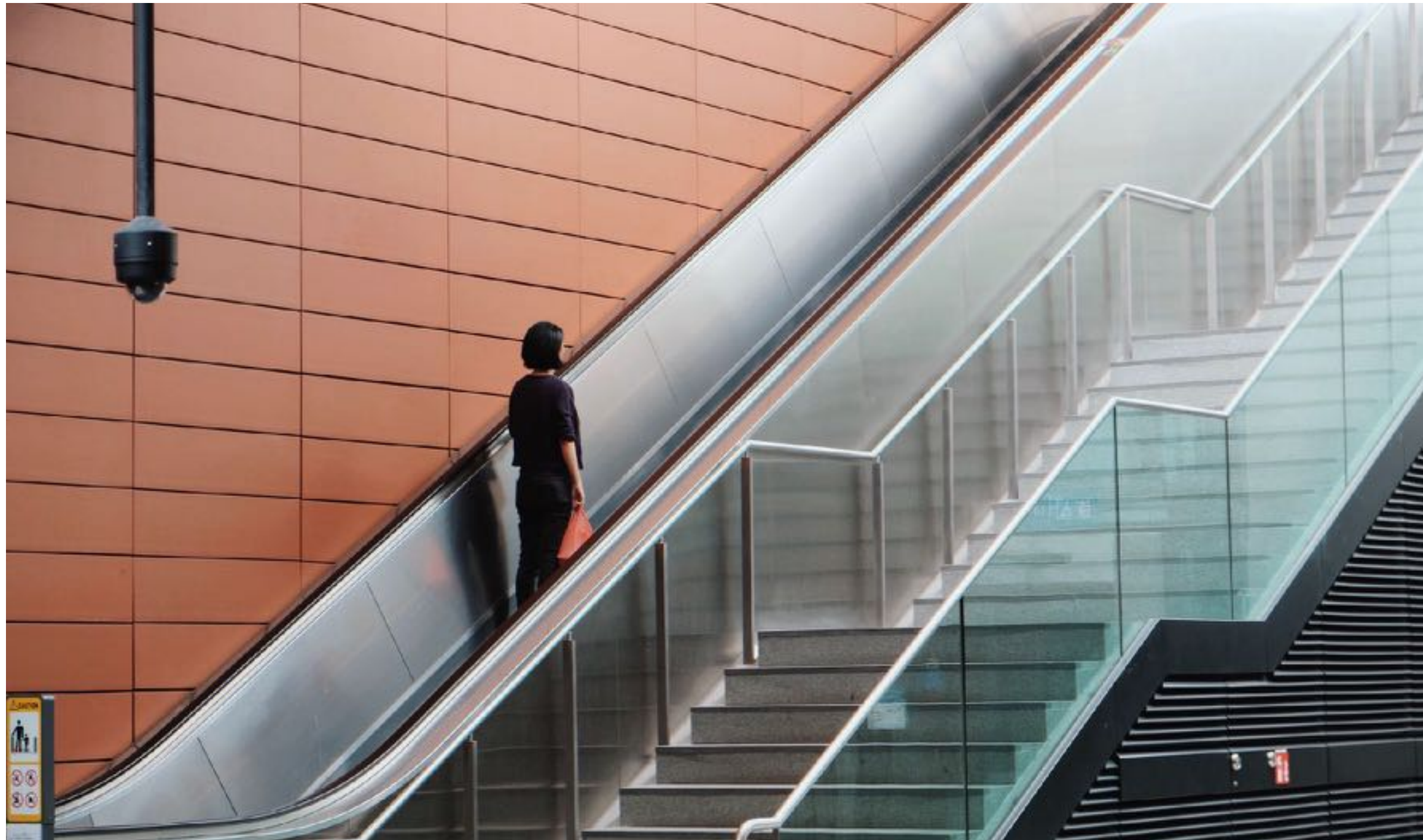
Rising costs are the most disruptive force impacting recent networking decisions in the financial sector, cited by 51% of decision-makers in the financial services sector and 44% of those in banking. The next largest disruptor is technological change, also cited by 44% of banking leaders.

The research threw up significant industry and regional variations, with **rising costs affecting the financial sector more than other industries** and having a particularly large impact in the US. Other industries have found technological change to be the most disruptive force on networking decisions.

Higher costs may be particularly disruptive to the financial sector because of relatively price-sensitive product lines and tough market competition, making it difficult to simply pass them on to customers by raising their own prices.



Rising costs
are affecting the
financial sector
more than other
industries.

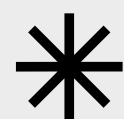


“It has become painfully clear that the network world is more vulnerable than ever – and that certain information should not be publicly available.

Carriers have become much more restrictive about revealing details about backbone routes.”

As a result of macroeconomic disruption, a striking 68% of financial services decision-makers have **changed a network route** in the last three years, while over half (53%) of those in banking have begun to **cancel plans** to deploy assets in a new country. The gap between the two figures probably reflects differing business models and strategies, but both are above the average for all industries (51% and 46% respectively).

68%
in financial services
changed a network route
in the last three years



Dented confidence, delay and regret

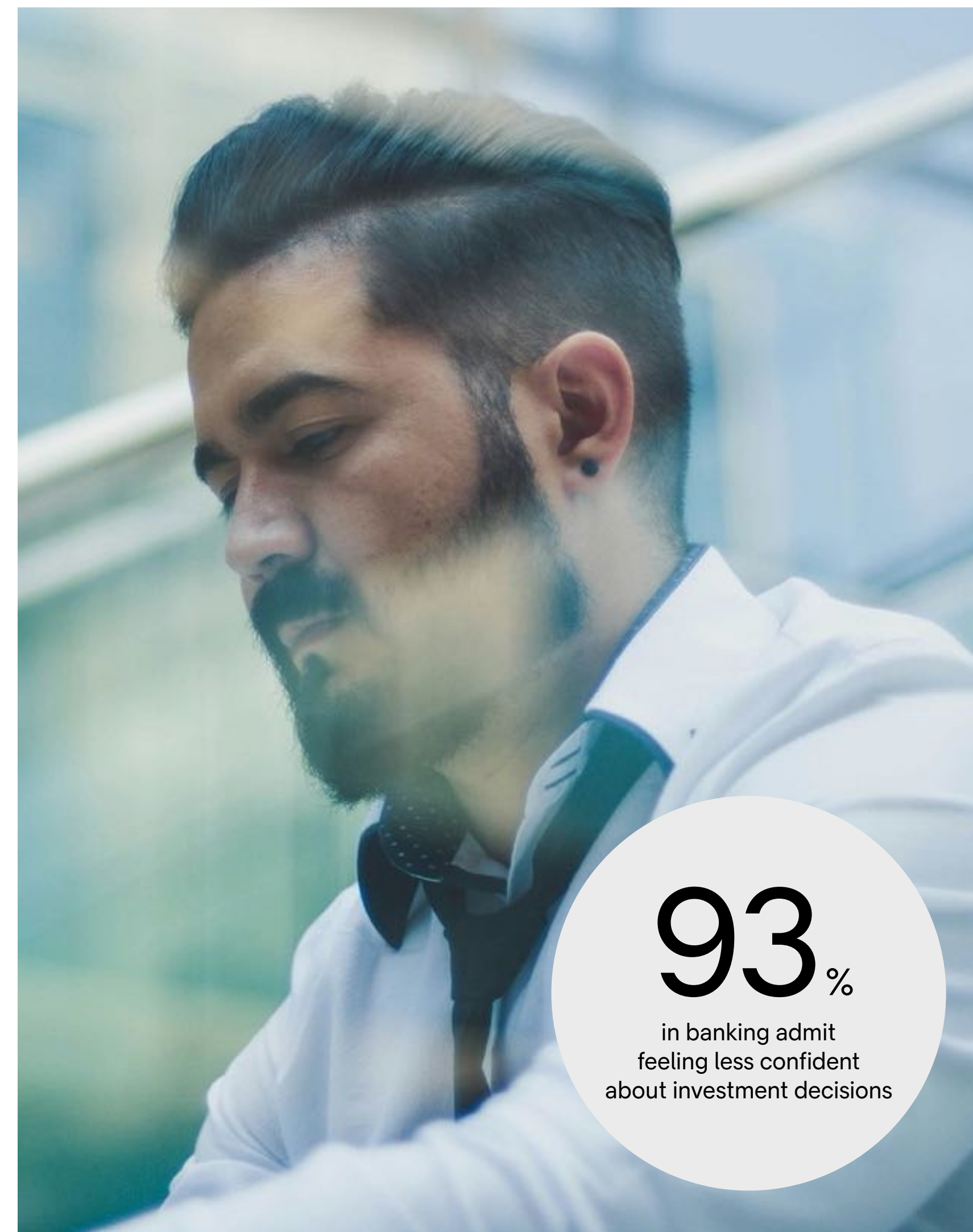
Because of disruption, the vast majority of financial sector respondents (93% in banking, 85% in financial services) admit to being a little or a lot **less confident in the network investment decisions** they make. Banking returns the highest figure – a startling 39% – for decision-makers who admit to their confidence having been undermined "a lot". No doubt as a result of this lack of confidence, many executives are **taking longer** to make networking decisions.

And they've had regrets. More precisely, **about half the decision-makers** across the financial sector (54% in financial services and 49% in banking) **wish they had not made the networking decisions they've taken** as a result of geopolitical events in the past three years. Perhaps lack of confidence and hesitation have led to some poor judgments.

Regrets a networking decision taken as a result of geopolitical events, in the past three years



93%
in banking admit
feeling less confident
about investment decisions





Stress over security and skills

In terms of specific sabotage threats to the global network infrastructure, 44% of decision-makers in banking are primarily concerned by **DDoS attacks** while, for 39% of financial services leaders, it's **assaults on their data centers** that are of greatest concern.

Banking decision-makers fear **state-sponsored cyber threats** (42%) as the biggest overall threat to their network operations. In sharp contrast, those in financial services regard **skills shortages** (42%) as their biggest risk factor, which illustrates the severity of the skills crisis the sector is facing.

In common with most other industries, financial sector organizations generally have documented contingency plans to deal with networking infrastructure impacted by geopolitical events. Leaders are largely confident about their own networks' current security measures, although they worry about future threats that might evolve in the next couple of years. This causes stress to a significant 23% in financial services and even more, 35%, in banking.



Damage to undersea cables is also a significant concern to, on average, **39%** of leaders across the financial sector.

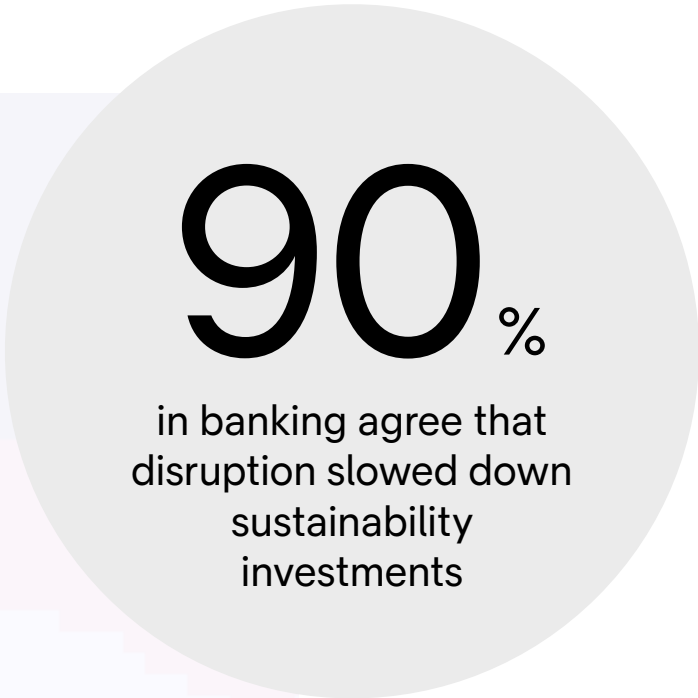


Sustainability slowdown

Most respondents agree that macroeconomic disruption of the last two years **"has slowed down our investment in sustainability"**, but there is a larger majority in financial services (90%) who take this view compared with banking (80%). In addition, the strongest agreement on this is also felt in financial services, where 53% "strongly agree", in contrast to just 30% in banking.

That said, most decision-makers have managed to increase investments to make their network operations **more energy efficient** since 2022, with financial services (76%) well ahead of both banking (67%) and the pan-industry average (65%).

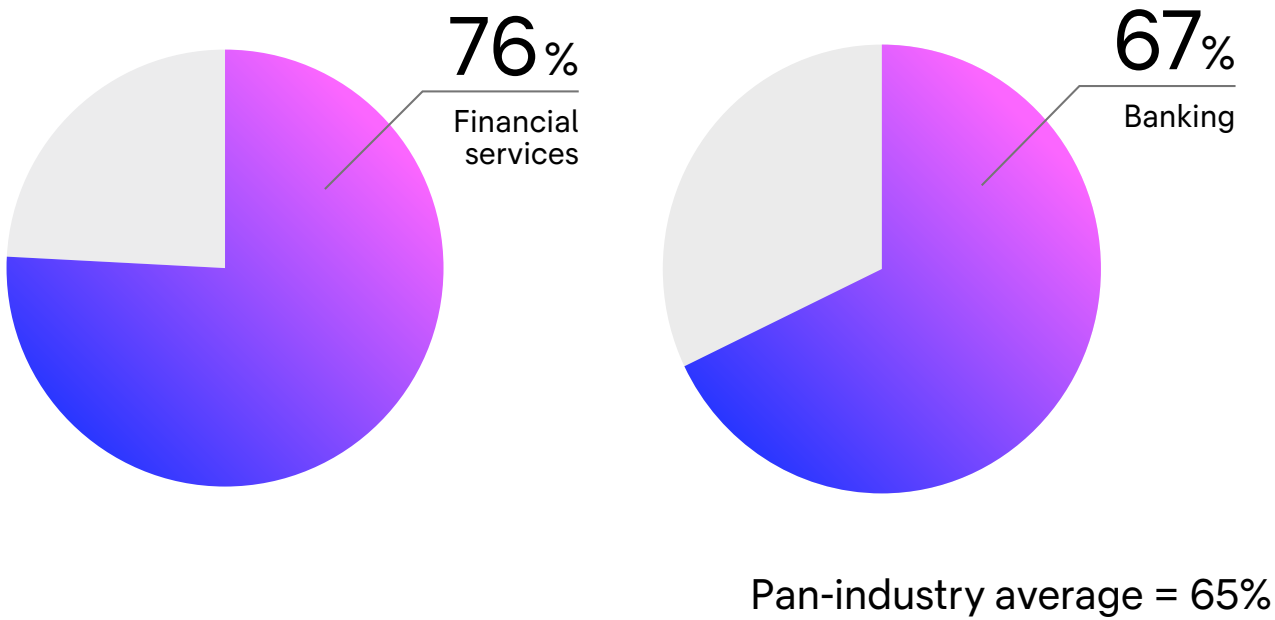
A majority of decision-makers believe truly sustainable networking is still achievable.



No doubt a key impact of intense cost pressures on the financial sector has been to focus investment on areas that offers an immediate, tangible cost benefit, as well as improved business sustainability.

Reassuringly, most financial sector decision-makers think that the quest for **sustainable networking (net zero emissions) is still realistic**. Confidence is higher in financial services, where 92% either strongly or somewhat agree with this view, than in banking (81%).

Have increased investments to make network operations more energy efficient





All hail AI

The financial sector has found that the rate at which network technology is advancing is making it **harder to make decisions** about the hardware and services to deploy in the network. But this is a challenge shared with other industries, with 67% of respondents across the whole survey saying the same.

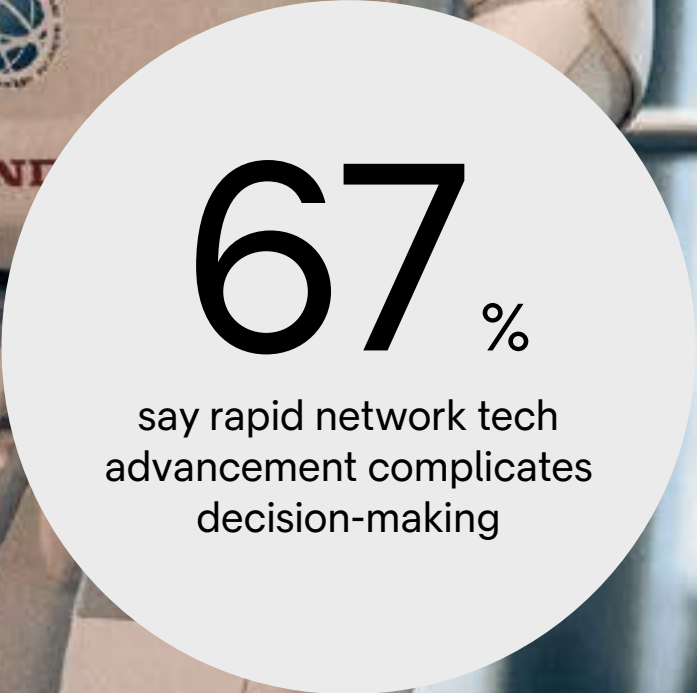
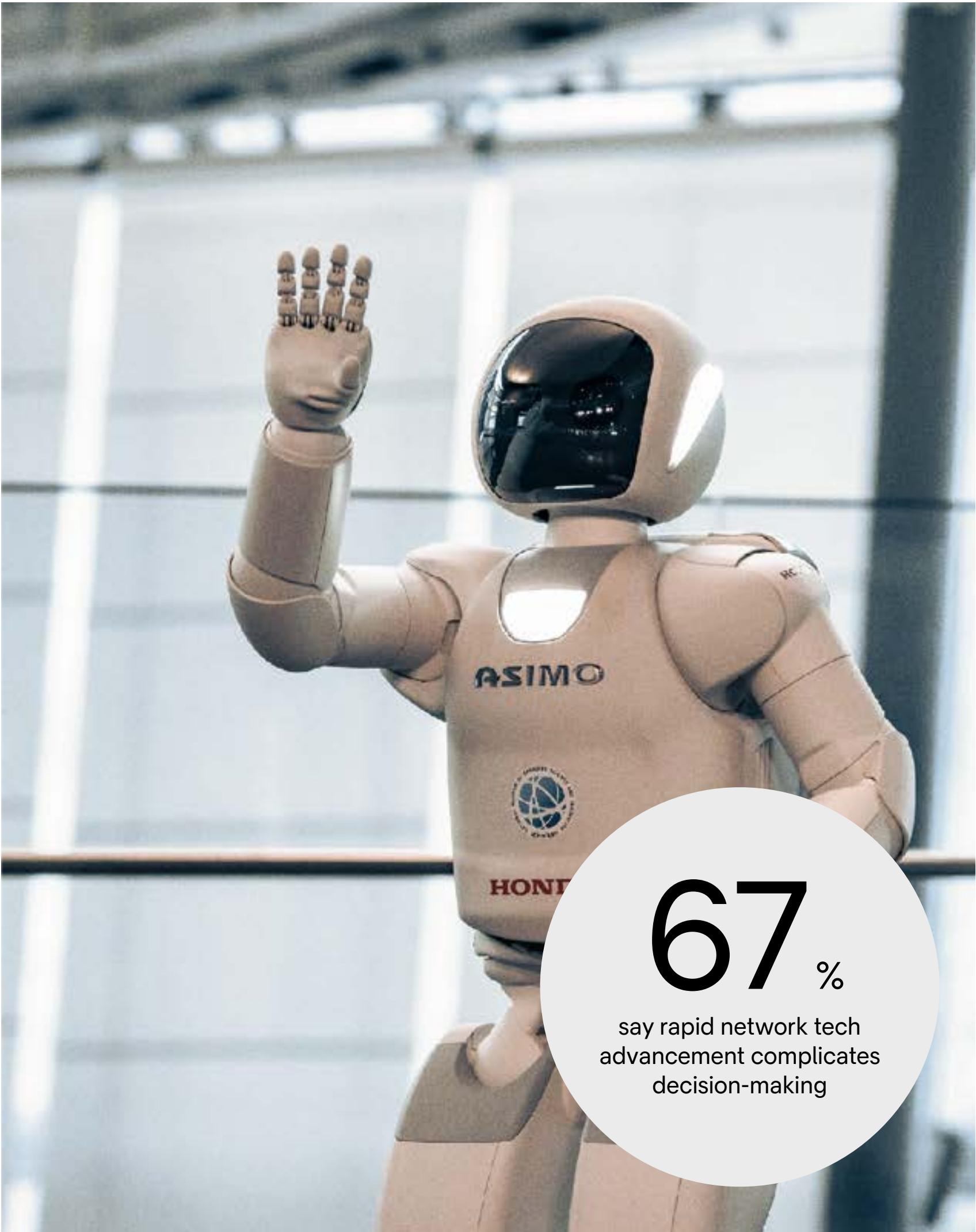
As mentioned earlier, **skills shortages also loom large**, with almost half (41%) – across regions and industries – struggling to get staff with suitable skills, including both hardware and software networking skills.

Despite these challenges, an eye-catching 88% of financial services leaders and 80% of those in banking say they **will be using AI-based tools** and/or systems to support their network management within the next 12 months, with 67% and 43% respectively planning to do so within just six months.

In fact, the financial services industry can boast by far the highest number of AI early adopters across all industries – a finding that probably reflects the sector's pioneering use of AI from its earliest days, for example, to harness 'big data' to assess insurance risks.

Financial services has by far the highest number of AI early adopters across all industries.

The chief driver for using for AI tools to support enterprise network management across the financial sector is to **identify security threats**, such as DDoS attacks, further emphasizing the high level of concern over security and the need to be able to respond effectively.



Conclusions & implications





Disruption takes its toll

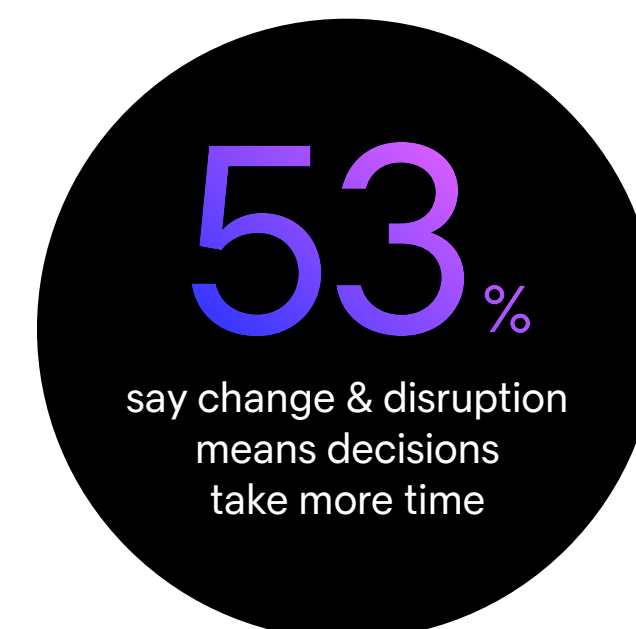
Our research suggests that enterprise network decision-makers in the financial sector are feeling the effects of excessive disruption, particularly rising costs. Relentless cost pressures, combined with other disruptors, have taken their toll on these leaders' ability to make positive, timely decisions. Many have been forced to change network routes and cancel planned expansion.

They admit they're feeling the heat. **Their decision-making confidence has been undermined**, indecision has crept in, and delays have ensued. Most strikingly of all, around half regret networking decisions they have taken.

In common with other industries, it is no surprise to find financial sector leaders showing concern over skills shortages.

Likewise, network security issues – particularly today's constant threat of DDoS or data center attacks, not least state-sponsored attacks. It is of some comfort that **the majority of respondents have documented contingency plans to deal with such threats**.

Also reassuring is that, despite disruption slowing down investment in sustainability over the last two years, most organizations have managed to increase investment in network energy efficiency.



The AI frenzy

The pace at which enterprise networks are implementing AI-based solutions is frenetic. This is particularly true of those in financial services, which is streaks ahead of banking and other industries.

Such haste stems largely from the **urgent need to identify security threats**, but may also be driven by the fear of being left behind by competitors. We are planning further research in this area.





Be prepared

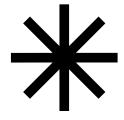
Ultimately, macroeconomic disruption is a fact of business life. The goal for enterprise network operators in the financial sector must be to prepare for it.

They should seek support that will enable them to make confident, timely decisions and implement effective efficient network management solutions – avoiding doubt, delay and, above all; regret.

The research suggests that enterprises need their network provider to offer:

1. Independent third-party perspectives to help them identify and react decisively to sudden or evolving disruptive forces.
2. Scale, experience and deep expertise to help manage disruptors.
3. Geographical spread and local knowledge to provide guidance and support in specific markets.
4. A consultative, partnership approach to work collaboratively to mitigate disruptive threats.





Constant change and disruption are a fact of business life.
The aim for enterprises must be to prepare for it and focus
on the future.

The greatest danger
in times of turbulence
is not the turbulence
— it is to act with
yesterday's logic.

— Peter Drucker



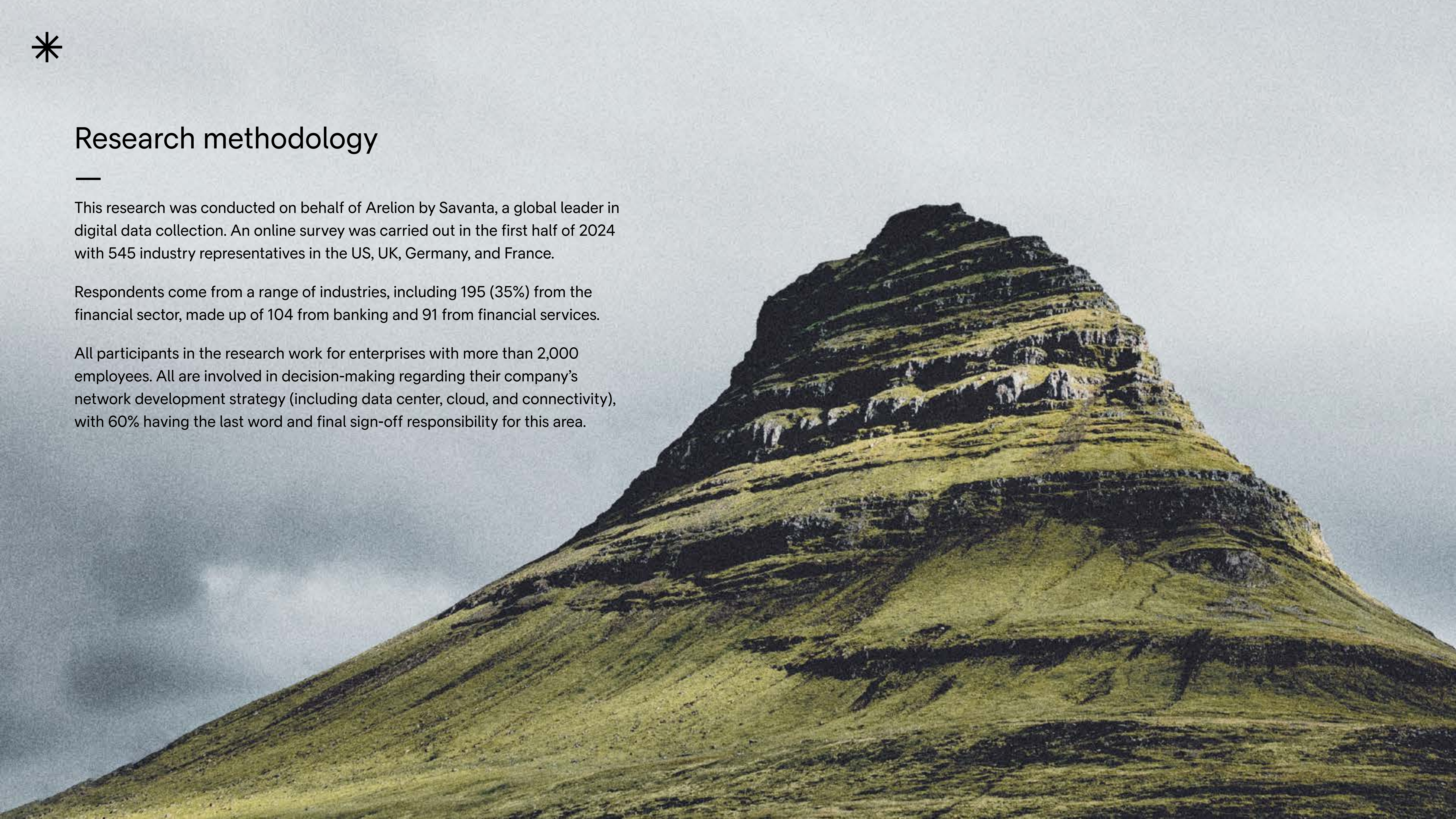


Research methodology

This research was conducted on behalf of Arelion by Savanta, a global leader in digital data collection. An online survey was carried out in the first half of 2024 with 545 industry representatives in the US, UK, Germany, and France.

Respondents come from a range of industries, including 195 (35%) from the financial sector, made up of 104 from banking and 91 from financial services.

All participants in the research work for enterprises with more than 2,000 employees. All are involved in decision-making regarding their company’s network development strategy (including data center, cloud, and connectivity), with 60% having the last word and final sign-off responsibility for this area.





About us

Arelion is a leading light in global connectivity services. Formerly Telia Carrier, we've been keeping the world connected since 1993 and today our global IP backbone, AS1299, is ranked number one in the world.

Our network spans Europe, North America and Asia, with 75,000km of optical fiber and 1,700 MPLS end points. Our award-winning customer service team supports our expansive customer base, who rely on us for their business-critical services.

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