

MARKET IMPACT REPORT

The Zero Office: Reinventing the banking back office as a growth engine

Bold visions, timid execution

Authors:

Saurabh Gupta, President, Research and Advisory Services

Tasneem Lakdawalla, Senior Advisor

Biswadeep Ghosh Hazra, Senior Research Analyst

Contents

	Page
Executive summary	03
Back office transformation: An existential imperative for BFSI enterprises	05
Ambition vs. reality: Seven hard truths reshaping the BFSI back office	06
What's holding back back office transformation?	17
The playbook for back office transformation at speed and scale	20
The Bottom Line	22
Survey demographics	23
HFS Research authors	25
About Iron Mountain	26
About HFS	27

Executive summary

Enough ambition—it's time for action

In an era defined by AI disruption, tightened regulations, and relentless pressure to deliver more with less, the banking, financial services, and insurance (BFSI) back office is no longer a support function—it's the engine of resilience, trust, and growth. Yet most enterprises are stuck in a holding pattern: talking transformation but running on paper, silos, and brittle legacy workflows.

To understand whether BFSI organizations are ready to face this risk or become irrelevant, HFS Research partnered with Iron Mountain to survey more than 500 senior executives across the US, UK, Canada, France, India, Brazil, and Australia.

The results are as startling as they are sobering:

77% believe the traditional back office will vanish within three years, yet only **21%** are taking bold steps to make that happen.

81% expect AI agents to handle over **75%** of routine tasks, but just **13%** have deployed them at scale.

72% want to eliminate paper, but only **34%** feel confident doing so while staying compliant.

Our interactions with BFSI enterprises uncovered seven hard truths every leader must confront:

01

The 'zero office'

Emerging tech promises autonomy, but most enterprises are stuck in the past.

02

Digital co-workers

AI agents are expected to take over routine work, but scaling is rare.

03

Vaults to value

Decades of data remain untapped despite the GenAI hype.

04

Paper apocalypse

Ambitions to go paperless are stalled by compliance concerns.

05

Self-governing compliance

Most still rely on reactive controls despite the push for real-time monitoring.

06

Self-aware files

Document intelligence is underutilized despite clear customer experience (CX) and speed benefits.

07

Flattened hierarchies

AI and no-code could transform roles, but reskilling lags and vendor over-reliance persists.

To understand what it takes to move from ambition to impact, we classified survey respondents into three transformation archetypes:

Radical Transformers

(21% enterprises)

Aggressively pursuing a fully digital back office, aiming for end-to-end autonomy within tight timeframes.

Incrementalists

(53% enterprises)

Selectively digitizing and modernizing some functions while maintaining legacy systems.

Limited Transformers

(26% enterprises)

Focused on other initiatives, leaving the back office largely untouched.

The Radical Transformers are proving that their initiatives are not only profitable but are transformative and industry-leading across all areas of the business and operations as detailed below:



Faster growth

Over 8% annual revenue growth vs. 6.5% (incrementalists) and 5.5% (limited transformers).



Bigger bets

Investing 50% more in transformation than incrementalists and double that of limited transformers.



Greater urgency

40% expect enterprise-scale change within 12 months (vs. multi-year horizons for others).



CX-first mindset

Prioritizing digital interfaces and CX over pure cost-cutting.



Scaling tech

33% are deploying next-gen tech enterprise-wide (vs. 10–25% for others).



People advantage

32% are significantly reskilling employees (vs. 23% – incrementalists and 12% – limited transformers).



ROI focus

Tracking CX gains and innovation impact, not just reduced fines.

The playbook is clear: Reposition the back office as a growth engine. Fund and execute transformation like it matters. Prepare your workforce for AI-powered, prompt-led roles. Measure success by innovation and impact, not just compliance. Stop dying by a thousand AI pilots or a lack of action.

The BFSI winners will be those that treat the back office as a strategic asset to be reinvented, not as a cost center to be optimized.

Back office transformation: An existential imperative for BFSI enterprises

In today’s hyper-competitive, regulated, and customer-centric environment, transforming the back office is no longer a ‘nice to have’ but a strategic imperative. For banks, insurers, and capital markets enterprises, it has become the frontline of operational execution and resilience, risk management, and differentiated service delivery.

Among the 505 BFSI executives we surveyed, the urgency is clear:

- **78%** warned that failing to digitize could result in permanent competitive irrelevance (see Exhibit 1).
- **58%** have committed to building a fully digital back office within the next 24 months, aiming to escape the inefficiencies of legacy systems and paper-laden workflows.
- Enterprises are investing significantly, pledging an average of **\$25** million each over the next two years, with expectations of full ROI within 24 months.

But digitalization is not just about deploying automation tools or adopting low-code/no-code platforms. The real transformation lies in re-architecting an enterprise’s engine room and fundamentally reshaping how operations, compliance, and customer engagement are delivered. It requires shifting from siloed, brittle infrastructure to intelligent, adaptable systems designed for:

- **Client-centricity:** Deliver faster, more transparent experiences that power new products, services, and partnerships.
- **Agility:** Swap, upgrade, or add capabilities via modular microservices and secure APIs—no more rip-and-replace headaches.
- **Resilience:** Embed real-time controls, audit trails, and exception-based monitoring so enterprises can adapt on the fly.

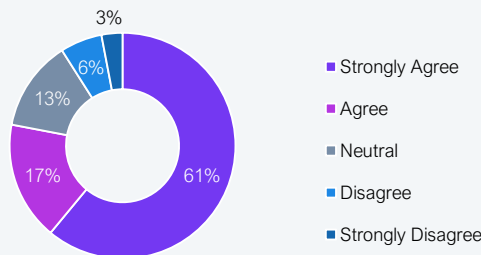
This isn’t just about catching up; it’s about building a future-ready operational core that allows BFSI organizations to scale, adapt, and lead. Enterprises that get this right will unlock not only cost savings but a strategic advantage.

Exhibit 1: Back office transformation is existential for BFSI enterprises

78% of leaders agree that failing to digitize now means permanent competitive irrelevance.

Indicate your level of agreement with the following statement

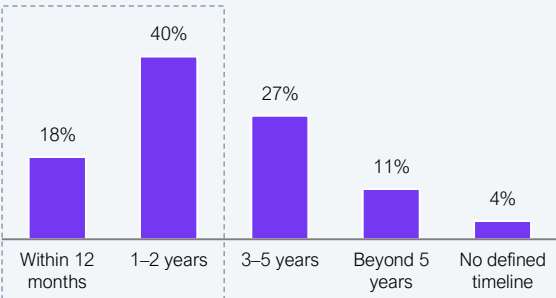
Companies not aggressively digitizing their back office now risk losing competitive advantage permanently



Sample: 505 BFSI executives
Source: HFS Research in partnership with Iron Mountain, 2025

58% expect to build a fully digital back office within 24 months, breaking free from legacy-laden, paper-driven processes.

What's your organization's timeline for achieving significant digital back office transformation at scale?



Ambition vs. reality: Seven hard truths reshaping the BFSI back office

Back office transformation in the BFSI sector is no longer an aspirational ideal. It's an existential imperative. Industry leaders are setting bold agendas to modernize their foundational processes. Yet the road to realization is littered with execution challenges. These seven hard truths lay bare the paradox of making tall digital promises while still grappling with analog results—the back office dilemma faced by BFSI enterprises. Each reflects a striking gap between what leaders say they will do and what they're truly ready to implement.

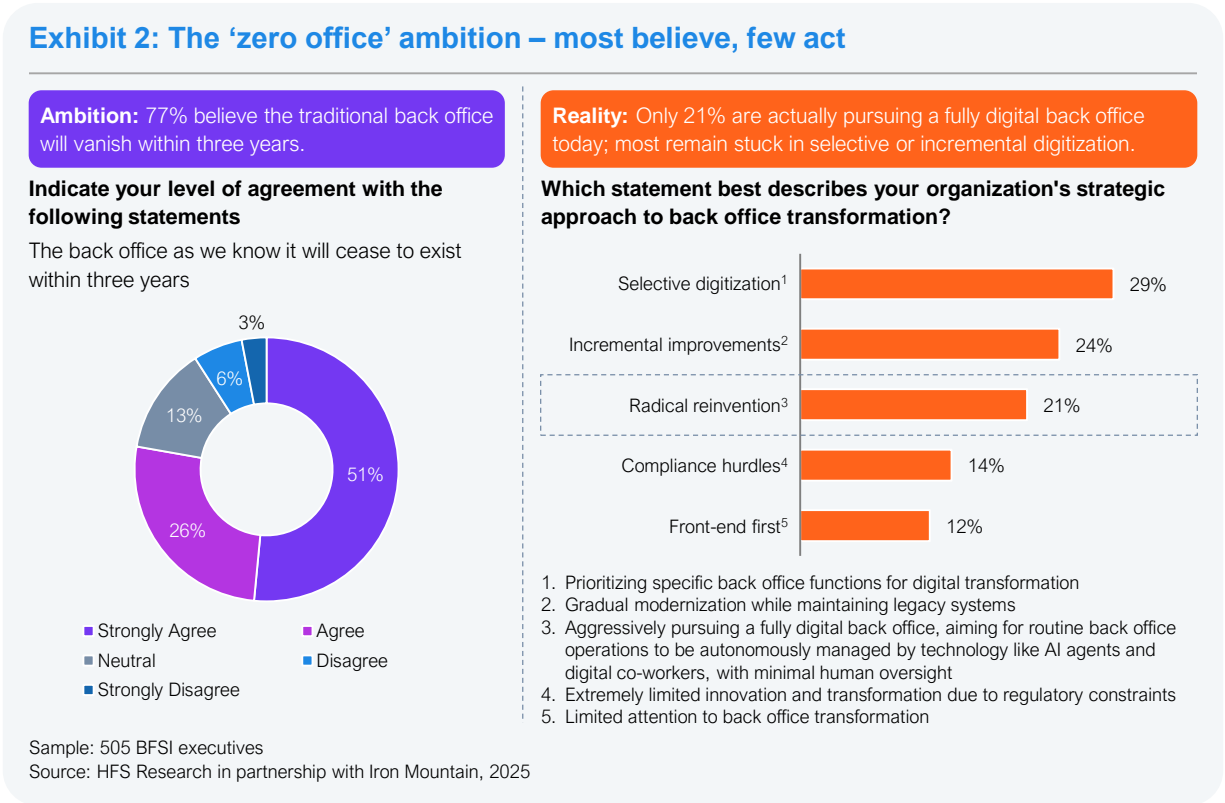
O1

The zero office: Emerging technology promises autonomy, but most enterprises are stuck in the past

The 'zero office' concept envisions back office functions delivered invisibly through modular APIs, SaaS workflows, and AI agents. In this model, routine tasks run autonomously, and human oversight shifts to exception management.

A resounding 77% of BFSI leaders believe that the traditional back office will disappear within the next three years, only to be replaced by modular APIs, SaaS workflows, and autonomous processes (see Exhibit 2). It underscores the firm conviction about the 'zero office' future, a belief in autonomous AI operations, and a sense of urgency to digitalize or be left behind.

However, only 21% are actively pursuing a radical reinvention of their back office. The majority are treading cautiously, taking incremental steps far short of the radical transformation required to dismantle legacy architecture.



Of the radical transformers aiming for a fully digital back office, 55% are from the US, followed by the UK at 37% and India at 36%.

BFSI leader voices

“We need to stop optimizing 20th-century processes and start building 22nd-century capabilities. The dimensional shift requires abandoning improvement for total reconstruction.”

“I’ve seen too many organizations try to put lipstick on a pig with APIs and middleware. You need to bite the bullet and rebuild core systems from the ground up.”

“Don’t lift-and-shift legacy systems to the cloud. Rebuild with cloud-native architectures that support modern operational models.”

“A firm retirement date forces teams to redesign processes around modern, event-streaming architecture instead of clinging to batch jobs.”

“Most BFSI organizations need to completely rebuild their technology stack, not upgrade it.”

“If you’re not designing for a paperless, fully automated back office now, you’re designing obsolescence into your future.”

02

Digital co-workers: AI agents are poised to transform operations, but execution lags far behind

AI agents offer immense promise by automating high-volume, repetitive activities such as data entry, reconciliation, and report generation, freeing human talent to focus on judgment-intensive and high-value work. For enterprises grappling with rising cost pressures and regulatory complexity, digital co-workers are no longer a futuristic vision; they’re necessary for driving efficiency, agility, and compliance at scale.

While 81% of BFSI executives believe that AI agents will soon handle 75% or more of routine back office tasks, only 13% have achieved enterprise-wide deployment (see Exhibit 3). This stark ambition-reality gap highlights critical hurdles in strategy formulation, skills readiness, and technology adoption.

While it’s early days for the adoption of agentic AI in BFSI, US-headquartered enterprises are ahead of the curve compared to all other countries.

Despite the enthusiasm, most initiatives remain stuck in the early stages. Pilot programs often fail to scale, hindered by fragmented legacy systems (46% of total survey respondents), insufficient change management (28%), and a lack of clear governance frameworks. More than half of the organizations are still in planning or exploration phases, with only one in eight realizing production-grade implementations.

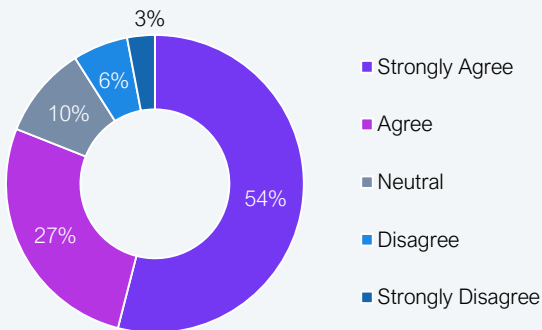
Exhibit 3: AI agent adoption – belief outpaces readiness

Ambition: 81% expect autonomous agents to handle 75%+ of routine tasks.

Reality: Just 13% have scaled autonomous agents across the enterprise.

Indicate your level of agreement with the following statements

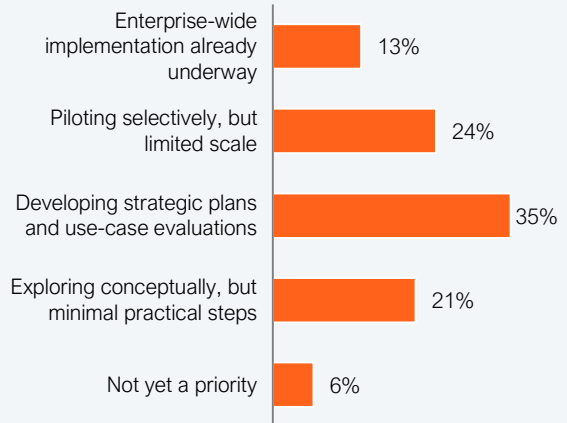
AI agents will soon manage 75%+ of routine BFSI back office operations autonomously



Sample: 505 BFSI executives
Source: HFS Research in partnership with Iron Mountain, 2025

Which of the following digital enablers are you actively deploying or piloting?

Autonomous AI agents/Digital co-workers



BFSI leader voices

“The reality is that 70% of our back office staff time goes to repetitive tasks that could be automated. We’re not eliminating jobs; we’re eliminating boring work.”

“Flip the mindset. Make straight-through processing the default and force people to justify any manual step.”

“Onboard a virtual workforce manager. AI allocates digital and human workers dynamically, maximizing throughput with minimal idle time.”

“The most impactful step is implementing end-to-end workflow automation that eliminates manual touchpoints and paper-based processes throughout the back office ecosystem.”

“Let bots handle the copy-paste-between-systems work. Humans hate it, and it’s an audit risk.”

“I’d argue that the most impactful step is improving the handoff between human and digital work. It’s usually clunky and full of delays.”

Vaults to value: GenAI can unlock legacy records, but most enterprises can't scale meaningful insights

Decades of documents—customer interactions, contracts, transactions, and risk assessments—contain untapped potential for advanced analytics, predictive modelling, and LLM training. As regulatory scrutiny intensifies, the ability to extract value from legacy data has become a competitive necessity. GenAI has emerged as a transformative catalyst. Yet a significant gap remains between ambition and execution.

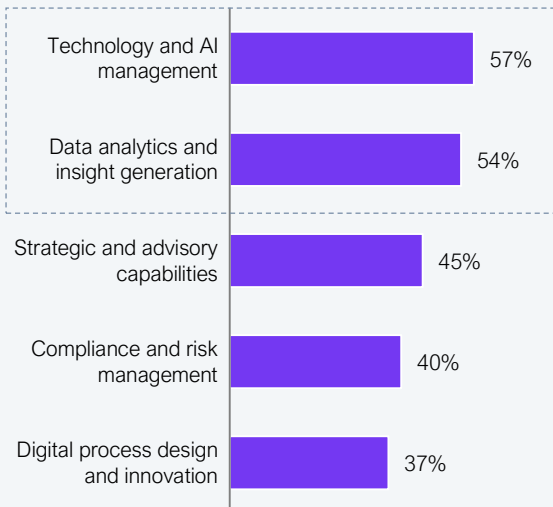
Our research revealed that while AI, data analytics, and insights generation top the back office skill wish list, only 23% of organizations reported high success in leveraging AI to generate insights from their legacy records (see Exhibit 4).

While 75% said that AI is delivering some benefit, most deployments lack the scale and robustness to drive transformational outcomes. Just 5% openly reported failure, suggesting optimism or a reluctance to acknowledge deeper organizational roadblocks.

Exhibit 4: Unlocking GenAI value – high hopes, low success

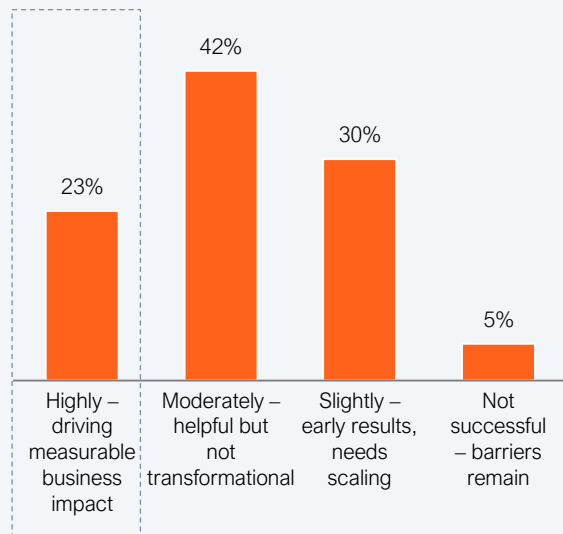
Ambition: AI, data analytics, and insight generation are the top two desired skills to transform BFSI back office.

Which skills do you anticipate being most critical in your transformed back office?



Reality: Only 23% report being “highly successful” in using AI to extract insights from documents.

How successful are you using AI to extract insight from documents and connect fragmented data?



Sample: 505 BFSI executives

Source: HFS Research in partnership with Iron Mountain, 2025

BFSI leader voices

“GenAI was a catalyst; it put some FOMO in leadership. Suddenly, everyone wanted to revisit our strategy and ask, ‘What are we doing with AI?’”

“Standardize every data element across the enterprise. Once the language is common, automation can finally speak it fluently.”

“Treat data like a liability until proven valuable: classify, clean, and catalogue before feeding into AI.”

“Deploy enterprise-wide data integration connecting real-time information across risk, finance, and operations.”

“Make unified, real-time data the backbone of every back office decision.”

“We have to treat data like inventory. Count it, label it, keep it clean.”

“Honestly, just getting their data in order would be a big win. If your data is messy, nothing else will work properly.”

04

Paper apocalypse: Digitization is a top priority, yet confidence in secure, compliant archives remains low

Paper-based processes burden operational agility, inflate storage costs, and increase compliance risk. Eliminating physical archives is a prerequisite for digitization at scale.

72% of respondents ranked reducing physical document storage and retrieval costs among their top two priorities. A digital archive is increasingly considered foundational for enabling advanced analytics, real-time access, and regulatory auditability.

Yet ambition is tempered by execution challenges – only 34% of leaders expressed strong confidence in their ability to fully digitize sensitive records while maintaining compliance (see Exhibit 5).

US enterprises are most concerned about the compliance risk of digitization, with 44% citing low confidence in secure archives compared to just 21% in India, where newer systems may sidestep some legacy paper challenges.

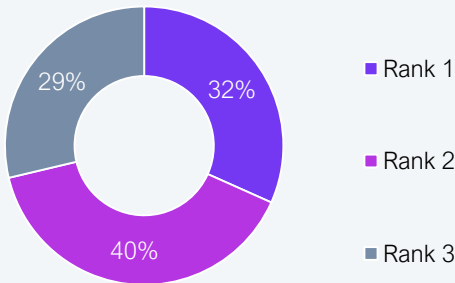
The reality is stark: legacy paper archives are weighing down operational agility, increasing overhead, and complicating regulatory oversight. While a digital-first back office promises semantic search, automated audit trails, and scalable workflows, the path to full digitization is blocked by system inflexibility, integration challenges, technology debt, fragmented processes, and inconsistent governance frameworks.

Exhibit 5: The paper apocalypse – confidence lags ambition

Ambition: 72% of respondents cited reducing physical document storage and retrieval costs as a top two transformation objective.

What are the primary objectives driving your organization's back office transformation?

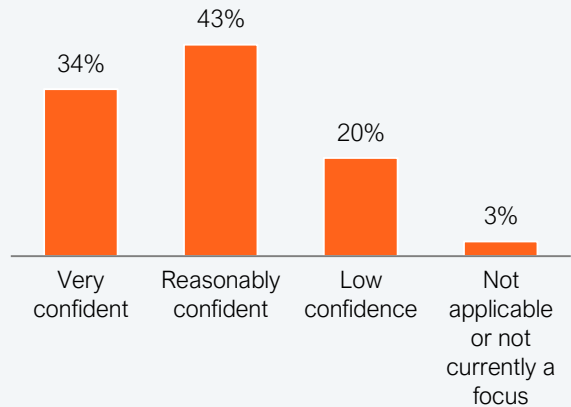
Reducing physical document storage and retrieval costs



Sample: 505 BFSI executives
Source: HFS Research in partnership with Iron Mountain, 2025

Reality: Only 34% feel confident in fully digitizing sensitive records to ensure compliance.

What is your confidence level in fully digitizing sensitive records and processes to ensure compliance?



BFSI leader voices

"Three words—zero-paper policy."

"Run a 'one-day, zero-paper' pilot branch and measure everything that breaks; then fix that everywhere else."

"Transition from physical document storage to digital audit trails and provenance tracking."

"Invest in intelligent document processing. OCR, NLP, and machine learning can eliminate 80% of manual processing."

"The most effective change we made was moving paper-based processes to digital forms that are tracked automatically."

"Most back office work still involves documents—automating intake, processing, and approval unlocks massive efficiency gains."

Self-governing compliance: Enterprises envision real-time, predictive compliance, but most are far from ready

The future of compliance lies in embedding policy controls directly into workflows, transforming compliance from a reactive burden into a proactive, self-governing capability.

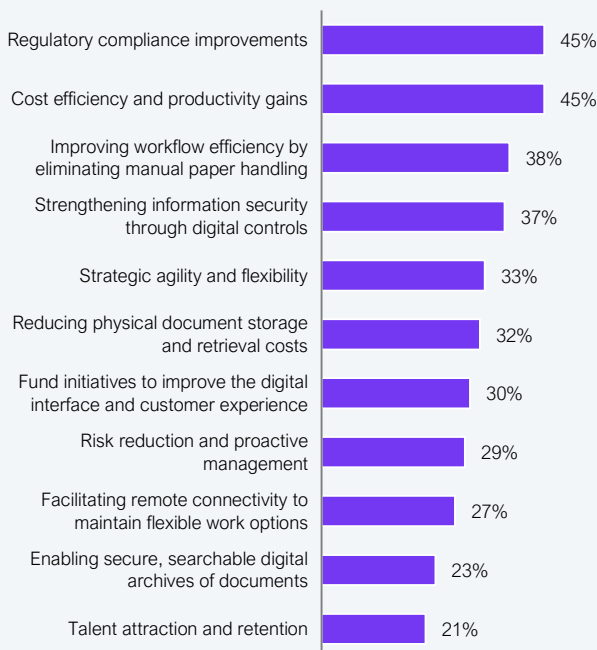
Organizations cited regulatory compliance and cost efficiency as the top drivers for back office transformation, but only 31% have achieved real-time, predictive compliance. The gap highlights a sector still in transition, hampered by fragmented data, manual controls, and outdated governance models (see Exhibit 6).

Leading organizations are investing in policy-as-code frameworks, compliance data hubs, and automated audit trails, but most are still in early stages.

Exhibit 6: Compliance reinvented? We're far from self-governance

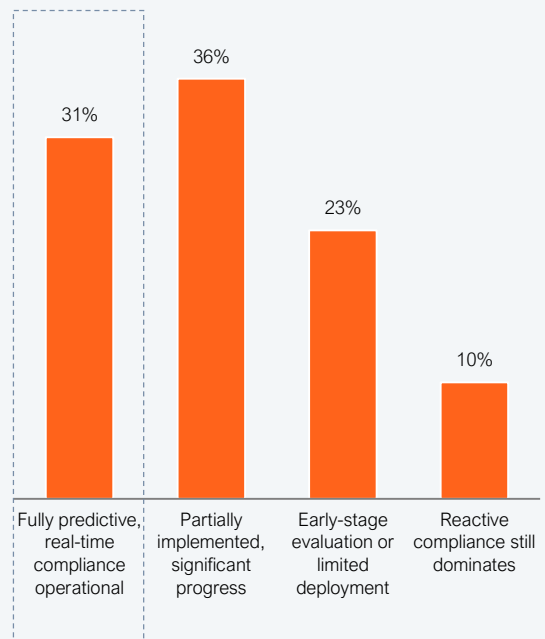
Ambition: Regulatory compliance ranks tied as the top driver of back office transformation (along with cost efficiency).

What are the primary objectives driving your organization's back office transformation?



Reality: Only 31% have achieved predictive, real-time compliance capabilities today.

To what extent has your organization moved towards predictive, real-time compliance capabilities?



Sample: 505 BFSI executives

Source: HFS Research in partnership with Iron Mountain, 2025

BFSI leader voices

“Regulatory compliance automation should be the TOP priority. Manual compliance processes are unsustainable given increasing regulatory complexity and scrutiny.”

“I’d say implement real-time risk monitoring systems. The speed of digital operations demands instant risk assessment capabilities.”

“Adopt a ‘tollgate-less’ compliance model where smart contracts enforce rules inline—and auditors audit the code, not the paperwork.”

“Implement automated compliance monitoring that continuously checks all back office activities against regulatory requirements.”

“By creating a single source of truth, institutions can automate decisions while embedding compliance and risk by design.”

“Security architecture should be foundational, not retrofitted.”

06

Self-aware files: Document intelligence is rising, but governance and adoption haven't caught up

Advanced document intelligence or ‘self-aware files’ can collapse manual workflows into AI-driven prompts, accelerating processing, improving compliance, and improving CX.

While executive enthusiasm is high, with more than 40% expecting faster cycle times and 39% anticipating better CX, enterprise-wide deployment remains limited.

Only 34% of enterprises have operationalized advanced OCR and document intelligence at scale, revealing a clear ambition-reality gap. Embedding AI into document-intensive workflows will require more than tools. It demands governance, training, and a unified content strategy to unlock real value from digital documents so that data can be protected, connected, and used for meaningful business insights (see Exhibit 7).

Exhibit 7: Document intelligence at scale is still a work in progress

Ambition: Leaders see faster process cycles, improved CX and lower compliance costs as top outcomes of smarter records.

What benefits are you seeing (or expecting) from using document intelligence?



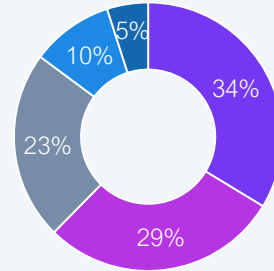
Sample: 505 BFSI executives

Source: HFS Research in partnership with Iron Mountain, 2025

Reality: Only 34% have deployed advanced document intelligence enterprise-wide.

Which of the following digital enablers are you actively deploying or piloting?

Document intelligence and advanced OCR



- Enterprise-wide implementation already underway
- Piloting selectively, but limited scale
- Developing strategic plans and use-case evaluations
- Exploring conceptually, but minimal practical steps
- Not yet a priority

BFSI leader voices

"Replace static SOP manuals with interactive, AI-generated 'how-to' flows embedded in each app screen."

"We've realized that making processes transparent and measurable first makes automation easier and more effective. Visibility is step one."

"Design customer-centric back office processes that prioritize external customer impact over internal convenience."

"Implement comprehensive process mining across all operations. You can't optimize what you can't measure."

"Create a single pane of glass for operational work so every document status and decision is visible in real time."

"Clean up your workflows, then automate them."

Flattened hierarchies: AI and no-code tools promise leaner roles, but talent gaps and vendor over-reliance persist

The future back office is one where business users design workflows using no-code tools and AI handles execution, elevating human talent to exception management and strategic oversight.

Executives expect a dramatic shift from transactional roles to decision-oriented work. The goal is to flatten hierarchy, reduce manual handoffs, and accelerate processing.

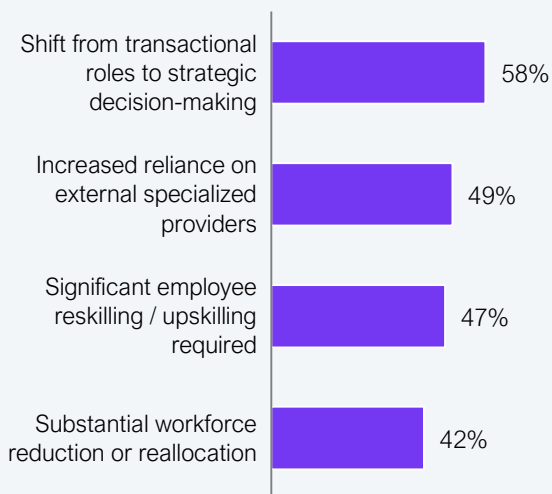
But execution tells a different story. Nearly half of the executives cited significant reskilling needs, and only 14% believe they can achieve this shift using internal talent alone. Most enterprises rely heavily on external vendors (see Exhibit 8).

UK BFSI enterprises are leading in reskilling for AI-augmented roles, with 35% making heavy investments.

Exhibit 8: The reskilling and vendor dependence dilemma

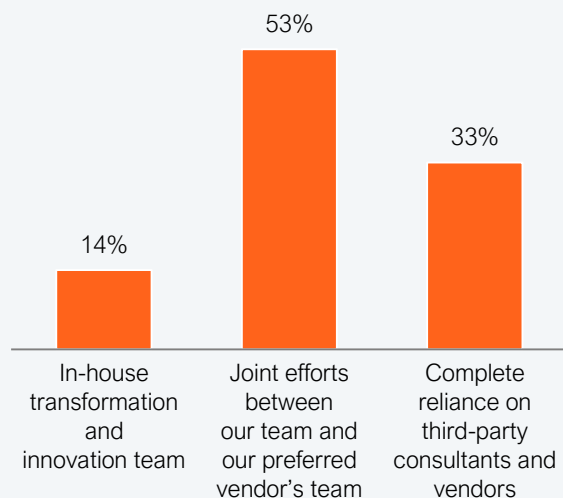
Ambition: The #1 workforce impact expected is a shift from transactional roles to strategic decision-making.

What major workforce impacts do you anticipate from increased back office transformation and AI autonomy?



Reality: 86% rely on joint efforts and external consultants rather than in-house innovation and transformation talent.

How do you approach the management and transformation of back office operations?



Sample: 505 BFSI executives

Source: HFS Research in partnership with Iron Mountain, 2025

BFSI leader voices

“Develop internal low-code/no-code capabilities. Empower business users to create solutions without depending on IT bottlenecks.”

“Hire for digital aptitude, not just domain expertise. Banking knowledge can be taught; digital thinking patterns are harder to develop.”

“Create cross-functional ‘fusion squads’ where ops, tech, risk, and data scientists co-own SLAs.”

“Treat the back office like a digital product—constantly improving, testing, measuring, and iterating.”

“Institutionalize ‘two-pizza’ squads for ops modernization—small, empowered teams deliver wins that snowball.”

“We’re investing in upskilling our ops staff in digital tools—not just giving them systems, but letting them shape how they’re used.”

This space has been intentionally left blank

What's holding back back office transformation?

Despite bold ambitions and growing investment, most BFSI organizations remain far from achieving their vision of a modern, digitized back office. Our research revealed a common pattern: a few pilot successes, widespread intent, but deep-rooted barriers stalling scaled execution (see Exhibit 9).

Outdated legacy systems

Decades of incremental patches and automations have left many back offices with brittle, siloed architectures. These monolithic platforms are costly to maintain and nearly impossible to integrate with modern APIs or third-party services. Every new automation or analytics initiative triggers extensive regression testing, driving projects over time and budget. As a result, teams spend more effort fighting the platform than innovating on top of it.

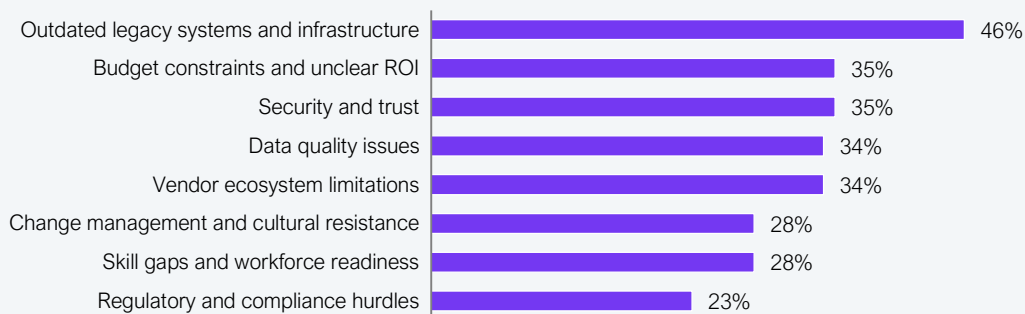
Legacy technology is the single biggest brake on back office transformation in Australia—cited by nearly half (48%) of BFSI leaders, compared to just 28% in India, where modernization cycles have been faster.

Key pain points:

- Fragmented application landscape with dozens of unsupported modules
- High technical debt that stalls upgrades and cloud migrations
- Lack of unified middleware, forcing manual workarounds and data exports

Exhibit 9: What's really holding back BFSI back office transformation

What are the biggest roadblocks to achieving fully digital back office outcomes?



Sample: 505 BFSI executives

Source: HFS Research in partnership with Iron Mountain, 2025

BFSI leader voices

"Most BFSI organizations need to completely rebuild their technology stack, not upgrade it. Legacy modernization is often more expensive than replacement."

"We learned the hard way that you can't just layer new technology on top of broken processes. Fix the workflow first, then digitize it."

Budget constraints and unclear ROI

CFOs and transformation sponsors face relentless pressure to optimize spend, especially when headline profit and loss (P&L) numbers look healthy. Back-office modernization tends to be categorized as a cost center—making it harder to secure large, multi-year investments. At the same time, the ROI story remains fuzzy: benefits such as risk reduction, faster product launches, and improved compliance are difficult to quantify in traditional financial terms. This lack of financial clarity stalls decision-making and fuels repeated ‘wait-and-see’ postures.

UK BFSI leaders are twice as likely as their Indian peers to cite budget and ROI uncertainty as their top transformation barrier (42% vs. 22%), underscoring a more cautious investment culture.

Challenges include:

- Siloed budgeting cycles that separate technology spending from business outcomes
- Difficulty translating operational resilience into revenue impact
- Overly conservative business cases that demand unrealistically quick payback

Security and trust concerns

BFSI back offices operate under some of the world’s most stringent regulatory regimes. Leaders worry that new digital workflows could introduce compliance gaps, obscure audit trails, or expose the explainability of blind spots, especially when AI agents are involved. Cybersecurity teams, accustomed to perimeter defenses, struggle to embrace DevSecOps models and continuous validation without interrupting daily operations. Any perceived security lapse risks fines, reputational damage, and loss of customer trust.

Canadian organizations are the most risk-averse, with 45% ranking security and trust as a top concern—well above the global average of 33%—while entities operating from India sit at the other end of the spectrum at 19%.

Security inhibitors include:

- Complex, overlapping regulations (GDPR, SOX, BCBS 239, etc.)
- Skepticism around AI/ML decision-making and the ability to explain outcomes
- Reluctance to adopt cloud-native security controls in mission-critical systems

BFSI leader voices

“Allocate at least 40% of operations spend to ‘automation first’ initiatives, and make manual work justify its existence.”

“Security architecture should be foundational, not retrofitted.”

“The biggest mistake I see is treating transformation like a cost to control instead of an investment in competitiveness.”

“Make zero-trust controls and continuous security scanning non-negotiable in every new workflow—safe by design, not bolted on later.”

Data quality and governance bottlenecks

Automation and AI depend on clean, consistent data. Yet most back offices grapple with fragmented sources and low trust in master data. Key customers, products, and transaction records live in multiple versions across departments, leading to reconciliation nightmares and manual interventions. Without robust data governance, any 'quick win' initiative loses steam as exceptions mount and confidence erodes. Until data quality is treated as a first-class concern, advanced analytics and straight-through processing will remain aspirational.

In the US and France, more than 40% of BFSI enterprises struggle with data quality and governance compared to under 25% for entities operating from India—reflecting both the complexity and maturity of legacy data estates.

Core data hurdles include:

- No single source of truth for customer identities or account hierarchies
- Weak metadata management and lineage tracking
- Manual remediation processes that reintroduce human error

Lack of vendor innovation

Many traditional technology partners still offer waterfall-style implementations and on-premise suites that aren't built for rapid change. These vendors lack the API-first, modular architectures required for dynamic orchestration of services, making plug-and-play enhancements a pipe dream. Clients end up in multi-year engagements with limited demonstrable progress between milestones, sapping both budget and momentum. As a result, internal teams have grown skeptical of external roadmaps and are increasingly considering do-it-yourself or fintech collaborations. But without clear governance models, these collaborations also stall.

Vendor-related impediments typically have:

- Rigid licensing models that penalize cloud usage and scaling
- Slow-release cadences that miss critical compliance updates
- Limited ecosystem partnerships for value-added analytics and AI

BFSI leader voices

"You can't build a smart back office on dirty, siloed data that nobody trusts or understands."

"Don't let every department reinvent the wheel by hiring multiple vendors or creating department silos. Rather, create specialized joint teams that can scale solutions across the organization."

"Treat data like a liability until proven valuable: classify, clean, and catalogue before feeding into AI."

"Vendor proliferation creates integration nightmares and security vulnerabilities. Consolidate to partners that actually innovate."

The playbook for back office transformation at speed and scale

To decode the varying maturity and effectiveness of back office transformation in BFSI, we segmented the 505 global survey responses into three archetypes (see Exhibit 10):

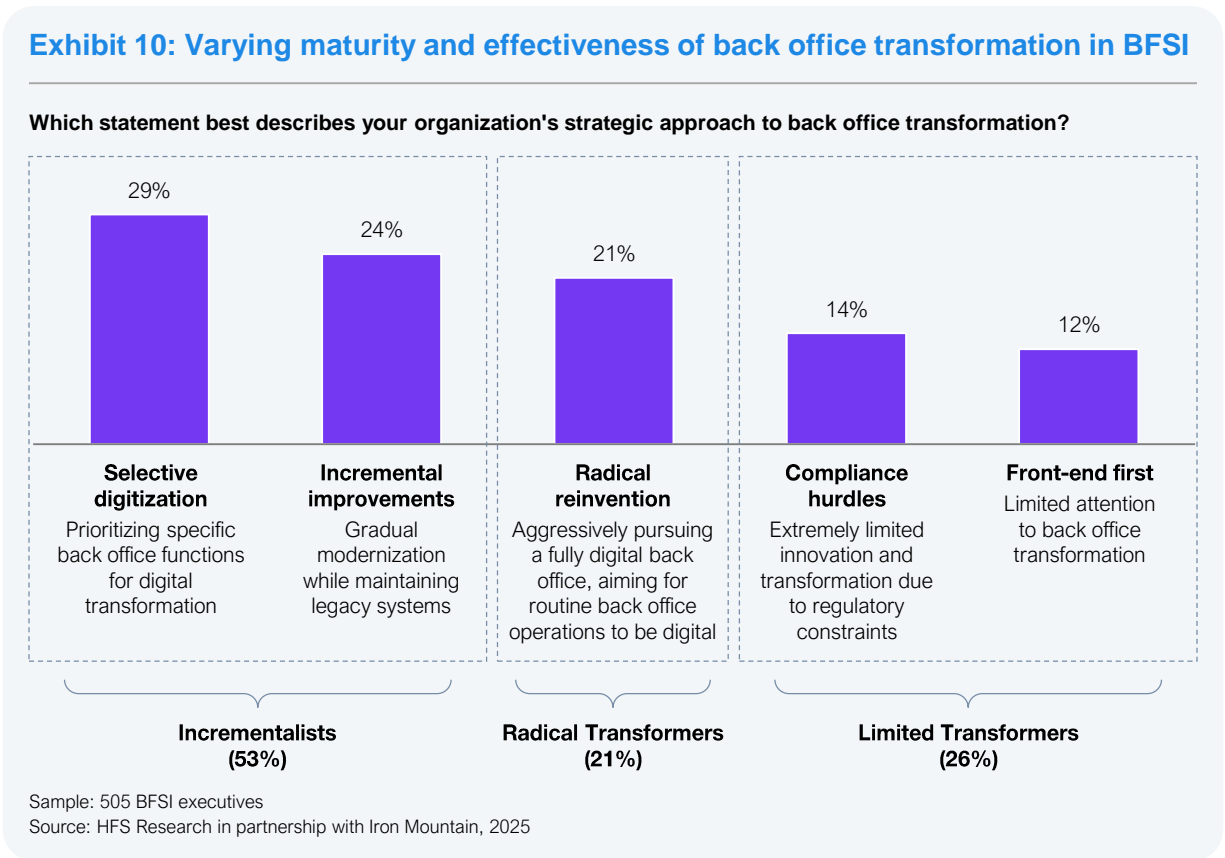
- **Radical Transformers (21%):** These enterprises are pursuing aggressive, enterprise-wide reinvention of the back office. They are building a digital-first foundation with bold investments and rapid implementation cycles.
- **Incrementalists (53%):** The majority fall here, taking a slower, stepwise approach—digitizing parts of the back office while maintaining legacy systems.
- **Limited Transformers (26%):** These enterprises remain focused on other initiatives or are constrained by compliance mandates. Back office innovation is often underfunded or deprioritized.

India and Canada are leading the charge in radical back office transformation, with about 30% of BFSI enterprises in each market in this category—well above the global average of 21%.

Australia lags significantly at 11%.

The US sits near the average at 19%, signaling room for acceleration compared to the top-performing regions.

So what sets radical transformers apart? What can others learn from them?



1. Revenue growth is the prize and the proof

Radical transformers aren't just more confident—they're outpacing their peers in performance. Enterprises in this category reported over 8% revenue growth compared to 6.5% for incrementalists and just 5.5% for limited transformers. Their back office transformation is not framed as a cost-saving exercise but as a growth engine—improving CX, accelerating insight generation, and strengthening risk response.

2. Investment signals intent—and pays off

Radical transformers are backing ambition with commitment. They are investing 50% more than incrementalists and more than twice as much as limited transformers in modernizing the back office. And this isn't scattershot spending—it's targeted investment. 40% of radical transformers expect to achieve enterprise-scale transformation within 12 months, compared to multi-year timelines for the rest.

3. Customer experience is the North Star

For radical transformers, the primary objective is crystal clear: improve the digital interface and CX. Incrementalists, in contrast, focus on cost efficiency, while limited transformers prioritize regulatory compliance. This focus on CX signals a deeper understanding of the back office as a direct enabler of competitive differentiation, not just a behind-the-scenes processor.

BFSI leader voices

“Stop focusing on cost reduction and start focusing on revenue generation through digital capabilities. The back office should be a profit center, not a cost center.”

“Focus on unique value creation, not operational parity.”

“Allocate at least 40% of operations spend to 'automation first' initiatives, and make manual work justify its existence.”

“The biggest risk is not taking risks; create safe spaces for testing new technologies and approaches without fear of failure.”

“Every back office decision should pass the 'Does this improve CX?' test. If not, it's probably the wrong decision.”

“The key to successful back office transformation is thinking end-to-end about customer journeys. Every internal process should ultimately improve the CX in some way.”

4. Emerging tech isn't optional—it's the differentiator

Radical transformers are scaling next-generation technologies across their enterprises at a pace their peers can't match. A third are deploying no-code/low-code platforms, generative AI, advanced OCR, and continuous compliance solutions enterprise-wide—compared to just a quarter of incrementalists and 10–15% of limited transformers. They are building fluency now rather than waiting for technologies to mature.

5. People strategy is core to transformation strategy

These leaders know that technology alone doesn't transform the back office—people do. 32% are investing significantly in reskilling and upskilling, compared to 23% of incrementalists and only 12% of limited transformers. The goal is a workforce ready for prompt-led workflows, AI-augmented roles, and an environment where human judgment complements automation.

6. Measure what matters

Radical transformers track the impact of transformation through growth-oriented KPIs such as CX gains and product or service innovation. In contrast, incrementalists and limited transformers focus more on defensive measures such as reduced fines and compliance breaches. The difference in measurement reflects a difference in mindset—one group sees transformation as a driver of new value; the others see it as a way to protect existing value.

BFSI leader voices

“The most impactful step is implementing end-to-end workflow automation that eliminates manual touchpoints and paper-based processes throughout the back office ecosystem.”

“We believe digital twins for back office processes could be a game-changer.”

“Hire for adaptability, not just technical skills. The technologies will change, but employees who can learn, unlearn, and relearn will always be valuable.”

“Creating a digital-first culture that rewards employees for automating themselves out of routine tasks and embracing technological change.”

“Rewire KPIs from cost savings to customer impact.”

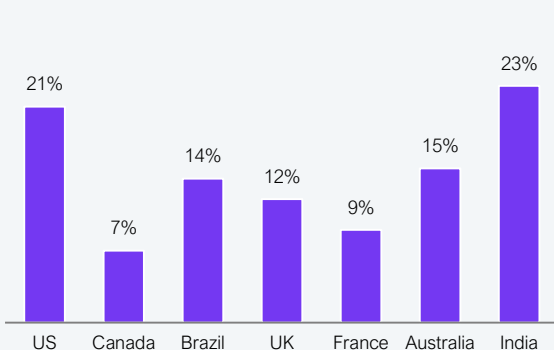
“Combine process KPIs with customer-impact metrics. Ops won't optimize what leadership doesn't see.”

The Bottom Line: Enough ambition – It's time for action.

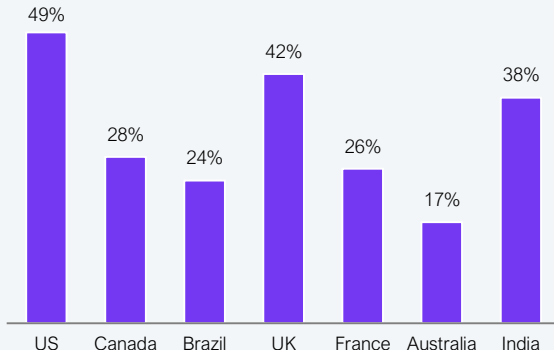
Radical transformers are proving that aggressive transformation of the back office isn't just feasible—it's profitable. For BFSI leaders looking to close the ambition-reality gap, the playbook is clear: invest with urgency, align with growth, upskill your people, and measure what matters.

Survey demographics (1/2)

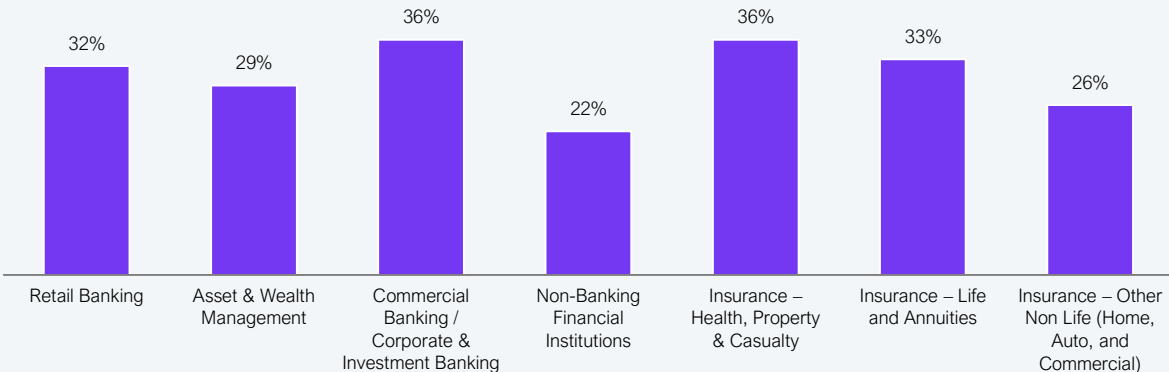
Where is your organization headquartered?



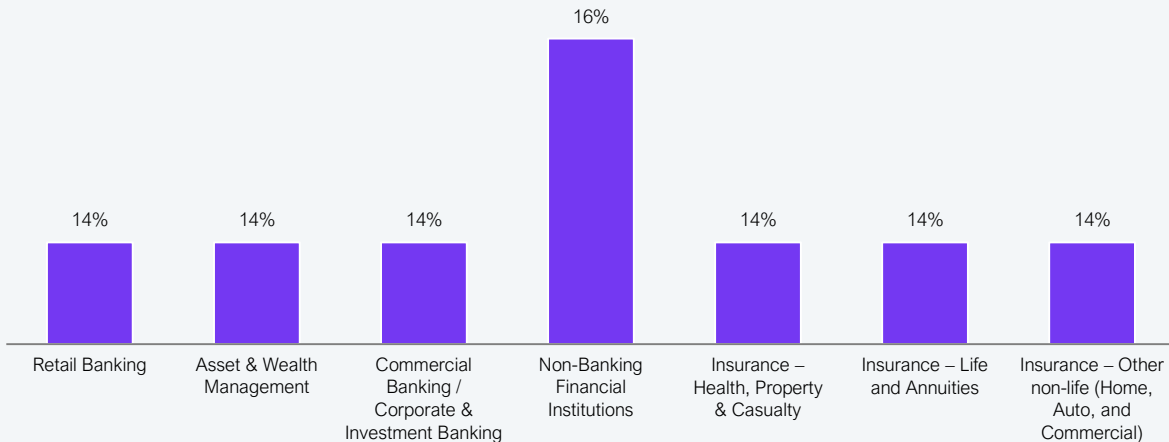
Which countries does your organization operate in?



Which segments does your organization operate in?



Which of the below segments are you responsible or responding for?

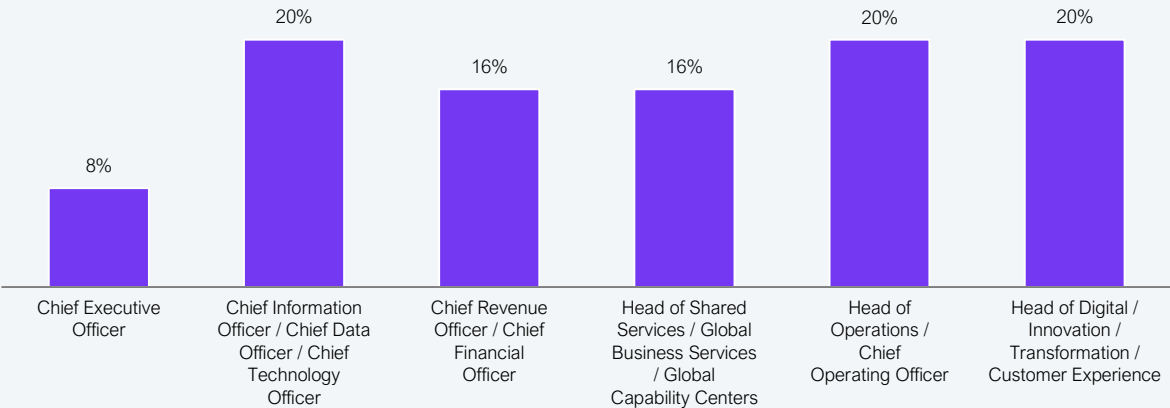


Sample: 505 BFSI executives

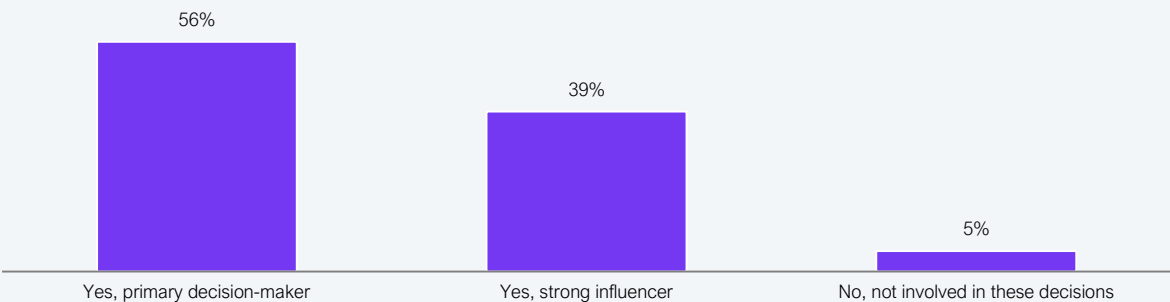
Source: HFS Research in partnership with Iron Mountain, 2025

Survey demographics (2/2)

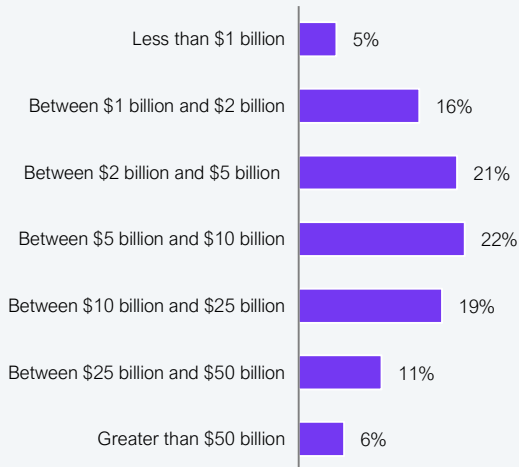
What title best describes your current role?



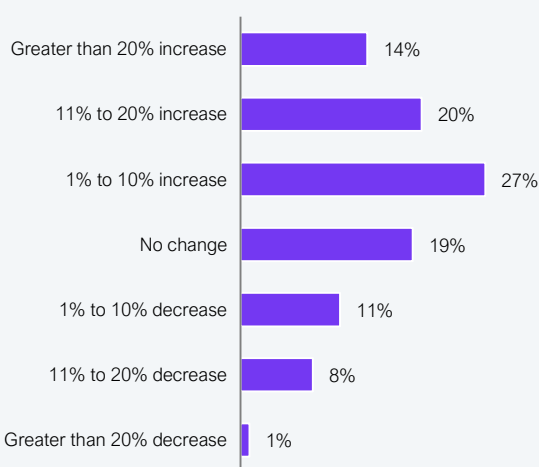
Are you a decision maker or influencer for transformation and technology investments within your organization?



What is your company's annual revenue in US dollars?



What was your organization's revenue growth in the last 12 months?



Sample: 505 BFSI executives

Source: HFS Research in partnership with Iron Mountain, 2025

HFS Research authors



Saurabh Gupta

President, Research and
Advisory Services

Saurabh Gupta is president, Research and Advisory Services for HFS Research. He sets the strategic research focus and agenda for HFS Research, understanding and predicting the needs of the industry and ensuring that HFS maintains its position as the strongest impact thought leader for business operations and services research. Saurabh oversees HFS' global research function, managing the team of analysts and operations across the US, Europe, and Asia.



**Tasneem
Lakdawalla**

Senior Advisor

Tasneem Lakdawalla is a senior advisor at HFS Research, providing industry and practice insights to help organizations achieve their strategic initiatives. She has deep domain expertise in topical matters for C-suite executives and the BFSI sector, helping clients with strategy, transformation, operations, policy, and governance.

With more than 20 years of experience in enterprise leadership, advisory, and consulting, Tasneem brings a uniquely practical and client-oriented approach to her work.



**Biswadeep
Ghosh Hazra**

Senior Research Analyst

Biswadeep Ghosh Hazra is a senior research analyst for HFS. Earlier in his career, he was a lead analyst at Avasant, a functional consultant for Deloitte Digital, a quality assurance engineer at Tech Mahindra in Hyderabad, and a content writer and manager at ExamFocus. While in postgraduate school, he interned at Mindfire Solutions. Biswadeep earned an MBA in business management with marketing, operations, and systems majors and a decision sciences minor from Xavier Institute of Management in Bhubaneswar (XIMB).



About Iron Mountain

Iron Mountain Incorporated (NYSE: IRM), founded in 1951, is the global leader for storage and information management services. Trusted by more than 225,000 organizations around the world, and with a real estate network of more than 98 million square feet across more than 1,400 facilities in over 60 countries, Iron Mountain stores and protects billions of information assets, including critical business information, highly sensitive data, and cultural and historical artifacts. Providing solutions that include secure storage, information management, digital transformation, secure destruction, as well as data centers, art storage and logistics, and cloud services, Iron Mountain helps organizations lower cost and risk, comply with regulations, recover from disaster, and enable a more digital way of working.

Visit www.ironmountain.com for more information.

About HFS

- **INNOVATIVE**
- **INTREPID**
- **BOLD**

HFS Research is a leading global research and advisory firm helping Fortune 500 companies through IT and business transformation with bold insights and actionable strategies.

With an unmatched platform to reach, advise, and influence Global 2000 executives, we empower organizations to make decisive technology and service choices. Backed by fearless research and an impartial outside perspective, our insights give you the edge to stay ahead.



www.hfsresearch.com



[hfsresearch](https://www.linkedin.com/company/hfsresearch)



www.horsesforsources.com



www.horsesmouthpodcast.com