

Implementing Business Composability

In Financial Services

 Liferay



Introduction

A successful financial services company understands that the industry will frequently require abrupt change, which calls for operational agility. A prime example of this need was seen during the COVID-19 pandemic when financial services businesses needed to respond quickly by altering their traditional methods of operation to accommodate their offerings.

Going forward, financial service providers should continue to adopt systems that allow them to be resilient in times of uncertainty. In this e-book, we'll talk about how implementing composable business practices can help finance organisations thrive with more flexible infrastructure in place.

What is a Composable Financial Business?

Business composability is a concept where finance leaders are able to quickly build new business capabilities by assembling digital solutions. These digital capabilities provide real-time adaptability which means financial institutions have the confidence and ability to pivot in times of risk, uncertainty, or instability.

A composable infrastructure is crucial in the financial industry due to the constantly changing conditions, evolving customer expectations, and the lingering risk of future market disruptions. An agile business model can be accomplished through digital transformation and integrating new financial service technologies.

To support the creation of this business model, it's necessary to review:

- Key characteristics of composable businesses
- Benefits of business composability in financial services
- How to adjust your operations to improve composability





Characteristics of Business Composability

According to Gartner, a composable business is “a business made with interchangeable building blocks”. To offer clear context into what business composability looks like, there are three key characteristics that finance providers should consider when looking to build a composable business strategy. The traits of a composable business mindset include:

- **Composable thinking** - refers to creating the mindset and culture that all systems in the organisation can be composable
- **Composable business architecture** - refers to the company’s infrastructure and how well it is able to pivot in the digital space to benefit customers, workflows, partnerships, and other operations
- **Composable technologies** - look at the assets that make up the building blocks which make the business composable

In financial institutions, composability can take many forms — for example, using a digital experience platform loosely coupled to core systems allows customer experiences like loan requests to be upgraded without having to redesign internal infrastructure.

With these three characteristics in place, business composability is able to benefit and safeguard all parts of the finance organisation.

Improve Business Composability: Enhanced Agility

Another key element of business composability is agility, which is especially important in the financial landscape. Because customer demands are especially fast-moving when their finances are involved, banks and other institutions must be able to pivot, provide new services, and improve existing offerings — all without interrupting day-to-day operations.

Although agility has always been important, it's becoming increasingly critical as customer expectations rise and digital-first banks make alluring promises. Other financial institutions need the capability to solve short-term challenges quickly and deliver on customer expectations long before they're voiced as complaints.

The best way to make this happen is to utilise self-service options, giving customers the ability to independently complete tasks like account updates or loan requests. These options improve the overall experience by simplifying and streamlining tasks, thereby reducing the burden on customer service representatives. This allows the entire institution to focus time and resources on pivoting when necessary and making fast, relevant improvements instead of troubleshooting everyday tasks.





Improve Business Composability: More Complete Data Utilisation

The financial service industry is very data-intensive, which means the first step to improving business composability should be to enhance the use and storage of data. Composable data allows organisations to store and share information across different applications.

When data is composable, businesses are able to:

- Automate information integration processes for efficiency and accuracy
- Reduce siloed technology to expedite business processes and streamline customer interactions
- Manage data better and maximise productivity to provide better customer service
- Internally store data to optimise its usage and distribution — for example, to provide personalisation in the customer journey

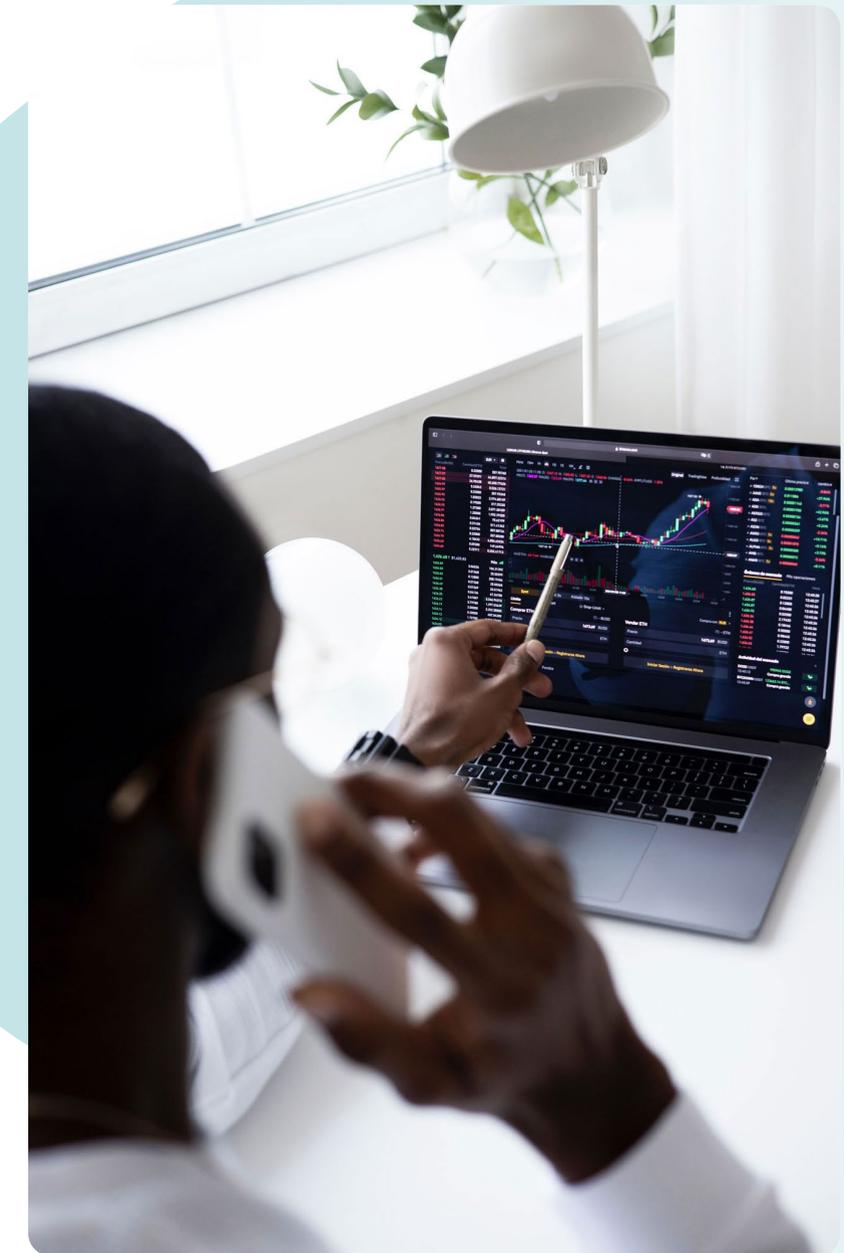
APIs can also offer a flexible solution to connecting and sharing data across the company by securing and managing access to data. This allows finance leaders to easily access information they need and then deliver quicker decisions to adapt to their changing market.

Improve Business Composability: Accelerated Digital Investments

When a financial provider focuses on the key characteristics of a composable business, they are able to make the most of their existing digital tools. In fact, when done correctly, composability can actually accelerate the digital investments providers have already made. Scaling existing digital investments help enterprises ensure they have tools in place that will alleviate disruptions and risks.

Integrating legacy technology with newer technologies helps organisations work from a single source that houses data across channels, teams, and products despite having different origins.

Keep in mind that a great way to ensure agility, in any situation, but certainly in uncertain times, is to employ low-code and no-code capabilities in conjunction with loosely coupled API-based integration. These capabilities will also promote simplicity over complexity, which proves important when needing to make quick decisions and changes.





The Future of Business Composability

While digital investments and transformations were already on the rise, the pandemic acted as a catalyst for businesses across industries to act quickly. Even as the immediate effects of the pandemic dissipate, enterprises continue to look toward composability in order to bring more agility to their organisations.

Those in the finance industry should look at the current state of the market as a push toward composability – an opportunity to recognise the ongoing need for fast decision making. Change has become the new norm and composability is the way to address these shifts smoothly and effectively.

Of course, it's often easier to talk about change than to actually manage it. To improve composability, financial institutions need a solid digital foundation like Liferay Digital Experience Platform, which provides flexibility and the ability to quickly respond to changing business conditions. [Contact us today](#) to see how this platform can help keep your financial institution at the forefront of the industry.



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