OBSERVABILITY FORECAST

FINANCIAL SERVICES

new relic

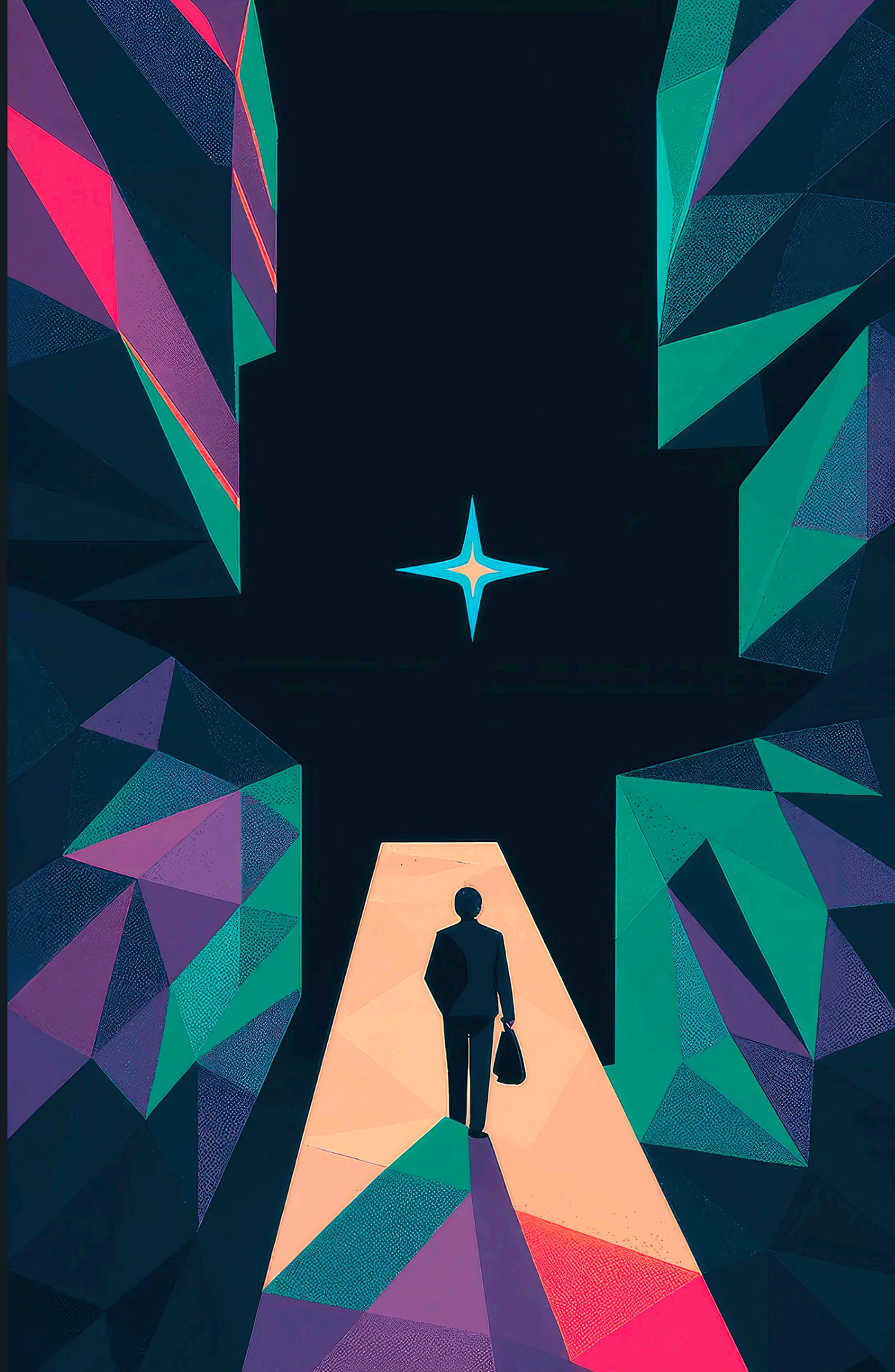
Insights and analysis on the

ADOPTION & BUSINESS VALUE

of observability for financial services industries 2025.

The financial services sector is operating in a "dual-speed" reality: you are expected to innovate like a nimble fintech while maintaining the ironclad security and compliance of a legacy institution. To understand how the most successful firms are balancing these pressures, we went directly to the source.

We interviewed **156 IT and engineering leaders** specifically within the financial services vertical to see how they are using observability to de-risk their modernization efforts.



KEY FINDINGS

This report moves past general tech trends to provide a focused look at how your peers are:

THE AI SURGE

38% of financial services organizations are prioritizing AI as a primary driver for observability despite a traditionally cautious culture.

38%

of financial services organizations are prioritizing AI as a primary driver for observability.

PROTECTING THE BOTTOM LINE

Addressing high-business-impact outages that now cost an average of $1.8 million per hour—higher than the $1.7 million average across all other industries.

$1.8 M
Per hour average

$1.7 M
Average across all other industries

WINNING THE DIGITAL EXPERIENCE BATTLE

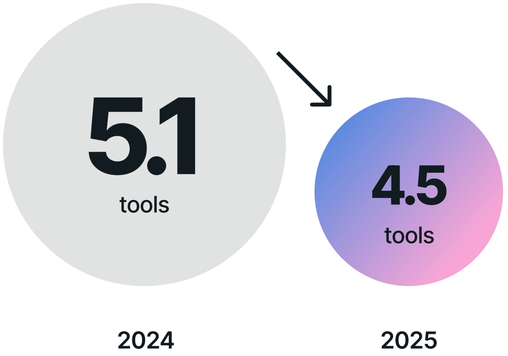
Why financial services leaders place a

7.5% ↗

higher emphasis on end-user monitoring and customer experience than the cross-industry average.

CONSOLIDATING OBSERVABILITY TOOLS

How firms are streamlining their environments to use 4.5 tools on average, down from 5.1 in 2024, even as consolidation moves slower than in other sectors.



NAVIGATING STACK COMPLEXITY

45% of respondents—the highest of any industry—report that technical complexity is the primary barrier to achieving full-stack observability[1].

45%

can't reach full-stack observability due to complexity

DRIVING REAL ROI

42% of your peers are seeing a return on investment of 2x or more on their observability spend.

2x or more ROI

[1]For the purposes of this report, full-stack observability (FSO) is defined as having visibility across five key categories: infrastructure, applications and services, security monitoring, digital experience monitoring (DEM), and log management.

THE MODERNIZATION MANDATE

BALANCING SPEED WITH STABILITY

Modernizing a financial institution in 2025 is no longer about simple digital upgrades; it is a high-stakes race to integrate AI while managing the friction of a sprawling, complex technology landscape.

Whether you are leading a traditional bank, a fintech challenger, or an insurance firm, your survival depends on how you navigate three critical shifts:

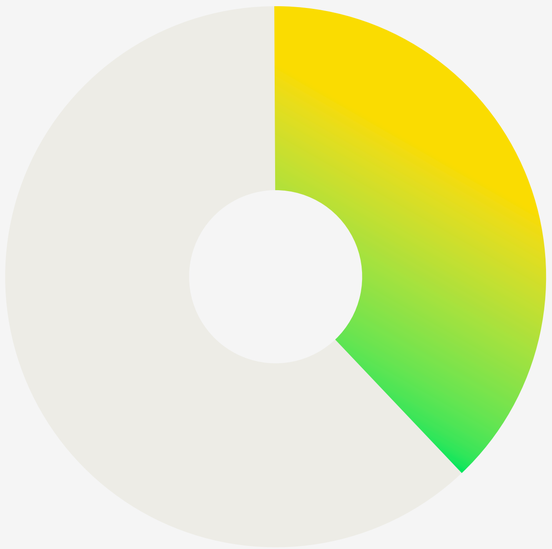
Digital experience is the differentiator: Customers now judge their financial providers by the speed, personalization, and reliability of every digital interaction.

Regulatory and security pressures are mounting: Teams are managing compliance while preparing for AI-specific regulations and enhanced data privacy requirements emerging globally.

Incident response: Pressure is mounting not just from agile fintech startups, but from Big Tech giants aggressively expanding into financial services.

TRENDS DRIVING OBSERVABILITY ADOPTION

AI has emerged as a prominent catalyst for observability in the financial services sector. In 2025, 38% of respondents say AI is a top reason for needing observability, trailing only security, governance, risk, and compliance (39%). Combined, these forces are pushing the sector toward more sophisticated monitoring capabilities.



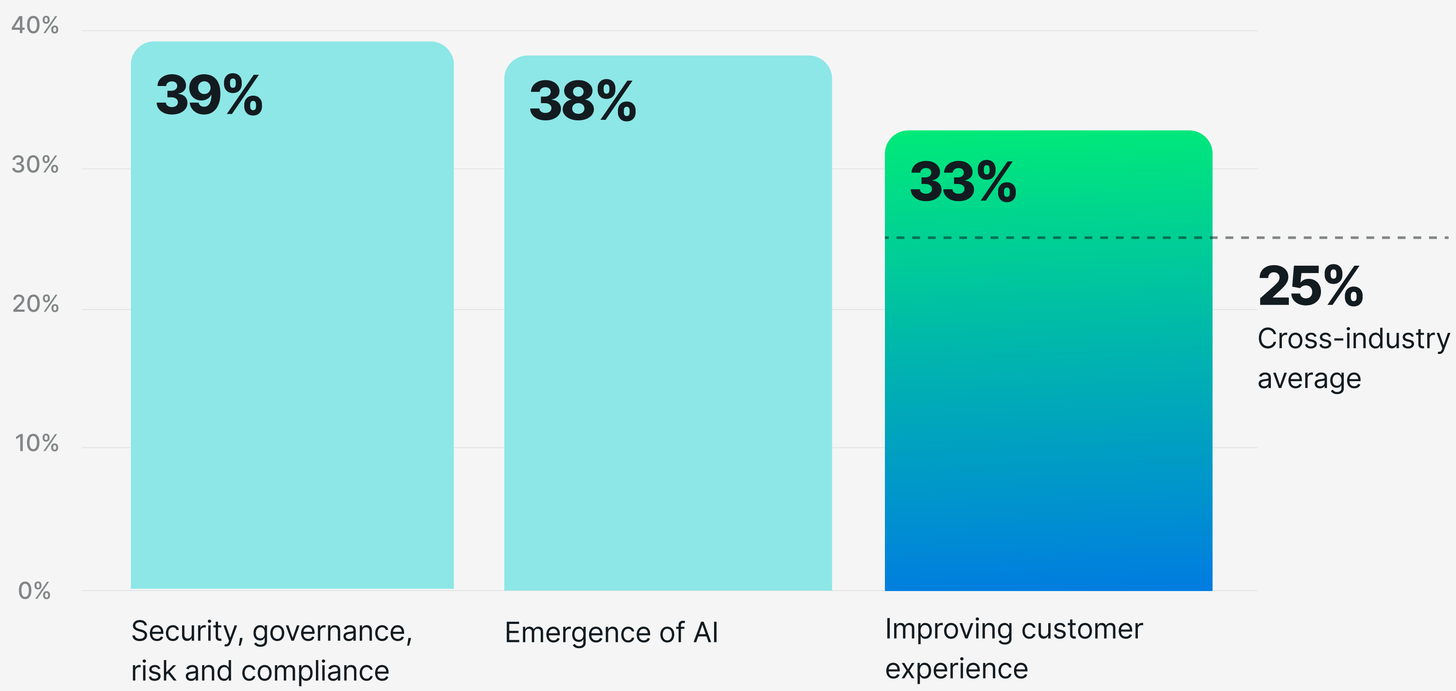
38%

of respondents say AI is a top reason for needing observability

The customer experience battleground

The most distinctive trend in finance is the focus on customer experience management. One third (33%) of industry respondents—8 points above the cross-industry average—say increasing demands on improving customer experiences make robust observability a priority. For these firms, digital experiences like mobile banking performance and real-time transaction monitoring have essentially become "the product."

Top reasons for needing observability



The customer experience battleground: 33% of FinServ leaders say improving customer experience is a top driver, a full 8 points above the cross-industry average.

COMMITMENT TO DEVOPS AND AUTOMATION

Observability adoption is increasingly driven by DevOps maturity. Financial services lead the way in several automation categories:

CI/CD practices: 66% are well-established (compared to 55% overall)

Infrastructure provisioning: 59% have automated orchestration (compared to 49% average)

Incident response: 53% have automated portions of their response (versus 41% average)

OUTAGE FREQUENCY, DOWNTIME, AND COST

Outages remain one of the most expensive risks for financial services organizations. 29% of respondents report high-business-impact outages at least weekly.

Primary culprits: Network failures (37%), software deployment issues (34%), and changes made to the environment (32%)

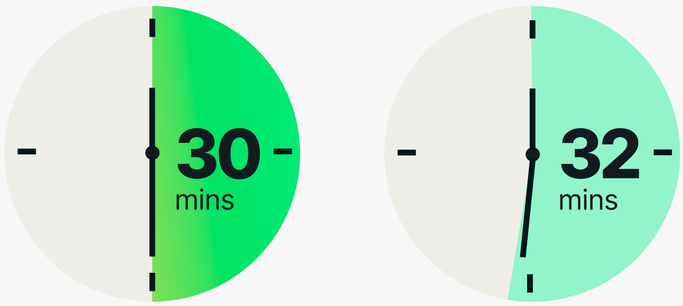
Response metrics: The median time to detect (MTTD) a high-impact outage is 30 minutes, slightly ahead of the 32-minute overall average. However, the median time to resolution (MTTR) is 45 minutes, slightly above the industry average of 44 minutes.

Financial impact: An hour of downtime costs financial services institutions $1.8 million on average.

Engineering drain: On average, 31% of an engineering team's time is spent addressing disruptions.

The Industry is faster to detect issues, but slower to resolve them

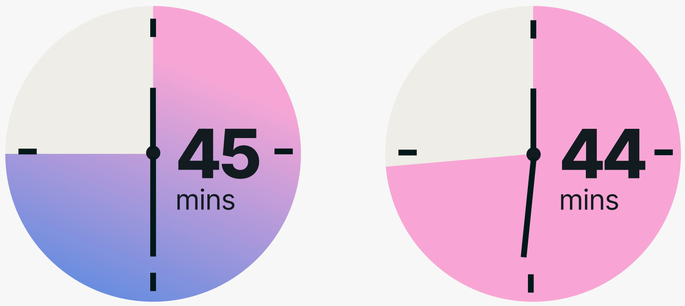
Median Time to Detect (MTTD)



Financial Services | Industry Average

Slightly ahead of the curve, indicating strong alerting capabilities.

Median Time to Resolution (MTTR)



Financial Services | Industry Average

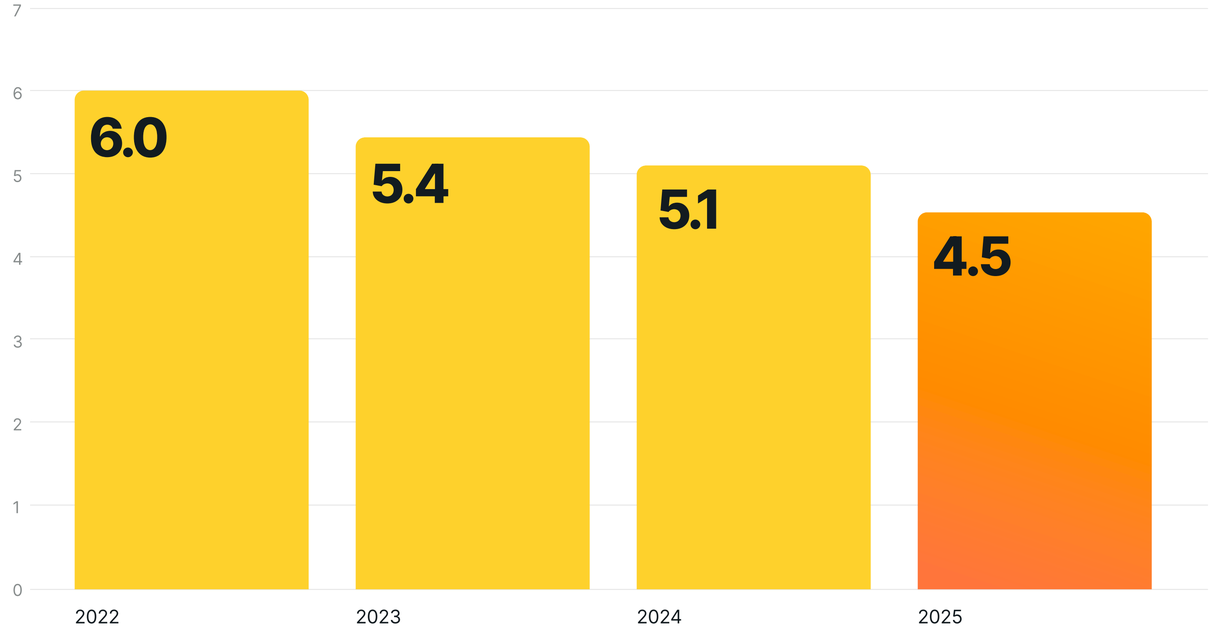
Lagging slightly, suggesting complexity is slowing down the final fix.

To limit the impact of outages, financial services companies are using core observability features to reduce downtime at a significantly higher rate than other industries, including configuring alerts for critical incidents, monitoring core web vitals, and using detailed dashboards to report detailed performance and health KPIs.

TOOL USAGE AND CONSOLIDATION

Financial services companies are making progress in reducing their reliance on multiple third-party services. The average number of tools used has dropped from 6.0 in 2022 to 4.5 in 2025, though consolidation is moving slower than in other industries.

Tool consolidation is progressing, but FinServ still lags the broader market



Number of tools used by financial services and insurance organizations for observability capabilities in 2025 compared to previous years

Platform preference: 43% of respondents prefer a single, consolidated platform, while 35% continue to use multiple point solutions.

Strategic intent: 43% say their organization is likely to consolidate tools in the next year to maximize the value of their spend.

Top priorities for solutions: Affordability (40%), breadth of capabilities (32%), and technical support and customer service (28%).

DEPLOYED OBSERVABILITY CAPABILTIES

Financial services organizations demonstrate significantly higher maturity in their tech stacks, vwith an average deployment rate of 52% compared to the 46% cross-industry average.

Financial services leads all industries in foundational observability deployment

52%

average deployment rate across the tech stack, significantly outpacing the 46% cross-industry average.

+13 pts

in error tracking (62% vs 49% avg)

+10 pts

in application performance monitoring (APM) (64% vs 54% avg)

+10 pts

in infrastructure monitoring (67% vs 57% avg)

WHERE SECURITY AND COMPLIANCE DRIVE THE LEAD

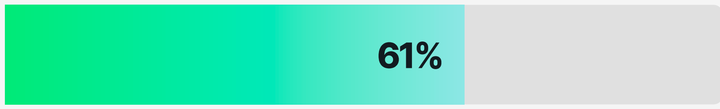
Operational imperatives—from regulatory mandates to customer trust—have pushed FS deployment rates nearly 10 percentage points above the norm for critical infrastructure:

Network monitoring: 72% deployment (nearly 10 points above average)

Security monitoring: 72% deployment (nearly 10 points above average)

Database monitoring: 69% deployment (significantly higher than average)

Log management: 61% deployment (significantly higher than average)

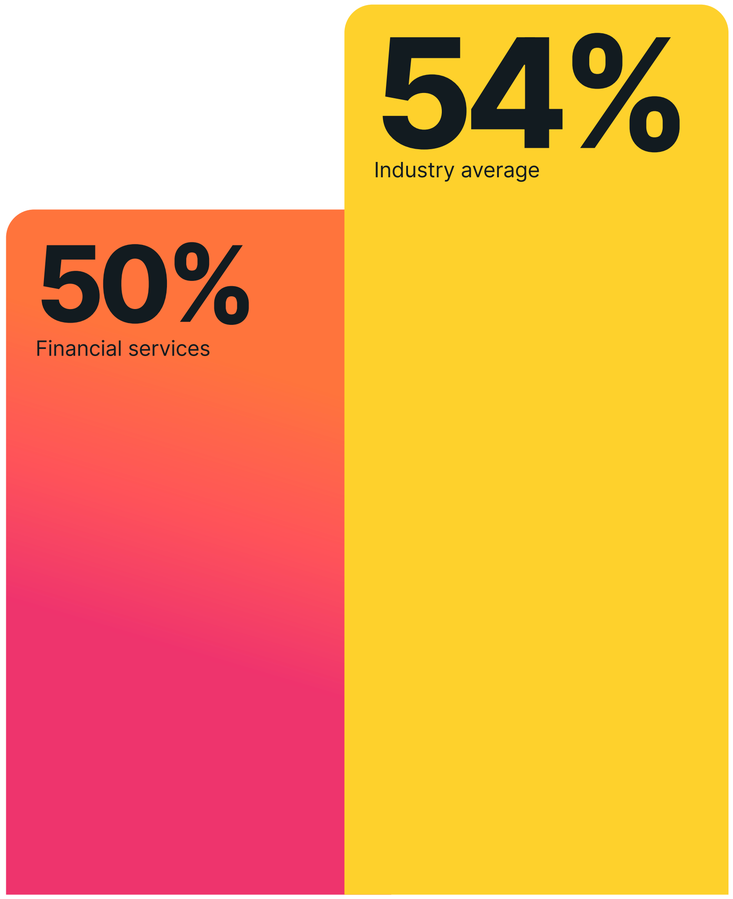


The AI monitoring gap

Interestingly, AI is the one area where financial services show a lag—likely due to the sector's heightened caution regarding AI governance and explainability requirements in regulated environments:

AI MONITORING

50% deployment vs.
54% industry average



THE BUSINESS VALUE OF OBSERVABILITY

Observability has moved beyond being a technical luxury to becoming a driver of tangible business outcomes, helping teams transition from reactive firefighting to high-value innovation

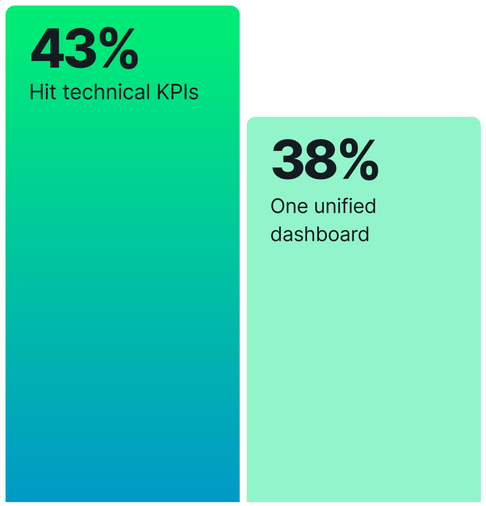
IMPACT ON DECISION-MAKERS AND PRACTITIONERS

The value of observability is felt differently across the organization, addressing specific professional pain points for both leadership and engineering teams

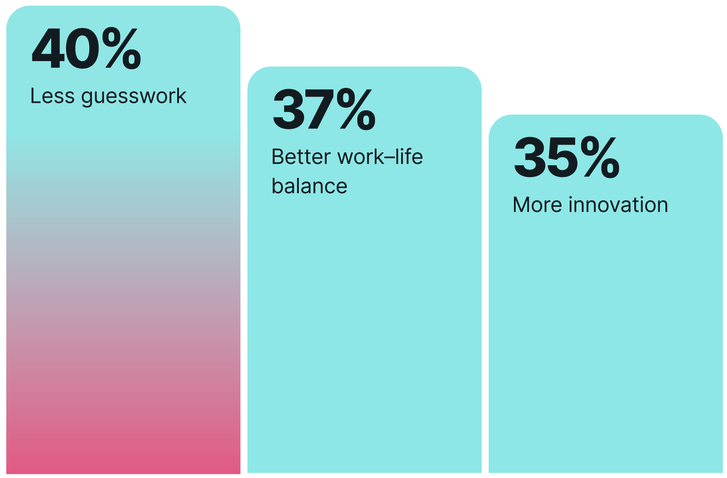
For IT decision-makers: The most significant advantages are the ability to achieve technical KPIs (43%) and the power to visualize data from a single dashboard (38%).

For practitioners: The primary "quality of life" benefits include reduced guesswork when managing complex, distributed stacks (40%), improved work/life balance (37%), and a 35% increase in innovation capacity.

Value of observability for IT decision-makers



Value of observability for practitioners



While 32% of respondents view observability primarily as incident response or "insurance," nearly an identical number (31%) see it as a fundamental tool for achieving core business goals.

STRATEGIC OUTCOMES AND AI READINESS

Beyond simple monitoring, observability acts as a catalyst for cultural and technical shifts within the firm.

Enhanced collaboration: 56% of respondents report that observability improves how teams collaborate when making software stack decisions.

Risk mitigation: 53% say it mitigates service disruptions and business risk, effectively shifting developer time from reactive incident response to higher-value work.

AI preparation: 47% credit observability with helping their organization prepare for and manage AI application development and deployment.

PROVING THE RETURN ON INVESTMENT

While financial services leaders are often more conservative in their estimates, the data shows a clear financial win for those investing in observability.

Positive value-to-cost ratio: 55% of respondents say the value of observability outweighs its cost, with another 28% indicating value is at least equivalent to the spend.

Quantifiable gains: 22% of firms estimate their ROI falls between 1x and 2x.

Strong ROI performance: 42% report an ROI of at least 2x, with an elite 5% estimating a return of 5x or more.

The tracking gap: Notably, 23% of respondents either do not currently track ROI or are unsure of the exact figure, suggesting a significant opportunity to further quantify business impact for stakeholders.

Observability is delivering a clear and significant return on investment

42%

of financial services firms report an ROI of 2x or more on their observability spend.

22% report an ROI between 1x and 2x.

An elite **5%** estimate a return of **5x or more.**

FUTURE DEPLOYMENT ROADMAP

2025–2028

Financial services institutions have set ambitious observability goals for the next three years, aiming for near-total coverage across their technology stacks by mid-2028.

Projected observability adoption by mid-2028

Financial services institutions aiming for near-total coverage across security, infrastructure, and AI monitoring stacks.

95%

for security monitoring

94%

for infrastructure and network monitoring

92%

or both AI monitoring and APM

STRATEGIC INFRASTRUCTURE AND DIGITAL EXPERIENCE PRIORITIES

By 2028, the vast majority of firms expect to have deployed these core capabilities, with a particular focus on both foundational stability and end-user visibility:

Mission-critical monitoring: Deployment plans reach 95% for security monitoring, 94% for infrastructure and network monitoring, and 92% for both AI monitoring and APM.

Digital experience monitoring (DEM): To win the customer experience battle, 89% plan to deploy browser monitoring, 80% plan for mobile monitoring, and 77% for synthetic monitoring.

Efficiency and enablement: In the immediate term, 58% of organizations plan to train staff on existing tools, while 43% intend to consolidate their stacks to maximize ROI.

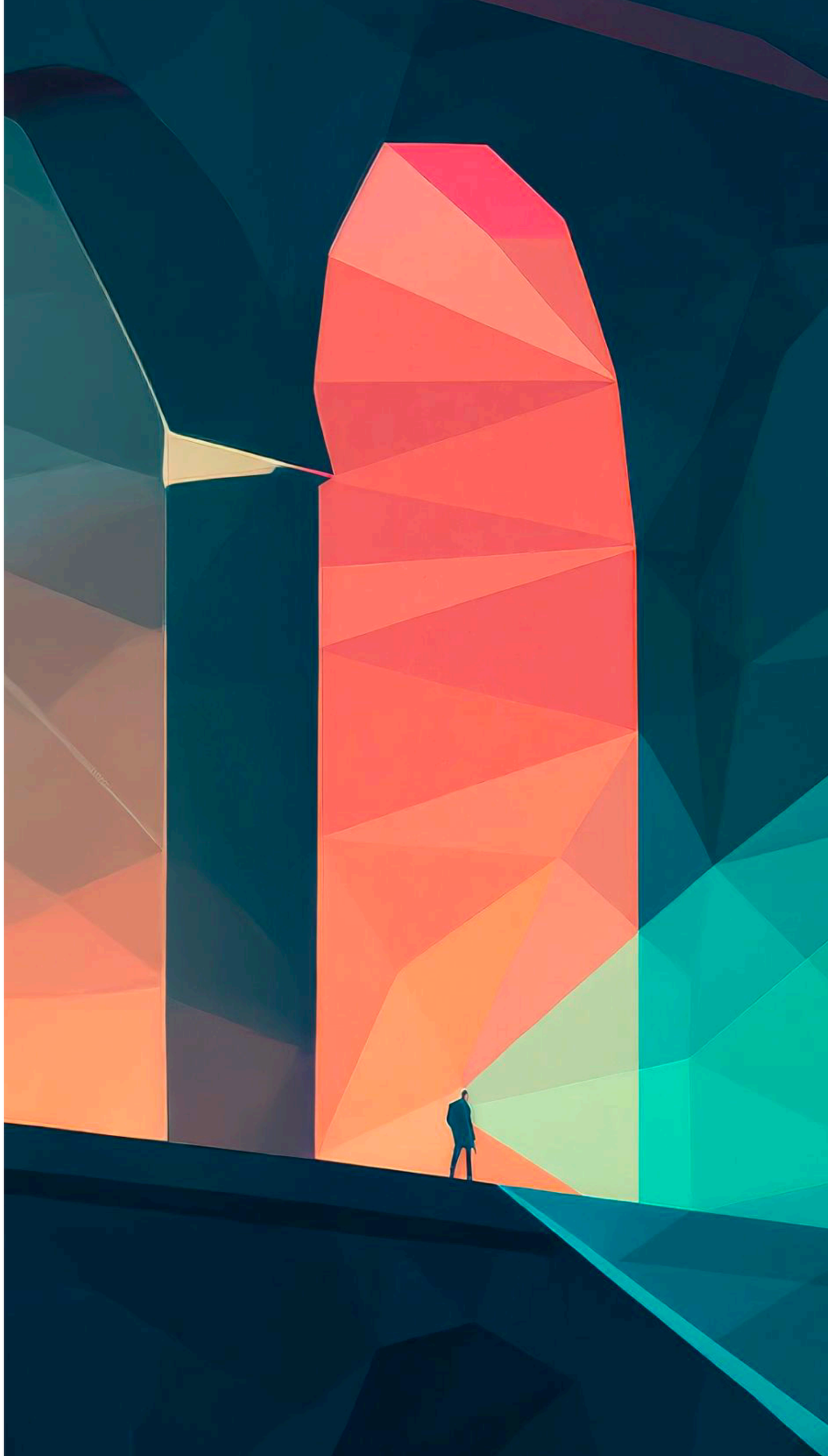
CONCLUSION

OBSERVABILITY FUELS TRANSFORMATION

The financial services industry is no longer just modernizing; it is navigating a high-stakes transformation where operational speed must coexist with ironclad regulatory compliance. This dual mandate has transformed observability from a technical luxury into mission-critical infrastructure. While security, governance, and risk remain the primary adoption drivers for 39% of firms, customer experience has emerged as the sector's true competitive differentiator. By providing deep visibility across these conflicting priorities, observability gives institutions the edge they need to outmaneuver digitally native fintech challengers without compromising their performance or regulatory standing.

This strategic shift is delivering undeniable business value, with 42% of your peers already realizing an ROI of 2x or more on their observability investments. As governance frameworks mature, the industry is moving aggressively toward intelligence and automation layers—such as AIOps, distributed tracing, and predictive analytics—to sustain operational leadership. Ultimately, observability provides the clarity and control required to reclaim engineering time from reactive incident response and redirect it toward higher-value innovation. It is the essential foundation for any institution looking to meet the accelerating demands of an AI-enabled future.

To see how these benchmarks apply to your specific environment, learn more about **New Relic for financial services** or request a customized demo for in-depth technical answers and competitive pricing.



ABOUT ETR

ETR is an enterprise technology market research firm that delivers actionable, transparent, and unbiased insights to technology companies, institutional investors, and a trusted community of technology leaders, empowering them to make smarter, faster decisions. ETR's proprietary approach is grounded in their vision to reinvent technology market research so that business leaders can strategically position their organizations to outperform the competition. In fact, no other firm harnesses the same scale and makeup of their vetted community to quickly deliver the unbiased data and analysis that financial and enterprise organizations need to achieve better outcomes.

We use our core surveys to collect data and insights directly from technology leaders. Use this information and our proprietary visualizations and models to mine insights and unearth predictors of enterprise technology performance.

We also offer custom market research surveys that can be commissioned with a targeted group of technology leaders. The target group not only can be based on their organization size, sector, and title, but also on a firm's spending intentions and technology stack. Custom surveys are guided by our expert team to determine the best audience, topics, and questions. ETR ensures companies can access the data and gain the edge.

ABOUT NEW RELIC

The New Relic Intelligent Observability Platform helps businesses eliminate interruptions in digital experiences. New Relic is the only platform to unify and pair telemetry data to provide clarity over the entire digital estate. We move problem solving past proactive to predictive by processing the right data at the right time to maximize value and control costs. That's why businesses around the world—including Adidas Runtastic, Domino's, GoTo Group, Ryanair, Topgolf, and William Hill—run on New Relic to drive innovation, improve reliability, and deliver exceptional customer experiences to fuel growth. Visit www.newrelic.com.

ABOUT THIS REPORT

All data in this report are derived from a survey, which was in the field from April to May 2025 as part of our work in publishing the 2025 Observability Forecast report. It's the only study of its kind to open-source its raw data. View the 2025 Observability Forecast survey results.

Financial services organization respondents comprised 170 of the total respondents surveyed in the 2025 Observability Forecast study, or 10%.

ETR qualified survey respondents based on relevant expertise. ETR performed a non-probability sampling type called quota sampling to target sample sizes of respondents based on their country of residence and role type in their organizations (in other words, practitioners and ITDMs). Geographic representation quotas targeted 23 key countries. All dollar amounts in this report are in USD.

DEFINITIONS

View the definitions used in this report.