Observability in financial services
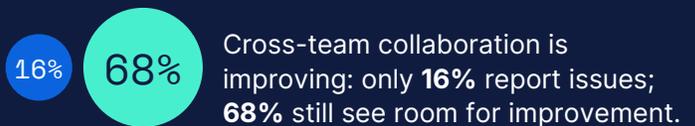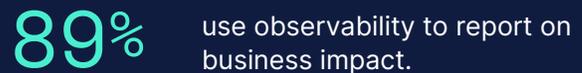
A data-driven look at how observability is evolving in financial services, based on insights from a survey of 100+ IT leaders.

Observability comes of age

Observability has rapidly matured in financial services, evolving from a behind-the-scenes operational function into a foundation for resilience, security, and compliance. Teams are shifting their focus from implementation to driving business impact and enabling generative AI (GenAI) innovation.

70% **45%** **70%** report mature/expert observability practices (up from **45%** in the previous year).

Observability is now foundational to resilience, security, and compliance.

89% use observability to report on business impact.

16% **68%** Cross-team collaboration is improving: only **16%** report issues; **68%** still see room for improvement.

Forces driving the next era of observability

Financial services teams face four converging pressures that elevate observability from a technical requirement to an enterprise-wide strategy:

1. Cost and efficiency pressure
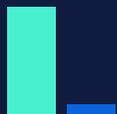
71% see observability as an optimization opportunity, while only **7%** see it as an area to cut costs.

3. GenAI adoption

71% report security as their top barrier to adopting GenAI.

2. Compliance and regulatory demands

95% report challenges meeting regulatory obligations; GDPR is the hardest.

4. Cross-functional expansion

80% have three or more non-IT teams using observability insights.

How financial services companies are using observability today

Observability has become part of the enterprise data fabric, helping teams accelerate detection, investigation, and decision-making.

80% of organizations have three or more non-IT teams using observability data.

Key users of observability data:
- **Cybersecurity** (67%)
- **IT** (62%)
- **Governance/risk/compliance** (46%)
- **Fraud detection** (43%)
- **Data science** (40%)
- **CX** (32%)

Collaboration maturity is rising: only 16% report issues; 68% say there's room to improve alignment.

GenAI is accelerating everything

GenAI is transforming how observability teams investigate issues, automate insight, and eliminate manual work. Adoption is nearly universal, and expectations for future gains are exponential.

94% use GenAI for observability now; **97%** plan to within two years.

- "Much more efficient" impact expected to surge **700%** (9% → 62%).
- **68%** already report efficiency improvements; expectations rise to **82%** in five years.
- Top use cases: **remediation** (61%), **automated correlation** (51%), **root cause analysis** (51%).

Internal LLM observability is emerging: 89% expect to enable LLM observability; only 6% have it enabled today.

Cost optimization is now non-negotiable

Cost optimization is key to an effective observability strategy. All companies reported unexpected cost overages. Leaders are looking for ways to rebalance their investment while protecting resilience and visibility.

99% are taking steps to reduce observability costs.

Tactics include:

tool consolidation (51%)

telemetry pipelines (47%)

disabling low-value collectors (34%)

data sampling (27%)

Leadership pressure: 65% report increased spend justification expectations.

Compliance momentum and OTel adoption

Compliance demands continue to rise, pushing financial services companies to adopt more transparent, explainable, and standardized observability practices.

53% rate their tools as only "acceptable" for compliance readiness.

- **95%** face challenges with regulatory frameworks; **GDPR** is the most challenging (67%).
- **61%** use observability for real-time compliance monitoring or audit trail generation.
- **47%** leverage observability for Zero Trust compliance and auditing.
- **93%** say that explainability and transparency in GenAI observability is important; **70%** say it's critically/very important.

OpenTelemetry (OTel) momentum is accelerating this shift.

OTel adoption is rising: **production usage tripled** (3% → 10%).

89% of those using or evaluating OTel say OTel compliance is important for observability solutions.

Download your complimentary report

Get the complete report to explore the full data and recommendations