

# Opportune time for financial services players to embark on a cloud journey

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Financial services firms are navigating a truly challenging environment. The post-COVID-19 scenario will amplify this situation and will force these organizations to differentiate themselves more deeply from their peers, as they look to offer superior products and services to their end customers. In technology terms, this entails increasing the digital presence, establishing intelligent workflows driven by data: this leverages the multiple exponential technologies causing the current digital journeys to become cognitive journeys driven by the maturity of cloud, artificial intelligence (AI), blockchain, automation, Internet of Things (IoT) and 5G.

It is easy to see that when applied in scale, this begins to change the core of the organization and not just the experimental periphery. Cloud technology is emerging as a key platform that enables the evolution of these regulated organizations. Technology has complemented by strengthening the core of the platform, which was once perceived to be one of the barriers. It is therefore evident that the current time is right for financial institutions and any regulated companies to embrace cloud journey at scale. Let us look at the reasons.

## **Need for speed and flexibility**

The post-pandemic situation will force banks to think of newer or modified products and services to retain their customer base and expand it. It would be hard to find an organization that is not leveraging the cloud for such operations—or, to be precise, more than one cloud. Without that, it becomes difficult to respond to the rate of change required. Through established patterns of deployment, the cloud makes the introduction of new products and services, reengineering a process, or taking on a new business partner, seamless. The speed with which changes are being introduced in the regulatory requirements, compliance measures and self-governance related initiatives continue to put pressure on financial institutions. They struggle to keep up with the corresponding IT changes that are required.

So far, the trend has been to utilize the cloud for peripheral applications, and that too at the infrastructure platform-level through infrastructure-related services: but as this scenario changes to include more of the core applications, the cloud becomes an efficient way of deriving business value quickly. As intelligent workflows capabilities are designed and delivered in modules, cloud-centric approaches will enable the frequent and seamless “release” of new value.

## **Agile, openness, innovation**

As organizations shift new workloads to the cloud, they have an opportunity to change the way they work. Business and IT will need to work together and align the governance of the cloud environments with the governance of changes needed to deploy intelligent workflows and reskill employees continuously. Intuitive tools and platforms on the cloud will enable employees in the business functions to team with IT personnel in agile squads to build out new workflows and other capabilities, including new ways to monetize their data. Modernization of legacy applications and deploying new ones with open and agile principles including microservices and containers are known to bring strategic advantage to the organization. For instance, when banks establish modern integration architecture (API economy) where an open and integrated approach is followed, to enhance visibility, governance and secure data access from/to multiple channels.

### **Enterprise-grade cloud security**

When it comes to the aspect of cloud security, three factors matter - data confidentiality, encryption, and isolation. Significant advancements in the area of security make cloud truly an enterprise-grade option for banks. Faced with the challenge of retaining the trust of customers, counterparties, regulators and governments, banks look to the cloud providers to address many such specific features. Whether it is encryption levels (Level 4 being the gold standard), integration of threat management solutions from the edge to cloud or, keep your own keys (KYOK) security that renders only banks to see the data and not the cloud provider. They also seek a plethora of compliance measures as all such capabilities enable financial institutions to provide high levels of trustworthiness and transparency, to their end customers.

DevSecOps— the integration of security into the entire DevOps lifecycle—has become mainstream now, and is engineered into the control tower itself; it can efficiently monitor the performance and security of technology development. Security automation and vulnerability scanning help detect possible exposures before they are exploited by attackers and remediate them continuously.

A closely related topic to security is regulatory compliance. The changing needs often pose a challenge to financial institutions. To address financial services institutions' requirements for regulatory compliance, security, and resiliency, there is a need for a financial services-ready public cloud. This means a complete understanding of regulations and compliance thereof, the ability to adapt to regulatory changes and complementing risk analysis to address any exposures to the bank due to compliance measures. The Bank of America Cloud is a good example of such a cloud and is expected to change how banking services are consumed from the cloud.

For many years, regulated organizations' adoption of cloud remained in the periphery. With the advancements in technology and the market place evolutions driven by the global phenomenon, banks are better served when they embrace cloud at an accelerated pace. This will not only help them in the near term but also strategically position them for a much larger and innovative digital presence.

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