



BANKING IN THE CLOUD

How Banks Can Capture The Full Value of the Cloud

The cloud is seen as a critical enabler of transformation in the banking industry – yet, many banks are failing to realise the full range of benefits the technology provides.

Only 35% of banking leaders feel they are achieving the full value of the cloud.¹ By failing to recognise the cloud’s full potential, traditional banks are risking falling behind the ever-present cloud-native challenger banks.

Top reasons why banks want to adopt cloud:²

- > Improve scalability and resilience
- > Optimise costs
- > Reduce time-to-market

82%

of banks feel they have a cloud strategy in place³

Cloud adoption is not just about saving costs

Banks should consider the following five areas to help them capture the full value of the move to the cloud.

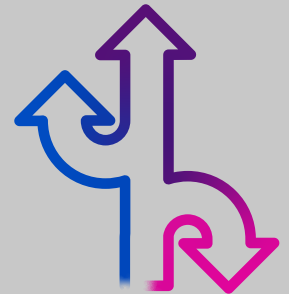
1. Strategy & Approach

Impacts of a poor cloud strategy:

- > Misalignment with business objectives
- > Misunderstanding of cloud use cases
- > Lack of enterprise-wide direction
- > Rushed choices and decisions
- > Poor understanding of risk and regulatory concerns

How to create an effective cloud strategy:

- > Identify how cloud will support the business’s overall objectives
- > Understand the cloud use cases
- > Consider the preferred type of cloud, cloud provider(s), and level of portability
- > Identify any potential risks and regulatory concerns
- > Assess each legacy application and system before opting to move them to the cloud



“Organisations with developed strategies are in a better position to obtain business value – especially when it comes to cloud computing.”⁴ Gartner, 2021

2. Organisational Change

Aspects of current organisational culture that can stifle cloud value realisation:

- > Centralised decision making
- > Silo’ed teams with limited views of the customer journey
- > Limited sharing of data
- > A culture inhibiting experimentation

How to achieve the necessary organisational change for the cloud:

- > Embrace a data-driven culture
- > Decentralise decision making
- > Empower your people
- > Encourage innovation and experimentation
- > Champion collaboration

62%

of bankers believe organisational culture and inertia to be a key challenge⁵

“A data culture enabled by the cloud, accelerates time-to-value.”² Finextra, 2022

3. Data & Analytics

Benefits of cloud-based data & analytics:

- > Real-time customer insights
- > Visualise opportunities across the customer value chain
- > Real-time cadence of customer interactions
- > Data democratisation

Cloud data & analytics capabilities:

- > Real-time data ingestion
- > Secure storage
- > Analytics and reporting
- > Visualisation tools
- > Secure data distribution



One European bank utilised the cloud's data & analytics capabilities to reduce their customer churn-rate by 15%⁶

A US bank used advanced data & analytics to identify unnecessary customer discounts, resulting in revenues growing by 8%⁶

4. Change Governance

Signs of restrictive change governance:

- > Extensive business case and ROI calculations
- > Convoluted change approval processes
- > Lack of a risk-based approach
- > Manual test and release processes

How to streamline change governance for a cloud world:

- > Adopt an automation-first approach
- > Automate engineering and testing processes
- > Codify corporate policies and controls
- > Understand and embrace the shared responsibility model

“Roughly 50% of financial services companies feel unprepared for the governance of a cloud migration.”⁷

Bain & Company, 2022

5. Cloud Accelerators

Key features of cloud solution accelerators:

- > Encapsulates experience-as-code
- > Adheres to cloud well-architected frameworks
- > All necessary guardrails built-in
- > Self-service capabilities
- > Reusable solutions and patterns

Benefits of cloud accelerators:

- > Avoid building foundational technology multiple times
- > Consistent application of organisational policies and controls
- > Easier to rapidly scale cloud adoption, while managing cost and risk
- > Optimise the use of talent



“Through 2022, insufficient cloud IaaS skills will delay half of enterprise IT organisations’ migration to the cloud by two years or more.”⁸ Gartner, 2020

By adopting cloud solution accelerators, banks can slash the migration time by around 40%⁸

Want to learn more about cloud banking?

Check out our white paper, ‘Banking in the Cloud – How to do it right’



References:

- 1 Sky high hopes: Navigating the barriers to maximising cloud value, Accenture, 2020
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- 7 Countering the myths that hinder cloud adoption in financial services, Bain & Company, 2022
- 8 4 key trends impacting cloud adoption in 2020, Gartner, 2020
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