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Enabling the digital transformation of the European financial services sector

Financial institutions are facing considerable pressure to provide enriched and frictionless customer experiences, while fulfilling their regulatory mandate to ensure that the national and global financial systems that they operate in are secure and resilient. In this context, organisations are seeking alternatives to “business as usual” and legacy technologies. Cloud technology is now at the forefront as financial institutions grapple with these issues. Why? The answer is simple: cloud allows financial services firms to be more agile, protect their customers with enhanced security and get access to the most advanced analytical services, all while reducing costs.

We have seen established organisations ranging from the largest global banks, insurers, asset managers, market infrastructure and financial solution providers take a sharp shift away from the undifferentiated heavy-lifting of managing on-premises data centre infrastructure and embracing the cloud to innovate and enhance resiliency. Indeed, agility, enhanced security and resiliency, and the ability to innovate quickly are today the top drivers for financial firms’ cloud programs.

In today’s competitive market, financial institutions are looking for ways to differentiate themselves. Leveraging cloud technology provides three key benefits that enable innovation: extracting new insights from traditional and alternative financial data; providing the scalability and agility to respond to market and business changes; and reducing the time and resources needed to manage and maintain technology infrastructure, all while operating with the highest security standards available.

Cloud solutions provide scalability and increased resiliency and security compared to what financial institutions have previously been able to achieve. For AWS, security remains “job zero” and we take active measures to minimise the impact of potential events such as the ongoing COVID-19 crisis, and maintain our security and resiliency through a variety of ways. Our long-standing business continuity plan enables us to respond rapidly in a coordinated manner to potential events and crisis. More broadly, to diffuse the potential for systemic risk in any industry or location, we build our cloud infrastructure in diverse geographic regions with multiple availability zones per region.

Looking ahead, we expect to see increased automation in security through infrastructure and application controls that will help enforce security and compliance policies continuously while reducing human configuration errors. These improvements will

allow financial institutions to maintain the data confidentiality and integrity that their customers demand, while maintaining timely and accurate reporting required by industry regulators. As we continue to innovate and roll out more services, financial institutions will see these new services and applications change the way they interact with customers and do business. For European financial services institutions looking to remain competitive in the global market, cloud is undoubtedly an enabler and driver for these organizations to innovate and become more agile.

As the European Commission develops its Digital Finance Strategy, ensuring that financial institutions can avail themselves of modern technologies including cloud and machine learning is crucial for the future competitiveness of the sector. For future regulatory initiatives, it remains important for policy makers and regulators to carefully consider an approach that recognises the operational resilience, security and innovation benefits of cloud, and enables firms to make the most of that opportunity. ●