



Lie Junius

Director of Government Affairs and Public Policy, EMEA, Google Cloud

Solving for better financial services for the European consumers: technology trends and policy considerations

The use of cloud-based technologies is a key pillar of the digital transformation of the economy, driving competitiveness and generating significant economic and social benefits¹.

Trends and benefits

Ultimately, it is the European consumers that stand to benefit the most from cloud-enabled financial services. Innovative financial services providers can create experiences that more closely resemble the best digital ones in other industries.

Today's digitally savvy banks are using the cloud to process vast quantities of information to rapidly construct and sell financial products that differentiate themselves in a highly competitive market. Cloud is reshaping the technology landscape, and it has the potential to transform financial services beyond core infrastructure.

One of the main challenges that the financial industry (and their regulators) is working to address, with the help of cloud, is management of the extremely large volumes of data across the organizational silos and accelerating time to insights.

Also the financial sector can utilise the cloud to become more capable at combating fraud and money laundering. By using more dynamic artificial intelligence (AI) and machine learning (ML) models, rather than static rules-based systems—combined with transactional and behavioral data—banks can now more accurately detect evolving fraud patterns while avoiding costly false positives.

As a recent development, COVID-19 is rapidly changing how financial services institutions serve their customers, empower their workforce with remote work capabilities, and adapt to new market and economic risks.

Challenges to adoption

It is important to take into consideration that most financial institutions across Europe and globally, are at an initial stage of their cloud journey. And the vast majority of initial application of the technology is happening in the area of non-material outsourcing, as confirmed in a recent report by the Financial Stability Board².

Whilst financial sector institutions have traditionally been early adopters of the

private cloud, they have been relatively slow to migrate to the public cloud due a variety of factors including the complexity of the regulatory landscape and difficulties associated with migrating from legacy infrastructure. These issues are compounded by the concerns over the risk of the vendor lock in, and a variety of perception challenges including around data residency and access. Understanding and navigating change management and upskilling workforces, as well as raising the cloud-specific expertise and trust levels within senior decision makers and board-level stakeholders, are two other critically important factors that cannot be underestimated.

Nevertheless, adoption of public cloud services has gradually increased over the past few years, as financial institutions have realized the business and security benefits of making the shift, and many initial concerns were eased by the cloud service providers' stronger compliance programmes. Banks like Lloyds, Deutsche Börse Group, HSBC are accelerating their cloud innovation, in partnership with Google Cloud.

Security and operational resilience of public cloud

The adoption of public cloud technology can augment security. Recent research from McKinsey³ concludes that organisations expect to double their public cloud adoption due to the growing understanding that cloud platforms' security capabilities have surpassed those available on premises.

Similarly, cloud providers that develop and offer to their customers highly redundant and resilient systems by design, are well prepared to cater for the business continuity and disaster recovery needs of the financial institutions.

Application of multi-cloud strategies also supports financial institutions in addressing vendor lock-in concerns and enhancing operational resiliency capabilities. ●

¹ Deloitte: https://www2.deloitte.com/content/dam/Deloitte/es/Documents/tecnologia/Deloitte_ES_tecnologia_economic-and-social-impacts-of-google-cloud.pdf

² <https://www.fsb.org/wp-content/uploads/Po91219-2.pdf>

³ McKinsey. Making a Secure Transition to the Public Cloud: <https://www.mckinsey.com/~media/McKinsey/Business%20Functions/McKinsey%20Digital/Our%20Insights/Making%20a%20secure%20transition/Making-a-secure-transition-to-the-public-cloud-full-report.ashx>