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# Digital transformation: cloud's role in building a competitive and secure European financial service

As consumer expectations continue to evolve at increasing speed, financial services organizations recognize that they have to move faster and become more efficient than ever before to transform their business and remain competitive in the long-term. At the same time, data is increasingly viewed as an asset, and those firms that can unlock the value of data will have an advantage in the market. Firms need to be able to manage, access, and share their data effectively and securely. Cloud enables financial firms of all sizes to achieve this. By building on the cloud, firms of all sizes, from Fintechs to G-SIFIs, benefit in three key ways: extracting new insights from traditional and alternative financial data; creating the scalability and agility to respond to market and business changes in real-time; and reducing the time and resources needed to manage and maintain technology infrastructure. All this while operating with the highest security standards available that are required in the financial services industry.

Data-led insights, enabled by the cloud, are providing firms with the ability to make business-critical decisions concerning customer segmentation and personalization, market positioning, product pricing, risk, security, compliance, and surveillance. Financial organisations are increasingly looking to artificial intelligence (AI) and machine learning (ML) in the cloud to bring greater efficiency to existing processes and to extract deeper value from data. Further, by moving to the cloud, firms can focus their efforts on innovating and addressing customer challenges.

From continuously and quickly developing, testing, and deploying new applications with a robust and deep set of technological capabilities available at their fingertips to rapidly scaling on global infrastructure, the cloud provides them with more control over their technology decisions and provides the ability to scale up or down depending on their needs.

Organisations no longer need to make large upfront capital investments to build and maintain infrastructure because the cloud provides elastic, reliable and secure IT resources on demand over the internet with pay as you go pricing. Firms can provision exactly the right type and size of resources needed, deploying as many resources as they need when they need them and only paying for what they use, all while benefiting from a level of security trusted by governments for their most sensitive data. At AWS, we use the same secure hardware and software to build and operate each of our regions (geographical locations), so all of our customers benefit from the only commercial cloud that has had its service offerings and associated supply chain vetted and accepted as secure enough for top-secret

workloads. This is backed by a deep set of cloud security tools, with more than two hundred security, compliance, and governance services and key features. By using resilient and secure cloud infrastructure that has been built to compensate for major operational disruptions, we are confident well-architected cloud environments reduce risk in the financial system compared to legacy on-premises technology.

As financial institutions reap the economic benefits from digitalization, cybersecurity becomes a critical priority. As President Von der Leyen noted: "Cybersecurity and digitalization are two sides of the same coin [...] for the competitiveness of European companies, we have to have stringent security requirements and a unified European approach". In this context, the development of a pan-European set of rules on cybersecurity and digital resilience is an opportunity to raise the bar on these critical aspects of an increasingly digitalized financial services sector. For such a framework to be effective, it should prioritize what is important in terms of security and resiliency and use this to proportionately protect financial organizations. Further, given the rapid level of technological innovation, the framework should remain principles-based in order to handle dynamic complexities.

The emerging regulatory framework should have at its core the dual objectives on enabling European financial institutions and consumers to reap the potential of digital transformation, and mitigating the new risks digital finance might bring. It should ensure that financial firms have full access to all the technologies that will be the foundation of the sector's competitiveness, like cloud and machine learning and should neither prescribe nor prevent the use of particular technologies, while ensuring that regulatory objectives continue to be satisfied. This imperative in a context of long-term low interest rates, low returns and facing the post-COVID recovery. At AWS, we remain committed to work with customers and regulators alike to provide the most secure and reliable technology environment for the European financial services sector that enables innovation on behalf of customers. ●