



Conversation with Mark Jopling

Mark Jopling - Head of Global Financial Services, EMEA and APJ, Amazon Web Services

David Wright - President, EUROFI

David Wright

Ladies and gentlemen, my fourth guest this afternoon is Mark Jopling, who is the head of global financial services, EMEA and Asia Pacific Japan (APJ), for Amazon Web Services. He joined AWS in January 2020 as director for global financial services customers. Before that, he has been at Lloyds Bank, and also in the ExxonMobil and Mars. He has a PhD from the University of Warwick and is based in London. How do you see all these innovations we have been talking about, such as the cloud and AI, changing the structure of the financial industry and the way financial services are provided and consumed?

Mark Jopling

Thank you, David. Thank you for another successful event. New technologies have always been adopted by the EU financial sector, but I think we would all agree that the pace of change in recent developments, such as cloud and artificial intelligence, have reinvented the relationship between financial institutions and their customers. I will not do a show of hands, but if you think about the things that we now take for granted, like the personalised services we use, the way we interact with our bank through a mobile phone or a tablet, or trading equities and crypto on a mobile application, it is very straightforward and very common. In the insurance sector, if one of your children comes home from university, it is two or three flicks on an app to put them on your family car insurance. If you have a claim on your insurance, you may even manage a claim entirely through an app interface, without those long processes where you are taking a long time to process a customer journey. I think things have already changed quite a lot.

I can give a couple of examples of cloud-enabled innovation, which is innovation that would not be possible without the cloud. When we saw the pandemic, we saw some industries, or some parts of some

industries had to scale down super quickly. Others had to scale up. A number of customers had to take their contact centre staff and their branch staff, close them down and ask them to work from home. That scalability of the cloud made those changes possible.

If I can give a recent example, which ultimately impacted end customers and how they consumed a service, I can name the bank on this one because it was a public reference at our re:Invent training conference in 2023. That was the Santander fixed income team. They wanted to modernise their trading platform. They chose to do that with us. The business outcomes were a lower cost base, but because of the nature of the solution we built with Santander, more of the engineers that were previously tied up with running that platform were freed up to focus on innovation and change on that platform. The agility of the cloud enabled that platform to basically increase the frequency with which that platform could be adapted. In the legacy world, that platform was changed maybe twice a year. In the modern, cloud-native infrastructure it could be changed much more frequently.

We have talked a lot about artificial intelligence, machine learning and generative AI. It has been a theme of the week. We recently released a study. We discovered that there has been a 32% growth rate in AI adoption since 2022 within European businesses. That is across all sectors. The report estimates that maintaining this rate of AI uptake, this sort of growth would contribute an additional \$600 billion in gross value-add for Europe by 2030. This is a really significant technology. Cloud plays a key role in that process, because making AI accessible to businesses of all sizes and running the technology required to run large language models, which is the clever bit behind generative AI, and this requires the storage capacity and computing power that you can only have with cloud infrastructure.

If I can say one more thing to answer the question on how things have changed, I would also say that sustainability is now a big factor, driving both the choice and behaviour of businesses and also consumers. We recognise a big gain or realise a big gain when we move from legacy data centres to cloud infrastructure, which are anything between three and a half and five times more efficient. That is the start of the road to optimisation for power and sustainability. We continue to innovate with our chips that drive those cloud servers to further reduce the carbon footprint.

David Wright

It is impressive, continuous and rapid change here. What do you think this means for industry, and particularly for regulators? Are they up to speed? Where is this going from the regulatory point of view?

Mark Jopling

Let me answer that one. I am going to use a word that you will expect. The Digital Operational Resilience Act (DORA) has already been mentioned. Before I get to DORA, I will start with the third priority of the single supervisory mechanism (SSM), which I quote is, 'Further progress in digital transformation and building robust operational resilience frameworks.' There are two key phrases in that third priority. Obviously, the other two priorities are based around financial stability. It is a top three priority in the medium term for the European Central Bank (ECB) SSM. Based on the experience we have had so far with digital transformation, we believe that digital transformation is most successful when it is driven by a true conviction from the top, from the boardroom, with a clear vision for change. Then the boardroom is committed to unblocking barriers to change. This is a really significant moment.

In terms of regulation specifically, we have DORA coming in January 2025. That is top of mind for customers and top of mind for us. It is no surprise that it has been a very common topic with the customers and regulators we have been meeting this week. We are at a point in an implementation process where it is important the framework remains flexible enough to handle this dynamic complexity in finance and technology, and the changes that are coming, and that will continue to come. This will ensure that the EU can leverage the technological change that we are in the middle of now and in future.

David Wright

Do you think it is flexible enough? Are you worried?

Mark Jopling

No, I do not think we are worried. We are still in a consultation phase, and we are an active participant in that consultation.

David Wright

How do you respond to the issues of stability, risk and so forth? Do you think these are perfectly well covered by the regulations?

Mark Jopling

Yes, I want to be really clear about DORA. We do not know who the nominated critical third parties are

yet. At the stage we are at now, as an organisation which provides services to an increasing number of financial services institutions in the EU, we are committed to working with the community, regulators and customers on the implementation of DORA. Given some of the examples I have already given, we believe our cloud technology can enable the digital transformation as the priority that the SSM mentioned and improve security and operational resilience. It is not just about innovation. There are multiple benefits. We believe a harmonised, clear and proportionate regulatory framework will be a good thing. It will drive the innovation, security and resilience, and help the long-term competitiveness of EU financial services institutions. DORA is important in that regard.

David Wright

Looking forward, Mark, here we are. The focus of this Eurofi is looking forward to the next political cycle in Europe. What do you think should be the priorities of the new European Commission in the area of digital finance? Do we need to tweak, change or fundamentally review certain things, from your perspective?

Mark Jopling

From our perspective, the first priority is finishing the consultation and then implementing DORA in January 2025, in the proportionate way that I described. That will help the industry to leverage more cloud services, this interest in artificial intelligence, machine learning and gen AI that we have heard so much about. That is how DORA will fit. We expect it to fit with other regimes. Obviously, we have a similar regime in the UK with critical third parties. There is ongoing work with the Financial Stability Board (FSB) and other international forums on operational resilience and third-party risk management. That is important because it is a global industry. We would encourage a consistent approach where possible, and when I say consistent, I mean internationally consistent. DORA is an early mover in that sense for the EU to set those expectations.

We think the level of technology innovation is going to continue to be rapid. The potential of generative AI is one example. Other speakers have talked about the cyber security landscape and how these technologies can help threat management. There will continue to be innovation.

Then the other request I would have, to answer your question around the next cycle, is that we are at an important moment in regulation in its widest sense. We are talking about DORA, because that is specific to myself representing a potential critical third party in this industry. There are a lot of cross-sectorial regulations that also impact this space. What springs to mind is the Network & Information Systems directive, cyber security, corporate sustainability reporting, where I touched on our potential role, the Data Act; and the AI Act, to name but a few. How these all play out and how they overlap will be really important to create the right regulatory environment for our joint industry.

David Wright

Do you get concerned sometimes about a lot of talk about open strategic autonomy and all this sort of language? Is this something that you worry about as a firm, or do you take it and move on?

Mark Jopling

No.

David Wright

Just tell me, are you seeing or is the financial industry seeing less fraud and less money laundering? Are these new cloud technologies helpful in the sense of reducing financial crime?

Mark Jopling

Yes, they are. Yes, I am not in a position to give an absolute measure of which types of fraud are up and which types of fraud are down. What I would say is we work deeply with customers, particularly to use machine learning technologies to improve fraud detection and analyse data at the scale and in real time in a way that was not possible before cloud technology. The threat landscape is continually changing. The people that would seek to steal are often seeking new ways to try and defraud. Those of us tasked with preventing that fraud also have to be innovative. The technologies that we are using are innovative and provide the ability to do things that were not possible before.

David Wright

I was on the board of a stock exchange in India. I saw the number of cyber-attacks per day. I am sure that is true of every firm here. It is just astonishing. All the policies are defensive policies. We do not have any offensive policies. This is something that you think is able to be better managed through your technology.

Mark Jopling

I am not a law enforcement person, so I will not comment on offensive strategy against the criminal mind. What I would say is there are many tools available in this complex cybersecurity landscape that we live in in the financial services sector. It is a continuing innovative cycle to create preventative measures to be one step ahead of the proliferation of threats.

David Wright

Thank you so much for being with us, Mark. It has been really interesting listening to your perspectives. Please, join us in Budapest. Thank you again for your support.

Mark Jopling

No, thank you. I have been to several Eurofis now. I consider myself a fully paid-up member of Hotel California. I look forward to going to Budapest.

David Wright

You have a permanent room in the Hotel California.