

HOW CLOUD ADOPTION WILL DRIVE FINTECH INTO THE FUTURE

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GoDgtl understands how cloud computing - and the benefits of flexibility, scalability, security, and agility enabled by **cloud computing** - can transform organizations.

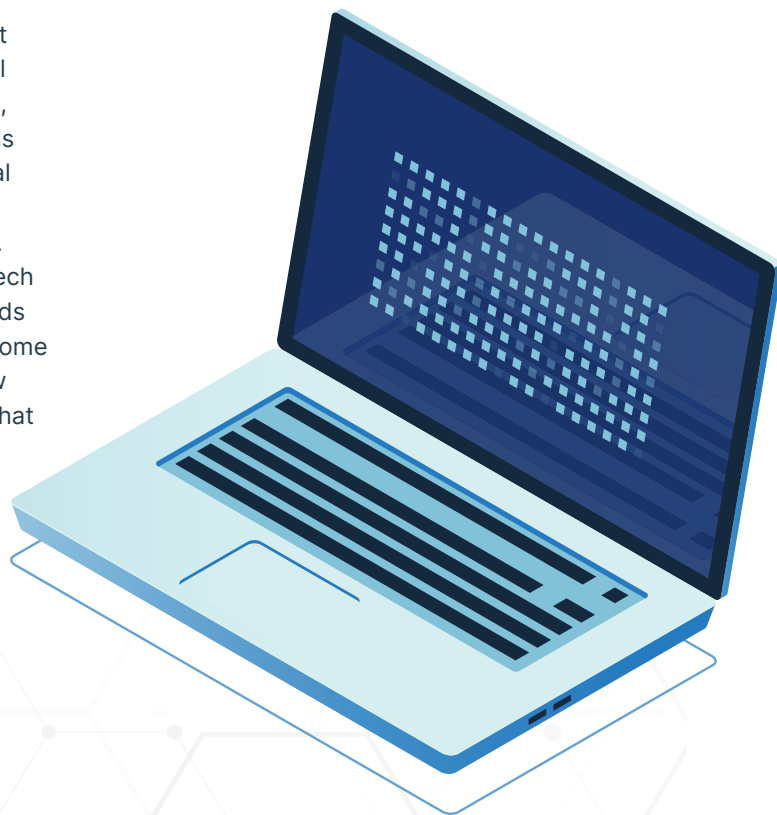


Introduction

The transformation seen in the cloud for financial services has been nothing short of phenomenal, especially during the last few years. Then when the pandemic hit, cloud services were in such demand that many financial institutions were impressed with the ease with which their workforce was easily able to transition to remote office work without too many hiccups. It was evident that an “underlying digital transformation” had begun years ago to help modernize the workplace.

Apart from the obvious Zoom meetings and other collaboration tools flooding the market both before and during the pandemic, greater reliance on cloud-based services was also an obvious trend that was underway in the financial world. These shifts were seen as advantageous as compared to the past where the big banks were reluctant to take the big leap into the cloud. However, things have changed now and they are more vocal about their adoption of cloud tech. For many big banks, it was a question of staying competitive and relevant in an area in which they were reluctant and did not want to undergo any rapid changes in procedures and manners of handling sensitive customer data.

The notion of putting sensitive information into a product that few were familiar with made them nervous. It was not until cloud technology spread through the workforce at all levels that they gained more confidence. In the beginning, many in the C-suite were nervous about security protocols and relied heavily on outside consultants and their internal IT security experts to educate, innovate, and manage the process of ensuring data security and privacy at all costs. This Whitepaper explores the potential benefits that FinTech organizations of all sizes can get by moving their workloads and applications to the cloud. The paper also discusses some of the best practices that financial institutions must follow when adopting the cloud and some of the recent trends that show why cloud technology is the future.



How FinTech Firms Can Benefit from Cloud Adoption

Flexibility Allows Scalability

The times have changed. Enterprise migration into the cloud has made it easier for large and small fintech firms as well as large traditional banks and other finserv institutions to streamline their workflows and innovate faster and in more seamless ways than before. The implications have been nothing short of impressive and in some cases mind boggling. According to Bloomberg, cloud adoption, though in its early stages, is still happening at a fairly robust rate, as 22% of all applications now run on the cloud with more room to grow. According to the IDG Cloud Computing Study (2020), almost 55% of all financial firms and fintech companies are using multiple public clouds.

Fintechs are often rapidly growing platforms. This means they need an infrastructure that can grow with them and not put up unnecessary barriers or create challenges where there needn't be any. Cloud technology provides the agility to scale relatively easily while saving on on-premises technology infrastructure, which can be more costly to upgrade. Even for traditional banking structures, the cloud platform offers the capacity to adapt to branch closures while still providing services to as many people as possible. Moving infrastructure to the cloud provides accessibility, flexibility, and scalability for both fintech and financial giants.



Many of these companies are dedicating 32% of their IT budgets to cloud migration and other cloud related services. This is another stunning figure. But it exemplifies why this sector is finally catching up with other industries in being cloud savvy. Moving to the cloud is allowing for more agile applications, more growth, more scalability, and along with all that offers more scope for innovation.

Innovation

As mentioned in Bloomberg: Increasingly, businesses are developing innovations that wouldn't necessarily be possible without the cloud as it enables fintech to be more versatile and offer individualized services to its customers. This has encouraged a revolution in the financial sector. This shift is undoubtedly broadening the competitive landscape. Many also say that agility is a major reason for this rapid shift towards the cloud.

Companies can now harness the resources as needed which allows for quicker and more secure development of applications. As of late, even large banks are moving at a more rapid pace and sharing data like startups in the industry do. Cloud technology offers companies more options with less risk. Additionally, it offers more scope for experimentation and invention on behalf of customers. Therefore, using cloud technology makes it possible to explore alternative data sets and spend time as well as capital on proprietary analysis.

New Security & Privacy Options

Despite early concerns about security and data protection, the cloud is proved to be reasonably secure if the right measures are taken. Zero-trust verification and encrypted data have increased cloud security in recent years. When proper measures such as employee education and access control, among others, are taken, the cloud proves itself to be no more riskier than traditional IT infrastructure setups.

For fintech providers, no doubt, security is at the forefront when adopting new technology. Moreover, it's vital that they ensure their systems have adequate measures in place. The financial services sector has a responsibility to safeguard the data of its customers and the cloud is enhancing the way financial businesses do this. From data encryption to zero trust verification and access control, many of the risks that traditional on-premise IT infrastructures present are being mitigated through cloud computing in financial services.

According to Bloomberg "As migrating data, storing data, and using additional services like machine learning on the cloud becomes more ubiquitous, there's a clear and demonstrated need for organizational oversight. Many of the tools needed to keep data confidential and secure are readily available within public clouds, enabling firms to take advantage of better security than what is available on their local servers if they plan appropriately."



Data Management

Acquiring and working with data is a top priority. It includes everything from onboarding and identity verification processes to account management, balance, checking, analyzing spending habits, etc. Data is key. Companies can use cloud technology to gather and store large quantities of data securely and make it accessible at any time. That means there's no need to wait for an IT specialist to clock in to access vital information, provided the employee has the correct credentials. This can be done from anywhere at any time and often automatically



Best Practices for Cloud Adoption in Finance

Working with more documentation, creating, storing, and sharing a great amount of financial information makes cloud adoption in banking and fintech a peculiar process.

Here are some best practices for cloud adoption in the finance sector to consider:

- Encryption and access control:**
Discuss encryption policies and procedures with your provider to select the technically feasible ones and properly protect the financial data you transmit.
- Compliance:**
Finance executives need to ask providers to demonstrate compliance certificates of the cloud service.
- Data segregation and data management:**
Cloud services thrive on shared resources, though financial institutions may require a combo of shared resource benefits with the increased security reached by data segregation.
- Disaster recovery plan:**
Reputable service providers always have it in place, and it's important to obtain a detailed disaster recovery plan and ensure your digital infrastructure allows all that.



Why Cloud is the Future?

According to trends highlighted by McKinsey research, cloud technology is going to be an important part of the top 500 companies around the world by 2030. It is likely to account for the Earnings Before Interest, Tax, Depreciation and Amortization (EBITDA) in around \$1trillion in excess. Moreover, usage of the cloud can increase by 38%, the overall efficiency as well as migration of apps development and maintenance. Additionally, efficiency in the infrastructure cost can increase by 29% resulting in the downtime due to migration by 57% leading to a massive lowering in overall cost and processing time.

Apart from that, some other trends include cloud banking that can help in optimizing the organization by building resilient operations. It can also help in synchronizing the entire enterprise by integrating various business activities. With quick sharing of data, decision making and problem solving also becomes easier. According to the trends, fintech using cloud platforms will also drive innovation in businesses. This is a great opportunity to look for new trends for working and unleashing new trends.

Cloud providers are going to enhance IT security standards as more and more financial institutions show interests toward adopting cloud in their organizations. The aim is to make it more secure than having data on-premise.

Hence, this is the right time to move towards implementing cloud in the organization because it shows a promising future.

How GoDgtl Partners with Major Cloud Providers: AWS, Azure, and Google

GoDgtl brings a team of experienced cloud experts who work directly with AWS, Azure, and Google to bring value and real solutions for your cloud projects. With direct access to resources and in-house cloud consulting talent, GoDgtl is ready to guide you through your financial/ fintech cloud journey regardless of where you are on that path. Whether it's more knowledge-based information on cloud topics such as security, or governance and compliance, or basic cloud migration aspects, or even if an assessment is needed, GoDgtl can provide a roadmap for your path to project completion and success.



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