

Investment banks welcome public cloud adoption for innovation first, not cost reduction

GFT study reveals the banking industry is more excited by the disruptive potential of cloud computing than its ability to simply reduce costs

UNDER EMBARGO

LONDON / NEW YORK, 11 July 2018 – GFT, the global IT consultancy for the financial services industry, today announces the results of a global study into cloud adoption across the capital markets functions of over 32 tier 1 and tier 2 investment banks. The findings reveal that investment banks are set to increase their use of public cloud by over fifty percent within the next five years, as greater awareness of the benefits of hosting banking specific applications with experienced cloud vendors drives industry-wide confidence.

Results from the [survey](#) show that three-quarters of investment banks are more excited by cloud computing's ability to introduce agility and resource elasticity into their businesses than its ability to simply deliver cost reductions (50%). These results may reflect the introduction of new measures that require large but fluctuating levels of data processing power, i.e. regulatory reporting (e.g. for MIFID II, FRTB etc) and the development of innovative client applications that can have a transformative effect on the existing business.

With these benefits mind, investment banks are reportedly most keen to introduce cloud in development / testing (67%), front office (55%) and risk (43%) departments. The majority of new and planned use cases for cloud in investment banks involve utilising high performance computing (63%) and big data (52%) capabilities.

Some concerns regarding cloud adoption remain, mainly in relation to regulation – with 90% of respondents citing this as their main concern, followed by data protection (72%), and security (70%). The biggest regulatory sticking point is seen to be the lack of clarity on how cloud will be governed in the capital markets sphere. Increased regulation covering data protection (GDPR in Europe) and security concerns still prevail, although banks generally acknowledge the excellent security focus of the main cloud vendors.

Commenting on the study, Andrew Rossiter, Head of Technology Services at GFT said: *“The shift to public cloud in investment banking has been slow to start, but we see that banks are now willing to embrace the transformation and reap the significant benefits of becoming cloud native. Respondents were surprised to find such widespread agreement amongst their peers to embrace the challenge of transforming their application estate to become truly cloud native.*

Some regulatory and security issues around cloud still remain, but banks have taken great strides to overcome these and are advancing their technology estate transformation plans at a rapid pace. The ‘war for talent’ to achieve this has only just begun!”

About GFT

As an experienced technology partner, GFT Technologies SE (GFT) is committed to driving the digital transformation of the financial services industry. Drawing on our extensive knowledge of the sector, we advise the world's leading financial institutions and develop bespoke IT solutions – from banking applications and trading systems to the implementation and support of complete platforms, and the modernisation of core banking systems. Our global innovation team also develops new business models, focusing on topics such as blockchain, cloud engineering, artificial intelligence and the internet of things across all sectors. Together with our clients, we aim to shape the financial world of the future.