

The Future of Cloud Computing for Banking Industry

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Cloud computing, being a need of today has become more and more popular because of the fact that it deploys groups of remote servers and those networks which allow centralized storage and online access to computers, laptops, and other such devices.

Banking industry trends

With the passage of time, the trends being used by the banks have also gone old and there is more risk of operations. To meet the new standards of banking, a bank must be up to the mark by using different IT techniques such as in the past, banks often used Apple Wallet, PayPal and Google Wallet but now these methods are not fulfilling the requirements of the banks. With the increasing burden of banking and transaction volumes, these old methods are not enough to serve, although, they have served well in the past but now they need to be changed according to the needs of the banking industry.

Banking is not an exception in case of cloud technology, in fact, it is being used in many other industries as well. This cloud technology helps banking in many different ways such as it enhances the new customer experiences, also allows an effective collaboration and also increases the speed to market your products and offers.

This cloud technology is a source of security as well in the banking industry. According to a survey from IBM in 2010, about sixty percent of the CIO's plan to use the cloud technology as compared to thirty three percent two years back. Whenever you need to update or develop the

bank's cloud infrastructure or its strategy, always keep in mind the aspect of security.

Banks can take the advantage of cloud computing whenever there is some kind of economic uncertainty and demanding customers. They can align the services needed for the increasing number of customers and can develop a more strong network of customer relationship. Banks need to opt for those ways which reduces the risks and enhance their quality either by improving the customer service or by identifying and eliminating the cost of complexity in their investments.

The banking is growing massively these days. According to an estimate, by 2015, USD 14 trillion will be emerged in the financial market and this will increase three times more till 2020. And about 2.7 million people of the developing countries will not be able to access the financial services. Cloud computing can help the fast growing network of banking industry by automatically setting up high goals to achieve the modernized standards of banking and its increasing demand of services. It can configure and reconfigure all the technologies virtually.

It enables the bank to deploy those services and networks which cost them less and their productivity is more than the previous methods. Cloud computing gives a boost to the IT resources

and provide a more friendly and innovative framework of the services to create a friendly environment between the banking services and the clients. Cloud technology covers all these aspects of IT in the banking industry.

Building customer relationship

Nowadays, banks are mostly working on improving the quality of the customer relationship. According to a survey, most of the bankers said that for the next five years, banks are only focusing on the techniques for providing the best environment for the customer. But with the use of cloud computing, the banks are also going to show a consistency with the customers like we see often in different retailers and airlines which continuously deal with their customers. Cloud technology can help banks introduce a more optimal solution of managing services and can collect data through various multi channels and can make betterment in not only the transactional process but also directly with the customers.

Some benefits that cloud computing can offer in various banking IT areas

Analytics	Integrating customer data across banking platforms to enable near real-time insights
Business services	Extending and incorporating third-party services to extend the banking ecosystem to support customer's everyday buying and paying needs
Desktops and devices	Deploying a private cloud to centralize management of desktops allows for greater remote flexibility without sacrificing control, while enabling banking employees to access the applications and data

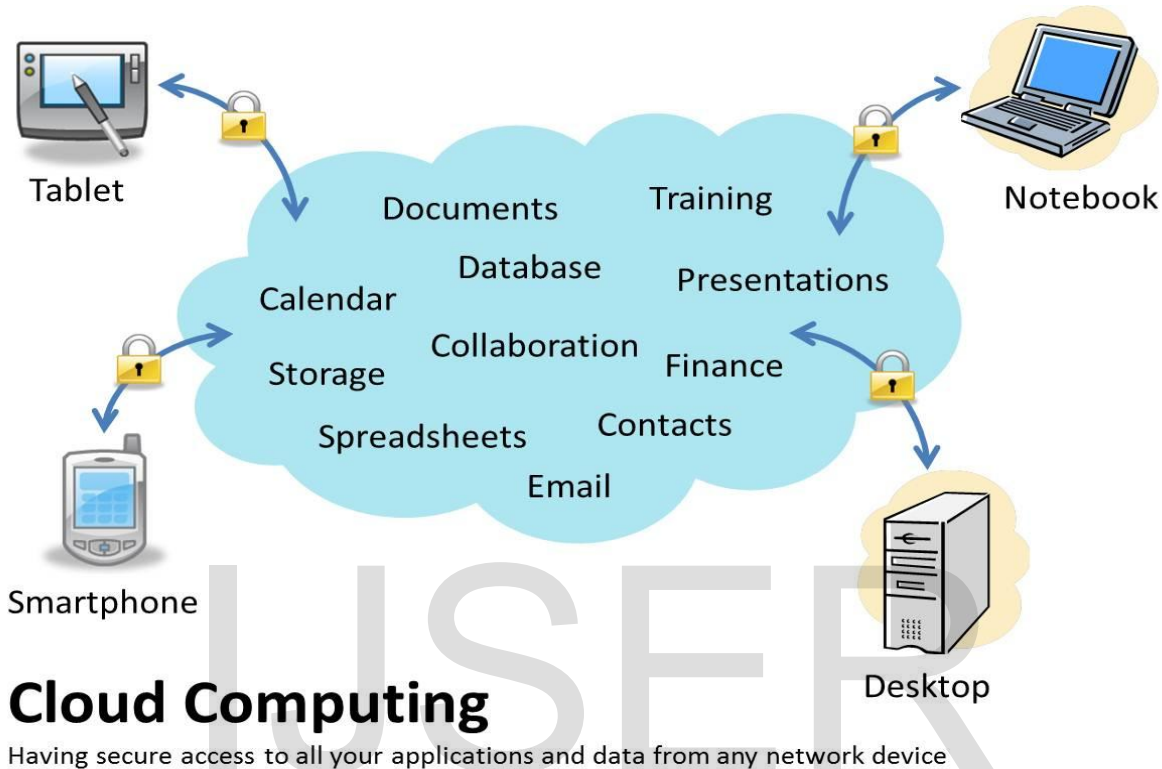
	they need
Managing backups	Backing up a bank's critical business data to ensure that in the event of a disaster a bank can bounce back rapidly and easily
Security	Enforcing active security and endpoint management to ensure corporate governance and banking IT policies are maintained
Collaboration	Enabling employees across distributed branches to access trading and banking systems through a security-rich cloud infrastructure

Most of the banks are now using mixed techniques by mobile-apps and other social applications just to improve the customer service whereas the cloud technology just not only gather the information of the customer but also keep them bounded with all the offerings of the bank. Instead of going at the top level of mass marketing, your cloud technology can provide you the same experience with the customer with cost effective methods.

Moreover, a bank using the cloud computing has the tendency to mask their complexity level such as if a bank undergoes some sort of issue in their operations, it can simple hide the issue from the end user which can result in more number of consumers. As the customer would not know the level of complexity he is facing, the bank can take the advantage of the fact that they can enhance their services and product information by keeping the customer at the same level. Similarly, one other

advantage of it can be the maintenance work or if you want to update your system without the participation of the customer, your cloud technology can perform it itself easily.

The banking industry mostly spends its large amount of revenue on their IT enterprises, building servers and networking equipment but the cloud technology shifts that expenditure from capital to



With its massive storing capacity, a cloud provides the customer access to the customization and product services. It enables the bank to optimize the personal interaction with the customer and make him adapt the changes done through a more user friendly way.

Making your IT resources more flexible

Cloud computing also allows the banks to drive their range of margins and growth level more speedily by providing them enough room to implement their streamline operations. This provides them more profit ratio and operating leverage as well. Cloud technology can help the banks to eliminate the fact of risk and complexity level in their operations with low cost techniques.

operational costs which actually matters. The good part of the cloud computing is that it does not require any fee for installing the software or the expenses to install the hardware. You can simply understand it by learning it as the expenses of the bank shifts from fixed to variable. It is like that when the bank needs to spend, it spends, otherwise not! This simply eliminates the capital expenditure of the bank and hence the pay-per-use model provides more flexibility to the bank.

Cloud technology also allows a bank to scale its business operations without the need of adding more servers to the network. That means now a company does not need to wait for 45 days of time for the servers to get provision, in fact, now the banks have the ability with the cloud technology to enhance the speed of marketing its services.

Enhances your speed

The connectivity to the ecosystems for the customers and your partners can be made much easier with the help of cloud technology. Cloud based programs can gather people from different groups and can share the data and information at a much higher rate than the previous ones. The ability of a bank to change its operations with the change in the need of the customer is the actual difference between you and your competitors. Banks are continuously trying to market the demands of their customers but they are not proving themselves as good as they can by using the cloud technology.

Cloud computing rapidly changes its infrastructure and provides you more innovative environment to drastically change the speed time to market.

Types of models

There are three basic types of cloud models which can work differently for different industries.

1. Public cloud
2. Private cloud
3. Hybrid cloud

Private cloud

Public cloud is the cloud whose infrastructure is solely made for the use of the bank itself. It is up to a bank if they make it for a third party like IBM or something but this cloud can compute all the changes and resources which are shared by the employees, internal departments such as IT and marketing resources.

Private clouds mainly enable the bank to maintain and standardize its services which are directly linked with the customers. A bank gets much more customization access than the local public clouds.

Public cloud

The public cloud is totally managed by the organization which is providing the network of cloud technology and that is made public. In this model, all the computing services and such as standardized business processes and applications are operated by multiple clients via pay-per-use method.

Hybrid cloud

Hybrid cloud is the combination of both the public and private cloud characteristics. The bank only uses the public cloud for general computing services and applications while the other customer data is kept in the private cloud for the purpose of security. The remaining portion of the public cloud is used by the cloud provider company as well.

Cloud systems reducing complexity

In the pure cloud system, everything is bounded together such as the networking equipment, management, and built-in security system so there is no need to get the components together and integrate them. This special cloud will solve all the complexities in the IT level to make it better for the customer experience.

Application development services for cloud

Cloud based applications as already discussed above are less costly and are easier to manage other than the traditional applications we often see the banks use for market the resources. However, to develop a cloud based application, you need to have a new technique. The IBM Cloud Application Service makes sure that the application is totally customized from planning to design process.

Cloud computing security

The cloud computing security enables a bank to monitor all the risks which a customer can have when accessing its data and this allows the bank to

help customers maintain its visibility and other resources which are used from end-to-end.

The bank can better understand the risks by knowing the following things:

- A bank understands the threats in terms of ecosystems.
- Immediately responds to the threats with the secured results.
- Bank knows the threats and prioritizes them accordingly with the business needs.

Prepare yourself for the cloud computing now!

It seems easy to implement the cloud computing services in the banking industry. Let us discuss some of the examples where cloud technology is being used in the banking industry.

A bank in Japan was feeling the security threat and risk of business continuity so with that concern, they managed to contact the IBM for the private cloud option and the bank of 34000 employees then set up a risk free setup of desktops throughout. This step took the bank up to a secure level with the control in hand.

Another central bank in Europe used the same cloud infrastructure for their employees in different branches to quickly access the trading and other banking systems with a cloud full of security.

Cloud applications allow you to follow the analytics carefully and sequentially. Another bank in Europe designed a new sales platform which can be altered once instead of changing it or updating it after every 20 minutes. This platform also allows data to be seen by the bank from every angle which in return can increase the sales of the bank due to artificial intelligence service provided by the cloud itself.

Conclusion

Hence we have seen much from the cloud computing technology that what it can do for the banking industry and how it can be helpful for the banks and their customers. They just not only enhance the relation between the customer and the bank but also speed up the pace of marketing for the bank.

Moreover, the cloud provides a better secure level of banking within the terms and conditions of the banking industry. Cloud computing leads the banks with more reliability and sense of security so that they can make more sales and create an effective environment between the customer and the bank. Marketing can therefore be improved by the cloud technology and your bank can perform much better than before!

References

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