

Event Proceedings Report

Navigating the Cloud: Transforming banking for enhanced efficiency and customer excellence

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01 Introduction

Jointly organised by The Asian Banker, Mambu and AWS, senior executives and industry experts held a dialogue at the Finance Philippines Conference 2023 to explore how cloud-first adoption can be a valuable strategic decision in the financial industry, empowering players to enhance data security, drive innovation and deliver superior customer experiences.

02 Panellists

- **John Howard Medina**, Chief Operations Officer, Philippine Bank of Communications
- **Abbie Casanova**, President and CEO, SB Finance
- **Lucose Eralil**, EVP and Enterprise Technology and Operations Segment Head, Security Bank
- **Lito Villanueva**, EVP and Chief Innovation and Inclusion Officer, RCBC
- **Expedito Garcia**, Transaction Banking Head, PBCOM
- **Maria Cristina Go**, EVP, Consumer Banking Head, BPI
- **Alex Escucha**, Senior Vice President, China Bank
- **Adrienne Heinrich**, Vice President and Head of AI Center of Excellence, UnionBank and Aboitiz Data Innovation
- **Patricia de Villa**, Chief Product Officer, UnionDigital
- **James Ileto**, Commercial Banking Center Head, UnionBank
- **Rahul Sadarangani**, Senior Vice President, Transformation Head, Security Bank
- **Mark Anthony de Leon**, Head of Channels, Sterling Bank of Asia
- **Michael Araneta**, Banking Specialist, ASEAN, AWS
- **William Dale**, Regional Vice President, Mambu
- **Foo Boon Ping**, President and Managing Editor, The Asian Banker
- **Christian Kapfer**, Research Director, The Asian Banker



03 Key Discussion Points

- 3.1 A cloud ecosystem's competitive edge resides in its offerings for initiation, risk management, compliance and customer service.
- 3.2 Embracing a cloud-first approach brings a multitude of benefits including heightened agility, scalability, cost-efficiency, improved security and strict adherence to regulatory requirements.
- 3.3 Achieving seamless integration of legacy systems with the cloud demands interoperability to facilitate an efficient modernisation process.
- 3.4 The convergence of cloud and AI technologies is set to transform the financial industry, creating opportunities and maximising advantages for customers.

04

Detailed discussion points

4.1 A cloud ecosystem's competitive edge resides in its offerings for initiation, risk management, compliance and customer service.

- There was a consensus that the adoption of cloud technology has introduced both opportunities and challenges for the financial services industry.
- On the advantage of cloud over legacy systems, John Howard Medina of PBCoM said: "Cloud platforms offer services that we normally wouldn't get from traditional platforms. During the pandemic, procuring cash was difficult. So instead of depending on the Bangko Sentral ng Pilipinas (BSP) for physical cash, cloud applications have helped banks source physical cash from each other."
- For Adrienne Heinrich of UnionBank and Aboitiz Data Innovation, the key advantage of using cloud over legacy is the speed and scale that the cloud offers. She said: "We are looking to optimise our service: faster turnaround time, faster insights and push our product stacks effectively."
- Lucose Peralil of Security Bank however, noted that many institutions overlooked the intricacies of managing cloud usage. He stated: "The rapid adoption of cloud technology during the pandemic was acknowledged, but it also raised concerns about cost efficiency. Some organisations found themselves reevaluating their cloud strategies, with a few opting to bring certain workloads back in-house to mitigate costs."
- Lito Villanueva of RCBC shared the idea of a hybrid-cloud approach that encompasses multi-cloud solutions and on-premises infrastructure. He also acknowledged that different organisations may reach inflection points in their cloud journey. To navigate these changes successfully, he stressed the need for flexibility and adaptability, especially concerning Enterprise DevOps, a set of practices that involves collaboration and automation between development and IT operations teams.
- The conversation also revolved around the composition of technology ecosystems. Most panelists favoured enabling ecosystems over relying on a single vendor for all services. Composable architectures, which offer flexibility and adaptability, were deemed essential. It was emphasised that resources should be primarily directed towards enhancing the customer experience, rather than being overly entangled in core banking processes.

4.2 Embracing a cloud-first approach brings a multitude of benefits including heightened agility, scalability, cost-efficiency, improved security and strict adherence to regulatory requirements.

- William Dale of Mambu noted that the recent pandemic underscored the importance of agility in the financial industry. Cloud adoption enables financial institutions to quickly adapt to evolving circumstances and market demands. It provides the flexibility to scale resources up or down as needed, responding to fluctuations in customer demand or regulatory changes. This agility is crucial for staying competitive and resilient in today's fast-paced financial landscape.
- Eralil added that security is a primary concern in the financial sector, and cloud technology has evolved to provide more robust security measures.

- Some panelists noted that cloud providers are implementing structured security solutions. As financial institutions increasingly rely on cloud services, ensuring the protection of sensitive data and regulatory compliance remains a priority.
- A few panelists also focus on vendor solutions, noting that one-size-fits-all solutions might not always be the most suitable. Many banks preferred a mix of best-of-breed solutions in their technology stacks.
- The evolution of the definition of core banking systems was also a topic of interest. The industry has shifted towards emphasising flexibility and integration, recognising that different banks may adopt varying approaches to core system modernisation.

4.3 Achieving seamless integration of legacy systems with the cloud demands interoperability to facilitate an efficient modernisation process.

- Michael Araneta of Amazon Web Services (AWS) stated: “As we looked at this emergence of a cloud-native core banking system, it’s easier to implement core banking systems that are effectively cloud native.” Modernising core banking systems is driving banks to reassess their technological foundations. Legacy systems pose challenges, necessitating strategic and costly overhauls, but it is necessary to enable innovation to meet customer demands effectively.
- William also highlighted the complexity of return on investment (ROI) modeling for cloud integration. Different banks have unique cost structures and considerations, making it challenging to create a one-size-fits-all ROI model. Factors such as sunk costs, moving away from perpetual licences, and infrastructure costs were mentioned as critical elements in the cost analysis.
- The discussion also emphasised that cloud adoption is not merely a technological decision but a strategic one to maintain competitiveness in the financial industry. The ability to adapt quickly to changing market demands and customer expectations was highlighted as a crucial driver for cloud integration.

4.4 The convergence of cloud and AI technologies is set to transform the financial industry, creating opportunities and maximising advantages for customers.

- Maria Cristina Go of BPI talked about addressing customer needs as the driving force behind cloud adoption, emphasising that technology decisions should align with the goal of providing a better customer experience.
- Abbie Casanova of SB Finance discussed that banks want to make sure that customers’ resources are pointed on their experience. There are still many banks that have a huge number of resources looking down at the core instead of looking up at their customer.
- Patricia de Villa from UnionDigital pointed out that “for digital banks like us, we are very interested in understanding the engagement of our customers. How are they behaving when they are on the app? To achieve this, data is very important to us, and cloud makes it easy to gather and analyse these data.”
- The discussion also highlighted the importance of customisation and blueprint design in cloud integration. The panelists emphasised the need for consultative discussions to understand the customers’ specific requirements.



05 Conclusion

- 5.1 Non-binary decision on cloud adoption: The decision to adopt cloud technology is not simple, but rather a reflection of the larger digital transformation journey. It involves assessing the unique needs and circumstances of each organisation. Beyond the technological aspect, the crux lies in creating excellent customer experiences that set banks apart.
- 5.2 Cloud as an indispensable tool: As the banking sector continues to change, the cloud remains an indispensable tool, provided it is wielded with foresight and tailored strategies. It offers the agility and scalability necessary for staying competitive and responsive in the financial landscape.
- 5.3 Complexity and cost efficiency in cloud management: The adoption of cloud technology has brought both opportunities and challenges. Cloud management complexities were acknowledged, leading some organisations to reconsider their cloud strategies for cost efficiency.
- 5.4 Hybrid cloud approach: The idea of a hybrid cloud approach, incorporating multi-cloud solutions and on-premises infrastructure, was discussed. Flexibility and adaptability were highlighted as crucial, especially concerning Enterprise DevOps.
- 5.5 Emphasis on composable architectures: Panelists favoured enabling ecosystems over relying on a single vendor for all services. Composable architectures, offering flexibility and adaptability, were deemed essential. The focus should primarily be on enhancing the customer experience, rather than being overly entangled in core banking processes.
- 5.6 Agility, scalability, and security: Cloud adoption enhances agility and scalability, allowing financial institutions to adapt quickly to changing circumstances and market demands. It provides the flexibility to scale resources as needed. The evolving security measures in cloud technology were emphasised, crucial for protecting sensitive data and ensuring regulatory compliance.
- 5.7 Strategic cloud integration: Cloud adoption is not just a technological decision but a strategic one aimed at maintaining competitiveness. It enables banks to adapt quickly to changing market demands and customer expectations. Customer obsession should be the driving force behind cloud adoption, aligning technology decisions with providing a better customer experience.

06 Photo Gallery



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