
First steps for financial services in cloud implementation

The financial services have always had a complex relationship with cloud computing. Faced with increased competition from fintech players, many retail banks for example, are looking to expand their consumer offering faster and more cost-efficiently, leading to quicker return on investment and competitive advantage. Cloud environments offer these organisations the potential to develop innovative services more quickly, however, for them to be able to take full advantage, many things still need to change. Part of the problem is that the financial services sector is still learning how to consume cloud.

To examine some of these issues, we recently gathered IT leaders from across the top financial services organisations in the world. Here we collated their recommendations on how to start and ensure cloud projects run smoothly.

1. Get risk and compliance and legal teams involved from the start

As financial services firms tend to grow through M&A, they're often left with a number of legacy applications in various states of compliance. While modernisation needs to take place, the process shouldn't be conducted solely by the IT department; it needs to be a collaborative process with business leaders. As technology has changed rapidly, much of the standard compliance framework is no longer applicable. It's therefore crucial to get business stakeholders in a room together as early as possible. This allows teams to find solutions to regulatory and compliance issues rather than just code around them. Similarly, IT teams shouldn't miss the opportunity to involve people from the business in discussions with the regulators as it's likely they will be affected by policy and data management changes. As more and more parties come to the table, the IT team is under more scrutiny than ever before. On the upside, the fact that cloud services are under so much scrutiny means that it is one of the most secure environments.

2. Find people with the right skills

The skills required within a financial services organisation are both broadening and deepening and many firms are struggling to find the right talent. According to a new report from [Source Global Research](#), the regulatory strain has resulted in consultants being drafted into banks and finance firms to compensate for the skills gap.

The problem is that you need specialists who can understand risk and compliance issues, but they also need to be motivated to look for solutions, rather than finding problems. You need teams that don't take shortcuts and look to drive innovation throughout the organisation. It could be advantageous to set up a cross-functional team, or a non-financial risk team for example, which could help to reduce roadblocks.

3. Focus on the application development team's needs

Cloud implementation isn't just about the infrastructure team. Developers need cloud services in order to create value. Applications built on traditional infrastructure environments can take a very long time to deploy and be incredibly difficult to scale. As financial services organisations look to improve agility and increase services, it's crucial for them to be able to scale applications quickly.

The priority within the organisation should be therefore be about creating cloud test and development environments where new services can be built.

4. Ensure you have support from Finance

An experienced and open-minded finance team is worth its weight in gold. In order to implement any new applications, whether cloud based or not, you'll need to have the finance team on-side. Attempting to modernise an IT infrastructure means you'll spend a lot of time analysing costs, life-cycle management and life-cycle expenditure. It's worth taking the time to bring the finance team in on your plans and ensuring you're aligned on goals. If others in the organisation have retained an outdated mentality, having the finance team on-board can help to navigate the challenges and drive real innovation.

5. Drive change from the top down

Financial Services organisations only have a short period of time secure budget and deliver results. You need to spend money now to save money in the long term. If not, they will end up with risks that they won't be able to deal with and fintech firms such as Nutmeg will ending up driving them out of business. You need to take some risks to innovate and for this to happen, change needs to come from the top down. It's about CEOs and other senior leaders realising that the business needs to be as agile as a fintech firm. It's also about communicating value so that the board and other budget holders understand and support IT.

Ultimately, from the nuts and bolts up to the senior discussions, IT needs to ensure that they are communicating and driving forward a consistent direction and objective. Everyone needs to be committed to making cloud work, and not finding reasons not to. The key is to have meticulously laid out plans, and to ensure that all stakeholders are engaged from the beginning.

Working in a heavily regulatory environment is a challenge, but with the right processes in place, it doesn't have to be painful.