

## Banking on the Hybrid Cloud

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The cloud lies at the heart of any digital transformation effort and almost every sector across the world is now prioritizing their cloud adoption journey. For the banking and financial services sector, the move to the cloud is no longer a matter of choice. As customer expectations continue to evolve and fintechs raise the service stakes, banks need the flexibility of the cloud to deliver on demand access and customizations across a seamless omnichannel experience. But the move to the cloud is not a simple or linear one and the question is – what sort of cloud platform is best suited for banks? Private clouds offer the security that they need and can address regulatory concerns as well, but they are expensive. And public clouds, while relatively less cost intensive to deploy and manage, bring with them concerns around data security. Little wonder then that hybrid clouds are now finding increasing acceptance within the banking sector.



## Decoding the Hybrid Cloud

Hybrid clouds combine the advantages of the public and private cloud to offer a unified platform that allows seamless transition between the two. This environment incorporates workload portability, orchestration, and management across two or more computing environments. Banks with hybrid cloud deployments can keep their sensitive data and applications on their private cloud but have the flexibility and compute power to offload basic and non-sensitive tasks to the public cloud. This allows them to improve efficiency, lower costs and ensure the scalability and agility they need to innovate. Hybrid clouds also allow banks to scale up development and testing of new products rapidly and inexpensively. A bank trying to modernize legacy systems and leverage advanced technologies like AI, can use the hybrid cloud as a flexible platform that future digitalization can be based on. Many banks across the world are already leveraging hybrid clouds to drive their strategic priorities. For example, Banco Sabadell in Mexico has adopted hybrid cloud to become 100% mobile. Australia's oldest bank Westpac moved to the hybrid cloud to improve customer services. Royal Bank of Scotland is using it to cut down time to market for new products and services, while Bank of America is using it to meet legal regulatory and compliance requirements. And KeyBank in the USA is leveraging it to create personalized solutions for their customers.

## Hybrid cloud platforms offer some key advantages:

### Flexibility

Hybrid clouds allow organizations to consider the business use of every application in their portfolio and allocate an environment accordingly. And it offers the best of both worlds on a unified seamless platform. Private clouds can be optimized for operational availability and stability, while public ones can be used for speed and agility to provide hyper personalized customer engagement. Most banks today are modernizing their applications to be cloud ready by either replacing them, leveraging new technology stacks or by moving some to the cloud while keeping the rest on premise.

### Scalability

A business that wants to scale up operations and its infrastructure needs a hybrid cloud platform. Mere addition of storage or memory capacity is not enough, applications must be able to scale up to achieve new performance benchmarks. Thanks to regulatory concerns, banks often have to try and scale up applications by using new technology stacks in the public cloud. But hybrid platforms can help banks rapidly deliver key applications across the business, which can significantly reduce the time spent and resources needed to solve problems and address evolving customer and market demands.

### Security

This is a priority focus area for the BFSI sector. With a hybrid cloud platform banks have the liberty of putting sensitive data and applications on the private cloud. Cloud providers today offer a range of sophisticated tools to help integrate better controls, orchestrate workload deployment, and establish effective threat management solutions as well. The availability of cloud native AI powered security solutions can also help drive greater security in a hybrid cloud environment.

### Cost Optimization

Private clouds can be expensive to deploy and manage. One of the key benefits offered by the hybrid cloud is its ability to optimize costs even as it protects and manages legacy data and applications. In the OPEX based cloud models, businesses pay only for what is used. This means that they have the means to increase capacity at short notice if required. Even complex workloads and cognitive applications can be run on a pay as you go basis with a hybrid cloud model. And banks can leverage hybrid clouds to demo new products without making significant investments.

### Hybrid Cloud Governance and Management

Hybrid clouds are essential for banks trying to adapt to market demands quickly and mask complexity. They help banks in providing contextual variability and connectivity, with ecosystems to enable wide-ranging communication and collaboration with vendors, partners, financial service providers, customers, and other stakeholders. And by virtue of their easy scalability and flexibility they are invaluable for business continuity and for supporting a distributed workforce and enterprise architecture. But move to hybrid cloud must be accompanied by strong governance and security policies. The architectural complexity of the technical stack involved in hybrid cloud needs skilled architects to implement. The same applies to security configurations which must be deployed consistently across the public and private clouds to best protect data. Banks must invest in comprehensive cloud operating models to minimize vulnerabilities, automate processes, and optimize resource allocation.

Cloud adoption is now a crucial business priority and even banking regulators are growing increasingly confident about the value they deliver. And as more banks adopt hybrid clouds, they must remember that the cloud has far reaching impact. Cloud technology can help and compliance, reduce their infrastructure footprint and introduce automation and orchestration to deliver contextual and hyper personalized customer service. From agility and scalability to remote working and business continuity, hybrid clouds hold the key to a competitive future. And banks must make the hybrid cloud leap with foresight, planning and a sound strategic roadmap.

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