

IS YOUR CLOUD JOURNEY TAKING YOU WHERE YOU NEED TO GO?

CREATE BUSINESS VALUE IN AN INNOVATION-POWERED FUTURE



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FOREWORD

The financial services (FS) industry has adopted the cloud as part of its digital transformation to enable superior customer experience (CX), reduce technology debt, individualize services, improve agility, catalyze innovation, and facilitate the adoption of new technologies such as generative AI. As cloud strategies and investments reach executive agendas, financial institutions are leveraging the advantages of cloud-enabled customer experiences to remain competitive.

In this inaugural World Cloud Report - Financial Services, we aim to offer a comprehensive perspective on cloud maturity and its profound impact on financial services. The report identifies how FS subdomains manage cloud adoption, including common challenges during deployment efforts focused on CX improvement, data residency, data sovereignty, or cloud regulatory compliance. With a confluence of expertise in financial services and cloud technology, and long-term relationships with trusted cloud providers, we were well-positioned to create this global-view report.

Cloud-based platforms enable robust customer satisfaction, innovation, productivity, and scalability. It's not just about cloud migration but the customer experience and operational excellence it makes possible. While the cloud will constantly undergo evolution and disruption, value creation will remain constant. We hope the World Cloud Report - Financial Services 2023 benefits your transformation journeys and drives innovation that bolsters business value.

Enjoy the read.



Ravi Khokhar

Global Head of Cloud for Financial Services
Capgemini

EXECUTIVE SUMMARY

The financial services industry today is experiencing volatility spurred by ongoing inflation, interest rate hikes, and recovering stock markets. To address these market dynamics and maintain business growth, financial firms are strategically embracing digital transformation. Adopting cloud-enabled solutions during their transformation journey is now becoming essential to gaining a competitive advantage.

IT'S NOT ABOUT CLOUD, BUT CLOUD-ENABLED BUSINESS GROWTH

More than 80% of the financial services industry executives surveyed for this report agree that firms can overcome business challenges and unleash growth through superior customer experience and operational excellence. And the right platform is critical for the scalability, flexibility, productivity, innovation, and agility required to meet industry and customer demands.

Cloud as an enabler is catalyzing growth for financial services firms, as 91% of our respondents indicated. New-age players essentially born in the cloud leveraged this competitive advantage to fuel their initial successes and win customer mindshare. Now, incumbent banks and insurers are fully engaged in their own cloud journeys. Across the financial services sector, cloud migration has risen significantly from 37% in August 2020 to 91% in August 2023.^a

While non-core applications have most definitely experienced a cloud migration upsurge, many firms have not moved a considerable portion of their core applications to a cloud-computing environment. Instead, many opt for a “lift and shift” model that can hinder cloud-based systems' full scalability and flexibility advantages.

COMPOSABLE PLATFORMS ARE INSTRUMENTAL TO MEETING BUSINESS NEEDS

A composable platform will help financial services firms redefine processes, move to cloud, and integrate cloud-enabled customer-facing applications and core back-end functionalities: operational impact and improved customer satisfaction will be the result. This platform approach leverages pre-built components spread

across layers over a legacy or cloud-enabled core engine. This helps to increase flexibility, improve digital collaboration/integration, enhance scalability through modular mechanisms, realize cost efficiency, and enrich customer experience.

A phased approach helps firms successfully add platform components and prioritize functionalities for cloud migration; while risk management functions are a priority for banks, policy servicing and management and customer relationship management are essential for insurers. However, as financial services functionalities transform, some firms will face challenges around data and cost overruns during cloud migration.

AN EFFECTIVE CLOUD MIGRATION ROADMAP CREATES BUSINESS VALUE

A comprehensive cloud strategy and roadmap are critical to overcoming cloud migration challenges and enabling business growth for financial services companies. As a first step, consider an end-to-end, phased approach to digital transformation in financial services; this starts by prioritizing the key businesses and adoption areas. Next, it is essential to create and then implement a path for cloud modernization, enablement, and implementation. And finally, understanding and taking full advantage of cloud-enabled systems to deliver the best customer experience is essential.

Nearly half of the financial services executives we polled across domains said operational productivity is imperative for strategic business growth, while 40% of them also considered customer satisfaction as an integral pillar driving the growth plan. In line with these business priorities, cloud migration functionalities being prioritized by firms include risk and customer relationship management areas.

Once firms identify these areas, the next step is to define and implement an effective cloud target operating model – focusing on ROI, talent, API strategy, infrastructure, security, cloud providers, and cloud partners. Cleansing all data for accurate, appropriate, secure, and timely input is also essential.

By implementing cloud at scale, financial services firms can fully unlock their abilities to leverage new technologies such as generative AI. A cloud-enabled ecosystem will help provide a competitive edge in an innovation-powered future.

91%
of respondents indicated cloud is an enabler catalyzing growth in financial services

^a Cloud adoption: An FS firm adopts cloud when it integrates a cloud service (i.e., SaaS, PaaS, or IaaS) or an application/process across its core and non-core functionalities. However, cloud adoption's migration varies significantly. Our executive interviews and analyses indicate that cloud adoption for core functionalities is relatively lower than for non-core functions.

It's not about cloud, but cloud-enabled business growth

Financial services firms face gusty macroeconomic headwinds today, shifting customer demands, evolving technology, and aggressive competition from agile newcomers. Pragmatic firms with an eye on survival and success are focusing on business growth, driven by customer experience and operational excellence, based on the responses of 80% of the financial services executives we interviewed as part of our Cloud Survey of Financial Services Firms 2023 (Figure 1).

Technological agility and scalability are keys to accommodating ever-evolving customer

demands and realizing operational efficiency for financial service firms. Eighty-nine percent of financial services firm executives said the right platform is critical to delivering the scalability, flexibility, productivity, innovation, and agility required to meet escalating business demands. And modern-day technology platforms are optimized when they are cloud enabled. Cloud enables financial services firms to address business challenges by powering growth and streamlining operations. However, the challenges posed by legacy systems and processes constrain the capabilities of banks and insurers.

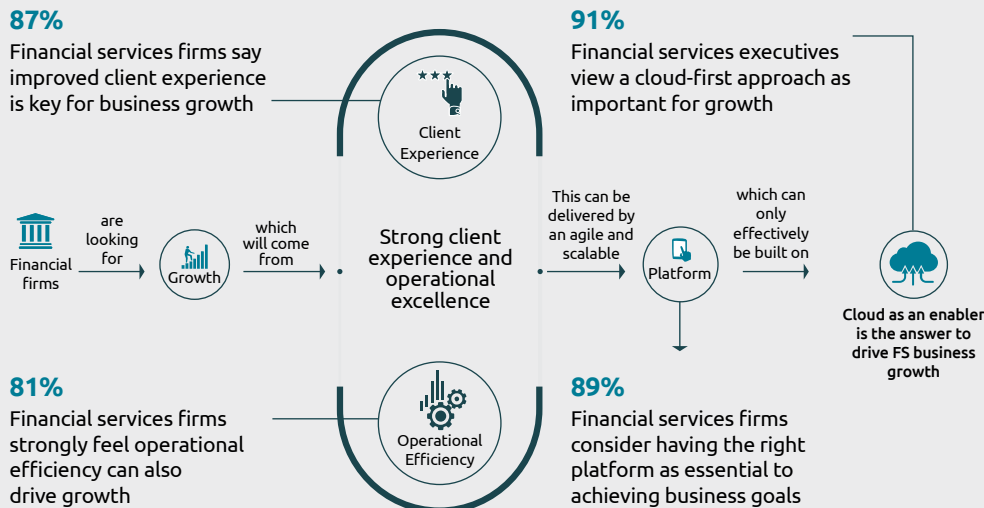


If you go back five to ten years, financial services firms were focused on technological aspects of the cloud and how it could help reduce overall costs. Although cost efficiency is still a consideration, most firms look to the cloud now to deliver on business transformation objectives, whether improving customer experience, expanding business models or geographic reach, establishing a culture of innovation, or driving operational excellence."

Charith Mendis

Head of Worldwide Banking Industry, Amazon Web Services

Figure 1. What financial services executives say about their organizations' path to growth



Source: Capgemini Research Institute for Financial Services, 2023; Capgemini Cloud Survey of Financial Services Firms 2023 (N=500).

New-age players leverage cloud-enabled platform efficiencies to power superior customer experience

Which firms are catalyzing business through cloud-enabled platforms? New-age financial services companies set a high bar. The average Net Promoter Score (NPS®)^b of the banking and insurance sectors ranged from 26 to 31 in 2022.¹ However, new-age players had a much higher (~2.5X) NPS score than established financial services companies.

For example, Nubank (Brazil), Klarna (Sweden), and Lemonade (US) earned an average NPS score of 80, leading to significant customer growth. Why? Superior customer experience enabled by composable platforms that leverage cloud technology to respond quickly to customer demands and changing behaviors. As new-age players continue to mature in consistency, scale, and customer trust, banks and insurers can leverage learnings from the initial success of these players to offer the right customer experience and build operational excellence.



The new age players have shown exceptional growth despite questions on their ability to grow beyond a certain scale. The next frontier would be to drive profitability - and for banking, that would mean complex areas, such as lending and commercial banking."

Zac Maufe

Global Head of Regulated Industries, Google Cloud

As a substantial portion of customer acquisition funnels through digital channels, leading financial services firms are establishing digital-only subsidiaries or investing heavily in digital-channel improvements. In Europe, for example, consumers who use digital channels to purchase banking products increased from 33% in 2020 to 45% in 2023. By 2027, nearly 84% of US customers will likely bank online.²

Digital subsidiaries can enable financial service players to bolster online banking capabilities and opportunities for new market expansion with an eye on customer acquisition, innovation, and agility. While the revenue-generating ability of many of these subsidiaries is yet to be proven, this trend has been playing out worldwide. In Spain, Santander established open banking with the help of a core banking solution offered by

Geneva-based platform provider Temenos. The British multinational bank Standard Chartered leveraged the expertise of London-based cloud banking technology company Thought Machine to set up its virtual bank Mox in 2020, which resulted in 50% customer acquisition growth four months after implementation.^{3,4} AXA UK Retail launched the digital insurance brand Moja in Q3 2022, leveraging modular cloud-hosted technologies to meet the needs of digital natives.⁵ In European markets in 2022, insurer Allianz Direct, an Allianz Group digital subsidiary, partnered with Rocketset, a real-time analytics database built for cloud, to deliver real-time pricing for policies.⁶

Leading banks and insurers need cloud-enabled customer experience strategies to catch up

While new-age players and digital subsidiaries offer superior customer experience (CX), incumbent banks and insurers seek to leverage their business scale advantage to boost customer experience and raise NPS scores. However, the inability of banks and insurers to deliver personalization and seamless multi-channel engagement, self-service access, consistent customer support, and quick response time impedes the capabilities to provide customer satisfaction on the level of new-age players. In addition, this limits their ability to be ready for the open finance era, where they have to be a part of a complex and intertwined ecosystem.



In the financial services industry, digital business platforms and cross-industry collaborations make processes and data grow in the cloud. Activities closely intertwined with non-financial sectors are to flourish in many businesses, like consumer finance, insurance, banking, or payments. This fosters a more interconnected and dynamic ecosystem that we have to think about thoroughly, articulate, simplify, and protect."

Emmanuel Sardet

Deputy Group CIO and Group CTO,
Credit Agricole

^b Net Promoter, Net Promoter System, Net Promoter Score, NPS, and the NPS-related emoticons are registered trademarks of Bain & Company, Inc., Fred Reichheld and Satmetrix Systems, Inc.

A cloud-enabled CX strategy can help resolve these business issues (Figure 2).

- Spanish Banking Group BBVA migrated its customer services function to cloud to enable personalized experiences and boost customer satisfaction.⁷ Since its 2019 migration, BBVA reduced customer wait times by 42% and shortened response times by 45% in Peru. The bank went from a day to an hour to resolve urgent customer requests in Spain.
- In 2022, HSBC entered into a multi-year partnership with a US-based cloud technology solutions provider to use automation to scale up business based on customer demands and local markets.⁸
- Morgan Stanley collaborated with a leading cloud provider in 2021 to accelerate the modernization of its IT environment and

enhance client, employee, and developer experiences by building innovative solutions with cloud-native services.⁹

- Zurich Insurance selected a leading US cloud vendor to migrate its IT infrastructure (1,000 applications) to a public cloud by the end of 2025.¹⁰ Through this migration, Zurich aims to evolve its business and provide more personalized insurance products to its customers.
- AXA Mansard Insurance, a part of the AXA Group, has used a cloud-based mobile platform called MyAXA Plus since May 2021. Customers can manage their insurance policies and file claims through one interface.¹¹ This provides customers with a more personalized, seamless, and satisfying experience.

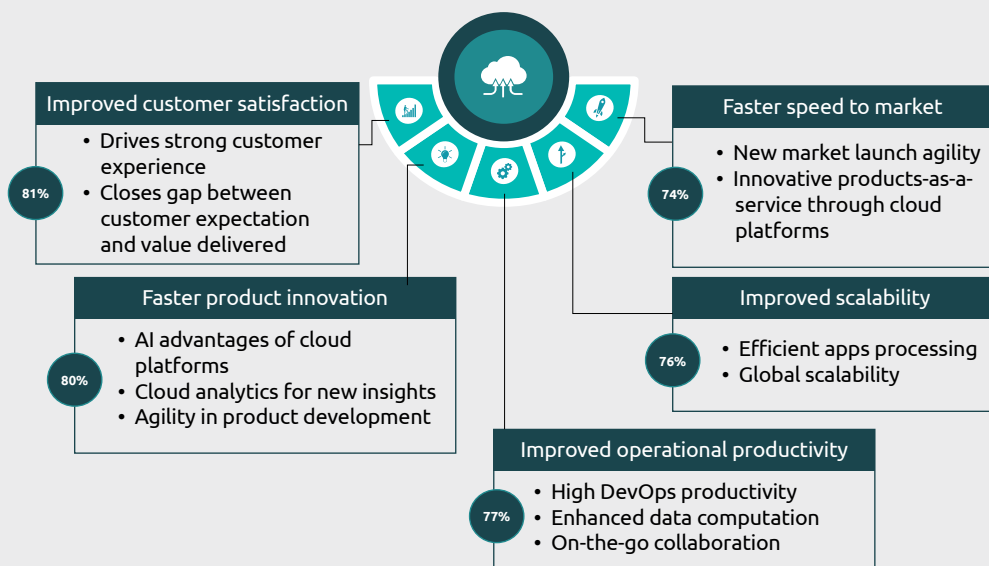


We faced a business challenge where analyzing one day of data took over 24 hours, making it impossible to meet our time constraints. However, transitioning to a scalable cloud solution reduced response time by over 50%. This was possible because we could easily scale up to process the data and then scale down, resulting in significant cost savings. It was an ideal use case for the cloud migration."

Richard Jones

Vice President, Enterprise Information Services, Wawanesa Mutual Insurance Corporation

Figure 2. Customer experience enabled by cloud-based platforms delivers competitive advantages



Source: Capgemini Research Institute for Financial Services, 2023; Capgemini Cloud Survey of Financial Services Firms 2023 (N=500).

Cloud adoption across financial services is accelerating...

91%
of FS executives
said cloud
adoption was
partial or complete
as of August 2023

So, where do banks and insurers stand in their cloud-based platform journeys? Financial services executives told us their cloud adoption (partial or complete) rose from 37% in August 2020 to 91% in August 2023 (Figure 3). As a result of the high adoption rate, only 5% of financial services firms reported having no plans to adopt cloud in the future in 2023, a substantial drop from 50% in 2020. Our survey found North America to be the global leader, with a 98% rate of cloud adoption among financial services firms in the region.

Why has cloud adoption accelerated during very recent years? Financial services firms have gained substantial value from cloud to address growing demands for enhanced transparency, streamlined customer service, and improved operational efficiency. Moreover, data security and resiliency concerns are declining as cloud technology matures and use increases. However, industry experts warn that a high rate of cloud adoption does not imply that firms have achieved full-scale or even effective migration. Most financial services firms are adopting cloud technology without redefining their business processes, instead opting for a “lift and shift” model that impedes cloud systems’ full scalability and flexibility advantages.

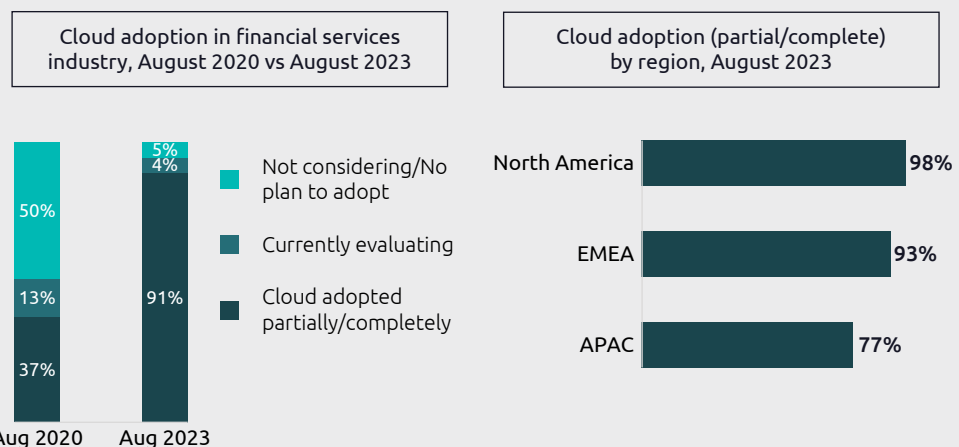


Opting for a 'lift and shift' approach can hinder businesses in their cloud adoption journey, as rushing the move to cloud 'as is' often leads to missed opportunities for modernization and full utilization of cloud services. Focusing solely on migrating quickly raises doubts about realizing the cloud's true benefits, as it goes beyond simple data and application transfer – it must be about true transformation.”

Steven J. Webb

Executive Director – Public Cloud Product Owner, Middleware Integration, Wells Fargo

Figure 3. Financial services firms demonstrate significant cloud adoption growth



Source: Capgemini Research Institute for Financial Services, 2023; Capgemini Cloud Survey of Financial Services Firms 2023 (N=500).

While all financial services segments have experienced robust cloud adoption, payment firms stood out, with a significant jump from 32% in August 2020 to 96% in August 2023, according to our Cloud Survey of Financial Services Firms 2023 (Figure 4). The Covid-19 pandemic and its aftermath contributed significantly to this growth as consumers and businesses relied on digital payment transactions, which created an imperative for embracing cloud-enabled digital systems.

Globally, public cloud adoption is on the rise across all industries. In 2023, spending on public cloud services is expected to reach nearly USD 597.3 billion, with software as a service (SaaS), infrastructure as a service (IaaS), and platform as a service (PaaS) cloud business models accounting for ~80% of the market.¹² According to a 2023 Gartner study, based on end-user spending, SaaS dominates and remains the largest segment of the cloud market (~33%). Based on our discussions with financial services industry executives and experts, the industry’s cloud adoption also follows a similar pattern. Most firms adopt SaaS first, followed by PaaS and IaaS.

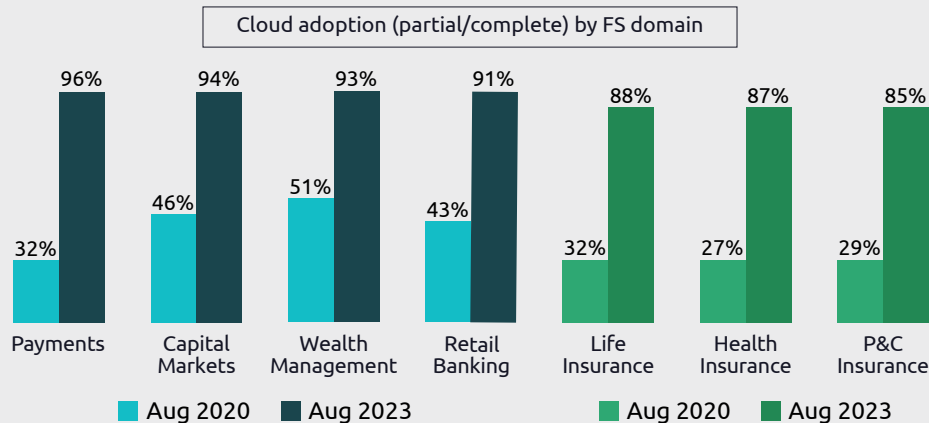


Typically, any key technology builds up for some time while it matures, and the usage remains a plateau. Then, as the adoption matures, the curve takes off significantly. We are witnessing the same with respect to cloud adoption."

Molly Chowdhury

Chief Information Officer, HSBC US

Figure 4. The payments segment leads in financial services cloud adoption



Source: Capgemini Research Institute for Financial Services, 2023; Capgemini Cloud Survey of Financial Services Firms 2023 (N=500).

...but cloud migration and its impact remain uneven

Cloud investments have happened so far in modern, user-friendly, customer-facing applications, often fueled by artificial intelligence (AI). Use cases include self-service portals, onboarding and know-your-customer tools, transaction-based functionalities such as payments, and even the agent-broker tools used to serve insurance policyholders (Figure 5).

However, firms have made fewer investments in the middle-layer and core processing, spurring poor user experience and low latency. Examples of systems receiving less investment include employee productivity tools, risk management and compliance systems, data management, product development and management, and, most importantly, core banking and insurance systems.

More than 50% of the financial services industry executives we surveyed say they have not migrated core business applications to cloud. At the same time, industry experts and analysts often cite an even lower percentage ranging from 20% to 30%, particularly for larger banks and insurance companies.

Banks and insurers often struggle to modernize their core-processing applications or to integrate them with cloud-based systems and emerging technologies. This breaks the

50%+
of FS executives said core business applications have not been migrated to cloud



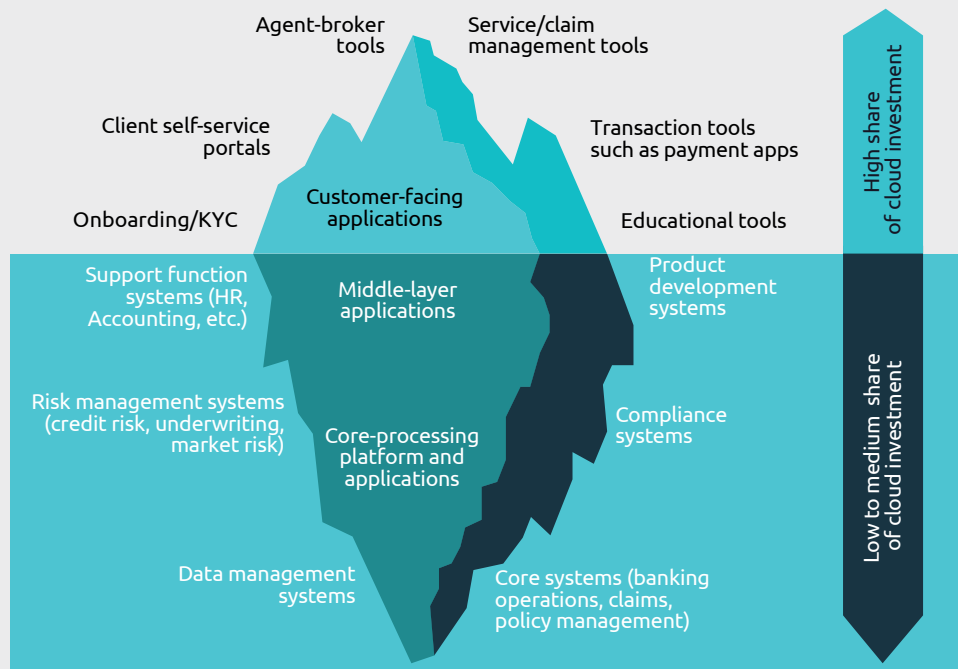
Cloud transformation projects should be ambitious and bold, and should look to transfer core workloads to create value; although there may be a few more challenges than moving non-core workloads, it won't be significantly more."

Tony Coleman
Chief Technology Officer, Temenos

service chain, negatively impacting operational efficiency and customer experience, as depicted in Figure 1.

Eventually, firms intend to shift their on-premises core back-office functions to cloud primarily to unlock the full value of cloud. The rationale behind this approach lies in harnessing improved scalability, cost-efficiency, and operational agility, all essential for enhancing overall performance and maintaining competitiveness in a rapidly evolving business environment. Firms will need to integrate their cloud-based applications with legacy back-office functions to be competitive on these fronts in the interim.

Figure 5. Lower cloud-enabled transformation in middle- and back-office functions



Source: Capgemini Research Institute for Financial Services, 2023.



Modernizing legacy mainframe applications to enhance client experience

Business challenge

A retail investment management firm's personal investing business managed a portfolio of 45+ legacy mainframe applications. The client's strategic priorities were to extend mainframe capabilities to digital mobile apps, gradually move the mainframe stack's technology to the cloud and reduce the consumption of MIPS (computing capacity). A tech firm and a hyperscaler supported the client in developing a cloud-platform modernization roadmap.

Business solution

The team evaluated 45 mainframe applications for migration suitability to future-state architecture design. Assessment criteria included mainframe re-platforming, hybrid integration, and cloud-native refactor

suitability. The technology firm collaborated with a hyperscaler to design the future state architecture, leveraging mainframe-specific cloud integration services.

Business impact

Converting mainframe functionality to cloud-native APIs improved the user experience while reducing the time to deliver new features. Cloud connectors for the mainframe enabled the conversion of several end-of-day processes to real-time integrations and automated mainframe assessment of intellectual property. The mainframe workforce shifted to agile and cloud-native skills. The firm now has a mix of pre-built mainframes with a cloud migration patterns catalog and a methodology with a domain-driven design.

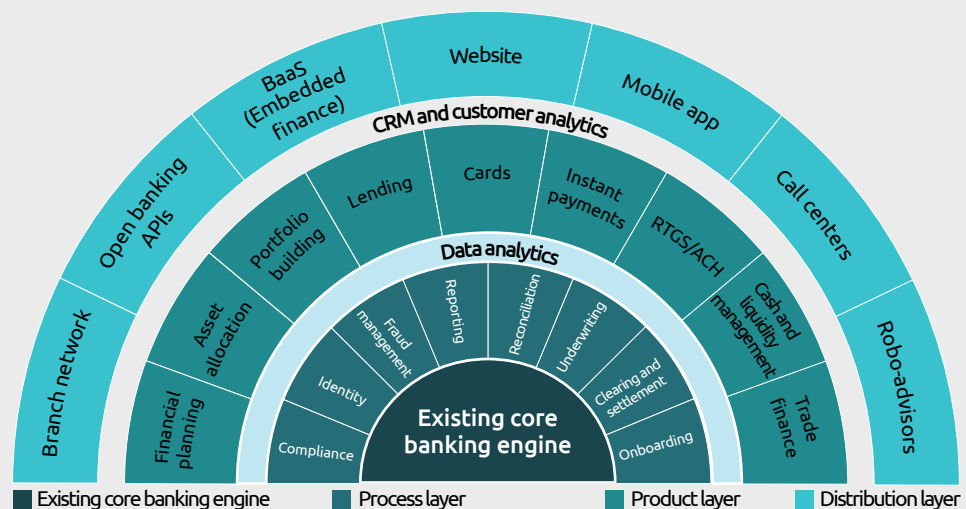
Composable platforms are instrumental to meeting business needs

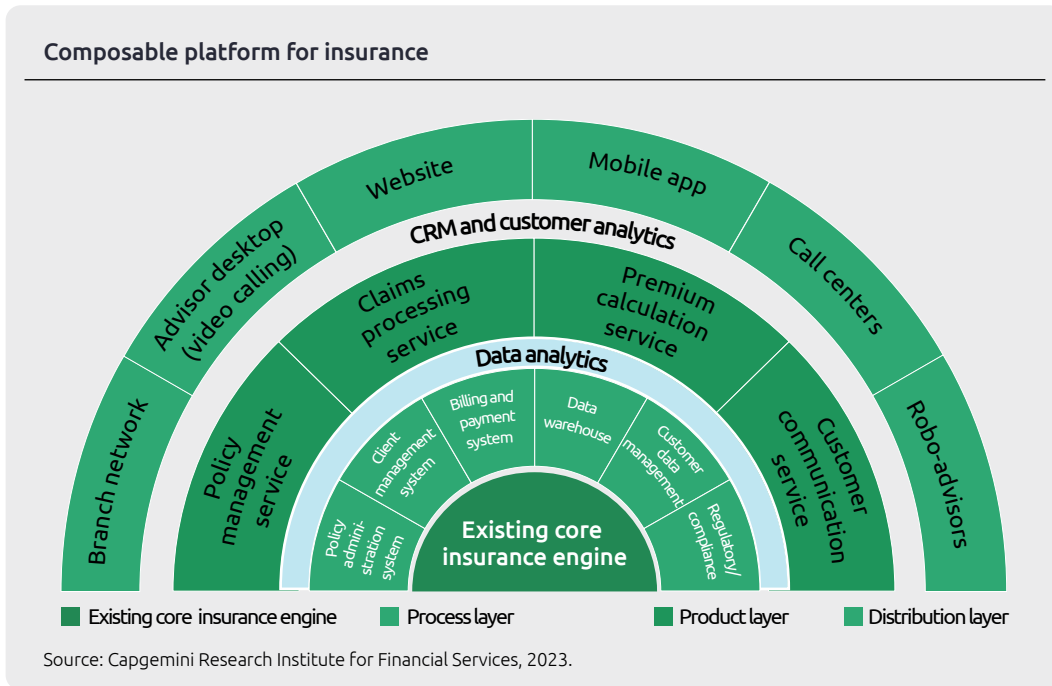
A composable platform can integrate cloud-enabled front-end and existing core back-end functionalities to enable a firm or a line of business to layer modular and composable components across the complete customer experience value chain, which includes different middle and front-office functions, multiple process, product, and distribution. These are layered on an existing core engine that might still be using some legacy systems or be based completely on a modern cloud-based technology.

While the details of the different layers vary across banking and insurance and will vary further at line-of-business levels (as covered for the wealth management sector in Capgemini's [World Wealth Report 2023](#)), the concept of modular components and essential layers across these composable platforms remains the same (Figure 6). Organizations can individualize the platform at a firm and line-of-business level based on their overall strategy and targeted client segments.



Figure 6. Composable platform for banking





Cloud-enabled composable platform benefits outweigh potential risks

A cloud-enabled composable platform offers many advantages in the software development process. It uses pre-built components to increase flexibility; improve digital collaboration and integration; enhance scalability with the freedom to choose, integrate, and swap components; realize cost efficiency across functions while paying only for microservices; and enrich the customer experience by enabling flexible changes within the lifecycle. Some financial institutions have already benefited from use of composable platforms; examples include:

- Bank INA, part of the Indonesian conglomerate Salim Group, used a composable banking platform as the foundation for its new digital banking services in 2022.¹³ It enabled the bank to scale quickly and offer new digital banking services in weeks versus months. Moreover, the composable platform helped Bank INA develop unique financial services matching specific client demands.
- In the United States, Commerce Bank leveraged a composable platform to accelerate innovation and enhance digital customer experiences in 2022.¹⁴ It helped the bank scale and shorten the time to market for new products with two monthly releases.
- An Australian property and casualty insurer, RAC Insurance, a wholly owned subsidiary of the Royal Automobile Club of WA Inc.,

deployed a composable platform in 2022¹⁵ to enable innovation, enhance productivity and agility, and improve model and data governance. The solution is focused on driving better customer experience.

- One of the UK's major insurers has been using a composable platform to efficiently address legacy challenges and bottlenecks in its underwriting system. The platform enabled the insurer to seamlessly ingest complex third-party data and get a clear understanding of risk and standardize underwriting journeys to drive growth with agility.

A phased approach is essential to adding the right components to the platform and identifying the impact that a functionality may have by being moved to cloud. Firms must prioritize functionalities for cloud migration based on their overall and specific business strategies. While many functionalities are domain-specific, some cut across financial services and lines of business, making them a higher priority; for example, know-your-customer-as-a-service or reporting-as-a-service are prevalent across both banking and insurance.

A deep dive: Cloud migration priorities by line of business

Based on the Cloud Survey of Financial Services Firms 2023 underlying this report's findings, let us examine in detail what financial services firms indicate are their key priorities within individual businesses when moving to cloud.

Retail banks: Realizing operational efficiency

Migrating critical financial accounting processes could be key for retail banking; 48% of retail-bank-specific survey respondents say this is an important parameter. Cloud adds flexibility and efficiency to core banking operations, eliminating manual activities to cut costs and risk. Retail banks are also developing deposit-focused products leveraging cloud-native applications, integrating a more straightforward interest rate configuration; 52% of respondents earmark this parameter to cloud migration.

- DBS Bank shifted its quant-pricing engine to a leading cloud provider in 2022, enabling real-time pricing with dynamic customer workloads.¹⁶ It achieved a 100x faster client pricing-query response time, expanded data scalability, and

substantially lowered computing expenses, enhancing customer price discovery and risk management.

- A major retail bank with which Capgemini works achieved operational efficiency, with a reduction in service-level agreements from 5 days to real-time access.

Many retail banks view risk functions as ripe for cloud early adoption. More than one-third (39%) of respondents say that moving complex credit risk management to the cloud is crucial. Once on the cloud, retail banks can shorten loan processing decision time through cloud-enabled automated processes and integrated analytics.

Retail bank's migration to the public cloud improves security and reduces costs

Business challenge

A multinational banking and financial services company sought the following objectives:

- Enhance operational flexibility, security, and agility in delivering IT infrastructure services and deploying applications
- Minimize IT costs and reduce the data center footprint in their on-premises environment
- Increase the monthly migration velocity by actively engaging with application owners
- Develop a framework to enable seamless migration, optimize downtime apps-testing efforts, and make minimal configuration changes

Business solution

The bank engaged with a cloud provider and a technology firm for cloud migration. The technology firm developed the cloud migration factory on a native agile framework, significantly minimizing discovery, assessment, planning, and migration implementation efforts. Speed, flexibility, and coordination

enabled mobilization across all business lines to expedite onboarding and reduce downtime through online migration.

Business impact

The bank was able to automate pre-validation jobs and migration execution to meet an aggressive weekly schedule. Socializing the cloud migration journey among stakeholders, communication (roadshows, weekend migration parties, demos, tech exhibits), and measuring relevant migration qualification criteria to simplify group definitions and mapping were value-added benefits. The bank completed migrations and launched several critical applications on cloud, realizing cost savings, greater flexibility and agility, and reduced pre-validation assessment dropout due to automation. The proactive engagement with all lines of business led to the steady acceleration of monthly migration volumes. Security and self-service capabilities have improved, and migration to an agile framework aligns with the bank's objectives.

Wealth management: Filling the client expectations gap

Over half of wealth managers (60%) cited risk management as one of the top three functions they migrate to cloud. They benefit by relying on cloud-enabled fraud detection techniques to make data-driven risk-management decisions. Business-critical investment planning processes are also high on the list for more than half of respondents (53%). Cloud plays a role in helping wealth managers apply AI-assisted research in making portfolio allocation decisions, and firms are setting an example through cloud implementation.

- With cloud migration, one leading wealth asset management firm improved user experience by converting mainframe functionality to cloud-native APIs, reducing delivery time for new features.
- HSBC's Wealth & Personal Banking division adopted a leading cloud provider's cloud-first engineering platform.¹⁷ Results included streamlined customer interactions, reduced operational costs, simplified processes, and improved efficiency as HSBC wove agile IT-service management practices into everyday operations.

Customer relationship management (CRM) rounds out the top three priority areas for wealth management (at 43%). Cloud-based customer relationship management solutions can help wealth managers deliver an outstanding customer experience.

Payment services: Building next-generation payment methods

Per Capgemini's World Payments Report 2023, more than half of the corporate treasurers across multiple industries consider that they urgently need effective and efficient cash management services (CMS) because of ongoing trade globalization and supply chain disruptions. Payment companies became early cloud advocates thanks to the technology's ability to help mitigate complex cash management processes and cumbersome payment settlements while bolstering customer relationship management (CRM). Cash management was vital for 56% of the payment firm executives we polled: cloud helps payment firms automate complex processes to improve visibility and control.

Cloud capabilities help payment firms optimize day-to-day clearing and settlement processes according to 45% of survey respondents. Said to be critical by 40% of respondents, CRM rounds out the top three payment areas. Many firms agree that cloud generates deep customer engagement through rich user experience, new business models, and increased productivity.

- Norwegian mobile payment application Vipps partnered with a top cloud provider to transform its app into a globally competitive solution, transitioning from a monolithic architecture to an on-premises infrastructure.¹⁸ This shift drove scalability, innovation through APIs, and substantial value growth, with a 75% annual rise in peer-to-peer transactions and a 300% rise in paid transactions.
- A leading US credit card and payments network firm migrated over 1,000 applications and 2,500+ components to a modern hybrid multi-cloud platform and up-skilled their existing staff to support the applications.

Capital markets: Transforming the business

From a capital markets perspective, risk management, investment research, and risk profiling or portfolio allocation are critical areas for cloud migration. Cloud-based risk management platforms can help firms integrate different data sources and systems, which explains why 57% of the capital markets firm respondents say risk management tops the list. Investment research is a close number two, cited by 55% of respondents. Capital markets firms can leverage AI-assisted research and automation in recommending assets to add to individual customer portfolios.

- A leading investment firm used cloud migration to reduce operating costs from automation in 15 months. Improved deployments and backup planning resulted in flawless execution every time.
- EFG Hermes launched a cloud-based Direct Market Access (DMA) platform to expedite trade execution as part of a global digital transformation.¹⁹ This reduced system latency increased DMA trading orders by 45% and established a highly scalable DMA platform that is 160 times faster than legacy systems.

For 40% of respondents, portfolio allocation is also a significant function for cloud migration. Cloud-backed data analysis can assist capital markets firms in assessing profiles and building customized portfolios, optimizing operations. A global investment bank, for instance, achieved operational excellence at its contact center by identifying and remedying inefficiencies in the flow of agent interaction.

89%

of FS executives said the right cloud-enabled platform is critical to meeting evolving business needs



We're a capital markets firm with a strong focus on investment banking. Cloud technology is crucial for transforming and digitizing our operations, especially in the dynamic equities and fixed-income markets. These markets are incredibly volatile, and there are huge trading volumes, and cloud brings the value of adaptability here."

Manish Mohite

Senior Vice President & Global Head of Cloud Engineering, Jefferies

P&C insurance: Enhancing the customer experience

Property and casualty (P&C) insurers actively migrate policy management and servicing to the cloud. Policy management is critical for 53% of P&C insurance respondents, who say P&C insurers can utilize cloud infrastructure to develop hyper-personalized services to assist sales and distribution. For example, a major insurance carrier leveraged cloud to create automated case creation for phone and chat flows, significantly reducing manual efforts and boosting sales.

In the case of policy servicing, AI can assist P&C insurers in price optimization in insurance renewals and negotiating the best value based on risk. Currently, 48% of the respondents say risk management is vital.

- Allstate overhauled its customer experience by employing AI-based virtual assistants.²⁰ The company revolutionized its claim-processing capabilities and now offers policyholders personalized service recommendations.
- Similarly, AXA UK offers competitive car insurance quotes via online aggregator sites and is moving to a PaaS cloud environment, leveraging machine learning to automate the deployment of new pricing models.²¹ AXA optimized performance by shaving the response times by roughly 60%.

CRM, which 41% of our survey respondents say is critical, rounded out the top three priorities for P&C carriers. Insurers are exploring data-backed personalized value-added services (e.g., roadside assistance) to meet evolving customer preferences. Using data and cloud, one of the largest P&C insurance firms created an improved and differentiated customer and agent experience.



Leading insurers leverage cloud to enhance data service and customer experience

Business challenge

Two leading P&C insurance providers integrated their lines of business into the cloud. They had relied on manual processes for telephone and live chat service calls. The integration process involved uniting disparate data models between the source and target systems at the policy, agent, and customer levels. The team also wanted to improve data visibility across other brands of storage resource management (SRM).

Business solution

The program, developed through a technology partnership, re-used existing business processes and implemented new workflows to meet specific business needs. The team implemented and enabled omnichannel routing for computer telephony integration, chat, email, and web services as part of the project. They built external integrations to gather policy/billing data, captured policy information based on phone numbers, and established data mapping and

transformations for complex legacy system data migrations. They created 60+ data capture forms to gather required information, re-using existing forms when possible. The program enabled applications for over 2.5 million policies, 3 million customers, 28,000 agencies, and 72,000 agents.

Business impact

Automated case creation for phone and chat flows significantly reduced manual efforts, case creation, and handling times. The solution also delivered a chat experience and a 360-degree view of the case management process, service-level agreements, and customer/agent call verification flows. It also leverages external integrations to help customer representatives view data in a single pane, thus improving efficiency. Faster transition of business processes is helping the business achieve maximum value.

Life insurance: Personalizing the customer relationship

AI-enabled and data-driven wellness tools help life insurance customers track fitness goals and create personalized action plans. According to Capgemini's [World Life and Health Insurance Report 2022](#), wellness is a considerable opportunity for the life insurance industry. To leverage this opportunity, insurers can leverage artificial intelligence (AI) to analyze policyholders' wellness behavior and benefit from cloud capabilities to deploy innovative products at scale. According to 55% of surveyed life insurance executives, migrating their customer relationship management to the cloud is the first step on this journey. A leading life insurer enabled cloud by building an enterprise API strategy that supports superior customer experience.

Risk management is another critical area supported by cloud migration for 45% of respondents. Cloud-enabled AI solutions are helping life insurers make data-driven decisions in underwriting and risk profiling processes, with 44% of respondents citing cloud migration for policy service applications. Cloud-enabled, automated KYC facilitates quick customer

onboarding to enhance the customer experience for life insurance policyholders. A European life insurer adopted a cloud platform from a high-cost mainframe to reduce overall operational expenditure and improve agility.

Health insurance: Turning legacy issue into opportunity

Cloud migration will create the most value for health insurers in policy service, policy management, and customer relationship management. While 57% of respondents say policy servicing will be critical, 52% think that policy management will be crucial. Health insurers can also utilize cloud solutions to develop innovative insurance products faster. They can also develop efficient cloud-based systems and workflow automation to handle claims submitted by policyholders for healthcare services. An international healthcare company realized substantial cost savings from cloud adoption with better predictability, year-on-year productivity gains, and reduced manual efforts.

For 45% of health insurance respondents, customer relationship management is critical

for cloud migration. Implementing cloud-based customer service systems and building self-service portals will enhance policyholder interactions. An electronic healthcare provider migrated from an on-premises system to a cloud platform in nine months, enabling efficiency in policy, billing, and claims and improving customer service offerings.

Data security and cost challenges constrain effective cloud transformation

Despite significant advantages, financial services executives say cloud migration is challenging. More than two-thirds of respondents (68%) cite data security as a cloud adoption obstacle, while 51% say high operational and transformation costs will present hurdles (Figure 7). Another 45% say regulations may pose difficulties.

68%

of surveyed FS firms said data security is a key challenge during cloud adoption

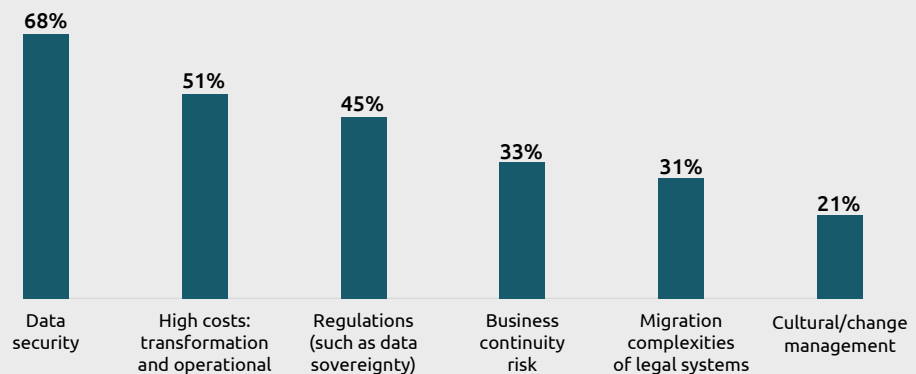


The key metric for cloud adoption should be the (potential) gains from utilizing cloud-native technology, e.g., by re-architecting existing applications. As cloud computing offers flexibility and elasticity, we should tailor our workloads for the cloud environment, rather than just 'lift and shift' them and simply compare the costs of rehosted workload to the costs of running existing systems on premise."

Philipp Hoegner

Head of Cloud COE Germany, Zurich Insurance

Figure 7. Key challenges during cloud adoption



Source: Capgemini Research Institute for Financial Services, 2023; Capgemini Cloud Survey of Financial Services Firms 2023 (N=500).

An effective cloud migration roadmap creates business value

As financial services firms embark on cloud journeys to catalyze business growth, an end-to-end, phased transformation following a comprehensive roadmap merits serious consideration. The correct place to begin is by prioritizing business problem solutions and cloud adoption areas, followed by migration enablement and implementation. The final and arguably most essential step is the harvesting and application of value from cloud-enabled systems (Figure 8).

Target business priorities to expedite cloud migration

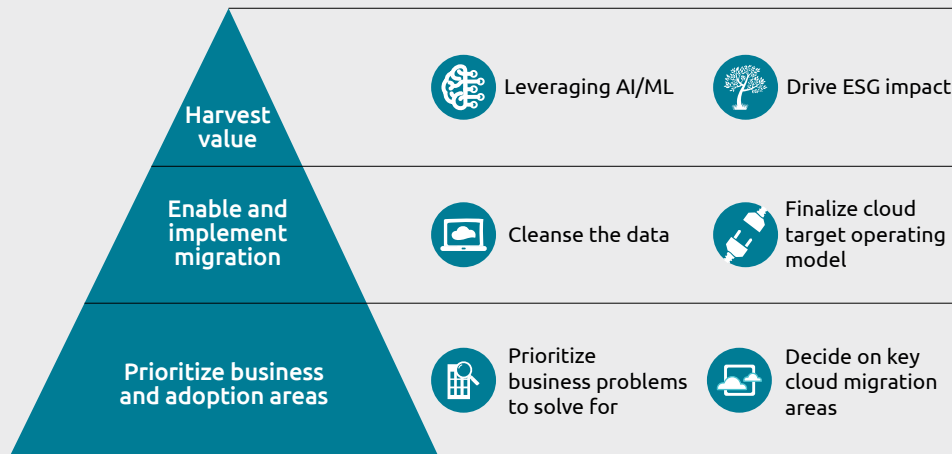
Looking across key FS business priorities, operational productivity is critical for financial services firms targeting overall business growth (Figure 9). Close to half of our executive survey respondents (47%) say operational productivity is their top business priority, followed by product innovation (41%) as the second most important; customer satisfaction (40%) was the third most important business priority for the financial decision-makers we surveyed.

Based on these business priorities, firms are deciding which functionalities within financial services subdomains are most important from a cloud migration perspective. As an example,



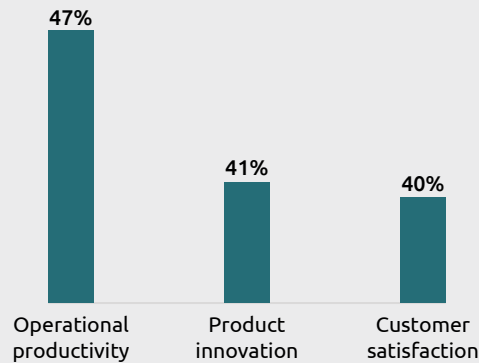
as discussed earlier in the report, investment research and portfolio planning functionalities are essential to be moved to cloud for capital markets and wealth management, respectively. Policy servicing and policy management are key areas for cloud migration from an insurance perspective. Preferred functions for cloud migration that are common across both banking and insurance include risk management and customer relationship management systems.

Figure 8. A roadmap for cloud transformation



Source: Capgemini Research Institute for Financial Services, 2023.

Figure 9. Key business priorities across financial services industry



Source: Capgemini Research Institute for Financial Services, 2023; Capgemini Cloud Survey of Financial Services Firms 2023 (N=500).

Enable and implement cloud migration for your enterprise

Once organizational leaders are aligned on prioritization, the key is to form a cloud target operating model for implementation. However, while taking that vital step, firms must optimize their data.

Crucial role of data in realizing value from cloud migration

In today's data-rich world, emergent ecosystem specialists are ready to partner with financial services firms and third parties to enrich their data. Different datasets from clients and prospects are emerging – including financial, behavioral, social media, and lifestyle data – and enabling banks and insurers to make meaningful decisions. Several insurance companies also check health and fitness data while underwriting or managing a policy. Leveraging data, however, has its own set of challenges.

According to Capgemini's [World Retail Banking Report 2022](#), data reliability is a key issue for 80% of respondents, while generating insightful data (73%) and lack of data management tools (68%) are also data-related issues to solve for. Capturing the data from multiple sources is also not easy and requires working with an ecosystem mindset. For example, according to Capgemini's [World P&C Insurance Report 2023](#), only 21% of carriers have advanced partnership capabilities to source such data. Accurate and clean data is essential for firms implementing new use cases and applications. Ensuring data integrity, security, and privacy is critical for an effective cloud migration and unlocking value in the evolving AI- and generative AI-driven world.



Financial organizations must modernize their data infrastructure before employing generative AI to its full potential. Without good data, the application of AI findings is constrained, as it serves as the foundation for many cutting-edge technologies. Like generative AI, cloud infrastructure is essential."

Gareth Richardson

Chief Operating Officer, Thought Machine



A cloud target operating model propels effective implementation

Cloud migration should be based on a sound strategy that encompasses multiple areas; focusing only on select, individual factors such as cost-effectiveness will create myopic solutions, often leading to future problems.

The main question for financial services firms is what factors should be considered for migration. After numerous discussions with key stakeholders across the cloud spectrum, we have identified seven key factors (Figure 10) for an effective cloud target operating model. A brief discussion of each follows below.



Across cloud adoption, there are four key areas: infrastructure, security and foundational capabilities, retooling of line of business systems, and data analytics. FS firms start their journeys in different places, but they need at least two to three of these areas to make progress for firms to realize the full value of cloud."

Sean Foley

CTO – Worldwide Financial Services, Microsoft

Return on investment

Financial services firms can start by defining the key performance indicators (KPIs) and exact measurement approaches for successful cloud migration. Based on our discussions and learnings from numerous implementations, this needs to align with the business priorities of customer experience and operational excellence, and not just focus on financial returns or cost savings. Even from a cost perspective, the total cost of ownership needs to be considered; this includes not only the investment in cloud adoption but also covers other factors, such as cloud services selected, internal resources to be leveraged on an ongoing basis, and software licensing, among others.

Global banking spending on cloud computing services will grow more than 16% annually through 2024, to USD 77 billion, whereas overall IT budgets are projected to increase 4.5% annually in this time period.²² The global insurance industry also follows a similar but slightly lower spending trajectory on cloud computing services. Steadily, cloud adoption is making its way into the financial services industry. On average, as indicated by executives in our survey, financial services firms spend 41% of their total IT investment on cloud. However, implementing cloud to gain cost savings can be a mistake, as most firms struggle to unlock the total value of cloud migration because costs overrun what they initially allocated.

Figure 10. Key factors for a cloud target operating model



Source: Capgemini Research Institute for Financial Services, 2023.



Moving to the cloud initially incurs costs but offers long-term benefits for business sustainability. Decision factors include operational efficiency, customer satisfaction, and overall gains, balancing cost and client satisfaction. It's a holistic assessment and not just a cost-centered approach."

Umasankar Nistala

Chief Information Officer of Payments, Fiserv

Talent and team management

As banks and insurance companies embark on cloud adoption, securing the right talent is imperative to ensure smooth evolution. A successful cloud migration project will require cloud and cloud security experts and stronger partnerships with various business lines.

The financial services industry often faces a talent crunch for cloud technologies. There is a long-standing debate about whether the cloud team should be centralized or decentralized. Early-adopter banks are creating cross-functional teams and moving to business-aligned vertical units (versus a shared services model). These teams are self-sufficient with a you-build, you run, and you support mindset. Hence, the IT teams are becoming collaborators and trusted business partners. Centralized models are often challenged by a shift toward increased collaboration between central IT teams and lines of business to support evolving industry needs.

API integration strategy

API is critical for financial services firms integrating cloud solutions into their legacy systems. Internal and external API strategy and implementation are key to fully leveraging cloud benefits. Yet, 27% of the industry executives indicated that the lack of APIs is a challenge in integrating cloud solutions into current legacy systems. To develop an effective cloud API integration strategy, firms should consider factors such as:

- Pre-integration planning for use cases and end-points
- Architectural execution on platforms, code, and complexity
- Digital ecosystem collaboration
- Monitoring standards and implementation maintenance



A well-executed API strategy with cloud can help firms manage expanding data, manage payment and transaction platforms with business partners, and improve connectivity across different products and interfaces as they deploy newer applications and new use cases.

27%

of industry executives said a lack of APIs is a challenge to cloud solution integration

Platform integrity

A robust strategy involving hybrid, public, private, and multi-cloud options will be essential for firms. Choosing a best-fit cloud deployment model is necessary to ensure platform integrity. Financial services firms use public or private cloud depending on system needs. Sovereign cloud, which provides secure and independent cloud computing infrastructure to countries to help them ensure data privacy and sovereignty, is another deployment option. As per our Cloud Survey of Financial Services Firms 2023, 39% prefer to leverage public cloud, 49% prefer private cloud, and the remaining 12% think hybrid cloud is the best option. Financial services firms often prefer a multiple-vendor-driven multi-cloud environment to diversify operational risks (Figure 11). The cloud technology providers we surveyed say ~52% of their financial services clients use multi-cloud infrastructure.

Cloud transformation is a top priority for us: as we're at the forefront of digital innovation, leveraging artificial intelligence and digital assets, we must continue to migrate our key systems to the cloud. We use an adaptable approach, combining our internal cloud capabilities and public cloud hyperscalers' offerings. Our commitment to training and certifications for our IT talents ensures our readiness for this transition."

Laurent Caillot
Global CIO for Wholesale Banking, Société Générale

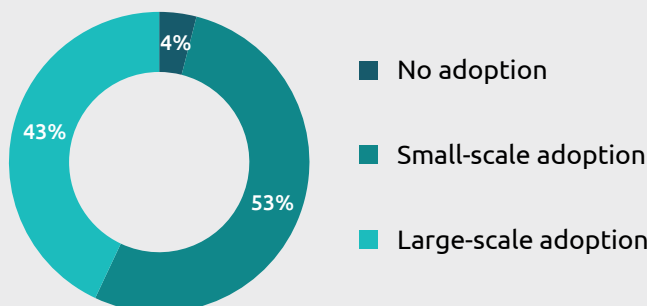
Compliance and security

Client data protection is the main focus area for all financial services firms, although certain complex compliance and regulatory factors might slow down the migration process for many. Respondents from our Cloud Survey of Financial Services Firms 2023 say 65% of their end customers face security challenges while they are integrating cloud solutions with their current legacy systems. Other prominent challenges include a lack of APIs, inconsistent systems, and data management issues. For 77% of respondents, security is a key factor in the robustness of the cloud-enabled platform, leading to growth and customer experience.

There is a lot of interaction between the industry and the regulator in balancing innovation and avoiding systemic risk situations. The Digital Operational Resilience Act (DORA) had lots of layers of discussions with the hyperscalers, the banking system, and many other entities and governments to understand what the issues are and to be transparent about what they're trying to do, the business justification and the risk management around it."

Dr. Richard Harmon
Vice President & Global Head of Financial Services, Red Hat

Figure 11. Current status of multi-cloud infrastructure adoption



Source: Capgemini Research Institute for Financial Services, 2023; Capgemini Cloud Survey of Financial Services Firms 2023 (N=500).

Of financial services firm respondents, 73% rate security and/or compliance as a significant parameter when considering a cloud partner. While working with public cloud providers, close to 78% say they can achieve the required security and compliance posture to migrate core systems.

Cloud providers

Firms must determine the right cloud provider(s), typically based on the API strategy, platform integrity, and security needs; data sovereignty is imperative, and regional provider support is also essential. PaaS and SaaS are two leading services for which financial services companies approach a cloud provider. Developed countries, such as the United States and others from Europe, have shown an increased demand for PaaS and SaaS.

Access, data, and intellectual property are the three key parameters where firms need control from cloud providers. These three parameters hold the key to selecting the right provider as well. Microsoft Azure was the most popular cloud vendor among our surveyed financial services industry executives, with 59% of respondents preferring it. AWS and Google Cloud were the choices of 43% and 44% of respondents, respectively.

Cloud partners

Firms engage with cloud experts, cloud platform providers, and/or implementation partners to ensure successful migration. For most financial services firms, security is the top parameter for partnering with a firm (Figure 12). Compliance also stands out, especially for banking, wealth management, and payments.

Per the financial services executive survey, platform firms such as Thought Machine, Mambu, and Temenos are the leading platform partners in the financial services industry. Firms must also leverage technology implementation partners to tap into their expertise in multi-project implementation. The capabilities of these partner companies and the credentials they offer will be key factors for partner selection.

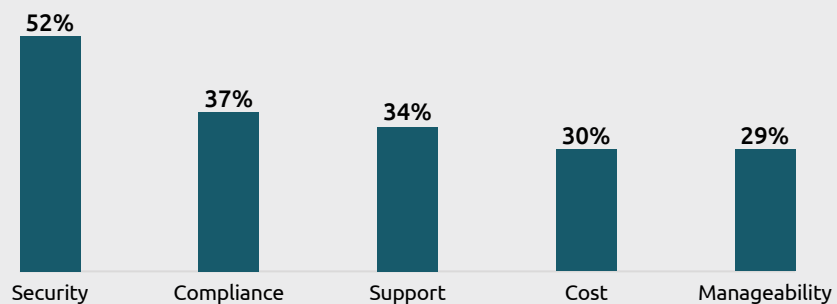


Creating a mutually beneficial partnership is imperative for cloud vendors when designing a migration plan for their customers. This involves truly comprehending the firm's business needs, workloads, and optimal deployment models for scaling up"

Sheldon Cuffie

Enterprise Chief Information Officer, American Family Insurance

Figure 12. Security is critical when selecting a cloud partner



Source: Capgemini Research Institute for Financial Services, 2023; Capgemini Cloud Survey of Financial Services Firms 2023 (N=500).

Implement cloud at scale to harvest the greatest business value

Most firms have adopted cloud but cannot harvest total value from it. Many firms have leveraged a “lift and shift” approach to migrating processes to cloud, constraining them from realizing the full benefits. Leveraging the cloud target operating model to redefine processes for maximum effectiveness in cloud will be the starting point to gain full cloud value. This can help firms invest in the latest initiatives and trends around AI and generative AI as well as environmental, social, and governance (ESG) opportunities.



Cloud is critical for generative AI as the related technologies and model seamlessly align with nimble cloud-based infrastructures, whereas on-premises setups tend to be more sluggish due to inherent limitations that impede the speed-to-market.”

Ketan Pandit
Group Chief Technology Officer, QBE Insurance

Cloud enables better AI adoption and benefits

Close to 62% of financial services firms are already in the initial stage of AI adoption. Cloud-based AI and generative AI services can be used to manage data, re-engineer processes, make real-time automated decisions, and drive simulations to model different strategies and outcomes.

AI and machine learning technologies are accepted in the financial services industry but have had limited impact. Moving internal systems to appropriate cloud-enabled ecosystems and platforms will bring out the full value and effectiveness of AI and generative AI, thereby enabling more business growth use cases across financial services sectors in the coming years (Figure 13). As many executives put it, there will be no generative AI future for firms without cloud-enabled systems.

62%

of financial services firms are in the initial stages of AI adoption



Every financial services client that we talk to wants to engage in creating or using a safe, secure, and compliant AI-adoption framework. Although there are some real concerns around adoption today, if a financial services organization is not talking about AI, they will miss out. And cloud is right in the middle of adopting AI in a scalable manner.”

Aly Farooqui
Chief Risk Officer, Cloud for Financial Services, IBM

Figure 13. Critical generative AI use cases for financial services sub-domains

Retail Banking	Credit analysis	69%
Wealth Management	Financial planning	68%
Capital Markets	Advisor chatbot	66%
Payments	Customer onboarding	72%
P&C Insurance	Client servicing	73%
Health Insurance	Policy renewal	67%
Life Insurance	Client chatbot	60%

Source: Capgemini Research Institute for Financial Services, 2023; Capgemini Cloud Survey of Financial Services Firms 2023 (N=500).

Recent examples of generative AI in financial services include:

- In retail banking, ABN AMRO introduced automatic summary generation, which enhances the productivity of client-facing employees by automatically summarizing conversations with clients.²³
- Stripe used advanced fraud detection and leveraged generative AI in payments to help users manage financial fraud while eliminating manual monitoring.²⁴
- Gen AI Bot with NLP offered Plum, providing quick answers to questions related to health insurance coverage.²⁵

carbon footprint. Temenos is helping banks to quickly create investment products, thereby allowing investors to build meaningful investment portfolios;²⁷ this service accelerates time-to-market for ESG-compliant products and reporting while reducing development costs.

Most cloud technology providers also offer solutions that address data and reporting needs in their clients' ESG journeys. Key ESG solutions available for the financial services industry include carbon-free energy scores across cloud-deployed regions to optimize emissions and cloud-based in-built data and analytics solutions to track and visualize carbon footprint across business functions and products.

Cloud helps organizations achieve enterprise sustainability objectives

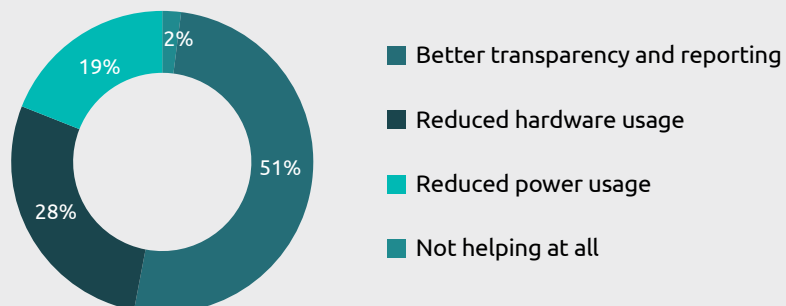
Cloud is also assisting financial services firms in efficiently managing their ESG reporting and achieving their sustainability goals (Figure 14). Cloud enables financial services players by providing the necessary ESG impact measurement tools. This allows cost-effective and efficient data tracking while building insights around the data and enhancing reporting capabilities. Close to 95% of financial services leaders we surveyed say ESG is essential in key investment decisions. Unfortunately, the ability to embed ESG data at scale in these decisions is still limited. For example, as covered in Capgemini's World P&C Insurance Report 2022, only 33% of insurers said they have such capabilities.

Cloud providers and platform players are already developing solutions to address sustainability goals. Microsoft is helping organizations to track and report scope 1, 2, and 3 level emissions.²⁶ Comprehensive emissions data management is ensured to capture the entire

~95%
of FS leaders surveyed say ESG is essential in key investment decisions



Figure 14. How does cloud support the financial services ESG journey?



Source: Capgemini Research Institute for Financial Services, 2023; Capgemini Cloud Survey of Financial Services Firms 2023 (N=500).

IN CONCLUSION

As one executive shared, “Without cloud, there is no future for financial services firms.” Every organization needs the right cloud-enabled ecosystem to gain a competitive edge in generative AI or any other innovation-powered future.

Banks and insurers are more enthusiastically adopting cloud as the technology matures and its revenue value becomes measurable. However, to drive business growth through superior customer experience and operational efficiency, financial services firms need to unlock cloud’s full potential. Currently, financial services firms face two key roadblocks to unlocking value:

1. Most organizational processes are not re-engineered for cloud
2. Many core systems rely on legacy and disparate technologies

A composable platform with modular functionalities can help resolve these challenges. These platforms are also crucial for firms to gain maximum efficiency and flexibility in the software development process. Adopting a phased roadmap will be critical to implementing these platforms given that IT budgets are very often primarily earmarked for running business-as-usual functions to maintain regulatory compliance.

Firms can start by prioritizing the right business areas and functionalities within this composable architecture. This can be followed by cleansing the data and devising the cloud target operating model for that functionality. Finally, driving full value and innovation from that is essential once the cloud migration is enabled. Focusing on generative AI and ESG agenda effectiveness through cloud will be important in the current business environment.

Where are you on your cloud journey, and what can be done to help your organization realize maximum competitive advantage – in terms of customer experience, operational efficiency, innovation, new partners and markets, and sustainable growth? When it comes to financial services and cloud, it’s not just the journey – it’s what the journey makes possible.



Methodology

The World Cloud Report - Financial Services 2023 cites global data and our analysis of two primary research surveys as well as more than 30 interviews with FS executives and hyperscalers / cloud technology providers; we also took input from Capgemini’s subject matter experts across more than 20 countries. The two surveys polled financial services industry (FSI) and technology ecosystem respondents. We focused on four global regions and 14 markets within those regions – the United States, Canada, the UK, France, Germany, Spain, the Netherlands, the United Arab Emirates, Singapore, Hong Kong, Japan, China, India, and Australia.

areas for cloud migration, ESG/sustainability influences, and how new technologies (like generative AI) support cloud adoption growth in the financial services industry.

Cloud Survey of Technology Ecosystem Firms 2023

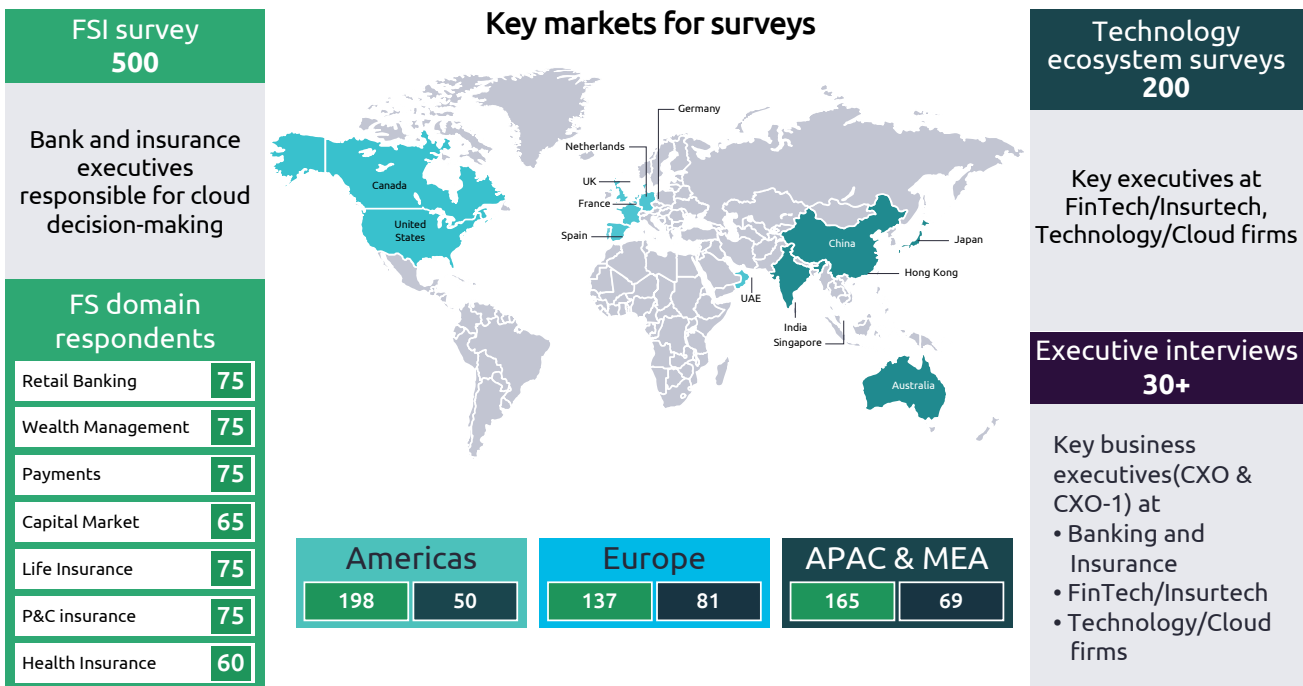
We surveyed 200 CXOs or product/business heads of cloud technology solution providers to understand their perspectives on their FS clients’ cloud adoption efforts. Multiple factors were covered, including cloud investments, the maturity of cloud adoption in the FS industry, key challenges and drivers, and strategic roadmaps.

Cloud Survey of Financial Services Firms 2023

We polled 500 senior leaders of leading FS firms (CXO, Head of Cloud, etc.) about their cloud adoption and usage journeys. Respondents represented seven financial services domains: retail banking, wealth management, payments, capital markets, life insurance, health insurance, and P&C insurance, with balanced participation from each. Survey questions covered critical parameters, including the evolution of cloud adoption during the last three years, cloud benefits and challenges, composable platform impact, key business priorities and functional

Executive interviews from financial services firms and hyperscalers/cloud technology providers

The report includes insights from more than 30 focused interviews with cloud experts holding leadership positions across financial services and cloud ecosystem firms around the globe. Additionally, the views of hyperscalers and cloud experts at key firms about the influence of market dynamics on cloud migration helped to round out meaningful insights for the report.



Partner with Capgemini

Leverage cloud to transform your business

New customer expectations around technology and easy access to data, and ever-higher demand for a seamless and simplified customer experience, are raising the bar high for FS firms. To address these demands and expectations, firms across the financial services industry have embarked on business transformation journeys, which involve both migration to cloud and overcoming key challenges in moving to cloud.

Capgemini has been privileged to support numerous financial services clients in their cloud transformation journeys. We have worked with organizations across retail and commercial banking, wholesale banking, asset and wealth management, and property and casualty, home, auto, health, and specialty insurance. We have become adept at helping enterprises resolve key challenges across multiple complex areas.

Data security

Financial institutions are attractive security breach targets for actors seeking clients' personal, business, and monetary data. As firms move to cloud, data security and privacy are no longer exclusively compliance issues: reputational damage is also at stake.

Capgemini works with FS organizations on their cloud migration journey as well as with cloud providers to develop comprehensive data security and privacy programs with policies, access controls, and various data loss prevention technologies to protect continuously against emerging threats.

While robust data security management is crucial in today's business landscape, failures are unavoidable. Therefore, we prioritize building a breach response plan to prepare for contingency events. Incident preparation and a proactive data privacy policy are critical safety tools.

Capgemini is committed to protecting client data and defending against cyberattacks. Our cybersecurity and data protection teams enforce data breach and security incident management policies and ensure effective implementation of data, infrastructure, and identity protection obligations.

Cost optimization

Cost optimization involves both transformational and operational cost management. Many FS firms struggle with cost overruns during their cloud migration journey.

Through its in-depth experience and accelerators on cloud transformation projects, Capgemini helps FS clients put the right KPIs and controls in place from the very beginning of the cloud transformation journey to avoid significant cost or effort overruns later.

At an operational level also, Capgemini helps clients develop a structured, methodical, building-block approach to transforming application environments that helps with cost efficiencies. Capgemini focuses on developing a well-managed application landscape and operational best practices to help mitigate future cost challenges.

Our unique set of accelerators includes solution templates, reusable objects, test scenarios, and industry reference models. We use industry-leading software solutions to automate identification and mapping relationships between applications and the underlying IT infrastructure, project and portfolio management, database archiving, data management, and test automation to deliver cost-efficient cloud transformation.

Regulatory compliance

Today's dynamic regulatory environment makes it imperative for FS firms to ensure that their processes, governance, and systems meet current compliance standards, especially as they move to cloud.

Capgemini helps FS firms embed regulatory compliance throughout their cloud migration journey (including key elements such as sovereign cloud) using analytical rigor to tackle the high cost and complexity of mandates. We work with our clients on complying with requirements while optimizing investment and resources. Capgemini can integrate legacy systems, cloud-enabled systems, and disparate data from multiple sources, which is often a significant challenge for many firms seeking to implement effective regulatory governance and frameworks as a part of their cloud migration journey.

Ask the experts



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About us



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