

Global banking industry forecast to spend over USD 32 billion annually on cloud technology by 2023, delivering a 20% reduction in overall IT costs

Quinlan & Associates sees huge potential for cloud technology to optimise IT infrastructure and drive internal collaboration in the banking industry

Hong Kong, 23 August 2018 – Quinlan & Associates, a leading independent strategy consultancy specialising in the financial services industry, has released a report looking at cloud technology in the banking industry.

The report, titled *Banking On The Cloud: Supercharging Collaboration Through Cloud Technology*, discusses the uses and implications of cloud technology in the banking sector. In particular, the report looks in detail at how banks can leverage cloud technology to enhance workplace collaboration, a key challenge for many industry players.

'With the continued emphasis on digitalisation, rise of the Internet of Thing (IoT), and heightened regulatory demands (especially with respect to data storage, privacy, and security), banks now require more system resources than ever to operate effectively and meet their compliance obligations. To this end, many firms are increasingly looking to cloud technology as an alternative to developing and maintaining in-house systems. In fact, we forecast the global banking industry to spend over USD 32 billion p.a. on cloud technology by 2023,' said Benjamin Quinlan, CEO & Managing Partner and lead author of the report.

'While different deployment models come with their own merits and drawbacks, cloud technology has the potential to enhance many areas of a bank's infrastructure and operations, such as application development and client servicing. Whilst we are seeing many banks actively adopting cloud technology as a means to reduce their IT overheads and streamline their operations, one area has consistently been overlooked – collaboration.'

While many banks stress the importance of collaboration in the workplace, the reality is markedly different. 'The banking industry is notorious for being highly competitive and operating extremely siloed businesses, with employees regularly encouraged to prioritise their personal and/or department performance over company-wide results. Much of this is a function of incentive mechanisms, governance structures, and communication strategies that fail to foster a truly collaborative culture,' said Hugo Cheng, co-author of the report. 'Nonetheless, changing employee mindsets is not enough; IT systems and infrastructure are critical in facilitating such behaviour.' This is where the authors see an important role for cloud-based collaboration applications.

'Because of the limitations of existing collaboration applications, the current collaboration process (which involves delegating tasks and compiling inputs through a plethora of different applications) gives rise to a multitude of problems, such as redundant tasks, concerns around data privacy, and conflicts both within and between teams,' said Mr. Quinlan. 'Through working together on a centralised platform on which all tasks can be completed in a synchronised manner, employees experience a significantly easier collaboration process, enhancing their willingness to work together. Such technology can also help streamline collaboration process with external parties, such as lawyers, accountants, and consultants.'

The authors believe banks that successfully incorporate cloud technology into their system and infrastructure could see a 20% reduction in total IT spend by 2023 (~2% of total costs). Coupled with productivity enhancements that come with an improved collaboration process through a centralised collaborative platform / system, the ability to cross-sell (and up-sell) can also be significantly enhanced, driving top-line revenue.

'While we recognise that a technological overhaul and a substantial cultural shift require significant upfront investments and time, we believe banking on the cloud is not only vital for firms looking to supercharge their digitalisation efforts, but also fundamentally transform their collaborative cultures,' said Mr. Quinlan.

About Quinlan & Associates

Quinlan & Associates is a leading independent strategy consulting firm specialising in the financial services industry. The Company is the first firm to offer end-to-end strategy consulting services. From strategy formulation to execution, to ongoing reporting and communications, Quinlan & Associates translates cutting-edge advice into commercially executable solutions. With a team of top-tier financial services and strategy consulting professionals, and a global network of alliance partners, Quinlan & Associates provides its clients with the most up-to-date industry insights from around the world, positioning the Company as a leader in this field.

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