

Cloud shift starting to take place in SA financial service sector

Mounting pressure on financial service institutions has forced a change in strategy as disruptors redefine the competitive landscape. Andrew Cruise, CEO, Routed, a vendor neutral cloud infrastructure provider, says that thanks to the cloud and a growing base of market disruptors, innovation and technology are becoming more critical to the survival of today's financial institutions.

"Traditionally, this sector has been slow in its cloud adoption and the use of deployed infrastructure. We are seeing a move in the right direction as financial institutions start moving beyond the initial concerns of risk and security in the cloud," says Cruise.

He says that this is particularly relevant across Africa as the barriers to entry are lower and a breeding ground for disruptors to challenge the old guard. The innovation in this sector has been boosted by the arrival of Internet giants such as Amazon Web Services, Microsoft Azure and Google Cloud.

"The arrival of these key vendors will encourage more cross connecting from the enterprise sector, which acknowledges the assurance now provided from cloud providers. This improvement in risk and security has started to positively impact the financial services sector too. We will also see an increase in multi-cloud strategies, which will result in a general increase in cloud acceptance and adoption," says Cruise.

Traditionally marred by a highly regulated industry demanding strict IT security and privacy controls, the financial services sector is becoming increasingly more open to cloud strategies and running applications in the cloud. Internationally, several banks and insurance companies are leveraging the cloud and considering ways to utilise the platform for other processing requirements.

While thousands of smaller companies have adapted and embraced the cloud due to a lack of legacy architecture, larger companies are now starting to see the benefits of the lower fixed costs and flexibility: "It is logical for the next adoption curve to include the financial service sector. They need to become more agile and responsive to the market to enjoy continued success," says Cruise.

With less than two years until 2020, cloud adoption needs to increase and continue to evolve. According to Cruise that technology will, by that time, become more mission-critical and will have started to drive not only customer engagement but operational efficiency too.