



Cloud Computing in Banks

Indian Banking Industry is going through major transformations. Granting of in-principle approval by RBI to 11 Payment Banks and 10 Small Finance Bank is likely to bring in focus on Payment Solutions and MSME sector respectively. Economic growth and overall growth in banking industry is expected to be boosted by end of 2017-18. Innovation and implementation of technology has created awareness in the Industry and many have already been in the process of up-gradation of system for meeting technological advancements. Digital Bank is the new buzz word in the current era of Indian Banking Industry.

Private Banks like Axis, HDFC, ICICI have already launched and many others are soon launching contact-less credit card using Near Field Communication (NFC) technology, it would result in easy transactions without insertion or swiping of cards, which sounds good.

Banking Industry is adapting to technological improvements, which is taking it towards Digital India Mission accomplishment.

Moving from orthodox banking solutions now this Industry is taking a new dimension where usage of cloud computing technology in banking industry has increased significantly. Private Banks (new generation) and Foreign Banks are far ahead of its PSB competitors as far as adoption of cloud is concerned.

Bankers are now looking beyond Financial statements now, and focus is shifting towards adoption of new technology rather than concentrating on saving costs, as a discernible view of future outlook could be captured.

While sensing the need of hour for embracing technological improvements Seasoned Bankers are exchanging views with Technology Heads towards innovations in technology, which lead to improvement in customer service, operational efficiency and profitability. Cloud computing complement to technological advancement and Bankers are in readiness to embrace paradigm shift.

Usage of Cloud Computing has been growing continuously with many Banks moving towards embracing technological advancement. Payment Banks and the Small Finance Banks are going to start operations on the paperless approach. Recent demonetization move has opened flood gates for Bankers as well as customers rushing to embrace digital world. Mobile wallets and other online transactions have recorded a significant growth in digital transactions.

When it comes to implementing cloud computing in Banks, many factors are involved but considering key benefits arising out of CC, it is worth considering cloud adoption. Let us have a look at advantages and disadvantages to arrive at the conclusion.

Advantages

1. Improved Customer Service

Cloud will make transactions simpler related to banking for its customers, tailor made and flexible services can be provided with larger efficiency. Retail customers and Corporate clients would get benefit of centralized solutions, resulting in uniform services, with cloud that would mitigate the shortcomings of technologies for banks and customers, transactions will be made seamlessly and much reduced risks.

2. Scaling up of resources

With the adoption of Cloud Computing, resource utilization could become totally need based. eNlight Cloud is the need based smart cloud model that ensures its delivery in an effective way to provide optimum benefits to the customers.

3. Improved flexibility

With a view to cope up challenges in the ever-changing scenario in the Banking Industry, it is must to adopt technological changes to stay ahead in the market and meet changing demands of the customers. Cloud Computing ensures this flexibility to stay ahead of competition and receptive to customer needs and market changes.

4. Better operational effectiveness and Business agility

Cloud based reliance on centralized servers for data management and reduced complexities coupled with changes and voluminous data, it provides with optimum scope for the evolving technology in Banking Industry, having adequate flexibility. Smart model eNlight cloud for Banking provides a optimum productivity of Banking operations. It gives an opportunity to businesses focus more on customer services than on technology with Cloud adoption, which would provide base for Business agility with better operational effectiveness.

5. Business Continuity

Cloud Computing would enable higher securities in big data critical sector like Banking Industry providing Disaster recovery management and totally defect free system. It will ensure the high level of redundancy at reduced prices than it is possible with orthodox Disaster Recovery management.

6. Lower costs

Big data management in the Banking Industry is possible without additional costs. Cloud facilitates to invest in required resources by eliminating the cost associated with existing hardware and software. Smart eNlight Cloud's Pay-as-you-go model provided better results at reduced costs, it also provides shared platform for various applications on demand.



Disadvantages

1. Operational Time

Downtime could be one of the major disadvantages of cloud computing. Cloud providers would not be in a position to provide guarantee for seamless service. Cloud computing systems are based on internet services, which increases dependency on the efficiency of Internet Service Provider. As any Computer hardware, cloud platforms could develop snag for multiple reasons. In order to mitigate such instances, it would be advisable to enter into a Service Level Agreement with Internet Service Provider to keep up time in excess of 99.5 percent. Down time would adversely affect the services rendered to the Banking Customers.

2, Privacy and Security aspects

Cyber-crime has become talk of the town with the recent compromise of 3.2 million Banking Customer debit card details and PIN. Considering the Banks are dealing in money that too of the customers, it is a sensitive data where adequate security encryption is required to prevent security breach and save the websites from getting hacked. When a Bank usage a remote cloud based infrastructure, it does tantamount to outsourcing when your dependency is very high on others.

No doubt, the cloud service provider would manage and safeguard the associated hardware infrastructure of a deployment, but remote access would form Bank's responsibility and one can not claim any system to be immune to cyber attack. All the risks associated with cloud based platforms to be carefully evaluated and necessary safeguards to be ensured, in order to protect privacy of the Banking Customers. Limited access to the users, enhanced protection to devices, use of artificial intelligence for network security, cyber security insurance cover and a data vigilance could be some of the measures to mitigate privacy and security risks,

3. Susceptibility

Since every component is potentially accessible from the Internet, in respect of Cloud based platforms, severe attacks on big data could not be completely ruled out. But since cloud computing is built as a service to customers, at large, it is easier to familiarize oneself with easy to learn steps. The Cloud attacks could be prevented with potential threats by connecting with global security intelligence, data vigilance, implementing IT security controls, off-site audits, cogent identity.

These steps would assist Banks to monitor for the exposure and vital data movements, defend crucial systems from cyber attacks and data getting compromised.

4. Flexibility and Inadequate Control

Cloud users have limited control over the function and execution of their hosting infrastructure. Cloud provider's external user level agreements and management policies might impose limits on what Users could do with their deployments. Customers also have limitations to the control and management of their applications, data, and services, but not the back end infrastructure. The possibility of the above measures creating problems is remote but precaution needs to be taken.

5. Dependency

Exclusivity of the vendor leads to limitations of cloud computing. Inadequate compatibility between vendor systems could prevent migration from one cloud platform to another. Not only it could be complex and pricey to reconfigure your applications to meet the requirements of a new host, but migration could also jeopardize security and privacy of sensitive data.

A thorough understanding of Service Level Agreement could eliminate exclusivity of the cloud vendor. In reality, many vendors might be using same open source components, building exclusive solutions from their own unique processes. Advance planning by understanding limitations of the vendor and compatibility could avoid dependence to a large extent.

6. Costs

Cloud computing could be effectively implemented in case of large scale operations like Banking Companies but for smaller Banks like Cooperative Banks and Regional Rural Banks might find it pricey to implement.

Although cloud implementation allows you to reduce manpower and infrastructure costs, but overall expenditure could end up higher than expectations. It would always be better to carry out experiments with alternate offering before going ahead with Cloud Computing. In order to mitigate costs flexibility in scaling up or down, optimum usage, prevent idle situation, vigil on usage are some of the measures to be adopted.

Conclusion:

Despite aforementioned disadvantages of Cloud Computing, advantages score over, the Banking Industry has immense potential, particularly PSBs, for many business models. Advancement in technology and the economies of scale, coupled together, continue to grow, dwindling costs, reliance and security measures will improve. Banking Industry appears to be in readiness to embrace technological advancement to meet up ever changing expectations of customers.

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