



IBM Cloud for Financial Services™

IBM Cloud



An industry facing disruption

The financial services industry is facing a number of disruptive forces—ever-increasing customer demand for new innovative products and services, competition from financial technology (fintech) companies, rising regulatory pressure and increasing cybersecurity breaches.

Venture capital flowing to fintech companies in 2018 increased 120% to USD 39.6 billion.¹ At that rate, competition in the financial services industry is expected to remain unusually intense.

Since the 2007 – 2008 financial crisis, with newly strict enforcement of regulations, the industry has incurred roughly USD 321 billion in penalties.² Governance, risk and compliance (GRC) costs account for 15% – 20% of the total operations cost of most major banks, globally.³ In short, considering the large cost of regulatory noncompliance and the need to demonstrate compliance as often as every 6 or 12 months, risk management teams in the financial services industry have a high-priority mission to evolve an IT framework that ensures successful adherence to regulations.

Similarly, while cybercrime continues to plague digital businesses across industries, financial services companies bear the highest cost, with breaches estimated to cost USD 700 billion in losses, globally.⁴ The priority is equally high for IT solutions that reduce losses related to such theft.

With those combined industry pressures, in order to create new operating and business models that can deliver innovative products and services with competitive speed, incumbent financial institutions must find ways to partner with independent service vendors (ISVs), software-as-a-service (SaaS) vendors and fintech companies themselves.



¹ [“Fintech companies raised a record \\$39.6 billion in 2018: research.”](#)
Reuters, Technology News, 29 January 2019

² [“Global Risk 2017: Staying the Course in Banking.”](#)
BCG, 2 March 2017

³ [“Banking Regtechs to the Rescue?”](#)
Bain & Company, 18 September 2016

⁴ [“What will cybercrime cost your financial firm?”](#)
Accenture, Finance and Risk, 15 July 2019

Financial services organizations require a cloud that addresses their unique needs

Like organizations in many other industries, financial institutions (FIs) must improve the customer experience and modernize core applications. To transform and innovate faster, they need to be able to integrate with third-party providers.

To delight customers with personalized banking experiences and on-demand services that outpace and outsmart competitors in the delivery of services and products, organizations need the agility, resiliency, elasticity and on-demand provisioning that cloud offers.

However, as FIs strive to be more innovative, they also need to meet security and regulatory compliance obligations. Financial institutions, along with the ISVs and SaaS providers that service the industry, require a secure framework that instills trust and confidence in moving their workloads and applications to the public cloud.

This framework must include:

- Security and trust across the environment
- Policies and controls required to meet regulatory compliance obligations
- Complete control of data, encryption and security
- Control of intellectual property
- Control of mission-critical systems
- Portability and consistency across private and public environments
- Governance and change management driven by deep industry and regulatory expertise

Today, financial institutions are looking to the cloud to help them transform. They typically employ a hybrid multicloud cloud strategy, using both private and public clouds for their data, applications and services. With IBM Cloud for Financial Services, public cloud becomes an increasingly strategic option for safely and efficiently speeding digital transformation.



IBM has designed a public cloud that meets the demands of financial services

IBM Cloud for Financial Services is designed to build trust and enable a transparent public cloud ecosystem with features for security, compliance and resiliency that FIs require. FIs can confidently host their mission-critical applications in the cloud and transact quickly and efficiently. With an ecosystem of multiple FIs and more than 40 ISV partners to start, the IBM Cloud for Financial Services offers a new generation of cloud for the enterprise. FIs can now deploy on public cloud to enable innovation and deliver new, more personalized customer experiences, while managing stringent industry regulations for sensitive data and complex workloads.

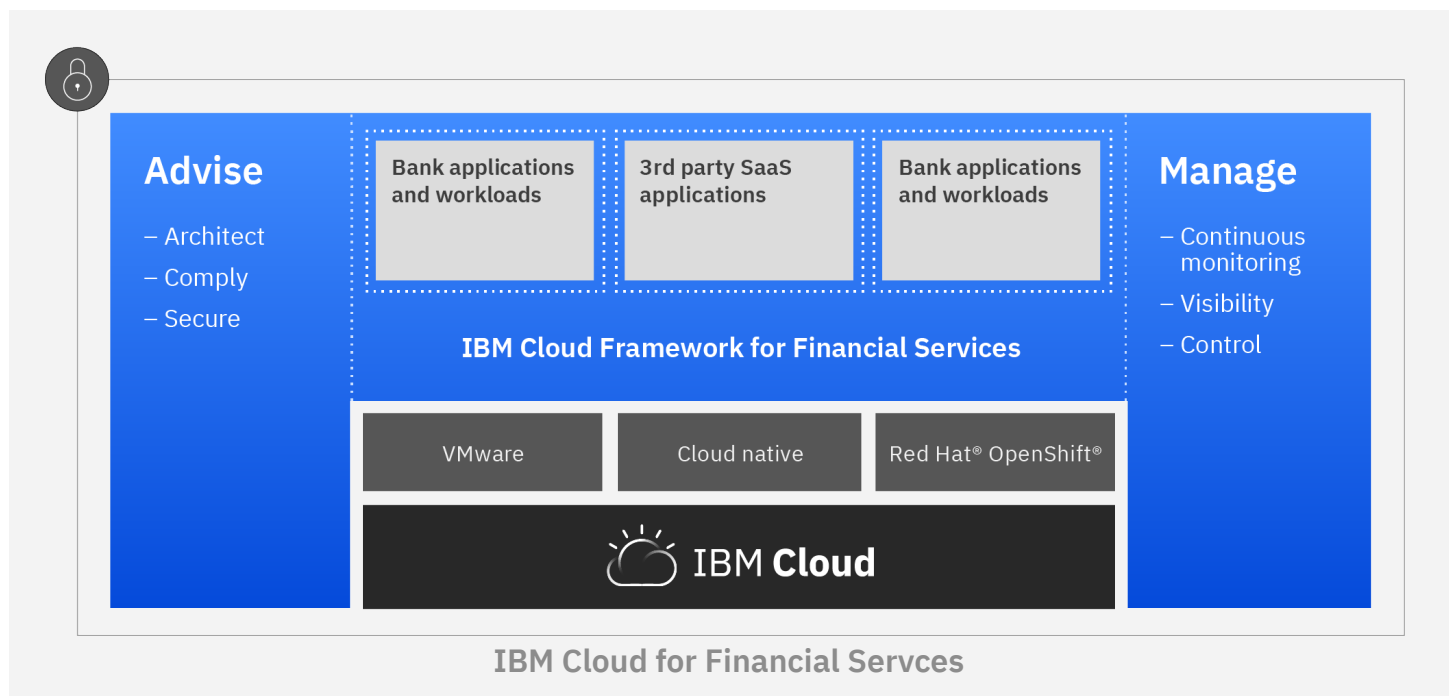


Figure 1: The IBM Cloud for Financial Services includes a policy and controls framework to address financial services industry security and compliance regulations.

A closer look at IBM Cloud for Financial Services

IBM's secure and enterprise-grade public cloud

IBM's secure and enterprise-grade public cloud with extensive service-deployment options—like VMware and Red Hat OpenShift as a service—is equipped to meet the specific requirements of financial services institutions. IBM Cloud for Financial Services draws upon all the data protection, security capabilities and services built into the IBM public cloud, making it ideal for mission-critical workloads and highly sensitive data.

IBM Cloud Framework for Financial Services

At the heart of the IBM Cloud for Financial Services is the IBM Cloud Framework for Financial Services (the Framework) that provides common operational criteria and streamlined compliance controls, specifically for the financial services industry.

The Framework is designed to assist FIs in meeting their regulatory compliance and risk management obligations with a comprehensive set of policies and controls to which ISV and SaaS providers on the IBM Cloud for Financial Services must also comply. It is designed to reduce the complexity of managing ISV and SaaS workloads, helping FIs to demonstrate regulatory compliance faster and more efficiently.

Going beyond common compliance and regulatory standards, e.g. PCI, SOC, FFIEC, etc, the Framework also includes an extensive control set spanning cybersecurity, data privacy, access management, and configuration management. IBM also provides detailed guidance documentation, including reference architectures and control implementation. And policy provisions are made for continuous updates relative to changing regulatory requirements.

A rich catalog of trusted ISV and SaaS solutions

ISVs and SaaS providers that demonstrate compliance with the Framework will be eligible to deliver offerings through IBM Cloud for Financial Services. The Framework's shared-responsibility model across all parties will enable financial institutions to move confidently to the public cloud.

The solution is designed to help reduce complexity and speed innovation for banks and providers, so that:

- ISVs and SaaS providers can spend less time demonstrating compliance and more time delivering innovative services
- Banks can reduce overhead and the time and effort to ensure the compliance of third-party vendors, and spend more time delivering new, innovative services to their customers.
- Procurement, contracting and onboarding within the ecosystem can be streamlined, leading to increased revenues and reduced time to market for all parties.

Financial Services Cloud Advisory Council

To advise on the ongoing advancement of the IBM Cloud Framework for Financial Services, IBM announced the formation of the IBM Financial Services Cloud Advisory Council. The Council will be focused on bringing major financial institutions together to help drive the strategic evolution of cloud security in this highly regulated sector.

Comprising the Council are C-level members from large, global FIs along with regulators recognized for their knowledge and awareness of best practices for security and compliance.

Adopt IBM Cloud for mission-critical workloads today

Preferred for today's hybrid multicloud environments, the IBM public cloud has the scalability, security, integration and resiliency required to run clients' most critical workloads, without compromising visibility or control, and with the data isolation they need. Whether refactoring heritage applications with Kubernetes and OpenShift or using VMware to "lift and shift" workloads from on-premises and private cloud environments to the public cloud—the fundamental platform elements remain the same.

Security leadership with market-leading data protection

IBM Cloud has been designed with the exacting demands of the world's largest and most complex organizations in mind. It uses the same cryptographic technology that financial institutions rely on. Data that a client stores on IBM Cloud belongs only to that client and can only be accessed by them.

Clients can bring their own key that no one else can see—not even IBM—and can build and run core business applications and workloads with single-dashboard visibility and multiplatform portability, and providing:

- **End-to-end data encryption with extensive control:** IBM offers the industry's strongest commercially available state-of-the-art cryptographic technology with IBM Cloud Hyper Protect Crypto Services. The service provides the unique "keep your own key" (KYOK) capability, based on FIPS 140-2 Level 4 certification, giving clients the ability to retain control of their own encryption keys and the hardware-security modules (HSMs) that protect them.

- **Workload-centric security by default:** Each workload requires various access and security rules; IBM enables organizations to define and enforce such guidelines by way of integrated container security and DevSecOps for cloud-native applications with Red Hat OpenShift as a service.
- **IBM Cloud Security and Compliance Center:** This platform and dashboard provides a unified experience to view and manage security and compliance postures. Security engineers and application developers are able to quickly identify security risks and vulnerabilities, as well as govern cloud resource configurations and centrally manage their compliance to their organization and regulatory guidelines.

A new standard for financial services in the public cloud.

IBM Cloud for Financial Services is uniquely designed to help financial institutions and their ecosystem partners to unlock the promise of public cloud and accelerate the pace of innovation, without compromising security and regulatory compliance.

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