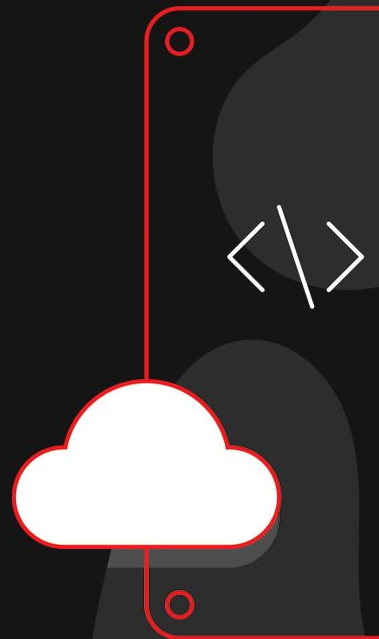




Going Hybrid on all Fronts in Financial Services . . .

To Outperform your competition in a
digital first world

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The **Business Reality** of being a Bank in 2023 and competing in the marketplace

In today's uncertain world . . .

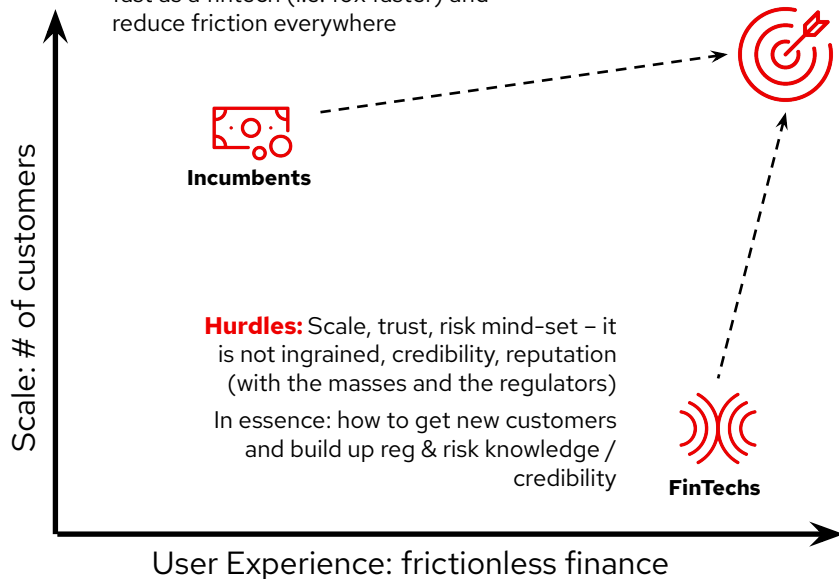


Who is competing in the financial services marketplace is changing

The race to the top & how technology can help

Hurdles: Crossing the IT/biz divide, 3LOD, fiefdoms, getting the old & new tech to talk, skills.

In essence: how to release tech as fast as a fintech (i.e. 10x faster) and reduce friction everywhere



Test Question– who will get to the nirvana end state of high **SCALE, TRUST, UX and SPEED** first?

Whoever uses technology to:

- reduce operating costs
- reduce friction in the client journey
- reduce friction in the employee journey
- increase security and enhance privacy (i.e. sovereign cloud)
- accelerate business agility with more frequent releases
- get their legacy tech to work harmoniously with cloud native tech
- And help the decision makers and control functions to understand technology and TRUST it (i.e. automation)

Customers already expect digital-native experiences from financial institutions

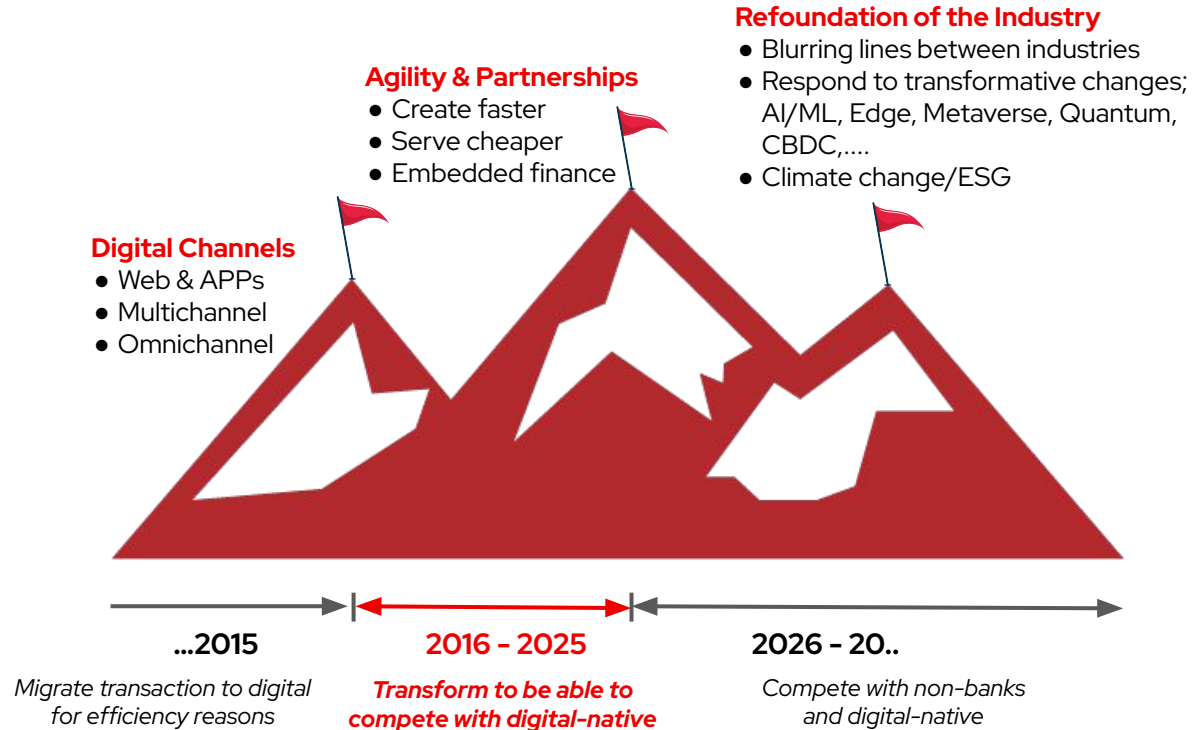


Eg. Retail banking

“In a future-proof business model,
the customer,
not the product, is the focus.”

The reality . . .

In 2022, banks prioritised meeting customer expectations as well as transforming their operating system as a company



The **Technology Reality** of being a Bank in 2023 and competing in the marketplace

Cloud usage is being reshaped by emerging regulatory requirements



2024/2025

Digital Resiliency (DORA), NIS 2

2018

Data Privacy (GDPR)

TBD

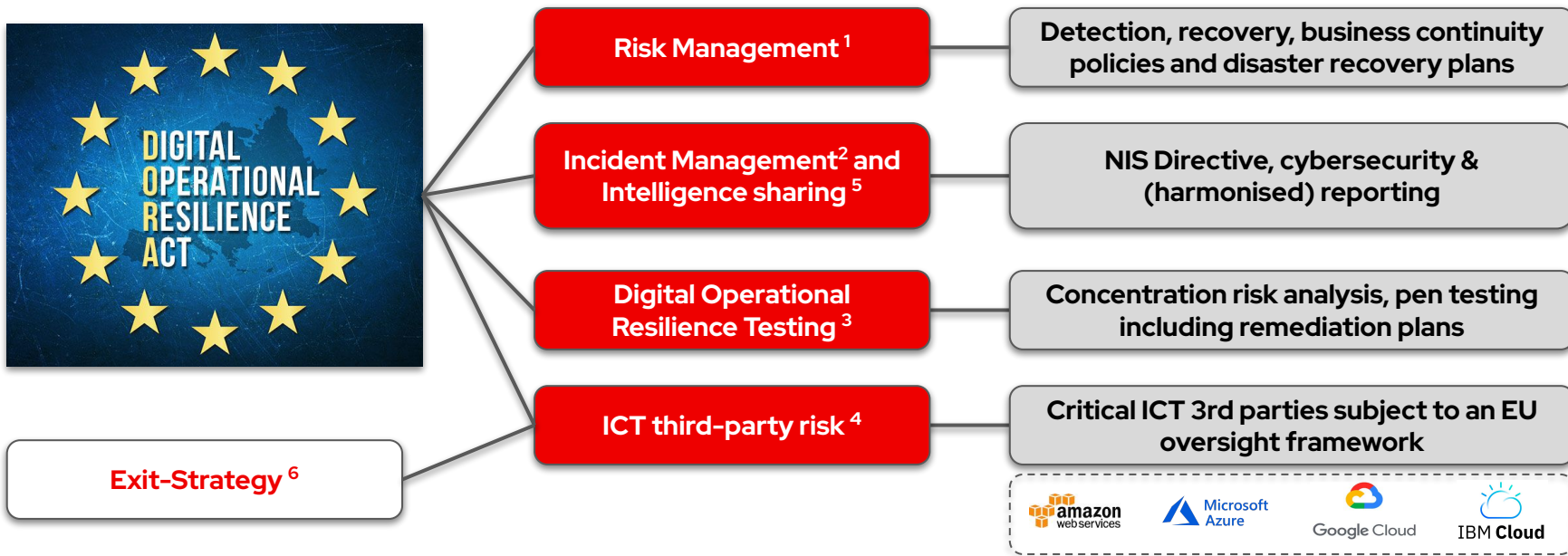
Directive on Critical Infrastructure Resilience (CIR)

TBD

Cloud Sovereignty

EU Digital Operational Resiliency Act (EU-DORA)

“Consolidate and upgrade ICT (information and communications technology) risk requirements across the financial entities to ensure all are subject to a common set of standards to mitigate ICT risks.”



10

10 Source: DORA Proposal: <https://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=COM:2020:595:FIN&rid=1>

(1) Section II- art 5-14 (4) Section V- art 25-39
(2) Section III- art 15-20 (5) Section VI- art 40
(3) Section IV- art 21-24 (6) Section V- art 25-27

The UK has similar regulations for Financial Services

Financial Conduct Authority (FCA), Bank of England (BoE) & Prudential Regulation Authority (PRA)

BANK OF ENGLAND

Home / Prudential regulation / Operational resilience

Operational resilience

Statement of Policy

First published on 29 March 2021

The Prudential Regulation Authority (PRA) considers that for they should be able to prevent disruption occurring to the ex processes to continue to provide services and functions in the normal running promptly when a disruption is over; and learn near misses. Therefore, operational resilience is an outcome t the PRA's regulatory framework.

This Statement of Policy (SoP) clarifies how the PRA's operat approach to four key areas of the regulatory framework in pa

- governance;
- operational risk management;
- business continuity planning; and
- the management of outsourced relationships.

This SoP is relevant to all:

- UK banks, building societies, and PRA-designated investm
- UK Solvency II firms, the Society of Lloyd's, and its manag

Operational resilience

PRA **Outsourcing and third party risk management**
Updates the regulatory framework for the supervision of outsourcing taking into account increased adoption of cloud and other technologies.

Policy Statement published in Q1 2021 and effective 31 March 2022.

Operational resilience

PRA **Outsourcing and third party risk management - register**
As announced in March 2021 in PS7/21, the PRA is planning a consultation setting out detailed

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UK banks + Add to myFT

UK financial regulators to step up scrutiny of cloud computing giants

The Prudential Regulation Authority is concerned at risk of disruption to banks if cloud services fail or are hacked

UK banks' reliance on a handful of cloud providers is emerging as a concern © (c) Thapichai | Dreamstime.com

Biggest Differences between the UK and EU:

- UK split into several different laws
- How they are looking at the Critical 3rd parties is different - His Majesty's Treasury vs FSI regulators
- EU places more emphasis on ICT risk management requirements; is prescriptive about the processes, controls and procedures that firms will need to have in place in order to prevent disruptions / maintain operations when a disruption nevertheless occurs
- UK framework's focus on maintaining important business services through an assumed disruption does not reduce the need for firms to still have strong ICT risk management controls in place.

Key technology actions to drive resilient digital innovation

Three strategic approaches where we support our customers on their hybrid cloud journeys



Simplify and Standardize Technology Estate

*Eliminate
Technical Debt*

- Remove pain of **Upgrade Cycles**
- **Reduce cost to run** accelerating reinvestment into modernization
- **Digitize/Automate** to drive cost and efficiency savings



Accelerate Application Modernisation

Flight Path to Cloud-native Capabilities

- **Better, Faster, Cheaper** modernization
- **Align** Infrastructure and Development productivity
- Transition from product to **Platform Centricity**
- **Integrate** Modern Applications with Legacy infrastructure



Drive Business Growth

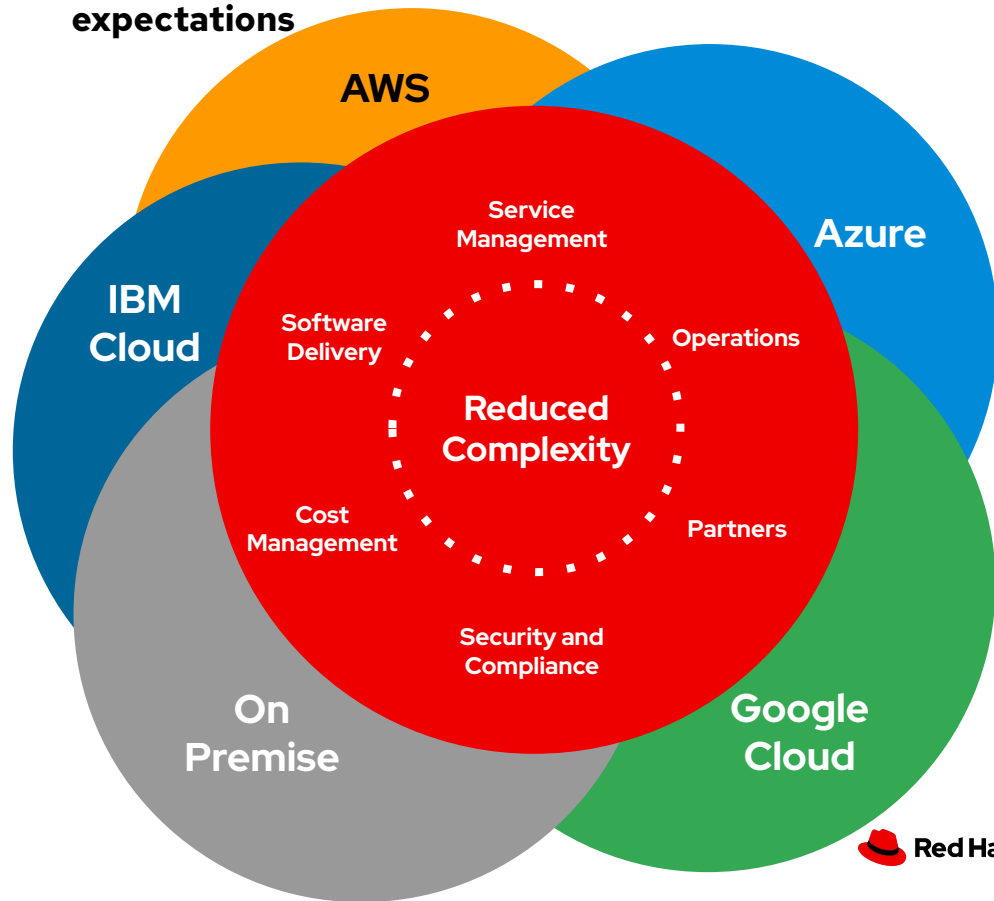
*Adopt
Full Hybrid Cloud*

- **Agility** to add, remove or change any infrastructure.
- **Run** on any cloud service, datacenter or combination.
- **Operational resiliency** across the Hybrid Cloud environment.

Connecting clouds to reduce operational costs & improve resiliency

Using the hybrid cloud to solve the regulatory and competition challenges & meet customer expectations

- ▶ Portability of applications and services
- ▶ Visibility across all environments for compliance and cost
- ▶ Reduce concentration risk of services
- ▶ Capitalise on unique public cloud capabilities



Helping banking leaders unlock the power of cloud, digital and data in their organisation



Reshaped the technology estate and reduced complexity at scale across cloud environments



Increased delivery speed, reduced operating costs and enhanced service reliability,



Honed new ways of working and platform delivery models to become more responsive.

For Maier, OpenShift is a central element of the cloud strategy. *"I would never put my applications natively on a cloud," he explains, adding that he has to minimise the strategic dependency that also exists in the cloud. "If I have a problem with a cloud provider in three or four years, then I have a problem of two to three million francs for one and a half years, and not a 20 million franc problem that lasts three to four years. "*

(English Translation)

Andreas Maier
CIO AXA Switzerland

"Am meisten Respekt haben wir vor dem Mainframe-Teil"

<https://www.inside-it.ch/de/post/am-meisten-respekt-haben-wir-vor-dem-mainframe-teil-20201212>

Modern technology has given rise to digital platforms and is freeing banks to innovate on their own terms.



Reducing cost and complexity

Modern platforms are being used to improve operational efficiencies and take out unnecessary costs across a range of banking product and services.



Fostering nimbleness, scale and reach

Modern platforms support team topologies that improve autonomy, foster speed and innovation, so that banks can quickly pivot to changing market conditions.



Improving security and resiliency

Modern platforms enhance the bank's security posture and reduce concentration risk to support emerging digital operations requirements.






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