
Press release

AFME publishes 14 industry recommendations for supporting the adoption of public cloud in capital markets

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The Association for Financial Markets in Europe (AFME) has today published a new paper setting out 14 recommendations to help realise the full potential of public cloud computing across the capital markets industry.

The recommendations for banks, cloud providers, regulators, and the industry as a whole aim to increase the transparency and collaboration required to build further confidence, trust and capability in public cloud.

James Kemp, Managing Director, Head of Technology and Operations at AFME, said: *"The use of public cloud in financial services offers significant opportunities and benefits for all parties. However, to realise these and increase adoption it is vital that the whole industry, including banks, cloud providers and regulators, continue to collaborate. This includes ensuring the knowledge, skills, security and risks are appropriately assessed and identified throughout this long-term transformation."*

Public cloud is expected to expand significantly across all areas of the capital markets value chain, with AFME members identifying the key benefits being greater business agility and innovation, improved cost management and efficiency, and enhanced client experience and service offerings.

However, the paper outlines several barriers to this adoption at present, including legacy IT complexity, security implications, regulatory concerns, a lack of standardisation in cloud provider services, and long-term considerations on concentration risk, among others.

Given these barriers, the paper finds that banks are still at an early stage of public cloud adoption. Over two-thirds of AFME members involved in discussions estimated that only 1 - 10% of their bank's current workload was using some level of public cloud today.

Public cloud adoption is currently being used in some of the following ways: capacity bursting (e.g. supporting existing resource intensive processes such as trade processing); running sophisticated data analytics (e.g. detecting market abuse); supporting innovation projects (e.g. quickly standing up a new project development and test environment), and improving resiliency (e.g. backup and archiving of data).

In order to support continued public cloud adoption, AFME proposes 14 recommendations for banks, cloud providers, regulators, and the industry as a whole, with 4 key themes emerging:

1. Banks should design their public cloud strategy with a clear and realistic target operating model, review and reprioritise accordingly, and ensure executive sponsorship throughout adoption.
2. Cloud providers must continue to engage with banks and regulators to support building the capabilities and assurances required (e.g. legal, regulatory, privacy), and support increased standardisation that can also satisfy regulatory requirements.
3. Regulators can support greater regional and global harmonisation, in respect to requirements for both public cloud adoption and supervisory practices, that will reduce the complexity for banks adoption.

4. The industry as whole must continue to share knowledge, best practice, and promote standardisation and consistency, in how public cloud is adopted.

The paper has been developed, with expertise from AFME Member firms, and Premium Associate Members, to provide further assessment of public cloud adoption in capital markets.

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About AFME:

AFME (Association for Financial Markets in Europe) advocates for deep and integrated European capital markets which serve the needs of companies and investors, supporting economic growth and benefiting society. AFME is the voice of all Europe's wholesale financial markets, providing expertise across a broad range of regulatory and capital markets issues. AFME aims to act as a bridge between market participants and policy makers across Europe, drawing on its strong and long-standing relationships, its technical knowledge and fact-based work. Its members comprise pan-EU and global banks as well as key regional banks, brokers, law firms, investors and other financial market participants. AFME participates in a global alliance with the Securities Industry and Financial Markets Association (SIFMA) in the US, and the Asia Securities Industry and Financial Markets Association (ASIFMA) through the GFMA (Global Financial Markets Association). For more information please visit the AFME website: www.afme.eu. Follow us on Twitter @AFME_EU