

Top Trends and Technologies Transforming Financial Services

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WEBINAR SUMMARY

KEY TAKEAWAYS

- Digital transformation in the financial industry is accelerating but will require visionary leadership and culture change.
- There is no one-size-fits-all approach to the question of build, buy, or partner when it comes to financial technology transformations.
- AI and ML are becoming must-haves for firms to improve efficiency and meet new customer demands.
- Data storage should be simple, scalable, and on-demand.
- The slow adoption of blockchain and distributed ledger technologies (DLT) belies its hype as revolutionizing finance, but its time is coming.

OVERVIEW

In an increasingly competitive business environment, the financial industry has begun exploring innovative ways to deliver greater value for clients while streamlining internal operations.

New technologies and customer expectations, evolving regulatory requirements, and the expansion of financial technology (fintech) into the traditional financial space are creating both challenges and opportunities.

In a recent survey commissioned by Pure Storage, financial services and fintech executives were clear that technologies such as flexible data storage, artificial intelligence (AI), and machine learning (ML) and distributed ledger technology such as blockchain are shaping the financial industry.

CONTEXT

Diane Saucier and Ariel Carrion shared their perspectives on digital transformation in the financial services industry and the value of innovative data storage technology.

KEY TAKEAWAYS

Digital transformation in the financial industry is accelerating but will require visionary leadership and culture change.

While the future of financial services is digital, the move toward digitization is happening more quickly in some areas than others. Customer-facing areas such as payments and trading appear to be making the fastest progress. In an increasingly competitive environment, digital native customers lean toward instant transactions, apps for everything, and never having to write a check or wait for banking hours.

However, firms do not always realize the potential for reducing costs and risk when it comes to digitizing the middle and back-office functions. Repetitive, low-value tasks can be automated, providing a benefit across the enterprise. For example, automating account setup and client onboarding can improve the customer

experience while reducing errors and freeing staff from box-ticking activities. The newfound capacity can then be channeled toward more valuable work.

As firms consider accelerating their transformation plans, they must keep in mind that successful digital transformation requires visionary leadership, as well as creating a culture receptive to change and empowerment. It will require phasing out legacy technology and developing new skill sets.

You have to educate the staff on the new skill set that you need. They'll be asked to think differently and architect differently versus the traditional skill set that's been supporting the traditional platform.

Ariel E. Carrion, City National Bank

As non-bank competitors enter financial services markets and increasingly offer financial products such as payment wallets, lending, or checking accounts, there will be greater blurring of lines between financial technology and the services of existing financial institutions.

Over the next decade, look for AI and ML to continue to gain importance, while open banking and application programming interfaces (APIs) help drive innovation.

There is no one-size-fits-all approach to the question of build, buy, or partner when it comes to financial technology transformations.

With technologies that are close to a firm's core competencies and key to their strategic business drivers, it may make sense to build those technologies in-house or acquire a fintech provider to create the greatest competitive advantage.

On the other hand, where technologies are valuable for streamlining operations but may be more commoditized and less of a differentiator, establishing fintech partnerships or finding off-the-shelf solutions that can be integrated into an existing technology stack may be the most effective approach.

As fintech evolves, it has become clear that the space is no longer just about niche startups. Some of the largest enterprises in the world are offering financial services and have become active in fintech, including Google, Amazon, and Apple. In light of this competitive atmosphere, firms must carefully consider the market they are looking to gain, as well as their appetite for risk.

AI and ML are becoming must-haves for firms to improve efficiency and meet new customer demands.

The benefits of AI and ML are numerous and broad. For firms to remain competitive, AI and ML are now a must-have instead of a nice-to-have. They can be leveraged across a wide range of business areas including algorithmic trading, robo advising, credit approvals, and insurance underwriting. Even areas that do not generate revenue—like compliance reporting—can benefit from innovative ML technology.

Ensuring that AI provides a strong return on investment can be challenging. It requires that firms approach AI with a purpose—a measurable “why.” There must also be an underlying infrastructure—including the data infrastructure—to move an AI project from an idea to a business outcome. The firm must be able to handle massive amounts of data, without which it becomes too difficult to provide the apps the quantity or quality of data needed to generate real insights from AI and ML.

Data storage is a critical part of that underlying infrastructure. Storage capability needs to be able to support simplification and consolidation of what is a massive amount of often unwieldy unstructured data. Recent estimates suggest that unstructured data now represents about 80% to 90% of all new enterprise

data. This means that firms must have the ability to meet performance demands and data reuse demands of AI and ML workflows, including fast storage and massive throughput.

It is also important to understand that AI is not a plug-and-play solution. It is an iterative, new way of working and without active and sustained executive support, it will not be successful.

Data storage should be simple, scalable, and on-demand.

The ideal cloud storage solution is less about where data is and more about how data is consumed.

Generic, public cloud environments may not provide the types of specific benefits of private cloud storage. Many firms put cloud migration plans in place only to discover that the plan does not meet the needs of their workload. This is especially true in the financial sector, where costs can skyrocket once an initiative takes off or if performance demands are not consistent with a public cloud environment.

There may also be regulatory requirements around data tenancy or data sovereignty, which could make a private or hybrid cloud solution more attractive.

There are a number of cloud subscription options that allow firms to pay only for what they use. Evergreen from Pure Storage, for example, gives subscribers the power to choose how they consume and deploy their storage—whether traditional purchase or flexible, pay-as-you-go subscription.

Data science teams shouldn't have to think about where their data is any more than they think about where electricity is coming from when they turn on a light switch—they should just have access.

Diane Saucier, Pure Storage

It is important to have a disciplined approach to data storage because it can quickly get out of hand. Not everything has to be in the cloud for data to be processed and ingested so it's important to look at the right solution for your workflows.

The slow adoption of blockchain and distributed ledger technologies (DLT) belies its hype as revolutionizing finance, but its time is coming.

Blockchain and other DLTs allow for confidence in transactions that are distributed, reliable, secure, and transparent. DLTs enable the storing and sharing of customer information and transactions on decentralized blocks that make it easier and safer to share information between financial institutions.

However, this technology is not something that can be simply adopted with the flip of a switch. It requires a supporting infrastructure. It also comes with potential drawbacks, especially for certain segments of the industry. For example, because it enables secure peer-to-peer transactions, which is one of its greatest advantages, it can also disintermediate financial institutions.

Another downside is that the financial industry needs to be able to handle large transactions at volume, and the distributed network architecture is not always able to scale as needed. However, many larger financial institutions have blockchain or DLT initiatives in progress because their customers are demanding these capabilities. So, while the hype currently exceeds adoption and while it will take time for DLTs like blockchain to become truly disruptive, it is just a matter of time before blockchain impacts the industry as a whole.

BIOGRAPHIES

Ariel E. Carrion

Chief Information Officer, City National Bank

Ariel E. Carrión is a seasoned Information Technology & Security professional with 25+ years of experience in the IT spectrum including core & digital banking platforms, network/security, cloud architecture/data center infrastructure, and digital transformation initiatives within the financial services industry. Ariel has had notable success directing a broad range of corporate strategic initiatives fueling organizational growth and driving operational efficiencies through comprehensive and innovative technology solutions.

Diane Saucier

Financial Services Director, Pure Storage

Diane Saucier is the financial services director for Pure Storage, leading the marketing efforts in financial services and fintech. Diane has held key roles with global financial institutions and technology vendors, developing multi-asset class marketing and product strategy and trading, risk and compliance solutions. She is a founding board member and past president of Women in Listed Derivatives (WILD), a global non-profit organization for women in the derivatives industry. She is an advisory board member for the University of South Florida FinTech Program and John J. Lothian & Company, Inc.

ABOUT PURE STORAGE

Pure Storage (NYSE: PSTG) is the IT pioneer that delivers storage-as-a-service in a multi-cloud world. It gives technologists their time back. Pure provides a modern data experience that empowers organisations to run their operations as a true, automated, storage-as-a-service model seamlessly across multiple clouds.

Pure helps customers put data to use while reducing the complexity and expense of managing the infrastructure behind it. And with a certified customer satisfaction score in the top one percent of B2B companies, Pure's ever-expanding list of customers are among the happiest in the world.

Highest in Ability to Execute and furthest to the right on Completeness of Vision, Pure Storage was a Leader again in the 2021 Gartner Magic Quadrant for Primary Storage. This was the eighth consecutive year that Gartner has recognised Pure as a leader in storage.

ABOUT FINTECH FUTURES

FinTech Futures is a premier digital publishing platform and the definitive source of news and analysis for the worldwide fintech community. We are the go-to, trusted resource for industry buyers, sellers, developers, integrators, regulators, and other specialists across the sector, big and small.

Our website attracts over 100,000 visitors per month with over 200,000 page views and our daily newsletter is delivered to over 35,000 key decision-makers in the financial services and technology sectors. The brand is active across the key B2B social media platforms, with over 54,000 followers on Twitter @FinTech_Futures and over 62,000 followers on LinkedIn.

FinTech Futures also publishes The Banking Technology magazine, a print and online publication founded in London in 1983. The magazine, published ten times a year, is a trusted brand for fintech professionals and enjoys a worldwide distribution.

FinTech Futures also holds industry events including the annual Banking Tech Awards and Banking Tech Awards USA, which recognises the top achievers and innovators within the banking technology community, and the annual PayTech Awards, which celebrates excellence and innovation in the payments industry.

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