



## Gartner Says Cloud Banking Can Drive 'Creative Destruction' in the Banking Industry

Analysts to Discuss the Future of Cloud Banking at Gartner Symposium/ITxpo 2011, 14-17 November on the Gold Coast

A rapid shift in attitude towards cloud banking is happening within the financial services (FS) industry, according to Gartner, Inc. A Gartner survey\* found that cloud is the top priority for global FS CIOs and that 39 percent of those surveyed expect that more than half of all their transactions will be supported via cloud infrastructure and software as a service (SaaS) by 2015.

"Early cloud adoption, especially in the FS sectors, may have been limited to non-core areas and proofs of concept, but it is set to go mainstream, moving the heart of the business, transaction origination and processing, into the cloud," said Peter Redshaw, managing vice president at Gartner. "Cloud banking should be innovative, dedicated to this industry and transformative."

Analysts at Gartner Symposium/ITxpo 2011, being held in Australia 14-17 November, will discuss the future for cloud banking.

"Cloud banking has the ability to drive 'creative destruction,'" added Mr. Redshaw. "As well as helping to improve or optimize an existing service or process, cloud banking can provide the wealth — or the freedom — to try completely new services and processes, such as reverse auctions and third-party core banking systems, maybe even running them in parallel. Successful new cloud services can displace the existing and dominant process for design, distribution or transacting in a disruptive way, rather than just incrementally improving them."

Among the most attractive benefits of cloud banking is being able to deploy (in an economically feasible way) the "champion-challenger" model. This adds a competitive dynamic to the way processes are improved and chosen. As banks progressively replace people in the value chain with algorithmic operations (AOs) to run processes and make decisions, their intellectual property increasingly resides in these algorithms. The value of people is not in running operations but in improving the AOs.

Although the technology is still immature in many places, cloud is a top priority for banks that need to continue a long-term focus on efficiency and support the CEO's growth strategy by becoming more flexible and agile to support new business models, new markets, new channels, and new products.

Gartner predicts that by the end of 2015, consumers will initiate at least 10% of all banking interactions indirectly via cloud service-based exchanges and portals.

Peter Redshaw will provide further insight on the future of cloud banking at Gartner Symposium/ITxpo 2011 on the Gold Coast on November 7-10. Additional information on the event is available at [www.gartner.com/au/symposium](http://www.gartner.com/au/symposium).

Notes to editors:

\* This analysis relates to the Gartner Executive Programs annual CIO survey. In the fourth quarter of 2010, a total of 2,014 CIOs responded, representing \$160 billion in CIO IT budgets and covering 38 industries in 50 countries. Respondents included 290 CIOs from financial services organizations, including 109 from insurance and 181 from banking and investment service organizations.

About Gartner Symposium/ITxpo Gartner Symposium/ITxpo is the world's most important gathering of CIOs and senior IT executives. This event delivers independent and objective content with the authority and weight of the world's leading IT research and advisory organization, and provides access to the latest solutions from key technology providers.

The event will feature industry focused tracks, which include a wide variety of sessions aligned to the particular challenges and opportunities faced by vertical industries. For more information on the financial services/banking track please visit [financialservices/banking](http://financialservices/banking).

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