

FAST-TRACKING PERFORMANCE AND PROFICIENCY OF FINANCIAL SERVICES

NEW BUSINESS MODELS FOR THE DIGITAL AGE

The adoption of advanced digital technologies, driven by extensive government regulations, heightened competition from new market entrants, and greater demand for personalized services, has permanently altered the landscape of the financial services industry.

An increasingly competitive climate caused by the emergence of non-traditional (FinTech) players has made enhancing the customer experience, modernizing IT systems, and controlling costs top priorities for financial organizations. Escalating regulatory compliance requirements and evolving information governance standards are adding pressure, as is the ongoing need to manage risk and safeguard customers' private financial data.

This environment of intense competition and rapidly changing regulations has forced financial organizations to implement alternatives to achieve higher levels of efficiency and offer better, faster, more personalized services to customers. Firms that keep up with technology requirements in this new era of finance will be able to offer anytime, anywhere access to data, facilitate lightning-fast transaction speeds, and support massive data growth.

A network that delivers dependable, fast access to financial data across multiple sources and geographic locations is critical to capitalizing on these new business models in the Digital Age. Reliable connectivity allows organizations to streamline their digital services and applications, which can help reduce costs and enhance operational efficiency.

Digital advancements give today's financial organizations the capabilities to become more effective and profitable by deploying network solutions built to address top priorities in the future of financial services.

PROTECTING FINANCIAL DATA ASSETS

The accelerated pace of the Digital Age has made protecting large amounts of financial information a difficult task, and the possibility of data breaches and cyber-attacks is now a daily reality as more and more customers use mobile payment solutions to execute transactions remotely.

Approximately 50% of financial services institutions have experienced some form of economic crime. Large institutions like Morgan Stanley, Carbanak, Experian, and Scottrade

have all experienced incidents of data loss in 2015.¹

Implementing secure networks to manage transactions and data can enable protected connections as information is transferred between customers, employees, and partners. Developing data storage strategies that optimize the management, use, and disposal of a wide range of

data types will help organizations shield information assets and combat risks.

Managed cost is another key benefit of sourcing secure networks. A "Cost of Cyber Crime" survey conducted by the Ponemon Institute found that the average annualized cost of cybercrime per organization was \$7.7 million in 2015 worldwide (the annual cost per company was even higher for U.S. companies, at \$15.4 million).²

Support for mobile devices must be built into IT infrastructures to help mitigate risk and manage customers' financial data assets through a secure network, backed by a trusted provider.

KEEPING PACE WITH ESCALATING REGULATIONS

Today's financial services companies are challenged to meet escalating regulatory requirements in a timely manner, and the ability to maintain compliance impacts a financial institution's success.

To remain compliant, financial organizations must adopt best practices for proactively managing the confidentiality, security, integrity, and availability of sensitive data. In addition to continually increasing data availability and expanding search capabilities, implementing intelligent data storage methods helps satisfy compliance readiness and mitigate risk, all with the added benefit of reducing the data footprint.

Approximately 50% of financial services institutions have experienced some form of economic crime.

According to Reuters, “70% of compliance leaders expect regulators to publish more regulatory information in 2016, 28% expecting this increase to be significant.”³

Investing in private networks and strengthening data security can help financial organizations undergo the IT transformation necessary to survive and compete in a highly competitive and regulated industry.

ENABLING RELIABLE, REAL-TIME DATA ACCESS

Customers, regulators, and stakeholders rely on anywhere, anytime access to global financial data. This abundance of information requiring accessibility at all times calls for a robust network infrastructure that can scale seamlessly to accommodate massive data growth.

The structure of financial networks naturally includes the need to manage a range of sensitive data, from personal banking, to trading, to lending. Many networks just do not have the bandwidth necessary to support the high volume and low latency necessary for transactional data critical to the financial services industry.

When a Northeastern U.S. regional bank determined its network lacked the necessary bandwidth to conduct business quickly and efficiently, it decided to upgrade from a synchronous optical network (SONET) to an Ethernet infrastructure. The transition

produced a faster, more secure and scalable network with nine times the bandwidth of its legacy systems, and resulted in significant cost savings. The faster network enabled the bank to offer customers seamless access to 97 branches, 800 customer service representatives, online web, and ATM services.

Hybrid cloud is a technique gaining traction for delivering reliable, real-time access to financial data. “61% of financial institutions are developing a cloud strategy within their organization. The most common strategies use a mix of private, public, or hybrid cloud environments.”⁴

According to online banking hosts, “having a flexible infrastructure, reduced time for provisioning, lower total cost of ownership, and shorter time to market are some of the primary reasons for cloud adoption.”⁵

The deployment of cloud-based services on the backbone of high-performance network infrastructures can help financial organizations elevate the banking experience and improve productivity by offering anytime, anywhere access to information across the financial value chain.

One regional bank’s upgrade to Ethernet delivered nine times the bandwidth and significant managed costs.

INCREASING TRANSACTION SPEED & REDUCING LATENCY

The advent of high-frequency trading (HFT) has generated vast quantities of trading data, which must be quickly processed and analyzed over a high-performance network to facilitate real time financial decision-making. Network speed and availability are more important to the trading industry than ever before, making computing infrastructures capable of managing HFT workloads, increasing transaction speeds, and reducing latency essential to survival.

In the current era of finance where competitive advantage might be gained in a fraction of a second, the business value of minimizing network latency has never been more

apparent. Adopting a high-performance, low-latency network can contribute to efficiency, profitability, and investor retention.

A high-frequency trader noted, “You have to consistently be among the top 30 in the queue, otherwise there is no way for you to make any kind of money.”⁶ In addition to improving network performance, latency can be minimized by

eliminating overloaded servers from the data transmission path, avoiding use of the public Internet, and reducing the distance to exchange servers.

High-performance networks have not only become a key differentiator in HFT, but are now a proven factor in remaining competitive. Financial firms that integrate technological advances can foster trading innovation and be positioned to reap greater financial returns, capitalize on data-driven decision-making, and secure competitive edge.

ENHANCING CONNECTIVITY TO SUPPORT MOBILE DEVICES

In the past, the financial services industry depended on branch locations and latency-ridden connections to conduct business and interact with customers. Today, the explosive use of mobile devices and online resources has forced financial institutions to upgrade

their digital services and expand data sharing with customers.

The use of mobile devices and tablets are changing the communication and collaboration paradigm as customers demand immediate access to information. Financial firms collect and store massive amounts of data, but congested networks which lack bandwidth can prevent them from serving that data back to customers in a timely and dependable manner.

“You have to consistently be among the top 30 in the queue, otherwise there is no way for you to make any kind of money.”

Organizations that invest in high-performance networks can enhance connectivity to better cater to the 52% of smartphone owners who utilize mobile banking.

Organizations that invest in high-performance networks can enhance connectivity to better cater to the 52% of smartphone owners who utilize mobile banking.⁷

According to the World Economic Forum, the future of banking is dependent on convenience and immediate access to information.⁸ In the future, banking will become increasingly:

- **Cashless** – More customers will choose to not use cash, even for small transactions.
- **Invisible** – Payments processes will be concealed from end users, changing their needs and behaviors.
- **Connected** – Transactions will become a more important customer touchpoint for merchants and financial institutions.
- **Data-driven** – Using the data flow from payment transactions, financial institutions, service providers and merchants will gain greater understanding of customers and businesses.
- **Economical** – Electronic transactions will become more cost-effective as new solutions proliferate.

Mobility and connectivity are moving financial organizations toward a cashless, accessible, and data-driven future. Investing in a more proficient network with scalable amounts of bandwidth extends intelligent connectivity to all devices and locations across the network.

CONCLUSION

The shifting landscape of financial services requires networks that deliver better service to customers while enabling organizations to achieve greater efficiency and raise organizational value.

A fresh approach to IT will align network goals to support those of the business. Additionally, enhanced network performance decreases the amount of time that staff spend in the office, allowing them to focus their attention on better serving customers.⁹

To survive in the “new normal” of financial services, IT infrastructure must be fully integrated with mobile technologies able to support high-speed transactions. Forward-thinking financial firms will supplement their pursuit of operational efficiency, tighter security, and greater productivity by adopting faster, more reliable networks and offering intelligent connectivity across the enterprise.

Robust network infrastructures can help financial organizations to continuously adapt and improve network capabilities for increasing business agility, realizing higher levels of performance, and elevating the customer experience. ■

Comcast Business Can Help

The Comcast Business portfolio of robust networking solutions includes a full line of connectivity solutions to help financial institutions deliver a great banking experience. Its advanced network supports a full line of data and voice services for an environment that works for a variety of businesses.

As a network services provider, Comcast Business handles every aspect of its network, from provisioning to management. Financial institutions can rely on Comcast Business to support their network infrastructure from headquarters to branch offices enabling a seamless, uniform user experience in any location.

<http://business.comcast.com/financial-services>

<http://business.comcast.com/retail>

¹ <http://www.heritage.org/research/reports/2015/11/cyber-attacks-on-us-companies-since-november-2014>

² <https://digitalguardian.com/blog/findings-2015-ponemon-institute-cost-cybercrime-study-threats-vs-defenses-gap>

³ <http://searchcompliance.techtarget.com/feature/Firms-face-regulatory-fatigue-higher-cost-of-compliance>

⁴ https://downloads.cloudsecurityalliance.org/initiatives/surveys/financial-services/Cloud_Adoption_In_The_Financial_Services_Sector_Survey_March2015_FINAL.pdf

⁵ https://downloads.cloudsecurityalliance.org/initiatives/surveys/financial-services/Cloud_Adoption_In_The_Financial_Services_Sector_Survey_March2015_FINAL.pdf

⁶ <http://www.enterprisetech.com/2014/04/09/wall-street-wants-tech-trade-smarter-faster/>

⁷ <http://www.federalreserve.gov/econresdata/consumers-and-mobile-financial-services-report-201503.pdf>

⁸ http://www3.weforum.org/docs/WEF_The_future_of_financial_services.pdf

⁹ <http://www.slideshare.net/goldengekko/top-8-mobile-finance-trends-2015>