

Unlocking the Future of Banking for Growth, Costs, Trust, and ESG

It's undisputed that pursuing growth, driving down costs, building trust, and embedding ESG are driving bank and financial institution's agendas. To enable this, the deployment of Cloud and SaaS solutions is vital, and goes beyond mere innovation; it represents a non-linear path towards enhancement and support.



According to Forrester, 75% of business leaders cite improved business agility and 74% cite speed of implementation and deployment as the benefits that factored into their firm's decision to move to pure SaaS.”¹

Gartner² forecasts SaaS spending to increase almost 18% in 2023 to \$208.1 billion. As a result, there is now increased interest in banks looking to partner with SaaS providers to support their digital transformation from upgrading their core banking solution and creating new and enhanced customer experiences and faster innovations, to better efficiency and management of costs and resources with continuous upgrades and zero downtime.

¹ <https://www.workday.com/en-se/pages/feature-stories/cio-fs.html>

² <https://www.gartner.com/en/newsroom/press-releases/2022-04-19-gartner-forecasts-worldwide-public-cloud-end-user-spending-to-reach-nearly-500-billion-in-2022>

SaaS is the future now!

The adoption of SaaS and Cloud technology offers four tangible priorities for banks: growth, costs, trust, and ESG (Environmental, Social, and Governance). By embracing SaaS, banks can concentrate their efforts, resources, and investments on creating value for their customers and institutions while relying on their provider for technology operations and managed services expertise.

The adoption of SaaS sets new benchmarks for value delivery, innovation, and relevant customer experiences powered by ethical AI that allow banks to maximize their business growth. As operations and markets succeed and extend, SaaS allows industrial-grade resilience and superior elastic scaling, allowing costs to be aligned to business needs and driving down the overall cost of ownership.

All of this is provided within a framework of robust governance and security, building trust: trust in the SaaS and Cloud provider, and trust in the bank to support and guide customer's financial needs in an ESG-conscious way. As banks focus on ESG, they are looking to SaaS providers to understand and actively reduce their ESG impact.

Unlocking opportunities with SaaS and Cloud technology

By leveraging Cloud and SaaS capabilities, the financial services sector can embrace a whole new world of opportunities otherwise inaccessible to them, seamlessly delivering mission-critical banking activities and navigating the challenges they face in a competitive market space. Here we explore each of the four distinct advantages of SaaS and Cloud computing—growth, trust, costs, and ESG—in more detail.

Growth: Unlocking opportunities

Growth can take many forms in financial services, including expanding products and services by the bank itself or working with partner ecosystems to offer more to customers, innovating at a faster pace to stay ahead of the competition, increasing the customer base, growing relationships with existing customers to drive loyalty and revenue, and having the flexibility to scale operations up and down according to customer and business demands.

In a recent poll exploring the key drivers of growth in banking, over 40% of participants identified “innovation” as the main catalyst for growth, closely followed by “speed to market” at 36%. Together, these two forces account for a considerable share of customer calls for new products on demand, before more agile fintechs can surpass it.



What is the main driver of growth in banking?

320+ participants

Innovation – 129 votes



Scale – 32 votes



Speed to market – 117 votes



Ecosystem – 43 votes



Four main drivers of growth

1 Scaling out success to the masses

Driving growth through technology allows you to scale out to the masses. With SaaS, scalability is part of its DNA allowing banks to meet customer and business needs regardless of the institution size or the technology initially provisioned. Modern technology propositions need to scale elastically to the right size, at the right time, and cost. This ensures not only efficient allocation of resources and minimal environmental impact but allows extreme performance when demanded.

A leading payments provider who is reaching immense scale, with over 30 million customers, 200m loans, and new record growth on Black Friday 2022, was able to scale out success globally and grow upwards—thanks to Cloud and SaaS capabilities.

2 Building through ecosystems

Banking-as-a-Service (BaaS) helps brands and fintechs ensure financial stability and alignment by building an ecosystem, while enabling banks to expand their revenue streams. It's a collaborative business model that is currently revolutionizing financial services.

Mbanq, a US based BaaS provider, has created an ecosystem that provides payment services to credit unions and companies such as Amazon and Uber. The company has over 2 million BaaS accounts and is targeting \$2 billion in annual transaction volume by the end of 2023. Mbanq needs to deliver large amounts of data quickly, flexibly, and be hyper-scalable. This growth for both Mbanq and its customers is only possible with Cloud technology.

Compliance is key. Mbanq positions themselves with a value proposition of delivering robust technology BaaS solutions for peak demand. To achieve this, they extend core legacy systems and enable BaaS on the new core. Mbanq offers so-called "side-core" propositions to provide fast and reliable results to its clients.

3 Depth of knowledge

Staying competitive is key to a bank's success in meeting customer demands. SaaS continuously pushes new functionality and boundaries, such as new artificial intelligence (AI) models or tooling, to speed up processes and operations.

By incorporating AI into banking apps and services, the industry has become more customer-centric and technologically relevant. AI-based solutions can also assist banks in reducing expenses by enhancing efficiency and making data-driven decisions. Furthermore, astute algorithms can easily detect false transactions and notify customers and banks, while contributing to the enhancement of online financial security.

But only deploying AI tools is no longer enough for customers or regulators, instead, banks are increasingly looking to lift the lid on the black-box of AI and explain to customers and regulators alike why and how data-driven decisions were made. This is where smart or explainable AI solutions, driven by the high computing power of Cloud technology, surpasses data modelling capabilities of on-premise deployments.

"Banks that take an active role in developing AI algorithms with stronger explanatory capabilities will be in a better place to win the trust of both consumers and regulators."³

Massive scalability: The ticket to compete in modern-day banking

Learn how growth is supported by extreme sustainability as proven in the latest Temenos highwater benchmark with Microsoft Azure, MongoDB, and HID.



[Learn More](#)

Delivering on going value



Nordea in Denmark was the first bank to be able to offer a deposit product in the market. A real game changer for the business. They won the best product to market.”

Reg Ravindran,
Head of Core Banking Platform at Nordea

The key to growth is not only achieving it, but also maintaining it in a sustainable manner. With so many macro-economic headwinds, banks are increasingly focused on building reliability and trust with customers and shareholders.

Nordea

Nordea: Product innovation from months to days

As the largest bank in the Nordics, with over 11 million retail and 700,000 corporate customers, Nordea set out an ambitious digital transformation plan to meet current and future customers' needs and to provide more tailored and convenient services. The drivers were the accelerating digitalization and rapid shift in client preferences for online and mobile solutions, and the ability to scale rapidly.

With technology support, Nordea has recently reached a major milestone in late 2022 in its core banking replacement program, having gone live in Finland and Denmark with a modern, core banking platform for loans, deposits, and transaction accounts.

Nordea quickly launched new products in just days rather than months, benefiting from the business agility a modern core provides. For example, when interest rates in Denmark returned to positive territory for the first time in 12 years in October, a historical moment for the Danish financial system, Nordea was the first bank to react, launching new products on its banking platform the day the Danish National Bank raised the rate. The fast product launch gave Nordea a first mover advantage and helped them build up their Danish business within two months.

Costs: Achieving the business case value



Unit for unit, consuming a SaaS service will be more expensive than what you have now, but it's about how to make that journey to the value of SaaS."








Stewart Davies,
Global SaaS Commercial Director,
Temenos

Beyond lowering operating costs, cost-efficiency in financial services represents a strategic facilitator for creating long-term value and growth. Organizations must digitally transform to align with cost optimization and revenue development by adopting modern and agile technology strategies.

Three to five years ago, Cloud was considered a cost-cutting strategy, but now it's become a more strategic play and an investment into the future. Today, it's not about the service cost, but about the portfolio that enables banks to broaden their business strategy, enter new geographical areas, offer new products, and provide customer service.

"72% of banking executives say incorporating Cloud will help achieve their business objectives." ⁴

Different factors drive Cloud business cases in banking. Each carries its own weight, depending on the organization but together, these elements build and support the service value that banks consume.

-  Pay for use
-  Automated test framework
-  Continuous updates
-  End-to-end service
-  Operational efficiencies
-  Frequent releases for customers
-  Always on
-  Business focus

⁴ Economist Intelligence Unit: Capturing Value in the Cloud

Commerce Bank: Adaptive technology to drive down TCO



Commerce Bank has served customers for over 150 years and is ranked one of America's best banks by Forbes. With a long-term view and a focus on the customer, Commerce integrates sophisticated banking products with high-tech delivery to foster deep relationships.

When Commerce looked to modernize its outdated 30-year-old system, they sought a technology partner with reliability and a cultural fit. Their objective was to make technology choices that could help them with adaptive components to support their future expansion needs, driving down the cost of ownership over time.

Commerce collaborated with business-line leaders to understand customer requirements, innovate, and serve profitably, utilizing Cloud and SaaS technology to quickly deliver innovative solutions.



We are active in the Cloud with different models... We're very deliberate about making the right decisions for the right initiative at the right time... The business case is to deliver."

Charles Kim,
CFO of Commerce Bank

Export Finance Australia: Focusing on core business with managed technology



Export Finance Australia (EFA) is a non-bank owned by the Australian government, offers commercial finance solutions for businesses and infrastructure development. In their ongoing transition to SaaS, EFA's investment goals have been to meet and excel employee and customer experience needs and invest in modern technology to make informed decisions with data and enhance cybersecurity.

In their search, they were keen to select a technology provider which could manage the technology for them, allowing EFA to focus on the core business, thereby helping to manage resources and costs.



There is a cost to not doing anything. The scalability and trying to have customer growth couldn't be supported with the systems we had in place, and it would come at a cost for our customers."

Sonia Kimmel,
CFO of Export Finance Australia

To invest in Cloud and SaaS technology, banks need to look beyond costs, to the overarching value the technology can deliver. It's an investment with a long-term return, and banks should consider each initiative at a time, whether a new geography or line of business, and transition at the right time for each. This progressive approach will lead to a cost-efficient modernization journey.

Trust: Foundation for success



When customer trust is strong, banks reap financial, competitive, and reputational benefits enabling them to expand and extend customer relationships. Banking leaders understand that the stakes are high, but their attempts to build customer trust are mostly intuitive and ad hoc.”⁵

For banks and financial institutions, customer trust is one of their greatest attributes and carries huge significance. But banks cannot achieve and maintain this unmatched level of trust amongst their customers without a strong foundation of trust in a reliable technology provider.

Banks must be able to trust their SaaS provider to be dependable and fail-safe, secure customers’ valuable assets, and support compliance with regulation. By focusing on three areas of trust: security, privacy and regulation and governance, trust is both earned and evidenced.

⁵ <https://www.forrester.com/report/customer-trust-in-banking-requires-renewed-commitment-to-cx/RES177625>

Security



DevSecOps: Security must be built into every stage of the technology provider’s product and delivery lifecycle. Security by design, global security processes, and rigorous updates safeguard the interests of banks’ customers.



Defense in depth: Multiple security measures implemented alongside each other ensure fail-safes, from technical, physical, operational, and administrative control, including encrypting customer data, multi-factor authentication, and conducting vulnerability assessments.



Security operations: Continuous monitoring of Cloud infrastructure allows trusted SaaS providers to be alerted for incident identification and management. AI supports threat monitoring. This attention to security and resilience underlines a platform’s commitment to protecting the data of its users.



Privacy and regulation

As privacy laws constantly evolve, banks need to analyze and assess their own privacy requirements. With a trusted SaaS provider, bank compliance teams can lean on a team of multidisciplinary experts to share the burden and help them ensure their services are compliant. To ensure confidence and compliance with the highest standard of privacy requirements, providers will collaborate with banks and analyze data.



Governance

Daily occurrences include strict standards for information security, as well as industry rules and governance. Companies foster continual development by adhering to tight regulations, governance standards, and critical review. The support of expert teams serves this dedication to governance, risk management, supervision, and security.

Banks should seek SaaS vendors aligned with industry standards and regulation.



Flowe: A commitment to trust and sustainability

A challenger bank based in Italy and focused on Millennial and GenZ sectors, Flowe’s objective is to provide clients with opportunities to improve their financial situation while simultaneously having a positive influence on society and the environment.

When Flowe launched its SaaS banking infrastructure, with a seamless user experience and an agile, scalable operating model, the bank placed a strong emphasis on security as its foundation for building trust with customers.

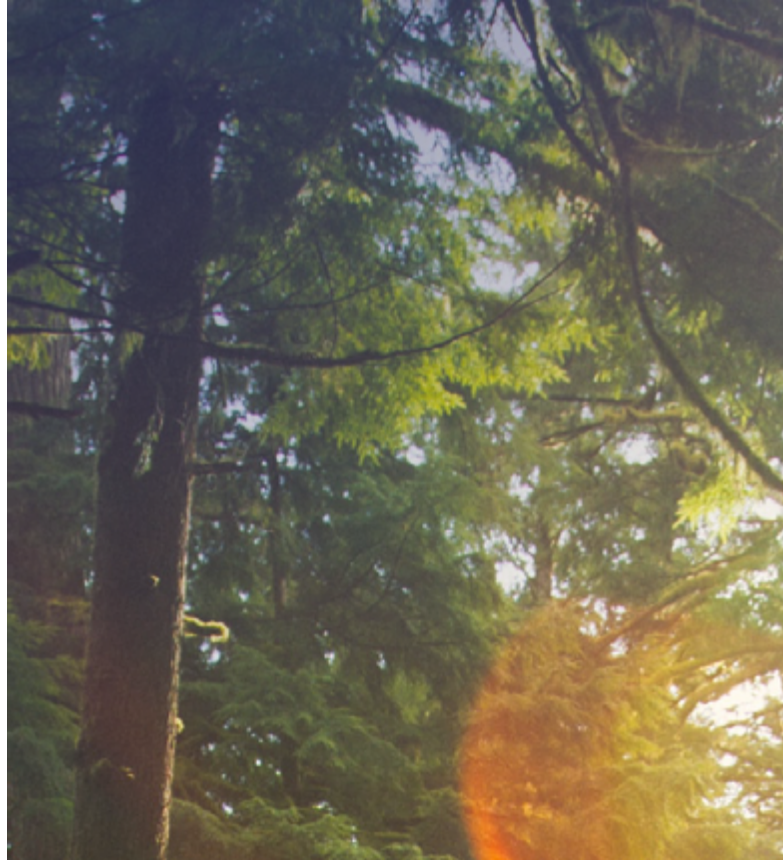


At Flowe, we have full transparency, we call it ‘Radical Transparency.’ We say what we think and do what we say.”

Cristina Toniazzo,
Happiness Caring & Service
Operations, Flowe

Flowe recognized the importance of building trust over time, and not just settling for compliance. They leverage data to create customized services, streamlining their systems to cater to individual needs. To deliver this, Flowe relies on advanced SaaS technology solutions to ensure compliance. The bank’s trust agenda includes ESG as they ask customers to trust their data, so they can act more sustainably.

In banking technology, trust is essential for both the bank and the customer, but with the complicated regulatory landscape, banks can’t hope to achieve this on their own. By placing their trust in the hands of a SaaS provider, banks can demonstrate customer trust through the provider’s security, privacy, regulatory, and governance principles. It’s this trust that underpins success, supports sustainable processes, and helps customers achieve their goals.



ESG: The path to sustainable growth

The magnitude of ESG is increasing as the public, media, investors, regulators, and governments make clear they expect financial institutions to be socially responsible with strong commitments to ESG standards. By supporting the ESG initiatives of financial institutions, the right technology provider allows them to achieve not only their sustainability goals but also influence stakeholder perceptions.

Why ESG is on top of banks' agendas?

1

Reputational risk:
Nowhere to hide

2

Regulation & Reporting
A regulatory avalanche

3

Cost & Efficiency:
Operational effectiveness

4

Climate change:
A risk but also a business opportunity

5

Competition & customers:
Capturing a larger share of the market

Why now?

Regulations are becoming increasingly stringent in Europe, North America, and Asia, and reputational risks are rising as younger generations demand to be included in the discussion about climate change. In addition, banking competition and differentiation are being driven by ESG insights made available to customers. Cost efficiency, as banks use less energy which in turn reduces a bank's carbon footprint and positively impacts climate change, are all driving the ESG agenda in today's banking industry.





There is also a big need to quantify climate risk as a financial risk. Those who do not, face big trouble.”

Kalliopi Chioti,
Chief Marketing and ESG Officer, Temenos

Banks can only hope to overcome and succeed their ESG targets and pressures through strategic SaaS and Cloud technology partnerships, as no other software deployment options provide the agility, data and analytics for due-diligence requirements, the computing power to meet customer demands for customized ESG insights, and the cost, energy, and climate efficiencies.

The best SaaS technology provider equates to ESG compliance — always

Partnering with a pioneering SaaS and Cloud technology provider is the only way for banks to achieve their ESG targets via four strategic commitments:

1

Regulation: Regulatory compliance and due diligence checks against ESG regulations are made easier with greener, more efficient SaaS technology.

2

Energy and emission targets: SaaS provides technology and power to measure and monitor energy and emission targets.

3

Credibility and trust: The right SaaS provider brings credibility and trust to their ESG operations by implementing their own green and sustainable strategy—walking the talk.

4

Carbon analytics: SaaS providers provide banks with accurate, science-backed data and information, including regulatory, compliance, and due diligence and reporting, enabling informed decisions that support customers.

Alpian: Helping clients reduce and monitor carbon emissions



Alpian is Switzerland’s first digital private bank which offers specialized banking services, boutique investment products, and access to in-person financial counseling. They aim to bring a new level of banking to the affluent population of Switzerland. They offer the best of both digital and everyday banking, along with embracing ESG commitments.



At Alpian, when we think of ESG, banks have typically been focused on wealth, which has been two-dimensional in the past with risk and return. But if you don’t consider the third factor, the carbon footprint, the reality is that you can have all the wealth in the world, but if the world is falling apart, it doesn’t really matter.”

Schuyler Weiss,
CEO, Alpian Bank

Alpian recognizes the role of ESG in their operations, stressing their carbon footprint alongside risk and return. By making ESG a priority Alpian demonstrates its commitment to sustainability. Leveraging SaaS technology, Alpian has achieved a remarkable saving of over 90% of MTCO2e emissions compared to on-premise alternatives. With dedication to innovation, driven by customer feedback, ESG is a top priority for Alpian.



Running a core banking on the Cloud reduces carbon emissions by 90%.”

Patrice Amann
Senior Director, Financial Services Business Lead, EMEA at Microsoft

Microsoft: Walking the talk

As a Cloud technology hyperscaler, Microsoft collaborates with service providers to provide Cloud-native services for banks, enhancing customer experience, security, and ESG compliance. Their own vision for ESG is comprised of three bold commitments:

- 1 **Vision:** Become green by 2025 and carbon-free by 2050, removing all the carbon created since the company’s launch.
- 2 **Technology:** Microsoft continues to improve their Cloud and SaaS capabilities and in turn, their bank customers using the Cloud benefit from their efforts such as carbon-neutral data centers.
- 3 **Honest reporting:** Proof of reductions in green emissions via reporting data. The Carbon Emissions Calculator provides clear visual information to clients on a dashboard focusing on carbon footprint, water, and waste.

temenos banking cloud

EQ Bank Canada	93–97%	98% More carbon efficient	93% More energy efficient	100% Powered by renewable energy by 2025
flowe Italy	95–98%	95% Fewer emissions		
+alpian Switzerland	92–96% annual savings in MTCO _{2e}			

Empowering a technology revolution with SaaS

SaaS and Cloud technology empower financial institutions to achieve their goals to drive sustainable growth, align costs, deepen trust, and embed ESG.

Key takeaways:






- Financial institutions are rapidly bringing innovative concepts to market, either independently or via partnerships, to stay ahead of the curve while extending their customer base.
- Sustainable growth is crucial for banks to compete, and achieving this level of agility requires the use of Cloud and SaaS capabilities.
- When making Cloud and SaaS investments, banks should consider each initiative—whether entering a new location or industry—and act when the time is right to draw on the long-term advantages of Cloud.
- This innovative approach leads to modernization that is cost-efficient with Cloud and SaaS becoming key interlockers that work to address the value chain with costs.
- To attain and uphold this level of customer trust, banks require a solid foundation of confidence in a reliable technology provider.
- Thanks to Cloud and SaaS capabilities, banks maintain security and compliance in ways they could never accomplish on their own.
- Banks benefit from ESG initiatives along with sustainable business practices for higher economic performance.
- By incorporating Cloud and SaaS technology into your ESG equation, you have the technology tools for a sustainable future.

The digital transformation required for the banking industry's future is only possible with SaaS capabilities, which offer end-to-end risk, security, platform management, and performance coverage. Only SaaS technology has the revolutionary capabilities needed to advance digital transformation and succeed in the banking industry of the future. When banks partner with the best SaaS supplier, they have access to more extensive assistance than they could ever hope to acquire on their own. Let's act now to improve the world by fusing SaaS technology and digital transformation.

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banking cloud

The Temenos Banking Cloud

The Temenos Banking Cloud helps banks utilize Temenos banking solutions and Temenos Exchange services through SaaS. Currently, Temenos supports over 700 SaaS customers around the world, and SaaS enables them to rely on a fully supported service that underpins exceptional banking.

-  Continuous updates and scale
-  Service continuity
-  Advanced computing power & modeling
-  Governance security & risk
-  Breadth & depth of service



Modernization with the Temenos Banking Cloud

The banking and financial sector faces constant modernization demands, emphasizing client involvement, innovation, efficiency, and environmental and social goals. Cloud computing and SaaS distribution are crucial for success. Discover how the Temenos Banking Cloud leads the industry in this area.

[Discover Now](#)

About Temenos

Temenos (SIX: TEMN) is the world's leading open platform for composable banking, creating opportunities for over 1.2 billion people around the world every day. We serve 3000 banks from the largest to challengers and community banks in 150+ countries by helping them build new banking services and state-of-the-art customer experiences. The Temenos open platform helps our top-performing clients achieve return on equity three times the industry average and cost-to-income ratios half the industry average.

For more information, visit www.temenos.com

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