

## **Majority of banks and insurers struggle to maximize the value from their cloud investments**

- **Less than 40% of financial services executives say they are highly satisfied with their cloud outcomes**
- **Most banks and insurers adopt cloud solutions with the primary objective to drive operational efficiency (84%)**
- **Protecting customer data and maintaining privacy is a challenge for the industry**

Paris, November 14, 2024 – The [Capgemini](#) Research Institute's [World Cloud Report for Financial Services 2025](#), published today, reveals a clear divide between how traditional and new-age financial institutions<sup>1</sup> view their cloud technology investments. Most banks and insurers adopt cloud solutions with the primary business objective to drive operational efficiency (84%), while fintechs and insurtechs are pursuing cloud to accelerate sales (62%). The analysis further suggests only 12% of financial services organizations can be considered 'cloud innovators'<sup>2</sup>.

Financial institutions are facing a challenging environment, ranging from data collection and management inefficiencies, cybersecurity gaps, regulatory complexities, to evolving customer expectations. According to the report banks and insurers are increasingly turning to cloud solutions to mitigate these risks. This is evident in a 26% increase in the mention of cloud-related terms in the annual reports of the top 40 tier-one banking and insurance firms globally between 2020 and 2023.

### **Roadblocks to realizing value**

However, firms face roadblocks in maximizing cloud value as operational challenges continue to influence C-level decision-makers, slowing down the return on cloud transformation initiatives and investment. Fewer than 40% of executives say they are highly satisfied with their cloud solution's outcomes broadly, including its ability to provide reduced operational costs (33%), enhanced scalability (27%), accelerated innovation (26%), advanced data and analytics (24%), and improved security and compliance (21%).

The report highlights that challenges arise due to financial institutions taking a lift-and-shift approach to cloud migration, rapid scaling that produces higher-than-anticipated costs, complicated pricing models, and inefficient governance and management practices.

*"Cloud adoption should be viewed as the start of a transformative journey that fuels long-term business growth, rather than the end game or destination. What's clear from our research is that while the technology is seen by financial institutions as a building block, some firms still consider cloud a cost-saving measure, whereas innovative disruptors leverage it to redefine their operations,"* said Ravi Khokhar, Global Head of Cloud for Financial Services at Capgemini. *"By taking a cloud native approach to foster a culture of innovation, banks and insurers will be better placed to deliver new products and services, enter new markets,*

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<sup>1</sup> New-age financial institutions refer to digital-native companies that leverage technology to revolutionize financial services, offering innovative and customer-centric solutions across banking, payments, and insurance.

<sup>2</sup> Cloud innovators are companies that have a well-defined cloud strategy supported by scalable platforms and mature ecosystem partnerships enabled by advanced technology capabilities. They are data-driven, cloud-focused, and customer-centric across the value chain to unlock new and innovative growth opportunities.



*and increase customer satisfaction. With generative AI now top of the boardroom agenda, a cloud-based technology foundation can also help the industry maximize investment in new technologies at scale.”*

### **Financial institutions face a complex operational landscape**

Banks and insurers hold a wealth of personal, financial, and transactional data about their customers. However, they face multiple challenges handling this data and keeping it secure. According to the report, three main concerns were highlighted by the majority of industry executives:

- Legacy systems impeding siloed data integration (71%)
- Protection of customer data and difficulty in maintaining privacy (70%)
- Lackluster data quality, including incorrect and missing information (69%)

With Europe’s Digital Operational Resilience Act (DORA) set to take effect in January 2025, and mounting regulatory pressures worldwide, financial institutions will soon face even more stringent compliance requirements, particularly over the increased use of technology platforms and third parties. The Consumer Financial Protection Bureau’s recent ruling on open banking, known as Section 1033 of the Dodd-Frank Act<sup>3</sup>, reinforces the importance of cloud-native solutions to provide the necessary scale, keep the cost of data exchange low for the industry, and remain compliant. Increased data, security, and regulatory constraints will mean organizations will have to work harder to derive meaningful insights and prioritize innovation.

The report further highlights that 81% of executives find the lack of appropriate technology impedes their business goals. Most respondents consider artificial intelligence (81%), predictive analytics (75%), and robotic process automation (65%), crucial for supporting a cloud ecosystem. However, traditional financial institutions currently fall short in the maturity and skills needed for these technologies: 15% display capability maturity in AI, 30% show capability maturity in predictive analytics, and 22% exhibit capability maturity in robotic process automation.

### **The industry must encourage an innovation-driven, cloud-native culture**

Based on the research, 12% of banks and insurers can be classified as cloud innovators who leverage a well-defined cloud vision supported by scalable platforms and mature ecosystems to generate superior top-line results. This strategy is reaping significant rewards:

- 32% of innovators exceed upsell and cross-sell targets compared to 12% of their counterparts
- 32% exceed data monetization targets versus 10% of other banks and insurers
- 22% exceed innovative product development targets compared to 10% of financial institutions

To accelerate operational efficiency and innovation, the report suggests banks and insurers must apply a data-driven, cloud-focused approach. This requires an attention toward creating applications natively for the cloud, investing in cloud-skilled professionals, building a culture that encourages the sharing of ideas and best practices, and democratize access to technology for all teams.

### **Report Methodology**

The World Cloud Report for Financial Services 2025 draws data from three primary sources, during June to August 2024: the 2024 Global Financial Services Executive Survey, the 2024 Global FinTech and InsurTech Survey, and the 2024 Global Executive Interviews. Primary Research covers insights from 13 markets: Australia, Belgium, Canada, France, Germany, Hong Kong, Japan, Luxembourg, Netherlands, Spain, the United Arab Emirates, the United Kingdom, and the United States. The executive survey polled 600 leaders of financial services firms (CxO, Head of Cloud, etc.) across Banking and Insurance, alongside 120 senior FinTech and InsurTech executives across 13 markets.

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<sup>3</sup> [Consumer Financial Protection Bureau](#)



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Capgemini is a global business and technology transformation partner, helping organizations to accelerate their dual transition to a digital and sustainable world, while creating tangible impact for enterprises and society. It is a responsible and diverse group of 340,000 team members in more than 50 countries. With its strong over 55-year heritage, Capgemini is trusted by its clients to unlock the value of technology to address the entire breadth of their business needs. It delivers end-to-end services and solutions leveraging strengths from strategy and design to engineering, all fueled by its market leading capabilities in AI, cloud and data, combined with its deep industry expertise and partner ecosystem. The Group reported 2023 global revenues of €22.5 billion.

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