

BENEFITS OF CLOUD COMPUTING IN TRANSFORMING THE BANKING SECTOR AND PRECAUTIONS NEEDED WHILE MAKING THE TRANSFORMATION

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Abstract :Cloud computing is expected to be one of the fastest-growing technologies in the coming years. Business applications will be the largest market for cloud services spending, with a gradual transition from on-premise to cloud-based services especially for general business applications like customer relationship management (CRM) and enterprise resource planning (ERP). Banks are expected to enter the cloud computing arena cautiously, with no single cloud services delivery model being a silver bullet for best meeting their demanding business needs. Cloud computing can offer financial institutions a number of advantages, including: Cost savings, Usage-based billing, Business continuity, Business agility and Green IT. But before moving to the cloud, banks must consider issues around data confidentiality, security, regulatory compliance, interoperability of standards, and quality of services.

Index Terms-Cloud computing, technologies, security.

I. INTRODUCTION

Cloud computing is making its presence felt in almost every business sector across the globe and the banking sector does not want to be left behind. Banking transactions can change for the good and in a dramatic manner if some of the barriers associated with the technology are brought down. Even the cost of cloud computing can be significantly reduced and more flexibility introduced into the system if the right software and hardware resources are provided.

II Cloud Computing?

Cloud computing is an advanced IT technology that allows individuals and organizations to utilize the internet for tapping into robust hardware and software programs and tool. The resources from where they can utilize these services are usually powerful and sophisticated computers placed in remote locations for safety purpose.

One of the biggest stumbling blocks of utilizing cloud computing technology in the banking sector is security concerns. As every transaction has to be done under the cover of high security and confidentiality, banks believe that they could be working incessantly under risk and threat of security breach. Dealing with regulations and complications of handling a large network of customers using the technology are other factors that prevent many financial institutions from embracing cloud computing.

However, the visible success of the first movers in the industry, the perception of a majority of players in this sector is changing as well. Leading companies are of the opinion that cloud computing can play a pivotal role in formulating powerful strategies. With the technology already proving to be a great success across diverse business sectors, clients want banks too to utilize cloud computing to improve services and provide greater connectivity. They believe that this can be easily achieved by using standard cloud technologies.

Adoption of cloud computing on a large scale by the banking sector could enhance greater productivity, improve performance and boost profitability. This can help create numerous new jobs too which can be great news for the economy. It can be innovatively utilized to bring in greater efficiency across all operations and to deliver superior customer service. At a time when banks are facing intense competition from non-bank payment providers and there is high pressure to deliver results, using cloud computing technology can be the best solution to overcome current setbacks and surge ahead.

III The key benefits of the cloud according to technology experts are:

1 **Cost Reduction:**

As banks are spared the hassle of investing in dedicated hardware, premium software and skilled professionals, moving to the cloud can prove to be a major money-saver. Most providers offer free update for the cloud and IT infrastructure. By using the pay-on-demand model, they will have to pay only for technology that's needed for smooth day to day operations.

2 **Offers High Flexibility and Scalability:**

With cloud technology, banks can keep pace with the changing market and respond to needs of clients faster than before. Technology can also be utilized on a need basis thanks to the high scalability and flexibility associated with cloud technology.

3 **Improves Efficiency:**

With newer and user-friendly technologies easily accessible, banks will be able to optimize utility of all resources effortlessly. The cloud also makes it easier to integrate newer technologies and applications within the system for achieving better results in the future. As all key tasks are simplified, efficiency is the major gainer of employing cloud technology.

4 **Helps Serve Clients Better And Faster**

With cloud computing solutions customized for banks, professionals can create bundled products and services easily. If you need a specific type of hardware or software solution, you can simply go ahead and develop it instead of having to wait for a long time. Computing power can be increased to meet growing demands of the industry. Clients can benefit immensely as key services can be delivered speedily. Unlimited computing power of the cloud will allow banks to develop systems capable that can make them understand the needs of the clients better. They can create customized solutions that can help them offer high quality services consistently.

IV Risk elements When you are planning to introduce cloud computing to your bank make sure you understand the risk elements too. These are:

➤ **Data Security**

Stringent safety measures must be in place not only to provide highest level of security to data but also to remain compliant with the rigorous security standards. You must insist on Service Level Agreements.

➤ **Data Reliability and Recovery:**

When any unforeseen event that's beyond human control such as a natural disaster occurs, your data must be protected. Make sure you choose a provider capable of protecting and recovering data when disaster strikes.

➤ **Development of Specialized Cloud Management Platforms:**

Banks must develop cloud management platforms the most effective manner.

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