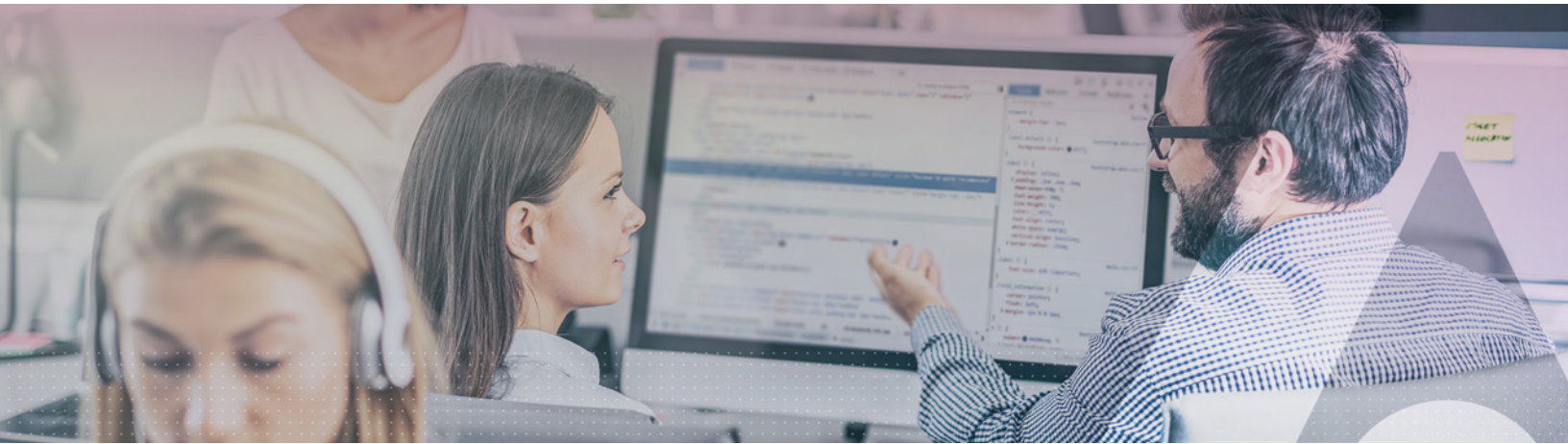


Reduce risk, optimize cost, and accelerate digital transformation for financial services



The financial services industry is going through massive digital transformation driven by changing consumer habits, competitive pressures, and technological advances. The trend towards a new all-digital customer experience is causing a rapid adoption of new technology to support better capabilities and scalability. However, the combined challenges of cybersecurity threats and a stricter regulatory environment heighten the risks and increase the costs of digital transformation. Thales can help financial service providers mitigate risks, control costs and accelerate digital transformation by optimizing and automating data-centric protection throughout their hybrid IT environments.

The drive towards innovation and transformation

The growth of the digital economy has completely changed consumer habits. Consumers have come to expect a hyper-personalized experience that is fast, convenient and secure. It is no different in banking, where digital-only banks are growing rapidly, with several of them already attracting millions of customers per month with an all-digital, low cost experience.

This is driving innovation across the financial services industry. Banks have been quickly adopting technologies to enable secure, remote, multi-device banking transactions; secure digital payments leveraging biometrics, tokens, and context-based security; and even the full digitalization of contracts, subscriptions and consumption of services.

Meanwhile regulations such as the EU's PSD2 have created a strong incentive for open banking, including the sharing of customer account and transaction details between banks, retailers, and financial technology companies through APIs.

Finally, the pandemic has forced a once unthinkable shift towards remote work for almost all employees. This has resulted in the adaptation of systems for remote access, or a complete migration to the cloud for multiple bank systems.

Banks adapt through massive digital transformation

These trends have led banks to adopt modern electronic bank account management (eBAM) systems to open, maintain, and close accounts and to generate reports required by regulations.

Consequently, banks are in the midst of a massive digital transformation. They have:

- Created secure mobile applications and end to end integration with core banking systems such as eBAM and CRM for on boarding, mobile banking, and mobile payments.
- Put in place contextual transaction risk analysis (TRA) systems that integrate machine learning and artificial intelligence with strong customer authentication.
- Adopted hybrid and cloud-based workloads for core banking applications, which enables scalability and flexibility and supports employee remote access.
- Employed modern automated digital certificates and blockchain-based networks for financial, inter-bank, and foreign exchange transactions.
- Responded to open banking mandates by:
 - Adding third-party capabilities with secure communications to core offerings.
 - Employing big data, data segregation and access controls to capitalize on consumer behavior and preference data.
 - Making the multi-factor authentication process as easy as possible for customers.

Cybersecurity and regulatory risks escalate transformation costs

The process of digitalization has forced financial institutions to capture ever-increasing amounts of sensitive customer data to make banking easier and to create new desirable financial services for customers. But the dramatic rise in cyberattacks together with the dissolution of the security perimeter caused by the adoption of Hybrid IT generate the need for ever more overlapping security solutions. With multiple solutions protecting different platforms and different environments, the costs and complexity of protecting the new Hybrid IT infrastructure grow exponentially.

In addition, ever more strict regulations such as GDPR, PCI, and CCPA, raise the risks even further. Mandates obligate financial institutions to protect personally identifiable information (PII) and, in some cases, levy substantial fines for not doing so. In particular, the recent Schrems II ruling invalidated the EU-US Privacy Shield and placed at risk sensitive data transfers between the European Union and the United States, even within an individual organization's data processing systems.

Financial institutions find themselves in a difficult situation. The digital customer experience, openness of modern banking and flexibility of hybrid IT are essential to their business. Nevertheless, they create a vulnerability when it comes to privacy and data protection.

How Thales can help: A cybersecurity approach for risk reduction and cost optimization

Challenge 1: Protection of the cloud transformation

While cloud platforms may be secure, the shared responsibility model dictates that, the organization that owns the data and grants access to this data is ultimately responsible for its security. Protection of cloud transformation from the perspective of the owner of the data is not about the platform, but about the data and who has access to it.

Solution: Streamlined Data and Identity Protection across Hybrid IT

Thales streamlines data and identity protection in the cloud, implementing solutions that can scale across multi-cloud environments and allows customers to reduce the number of security solutions used, reducing cost, complexity and points of failure.

Thales data protection solutions protect sensitive data using obfuscation technologies, such as encryption and tokenization, so that even if the data is stolen, it is unusable to those who steal it. Thales hybrid Hardware Security Modules (HSMs) safeguard digital identities, applications and sensitive key materials that are used to protect applications and new initiatives based on blockchain or IoT technology. Thales network encryption solutions protect network traffic between data centers and the headquarters to backup and disaster recovery sites — whether on premises or in the cloud.

Thales identity and access management solutions simplify user access to cloud services, streamline cloud identity management, and help eliminate password difficulties for IT and users. The solution maintains both security and a frictionless user experience by requiring an additional authentication in high-risk situations.

Challenge 2: Complexity of privacy compliance and data protection

The complexity of compliance with the myriad of global regulations and the challenge of protecting data across multiple environments is a major challenge for financial service providers. Data security and privacy compliance need to be automated with policy-based protection for all sensitive data.

Solution: Simplified compliance with centralized data and identity security

The Thales Ciphertrust Data Security Platform automates data protection by centralizing security governance in a single pane of glass. That includes the discovery and classification of data across multiple repositories in hybrid IT and the enforcement of policy-based protection based on data sensitivity or legislation. SafeNet Trusted Access provides a single pane view of access events across your app estate to ensure that the right user has access to the right application at the right level of trust. Thales' access management and single-sign-on solutions add granular control over the access policies.

Challenge 3: Protection for omnichannel digital payments

Payment processing is the lifeblood of all financial service providers and merchants. Ensuring the security of consumer data is essential to the integrity of intra-bank network payments, ACH transfers, check clearing, mobile payments, credit card and “instant” payments peer-to-peer systems.

Solution: Globally Deployed Payment Security Solutions

Thales payment solutions secure 80% of payment card transactions worldwide. Thales Payment HSMs are used by issuers, acquirers, processors and payment networks to secure all manner of financial transactions and emerging payment models globally. Our tokenization solution dramatically reduces the cost to comply with mandates like PCI by replacing sensitive personal data with valueless tokens.

Thales helps more than 3,000 financial institutions secure their banking and payment services around the world. Thales solutions help organizations simplify financial services compliance, facilitate security auditing, protect their customers, and avoid data breaches, ultimately reducing the cost and risk of adopting new technologies and achieving competitive advantage.

About Thales

The people you rely on to protect your privacy rely on Thales to protect their data. When it comes to data security, organizations are faced with an increasing number of decisive moments. Whether the moment is building an encryption strategy, moving to the cloud, or meeting compliance mandates, you can rely on Thales to secure your digital transformation.