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A Kyndryl Company

Digitalization in Banking & Finance

Guide to Progressive
Transformation



Contents

Progressive Modernization Speeds Up Digital Transformation in Banking	3
• New Regulations and Increasing Cyber Threats Set New Demands	4
Smart Transformation is Incremental	5
• Benefits of Modern Digital Development: The Samlink Way	5
• The Future of Banking Relies on Cloud and AI	7
Customer Case: Savings Banks Group Partners with Samlink for Cloud-Based IT Modernization	8
Samlink and Kyndryl at Your Service	9

Progressive Modernization Speeds Up Digital Transformation in Banking

Customer expectations, regulations, and technological advancements shape today's businesses profoundly. To keep up, banks and financial institutions must modernize their IT systems.

Banking as an industry has existed for more than 2000 years. It has a long tradition and history, and the basic nature of banking still applies today. The future isn't going to bring a significant shift either in terms of the products and services banks and financial players offer. It's about the shift in how to do business in today's world.

Instead of simply walking to the nearest bank, customers use their mobile devices and computers. They expect speed, agility, and higher reliability.

The demand for banks to take their digital leap is there, and traditional players are now racing to modernize their systems that were largely developed decades ago. In some cases, critical systems run on a patchwork of legacy elements that is just too heavy and slow to respond to the needs of modern business and society.

Trailblazers have taken giant leaps in cloudification. The competitive advantage is being redistributed and we are seeing massive disruptions in other industries. We have also witnessed many large-scale IT initiatives failing dramatically, being massively delayed, or not delivering any of the expected business outcomes. That's the downside. The upside is that there is a good opportunity to create instant value through smart progressive modernization.

Modernization is necessary, but considering the current economic climate, it mustn't be detrimental to the financial results. The critical thing for a bank to understand about digital transformation is that all or nothing doesn't have to – and doesn't – apply. In a traditional waterfall approach, the investment return odds are very, very low.

The bottom line is this: go modular with a trusted partner with a track record in agility and transparency.

“When we talk about modernization, it's greatly about how to transform those existing systems into the modern solutions banks need to succeed in today's world. This is a massive part of the journey. At the same time, technology evolves constantly. And while we are facing completely new opportunities, we also must be prepared for new kinds of cyberthreats.”

— Arto Sorvoja, Vice President & Senior Partner, Samlink



New Regulations and Increasing Cyber Threats Set New Demands

The world of finance is shaped by new and emerging regulations as well as the ever-increasing demand for sufficient cybersecurity. Often the two are intertwined, ensuring services are safe for customers to use and banks have enough resilience to maintain operations in the digital era. For banking, this means that all IT systems must comply as well.

For example, The Digital Operational Resilience Act (DORA) and the NIS2 cybersecurity directive will impact the operations of European banks in the future. From January 2025, all European banks will have to operate within the framework of these new requirements.

The revised Payment Services Directive (PSD3) proposed by the European Commission would aim to combat payment fraud, improve consumer rights, level the playing field between banks and non-banks, and enhance open banking functionality, to name a few.

Outdated legacy systems are rigid to change and often lack much-needed security. However, trust is the basis of financial institutions and services must be secure against cyber threats and attacks. Financial institutions must ensure data encryption and protection, rigorous access control, and network security. Additionally, vulnerability management, ransomware readiness, and constant monitoring for abnormal behavior, for example, allow proactive identification of possible threats and acting before they happen.

Cybersecurity continues to evolve fast and it's difficult to predict the next challenges and threats. Choosing the right partners for cybersecurity ensures IT systems are safe and regulation-compliant in every possible way. Adopting modern technologies and the benefit of the cloud ensures cybersecurity stays up-to-date and future-proof for years to come.

Smart Transformation is Incremental

Treating digital transformations as massive one-time overhauls leads to a path where benefits are low and immediate value is absent. Doing things smarter leads to quicker results and offers adaptability in changing environments.

Leading banks have done a complete U-turn in their attitude towards the cloud. Most forward-leaning traditional banks have already achieved well above 70% utilization and understand that cloud transformation isn't about a waterfall big bang.

The first wave of cloud transformation saw its share of failed projects, with delivery times double the intention and a severe load to the organization. The importance of IT in banking is reflected in the CxO redundancies handed out because of unsuccessful projects.

Digital transformation doesn't have to be an all-or-nothing endeavor. Embracing a traditional waterfall approach can lead to extremely low odds of a favorable investment return. This rigid methodology leaves little room for adapting to changing requirements during development, making the entire transformation process inherently risky and costly. Luckily, a better, smarter way exists.

Benefits of Modern Digital Development: The Samlink Way

The greatest opportunity lies in approaching digital transformation as a comprehensive business transformation, understanding that it encompasses more than just IT-led initiatives. By embracing digitalization as a holistic process, banks can address their organizational and business transformational needs while leveraging new IT systems as part of this positive change.



“The incremental approach helps you to untangle the spaghetti of legacy systems piece by piece. Traditionally, banks have developed their IT systems in-house, meaning closed technologies and scarcity of resources. We believe modern banking solutions need to be developed with new, innovative and open technologies.”

— Linh Kuivanen, CTO, Samlink

Samlink believes in projects with clear business targets and goals to ensure customers get real value out of their transformation. Samlink's progressive modernization through an incremental approach allows customers to focus on the IT systems that bring in the most value for the business.

While the traditional Waterfall model follows a linear path, modular development breaks the development process into smaller manageable parts – increments. This leads to quicker development cycles as well as better adaptability to changing requirements.

The modular and progressive approach has four main benefits. First: it **creates immediate value** for the business, and second: it's **technologically feasible**. It is also **organizationally manageable** and **cost-effective**.

Technological feasibility means that in a progressive cloud transformation updating parts of the IT environment doesn't cause massive downtime or discontinuities elsewhere in the environment.

Manageability means that it is easier to keep people on board while the organization is in transformation.

As to costs, more bang for the buck will make everybody in the executive team and the boardroom happy. A modular approach is a secure way for an IT leader to modernize without jeopardizing the cost-income ratio.

Modular development is particularly well-suited for projects where requirements are likely to evolve, where there is a need for early and frequent delivery of value, and where continuous feedback and improvement are crucial to success – such as digital transformations in the highly regulated banking industry.



The Future of Banking Relies on Cloud and AI

The future of banking is built on open cloud-native technologies and the fuel for growth is data. While banking has adopted cloud technologies slower than other industries, cloud transformation is the key enabler for banks to leverage digitalization to their advantage. Scalability, speed, agility, and security all come with adopting the cloud, but it also creates the foundation for future innovation.

Somewhere on the horizon awaits our next massive transformation – artificial intelligence will revolutionize many industries, banking included. It can bring new services for the end customers, enhance productivity, and provide new solutions we haven't even thought about today. Artificial intelligence has the potential to revolutionize the field of cyber security by providing new ways to detect and respond to cyber threats.

Transforming the business to answer for today's requirements and stay futureproof should start today. Enabling the foundation for AI transformation starts with a successful digital transformation that harnesses the computation capacity

of the cloud, and an experienced partner helping with the practical implementation of new technologies.

Samlink works to ensure that customers can create instant value through smart modular progress while making their core processes future proof, looking forward to the age of AI and quantum computing.



“The rise of artificial intelligence in the banking and financial industry has been phenomenal. AI has changed the way banks do their business, create services and products for their customers, and serve their customers. For example, there are many repetitive and redundant tasks involved with any banking organization that will eventually add up to operational costs. An AI could help to create efficiency as well as cost savings.”

— Jagrati Singh, Senior Lead & Engagement Partner, Samlink

A photograph of two men shaking hands. The man on the left is wearing a dark blue blazer over a light-colored shirt and glasses. The man on the right is wearing a light grey blazer over a dark shirt and a red lanyard with a badge. They are standing in front of a red wall with the Kyndryl logo on the left and a grey stone wall with a plant on the right.

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Customer Case:

Savings Banks Group Partners with Samlink for Cloud-Based IT Modernization

Savings Banks Group (Säästöpankkiryhmä) chose Samlink and the parent company Kyndryl as their partner in modernizing the bank's IT environment. Samlink supports the banking groups' new and major multi-vendor IT modernization initiative, which aims to enable a public cloud environment, further enhancing customer and employee experience, and streamlining processes.

Savings Banks Group is Finland's oldest banking group serving up to half a million Finnish households, small and medium-sized companies, and agriculture. The project focuses on improving the customer experience of the Savings Bank Group using modern banking services. The goal is to create a new digital lending and customer management system and to enhance business processes.

Samlink acts as the bank's critical implementation and integration partner. The Savings Bank Group is transitioning its services more comprehensively to Azure cloud services, which accelerates development, eases maintenance, supports sustainable development, offers the highest level of cybersecurity, and opens new opportunities, including the utilization of artificial intelligence.

– Our customers trust that digital banking services are safe and reliable, and that is also a key factor in choosing a partner. Samlink's role in the project is vital, as they have convinced us of their ability to produce critical banking services with data security, says Pekka Suomalainen, Savings Bank Group's CIO.

– We look forward to combining the best of Samlink's banking expertise with our parent company Kyndryl's leadership in cloud services to support Savings Banks Group in its endeavor to elevate customer experience and accelerate time-to-market for new services, says Samlink's Vice President & Senior Partner Arto Sorvoja.

[Read the full story](#)

Samlink and Kyndryl at Your Service

Progressive modernization offers faster results and quicker value with low risks. It is the best way to get started with digital transformation in ever-shifting landscapes. We have seen traditional approaches nearly sink the entire business, and we have witnessed the forerunners' success. Business continuity is the key, and that is best ensured with modular development.

Samlink has decades of experience in running critical systems in banking, and that gives a unique insight into how digitalization looks like in a heavily regulated industry relying on its customers' trust. While we are a highly trusted banking IT service provider based in Finland, our relationship with Kyndryl opens completely new doors for us to explore. Samlink's deep expertise in IT and cloud technologies combined with Kyndryl's global scale and consulting power enables us to develop new, innovative solutions for all our clients.

We can help you with:

- **Modernization of services**
- **Seamless Service Integration with SIAM Pro**
- **Protecting Businesses and Ensuring Continuity with Security Services**

[Get in touch](#)

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Empowering financial success through innovative IT solutions.

Kyndryl Bridge gives enterprises visibility across their technology landscape with actionable insights that help understand, predict, and act for better business outcomes. Bridge also enables more stable and reliable technology operations with automation. For rapid deployment and seamless integration of services, head to [Kyndryl.com](https://kyndryl.com).

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