Floating Along In The Clouds

by [Steve Brown](#)

Cloud computing is all the rage. Perhaps that is because Microsoft research finds it can be 40x more cost effective for a small to medium sized business (SMB) than running its own technology systems and VentureBeat reports 70% of SMBs say they have been able to reinvest money back into their business as a result of moving to the cloud.

For community banks, having loan customers that move to the cloud may not be a bad thing. That is because these small businesses have very little time overall, so they usually have difficulty keeping up with technology and security patches. This likely increases security risks to the bank, when these customers try to stay in-house and go it alone on the technology front. Consider as well that research finds SMBs say moving to the cloud gives them the following benefits: creates less worry about outages (96%), produces security benefits (94%), improves service availability (75%), reduces time spent managing IT (51%) and requires fewer internal IT resources (50%). Even better, some 50% said moving to the cloud let them pursue new opportunities as a result of the time saved and 36% said it improved customer service. That's all good for business.

To go deeper on this subject, we next take a look at the same research, but zero in on businesses with less than 20 employees (Group 1) and those with 20 to 99 employees (Group 2), since these are the most likely to be community bank customers.

For Group 1 (< 20 employees), research finds the primary uses for the cloud are as follows: web hosting (82%), email hosting (79%), productivity solutions (65%), backup and recovery (60%) and other things such as help desk or security monitoring (55%). As you ponder this, we will discuss the next group.

For Group 2 (20-99 employees), research finds the primary uses are: web hosting (82%), email hosting (58%), content filtering (47%), productivity solutions (46%) and back up or recovery (42%).

Analyzing both groups together, we see both use web and email hosting, but a large chunk of Group 2 seems to still run email more in-house. Given the fraud around email that can flow into your bank from your customers, understanding who is using cloud and who is doing this themselves can help you identify and better manage your own risks or spot trends.

Next, Group 2 uses content filtering (solutions that monitor, control and protect users against malware and other nefarious traffic) to protect themselves better, while Group 1 seems more interested in optimizing their efforts through productivity solutions (invoicing, project tracking, etc.). Both of these have their merits, but just knowing what customers are doing can help you better target your marketing efforts perhaps.

Finally, it is good to see these customers of yours ranking back up for recovery in the top 5 ways they use the cloud. We say this because studies find that after a disaster some 70% of businesses will fail within 1Y of the event. Backing up data can also help protect against cyberattacks.

No matter where your technology team stands on cloud adoption or usage for your own bank, we thought you might like to know what your customers were doing at least.

BANK NEWS

Employee Crime

A study of embezzlement by US employees by Hiscox finds the 4 primary factors that turn employees into criminals are: pressure (often from gambling, investment or business losses, medical expenses or large debts); opportunity (trusted employees with access to money through title or tenure); capability (have the skills and knowledge); and rationalization (convince themselves it is for their family, they feel underpaid or that they are not treated well).

Budgeting Help

Community bankers will be interested to know that about 67% of Millennials say they would like their bank to provide budgeting tools to help them and 66% say they have a monthly budget already that they try to follow.

Robotic Future

A Pew Research survey finds 65% of people think computers and robots will do much of the work currently done by humans in the next 50Ys. Also of note, 80% of workers say their own jobs will still exist in their current form over the same period. It will be interesting to see how things shake out once we all get there.

Online Training

Deloitte research finds 43% of company executives surveyed say they are comfortable in incorporating massive open online training courses into their learning platforms vs. 30% who said so last year. In addition, usage of video has jumped from 5% to 15% over the same period.

Better Hiring

Reuters reports some of the largest banks and Wall Street firms are exploring using artificial intelligence software to analyze job applicants on things that could make them strong employees but may not come through in a more traditional interview. The idea here is to hire better to reduce the cost of problem hires and staffing turnover.

Common Perpetrators

A study of embezzlement by US employees by Hiscox finds perpetrators are most often employees in senior roles (25%), who stole a median $966,000. The median loss of schemes by managers is 3x higher than employees.

Social Engineering

A Bank Director survey of risk practices finds the frequency that banks test their employees for hacking susceptibility (ie: phishing or social engineering) are: annually (46%), quarterly (31%) and monthly (14%).