



Asia's Financial Services: Ready for the Cloud

*A Report on FSI Regulations impacting
Cloud in Asia-Pacific Markets*

In partnership with

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Full report available at
<http://www.asiacloudcomputing.org/research>

Challenge: FSIs have been slow to adopt Cloud

- **Japan has led in technology readiness, but throughout the region, here's what's been happening...**
- **FSIs are concerned**
 - Regulatory compliance
 - Protecting business processes and data
- **Regulators are concerned**
 - Maintaining regulatory authority and oversight
 - Ensuring FSIs are meeting requirements
- **Confusion & misunderstanding amplifies concerns**

Understanding Financial Services Regulations

- **Clear descriptions of laws and guidelines that may apply to cloud computing (with citations)**
- **Recommendations to help CSPs and FSIs to get to *a deal***
- **Country-specific analysis**
 - Describes the law
 - Addresses confusion & misperceptions
 - Identifies needed reforms

Who will benefit from this report?



Cloud Businesses (CSPs)

- Improve understanding of FSI customer needs
- Increase FSI cloud adoption



Financial Services (FSIs)

- Better understand how cloud services can meet their regulatory challenges & business objectives



Policymakers

- Understand how FSI deployment of cloud can meet regulations to protect citizens & financial markets
- Enable FSI cloud adoption for industry competitiveness and economic growth

Assessment of the cloud-critical FSI regulations for 14 Countries

14 Country Asia overview

- A (non-lawyer) reader-friendly overview of the key FSI regulations related to adoption of Cloud Computing.

Scoring

- Categorizes countries as **GREEN**, **AMBER** or **RED** to indicate where they have or don't have certain protections, characteristics or impacts on cloud adoption.

Country annexes

- Detailed overviews for each country to provide substantial information about regulatory environments.

Solutions

- Where analysis identifies a problem, the report will suggest solutions. The solution may be directed at CSPs, FSIs or regulators.

Spotlight on the
issues...

...Specific
recommendations

Explains the FSI Regulatory Environment

- Key FSI regulatory obligations and challenges
- How cloud services can meet regulatory & business objectives
- How CSPs can help FSIs meet requirements

Provides Specific Recommendations

- For CSPs (and FSIs) to match services & contracts to regulatory compliance
- For government regulatory reform

Key Issues

Process for Adopting Cloud

Contracts for Cloud Services

Data Location

Data Use Limitations

Data Segregation

Audit, Review and Monitoring

Security

Business Continuity

Exit

Key Findings

- There are no “blanket bans” or broad prohibitions or restrictions that should prevent FSIs in APAC from adopting the use of cloud services.
- Sometimes there is a lack of regulation. Sometimes it is not evident how the regulations apply as they are unclear or appear to be too restrictive.
- Regulations in Hong Kong, Japan and New Zealand comport with more of the ACCA recommendations than any other jurisdiction.
- The Philippines and China have the most to do to enable cloud adoption by FSIs.
- South Korea revised regulations in Jun 2015, moving them from ‘having the most to do’ to ‘having done the most’ to align with ACCA’s recommendations for regulations.
- CSPs can contribute to the growth of cloud services by ensuring that they have a good understanding of the regulatory requirements - to fit their offerings into the regulatory landscape and work with the FSI (and regulators, where appropriate) to ensure regulatory requirements are met.
- Regulators have a key role: Several jurisdictions are allowing cloud services adoption under current regulations for outsourcing; in a other countries, they are developing new regulations, not specific to cloud, but that clearly enable cloud adoption.

The Overall Status for each Jurisdiction

Recommendation

1. Regulations should be technology neutral. There should not be separate regulations for the use of Cloud Services.
2. Regulations should set out a clear process that should be followed for the adoption of Cloud Services (as if it were any other form of outsourcing) and approval for the use of Cloud Service should not be required.
3. The transfer of Data to other jurisdictions should be permitted, subject to appropriate safeguards (e.g. security, business continuity, access and audit).
4. Regulations should only identify the key issues that should be addressed in Cloud Contracts. They should not be prescriptive of the terms of Cloud Contracts.
5. The use of independent third party audits should be an acceptable alternative to audits carried out by FSIs and the Regulators.

	Australia	China	Hong Kong	India	Indonesia	Japan	Malaysia	New Zealand	Philippines	Singapore	South Korea	Taiwan	Thailand	Vietnam
1. Regulations should be technology neutral. There should not be separate regulations for the use of Cloud Services.	Green	Green	Green	Green	Green	Green	Green	Green	Red	Green	Red	Green	Green	Green
2. Regulations should set out a clear process that should be followed for the adoption of Cloud Services (as if it were any other form of outsourcing) and approval for the use of Cloud Service should not be required.	Red	Red	Green	Green	Red	Green	Red	Green	Red	Red	Red	Red	Red	Red
3. The transfer of Data to other jurisdictions should be permitted, subject to appropriate safeguards (e.g. security, business continuity, access and audit).	Green	Red	Green	Red	Red	Green	Green	Green	Green	Green	Red	Green	Green	Green
4. Regulations should only identify the key issues that should be addressed in Cloud Contracts. They should not be prescriptive of the terms of Cloud Contracts.	Red	Red	Green	Red	Green	Green	Green	Green	Red	Red	Red	Red	Green	Green
5. The use of independent third party audits should be an acceptable alternative to audits carried out by FSIs and the Regulators.	Red	Red	Red	Red	Red	Red	Red	Red	Red	Red	Red	Red	Red	Red



Recommendation implemented.



Recommendation not implemented.