



EBOOK

# Innovating securely for financial services growth

Building trust, reducing friction, and enhancing customer experience in the digital era



# Table of contents

3	Digital services are transforming how financial services modernize
4	The problem: The risk/reward of financial services digitalization
5	Consideration 1 to modernizing: Secure, deploy and build with AI
6	Consideration 2 to modernizing: Secure APIs
7	Consideration 3 to modernizing: Optimizing digital performance
8	Consideration 4 to modernizing: Compliance without compromise
9	Modernize and enhance securely
10	Cloudflare: The competitive advantage for today's financial services organizations



# Digital services are transforming how financial services modernize

**Digital services are transforming how financial services organizations are challenged to deliver secure, resilient modernization. Changing customer expectations, fintech challengers, and evolving regulatory requirements are profoundly altering how financial services organizations operate and leverage technology across the business.**

Established institutions are innovating to compete in an evolving market where digital natives are focused on new ways of meeting customer needs and creating business efficiencies. For established financial services organizations, this means restructuring business models, overhauling operations, and implementing innovative ways of servicing clients while also ensuring they can address a proliferating attack landscape evolving and meet regulatory requirements. At the same time, organizations need to realize efficiency gains and empower employees to deliver bottom- and top-line results.

**But reimagining how financial services are delivered, supported, and innovated isn't easy.** And the accelerated pace of transformation across all areas — including banking, wealth management, and insurance — has created an expanded threat landscape that increases business risk.

As financial services organizations drive to win and retain customers, ensuring a positive, trusted digital experience is paramount — not only for customer onboarding, service delivery, and on-going management, but for business growth and profitability.



**The challenge for leaders: How to balance innovation and security to meet the needs of customers, employees, and the business.**

1. Harvard Business Review, *The Value of Keeping the Right Customers*, October 2014.

2. Bain & Company, *Customer Behavior and Loyalty in Banking: Global Edition 2023*, 2023.

3. Forbes, *Customer Retention Versus Customer Acquisition*, December 2022.



Acquiring a new customer costs

**5X more**  
than retaining an existing one<sup>1</sup>

A 5% increase in customer retention  
can lead to a significant increase  
in profits ranging from

**25%-95%**<sup>1,2</sup>

Existing customers are

**50% more likely**  
to try new products and spend  
31% more on average<sup>3</sup>

# The risk/reward of financial services digitalization

## To deliver on customers' escalating expectations, organizations must innovate.

This is why the digitalization of financial services presents businesses with a unique risk/reward situation: Customers want enhanced and efficient services, more innovative products, and the ability for anywhere, anytime access to accounts and information, yet, at the same time, **this can feel like a tradeoff between innovation, modernization, and security** when these initiatives also subject organizations and customers to greater security risks and regulatory exposure.

**Still, the benefits of digitalization are game-changing and business-critical to enabling innovation.** Visible security such as privacy assurances, customer identity validation, permissions/consent, and personalization can actually build customer trust.

To successfully innovate, financial services organizations need to modernize securely and have a plan for AI, APIs, performance, and compliance. Let's look at four critical areas for consideration.



### Seamless customer experiences and greater operational efficiency

- Applications
- Account creation
- Customer support
- Upsell/cross sell



### Positive employee experiences

- Improved productivity
- Greater efficiency
- Enabled focus on business-building activities



### Meet regulatory requirements

- SEC, OCC, FINRA, DORA
- Global banking regulations

4. US Department of the Treasury, *Artificial Intelligence Report on the Uses, Opportunities, And Risks of Artificial Intelligence in the Financial Services Sector*, December 2024.



**68%** of identified phishing pages target financial institutions and their customers<sup>4</sup>

**80%** of customers would likely switch financial institutions following a data breach<sup>4</sup>

**26%** of customers would only keep accounts after a breach if the financial institution took specific actions to improve security<sup>4</sup>



# Secure, deploy and build with AI

Artificial intelligence (AI) is introducing rapid, sweeping changes in how financial services organizations deliver services, improve decision-making, and manage risk.

From analyzing customer data to develop and sell new products, to forecasting market trends and detecting fraud, AI is creating opportunities and competitive advantage for financial services organizations.



### Payment providers

Using AI to analyze point-of-sale data to provide personalized recommendations to customers.



### Credit underwriters

Using machine learning to analyze alternative data, such as rent payments, utility bills, and geolocation data.



### Investment advisory

Robo-advisors are offering personalized investment advisory services, while AI-driven insights improve forecasting and trading process automation.



### Trading

Developing strategies by identifying patterns, optimizing execution, managing portfolio workflows, and assessing risk-return tradeoffs.



### Insurance

Using AI to analyze claims data in real time, detect inconsistencies, forecast catastrophic weather losses, and expedite claims payments.



### Banking

Using AI-powered chatbots and advanced analytics to interact with customers, customize services/products, identify and detect fraud, and streamline operations.




## How AI is helping financial services organizations enhance security

### Fraud detection and protection

- Behavioral analytics to identify customer behavior patterns and flag suspicious activity
- Real-time monitoring network traffic and transactions
- Anomaly detection to determine unusual patterns that can indicate fraudulent activity

### Improved risk management

FinServ organizations are collecting more structured and unstructured data than ever from customer interactions, enabling them to leverage this data across the business to inform decision-making.

 of financial services executives plan to use AI for fraud detection and prevention<sup>5</sup>

5. KPMG, *The generative AI advantage in financial services*, 2023.









# Secure APIs

**Today, financial services firms need to take advantage of security approaches that provide the seamless, fast, accurate service customers want, ensuring a secure experience that reduces risk and builds trust.**

APIs are key to modernizing and innovating apps securely in cloud. By facilitating the secure communication and data exchange between applications, APIs allow for robust authentication, authorization, and encryption, which are essential for protecting sensitive financial data and preventing unauthorized access. Invisible trust ensures that data can be share securely, and users are authenticated and authorized. It also supports compliance with industry standards and regulations, while providing monitoring and threat detection for a more secure experience.

6. PwC, PwC's 2024 Trust Survey: 8 key findings, March 2024.

**APIs provide invisible trust for financial services**

-  Secure critical payment and transaction APIs
-  Prevent data exfiltration and unauthorized access with APIs
-  Implement AI-driven fraud detection for real-time payment systems
-  Ensure high-priority network resiliency and performance



**57%**

of business leaders report a positive correlation between consumer trust and revenue growth<sup>6</sup>



# Optimizing digital performance

Escalating customer expectations and globalization have increased the performance challenges facing today’s financial services organizations – balancing innovation and security without sacrificing the speed of services is vital to a positive customer experience.

That’s why accelerating applications, improving service delivery, and ensuring availability and security is more important than ever—not only to building customer trust, but to maintaining your brand reputation and growing the bottom line.

At the same time, your network must be able to deliver content quickly, efficiently, and securely regardless of location, by making everything you connect to the Internet secure, private, fast, and reliable.



## The Customer

Global investment company headquartered in Stockholm, Sweden with €100 billion in assets under management across private equity, venture capital, infrastructure, real estate, and other sectors.



## The Challenge

Cloud migration and global expansion compels organizations to reimagine the technology stack and strengthen security posture while enabling growth and scale into the future.



## The Solution

The unified Cloudflare ecosystem with its core Application Services — WAF, DDoS Protection, and DNS and Bot Management solutions — alongside the Cloudflare Developer Platform and Cloudflare Zero Trust, SASE/SSE network security.

“

The experience for end users is very smooth, and using a centralized service like Cloudflare to manage application access policies makes it easier for our IT and security teams. Plus, we now have visibility into who is using each of our services, which helps us improve our security holistically.”

João Pedro Gonçalves  
Global Chief Information  
Security Officer





## Compliance without compromise

**As cyber threats grow in sophistication and scale, financial services organizations need to ensure the continuity of critical operations and market stability.**

This means maintaining seamless service delivery during high-volume trading periods and digital banking surges while adhering to strict regulatory frameworks including Basel III, Dodd-Frank, EU Digital Operational Resilience Act (DORA), and regional operational resilience requirements—all while defending against attacks.

With increased regulatory intensity and regional requirements, organizations are focused on balancing innovation with risk management/governance, financial risk, and data use and privacy mandates.



**Just a few of the financial services regulatory requirements organizations must comply with include:**

- Meeting PSD2 Strong Customer Authentication requirements efficiently
- PCI DSS for payment processors
- GDPR for European banking operations
- CCPA for US institutions
- Compliance reporting for SEC Regulation S-P and NY DFS 23 NYCRR 500
- AML/BSA in the US





CONCLUSION

# Modernize and enhance securely

Modernization and an enhanced customer experience must be built upon a secure digital environment. Now, more than ever before, customer loyalty is built through modern, secure, and frictionless financial services experiences. That’s why financial services organizations need to build security, performance, and compliance into every innovation project – for success, for customer trust, and for the greatest business value.



“

NCR operates in a highly-regulated environment, and we have worked with Cloudflare to develop an innovative way to protect our servers at the highest levels while meeting industry compliance mandates. Cloudflare was probably one of the easiest decisions we’ve ever made.”

Bob Varnadoe  
CISO



According to a Forrester TEI study, Cloudflare improved security team productivity by 29% and IT team productivity by 13%<sup>7</sup>

7. Forrester, *Forrester Total Economic Impact Study™* commissioned by Cloudflare, September 2024.

# Cloudflare: The competitive advantage for today's financial services organizations



**Cloudflare helps financial service organizations deliver secure, resilient innovation with AI-powered threat intelligence and streamlined compliance across hybrid environments – reducing complexity while accelerating digital modernization.**

With our unified, secure, and scalable platform for financial services organizations, Cloudflare's connectivity cloud helps you meet the unique challenges of balancing innovation, security, performance, and compliance – all while reducing IT and operational complexity:



## **Innovation**

Adopt AI and machine learning (ML) to drive innovation and improve customer experience.



## **Security**

Gain unprecedented visibility, threat intelligence and fraud prevention.



## **Performance and compliance**

Ensure resilience and regulatory compliance as regulatory requirements evolve and cyber threats grow.

**Connect, protect and build your digital environments with Cloudflare.**

[Learn more today >](#)

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