

CLOUDERA | **AMD** 

Aiming for Better: ESG and the Financial Services Industry

How Financial Services can Approach ESG to
Improve Outcomes and Influence the Economy



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Introduction

In today's world, company action or inaction has meaningful consequences. Organizational core practices are examined beyond products and services, including responsible use of natural resources, reporting transparency, and DEI. These externalities are the environmental, social, and governance (ESG) framework. ESG is not a new concept, but current technological, geopolitical, environmental, and cultural contexts propel it into the mainstream.

ESG has had an influential role in investment decisions since the 1960s.¹ Today, it is increasingly consequential for every aspect of business: from IT infrastructure to business goals, investments, and consumer choice. PWC's recent report on consumer intelligence found:

91%

of business leaders believe their company has a responsibility to act on ESG issues²

86%

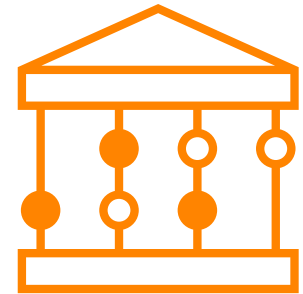
of employees prefer to support or work for companies that care about the same problems that they do³

83%

of consumers think companies should be actively shaping ESG best practices⁴

Leadership, employees, and consumers overwhelmingly consider ESG issues when conducting business and choosing where to work and shop—all of which are closely tied to the financial services industry. This industry has an opportunity to make headway with ESG, specifically with sustainability. As the weight and flow of data continue to grow and security remains a constant threat, transforming IT infrastructure to be more data-centric will pay off in more ways than one.

Cloudera and AMD believe that data center sustainability is a core competitive and environmental pillar. And they have the tools to make it possible—creating a way for Financial Services to lower technical debt and contribute to a cleaner environment for future generations.



The Financial Services Industry Now



Data

According to Digital Reality, it is estimated that G2000 Enterprises across the 53 metros will require nearly 20,000 petabytes of additional data storage annually by 2024.⁵ Specifically, Digital Reality's Data Gravity Index™ indicates data gravity intensity is on the rise.⁶ These numbers indicate that even more massive growth is on the horizon. And the larger data grows, the more difficult it becomes to move.

Data gravity is used to describe the compounding effects of data on IT systems. The greater the data gravity, the greater the potential for slowdowns, security and environmental concerns, all of which can lead to poor customer experiences and a lack of data agility.

How enterprises manage and use data directly correlates to business outcomes. So, how should businesses lighten the load data gravity puts on IT systems? The short answer is to use a modern, secure, sustainable data platform.



Consumers

Social and environmental movements over the years have influenced consumer behavior. According to our recent research, customer expectations along with sustainability and satisfying investor requirements are top the ESG organizational goals.

According to Forrester, providing fair wages and working conditions and actively supporting environmental causes and local businesses matters the most for those evaluated in current research. Likewise between a quarter and a third of consumers in the research indicated that these values also influence their choice of financial services provider.⁷ Across Canada, France, Italy, the U.K., and the U.S., the largest banking brands barely earn the trust of half of banking customers.⁸

These points reveal an important opportunity. Financial Services, banks especially, that can demonstrate environmental support will go a long way in winning consumer business and, perhaps more importantly, trust.



Regulations

There is always a lot of talk about regulations in the Financial Services industry. With the growth of data and the push for modernization, privacy and security are top-of-mind.

Financial regulations continue to consider climate crises. A recent report on key financial issues in 2022 finds that regulators are running scenario analyses for banks impacted by climate change.⁹ The goal is to calculate financial exposures based on physical losses or required adjustments due to government climate transition policies. Since existing ESG regulations are likely established, the question is more about what's coming next. In Countries across Europe, the Middle East, and Africa (EMEA), regulators focus on ESG to power change across the Financial Services landscape. It's only a matter of time before the U.S. follows suit, introducing more anti-fraud measures, disclosure requirements, and sustainability requirements.

Industry Challenges

As the Financial Services industry advances, regulations, consumers, and data will continue to have paramount importance and influence. All of which have a significant impact on ESG. And as is typical in times of change, the financial landscape is confronting new or enhanced challenges and acting on new opportunities.

Challenges

1 Security
Security is a constant challenge. But with the increasing popularity of leveraging open source systems and digital migration, cyber-attacks are on the rise and are more sophisticated than ever.

300x

Cyber-attacks hit Financial Services 300x more than any other sectors¹⁰

2 Customer experience (CX)
Financial Services must now face the challenge of creating an infrastructure to support customer needs and expectations quickly and securely—business depends on it.

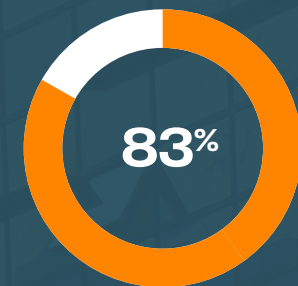
76%

of consumers say they will discontinue their relationship with companies that treat the environment, employees, or their community poorly¹¹

More on Regulations

Organizations are ramping up to keep business accountable for ESG efforts. This is the latest from PWC and Strategy:

- The SEC is forming a Climate and ESG Task Force inside the Division of Enforcement to create strategies uncover ESG-related misconduct
- 45% of Financial Times Stock Exchange (FTSE) 100 companies now have an ESG measure in executive pay



of consumers believe companies should be actively shaping ESG best practices¹⁴

3 Regulations and compliance

The Financial Services industry is often cited as one of the most heavily regulated industries. Entry into the digital era requires enhanced regulation around customer data and privacy, movement and management of money, and security. Indeed changes created by GDPR, payments modernization, and [phasing out of the London Interbank Offered Rate \(LIBOR\)](#) are placing added pressure on the data gravity Financial Services are already holding.

66% strongly agree that security and compliance requirements make it challenging to move quickly

4 ESG

Consumers are a significant driver of change in the digital era. And they want change—faster, seamless digital interactions and corporate action in response to ESG issues. According to our recent research, customer expectations along with sustainability and satisfying investor requirements are top the ESG organizational goals.

83% of consumers believe companies should be actively shaping ESG best practices¹³

Industry Opportunities

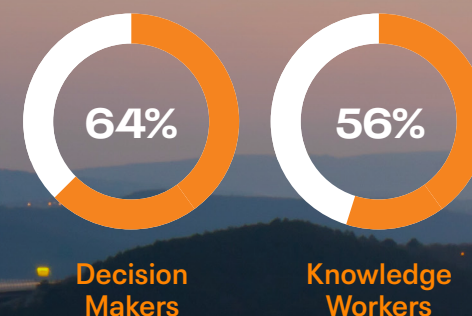
To face the enhanced and unique challenges of today, Financial Services need to embrace a business model rooted in speed and security, and designed to win value-based customers. For businesses to become customer-centric, they must first become data-centric.

Many businesses in industries across the board are investing in a hybrid IT infrastructure to tackle challenges and take advantage of new opportunities. Going hybrid presents a way to increase energy efficiency and become flexible and agile enough to meet changing business demands as technology and regulations continue to evolve.



A related opportunity is to leverage artificial intelligence (AI). AI, specifically AI automation, has a reputation for increasing speed, improving reporting, and supporting critical security measures. Our research indicates that the majority of business decision makers (58%) and over two fifths of knowledge workers (44%) believe to a great extent that AI will help them reach their business objectives in the next 36 months.¹⁴ AI presents a way for financial institutions to improve back-end efficiency with front-end benefits for customers and businesses.

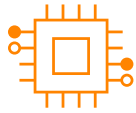
More action, less words



Our research indicates that almost two thirds of business decision makers and more than half of knowledge workers state that currently their business does not do enough to give back to the communities (both internal and external) it serves.¹⁵

How Technology can Power ESG Initiatives

The rise of ESG strategy adoption is happening in parallel with the push for modernization. Cloud and hybrid solutions are uniquely positioned to respond to ESG efforts, data gravity, and customer demands.



In regards to ESG, these solutions help:

- Increase transparency
- Advance reporting capacity
- Produce better analytics and insights for CX
- Improve data management and governance
- Enhance energy efficiency



Cloud solutions are also good for business by providing:

- Real-time actionable analytics
- Comprehensive security
- Faster time to value
- AI-powered data applications and automation

“It’s no longer just nonprofits and governments that have to take action on sustainability. Across the world, private sector companies hold incredibly powerful sets of data, and even more powerful technology through which to extract intelligence from this data, that can enable them to make better decisions for their people, the communities they serve, and for the planet as a whole. The time has come to act on this information or face the consequences of inaction.”

Romain Picard
Vice president EMEA, Cloudera

Better for ESG, Better for Business

For years businesses have used technology to figure out ways to better serve its customers. But why not use technology to also have a positive impact on the environment and community? We believe it's time to mobilize technology for social and environmental good.

Cloudera and AMD have partnered to provide Financial Services with the right data and AI platform and the right computing platform to power business outcomes and ESG initiatives.



In a recent survey, we asked Financial Services ESG decision-makers what challenges exist for meeting ESG goals. Here were the responses:

“Increased public engagement and scrutiny”

“Net-zero emission is definitely challenging since it conflicts with a high-return industry that we would like to invest into”

“Trying to get the correct achievable targets for GHG emissions reductions”

“Most importantly is data security”

“Financial industry regulations”

In this same survey, respondents noted what was missing from their current technology providers. These features include:

- Additional internal data security
- Direct report of carbon offsets by using vendor technology
- Integration with existing processes and environments

It's clear Financial Services have specific and important ESG and technology challenges, and Cloudera and AMD are poised to help.

In terms of ESG, AMD EPYC™ processor-powered servers create operational efficiencies to perform the same work as competitive solutions and help reduce heating and cooling costs by using fewer servers, which results in a smaller datacenter footprint. By adopting energy-efficient AMD EPYC CPUs, Financial Services vendors can realize their own sustainability goals. For example, AMD reports needing 33% fewer servers than the competition to achieve 1200 total virtual machines (VM) using 2P AMD 64 core EPYC_7713. This AMD solution helps save an estimated 70 metric tons of CO2e a year.¹⁶ In addition, Cloudera Data Platform (CDP) is a powerful data platform with potential to impact business and ESG efforts. In our recent report, Limitless: The Positive Power of AI, we found that 56% of business decision makers use data to generate business profits. Just as important though, is the 52% of decision makers that use data to do good for the communities and businesses they serve.¹⁷



When it comes to technology challenges, Cloudera and AMD set the bar for improving outcomes. Cloudera and AMD offer:



Impressive performance

- AMD has the leading x86 performing processors in the market and consistently demonstrates exceptional performance¹⁸
- Cloudera's data and AI platform paired with hybrid data cloud allow data practitioners to optimize their cloud journey by moving vast amounts of data, no matter where it resides, for experimentation and insights



Robust security

- AMD Infinity Guard helps protect data from internal and external threats at the silicon level
- Cloudera SDX brings an always-on security and governance layer built into CDP so that data access and usage across deployments are continuously maintained without compromise

AMD Infinity Guard features vary by EPYC™ Processor generations. Infinity Guard security features must be enabled by server OEMs and/or Cloud Service Providers to operate. Check with your OEM or provider to confirm support of these features. Learn more about Infinity Guard at <https://www.amd.com/en/technologies/infinity-guard>.

Financial Services, ESG, and Technology



It's difficult to read any report without hearing about the exponential rate of data growth, modernization, and customer expectations. And it isn't easy to discuss anything in the technology industry without mentioning those same topics. However, we believe ESG deserves a spot in the lineup of pressing issues.

Technology has a central role in today's and tomorrow's economy. As industries collectively work together toward a greener, linear economy, Financial Services will continue to be a primary driver. Businesses in this industry must become equipped to successfully manage and leverage data, strengthen ESG initiatives and programs, and positively impact and grow the customer base.

Cloudera and AMD open a world of possibilities for organizations to stay agile in a dynamic data world and contribute to social good and environmental sustainability.



Learn More

Unlock the benefits of Cloudera and AMD for your organization [here](#).

About Cloudera

At Cloudera, we believe that data can make what is impossible today, possible tomorrow. We empower people to transform complex data into clear and actionable insights. Cloudera delivers an enterprise data cloud for any data, anywhere, from the Edge to AI. Powered by the relentless innovation of the open source community, Cloudera advances digital transformation for the world's largest enterprises.

Learn more at cloudera.com | US: +1 888 789 1488 | Outside the US: +1 650 362 0488

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Additional numbers and information is from the IT and Data Leaders ESG Survey conducted by Cloudera.

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