

Deloitte and Amazon Web Services join forces on cloud-based digital banking services

Article

The news: Deloitte and Amazon Web Services (AWS) teamed up to provide [cloud-based digital banking services](#), per a press release.

Cloud-based BaaS: The multiyear partnership will yield a banking as a service (BaaS) platform that helps organizations offer customized digital banking services.

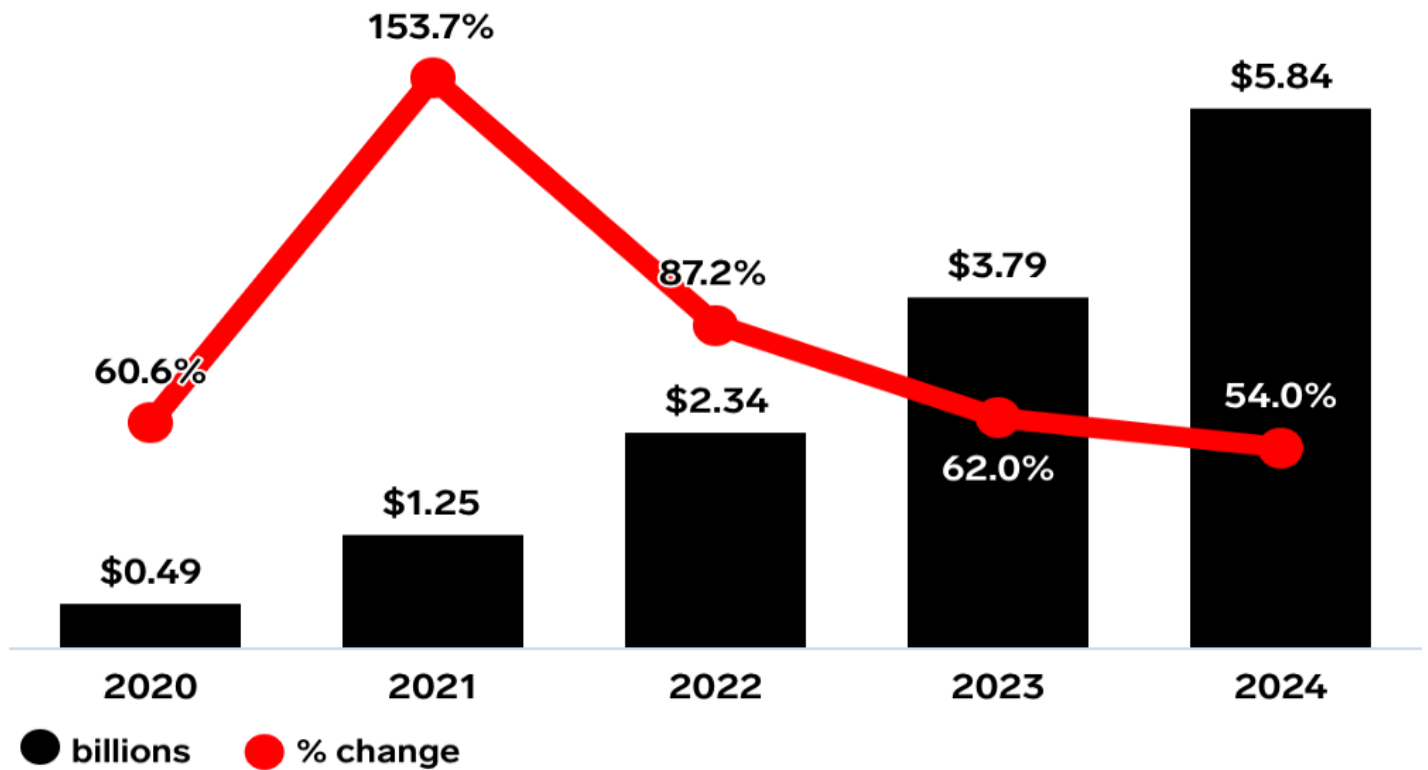
- AWS will build cloud-computing capabilities on top of Deloitte's ConvergePROSPERITY BankingSuite platform.
- Together, the tech can deliver more personalized customer experiences, modernize legacy banking infrastructure, and bring new products and services to market faster. Organizations can create a product or service that meets their needs and then deliver it to customers via a mobile app.
- Platform users can also access other Amazon products—like Amazon Connect to create a call center, Amazon Cognito for customer security, and Amazon Pinpoint for client-relationship management.

BaaS bonanza: We estimate that **BaaS revenues will nearly triple** from **\$2.3 billion in 2022 to \$5.8 billion in 2026**, per our forecasts. Starting out as a way for smaller banks to compete in a rapidly changing banking environment, BaaS now attracts **big-name financial institutions** that are trying to get a piece of the pie.

- Amsterdam-based payments fintech **Adyen** launched a BaaS platform late last month that offers checking accounts and small-business loans with its US and EU banking licenses.
- UK incumbent **NatWest** partnered with Polish tech provider **Vodeno** to offer cloud-based products like payments, deposits, and point-of-sale credit.
- **PwC Banking and Capital Markets** partnered with **Finxact** on cloud-based core banking services.

Banking as a Service (BaaS) Revenues

US, 2020-2024



Note: includes revenues that licensed financial institutions earn by offering banking as a service to B2B customers; includes platform fees, revenue share, engineering support, program management, etc.

Source: eMarketer, June 2022

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Can it work? Deloitte is pushing to become well-known in the banking space.

- **Western Union** used its ConvergePROSPERITY platform to power its digital bank pilot **WU+** in Germany, Poland, and Romania.
- The consulting firm is also banking on research it's done on the growing demand for digital banking options. It hopes to offer products that attract younger customers and create sticky relationships far into the future.

Deloitte seems to have a reliable product, and it certainly has the connections with firms across industries to be successful. But with other big financial institutions entering the BaaS space, it's up against some serious competition.

Potential Benefits of Using a Banking-as-a-Service (BaaS) Model According to Banking Executives Worldwide, Dec 2020

% of respondents



Note: n=122; responses were rated as 5 or above on a scale of 1 to 7, with 1="no benefits" and 7="significant benefits"

Source: Capgemini, "World Retail Banking Report 2021" in collaboration with Efma, March 25, 2021

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