Interview.

Chief Architect Fridrik Reynisson

"Cloud native banking will excel and exceed cloud adjusted banking"

**An interview with Five Degrees' Chief Architect:
Fridrik Reynisson**

Fridrik Reynisson has worked at Five Degrees since the very start in 2009 as one of the key persons to create modern product architectures. As Chief Architect, today Fridrik is responsible for the cloud native architecture of the Five Degrees Core banking platform.

Interview with Chief Architect
Fridrik Reynisson

1. Why does it matter to you as an architect that the technology you work with is cloud native?

"Obviously, there are a lot of benefits. But if I would have to choose there are three pivotal differentiators to use cloud native technology over on premise- or adjusted-for-the-cloud-technology.

Firstly, when looking at the technology side only, working with Microsoft Azure cloud provides a vast array of services, which are managed by Microsoft. These services offer many options for your application design and lower the threshold to try something new, due to the accessibility of pre-developed functionalities.

Secondly, scalability is a significant advantage of cloud technology. Banks are able to scale to demand way faster than with on-prem or cloud-adjusted technology. Being less dependent on the maximum output, this enables them to even 'hyper-scale' if the capacity is needed, but at the same time lower the capacity to reduce cost and efforts.

The third point is security, which until recently was not the first thing you would link to cloud technology. The security of cloud is on a higher standard thanks to the billions of dollars providers like Microsoft, AWS, and Google spend on it each year. They have to be on par with regulations, keep hackers out the door and conversely keep the system accessible and easy to distribute. The investments that the cloud providers make on security allows us to build a secure platform in the cloud, managed for our clients. This leads to companies spending significant amounts of money on security."

2. What makes Cloud Native Technology 'future proof'?

"It's always tricky to predict future trends and future requirements in tech. Who would have thought 20 years ago that everyone would have a powerful computer in their pocket all the time?! But looking at what makes cloud technology future-proof, I would say the sheer power the cloud platforms offer makes it future-proof. The power of these platforms lies in multiple things. They offer an easy way to scale so you can be sure that whatever the load on your system will be, you can scale. They offer robust security, so you can be sure that your data is secure. Finally, maybe the most important part is the fact that the cloud providers offer a lot of value-added services out of the box. These services range from data analytics to AI services allowing you to build systems and use your data in ways that were hard, if not impossible in the past.

To stay future-proof I would say the most important thing is for the cloud providers to keep adding value added services, and to maintain the trust they have built through the past few years."

3. What is the most interesting or most challenging decision when you make a system from scratch?

"The biggest decision we made was regarding orchestration. In the past we learned that good orchestration is key for banks because, in the end, banks are essentially a collection of processes and a stable orchestration helps to digitize and automate them. When we sat down to think about that piece of functionality, one option was to build it ourselves, which would have been time consuming and expensive. Then, we looked at the services that Microsoft Azure had to offer and realized that Logic Apps was a really good fit for us. The Business Process Management (BPM) functionality of Logic Apps was of course not made for banking, and needed some finetuning, yet it came very close and was easy to build on top of, and was easy to integrate with our own architecture."

4. Why is cloud native technology relevant for banks?

"Security is a topic to nominate if we are talking about relevancy. Security is an extremely large hurdle for banks to tackle. In turn it should also be a key motivator to move to the cloud.

Usually, the core systems used by banks are quite old. It is not uncommon to have to go offline with the system to calculate end-of-day results in which time you will not be reachable as a bank. With a cloud system, this is not needed, and you can always be available for your customers. Nowadays, it is normal to check your bank account in the middle of the night, which with those old systems sometimes is not possible.

Also, cloud native systems enable banks to do disaster recovery way easier. As the cloud is global, if anything happens, you can switch to another region to prevent downtime, which conversely enables you to service your clients with 24/7 availability."

About Five Degrees.

Five Degrees was founded by bankers in 2010. Our launching customer KNAB was based on our technology and was the first challenger bank in Europe in 2012. Soon incumbent banks throughout Western Europe, the United States and Canada also chose Five Degrees as their digital banking technology provider. In 2018, Five Degrees added lending to its product suite with the acquisition of Libra EHF, the market leader in lending technology in Iceland.

Today, over 40 banks in Europe and North America use our technology. With over 150 colleagues working from our offices in Amsterdam, Reykjavik, Lisbon and Novi Sad, we launched °neo in 2021. The °neo core banking platform was built for the cloud from the ground up to continue to allow our clients to meet ever-changing market demands.

Five Degrees: Experience the freedom of carefree core banking.

Feel free to contact us to learn how Five Degrees can help you innovate your banking architecture:

Contact us

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