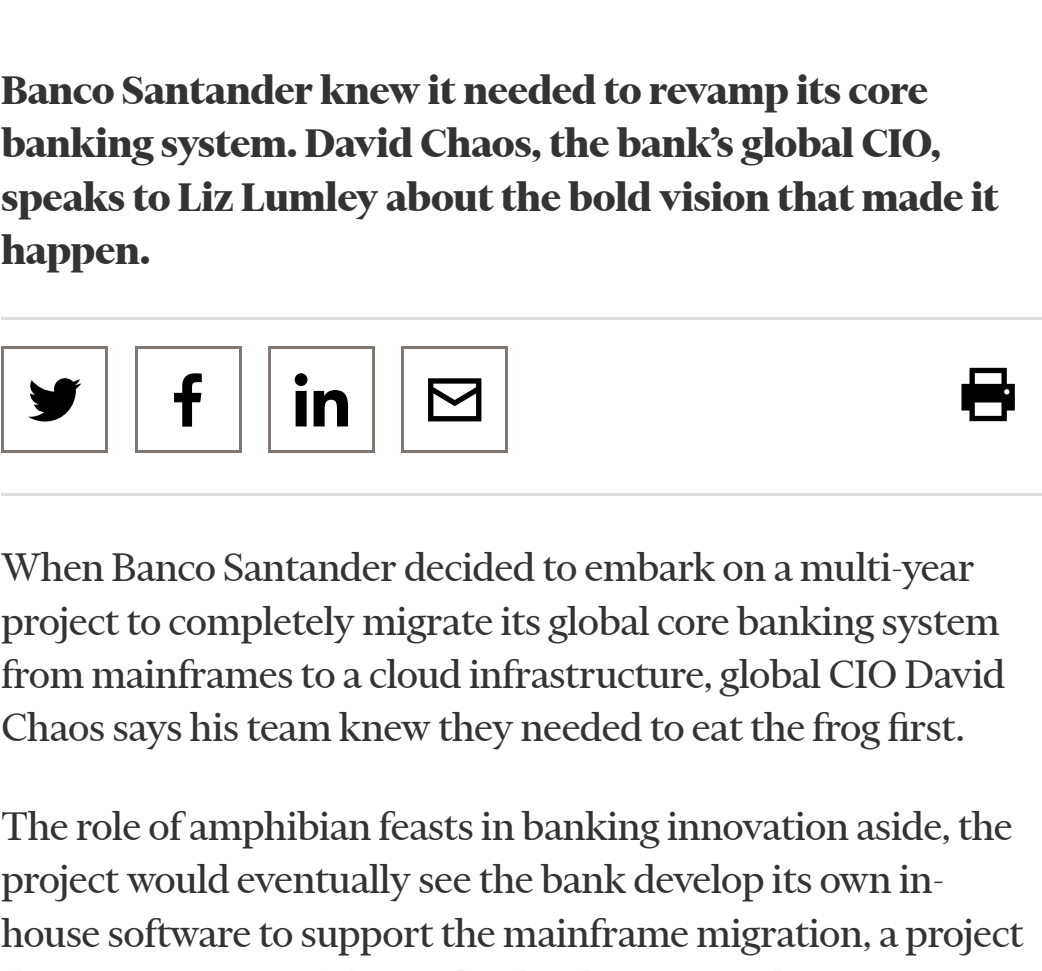


Embracing gravity and the freedom to be bold

Liz Lumley | 22/06/2023 8:44 am



Banco Santander knew it needed to revamp its core banking system. David Chaos, the bank’s global CIO, speaks to Liz Lumley about the bold vision that made it happen.

When Banco Santander decided to embark on a multi-year project to completely migrate its global core banking system from mainframes to a cloud infrastructure, global CIO David Chaos says his team knew they needed to eat the frog first.

The role of amphibian feasts in banking innovation aside, the project would eventually see the bank develop its own in-house software to support the mainframe migration, a project that was so successful Google Cloud now uses the proprietary software as the base of its own legacy migration service.

The project started, before the start of the Covid-19 pandemic, by surveying the banks’ global CEOs. Many of Santander’s CEOs felt it was a must for them to increase the pace of innovation, including the mainframe-based core banking systems, according to Mr Chaos.

Career history: David Chaos

2017 Banco Santander, global chief information officer

2015 Banco Santander, CEO, Produban

2014 Santander Bank North America, technology and operations managing director

2005 Banco Santander, IT managing director, Produban

After a search to see if the bank could find a solution to its legacy core banking system modernisation challenge yielded more proposals from consultants than solutions, Mr Chaos’s team decided to “grab the bull by the horns” and modernise their core banking infrastructure themselves.

“That was a bold statement and a bold decision we took,” he adds.

Gravity’s pull

The work resulted in what the bank calls Gravity, a bespoke innovative software, developed in-house, to enable the transition of core banking to the cloud. This software plays an essential role in modernising the core banking platform. The bank now claims to be one of the first major banks in the world to digitalise its core banking and has already made significant progress, with 90% of its IT infrastructure already on the cloud platform.

According to Santander, the transformation will allow easier and faster access to data, greater simplicity and shorter time to market, making it possible to deliver new capabilities in hours instead of days, and more frequent app updates, while helping the bank drive value using real-time analytics and provide better products and services. This change will also reduce the cost of running the core banking platform.

Mr Chaos’s team held a contest to find a name for the in-house software and, despite this being a cloud migration project, ‘Gravity’ was the winner.

“We think where the data is so powerful that it has a lot of gravity,” he says. With the old mainframe system, data was held in the back end and had to be accessed by going into a transaction, says Mr Chaos. “But that’s not how data is treated anymore,” he adds. “In essence, we said: ‘Let’s move the centre of gravity from the back to the front,’” making it “much much easier to access data for all sorts of reasons”.

Most of this project happened during the lockdown periods of the pandemic. While Mr Chaos describes that period as “the worst time ever”, his team took advantage of virtual meeting rooms to “make some noise” and continue the work of moving their core banking system to the cloud.

“Despite the inconvenience of the lockdown, we did it and there were things out of it that worked quite well,” he adds.

Clouds gather

While around 90% of the bank migrated to the cloud infrastructure, Mr Chaos expects the entirety of Santander, including its operations in Chile, Brazil and Argentina and elsewhere in Europe and the Americas, to be working on a cloud between 2024 and 2025.

IF YOU [MIGRATE DATA] IN THE UK AT THE UK REGULATORY STANDARDS, [YOU CAN] DO IT EVERYWHERE

Migration from a mainframe architecture to the cloud involves shutting access to the legacy systems which support the banks’ retail, wholesale and investment banking operations. That procedure attracts the attention of regulators. Because of this, Santander started the migration projects in the UK because “it is a country with one of the highest regulatory standards in the world”, Mr Chaos says.

According to Mr Chaos, he was advised to start migration in a different country with a less strict regulator. However, his feeling was that his team should start with the toughest job.

“With all due respect, I felt like we ate that frog,” he adds. “I’m very happy that we took that decision because if you do it in the UK at the UK regulatory standards, it will do it everywhere.”

On the day of migration, the Gravity software becomes the master of the bank’s core software, while the mainframe is left to run in parallel. According to Mr Chaos, there was a clear regulatory expectation to leave the mainframe operating for several weeks. Santander also had to show the UK regulator that it could ‘roll back’ if issues arose post migration day.

The Santander cloud migration has been warmly received inside the bank. According to Mr Chaos, many teams feel a renewed sense of mission.

“I get emails and calls from people saying ‘thank you for bringing this’, because we developed this piece of software 20 years ago and now it’s a pleasure for me now to go and take it to the cloud,” he adds.

Because of the success of this project, Santander started working with Google Cloud, which launched Dual Run, a mainframe migration service built on top of Gravity. Google plans to support other companies across multiple industries to simplify their transition from legacy mainframe systems to the cloud.

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