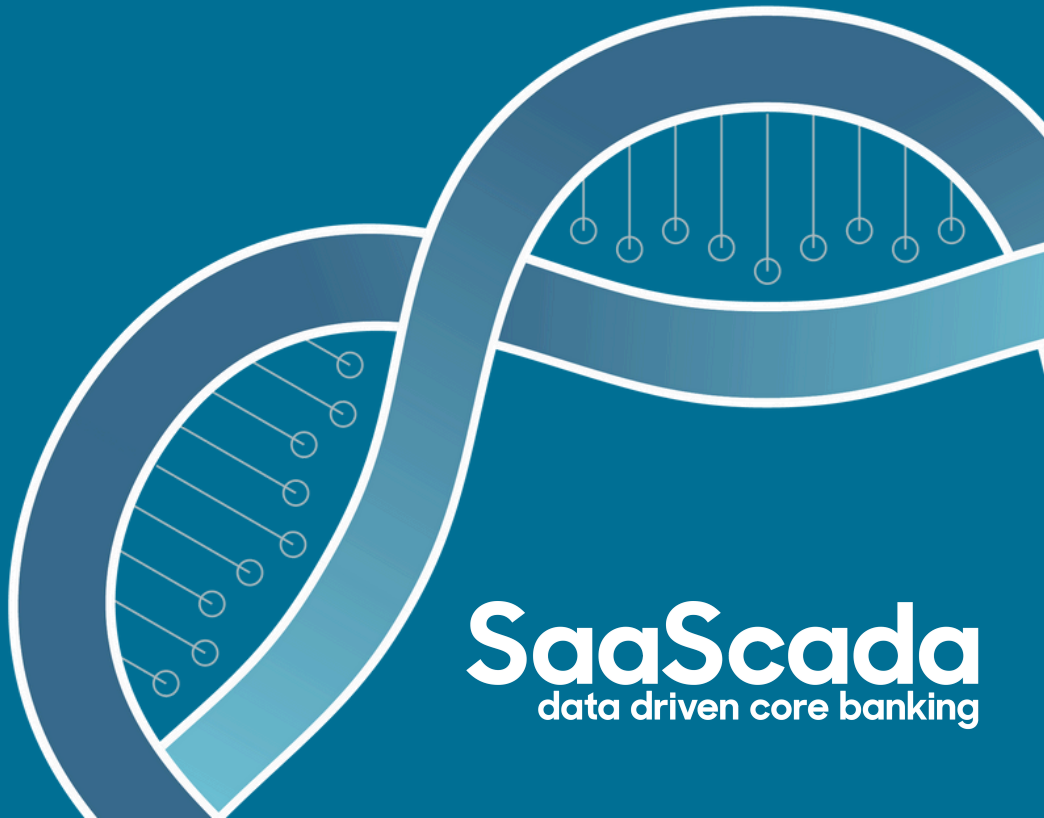
The Great Cloud Con:

From Cloud-Washed Imitation to Cloud-Native Innovation



SaaScada
data driven core banking

Executive Summary

Banks know that legacy core banking systems are holding them back, but many remain shackled to outdated systems, straddling the old world with the new. As costs continue to spiral, many are struggling to deliver the seamless digital experiences that customers now expect.

But modernisation is not easy. Nearly every UK bank has begun migrating core workloads to the cloud – but not all cloud cores are created equal. As a result, costs remain high and the promised benefits limited.

Just as we've seen with greenwashing – whereby vendors exaggerate their sustainability credentials – UK banks are now being cloudwashed. Vendors are dressing up legacy technology, slapping a 'cloud-native' label on old products, without providing the agility, scalability or innovation that truly cloud native solutions can offer.

As a result, banks remain beholden to costly third-party contracts, long innovation cycles, and mounting risks.

This report, based on responses from 150 innovation leaders at UK retail and business banks, paints a stark picture of wasted spend, hidden risks, and missed opportunities:

- 68% of banks say rising demand for digital services is putting intense pressure on their core banking infrastructure
- 53% have experienced outages, often at the point of customer demand
- Banks spend 24% of their IT budget on core systems – equating to £3.3bn a year across the UK sector
- 53% call their core a "bottomless pit" of wasted money and time, driven by costly feature updates and consultant fees
- 57% are "sick of cloud-washing" – frustrated by vendors overselling legacy products as cloud-native
- 82% are now running multiple cores – turning to co-existence models to modernise at their own pace, without high-risk rip-and-replace

At the heart of the challenge is a simple truth: business-as-usual no longer works. To move forward, banks must reject cloudwashing and adopt a phased approach to migration – identifying where cloud-native capabilities can deliver the greatest impact across services and products. In doing so, banks can escape vendor lock-in, reduce migration risks, and accelerate innovation by shifting more core capabilities to cloud-native technology to deliver better customer experiences.

Core Banking Systems are Cracking Under the Pressure

54% of core banking leaders say their core banking system is causing “failures, costs, and frustration”

The shift to digital-first banking is accelerating – and it’s putting legacy core banking infrastructure under immense strain. As customer expectations rise, so does pressure on outdated systems. In fact, over two-thirds (68%) of banking innovation leaders said rising demand for digital services is putting their core banking infrastructure under increased pressure.

This pressure is starting to take its toll. Over half (54%) of respondents say the “cracks are widening in [their] core banking system,” and 50% admit their core is unable to keep up with customer demand. The result? Tech failures, increased costs and customer frustration.

50%

of banks say their core system can’t keep up with the surging demand for digital services.

“The data is clear. Banks know their core systems aren’t designed to serve the modern customer. They want to evolve to deliver faster, smarter services. But their hands are tied by creaking infrastructure and ageing tech. And the longer they’re locked in, the worse it’s going to get.”

Nelson Wootton, CEO and Co-Founder, SaaScada

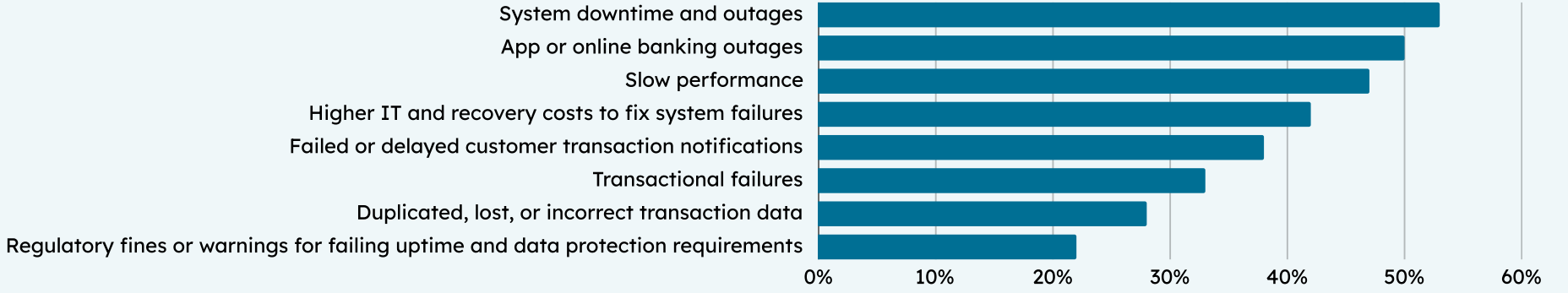
The Cost of Core Banking Failures

Half of banks admit they have been unable to keep up with customers' surging demand for digital services

Outdated core banking systems are becoming a liability. Over two-thirds (68%) of banking innovation heads say their organisation has suffered issues stemming from a surging demand for digital services placing extra pressure on their core banking. The consequences of this growing pressure are widespread. Over half (53%) have experienced system downtime or outages and 50% say their digital channels – i.e. their apps or online banking – have been taken offline.

Worryingly, 38% report delayed or failed customer transaction notifications – exposing gaps that fraudsters could exploit. And more than one in five (22%) respondents admit to having been given regulatory warnings or fines for failing to meet uptime or data protection obligations.

What core banking infrastructure issues have you faced, if any, due to increased system demand or overload?



"Put simply, outdated core systems are breaking, and things will only get worse. Outages, slow performance, failed transactions – these aren't minor glitches, they're critical failures. In banking, an 'instant experience' isn't a nice-to-have, it's a security necessity. Every delay or missed datapoint is a fraudster's dream – you're practically opening the front door and inviting them in."

Steve Round, President and Co-Founder, SaaScada

The True Cost of Legacy Core Banking

53% of banking heads say their core banking system is a bottomless pit of time and money – with no end in sight

Core banking isn't just outdated – it's outrageously expensive. Banks are sinking enormous sums into keeping legacy platforms afloat, often without seeing any meaningful return on investment.

A quarter (24%) of banks' total IT budget is spent on managing core banking systems – a staggering £3.3 billion industry-wide cost that delivers no product innovation, customer insight, or competitive advantage. It's no surprise that 61% of banking leaders feel core banking costs are "spiraling out of control."

24%

of a Banks IT budget is spent on managing the core – equivalent to £3.3 billion each year across the UK banking sector

A significant portion of this spend is being wasted on outsourcers and vendor services. Nearly six in ten (59%) banking innovation leaders feel infuriated at having to pay third parties "just to make minor feature changes" to their own core banking system. And 65% complain that "the bills never stop," with contracts riddled with hidden costs, from licensing fees to unpredictable service charges.

These fees are significant, with the average bank paying nearly £1.5 million a year in third party fees to simply manage and maintain their core without gaining flexibility or speed in return.

"The ongoing costs of managing a core banking system can be a severe drain on banks – potentially game over for some over time. In extreme cases, the combined costs of managing staff and the technology stack have almost doubled the cost of core banking installation projects, at the same time as systems are creaking and breaking. They're right to be feeling angry and ripped off!"

Steve Round, President and Co-Founder, SaaScada

Legacy Core: A Quiet Drain on Bank Resources

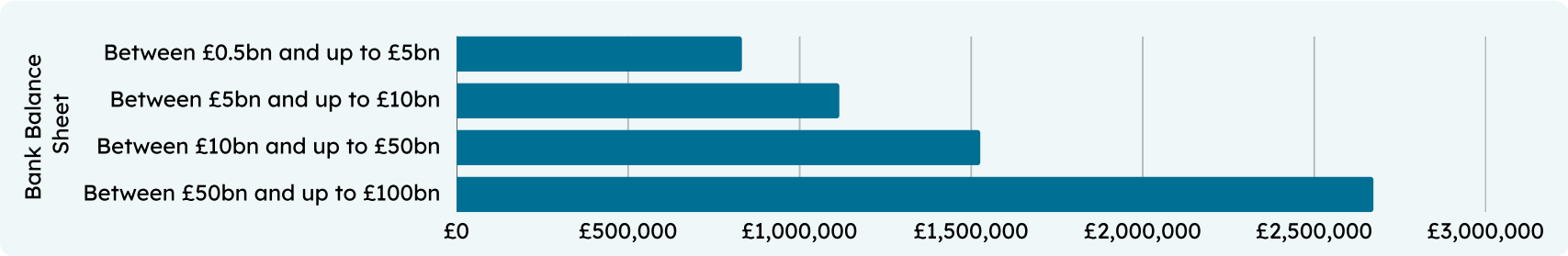
Banking tech teams spend over 3,500 hours a year just keeping legacy core systems online

The burden of legacy core banking isn't just financial – it's operational. Banks are pouring time and talent into maintenance, leaving little room for innovation.

On average, the banks surveyed have 12 people managing their core banking, although this naturally varies depending on organisation size/balance sheet size. But regardless of size, every team is burning time, with each team member spending an average of 3.3 days per month managing their core. That adds up to 475 workdays or over 3,500 hours a year per bank – just to keep outdated systems running.

In addition to these internal costs, core platforms using older technologies also require costly support from third parties.

Annual fees to third parties to support running of the core platforms.



"It's not just the cost of running the core that is escalating rapidly – it's the cost of changing it. Legacy systems demand long, expensive specification updates and a massive amount of testing just to make basic upgrades. And as the tech ages, the burden on internal teams only grows. Maintaining outdated infrastructure like datacentres and AS-400s is hugely costly, but many banks feel stuck or are too scared to take the leap to a modern core."

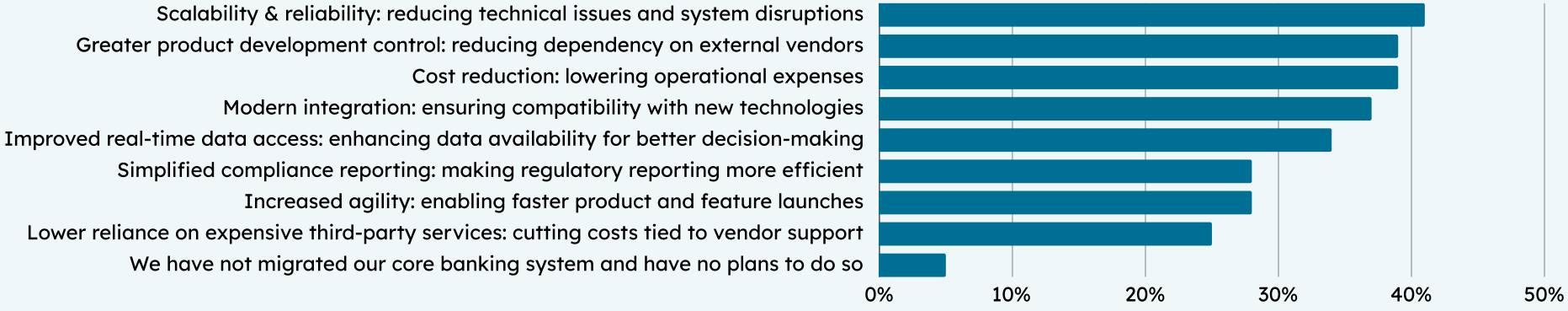
Nelson Wootton, CEO and Co-Founder, SaaScada

The Promise of Cloud

95% of banks have part of their core in the cloud or are heading that way

As banks look to reduce their core banking expenditure and get more bang for their buck, they are increasingly targeting alternative models for their core banking systems. In many cases, this means migrating to a cloud-based core. Cloud migrations are becoming the norm for banks looking to modernise. Almost all banking innovation heads surveyed (95%) say their bank has migrated – or plans to migrate – at least part of their core banking to the cloud. These migrations are driven by a range of factors, but one common thread underpins them all is that legacy technology can no longer support the agility, scalability, or efficiency today's banks require. And banks have high expectations of what cloud will deliver – promising improved reliability, lower operational costs, and real-time access to data.

What drives a bank to migrate its core to the cloud?



"Legacy systems have had their day. The problems are plain to see, from spiralling costs to constant performance failures. Cloud offers a way to get off this treadmill, giving banks agility, control, scalability, and efficiency that can really propel their businesses forward and improve the experience of millions of customers. This is the stuff cloud native was built for. Cloud can take banking to the next level, but only if it's the real deal and not legacy in disguise."

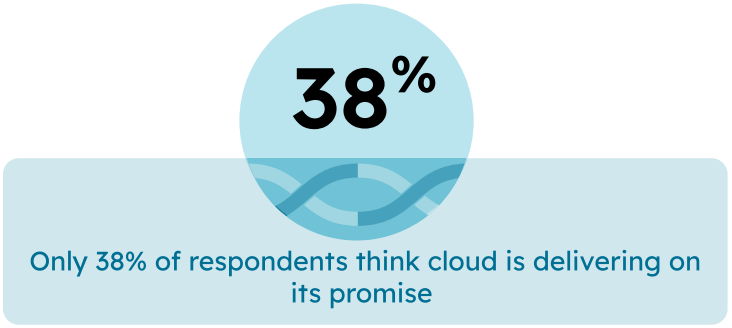
Steve Round, President and Co-Founder, SaaScada

The Scourge of Cloud Washing

57% of banking leaders are “sick of cloud-washing,” saying most so-called “cloud” core banking services are just old tech with a new label

While banks are clearly ambitious about what they hope the cloud will deliver, the reality does not always match up to the promise. Nearly two-thirds (62%) of banking innovation heads say the core banking products they’ve implemented either don’t align – or cannot be confirmed to align – with cloud-native capabilities. This leaves only 38% of “cloud” offerings delivering on their promise, meaning many banks are being sold short.

This is the essence of cloudwashing: when legacy systems are rebranded as cloud-based but lack the architecture, flexibility, or data agility of truly cloud-native platforms. Without this foundation, banks miss out on the very benefits they’re seeking – such as real-time insights, faster product innovation, and the ability to support advanced technologies like AI.



“Despite what many vendors would have you believe, cloud isn’t a euphemism for better core banking – it just means your core is owned by someone else. Adopting a cloud core banking system won’t instantly solve your core banking headaches, especially if that core isn’t truly cloud native. With cloudwashing obscuring the picture, banking heads must ensure they do their research and don’t fall for the marketing! It’s vital to understand what makes a core system cloud-native: born in the cloud, providing access to real-time data and architectural flexibility to drive innovation.”

Nelson Wootton, CEO and Co-Founder, SaaScada

Can Core Banking Co-existence Solve Banks' Woes?

73% of banking innovation heads would welcome having more than one core as "it's the safest way to reduce legacy reliance"

In theory banks should be well-positioned to innovate, as they sit on a wealth of data that should inform smarter products, personalised services, and rapid decision-making. But in practice, outdated systems and siloed data limit what's possible. This friction affects everything from launching new offerings to meeting regulatory requirements and adopting emerging technologies like AI.

Given that legacy core banking technology remains a persistent source of frustration for banks – even those who have moved to the cloud – a growing number of institutions are adopting a more pragmatic approach by running multiple core banking systems side by side. In fact, over four-fifths of banks (82%) now run more than one core banking system to mitigate the negative impact of their legacy core.

72%

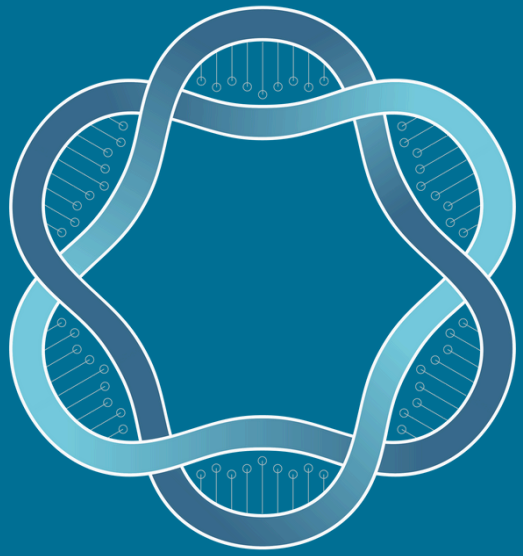
of banking innovation heads believe co-existence makes it easier to experiment with advanced technologies like AI

This dual-core strategy is gaining traction for its ability to reduce risk and increase flexibility. It allows banks to maintain their legacy systems while gradually introducing modern, cloud-native alternatives. This avoids the "big bang" migration approach that many find too risky or complex.

Nearly three-quarters (73%) believe this strategy provides a safer path to modernisation, and a further 76% say it simplifies regulatory reporting and overall operational management. Crucially, 72% believe it also makes it easier to experiment with advanced technologies like AI — which rely on clean, accessible data — without needing to overhaul their entire core infrastructure. In a sector where innovation and stability must go hand in hand, co-existence offers a compelling middle ground.

"With millions of customers relying on them, banks cannot afford even a moment of disruption. Ripping out historical systems wholesale is like performing open heart surgery while the patient is still walking about. The smarter route, for now, is dual-core coexistence - where banks can innovate and migrate in parallel without interrupting service. But this only works if one of those cores is truly cloud-native - otherwise you're not modernising, you're just running two cores on different infrastructure, creating all of the complexity with none of the benefits."

Steve Round, President and Co-Founder, SaaScada



Why are banks adopting co-existence core banking?

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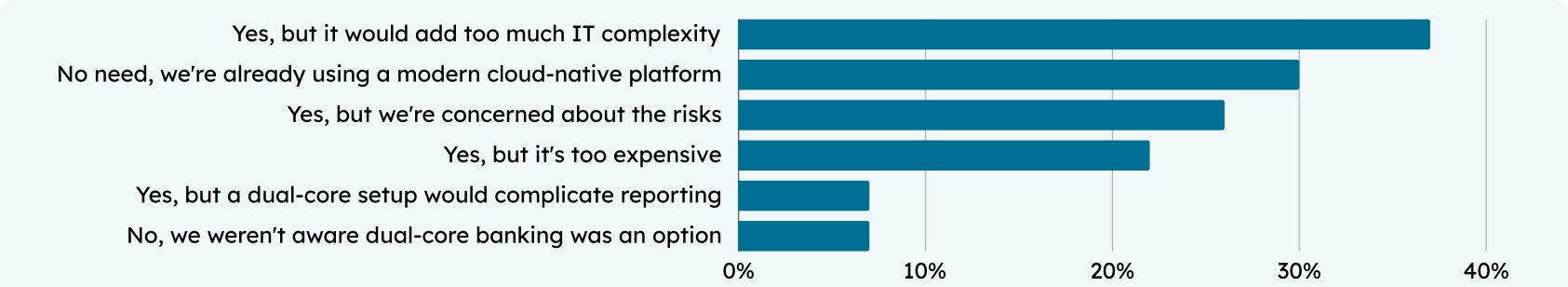
Single Cores - fear or foresight?

Only 1 in 20 banks runs a modern, cloud-native core banking system

While the co-existence model is becoming dominant, nearly a fifth (18%) of banking leaders say their organisation still operates on a single core. Among these banks, reasons fall into two distinct camps: the majority (70%) fear the complexity, cost, or risk of managing dual systems, while the remainder (30%) say they simply don't need a second core because their existing platform is already modern and cloud-native.

However, among all the banks included in this survey, this means that only 5% have fully embraced the potential of modern core banking technology, and operate a single, cloud-native core. The rest – for any number of reasons – continue to cling to legacy core banking systems.

Have you considered running more than one core banking platform simultaneously?



"Banks cannot let concerns around IT complexity, risk or cost hold them back from modernising their core systems. Legacy technology – even when operated alongside a more flexible modern core – will block innovation and be a major drain of money and team resources. With only 5% of banks running a modern, cloud-native core, there is a huge opportunity for banks who are willing to bring their systems into the 21st Century."

Nelson Wootton, CEO and Co-Founder, SaaScada

Final Thoughts - Can Co-existence Save Banks from Legacy Tech?

Legacy core banking technology is an albatross around the neck of every established bank. It is riddled with hidden costs, weighed down by slow development cycles, and incapable of delivering the agility, resilience, or customer experiences demanded in today's market. Outages, high maintenance fees, and rigid architectures have become business-as-usual - and that is no longer acceptable.

But while cloud is the obvious destination, it is not a cure-all. Too many banks risk falling into the trap of cloudwashing and in doing so inheriting the same costs, rigidity, and limitations they were trying to escape. The warning signs of cloudwashing are clear:

- No true "self-service," leaving banks tied to vendor frameworks
- Hefty setup fees and lengthy deployment times
- Mandatory downtime for service upgrades
- Closed architectures with no open APIs or event-driven data flows
- Inability to scale quickly and affordably

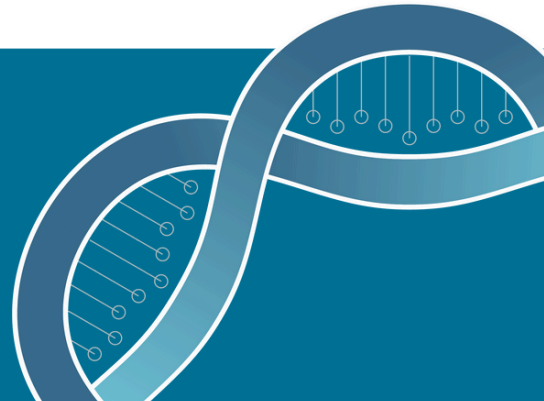
To modernise successfully, banks must demand true cloud-native solutions. Only with modern, event-driven, API-first architectures can they unlock real-time customer insight, lower costs and the flexibility to innovate at the speed they need.

For established banks with a legacy core, the safest path is a dual-core co-existence model - running a cloud-native core in parallel with legacy systems. This approach helps banks avoid the "open heart surgery" of a rip and replace, while enabling controlled migration, faster product innovation, and freedom from vendor lock-in.

Meanwhile, for challenger banks, a single cloud-native core offers speed, simplicity and modern capabilities right out the box. Real-time data, open APIs, and streamlined compliance mean these institutions can compete on agility, cost and customer experience.

"Ultimately, legacy technology is unsustainable, and cloudwashing is just legacy in disguise. Banks that want to cut costs, reduce risk, and accelerate innovation must recognise the difference and commit fully to cloud-native. Only then can they deliver the modern, data-driven services their customers expect.
Banks that cling on to outdated cores will bleed customers, revenue and relevance to more agile, modern rivals. A cloud-native coexistence model isn't a luxury, it's the only safe path forward. And the time to start is now."

Nelson Wootton, CEO and Co-Founder, SaaScada



Methodology

The data was gathered in March 2025 from 150 UK-based business heads/C-Suite staff at retail and business banks who are responsible for product innovation (e.g. Heads of Digital Transformation/CTOs/Chief Innovation Officers/Heads of Innovation/CEO). The banks had a balance sheet size of £0.5bn – £100bn.

About SaaScada

SaaScada is a data-driven core banking platform that uses cloud-native technology to make it easier, cheaper & faster to build all types of feature-rich financial products.

SaaScada's architecture delivers lightning-fast data and reporting flexibility, and the Product Sequencer provides unrivalled product configurability. Together, they enable institutions to vastly reduce traditional development cycles, drive innovation, deliver exceptional customer experiences and keep ahead of the competition.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SaaScada
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SaaScada is registered in England and Wales
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