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Cloud modernization can accelerate financial firms' shift from old systems

CLOUD modernization solutions can help Philippine financial institutions as they move to transition out of their outdated legacy systems, according to US-based software firm Rocket Software, Inc.

"Most financial institutions are very paranoid about cloud security and that's one of the reasons the adoption rates are in a phased approach," Praveen Kumar, vice-president for Asia-Pacific at Rocket Software said in a virtual interview.

In the Asia-Pacific, the Philippines, Malaysia, Indonesia, and India are among those that are lagging in terms of cloud adoption, he noted.

"I think the lagging is not because of lack of interest or technology. It's just that the banking environment has matured to such a level that they're able to provide very strong services from on-premises (on-prem) software," Mr. Kumar said.

"So, they're deciding which of the services go to the cloud and which don't."

A 2024 study by the Asian Development Bank (ADB) Institute showed that total cloud spending in Australia, Japan, New Zealand, and Singapore is higher than 0.4% of gross domestic product (GDP).

Conversely, total cloud spending is less than 0.3% of GDP in the Republic of Korea (0.29%) Thailand (0.22%), Philippines (0.19%), India (0.16%), Vietnam (0.13%), and Indonesia (0.10%), the ADB Institute said.

Mr. Kumar said cloud security has evolved from an information technology (IT)-related issue to a company problem, citing the need for financial institutions to educate their staff on secure cloud adoption.

"If you don't take care of your personal computer, laptop or home device, and that device connects to the cloud enterprise or the enterprise data center, you're actually posing a risk for the company itself," he said.

Rocket Software, which entered in the Philippine market in 2008, provides multiple technologies that assist companies in modernizing their legacy systems and moving to the cloud.

"If you move content, data, as well as applications which are residing on-prem but built over the years, we move them to the cloud and put it in a secure environment," Mr. Kumar said.

"At Rocket, we have solutions, both from a content and a data perspective, where we allow most of your paper content to be available in digital form, and the ability to process some of the workflows digitally without the need for manual interventions," he said.

Globally, cloud infrastructure spending is expected to reach $461.9 billion by 2029, according to the International Data Corp. — **Beatriz Marie D. Cruz**

Identity security: The core of cyber resilience

By Eric Kong

OPINION

AS DIGITAL TRANSFORMATION accelerates across the Asia-Pacific (APAC) region, the cybersecurity landscape evolves at an unprecedented pace. Organizations in APAC and beyond face a complex web of internal and external threats, challenging traditional security models. A recent SailPoint survey of over 100 chief information security officers (CISOs) and vice-presidents of information security reveals a definitive shift in focus: identity security is emerging as the cornerstone of a cybersecurity strategy, particularly in combating the rising tide of sophisticated attacks driven by artificial intelligence (AI).

In Asia-Pacific, where digital ecosystems are rapidly expanding, the hyper-connected nature of today's business environment demands a fundamental rethinking of security architecture. Some 78% of enterprises rank identity security as extremely or very central to their cybersecurity priorities. This shift reflects a profound understanding that identity — encompassing both human and digital entities — is the new security control plane.

THE IMPORTANCE OF IDENTITY SECURITY

Identity security is critical today due to the growing sophistication and prevalence of identity-based attacks, including credential theft, phishing, and increasingly AI-driven exploits. External threats consistently rank highest on the risk radar of surveyed CISOs, surpassing concerns like insider threats and compliance issues. The rise of AI-powered cyberattacks introduces unprecedented challenges, as attackers leverage AI to craft real-time, targeted phishing campaigns that evade traditional detection methods.

Some 60% of organizations are very concerned about the evolving nature of AI-driven cyberthreats, highlighting the urgency for adaptive defense mechanisms. The stakes are particularly high in the Philippines and the wider Asia-Pacific region, where financial services and technology sectors represent lucrative targets for threat actors.

AI: BOTH A CHALLENGE AND A SOLUTION

As threat actors harness AI to enhance the precision and scale of their attacks, security teams must leverage AI to stay ahead. The survey identifies role mining and anomaly detection powered by AI as game-changing capabilities that enhance identity governance. Role mining, set to be implemented by 62% of organizations surveyed, uses AI to continuously analyze access permissions and optimize role structures, uncovering hidden risks and reducing unnecessary permissions that could be exploited in a breach.

Moreover, AI-driven outlier detection is transforming threat mitigation by surfacing unusual access patterns that would otherwise go unnoticed. Organizations that deploy these advanced AI tools report significantly higher confidence in their ability to contain risks from compromised accounts. By integrating AI into identity security, enterprises move from reactive defense toward a proactive, intelligent posture capable of anticipating and neutralizing threats before they escalate.

OPERATIONALIZING ZERO TRUST THROUGH IDENTITY

The survey highlights that standard identity-centric controls — role-based access control (RBAC), self-service access requests, and automated provisioning — are now ubiquitous, with 90% of respondents reporting active deployment. These foundational controls operationalize zero trust principles by enforcing least privilege access and automating lifecycle management to minimize human error and reduce the attack surface.

Yet, the evolving threat landscape demands continuous refinement. Static access models must give way to dynamic, AI-powered frameworks that align with business realities and adapt in near real-time. This evolution moves identity security from a static gatekeeper to an intelligent, adaptive security layer that continuously verifies and assesses risk.

CHALLENGES AND THE ROAD AHEAD

While significant progress has been made, the path forward is not without challenges. AI-powered attacks are becoming increasingly sophisticated, raising the risk of account takeovers that can bypass traditional defenses. Additionally, managing identities such as employees, third party vendors and machines across hybrid environments and cloud services adds complexity to security operations.

Future investments will have to prioritize AI and machine learning capabilities within identity governance, focusing on risk-based access recommendations, automated policy adjustments, and proactive enforcement mechanisms. Security leaders must recognize these advancements as essential to maintaining resilience in a rapidly evolving threat landscape, and partner closely with IT, risk management, compliance, and business units to cultivate a culture where identity security becomes embedded as a core component of enterprise risk management.

For the Philippines and the broader APAC region, identity security has shifted from a secondary concern to the forefront of cybersecurity defense. As AI-powered threats grow in sophistication within an increasingly borderless digital landscape, AI-driven identity security architectures are essential for resilience. These dynamic solutions are vital for containing breach impacts, protecting critical assets, and confidently navigating the evolving cyber frontier. By adopting adaptive, continuous validation approaches, identity security remains central to safeguarding digital environments against emerging threats.

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Jobless,
from S1/1

"The agriculture sector is the contributor to the spike in unemployment due to the adverse weather conditions and multiple tropical depressions last July. I cannot predict if this is just a one-time occurrence as there are still projections of weather disturbances this year," Labor Secretary Bienvenido E. Laguesma told *BusinessWorld* via Viber.

The agriculture subsectors that mainly contributed to the year-on-year decline in jobs were the cultivation of paddy rice (-750,000) and corn (-456,000), Mr. Mapa said.

"We've already seen this since January — that there has really been a decline in employment in rice. So, maybe there are several factors affecting this [like] the weather, and some are saying it's also because of the low farmgate price of palay," he said in Filipino during a press briefing. "For corn growing, there was also a decrease of 456,000. In hog farming, there was a decrease of 133,000, again because some provinces were affected by the ASF (African Swine Fever)."

"We are seeing that there are subsectors that are significantly affected by the weather. In the month of July, we were hit by four typhoons, which affected a substantial number of provinces and had an impact on our labor market," Mr. Mapa added.

In a separate statement, the Department of Economy, Planning, and Development (DEPDev) urged stronger efforts to boost climate resilience and workforce agility.

DEPDev Secretary Arsenio M. Balisacan called for modernized agricultural practices, climate-smart strategies, rural infrastructure, and digital connectivity to help cushion the impact of extreme weather events on jobs.

"The latest employment figures underscore the urgency of modernizing our economic sectors to withstand disruptions, whether from climate change or technological shifts. We are also fully committed to enhancing employability, expanding labor market programs, and collaborating with key stakeholders to future-proof the Filipino workforce," Mr. Balisacan said.

University of the Philippines School of Labor and Industrial Relations Assistant Professor Benjamin B. Velasco said job losses in the agriculture sector due to climate hazards could continue in the coming months.

"Definitely, the job hemorrhage in agriculture was a climate change effect, which unfortunately will not be a one-off phenomenon, but [will] even worsen until the end of [the] rainy season, which now extends to November," he said via Facebook Messenger.

"The long-run trend is for agriculture employment to decrease and waged jobs in rural areas to increase due to [the] impact of trade liberalization as well as commercialization and industrialization, though limited and erratic," he added.

Meanwhile, the wholesale and retail trade, repair of motor vehicles and motorcycles sector shed 897,000 workers in July from the same month last year, while fishing and aquaculture lost 173,000.

Mr. Mapa said agricultural workers who lost jobs due to bad weather transferred to the construction industry.

Despite the increase in the jobless rate in July, he expressed optimism that employment will increase as the holiday season approaches, as seen in historical trends.

Mr. Laguesma likewise said, "the coming holiday season will result in [a] higher employment rate."

UNDEREMPLOYMENT RATE UP

Meanwhile, PSA data also showed that the underemployment rate rose to 14.8% in July from 12.1% in the same month a year ago and 11.4% in June.

The ranks of underemployed Filipinos — those who want longer work hours or an additional job — reached 6.8 million in July, higher than the 5.77 million a year ago.

For the first seven months, the average underemployment rate stood at 12.9%, higher than 12.2% in the same period last year.

The labor force participation rate also fell to 60.7% in July from 63.5% a year prior. Mr. Mapa likewise attributed this to the bad weather during the month, identifying the agriculture, construction and manufacturing sectors as the areas with the largest drops.

Some 94.7% or 46.05 million Filipinos had jobs in July, lower than the 95.3% or 47.68 million recorded a year prior.

For the seven months ended July, the employment rate stood averaged 95.9%, lower than 96% last year.

Meanwhile, by worker classification, wage and salary earners made up the majority of employed persons at 68.7% in July. They were followed by the self-employed without paid employees at 24.7%, unpaid family workers at 3.9%, and employers in their own family-run farms or businesses at 2.6%.

FULL STORY
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FDI,
from S1/1

June marked the first time that the country saw a net outflow in equity capital excluding reinvestments in one-and-a-half years or since the $11-million outflow in January 2024.

This came as equity placements rose by 31.3% year on year to $130 million in the month from $99 million, while withdrawals ballooned to $187 million from $15 million.

Equity capital placements in June mostly came from Japan (62%), the United States (16%), and South Korea (9%). Most of these flowed into the manufacturing sector (64%), followed by real estate activities (14%), and wholesale and retail trade and repair of motor vehicles and motorcycles (10%).

Meanwhile, reinvestment of earnings jumped by 36.7% to $128 million from $94 million.

Nonresidents' net investments in debt instruments also went up by 9.3% to $305 million in June from $279 million in the same month a year ago.

"June's FDI slowdown reflects a mix of global and domestic headwinds," Union Bank of the Philippines, Inc. Chief Economist Ruben Carlo O. Asuncion said in a Viber message. "Heightened global uncertainty, trade tensions, and cautious investor sentiment weighed on cross-border investments, while structural challenges at home — such as infrastructure gaps and policy unpredictability — added to the drag."

"The US tariffs hurt — especially our manufacturing sector — but it's also about weak global trade and our own policy gaps," Jonathan L. Ravelas, senior adviser at Reyes Tacandong & Co., said in a Viber message.

In June, global markets were hit by volatility as the sudden escalation of the conflict between Iran and Israel due to an exchange of attacks drove up oil prices. The two countries eventually reached a ceasefire.

Investors were also awaiting the finalization of trade deals between the United States and its trading partners ahead of an initial July deadline, which was eventually extended.

FULL STORY
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