



Solution

Fusion Payments To Go

Enabling payments transformation
and innovation in the cloud



Executive Summary

The payments industry is facing a perfect storm of both challenges and opportunities. With the growth of real-time, ISO 20022 adoption, Open Banking, and rise of platform ecosystems, simply maintaining the operation of in-house payment solutions is diverting ever increasing levels of budget and effort away from the digital transformation that customers expect financial institutions to deliver.

By moving to packaged payment services, always compliant, cloud-based, rapidly adopted and open for collaboration with the fintech community, financial institutions can move from basic compliance with market changes to driving innovation and increasing revenue.

Fusion Payments To Go delivers this opportunity by combining the processing capabilities of Fusion Global PAYplus, our market-leading payment hub, and the resilience of the Azure cloud - packaged in a SaaS offering.

The service is evergreen freeing financial institutions from the burden of addressing regulatory and scheme changes and allowing them to focus on what matters most – growing their business

Introduction


The payments industry is facing a perfect storm. It's caused by the convergence of real-time payments and ISO20022, the costs of maintaining legacy solutions, and the move to Open Banking and the platform economy.

At the same time, new technologies, non-bank competitors, and evolving customer expectations are transforming the payments landscape. Against this backdrop, financial institutions need solutions that manage compliance and address commoditized payment processing in a standardized, packaged way. With the world's leading payment hub solution deployed on the number one financial cloud provider, Finastra helps financial institutions to thrive in this new payments world, freeing them to focus on differentiation and service excellence.

Three drivers are compelling a review of payments strategies:


- **Increasing regulatory and compliance demands** – The global expansion in real-time processing, wide-scale adoption of ISO20022, regional payment consolidation and modernization schemes (e.g. NPA in the UK and P27 in the Nordics) and the growth and demands of Open Banking. Financial institutions have to provide solutions to all of these to stay relevant.
- **Customer expectations** – Banking customers want new value-added services (e.g. new payment initiation offerings from third-party providers using open APIs), better user experience and personalization, and more transparency, speed, and optimized clearing and settlement. With agile fintechs focused on customer experience, financial institutions must ensure that they don't get left with the commoditized part of the value chain.
- **Openness** – The new platform and marketplace economies demand an open and collaborative payment landscape. Financial institutions must be willing to open up the types of services (e.g. account information and payment initiation services) they have traditionally owned and controlled.

Increasing regulatory and compliance demands




Myriad of changes – new IP schemes, broad adoption of ISO20022 and domestic consolidation are a tipping point for legacy systems.

End customer expectations



Customers want more and in real-time, creating pressure for financial institutions to innovate faster and efficiently.

Openness



Open Banking and PSD2 are redefining the landscape. New competitors are emerging. Cloud is fostering collaboration and generating network effects.

The challenges

However, responding to market pressures presents several challenges



Not fit for purpose

- Current payments infrastructures struggle to provide ongoing support of payment rails.
- Tactical changes to existing on-premise systems are hard to maintain.



Cost of maintaining legacy

- High cost of maintaining systems for Business as Usual operations (e.g. annual scheme updates).
- High cost of adapting to new business models driven by real-time, ISO20022 adoption, Open Banking and the rise of Platforms.



Competitive pressures

- Competition from Challenger banks and other new entrants is encouraged by Open Banking.
- These new players focus on the customer experience and aren't encumbered by legacy infrastructure.

Impact of the challenges

- **Fit for purpose** – The current payments infrastructure cannot meet challenges such as the stringent operational requirements of Immediate Payments (IP) and the need to move to ISO20022 for legacy systems associated with high volume (HV) and mass payment (MP) rails. Existing on-premise systems are often home-grown and have been heavily modified over the years – this is compounded by the erosion of the skills base required to maintain them. All these factors introduce systemic risk.
- **Cost of maintaining legacy** – The impact of this challenge varies across the different rails. For example, the variable nature of demand for Immediate Payments (throughput ratios can be >1:5 between normal operations and national holidays) means that clients need to invest heavily in on-premise infrastructure that is mostly idle.

For High Value and Mass Payments, the adoption of standards such as ISO20022 may require implementing a new data model and a complete revision of business processes to deliver the benefits in areas such as automated reconciliation that draw on the capabilities of data-rich messaging.

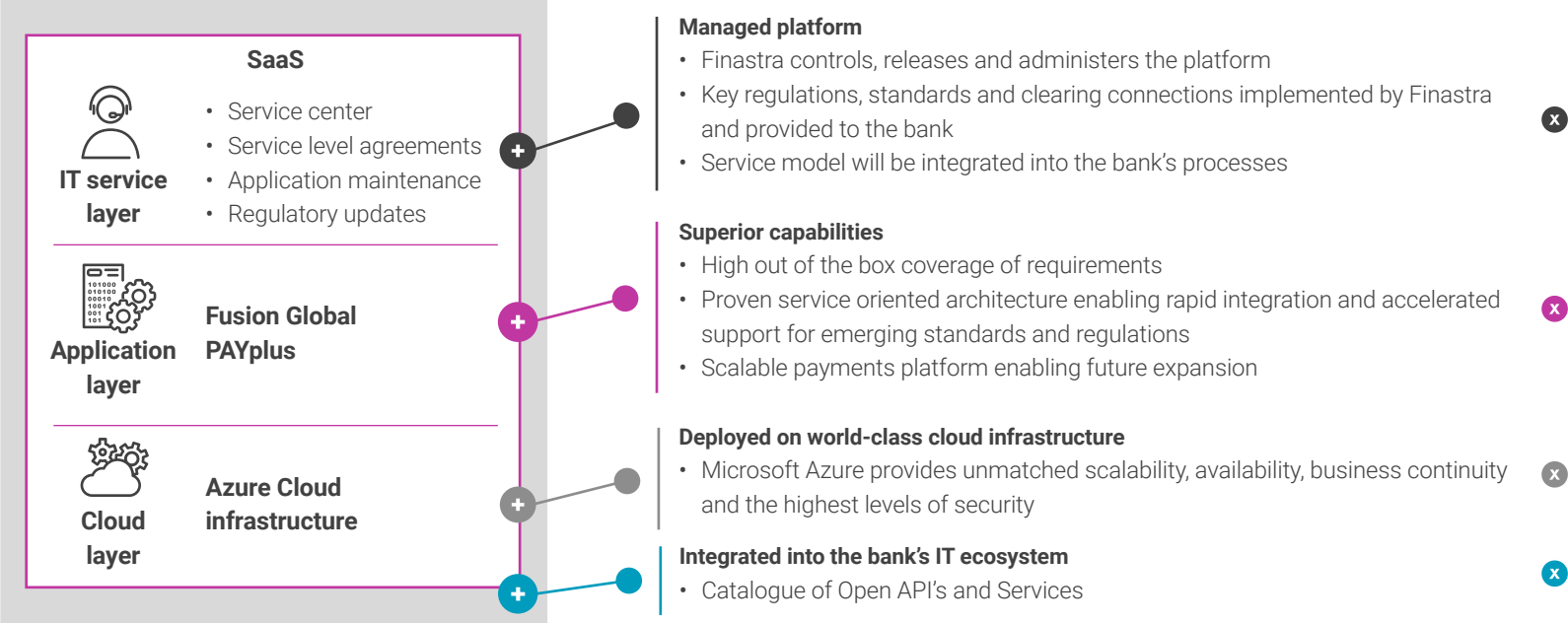
- **Competitive pressures** – Challenger banks and other new entrants are more agile, unencumbered by legacy platforms and focused on innovation and delivering an excellent digital experience. Hampered by on-premise legacy infrastructure that is costly to maintain, financial institutions struggle to compete in the payments ecosystem of the future.

The Finastra payments solution

It is the powerful combination of three elements coming together that drives service excellence.

Our SaaS solution brings together best of breed capabilities at each level enabling financial institutions to move from their silos of legacy payment operations to a managed platform with a full suite of payment hub services and the benefits of cloud deployment. Delivering overall service excellence is central to the solution - reducing risk, simplifying administration, and reducing operating cost.

⊕ Finastra’s cloud-based solution includes three layers that work together to help financial institutions drive service excellence in payments: Click each icon for more information.





IT service layer

Finastra’s services team ensures that customers implement our solutions successfully, and deliver the benefits to their customers quickly and effectively.

Finastra provides a fully managed platform including all the elements for successful cloud operations:

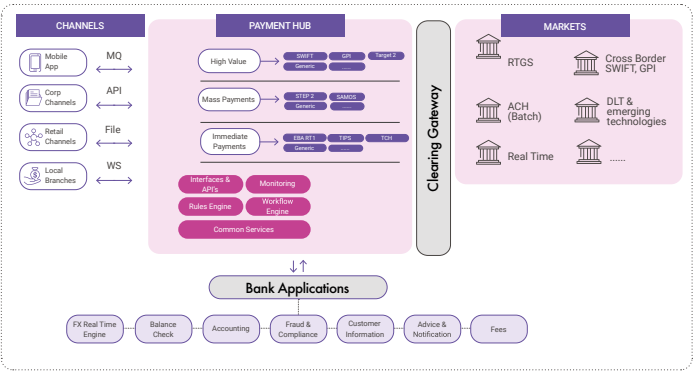
- **Information security services** – core security practices and services covering confidentiality, integrity and availability
- **Infrastructure services** – technical infrastructure that provides the platform on which the service is run
- Cloud support services – front-line functional and technical support services
- IT service management services – best-practice service management and governance

- **Technical application operations services** – to facilitate the day-to-day running and management of the service
- **Maintenance services** – in line with the contract between you and Finastra

Our evergreen policy ensures that the components that deliver the service are always up to date, meaning compliance with regulatory and clearing scheme changes is built-in. The policy encompasses not only services at the user level but all of the underlying infrastructures.

Application layer

Fusion Global PAYplus provides this layer. The figure below shows the key components involved in delivering the service.



Fusion Global PAYplus provides the application layer. It is a full payment hub, services-based and orchestrated into specific flows designed to meet the operational requirements of the associated payment type. It centralizes operations for all payment types.

Specific modules are available for each payment rail:

- High Value payments (single payment processing)
- Mass Payments (file/batch processing)
- Immediate Payments (high volume, low latency and 24*7 availability)

Fusion Payments To Go provides pre-configured service packages that are based on the Fusion Global PAYplus best-practice workflows and business services (such as validation, routing and date handling) gathered from our global deployment experience. This pre-configuration means on-boarding efforts and costs are both low and predictable and clients can be up and running on the service rapidly, improving ROI. One of the largest benefits is freedom from costly maintenance of legacy applications (e.g. annual SWIFT and other scheme changes). The service packages are always up to date.

Finastra also offers a range of value-added services including application training and certification, on-site subject-matter experts and usage discovery.

Integration with external applications and services is made easy through a library of standard connection points including:

- Account lookup
- Balance inquiry
- FX
- Billing
- Posting
- Compliance checks
- Advising



Cloud layer

Finastra has selected Microsoft Azure to deliver the cloud infrastructure for its services.

Azure features include:

- **Security** – backed by over \$1 billion invested in R&D and a layered security architecture covering data centers, infrastructure and operations actively monitored by 3,500 cyber security experts. The service uses a range of Azure monitoring services such as OMS/Log Analytics and Security Center.
- **Compliance** – with 90+ offerings, the most comprehensive coverage of any cloud provider.
- **Azure tools** – such as Power BI, which drives powerful analytics and data insights.
- **Hyper-scale and global** – with data centers in more regions than any other cloud provider, use of Azure means we can deliver the service wherever it is required and meet the challenges of local data residency requirements.
- **Hybrid capabilities** – allowing the service to be delivered into mixed ecosystems, essential for any payment transformation program.

Why Finastra

With many technology companies recognising this trend and executing their own cloud programs, what is it that differentiates the Finastra solution.

- **Truly packaged cloud service –**
Our international experience has allowed us to build a world-class, multi-rail payments platform with global coverage. We are the best option to deliver this in a SaaS model because:
 - Our package-based approach (both software and delivery) allows financial institutions to onboard quickly to a service that delivers best practice - workflows for all payment rails. It is a delivery model that supports rapid onboarding and early ROI.
 - We have broad coverage of international, regional and domestic Clearing and Settlement Mechanisms (CSM) meaning that we can meet many end-to-end payment processing requirements out of the box.
- Our solution is delivered in partnership with Microsoft on Azure, resulting in the cost-effective provision of a right- sized solution, rapid service provision, and minimal risk to business-as-usual activity. Azure is the world's leading financial services cloud provider, featuring guaranteed scalability, compliance and security, an API architecture and hybrid cloud support.
- **Evergreen solution –** We offer a pay-as-you-grow model to keep pace with the changing market. The solution is based on a single product codebase that maintains compliance with all supported schemes – including the flows for value-added services such as 'Request to Pay'. Fusion Payments To Go operates an evergreen policy to adapt and differentiate through service upgrades supplied as part of the subscription.

- **Open for innovation –**The service is built on an open architecture - microservices-based and exposed through a rich and growing library of APIs – to take advantage of the move to platforms and marketplaces as hubs of innovation (including Finastra's FusionFabric.cloud). Participation in such ecosystems allows the Fusion Payments To Go service to be continuously enriched by solutions developed by the fintech community.

Finastra offers the right solution to address your immediate, near-term and future needs and support you, whatever stage of the payments transformation journey you are on.

Appetite for cloud solutions is growing across all financial institutions tiers



Up to 60%

of organisations will use an external service provider's cloud-managed service offering by 2022

Source: Gartner, 2019



49%

of enterprises see faster time to deployment as a key reason for migrating to a modern cloud solution

Source: Forrester, 2018



\$500B

Spending on worldwide public cloud services will be reached by 2023

Source: IDC, 2019



Packaged cloud service

Functionally rich but standardized packages allow quick adoption and ROI. Future compliance needs are met out-of-the-box and the commercial model is "Pay as you Succeed"



Evergreen solutions

Evergreen to keep pace with scheme and market changes and continuously adapts and differentiates through service upgrades



Partner ecosystem

Designed to be open and take advantage of the growing trend towards Platformification (e.g. FusionFabric.cloud) which allows consumption of services from a large partner ecosystem

Finastra Services:

Get maximum value from Fusion solutions

With Finastra solutions, you've chosen the platform and components that can transform your business to meet the challenges of today and the future.

Now, it's time to boost their impact with Finastra Services, helping you to get the maximum return on investment from your Finastra solutions, with **better** outcomes that are achieved **faster** and **safer**.

[Contact us](#) to find out more about our Services portfolio or head to our [Services page](#)



 Click each icon for more information

Accelerate the potential of Fusion Payments To Go

Fusion Assure



Supporting success of customer and partner led projects

For Finastra implementations and upgrades that are led by partners or clients, we help support consistent quality and reduce risk throughout the project by providing validation at five key assurance points.

Fusion Knowledge Services



Equip your people for success

The key to successful IT projects is effective training, Fusion Knowledge Services embeds valuable expertise and knowledge throughout Finastra customers and partners. Allow your employees to unlock the potential of your Finastra solutions.

Fusion Premium Engagement



Tailored and expert annual services subscription

Tailor your services to suit you and your organization, from aiding integration to providing onsite subject matter experts. Allow us to take on the burden of projects and support, so that you can focus on successfully running your business.

THE FUTURE OF FINANCE IS OPEN

Finastra is unlocking the power of finance for everyone by creating a platform for open innovation in the world of financial services.



Contact us at services@finastra.com

About Finastra

Finastra is building an open platform that accelerates collaboration and innovation in financial services, creating better experiences for people, businesses and communities. Supported by the broadest and deepest portfolio of financial services software, Finastra delivers this vitally important technology to financial institutions of all sizes across the globe, including 90 of the world's top 100 banks. Our open architecture approach brings together a number of partners and innovators. Together we are leading the way in which applications are written, deployed and consumed in financial services to evolve with the changing needs of customers. Learn more at finastra.com

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