

# When core banking transformation becomes an imperative

Financial organizations are shifting cloud investment focus onto their infrastructures and back offices.

70%

of banks are reviewing their core banking platform Single largest area of cloud consumption is Core Banking.

Source: Gartner

# Performance pressures are compounded by disproportionate spending on simply running the bank

Banking is experiencing a major shift, driven by seismic technology and market changes. Banks are prioritizing the renovation of their legacy banking infrastructure. They have reached a tipping point where they are actively working to digitally transform and in doing so, lower their TCO.

# Cloud heat map by functional area in banks and investment services firms

## AGR 2019-2020

Hover over the white arrow to enlarge



customer experience, simplify processes and take cost and risk out of their business. The decline of laaS (Infrastructure as a Service) in favor of more complex, mixed architectures is a consequence of the trend for adoption of cloud-native applications that are integrated within a broader cloud ecosystem.

## Routes to Core Banking transformation



In order to provide a customer centric service, both back-office operations and customer-facing operations need to be connected and streamlined.

# 4 key areas where legacy platforms inhibit performance





Time to market





# Next Generation Banking - why it matters

It's clear that more and more banks are increasing their focus on cost reduction and finding new growth areas.

A number of competing dynamics have driven them to this point:



Reduced fee income Transparency and customer centricity is leading to lower fees



Compressed margins Some products are a race to the bottom.

Combined with inflated "run-the-bank" costs mean margin compression



New regulations

Open Banking and the Revised Payment Service Directive (PSD2) require banks to offer third parties access to their customer data, products, and services



#### Commoditized product offerings

Bank products on traditional legacy leave little room for differentiation



#### Proliferation of alternative financial offerings

More businesses offering financial products that leverage new technology means less activity hitting the books of traditional banking

## **Reg Tech: Reduce costs and stay compliant**

With ever increasing regulatory requirements, technology has become a key enabler to staying compliant. RegTech is empowering banks with capabilities, such as AI and ML, to enable them comply with the ongoing demands whilst at the same time, delivering tools that facilitates change with greater ease.

RegTech



#### Regulatory Compliance



Identity Management Risk Management

## Data-driven Technology



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My mission is to build the best digital banking system for this decade, leapfrogging both traditional and new vendors with technology and functionality."

<mark>Anand Subbaraman</mark> General Manager - Retail Banking Finastra

### Forrester

WAVE LEADER 2020

Digital Banking Processing Platforms (Retail Banking)

# Drive business value through Open APIs

## Partnerships are essential towards delivering, very quickly, the products and services that banks need to remain competitive

Increased API connectivity between banks and third-party firms is driving innovative and collaborative partnerships, enabling banks to leverage their data and infrastructure to provide new services at a lower cost, and to unlock new opportunities. Open Banking has played a key part in driving an API first approach.

(+) Click the icon for more information



# Thinking Cloud? Think Fusion Essence – Forrester Leader for Core Banking

Fusion Essence Clouds is a SaaS service on Microsoft Azure. It's a Cloud native next generation banking solution delivering extensive business functionality using the most modern of technologies. The SaaS model delivers everything from App Ops management, underlying database licences and continuous delivery to keep the solution evergreen.



SWIFT, Cloud standards,

Sizeable Proof points even

localization framework

though young solution

Change is highly restricted

Development is significant

SaaS services are wanting

Fusion Essence Cloud Delivering the flexibility, scalability and security that banks need

Fusion Essence Cloud supports and enables banks to drive a superior digital customer experience including customer onboarding across online and mobile as well as digital branch capabilities including a 360 view of the customer. Surrounded by an extensive suite of APIs and with all desired integration methods included, it smooths the migration path for transforming banks.





Deliver the ultimate banking experience with Fusion Essence Cloud - the only cloud native core with extensive business functionality.

Finastra is unlocking the power of finance for everyone by creating a platform for open innovation in the world of financial services. To find out more, visit <u>finastra.com</u>