

# Why can't payments modernization wait?

Today's payment systems are increasingly becoming the focus of strategic business discussions due to advancements in technology, fintech competition, and regulatory changes. Additionally, the challenges of maintaining outdated payment systems, coupled with the need for innovation and evolving customer expectations, have made the payments infrastructure modernization a top priority for global financial institutions.

The future of payments is **digital, fast, and efficient**. A new report by Celent emphasizes that the payments landscape is evolving at an unprecedented pace and banks are under tremendous pressure to modernize their payment processing capabilities to keep pace.

**83%**

of banks believe that the pace of change in the payments industry will increase further

With regulatory frameworks like the Payment Services Directive (PSD3) aiming to create a more integrated and efficient European payments market, and the ISO 20022 adoption (e.g., the Fedwire migration in the US planned for 2025), navigating the regulatory changes will be a daunting task, with:



## 87% of European banks

acknowledging significant regulatory and compliance shifts over the next five to seven years.

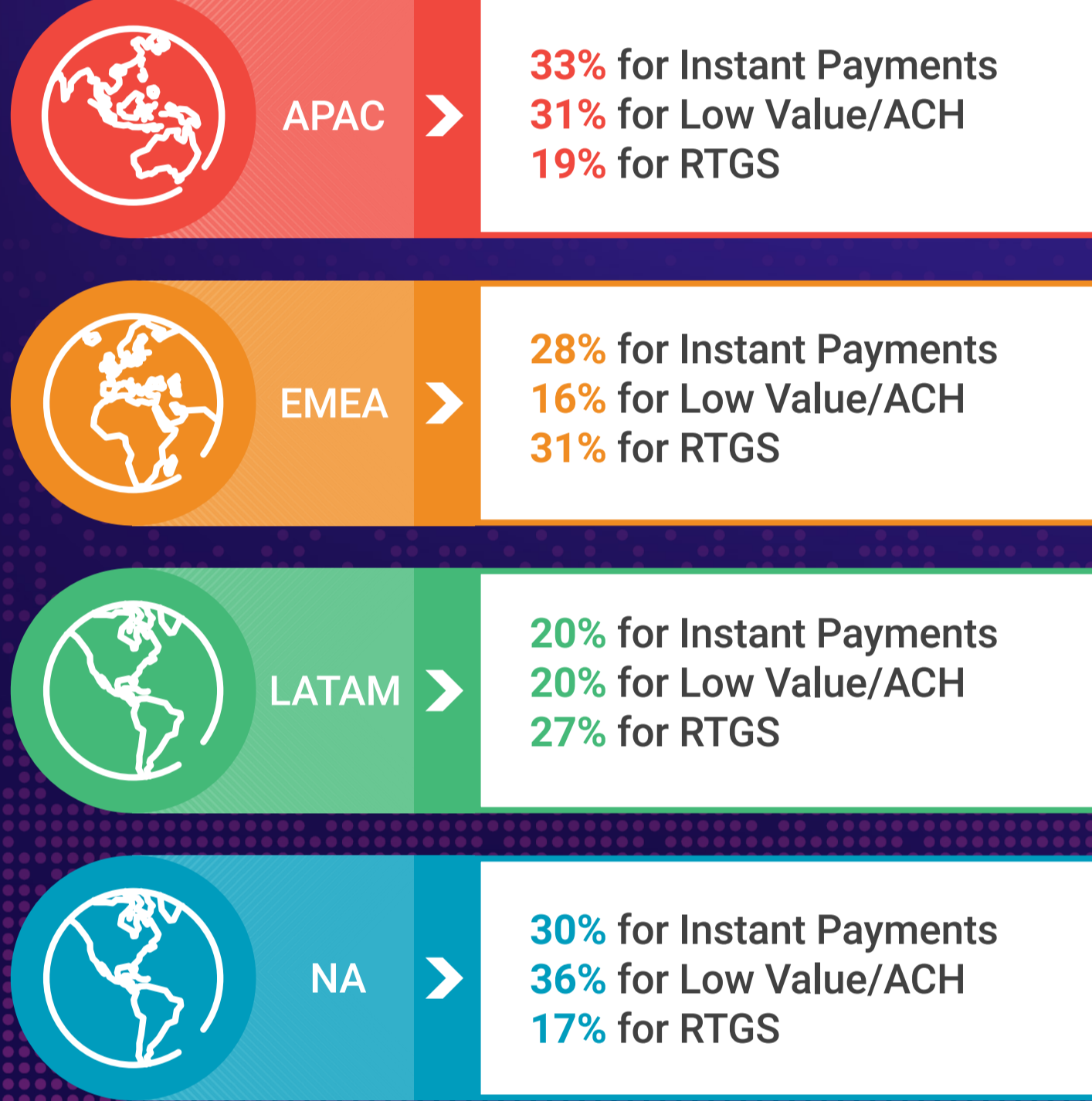


## 72% of North American banks

anticipate similar regulatory transformation as their European counterparts

The urgency for payments modernization globally has escalated to an all-time high with one-third of banks in both Europe and APAC considering payments modernization as a top three priority for 2024.

Percentage of payment systems that will need replacements globally over the next 5 years because of payments modernization plans:



Developer capacity constraints present significant hurdles and limit many banks' ability to consistently innovate and deliver product enhancements. To successfully achieve their modernization goals, an increasing number of banks are moving away from building a new payment processing solution by themselves and partnering with leading and experienced vendors.

A seasoned technology partner can function as a trusted advisor to banks, leveraging their domain expertise, best practices, and experience in executing mission-critical transformation initiatives. This partnership can help banks in enhancing operational efficiency and delivering consistent value to customers.

**89%**

of Tier 1 banks had to cancel the approved projects in the past 2 years owing to developer constraints

of Tier 1 banks reported that margins on payments were becoming more challenging to maintain

**86%**

**70%**

of banks reported that it is more challenging to win and retain customers than it was 12 months ago

To maintain high service standards and overcome barriers to payment modernization initiatives, banks can leverage a future-ready and intelligent payment hub solution, such as [Finastra Global PAYplus](#).

### Features of Finastra Global PAYplus – a modernized payment hub solution

- Unified payments processing solution supporting multiple payment types
- Centralized control and tracking of payment operations
- Resilient and scalable architecture to support instant payment requirements
- Comprehensive workflows and configurable business rule capabilities
- Intuitive payments data, dashboards, reports, and analytics
- Intelligent preprocessing services to support unique business needs
- API-driven and microservices-based modular architecture design
- Accelerate payment services innovation through our growing ecosystem of specialist fintech & cross-border service partners

Download the full report to understand the urgency behind payments modernization initiatives and why banks risk losing their competitive edge if modernization plans are delayed further. Discover how financial institutions can approach the payment modernization journey and the key factors that can help them establish a foundation for sustained growth and future innovation.

[Download full report](#)