

The background of the slide is a dark, futuristic control room. Several large screens display complex data visualizations, including line graphs, bar charts, and network diagrams. The screens are labeled with technical terms like 'XA-3W input', 'TG-5D input', 'PA-3D SA-3D', 'ENT 01', 'ENT 02', 'ENT 03', 'ENT 05', 'scr 12S', and 'END 01' through 'END 06'. In the foreground, three people are seen from behind, looking at the screens. The person on the left is wearing a headset. The FINASTRA logo is in the top left corner.

FINASTRA

The logo for Universal Banking, featuring a stylized circular emblem composed of three interlocking loops.

Universal  
Banking

# Accelerating success within banking technology ecosystems

How to choose the right partners and frameworks to gain a competitive edge with a new operating model

INNOVATING  
FINANCE  
TOGETHER

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## The drivers behind ecosystems and the challenges that lie ahead

The concept of ecosystems is increasingly central to discussions among banks, reflecting its growing importance in driving innovation, collaboration, and customer-centric strategies.

Given that the world of banking ecosystems is now developing at a greater velocity than ever before, how do banks counter the threats and seize the opportunities presented by this new environment, and how do they find the right partners and technologies to play in that world?

What are the drivers behind the emergence of new ecosystems and what do financial institutions need to do to stay ahead of competitors? How do they handle the cultural challenges of introducing new products within an ecosystem while still retaining the trust of customers as trusted banking partners?

And perhaps most importantly of all, how do they address the technical challenges associated with maintaining ecosystems? What do banks need to be prepared for?

Finally, how can banks ensure that they have a flexible, agile banking core that can support the use of ecosystems, including the use of open application programming interfaces (APIs) and emerging technologies that they may rely on in the future, such as agentic AI?

# Evolving customer expectations are accelerating the shift toward ecosystem-driven banking

Banks have become used to operating within ecosystems as services such as payments and settlement have become commoditized and standardized.

API commoditization, or the process of APIs becoming widely available and standardized, has fostered the growth of vibrant ecosystems in financial services.

Different applications and services can now seamlessly interact and exchange data. Commoditization has also contributed to the growing recognition by banks that no one single vendor can do it all, and has led to a huge expansion of operating models and ecosystems.

"There's growing recognition that no single provider of any product or service can provide everything, unless what they are providing is super-simple," says Daragh O'Byrne, Senior Director, Marketing, Universal Banking at Finastra. "As customers' needs become ever more sophisticated, so too must the banks' products – and there's now an ecosystem involved in almost everything that banks provide.

*"Of course banks have operated in ecosystems for decades, especially when transferring money internationally or when operating bancassurance models. What's happening now is that we are seeing an explosion in the number of business models that banks can adopt."*

## What are the new models banks can adopt?

Examples of how ecosystems in banking can include financial institutions:

- Building new capabilities via third party apps and microservices into their systems and services to meet customer demand
- Functioning within an ecosystem of partners by adopting one of a rapidly changing set of operating models. Such models can include a bank managing partners itself via technology SLAs, working with a BPO partner that

manages partners on the bank's behalf, or institutions such as Starling or Raisin offering banking-as-a-service platforms

These ecosystems are characterized by interconnected APIs, diverse stakeholders, including developers, organizations and users, and a focus on creating value through shared resources and functionalities.

## Adoption has become increasingly accessible due to:

- Standardization: as APIs have become more standardized and easier to use, the barrier to entry for developers and organizations has reduced
- Public APIs: the availability of public APIs has allowed fintechs to build on top of existing platforms and create new applications and services
- Developer portals: well-documented developer portals act as marketplaces for APIs, making it easier for developers to find, understand, and utilize them
- Seamless connections: APIs facilitate seamless communication and data exchange between different systems, enabling integration and collaboration
- Microservices architectures: break down complex applications into smaller, independently deployable services that deliver APIs by design
- Agentic AI: extends the ecosystem by enabling automatic, personalized and ever-improving transactions

***“Banks sell services based on trust, and they cannot avoid responsibility for poor service just because it was delivered by a partner. Customers don't care who's at fault—their complaints will go straight to the bank.”***

**Daragh O'Byrne**

Senior Director, Marketing,  
Universal Banking at Finastra

“**Open banking standards have exposed APIs to allow third-party providers to access banking data and build innovative financial services.”**

**Chris Weddell,**  
Senior Director, Partner Ecosystem,  
Universal Banking, Finastra

## The opportunities created for banks by ecosystems

**The ecosystem model makes it possible for banks to operate almost like Amazon: everything a customer needs can be made available through their trusted banking partner.**

It's opening up a huge variety of new interconnected services for banks to offer customers, because ecosystems create value by building opportunities for new revenue streams.

One example is when banks offer additional services to their customers from their ecosystem. A bank that provides motor finance could use agentic AI to connect to a dealer network to check a model is in stock, arrange a test drive, and place the appointment in the customer's calendar.

Another example is when technology enables a bank to become a participant in another provider's ecosystem, enabling them to monetize their APIs and underlying services. For example, they could white label their loan products through a retailer's online shopping platform.

"We've seen organizations start offering outsourced services, where instead of offering products to customers via their websites or apps, banks can reach them via a Raisin-like marketplace," explains Daragh.

### **Creating choice without risk**

Financial institutions can create more personalized, seamless, and intuitive experiences for their customers by integrating various services and data.

One big question is how banks decide which new products and services customers want to see, and how they test demand for those products.

"As a bank you need to move fast - but not break things," says Daragh. "The world moves too fast to carry out years of diligence and testing. But at the same time you can't just drop something new in and hope it works. You need to be able to do a level of due diligence and then experiment in a safe way."

So if I'm a banker thinking about rolling out a new product or service, it would make sense to test it with 100 rather than a million customers."

With the right banking platform, banks can rapidly configure innovative products and services tailored to meet the needs of smaller and smaller market segments – ideally to a segment of one.

To do this, banks need a flexible banking solution, one that can not only support the creation of new products easily, but also reduce the administrative burden introduced by having a multitude of new products.

# Choosing the right partners to co-exist and co-operate with inside ecosystems

It is no longer possible for banks to operate in isolation of ecosystems, but they still need to make careful choices about which partner to work with.

Unlike some companies that re-sell other companies' products and ask customers to follow up on any problems with the original manufacturer, banks cannot afford to lose their status as trusted partners with customers: washing their hands of problems simply will not work, even if it is not caused by them.

## Initial questions to ask therefore include:

- Is the app/partners' system highly secure?
- Does the partner offer SaaS-based pricing?
- Can the partner work to technical SLAs agreed up-front?
- Does it provide open APIs?
- Does it provide access to data analytics within their systems?
- Is it built using modern, yet proven, technologies?

Banks also need to be fully aware of the real-world investment levels and resources required to build new services: these can often be underestimated at the outset of projects.

**Some of the further challenges banks face when considering introducing a solution into their ecosystem include:**

### 1. Regulatory compliance and risk management

- **Challenge:** ensuring that all third-party providers comply with financial regulations (e.g., GDPR, PSD2, DORA, AML/KYC).
- **Impact:** non-compliance can lead to fines, reputational damage, and operational disruption.
- **Example:** a fintech partner handling customer data must meet the same data protection standards as the bank.

### 2. Data security and privacy

- **Challenge:** managing secure data exchange and storage across multiple providers.
- **Impact:** increased risk of data breaches or leaks, especially with sensitive financial or personal data.
- **Example:** APIs used for open banking must be secured end-to-end to prevent unauthorized access.

### 3. Integration complexity

- **Challenge:** integrating diverse technologies, platforms, and standards across providers.
- **Impact:** slower time-to-market, increased IT overheads, and potential for system incompatibility.
- **Example:** legacy core banking systems may not easily integrate with modern cloud-native fintech solutions.

### 4. Vendor Management and Oversight

- **Challenge:** maintaining visibility and control over a growing number of third-party relationships.
- **Impact:** difficulty in assessing performance, risk exposure, and contractual compliance.
- **Example:** a bank may work with dozens of providers for payments, fraud detection, and customer engagement.

### 5. Strategic alignment and innovation pace

- **Challenge:** aligning the goals and roadmaps of external providers with internal strategy.
- **Impact:** misalignment can lead to delays, missed opportunities, or conflicting priorities.
- **Example:** a provider may prioritize features that don't align with the bank's digital transformation goals.

### 6. Operational resilience

- **Challenge:** ensuring continuity of service when a provider experiences downtime or disruption.
- **Impact:** service outages can affect customer trust and regulatory standing.
- **Example:** a cloud-based provider going offline could halt digital banking services.

### 7. Cost and contract complexity

- **Challenge:** managing the financial and legal aspects of multiple vendor contracts.
- **Impact:** Hidden costs, overlapping services, and complex SLAs can erode value.
- **Example:** Overlapping fraud detection tools from different vendors may lead to inefficiencies

## The need for a reliable, proven technology partner

For banks to really tap into the opportunities the ecosystem provides and maximise the potential for revenue whilst minimising risks and costs, there is one key partner in the ecosystem that it's important to emphasize above all others.

This is the core banking platform partner, which is at the heart of data, integration and the operations of the bank. If banks get this wrong, then nothing will flow across the ecosystem.

"Banks need something at the core that has standards, capabilities and flexibility built in, because as things change you might want to take a capability out or replace it," Daragh says. "It won't matter if you take something out of the middle as long as the end-to-end banking system is still operating efficiently. As long as there are standards in place, different parts of the system will work together wonderfully."

A flexible banking platform ensures financial institutions are in the best possible position to follow up on their ecosystem strategies.

For example, Finastra Essence is designed for the modern world of ecosystems, however banks decide to operate and wherever ecosystems develop in the future.

Essence can absorb the introduction of new technologies, such as agentic AI, without having to be replaced or upgraded each time changes are made.

Its APIs allow apps and microservices to be integrated seamlessly (with the right resources and expertise).

Essence is secure, scalable, and highly performant. Finastra has long collaborated with both ecosystem providers and system integration partners around the globe.

Banks that lack the scale, capacity, or interest to address the challenges outlined above can leverage the expertise of system integration partners, who are able to deliver services directly to the bank.





## Taking success to the next level with banking ecosystems

In an era when customer expectations for personalized products and services have never been higher, bank have little option but to ramp up their capabilities to operate within ecosystems.

Although ecosystems are not new, technology such as APIs – and regulation around open banking – have accelerated their uptake.

Not only does participation within ecosystems give banks access to a raft of new products and services, but they also have a wider choice of operating models.

While ecosystems are clearly the way forward for banks, there's a wide range of challenges to consider when selecting operating model, technology and partners.

Banks also need to address cultural and customer service issues, such as how to identify and test new products more quickly, how to address quality control when a product or service is provided by a third party rather than the bank itself.

Finally, while open APIs have opened up the possibilities of ecosystems, banks should not underestimate the work involved in choreographing systems that work smoothly and cost-effectively.

Selecting a proven core banking system like Finastra Essence—built on next-generation architecture—can simplify all of the above. Its ability to seamlessly add, remove, or even hot-swap components without the need for time-consuming, complex, and costly development projects sets future-ready banks apart from the rest.

“

*In a world of ecosystems, whether that involves banking as a service, embedded banking, or contextual finance, you need to choose the right partners and technology to make sure you take full advantage of the explosion in potential operating models.”*

**Daragh O'Byrne**

Senior Director, Marketing,  
Universal Banking at Finastra

# INNOVATING FINANCE TOGETHER

Finastra partners with customers to deliver reliable and secure mission-critical financial services software shaped by their needs and driven by innovation.

## About the author



### Chris Weddell

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Chris leads the Universal Banking Partner function at Finastra. His focus is on establishing enduring partnerships with companies that enhance the delivery, scope and value of Finastra's solutions to clients around the globe.

He has worked across the financial software industry for over 25 years building up a wealth of experience with deep expertise in Core Banking and Payments. Starting out in product development, he progressed

to work extensively on implementation projects and sales engagements enabling him to establish himself as a trusted adviser. Prior to his current role, Chris has held senior roles in Pre-Sales, Professional Services, Product Management and Development.

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