FINASTRA datos INSIGHTS

Financial Messaging at a Tipping Point

Why modernization can't wait

ISO 20022 migration, the global rise of instant payment rails, escalating fraud risk, and the strategic demands of corporate treasury modernization are converging to create both urgency and opportunity for institutions of every size.

The question is...

whether to continue to patch aging infrastructure, or implement an intelligent, API-driven financial messaging platform of the future.

The time to decide is NOW.

A historically stable market under rapid transformation

A confluence of forces is reshaping both the competitive and technical landscape of financial messaging.

55% of financial institutions state that upgrading legacy payment systems to support ISO 20022 data is their **BIGGEST** challenge in adopting ISO 20022.

The four forces driving market activity

- **ISO 20022:** Compliance was just the starting line
- **Escalating fraud risk:** Embedded, real-time defense required
- **Technological modernization:** The cloud and API-first shift
- **Real-time payments:** The 24/7/365 imperative

Iterative API-driven modernization

is favored over **BIG BANG** replacement by **84%** of bank executives.

What will it be? A costly, high-risk large-scale replacement project, or continued maintenance of legacy systems?

This false dichotomy has led many institutions to defer modernization indefinitely, with the costs of delay compounding over time.

Connecting the world

Swift, instant rails, and multisettlement channels

Cross-border payments represent one of the most complex and high-value opportunities in financial services. The G20 Roadmap for Enhancing Cross-Border Payments has set ambitious targets for speed, transparency, cost, and access, driving investment in the infrastructure required to deliver them. For financial institutions, capturing this opportunity requires both robust Swift connectivity and the ability to route payments across an expanding universe of domestic and international instant rails.

70% of midsize and large businesses project an increase in their cross-border payments volume.

20%	30%	50%
The number of countries or regions where clients do business.	The nuzactions within the same countries or regions where business is already conducted.	Working with more countries or regions and anticipating growth within existing countries or regions.

Fraud prevention as a competitive differentiator

All institutions face a paradox: The same real-time payment capabilities that customers demand also increase fraud risk. The speed of instant payments leaves less time for traditional fraud detection approaches. Yet the richer data available in ISO 20022 messages provides new opportunities for intelligent, analytics-driven fraud prevention.

42% of businesses state that security and fraud are their biggest point of friction in cross-border payments.

The corporate treasury challenge

Fragmentation creates risk and cost.

Large corporates, particularly those managing complex multibank, multicurrency treasury operations, face a set of challenges that are fundamentally different from those of their banking counterparts and require dedicated solutions.

50% of midsize and large corporations cite integration with accounting and ERP systems as their biggest problem with payment processing.

Payment

Data

Regulatory

Single-Bank

Learn how to create a practical roadmap for financial messaging modernization

What to look for in a financial messaging platform: As financial messaging becomes more strategic to payments modernization, vendor evaluation must extend beyond basic connectivity and compliance. Institutions need to assess platforms across these three dimensions.

The three dimensions of assessment

1. FUNCTIONAL CAPABILITIES
2. RESILIENCY AND EFFICIENCY
3. ROADMAP STRENGTH

Discover how to create a practical roadmap for financial messaging modernization.

Contact Finastra to learn more.

FINASTRA

Finastra is a global leader in financial services software, trusted by thousands of customers, including many of the world's top banks, in over 100 countries.

Visit www.finastra.com or follow Finastra on LinkedIn.

datos INSIGHTS

Datos Insights is the leading research and advisory partner to the banking, insurance, securities, and payments industries.

Visit www.datos-insights.com or follow Datos on LinkedIn.

INNOVATING FINANCE TOGETHER

ID 90448 / 0926