

Digital Banking Technology and Platforms

Evaluating software platforms of relevant
product vendors for the banking industry

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Evolving business environments encourage banks to adopt digital banking technology and platforms

Customers expect a seamless experience from banks. The rising wave of challenger banks, neo banks and Big Techs entering the banking industry has led customers expect the same level of experience from their traditional banks. Banks today are creating digital and phygital (physical-digital) banking journeys to provide their customers a complete and seamless experience. Extending consistent omnichannel experience to banking customers has become essential to increase the bank's reach to acquire more customers and serve them through their channel of choice. Customer retention has also become a priority. Banks are now building the capability to leverage customer data to gain a deeper understanding of customer preferences and generate contextual insights. They are providing the right product and service offerings for enhanced customer satisfaction.

Small and midsize businesses (SMBs) are also looking forward to their banks for a superior hassle-free experience, and banks are directing their efforts to provide a digital banking experience that is paperless and low touch. Hence, many banks today are on a journey to modernize their legacy platforms. They either do it via a progressive module-based digital transformation to unwind the existing spaghetti architecture or an out-of-the-box implementation of a new platform to create a modern bank with fully functional digital capabilities.

Rising cost of legacy platforms impedes innovation

There are multitudes of challenges in maintaining legacy platforms, which increases the cost of maintaining IT landscapes and running business operations. Technical debt and the rising cost of keeping mainframes running are just a few impediments to such legacy platforms. As customer evolution leads to new business models and revenue streams, legacy-ridden banks cannot exploit the latest and rising business opportunities. They also need the means to capture the

A modular and cloud-native platform enables banks to be market relevant.



correct and relevant data, maintain granular data for business and governance needs and quickly process customer data to generate revenue insights for upselling and cross-selling at the right time. Banks today look forward to rapidly launching their products and services and providing superior user experience (UX) to gather customer loyalty. Legacy platforms with monolithic and interdependent architecture are not agile to seize market opportunities when compared to a cloud-native platform with componentized and microservices-driven architecture. Today, most banks with legacy platforms are progressively shifting to modern platforms with multi-geo and multi-tenancy environments for seamless digital experience according to their business needs and future aspirations.

Real-time transaction processing is a differentiator

Real-time processing is becoming a key differentiating factor for banks' ability to match customer expectations and suit the market reality. Non-cash real-time payment processing is gaining traction for domestic and cross-border payments.

Real-time processing is also imperative for quick customer onboarding, digitally performing the know-your-customer (KYC) and anti-money laundering (AML) checks. Fast credit decisioning is leading banks to embed banking services in new business models such as buy-now-pay-later (BNPL). Real-time risk decisioning enables effective treasury services management and cash flow forecasting. Banks today are looking forward to technology enablers and modern API-first platforms to cater to their real-time transaction processing needs.

Payment regulatory changes are more than just a regulation

With ISO 20022 already being live for SWIFT's CBPR+, banks are looking for platform vendors that can help implement domestic real-time payment rails with ISO 20022 standards and embrace SWIFT gpi for cross-border payments. Transitioning from SWIFT MT to MX format will also lead to ISO 20022 adoption with data-rich message formats. Regulatory changes will also lead to enhanced risk screening and fraud detection, paving the way for open banking to create personalized offerings and services

for increased customer satisfaction and new revenue streams. Other than the global mandates, banks today look forward to having an agile, resilient and flexible payment platform to accommodate and adhere to local-level data regulations and payment standards for smooth business operations.

Digital banking platforms offer modular and cloud-native architecture

Digital banking platforms offer composable modular solutions to build core platforms and enable ecosystem partners to quickly augment functional capabilities as per banks' requirements. This helps banks implement banking modules according to priority, business and strategic needs in their progressive digital transformation journeys. The API-first design principles of the platform permit a seamless interface for modules, creating open API opportunities where banking ecosystem partners can augment and innovate on capabilities. Due to this, the use of critical and differentiating banking capabilities from an ecosystem of technology enablers, including many fintech companies, is on the rise. Such platforms also possess comprehensive

out-of-the-box capability with low-code and no-code configuration-based feature implementation for quick go-to-market. The interactive user interface (UI) and intuitive self-servicing features are also the differentiating capabilities of modern digital banking platforms. Banks now adopt cloud-native digital banking platforms that support multiple cloud infrastructures and leverage their capabilities, reduce the cost of maintaining legacy platforms and provide a resilient infrastructure with almost zero downtime. Cloud-native architecture enables banks to implement mature technology practices such as DevOps to rapidly integrate new functionalities and continuously deliver software modules with new features and the latest upgrades.

Emerging technologies fill critical gaps

Digital banking platform vendors leverage multiple advanced and emerging technologies to support banking functions with enhanced, real-time and resilient capabilities. From automating banking processes for operational efficiency to offering pre-filled forms for enhanced customer experience, platform



vendors add value to customers' banking lifecycle journey and create intelligent solutions leveraging technologies. Platform vendors are adopting artificial intelligence (AI) and machine learning (ML) for fraud detection, effective payment risk management and providing superior and contextual customer support. Platform vendors also use analytics to build real-time and effective treasury management services and support supply chain finance with superior invoice and cash flow management tools. Emerging technologies such as AI, ML and analytics are the focus areas of R&D investments for most platform vendors to support and enable banking needs.

As-a-service model gaining prominence

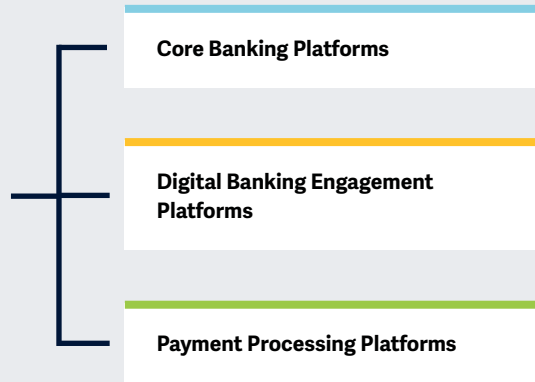
Platform vendors offer managed services in payment transformation and for building and maintaining digital customer interfaces and engagement portals to reduce banks' total cost of operations (TCO) and increase operational agility. Banks are also adopting as-a-service models to extend their offerings, such as treasury and risk management services, to equip other financial institutions with banking-as-a-service.

Digital banking platforms with cloud-native architecture leveraging advanced technologies such as AI, ML and analytics enable banks to quickly materialize new and emerging revenue opportunities, gain operational resilience, adopt digital working and customer interaction and successfully navigate changing risk landscapes and regulatory requirements.



Key focus areas for Digital Banking Technology and Platforms 2023.

Simplified Illustration; Source: ISG 2023



Definition

Macro environment conditions including supply chain resilience, interest rate dynamics and ESG imperatives have increased market instability and thus significantly affected the business landscape.

As banks navigate the rapidly changing customer expectations, innovative ways of working, new business models and rising challenges of fintech firms, they expect platform players to support them with superior and augmented capabilities to suit market reality.

Many banks are undergoing transformation to build resilience in talent, infrastructure, compliance and governance with technology as the key enabler.

As banks set their 2023 priorities, a modular banking platform with API-first design and hosted on cloud infrastructure helps prioritize investments to their strategic goals.

A core agnostic platform provides banks with agility and scalability to rapidly integrate market-relevant solutions and accelerate the time-to-market of products. This enables banks to channel innovation through an open-banking ecosystem, create a zero-trust secure environment, support sustainability through net-zero cloud transition and unlock new revenue opportunities such as embedded finance and Buy Now, Pay Later options. With a wave of disruption on the horizon like 5G, IoT and decentralized architecture, banking platform vendors are empowering banks to become future-proof in their digital transformation journey.

ISG Provider Lens™ Digital Banking Technology and Platforms study analyzes vendors offering solutions for banks in the global market for select segments. The analysis findings help assess the product vendors operating in defined segments in terms of their respective portfolios and market competitiveness.



Scope of the Report

In this ISG Provider Lens™ quadrant report, ISG covers the following three quadrants for solutions: Core Banking Platforms, Digital Banking Engagement Platforms and Payment Processing Platforms.

The ISG Provider Lens™ Digital Banking Technology and Platforms offers the following to business and IT decision-makers:

- Transparency on the strengths and weaknesses of relevant software vendors
- A differentiated positioning of software vendors by segments (quadrants) on their competitive strengths and portfolio attractiveness
- Focus on global digital banking technology and platform vendors.

Our study serves as the basis for important decision-making in terms of positioning, key relationships and go-to-market considerations. ISG advisors and enterprise clients also use information from these reports to evaluate their existing vendor relationships and potential engagements.

Provider Classifications

The provider position reflects the suitability of IT providers for a defined market segment (quadrant). Without further additions, the position always applies to all company sizes classes and industries. In case the IT service requirements from enterprise customers differ and the spectrum of IT providers operating in the local market is sufficiently wide, a further differentiation of the IT providers by performance is made according to the target group for products and services. In doing so, ISG either considers the industry requirements or the number of employees, as well as the corporate structures of customers and positions IT providers according to their focus area. As a result, ISG differentiates them, if necessary, into two client target groups that are defined as follows:

- **Midmarket:** Companies with 100 to 4,999 employees or revenues between \$20 million and \$999 million with central headquarters in the respective country, usually privately owned.

- **Large Accounts:** Multinational companies with more than 5,000 employees or revenue above \$1 billion, with activities worldwide and globally distributed decision-making structures.

The ISG Provider Lens™ quadrants are created using an evaluation matrix containing four segments (Leader, Product Challenger, Market Challenger and Contender), and the providers are positioned accordingly. Each ISG Provider Lens™ quadrant may include service providers that ISG believes have strong potential to move into the Leader quadrant. This type of provider can be classified as a Rising Star.

- **Number of providers in each quadrant:** ISG rates and positions the most relevant providers according to the scope of the report for each quadrant and limits the maximum of providers per quadrant to 25 (exceptions are possible).





Sweet Spot

Comviva

Overview

Comviva (part of Tech Mahindra), based in Haryana, India, has over 2,200 employees in 21 offices with clients in more than 100 countries. It offers solutions across three lines, Digitech, Martech and Fintech. In FY23 it made \$166.3 million in revenue. Its mobiquity® Banking Suite offering enables banks and financial institutions to deliver smooth, personalized digital banking with integrated payment capabilities.

Key Provider Capabilities

Comviva's mobiquity® Banking Suite is a versatile platform with a demonstrated capability to support banks and enable digital banking in developing markets. The platform's niche solutions meet the banks' unique needs and help them provide seamless digital banking and payment experiences to their customers. Besides successful deployments in developing markets, the suite supports some of the largest banks Asia Pacific and the Middle East.

Continuous innovation enriching the platform: The platform supports banks in their progressive digital modernization journey, from establishing digital footprints to providing segment-wise personalized customer lifecycles. Comviva develops and enhances the platform's functionalities over

time by adding new use cases in no-KYC user onboarding, bill payments and wallet management, card-on-file and device-based tokenization for compliant, secure and convenient payment transactions. Comviva works closely with the banking ecosystem partners to ideate on next-gen banking needs such as open banking, fintech collaboration, privacy and security requirements, while engaging design consultants to provide greater user experience to consumers.

Strong technological agility that supports rapid deployment and customization: The platform supports high-level configurability through its graphical UI and decouples the UI layer from the back-end code. This enables workflow flexibility for banks to configure parameters that ensure local regulatory compliance, cater to customers and merchants and support new languages.

The mobiquity® Banking Suite offering has a cloud-native and microservices-based architecture that can be deployed on top of a legacy core system in a few weeks. It also allows customization to fulfill business-specific unique needs that require additional features or integrations.

Benefits Delivered

- The platform enables banks to reach more people and provide digital banking access to the unbanked population, ensuring financial inclusion.
- It allows banks to create customized solutions that comply with changing regulations.
- It uses new age digital and mobile technologies, reducing operating expenses for banking services.



Comviva

Sweet Spot

A comprehensive solution for digital banking transformation:

The mobility® Banking Suite provides rich functionalities that enable banks to offer omnichannel banking services across mobile devices, web browsers, chatbots and wearable gadgets. The platform enables faster time-to-market for solutions, catering to the changing preferences and expectations of Gen Z consumers. It delivers a comprehensive mobile banking experience, including features such as:

- Out of the box availability of mobile app, wearables with workflows for retail, corporate, wallet and payment functionalities
- DIY configurable entity management for access, notifications, and various authorizations
- Built on MACH architecture to enable agility and scalability
- Support for onboarding, user management, approval workflows, and bulk payments, for corporate clients

- Fast and seamless customer onboarding through integrations with digital KYC services and anti-money laundering (AML) checks
- Cash deposit and withdrawal capability via bank-linked cards, agent networks, prepaid vouchers, ATMs and kiosks
- Integration with marketplace, loyalty programs and cashback rewards for customers
- Mobile-based payment methods, including transactions via virtual cards, host card emulation (HCE), near-field communication (NFC) and QR codes.

A contextual and personalized digital banking experience:

The mobility® Banking Suite helps banks adapt to the customers' banking lifecycle, extend customized offerings or nudges that improve customer retention and create revenue opportunities through cross-sell and up-sell. The platform optimizes digital journeys and CX through its experience automation engine that supports hypothesis-based testing to uncover customers' latent demands and foster a culture of data-driven decision-making within the bank.

Future roadmap

Comviva aims to expand geographically into North America and increase its presence in Europe and the Middle East. It also plans to make product-centric portfolio enhancements over the next 12 months. Its product roadmap includes the following:

- Strengthen corporate banking line of business and enable open banking initiatives
- Build UI-based 3rd party integration capability that provides seamless integration with multiple modern core banking platforms and partners; the solution is pre-integrated with widely used core banking systems
- Enhance the platforms' no-code and low-code capabilities to enable banks to operationalize business ideas faster and at scale
- Invest in strong partner network to enable existing implementors to provide life cycle support.





Appendix

The ISG Provider Lens™ 2023 – Digital Banking Technology and Platforms study analyzes the relevant software vendors/service providers in the global market, based on a multi-phased research and analysis process, and positions these providers based on the ISG Research™ methodology.

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The research and analysis presented in this report includes research from the ISG Provider Lens™ program, ongoing ISG Research™ programs, interviews with ISG advisors, briefings with services providers and analysis of publicly available market information from multiple sources. The data collected for this report represents information that ISG believes to be current as of July 2023, for providers who actively participated as well as for providers who did not. ISG recognizes that many mergers and acquisitions have taken place since that time, but those changes are not reflected in this report.

All revenue references are in U.S. dollars (\$US) unless noted.

The study was divided into the following steps:

1. Definition of Digital Banking Technology and Platforms market
2. Use of questionnaire-based surveys of service providers/ vendor across all trend topics
3. Interactive discussions with service providers/vendors on capabilities & use cases
4. Leverage ISG's internal databases & advisor knowledge & experience (wherever applicable)
5. Use of Star of Excellence CX-Data
6. Detailed analysis & evaluation of services & service documentation based on the facts & figures received from providers & other sources.
7. Use of the following key evaluation criteria:
 - * Strategy & vision
 - * Tech Innovation
 - * Brand awareness and presence in the market
 - * Sales and partner landscape
 - * Breadth and depth of portfolio of services offered
 - * CX and Recommendation



Author & Editor Biographies

Lead Author



Avinav Chowdhury
Manager and Principal Analyst

Avinav Chowdhury is a Principal Analyst at ISG. In this role, he is responsible for authoring the ISG Provider Lens™ quadrant report for digital banking services and digital banking technology and platforms. With more than a decade of industry experience, including both competitive and market intelligence, Avinav has a penchant for identifying and assessing macro trends, evolving customer behavior, and technology innovation impacting the outcomes of financial services industry players.

He has led and co-authored several articles and thought leadership papers to assist senior executives and business leaders drive their organization's IT strategies.

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Arjun Das
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Arjun Das is a senior research analyst at ISG and is responsible for supporting and co-authoring Provider Lens™ studies on Enterprise Service Management, ServiceNow Ecosystem, Banking Platform and Services and SAP HANA Ecosystem Services. He supports the lead analysts in the research process and authors the global summary report. Arjun also develops content from an enterprise perspective and collaborates with advisors and enterprise clients on ad-hoc research assignments as well.

Arjun has helmed his current role since 2020. Prior to this role, he has worked across several syndicated market research firms and has more than 8 years of experience across research and consulting, with major areas of focus in collecting, analysing and presenting quantitative and qualitative data. His area of expertise lies across various technologies like IoT, Artificial Intelligence, VR/AR and blockchain.





IPL Product Owner

Jan Erik Aase
Partner and Global Head – ISG Provider Lens™

Mr. Aase brings extensive experience in the implementation and research of service integration and management of both IT and business processes. With over 35 years of experience, he is highly skilled at analyzing vendor governance trends and methodologies, identifying inefficiencies in current processes, and advising the industry. Jan Erik has experience on all four sides of the sourcing and vendor governance lifecycle - as a client, an industry analyst, a service provider and an advisor.

Now as a research director, principal analyst and global head of ISG Provider Lens™, he is very well positioned to assess and report on the state of the industry and make recommendations for both enterprises and service provider clients.



iSG Provider Lens™

The iSG Provider Lens™ Quadrant research series is the only service provider evaluation of its kind to combine empirical, data-driven research and market analysis with the real-world experience and observations of iSG's global advisory team. Enterprises will find a wealth of detailed data and market analysis to help guide their selection of appropriate sourcing partners, while iSG advisors use the reports to validate their own market knowledge and make recommendations to iSG's enterprise clients. The research currently covers providers offering their services across multiple geographies globally.

For more information about iSG Provider Lens™ research, please visit this [webpage](#).

iSG Research™

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iSG

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For more information, visit isg-one.com.





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