

IDC MarketScape: Worldwide Integrated Bank Payment Systems 2024 Vendor Assessment

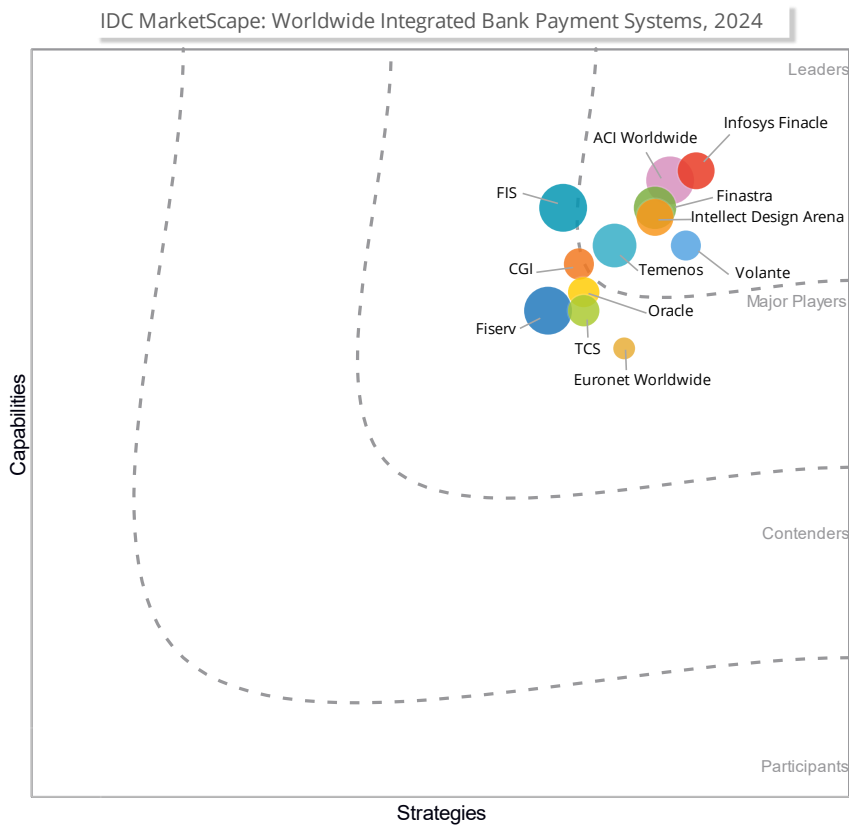
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THIS IDC MARKETSCOPE EXCERPT FEATURES FINASTRA

IDC MARKETSCOPE FIGURE

FIGURE 1

IDC MarketScape Worldwide Integrated Bank Payment Systems Vendor Assessment



Source: IDC, 2024

See the Appendix for detailed methodology, market definition, and scoring criteria.

IN THIS EXCERPT

The content for this excerpt was taken directly from IDC MarketScape: Worldwide Integrated Bank Payment Systems 2024 Vendor Assessment (Doc # US50426423). All or parts of the following sections are included in this excerpt: IDC Opinion, IDC MarketScape Vendor Inclusion Criteria, Essential Guidance, Vendor Summary Profile, Appendix and Learn More. Also included is Figure 1.

IDC OPINION

Key Findings

- **Growing complexity of payments processing is driving modernization.** Payment systems, and the data they both consume and generate, are becoming more complex. This is especially true in markets where new rails, payment types, and applications are launching and gaining traction. Even when local market conditions are not changing, the cross-border environment is in transition. As a result, banks are finding that their legacy infrastructure is often not equipped to handle the demands of new systems, necessitating changes to systems and processes.
- **Slow and steady migration is key.** Banks have made considerable investments in their payments infrastructure. In many (perhaps most) cases, those systems work well and have proven their worth. Institutions are thus understandably reluctant to "rip and replace" these battle-tested and hardened systems to implement new capabilities and participate in new payment networks. Vendors have responded by giving their customers effective ways to stand up new capabilities that do not negatively impact legacy systems, allowing the banks to modernize, or not, on their own timelines.
- **Differences in technology are narrowing.** Evaluating payment platforms is more difficult than ever. Not only are they more capable and feature rich than previous generation systems but they also largely follow a similar approach. Most of the systems offer some combination of cloud-native, API-centric, and microservices-based modern architecture, with rapid integration to existing systems. They can be delivered on premises, in the cloud, or as a service. Many offer ISO 20022-native messaging or use a similar canonical message type to speed the movement of messages from one format to another.

As a result, points of differentiation come from other sources. These may include the number of payment schemes available, ease of adding new payment

schemes, value-added capabilities such as fraud prevention or AML screening, and/or synergies with other operational systems across the bank.

- **Technology is only one part of the decision-making process.** With the differences between platforms often coming down to narrow distinctions, banks are looking beyond a platform that will work to a partner they can trust. That thinking takes on several dimensions. For example:
 - Has the system been implemented by other institutions with similar technology and business environments?
 - Does the vendor have the people necessary to install, configure, and maintain the system for the long term?
 - Does the vendor demonstrate a commitment to ongoing innovation?

These are just a few of the questions that banks are thinking about as they evaluate their options.

- **Vendor business strategies vary — as do bank strategies.** The platforms in this analysis come from vendors with a broad range of business models and structures. Some are pure-play payment platform providers, while others have a broader range of offerings across financial services. Some have extensive portfolios of technology offerings where banking and payments are only a portion of their overall business. And others have extensive consulting and systems integration capabilities.

This business structure may be a key decision point for banks looking to modernize their payment systems. For many, having a small number of technology vendor relationships across lines of business is a key part of their overall strategy. Others prefer best-of-breed capabilities for each function and are willing to do the additional work necessary to integrate across these systems.

- **Artificial intelligence (AI) is gaining ground.** Generative AI (GenAI) remains limited in its application to payments. Non-GenAI and machine learning (ML), however, are finding their way into many segments of payments. ML has become a key part of payment-related applications such as fraud prevention and KYC/AML. A handful of vendors are also using AI concepts to handle message-type conversions and message repairs. Perhaps most promising is the use of AI for dynamic payment optimization, letting the system choose an optimal payment option depending on the needs of the sender or receiver.
- **Desire for consolidation is real — actual consolidation, less so.** Integrated payment platforms, often called payment hubs, were first developed over a decade ago with the goal of bringing multiple payment systems together in a consistent environment. But the reality of many banking organizations has been that each payment type or scheme remains siloed in terms of operations, technology, and budget.

The degree to which that is changing varies from institution to institution. Some forward-looking banks recognize that the modern systems they are adopting to handle newer rails offer a path to not only new payment types but also more efficient processes and, critically, new ways to satisfy customers. Others remain steadfast in their commitment to maintain these silos, at least for the time being. Even these banks, however, take comfort in knowing that new payment systems can help them streamline their operations, even if the plans to do so are currently unclear.

IDC MARKETSCOPE VENDOR INCLUSION CRITERIA

To be included in this document, vendors must currently offer their integrated bank payment system (IBPS) solution in two or more geographic regions (North America; Europe, the Middle East, and Africa [EMEA]; Latin America [LATAM]; and/or Asia/Pacific [APAC]) with at least three active implementations in each of their active markets. In addition, vendors must provide processing capabilities that cover all or most payment types in their active markets, covering both commercial and retail banking settings. Vendors also had to meet a minimum threshold for revenue derived from their IBPS. Many other vendors were considered for inclusion in this assessment but were omitted because of a mismatch with the criteria.

ADVICE FOR TECHNOLOGY BUYERS

Understand Your Institution's Overall Technology Strategy

Understanding the technology culture and strategy of your organization will go a long way toward narrowing down the list of options that should be considered. Does the bank prefer to have fewer vendors and prebuilt integrations or build out best-of-breed environments? Do you have sufficient technical resources in-house, or will a partner be desirable (or necessary)? Is cloud deployment part of your strategy? Payments are a critical line of business for banks, but they don't exist in a vacuum.

Think About Long-Term Modernization, Not Just Short-Term Compliance

In many cases, banks are adding capabilities to their payment environments for the opportunities they offer and for rule- and regulatory-based reasons. ISO 20022 is being mandated for some longstanding processes (including Fedwire and SWIFT). In some markets, participation in instant payment rails is now or soon will be required.

Even if short-term requirements are the primary driver for adding payment functionality, the platforms and partners chosen should be evaluated for how well they will solve not only the current challenges but also the inevitable changes to come.

VENDOR SUMMARY PROFILES

This section briefly explains IDC's key observations resulting in a vendor's position in the IDC MarketScape. While every vendor is evaluated against each of the criteria outlined in the Appendix, the description here provides a summary of each vendor's strengths and challenges.

Finastra

Finastra is positioned in the Leaders category in our 2024 IDC MarketScape for integrated bank payment systems.

Formed in 2017 by the combination of Misys and D+H, Finastra builds and deploys innovative solutions for financial services on its open technology and cloud-enabled architecture. The company is privately held and based in London, the United Kingdom, with approximately 8,000 employees. Finastra is a global company with a presence in 130 countries and offices in North America, South America, Europe, Asia/Pacific, and the Middle East and Africa. The company has implemented its payment solutions for over 300 clients in over 50 countries.

The Finastra Global PAYplus and Payments To Go solutions support dozens of high-value, bulk (ACH), and real-time domestic and cross-border payment schemes. Global PAYplus targets primarily large, global banks, while the SaaS payment hub Payments To Go targets banks that desire a cloud solution. The systems use a canonical ISO 20022 format for management of all message types. Global PAYplus handles more than 40% of U.K. Faster Payment System transactions and over 50% of Australian RTGS volume. Both solutions are part of the broader FusionFabric cloud marketplace, which provides an extensive ecosystem of complementary offerings and partners covering more than 60 third-party treasury, fraud, lending, and core systems.

Strengths

- Finastra has a substantial global footprint, with strength particularly in the United States, Europe, and Asia/Pacific.
- The company has a very balanced customer portfolio, with a presence in every bank size segment.
- The systems offer a robust set of prebuilt workflows, sophisticated orchestration, and business rules capability.

- The user interfaces for operations, reporting, and management are modern and sophisticated.

Challenges

- The platforms have fewer payment schemes ready to be implemented out of the box.
- To support a SaaS business case, Payments To Go doesn't offer all the variability of Global PAYplus, so customers need to understand that the level of personalization is not the same as Global PAYplus.
- Options for cloud providers are limited to AWS and Azure.

Consider Finastra When

Finastra's payment solutions offer financial institutions a highly capable, competitive platform with a wide variety of implementation options. Its solutions are particularly well suited for institutions that require configuration to fit the application to their operational needs with a desire to enhance their payment processing by integrating best-of-breed providers and augment their payment processes as they choose.

APPENDIX

Reading an IDC MarketScape Graph

For the purposes of this analysis, IDC divided potential key measures for success into two primary categories: capabilities and strategies.

Positioning on the y-axis reflects the vendor's current capabilities and menu of services and how well aligned the vendor is to customer needs. The capabilities category focuses on the capabilities of the company and product today, here and now. Under this category, IDC analysts will look at how well a vendor is building/delivering capabilities that enable it to execute its chosen strategy in the market.

Positioning on the x-axis, or strategies axis, indicates how well the vendor's future strategy aligns with what customers will require in three to five years. The strategies category focuses on high-level decisions and underlying assumptions about offerings, customer segments, and business and go-to-market plans for the next three to five years.

The size of the individual vendor markers in the IDC MarketScape represents the market share of each individual vendor within the specific market segment being assessed.

IDC MarketScape Methodology

This IDC MarketScape presents an assessment of vendors that provide integrated payment processing platform technology to banks. The study uses the IDC MarketScape model to quantitatively and qualitatively assess multiple characteristics to help understand a vendor's capabilities, strategies, and position in the marketplace. The evaluation is based on a consistent set of parameters from which IDC can produce a comparative analysis of integrated bank payment system vendors.

As part of this evaluation process, the technology vendors provided in-depth information about their current capabilities, strategies, and road maps. In addition, they provided reference clients that were interviewed to understand the customer's experience with the vendor and the vendors' ability to meet the financial institution's strategic needs and current requirements for payment processing, clearing, settlement, and more.

IDC MarketScape criteria selection, weightings, and vendor scores represent well-researched IDC judgment about the market and specific vendors. IDC analysts tailor the range of standard characteristics by which vendors are measured through structured discussions, surveys, and interviews with market leaders, participants and end users. Market weightings are based on user interviews, buyer surveys and the input of IDC experts in each market. IDC analysts base individual vendor scores, and ultimately vendor positions on the IDC MarketScape, on detailed surveys and interviews with the vendors, publicly available information and end-user experiences in an effort to provide an accurate and consistent assessment of each vendor's characteristics, behavior and capability.

Market Definition

For the purposes of this study, IDC Financial Insights defines an integrated bank payment system, sometimes referred to as a payment hub, as a solution that enables the processing of multiple payment types across financial institutions, including both consumer and corporate lines of business, within a single management context. In some cases, these implementations serve as the sole processing platform across most payments, while in others, they serve as both a processing platform for some payments and a management orchestration layer across legacy systems.

Related Research

- *Nacha Event Highlights U.S. Payment Trends* (IDC #US52140124, June 2024)
- *Banks Are Choosing the Cloud for Payments* (IDC #US51431223, December 2023)
- *IDC FutureScape: Worldwide Payment Strategies 2024 Predictions* (IDC #US50126323, November 2023)
- *IDC FutureScape: Worldwide Payment Strategies 2023 Predictions* (IDC #US49544323, October 2022)
- *IDC PlanScape: Real-Time Payments to Drive Change* (IDC #US47211521, May 2022)

Synopsis

This IDC study is an assessment of worldwide vendors that provide an integrated bank payment system. Twelve vendors were assessed to understand their capabilities to deliver a comprehensive platform capable of handling transactions across multiple payment schemes from a single management context. Evaluation criteria include the range of payment types available, message handling capabilities, delivery channel options, additional functionality, road map, and customer feedback.

According to Aaron Press, research director, *Worldwide Payment Strategies* at IDC Financial Insights, "Rapid changes in the payments landscape are driving banks to modernize their infrastructure to handle a growing range of payment methods and channels. Choosing the right platform means understanding not only the technical capabilities of the system but also its overall fit for an institution."

ABOUT IDC

International Data Corporation (IDC) is the premier global provider of market intelligence, advisory services, and events for the information technology, telecommunications, and consumer technology markets. With more than 1,300 analysts worldwide, IDC offers global, regional, and local expertise on technology, IT benchmarking and sourcing, and industry opportunities and trends in over 110 countries. IDC's analysis and insight helps IT professionals, business executives, and the investment community to make fact-based technology decisions and to achieve their key business objectives. Founded in 1964, IDC is a wholly owned subsidiary of International Data Group (IDG, Inc.).

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