

FINASTRA

Solution

Finastra Payments To Go

Enabling payments transformation
and innovation in the cloud



Executive Summary

With the growth of real-time, ISO 20022 adoption, Open Banking, and rise of cloud-native platform ecosystems, the payments landscape has evolved. Maintaining costly, complex in-house legacy systems won't deliver the digital experience that financial institutions need to give their customers.

By moving to payment services that are pre-configured for rapid onboarding, cloud-based, evergreen, and open for collaboration with the fintech community, financial institutions can embrace the new world of payments, reduce operational costs, and spend more time driving innovation and delivering service excellence.

As leaders in global financial services technology, Finastra is here to help modernize your payment experience regardless of size or geographic location – from global financial institutions to community banks and credit unions.

Our proven payment solutions alongside a flourishing ecosystem of collaborating fintechs are designed to offer you a full end-to-end and future-proof service. Our solutions tackle many financial institutions immediate concerns of providing quick returns, reducing operational cost/risk/effort, and keeping alignment with market developments and scheme changes.

In addition they are a catalyst and an enabler for driving innovation, delivering personalized user experiences, and creating new business opportunities for you and your customers – now and in the future.

With Finastra you can have both a modern payments solution and peace of mind.

Introduction

The payments industry is facing a perfect storm. It's caused by the convergence of real-time payments and ISO 20022, the costs of maintaining legacy solutions, and the move to Open Banking and the platform economy.

At the same time, new technologies, non-bank competitors, and evolving customer expectations are transforming the payments landscape. Against this backdrop, financial institutions need solutions that manage compliance and address commoditized payment processing in a standardized way. With a pre-configured, payment processing service drawing on the best practice processing of our world-leading payment hub, and deployed on the Azure cloud infrastructure, Finastra helps financial institutions to thrive in this new payments world, freeing them to focus on differentiation and service excellence.

Three drivers are compelling a review of payments strategies:

- **Speed of market and regulatory change** – With the global expansion in real-time processing, wide-scale adoption of ISO 20022, regional payment consolidation and modernization schemes, and the potential of Open Banking, financial institutions must adopt solutions based on new technologies and

business models to simplify operations, innovate with speed and agility, and stay relevant.

- **Customer expectations** – Customers are increasingly demanding contextualized and digital journeys which is creating pressure for banks to deliver services faster and more efficiently.

Customers now expect freedom of choice and value-added services such as those enabled through Open Banking - whether change is driven through regulation, as with Instant Payments mandated in Europe, or market-led, as in the US, customers require personalized user experiences, along with greater transparency, speed and optimization of payment processing.

Meeting these customer needs requires solutions with:

- high automation and efficient exception management
- comprehensive functionality available out-of-the-box

- reliable and scalable on demand
- changes implemented quickly through configuration not customization

- **Openness** – Open Banking is growing in relevance globally. Financial institutions will need to evolve from building and selling traditional product solutions to opening up to new possibilities by delivering services that customers can consume on demand. Collaboration is key in constructing high value business use cases, drawing on a marketplace of fintech innovation.

Financial institutions need to consider the role they want to play in this dynamic ecosystem. Failure to participate may leave them relegated to being providers of commoditized payment processing, which can also be the most costly to maintain (e.g., regulatory obligations).

Speed of market and regulatory change



Regulatory and compliance demands, alongside domestic modernization and consolidation of payment schemes drives the need for an “always compliant” solution and cost containment.

Customer expectations

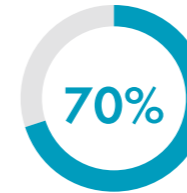


Customers want more and in real-time, creating pressure for financial institutions to innovate faster and efficiently.

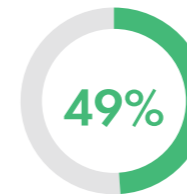
Openness



The payments landscape is increasingly cloud-based and collaborative. Solution architectures need to be future-proofed to take advantage



70% of financial institutions report technical challenges of integrating with legacy systems to be an obstacle in introducing new products and services



49% of financial institutions report their current payment systems lack the required scalability to support increasing payments volume and new services



~50% of financial institutions report their current payment systems lack the required scalability to support increasing payments volume and new services

The challenges

However, responding to market pressures presents several challenges



Adapting existing fragmented and siloed ecosystems

- the current payments infrastructure cannot react to market and regulatory pressures without major investment projects
- time pressures mean that new services are often added tactically incurring high downstream maintenance costs



Delivering digital transformation

- customers increasingly expect their banking services to be as flexible as other domains (e.g., social media)
- customers want to be treated as individuals through personalised, contextual services



Competitive pressures

- Competition from fintechs and other new entrants is encouraged by Open Banking.
- These new players focus on the customer experience and aren't encumbered by legacy infrastructure.

Impact of the challenges

• High set-up and maintenance costs –

The current payments infrastructure cannot meet the challenges involved in ongoing support of its payment infrastructure (e.g., the operational demands of new real-time payment schemes, or supporting the additional data of ISO 20022 messages) without major investment projects.

Existing on premise systems have often grown incrementally resulting in both duplication and redundancy, and modifications have been applied tactically - the result is high maintenance overheads and potential systemic risk (e.g., on normal operations when adding real-time payments).

Recent times have demonstrated how the impact of this challenge can be amplified by global events driving changes in customer behaviour (e.g., volumes of electronic payments) and expectations (e.g., enhanced security and fraud detection).

- ### • Timely service delivery –
- Payment solutions must be more agile and flexible to support customer needs. The growth in transaction volumes and the expected range and speed of delivery of product innovation is increasingly challenging for legacy, on-premise solutions (designed for efficient processing of a payment type) when compared with new entrants.

Changes cannot meet required timelines leading to poor customer acquisition and retention; as with the challenge around costs, there can be the temptation to go for quicker, tactical solutions as opposed to strategic ones leading to problems with downstream maintenance.

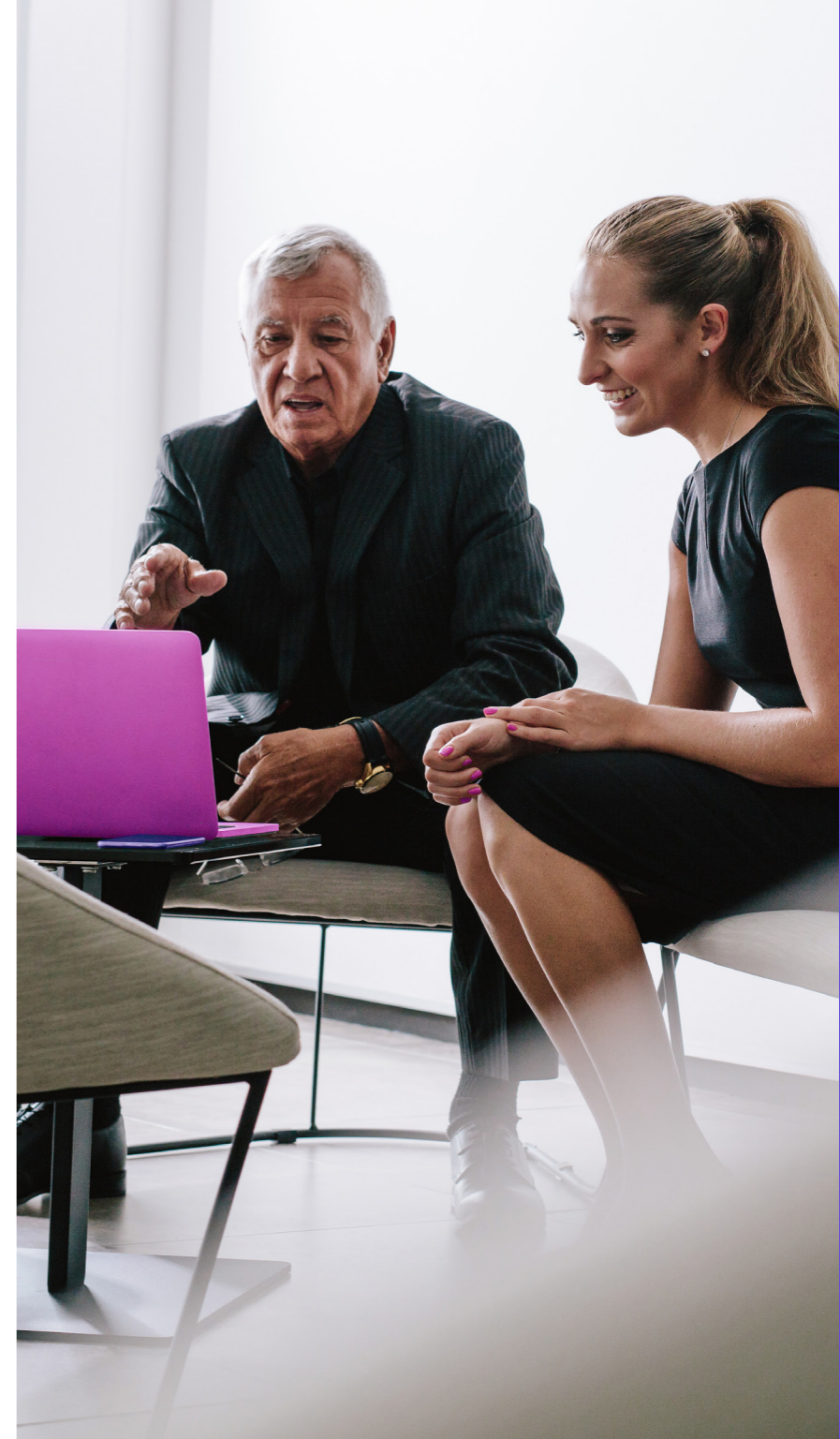
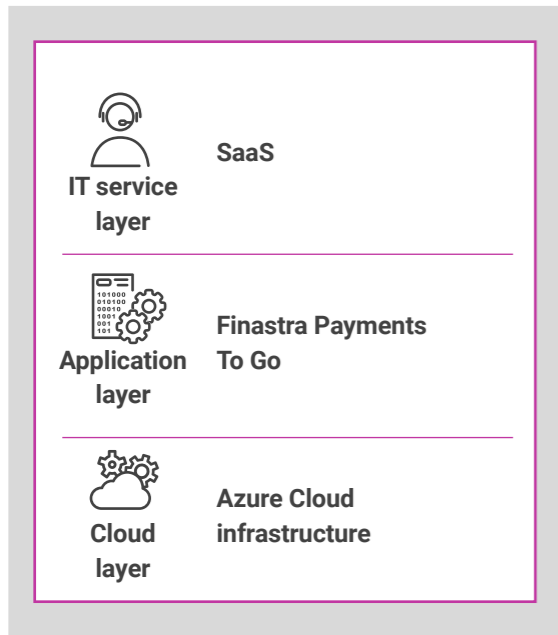
- ### • Competitive pressures –
- New entrants are cloud-native, and focused on delivering an excellent digital experience to their customers and bringing innovative new services to market quickly. The problem many financial institutions are facing is becoming a player in such a payments ecosystem against the backdrop of a fragmented, on-premise, and siloed infrastructure that stifles business growth.

The Finastra payments solution

Payments transformation and innovation in the cloud

For organizations looking to move away from complex legacy systems and adopt an agile, managed, cloud payments solution, our service provides out-of-the-box, end-to-end payment processing across all payment types in a pre-configured, secure SaaS-deployment model. Organizations benefit from rapid time to market, security, scalability and operational simplicity, as well as the innovation and value added services available through FusionFabric.cloud, our collaboration platform – all based on industry best practice and Finastra’s global experience in delivering payment solutions.

⊕ **Finastra’s cloud-based solution includes multiple layers that work together to help financial institutions drive service excellence in payments: Click each icon for more information.**





IT service layer

Finastra’s services team ensures that customers implement our solutions successfully, and deliver the benefits to their customers quickly and effectively.

Finastra provides a fully managed platform including all the elements for successful cloud operations:

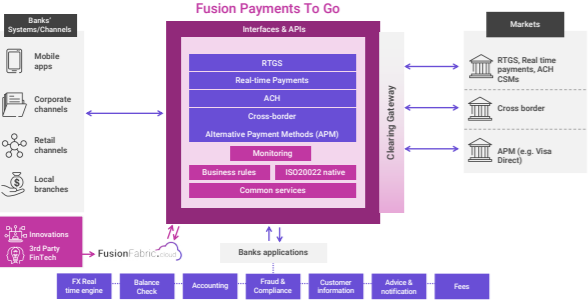
- **Information security services** – core security practices and services covering confidentiality, integrity and availability
- **Infrastructure services** – technical infrastructure that provides the platform on which the service is run
- **Cloud support services** – front-line functional and technical support services
- **IT service management services** – best-practice service management and governance

- **Technical application operations services** – centralized Network Operations Center (NOC) manned by Site Reliability Engineering (SRE) to facilitate the day-to-day running and management of the service
- **Maintenance services** – in line with the contract between you and Finastra

Our evergreen policy ensures that the components that deliver the service are always up to date, through our CI/CD methodology meaning compliance with regulatory and clearing scheme changes is built-in. The policy encompasses not only services at the user level but all of the underlying infrastructures. The service is SOC 2 compliant.

Application layer

Finastra Payments To Go provides this layer, based on Finastra’s global and proven expertise in delivering payment hubs



Finastra Payments To Go has been developed for mid-market organizations not wanting to take on the cost/effort/risk of a typical on-premise implementation project, but to have access to modern technology solutions that have previously been the domain of large regional/global banks.

This typically includes, at the top-end, clients that have a legacy payment hub but want to benefit from a modern, cloud solution, and at the lower end clients where payment processing is an add-on to their Core Banking as opposed to a full hub.

Finastra doesn't believe in a "one size fits all" approach because the needs, budget and IT capabilities of this market segment are different to those of our high-tier, enterprise clients.

Payments To Go provides an end-to-end solution (initiation, execution, and delivery – including clearing gateways via our Financial Messaging product suite) that empowers mid-sized financial institutions to cost effectively adopt modern technology.

As a Payments-as-a-Service (PaaS) solution it delivers proven workflows and business rules (based on our best-in-class enterprise solution, Finastra Global PAYplus) for processing all (High Value, ACH, Instant and cross-border) payment types, pre-certified and pre-configured (for rapid onboarding) and maintained in compliance with scheme and regulatory requirements. Payments To Go delivers operational efficiency improvements, greater automation, higher agility, lower risk, and faster ROI.

Hosted on Azure and employing cloud-native methodologies, technologies, and processes, the solution removes the maintenance burden of an on-premise solution and provides the levels of security, scalability, availability and resiliency demanded by 24x7, digital payment services. Customers benefit from continuous modernization and functional enhancements from Finastra as part of the service. In addition, the solution provides interfaces with over 60 third-party core, treasury, and fraud solutions and is pre-integrated with specialist fintechs (e.g. FINCOM, LexisNexis, NetGuardians, AccessPay) to provide a wide variety of Value-Added Payment Services

(VAPS), including compliance and AML, fraud management, and corporate ERP integration.

Finastra’s real-world experience on all rails, globally, sets us apart from providers that focus on a single payment type (often instant payments).

Key features include:

- Finastra’s 30+ years of global expertise, a good example is that we support 130 Fedline Direct connections in the US
- Clearing connectivity in the US - Fedwire, TCH RTP, FedNow, Nacha (roadmap), Europe - Target2 and TIPS, South Africa - SAMOS and RPP, and Swift CBPR+
- Rapid onboarding to a packaged, end-to-end, PaaS solution maintained in line with regulatory and scheme updates
- Hosted on Azure cloud-native technology delivering scalability, security, availability, agility, and resiliency
- Extensibility via pre-integrated, specialist fintech support in key areas including compliance, AML, fraud and other VAPS
- Advanced data analytics capabilities (e.g. operational dashboards utilizing AI and Machine Learning (ML)).



Cloud layer

Finastra is partnering with Microsoft to deliver the cloud service on Azure

Azure features include:

- **Security** – backed by over \$1 billion invested in R&D and a layered security architecture covering data centers, infrastructure and operations actively monitored by 8,500 cyber security experts. The service uses a range of Azure monitoring services such as OMS/Log Analytics and Security Center.
- **Compliance** – over 100 compliance certifications covering a wide range of global, regional, and industry-specific standards, ensuring that Azure meets rigorous security and compliance requirements across various sectors and regions.

- **Azure tools** – such as Power BI, which drives powerful analytics and data insights.
- **Hyper-scale and global** – Microsoft Azure has the most regional coverage among the major cloud providers, with over 60 regions worldwide.

This extensive network allows Azure to offer services closer to users, reducing latency and improving performance, and helping to meet the challenges of local data residency requirements.

- **Hybrid capabilities** – allowing the service to be delivered into mixed ecosystems, essential for any payment transformation program.

Why choose Finastra's solution

With trusted open payment solutions and a collaborative ecosystem of financial institutions and fintechs, Finastra is the perfect partner to help you drive innovation, deliver the personalized experiences that users expect, and create true business value for you and your customers

What makes Finastra Payments To Go different:

Focused: Finastra has developed a solution targeted at addressing the challenges of a specific market segment, as opposed to adopting a "one size fits all" approach which inevitably results in compromises. For example, if we deployed our Enterprise solution, Finastra Global PAYplus (which has unrivalled levels of configurability, as required by high Tier organizations), for a US Community Bank it could involve additional, unnecessary complication in configuring aspects of the system which are not required.

Instead, with Finastra Payments To Go, we draw on the best of breed capabilities (workflows, business rules etc.) of Finastra Global PAYplus, but as a pre-configured

PaaS offering, focused on precisely what the Community Bank needs.

This results in quick, low risk onboarding with the required features (for example Payments To Go has a simplified operator UI geared to mid-market requirements) and a fast ROI. This approach differentiates us both from classic hub providers without a proven modernization strategy, and newer fintechs founded on cloud-native technology, but with limited delivery experience.

Modern: Payments To Go inherits Global PAYplus's modern, modular architecture meaning that mid-market clients are gaining access to the kinds of technology that were previously restricted to global financial institutions. We are levelling the playing field for the mid-market in terms of their ability to benefit from the continuous

technical innovations that go into our product suite.

In addition to the operational characteristics (high scalability, security at both infrastructure and application level, availability, and resiliency) gained through the use of cloud-native technologies on Azure, the use of APIs and microservices makes Payments To Go agile and extensible; a key example is the ease of incorporation of vital Value Added Payment Services (VAPS) in our end-to-end workflows including risk management, compliance and AML, fraud management, and corporate ERP integration through pre-integrated specialist fintech partners (e.g.



Payments as a Service

- A functionally rich, multi-rail payment hub
- End-to-End processing of multiple payment types
- Scalable on demand – Pay as you Grow



Simplify operations complexities

- An evergreen, always compliant service
- Rapid onboarding and Time to Value
- Intuitive configuration capabilities
- Embedded risk management features



Gain resiliency and security

- Certified compliance with industry regulations for cyber security and privacy
- High availability and resilient deployment ensures 24x7x365 real-time services delivery



Accelerate innovation & growth

- Pre-integrated with Finastra's FusionFabric.cloud innovation platform
- Open API and microservices architecture
- Extensive interface library

FINCOM, LexisNexis, NICE, NetGuardians, AccessPay, and many more).

Across our payments product suite, we have over 20 cases of delivering a solution with one or more of these partner solutions incorporated, allowing Finastra to deliver a full solution rather than just part of it. Finastra's Global Payments Framework (GPF) approach to modernization is another key differentiator. GPF provides a layered architecture of cloud-native open technology tools, microservices, and reusable modular technical and functional services that can be used to deliver standalone business components which communicate via APIs. It is a standardized and flexible architecture allowing Payments To Go to respond quickly to changes such as new regulations and be fast to market with new payment options and services.

Peace of mind: Payments To Go also inherits from Finastra's expertise in mission-critical, global payments processing.

We bring over 30 years of experience, with thousands of implementations processing billions of payment transactions, to provide our clients with the best experience that grows their business and elevates their customers' experience (in 2024 alone our payments service teams have carried out over 700 implementations, including vital scheme updates – on schedule). Recognized as best-in-class solutions, our payment and messaging hubs help financial institutions to reduce costs, mitigate risks and improve operational efficiency (streamlining processing, reducing workload, and minimizing errors) by replacing legacy, siloed solutions. Our solutions meet the regulatory and market challenges at the forefront of clients' minds (and their customers) – for example supporting 24/7 instant payment services (along with real-time sanctions screening and fraud prevention), improved cross-border payments, and the increasingly global adoption of ISO 20022.

Reasons to believe

Payments To Go inherits all Finastra's experience and expertise in an end-to-end solution that empowers mid-sized banks to effectively compete. It is a solution that will benefit from continuous modernization and improvements from Finastra.

Finastra payment solutions have achieved:

Reduced costs



On maintenance

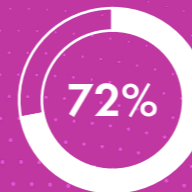


On upgrades



Per Wire

Efficiency gains



Reduction in business rules



Faster Wire entry



STP rate for Wires

Customer stories and proof points



//

Finastra's inclusion in the FedNow pilot, and now its early certification, is helping us stay a step ahead of the competition, giving us an edge as we await the official launch of the new payment rail."

Joseph T. Baptista Jr
President and CEO of Mechanics
Cooperative Bank



//

We have more actionable data due to the dashboard reporting. Another feature we benefit from are the Insight Dashboard reports. This is near real-time data that's accessible and can be used for immediate decision-making."

James Bellevue
SVP of Electronic Banking and
Deposit Operations at Berkshire Bank



//

We are excited that we'll soon be able to offer the benefits of FedNow to our customers. We selected Finastra's Payments To Go solution because we found it to be the right tool to help us enhance our customer experience and advance our innovation strategy."

Ross Kerns
SVP and CFO at Amarillo
National Bank



//

Finastra Payments To Go gives us access to the same payment processing technology used by big banks, enabling us to provide our customers with state-of-the-art payment services in addition to the experience they have come to expect from us."

Fred Gibbons
VP Deposit Operations at
Jefferson Bank



//

We were exploring different vendors that met the new needs that we had as a growing organization. As part of that, we looked at Payments To Go. It definitely met the needs not only of our members but gave us a lot of efficiency gains that we were looking for as a credit union."

Stephanie Curtis
SVP of Operations at Vystar
Credit Union

FINANCE IS OPEN

Finastra unlocks innovation across the world of financial services, through our trusted software and open platform.



Contact us at services@finastra.com

About Finastra

Finastra is a global provider of financial services software applications across Lending, Payments, Treasury and Capital Markets, and Universal (retail and digital) Banking. Committed to unlocking the potential of people, businesses and communities everywhere, its vision is to accelerate the future of Open Finance through technology and collaboration, and its pioneering approach is why it is trusted by ~8,100 financial institutions, including 45 of the world's top 50 banks. For more information visit finastra.com

© 2024 Finastra. All rights reserved.

ID-22746 / 1224

Corporate Headquarters

4 Kingdom Street
Paddington
London W2 6BD
United Kingdom
T: +44 20 3320 5000

FINASTRA