

FINASTRA

Solution

Model Bank Package

A productized delivery approach that enables financial institutions to implement a pre-configured, best-practice, and ready-to-use payments solution, helping them minimize regulatory risks, reduce operational costs, and achieve faster time-to-value.



Why FIs need an agile and flexible approach

For far too long, banks have incurred unacceptable levels of expenditure in trying to maintain and upgrade customized payment systems to keep pace with fluid regulatory requirements and de-risk their journey towards modernization and digital transformation.

As a result, banks are now looking to adopt standardized out-of-the-box payment solutions, enabling them to leverage best-practice payment workflows and achieve a faster route to compliance with minimum operational complexity.

These standardized solutions, implemented through a model bank approach, allow banks to operate and respond with the speed and agility required to match customer requirements and deliver innovation more quickly. Several key drivers are catalyzing this shift.



Evolving regulatory demands

Financial institutions are expected to future-proof their payments ecosystem with solutions that provide them with ongoing regulatory compliance to ensure business continuity in the face of ever-changing market and scheme updates. Meeting instant payment requirements, complying with Swift and ISO 20022 standards, and adhering to clearing scheme requirements at both regional and global levels is proving challenging, expensive, and risky with the current fragmented and siloed payment systems. When banking solutions aren't maintained in compliance, banks are exposed to critical risks and reporting errors, and an inability to fully participate in the payments ecosystem which can lead to customer attrition, compliance breach penalties, restrictions on operations (e.g., through imposition of limits), reputational erosion, and in extreme cases suspension of the financial institution's banking license.



Increasing cost pressures

Technological and business priorities are changing and there is a renewed focus on reusability to reduce the footprint of payment systems. Traditional financial institutions, often operating with highly customized and patched solutions from multiple vendors, are incurring a high total cost of ownership and escalating year-on-year expenses in maintenance and upgrades. An Omdia research paper highlights that 64% of a corporate bank's technology budget is spent on maintaining existing legacy technology.

Additionally, many of these established technology systems were initially implemented to meet business specific requirements and now frequently need tactical add-ons to incorporate new functionalities, all adding to the operational complexity and increasing costs in infrastructure and software.



Achieving faster time-to-market

To thrive in the long run, banks must rapidly innovate and launch new payment instruments and services in the market, ensuring an elevated customer experience. For banks, it is the case of transitioning from mere account holding entities to becoming the innovative leaders in the payments industry. By collaborating with a technology partner, these banks can shorten the software development lifecycle and leverage an agile delivery approach where infrastructure, tools, and processes, are all standardized, accelerating the service delivery time.

Large tier banks that often have enterprise or large corporates as customers must adopt solutions that offer them more agility, flexibility, scalability, and a guided common approach to support payments innovation. As the competition from fintechs intensifies, it is essential for banks to retain their competitive edge and protect their bottom line in a fast-changing payments market with a growing number of players.

Accelerate service innovation with Finastra's Model Bank Package

Consolidating our 30+ years of experience and knowledge to expedite delivery and elevate payments experience.

Finastra's model bank package is a strategic response to the growing demand from financial institutions to adopt reliable, tried and tested payment solutions that places an emphasis on standardization and reusability. This approach enables us to deliver out-of-the-box Global PAYplus solution which is pre-configured with workflows based on industry best practices and insights gained by our payment experts over time through implementing mission-critical payment transformation projects globally; it offers numerous advantages.

Primarily, this reduces the time, effort, and cost associated with in-house development, testing, and deployment of payment solutions, helping banks streamline their software lifecycle processes and improve operational efficiency. During the implementation phase, we equip banks with test cases and use cases derived from our model bank package blueprint, ensuring optimal alignment between business objectives and industry standards.

Our reusable workflows and best practices enable developers to quickly configure and implement standard functionalities, enhancing productivity of internal teams. Moreover, our model bank package comes with detailed solution documentation that serves as a valuable reference for all stakeholders.

It provides a comprehensive overview of the solution, including its design, functionality, workflows, business rules and configuration, and integration points. This aids in troubleshooting and facilitates understanding and communication.

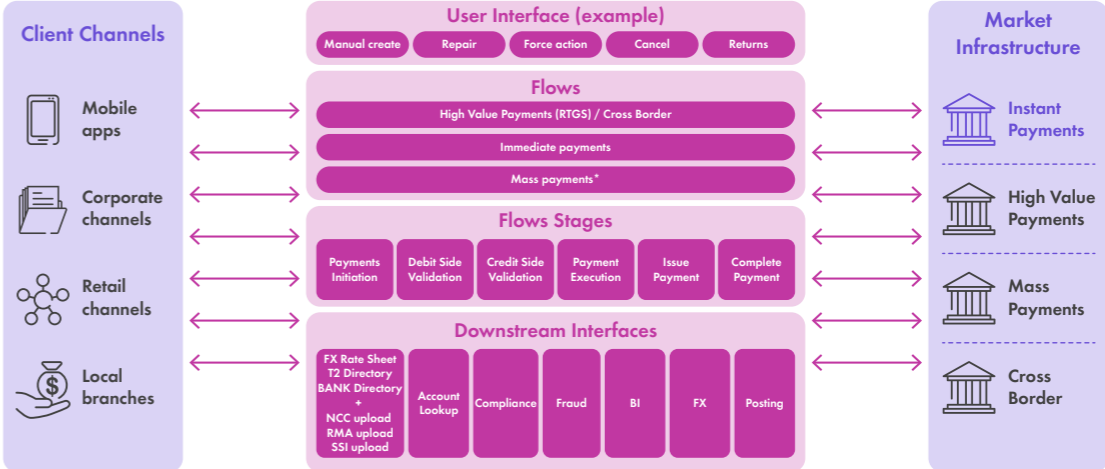
For large banks with global operations and disparate systems, the internal payments architecture can become complex over time and ensuring effective change management and minimizing the risk from implementing new features and technologies becomes paramount.

Our model bank package standardizes the payments technology and promotes adherence to best practices at both regional and global levels, ensuring that only high quality, thoroughly tested, and compliant payment solutions are deployed within the bank's ecosystem.

Through model bank package, we ensure financial institutions can focus on long-term strategic objectives, react quickly to regulatory and customer demands with greater control, and adapt their operations as needed.

Model Bank Package architecture

Model Bank Package



[*] Upcoming functionality
 [**] Illustrative functional architecture. Actual implementation may vary

Our model bank package deployment process adopts the DevOps methodology, facilitating process automation and continuous integration and delivery (CI/CD), along with monitoring and feedback mechanisms.

This simplifies software upgradability, enabling faster deployment, and automatically incorporates security and compliance features.

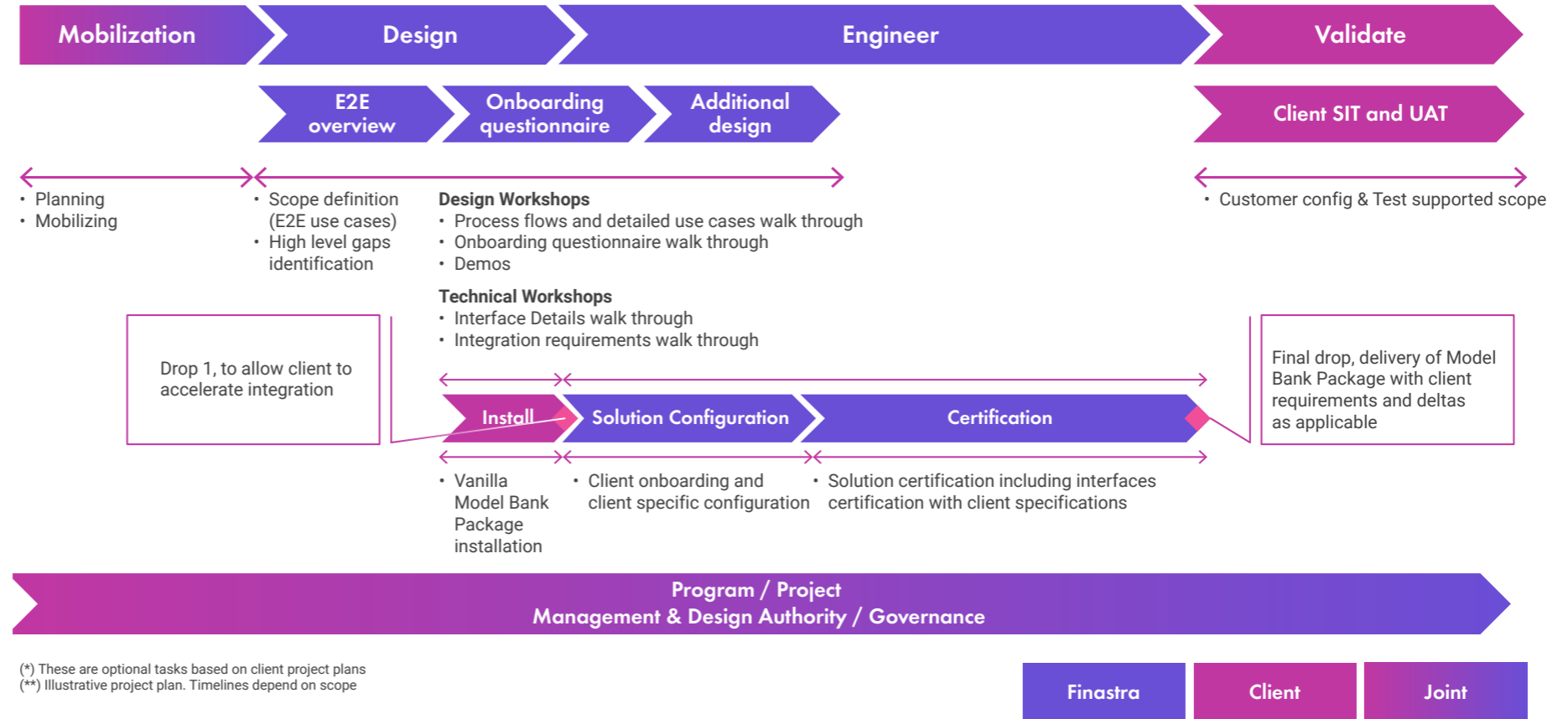
This approach lays the foundations to reduce legacy costs and lowers the total cost of ownership, thanks to the leaner, automated processes being put in place.

Our model bank package is pre-certified for different payment types including high value, cross-border, instant, and mass payments. It covers the common and unique business requirements (such as routing rules, FX, and advising) and can also accommodate specific clearing scheme requirements and personalization through business rules.

Leveraging our model bank package, financial institutions can create a serviceable and agile platform for change enabling them to deliver payments globally with peace of mind

Model Bank Package implementation phases


Model Bank Package implementation plan




Real implementation examples of Model Bank Package

A European bank went live with TIPS in **7 months** through our Model Bank Package observing implementation cost savings of around **40%**

A global Tier 0 investment and banking institution adopted Model Bank Package implementation to upgrade to the latest version of Global PAYplus reducing the implementation time by around **40%**

 **20**
Flows per clearing

 **15,000+**
Automated test cases

 **400+**
Detailed use cases

>50%
Reuse of configuration
across countries

 **70%**

Standard use case coverage for evergreening with flexibility to support 30% bank specific use cases

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Model Bank Package applies best practices and pre-configurations to standardize implementations and make them easier, cheaper, and shorter while improving time-to-value.//

Georgina Marimon
Head of Strategy & Architecture, Payments Services,
Finastra

Business benefits



Maintain compliance with existing and evolving payment scheme requirements including support for ISO 20022



Leverage comprehensive test cases categorized into end-to-end or componentized test cases including exception case scenarios to address existing and emerging business requirements



Draw upon Finastra's expertise in delivering payments for over 30+ years and across 300+ customers of all sizes globally



Achieve faster time-to-value through a standardized delivery approach and ready-to-use payment solutions



Reduce operational and reputational risk by implementing tested and proven quality payment solutions



Receive automated high-quality upgrades minimizing in-house testing efforts



Accelerate payment offerings and financial services to different geographies by reusing model bank package implementation



Strong governance practices and standardized implementation ensure that banks do not require high commercial spend or significant involvement of internal staff and resources



Stay ahead of the competition by leveraging shared insights and global payments industry knowledge from our subject matter experts

FINANCE IS OPEN

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

Contact us

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

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