

# Digital Banking Services

Assessing technology and business process  
transformational capability of digital banking  
service providers



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Banks today grapple with an increasingly competitive environment, rapidly evolving methods of working, new business models and increasing challenges posed by BigTechs and challenger banks entering the banking industry. They must also manage risks effectively and meet changing regulatory requirements to remain relevant and future-proof. With the upcoming open banking rule in the U.S. market, customers will see increased democratization of financial data embedded in banking services.

While customer centricity is critical for successful banking business outcomes, legacy payment engines, core banking modules and inadequate data capabilities impede banks from materializing benefits.

Modernizing core systems paves the way for banks to not only become agile but also to achieve increased efficiency and improved customer experience and stickiness.

The advent of real-time payment initiatives, such as FedNow in the U.S., enables banks to receive and send instant payments. The potential and opportunity for a modern and real-time payment infrastructure are enormous.

Banks are in various stages of their digital modernization journeys; they are either implementing new-age platforms, reengineering existing ones or outsourcing their technology landscapes and business operations to strategic banking business service providers to improve TCO.

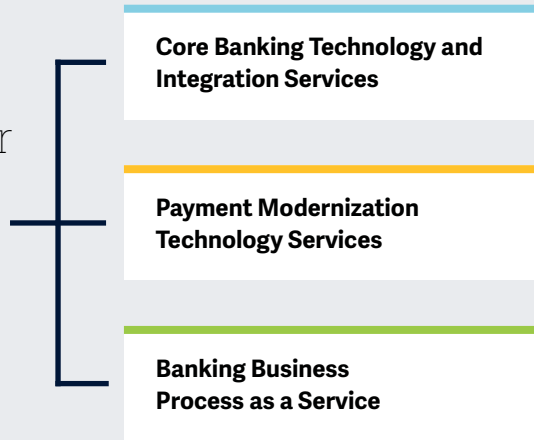
Future-looking service providers are stepping up to enable banks with successful digital transformations by delivering talent, processes, technology and know-how.

This Provider Lens™ study, therefore, comes at an opportune time to highlight how transformation efforts have led to new competencies and business value in the banking industry.



## Key focus areas for Digital Banking Services 2023.

Simplified Illustration Source: ISG 2023



### The ISG Provider Lens™ Digital Banking Services study offers the following to business and IT decision makers:

- Transparency on the strengths and weaknesses of relevant providers.
- A differentiated positioning of providers by segments on their competitive strengths and portfolio attractiveness.
- Focus on the Brazil and U.S. markets

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



## Core Banking Technology and Integration Services

### Definition

In recent years, customer expectations have evolved, and banks are now required to provide an intelligent and intuitive UX similar to that of other digital enterprises. A robust, reliable and scalable digital core is essential for banks looking to completely transform their businesses and succeed in an era where technology is a crucial driver of competitive advantage. In this quadrant, ISG analyzes technology service providers that offer implementation, modernization and integration services for core banking systems that enable banking customers to remain competitive, effectively manage risk and meet dynamic regulatory requirements in a digital-first environment. Service providers included should also help their clients to undertake an approach that allows transparency, product innovation, quick product releases and real-time transaction processing.

Legacy modernization service providers must be able to replace monolithic systems through code refactoring, creating microservices and “APIfication” of core banking systems for increased operational efficiency and extensibility, a quick go-to-market and a reduced TCO arising from legacy. Execution success will require strong competencies in planning, implementing and supporting the upgraded legacy systems, deploying new systems and customized solutions and integrating old with new data-driven banking platforms.

### Eligibility Criteria

1. Have proven ability in the **implementation, modernization and integration of core banking platforms**
2. Demonstrate strong capabilities in **integration** technologies, tools and platforms relevant to the banking industry
3. Offer advisory, **technical redesign, application development, implementation and cloud migration** services
4. Translate their experience and expertise into tools and reusable components, including playbooks, assessments, templates and blueprints
5. Substantiate their industry experience through references and use cases across the U.S. or Brazilian market
6. Have implemented more than one core banking modernization project in the last 12 months
7. Won a minimum of one new deal with a new client over the last 12 months



## Payment Modernization Technology Services

### Definition

In this quadrant, ISG analyzes the abilities of technology service providers that help banks reengineer, implement and technologically support their payment-based businesses in the global payment ecosystem. Service providers must support their banking clients in deploying third-party proprietary platforms and offer technology services, including applications and infrastructure lifecycle management, through an ecosystem of payment processors (acquirers and issuers), payment networks, merchants, banks (acquiring and issuing) and other intermediaries. Service providers should also increasingly enable payment data monetization, open banking initiatives and ISO 20022 solutions for their banking clients. As real-time domestic and cross-border payment capabilities have become market imperatives, service providers must support banks in their real-time payment transformation journeys.

Service providers must also offer clients a safe, quick, easy-to-use payment system. The chosen payment solution must satisfy customers' needs and the company's business requirements. Hence, it must be protected against fraud, compatible with any existing back-end platform and support a variety of new-age payment acceptance methods such as e-wallets, QR Codes and IoT-based payments. Service providers must also help clients bridge the gap between customer needs and technical feasibility.

### Eligibility Criteria

1. Proven ability in **modernizing** and customizing existing payment and card platforms
2. Experience in **implementing** payment data monetization and open banking initiatives in the banking industry
3. Demonstrate capabilities in implementing **real-time payment** infrastructure and ISO 20022 regulations
4. Must offer services to banks; providers focused solely on merchant payment processing are excluded
5. Have expertise in the payment acquiring and issuing and network domains
6. Won a minimum of one new deal with a new client over the last 12 months
7. Have evidence of use cases and references across the U.S. or Brazilian market



## Banking Business Process as a Service

### Definition

Banking business process service providers offer IT and business operation capabilities in a bundled offering, often as business process as a service (BPaaS).

ISG defines banking BPaaS providers in this market as managed service providers offering end-to-end technology, banking business operations and support capabilities, including evolving regulatory requirement governance, risk and data management, and cybersecurity.

BPaaS providers manage IT and business operations of the carved-out banking business processes across banks' front, back and middle offices. These providers enhance processes by digitizing and incorporating modern technologies such as intelligent automation, advanced analytics, AI and ML.

Because pricing is based on consumption, BPaaS enables banks to have a variable cost structure that reduces headcount and labor costs and scale as necessary, potentially leading to improved TCO and enhanced operational efficiency.

In this quadrant, ISG analyzes banking BPaaS providers in the functional areas of digital customer onboarding and lifecycle management, loan origination and servicing, cards management, payment processing, financial crime and compliance, risk management and contact center support for retail, commercial and business banking segments. These providers can vary significantly based on their size, the scope of offerings, technology and IT platform capability, domains of expertise and experience.

### Eligibility Criteria

1. Offer industry solutions for banking BPaaS across retail, commercial and business banking segments
2. **Manage end-to-end processes**, including processing platform lifecycle management and business transaction processing
3. Demonstrate technology enablement expertise through processing platforms and digital technologies such as intelligent automation, advanced analytics, cloud, data, security technologies and others
4. Won a minimum of one new deal with a new client over the last 12 months
5. Demonstrate the capability of successfully executing multiple banking BPaaS projects across different functional areas, **with at least one project underway in the current year**
6. Have evidence of use cases and references across the U.S. or Brazilian market



## Quadrants by Region

As a part of this ISG Provider Lens™ quadrant study, we are introducing the following three quadrants on Digital Banking Services in 2023:

Quadrant	Brazil	U.S.
Core Banking Technology and Integration Services	✓	✓
Payment Modernization Technology Services	✓	✓
Banking Business Process as a Service	✓	✓





The research phase falls in the period between May and June 2023, during which survey, evaluation, analysis and validation will take place. The results will be presented to the media in October 2023.

Milestones	Beginning	End
Survey Launch	May 22, 2023	
Survey Phase	May 22, 2023	June 19, 2023
Sneak Preview	August 2023	October 2023
Press Release & Publication	October 2023	

**Research Production Disclaimer:**

ISG collects data for the purposes of writing research and creating provider/vendor profiles. The profiles and supporting data are used by ISG advisors to make recommendations and inform their clients of the experience and qualifications of any applicable provider/vendor for outsourcing the work identified by clients. This data is collected as part of the ISG FutureSource™ process and the Candidate Provider Qualification (CPQ) process. ISG may choose to only utilize this collected data pertaining to certain countries or regions for the education and purposes of its advisors and not produce ISG Provider Lens™ reports. These decisions will be made based on the level and completeness of the information received directly from providers/vendors and the availability of experienced analysts for those countries or regions. Submitted information may also be used for individual research projects or for briefing notes that will be written by the lead analysts.

Please refer to the [link](#) to view/download the ISG Provider Lens™ 2023 research agenda

**Access to Online Portal**

You can view/download the questionnaire from [here](#) using the credentials you have already created or refer to instructions provided in the invitation email to generate a new password. We look forward to your participation!



### ISG Star of Excellence™ – Call for nominations

The Star of Excellence™ is an independent recognition of excellent service delivery based on the concept of “Voice of the Customer.”

The Star of Excellence™ is a program, designed by ISG, to collect client feedback about service providers’ success in demonstrating the highest standards of client service excellence and customer centricity.

The global survey is all about services that are associated with IPL studies. In consequence, all ISG Analysts will be continuously provided with information on the customer experience of all relevant service providers. This information comes on top of existing first-hand advisor feedback that IPL leverages in context of its practitioner-led consulting approach.

Providers are invited to [nominate](#) their clients to participate. Once the nomination has been submitted, ISG sends out a mail confirmation to both sides. It is self-evident that ISG anonymizes all customer data and does not share it with third parties.

It is our vision that the Star of Excellence™ will be recognized as the leading industry recognition for client service excellence and serve as the benchmark for measuring client sentiments.

To ensure your selected clients complete the feedback for your nominated engagement please use the Client nomination section on the Star of Excellence™ [website](#).

We have set up an email where you can direct any questions or provide comments. This email will be checked daily, please allow up to 24 hours for a reply.

Here is the email address:  
[ISG.star@isg-one.com](mailto:ISG.star@isg-one.com)



Contacts For This Study



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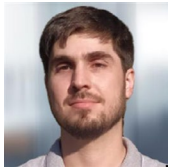
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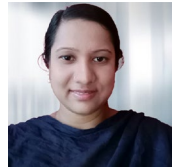
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**Senior Data  
Analyst**



**ISG Provider Lens™ Advisors Involvement Program**

ISG Provider Lens offers market assessments incorporating practitioner insights, reflecting regional focus and independent research. ISG ensures advisor involvement in each study to cover the appropriate market details aligned to the respective service lines/technology trends, service provider presence and enterprise context.

In each region, ISG has expert thought leaders and respected advisors who know the provider portfolios and offerings as well as enterprise requirements and market trends. On average, three consultant advisors participate as part of each study's quality and consistency review process.

The consultant advisors ensure each study reflects ISG advisors' experience in the field, which complements the primary and secondary research the analysts conduct. ISG advisors participate in each study as part of the consultant advisors' group and contribute at different levels depending on their availability and expertise.

The consultant advisors:

- Help define and validate quadrants and questionnaires,
- Advise on service provider inclusion, participate in briefing calls,
- Give their perspectives on service provider ratings and review report drafts.

ISG Advisors to this study



**Gowtham  
Kumar**

**Assistant Director and  
Principal Analyst**



**Yadu  
Singh**

**Director**



**Jay  
Woldar**

**Director**



## Invited Companies

**If your company is listed on this page or you feel your company should be listed, please contact ISG to ensure we have the correct contact person(s) to actively participate in this research.**

\* Rated in previous iteration

Accenture\*

Atos\*

Bearingpoint\*

Birlasoft\*

Capgemini\*

CGI\*

CI&T

Coforge\*

Cognizant\*

Concentrix

Deloitte\*

DXC Technology\*

EPAM Systems\*

EXL Service

EY\*

FIS\*

Fiserv\*

Fujitsu

Genpact

HCLTech\*

Hexaware\*

IBM\*

Infosys\*

KPMG\*

LTIMindtree\*

Mphasis\*

NTT DATA\*

Persistent Systems\*

PwC\*

SLK Software\*

Sutherland

TCS\*

Tech Mahindra\*

Teleperformance

Wipro\*

WNS



### 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™

ISG Research™ provides subscription research, advisory consulting and executive event services focused on market trends and disruptive technologies driving change in business computing. ISG Research™ delivers guidance that helps businesses accelerate growth and create more value.

ISG offers research specifically about providers to state and local governments (including counties, cities) as well as higher education institutions. Visit: [Public Sector](#).

For more information about ISG Research™ subscriptions, please email [contact@isg-one.com](mailto:contact@isg-one.com), call +1.203.454.3900, or visit [research.isg-one.com](http://research.isg-one.com).

### ISG

ISG (Information Services Group) (Nasdaq: III) is a leading global technology research and advisory firm. A trusted business partner to more than 900 clients, including more than 75 of the world's top 100 enterprises, ISG is committed to helping corporations, public sector organizations, and service and technology providers achieve operational excellence and faster growth. The firm specializes in digital transformation services, including automation, cloud and data analytics; sourcing advisory; managed governance and risk services; network carrier services; strategy and operations design; change management; market intelligence and technology research and analysis.

Founded in 2006, and based in Stamford, Conn., ISG employs more than 1,600 digital-ready professionals operating in more than 20 countries—a global team known for its innovative thinking, market influence, deep industry and technology expertise, and world-class research and analytical capabilities based on the industry's most comprehensive marketplace data.

For more information, visit [isg-one.com](http://isg-one.com).





**MAY, 2023**



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