



**\*ISG** Provider Lens™

2021

Digital Banking  
Services 2021

imagine your future®

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## Table of Contents

<b>Definition.....</b>	<b>4</b>
<b>Quadrants Research.....</b>	<b>5</b>
<b>Quadrants by Region.....</b>	<b>10</b>
<b>Schedule.....</b>	<b>11</b>
<b>Partial list of companies being invited for the survey.....</b>	<b>12</b>
<b>Your Contact for this study.....</b>	<b>13</b>

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# Definition

The Digital Banking Services 2021 study analyzes companies in four distinct areas of consultative, professional and managed services. In light of COVID-19 pandemic, the banking industry is undergoing massive digital disruption, with online deposits, mobile apps and e-bill payments fundamentally becoming the norm. Banks are seeking professional service providers to help them embrace innovation and tackle the ever-changing challenges of the present digital world, while staying competitive and attracting or retaining customers. To cope with these challenges, banks are primarily seeking advisory and operational support to evolve digitally by transforming established client services and building a robust foundation for digital services. In addition, banks use professional services for specific businesses to free resources and focus on the above-mentioned establishment of the digital strategy.

ISG has identified that business leaders in banking and financial institutions are shifting their focus toward digital solutions and services, which can help improve customer engagement as well as enable faster onboarding and deeper analytics on spend and investment, along with cross-sell opportunities. Service providers offering transformational and modernization services that help in faster transition to a digital, omnichannel platform are in demand. Bank executives expect these providers to offer robust services with deep functional and domain expertise that help improve customer experience as well as revenue opportunities.

Core banking modernization and integration continues to lead the list of priorities among banks investing in digital transformation initiatives. As banks increasingly prefer to modernize specific functional modules of the core banking system, service providers have been offering modularized application development to quickly integrate necessary functionalities and kick start relevant services within a short duration. Service providers are strengthening their experience across several core banking platforms and investing in vendor/platform agnostic integration approaches. In addition to core modernization, banks have also shown keenness in digitalizing their front- and back-office processes utilizing emerging technologies and solutions such as automation, artificial intelligence, advanced analytics, IoT, cloud and security.

With banks facing challenges in successfully meeting regulatory requirements, Governance, Risk and Compliance services also remain a top priority. In addition to managing regulatory risk, service providers are also expected to offer financial, operational, IT and fraud risk management services. Payments and cards processing is another key area of investment among banks, and recent advancements in digital payment technologies allow banks to offer high levels of personalization and faster transaction capabilities to customers.

ISG Provider Lens Digital Banking Services 2021 study analyzes the solutions offered for banks in the U.S., the U.K., the Nordics, Germany, and Switzerland in selected segments. The findings from the analysis help assess the service providers operating in defined segments based on the strength of their portfolio and their competitiveness in the market.

The ISG Provider Lens™ study offers the following to the information technology (IT) decision-makers:

- Transparency of the strengths and weaknesses of relevant providers;
- Differentiated positioning of providers by segments;
- A perspective on different markets, including the U.S., the U.K., the Nordics, Germany, and Switzerland.

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

# Quadrants Research

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

Simplified illustration

Digital Banking Services 2021	
Core Modernization and Integration Services	Transformational and Digital Banking Services
Payment and Card Processing Services	Banking Governance, Risk and Compliance Services

Source: ISG 2021

## Core Modernization and Integration Services

In this quadrant, ISG analyzes consulting and system integration service providers that help banking clients to maintain competitive relevance and attain operational excellence in a digital-first environment. With the goal of optimizing customer experience while reducing operating costs and enhancing service quality, such services also help banks manage risk and regulatory compliance more effectively. Core modernization and integration services are clustered around key building blocks such as developing a modernization strategy charting out a business as well as a technology architecture, along with an end-to-end roadmap. Executing a successful strategy involves offering implementation and integration planning and support to upgrade legacy systems, deploy new core platforms, implement customized solutions, and integrate legacy and new core banking platforms supported by data migration services.

### Eligibility criteria:

- Service providers with proven industry experience of implementation and integration of core banking systems with at least one project executed or underway this year;
- Service providers should have expertise on any available core banking platforms in the market, with experience and partnership of working with at least one platform vendor;
- Service providers should have necessary capabilities to offer advisory, technical redesign and application development, implementation, operations enablement, and cloud migration for successful modernization;
- Providers should be capable of designing and developing applications and tools using DevOps and agile methodologies to implement necessary modules and requirements for data management, workflows and business processes;
- Providers should have translated their experience and expertise to reusable components including playbooks, assessments, templates and blueprints;
- Service providers should be able to showcase their industry experience through references and use cases;
- Providers should invest in partnerships with technology providers, hardware, software and system integration providers, banking industry alliances and associations.

## Banking Governance, Risk and Compliance (GRC) Services

Service providers in this quadrant support banks in enabling effective corporate governance, mitigating enterprise level risk and meeting regulatory compliance requirements. Although some of the GRC components are available as modules in the core banking platform, the quadrant explicitly analyzes portfolio offered by service providers on GRC system integration and managed services to account for risk mitigation arising from IT systems, data, legacy applications, new product/platform integration, and overall business risk validation. Services offered by providers include, but not limited to, KYC/AML, fraud management, credit, liquid and market risk management, assets and liabilities management, adhering to regulatory compliance, and vendor risk management. These services help banks build, establish and operate a logically integrated, analytics-driven, automated solution, along with the corresponding enhancements in the existing GRC framework.

### Eligibility criteria:

- Service providers should have proven banking industry experience with their GRC portfolio of services covering advisory, application development, implementation, testing and operations support;
- Service providers should be capable of implementing and integrating readily available platforms in the market for KYC, AML, fraud risk management, credit risk, market risk, assets and liabilities management, regulatory compliance with advanced reporting capabilities;
- Service providers should also be capable of developing their own models, analysis and solution to suit the custom requirements of banks within the GRC portfolio;
- Service providers should be able to leverage next generation technologies including automation, analytics, AI/ML to automate and build intelligence to reduce time as well as improve risk management capabilities;
- Providers should have translated their experience and expertise to reusable components including: playbooks, assessments, templates and blueprints;
- Service providers should be able to showcase their industry experience through references and use cases;
- Providers should invest in partnerships with technology providers, hardware, software and system integration providers, banking industry alliances and associations.

## Transformational Services for Digital Banking

In this quadrant, ISG analyzes service providers that can offer relevant technology to allow business process solutions to enable and enhance the digitalization roadmap of financial institutions. While a large proportion of banking operations are carried out via an electronic/online platform, digital banking should eliminate all processes requiring paperwork as well as reduce manual effort significantly. Aimed at delivering next-gen customer experience, transformational and digital banking services should offer high levels of process automation, web-based services, as well as enhanced security on an application programming interface (API)-driven architecture.

Solutions offered by these providers are expected to be modular in nature and are predominantly termed as accelerators, capable of driving superior levels of scalability and agility for financial institutions to accommodate dynamic changes in customer and market demands. Service providers are expected to showcase significant technological, functional, process and domain expertise in integrating the right elements to help achieve complete digitalization. Customers expect omni-channel, remote onboarding and transaction services, intelligent financial management, feature-rich card and payment services, as well as the highest levels of security.

Banks and other financial institutions would rely on service providers with a strong portfolio and expertise in delivering, but not limited to, cloud services, microservices and APIs, security, analytics, as well as a combination of technologies, including AI/ML, IoT, and biometrics.

### Eligibility criteria:

- Service providers should have proven banking industry experience with their digital transformation portfolio of services covering advisory, application development, implementation, testing and support;
- Service providers should be capable of integrating, implementing and managing off-the-shelf applications and modules or develop bespoke applications and implement to suit the unique requirements of digital transformation journey of their banking clients;
- Service providers should also be capable of developing their own architecture, redesign legacy, integrate modular accelerators, test and operationalize the necessary requisites of the transformation elements (omni channel, digital onboarding, customer centricity);
- Service providers should be able to leverage next generation technologies including automation, analytics, AI/ML, cloud, microservices and APIs to automate and build IT environments enabling digital services for banking customers;
- Providers should have translated their experience and expertise to reusable components including: playbooks, assessments, templates and blueprints;
- Service providers should be able to showcase their industry experience through references and use cases;
- Providers should invest in partnerships with technology providers, hardware, software and system integration providers, banking industry alliances and associations;
- Providers should establish thought leadership through centers of excellence, R&D labs, and verticalized platform/solution approaches.

## Payment and Card Processing Services

This quadrant measures the ability of managed service providers (MSPs) to help organizations create, implement and support payment-based business services in the global payment ecosystem. Through this ecosystem of payment processors (acquirer and issuer), payment networks, merchants, banks (acquiring and issuing) and other intermediaries, MSPs support their clients in deploying and operating proprietary platforms and technology services (application and infrastructure).

Companies need to offer their clients a safe, quick and easy-to-use payment system. The chosen payment solution must satisfy the needs of the customers and a company's business. Hence, it must be protected from fraud, support a variety of payment methods, be convenient to use, and compatible with any existing back-end platform. Systems integrators help their clients in bridging the gap between customer needs and technical feasibility.

### **Eligibility criteria:**

- Expertise in payment acquiring, issuing and network domains;
- Expertise across card transaction processing, clearing, settlement, customer management and disputes;
- Proven ability to modernize and customize existing card and payment platforms;
- Partnerships and expertise in working with payment platforms and card packaged solutions across major issuer processors;
- Proven knowledge of different regulatory and compliance requirements;
- Proven use of emerging payment technologies.

# Quadrants by Region

Quadrants	U.S.	Germany	Switzerland	U.K.	Nordics
Core Modernization and Integration Services	✓	✓	✓	✓	✓
Banking Governance, Risk and Compliance (GRC) Services	✓	✓	✓	✓	✓
Transformational Services for Digital Banking	✓	✓	✓	✓	✓
Payment and Card Processing Services	✓	✓	✓	✓	✓

# Schedule

The research phase falls in the period between **June and August 2021**, during which survey, evaluation, analysis and validation will take place. The results will be presented to the media in **November 2021**.

<b>Milestones</b>	<b>Beginning</b>	<b>End</b>
Launch	June 17, 2021	
Survey Phase	June 17, 2021	July 14, 2020
Sneak preview	September 27, 2021	October 18, 2021
Press release	November 2021	

Please click this [link](#) to view/download the ISG Provider Lens™ 2021 research agenda.

## Link to Survey

Your participation is just a click away. Please use our [IPL Portal](#) for submitting information. Use the credentials that you have already created. If you have not created them yet, please use your email ID as UserName and generate your individual password by clicking "forgot password" option.

## 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.

# Partial list of companies being invited for the survey

**Are you in the list or do you see your company as relevant provider that is missing in the list?** Then feel free to contact us to ensure your active participation in the research phase.

Accenture	Hexaware	Silverlake Axis
Banqsoft AS	IBM	SOBACO InCore
BluePay	Intelenet	SOFGEN
Capgemini	Intellect Design Arena	SolarisBank
Cobiscorp	Invidem	Sopra Steria
Cognizant	Jack Henry & Associates	Sutherland
Concentrix	KPMG	Swisscom
Conneqt	L&T Infotech	Symcor
CPB Software	LexisNexis Risk Solutions	Synapse Financial Technologies
CSC	Lombard Odier	Synergent
Deloitte	Mphasis	Synpulse
Equiniti	NICE Actimize	Syntel
ERI Bancaire	NTT Data	Technisys
Evry	Nymbus	Temenos
Exela technologies	OLYMPIC banking systems	ThoughtMachine
EY	Pegasystems	Tieto
Fenergo	PwC	Virtusa
Finastra	SAP Core Banking	Vistra
Firstsource	Savangard	Worldline
G&H Bankensoftware	SDC A/S	
Genpact	SFB services4banks AG	

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## Do you need any further information?

If you have any questions, please do not hesitate to contact us at [ISG.ProviderLens@isg-one.com](mailto:ISG.ProviderLens@isg-one.com).