



FAST, SECURE, COMPLIANT: HOW TO DELIVER NEXT GENERATION PAYMENTS NOW.

Why read this?

The payments industry has experienced significant disruption; with new digital-only providers, the rise of new models such as buy-now-pay-later are expanding payments methods and regulation. To compete in this environment, financial institutions and established payments providers must quickly enable new payment types and address the expansion of payments systems such as SWIFT, while delivering the digital payments services and experience customers now demand.

This paper outlines the key trends and shifts payments providers need to know, and strategies for how to modernize your payments systems. It explains how you can create the future-proof foundation you need to speed new service delivery today, while enabling fast and seamless innovation adoption in the years to come. Learn how Infosys is helping payments providers modernize their payments platforms with innovative solutions from Finastra, shaping their payments operations to become customer-centric, compliant, and agile, while reducing costs-to-serve.

What is happening in the payments industry?

In two words: a lot. Payments providers are facing extraordinary pressures as a number of significant industry changes converge, while competition for payments business intensifies.

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In 2021, research by Celent revealed that 83% of banks agreed the next five to seven years would see even greater change than the last decade.¹

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Ongoing shift to digital banking and payments picks up pace

The pandemic drove an unprecedented leap in customer acceptance toward digital finance. In the US for example, digital payments penetration saw an increase to 89%, and the number who report using two or more forms of digital payments expanded from 51% in 2021 to 62% in 2022.² And there are other benefits to digital payments systems, notably the ability to quickly extend into new geographies and to significantly reduce costs-to-serve.

Competition is getting fiercer

There are many more competitors, more reasons to compete, and barriers to entering the payments market are being lowered. Research found that 75% of corporate banks believe that “the threat from fintech and challenger banks is higher than it was a year ago.”³ And 68% of banks said that “it is more challenging to win and retain customers than it was 12 months ago.”⁴

Payments platforms under strain

Multiple new payments systems, methods, and regulations are all demanding change to payments technologies and processes in the same time window. With many still to fully embrace open banking and pressure to adopt Real-Time Payments and ISO 20022, the weaknesses (rigidity, complexity, and cost) of legacy payments platforms are now fully under the spotlight. At the same time, increasing action by central banks to mitigate economic challenges means interest rate and currency conversion management is putting payments systems under increasing strain. One study reports that around one fifth to one quarter of banks state they need to update their payments platforms within a few years to support SWIFT, RTGS, and Instant Payments.⁵

Regional divergence

Payments protocols are rolling out in new geographies (e.g. SWIFT in Asia), and increasing enforcement of regional regulation (e.g. GDPR in Europe) mean all payments providers must meet an increasing plethora of standards and legislation if they are to stay relevant to customers.

Need for speed

End customers are turning to digital tools for immediate access and service. If financial services providers cannot serve customers as quickly as they demand, this undermines the entire value offering. It is therefore imperative to have the right infrastructure and bandwidth to process significant transaction volumes, as well as flexibility to pivot and meet new consumer demand as it arises.

Becoming clearer on cloud

The pressing need for greater agility, scale, and access to advanced computing and analytics capabilities is seeing cloud adoption by payments providers increase. 68% of providers planned to increase the volume of their workloads running in public cloud.⁶

Automating tedious and complex functions/ processes

Technology is a pivotal component in driving innovation in various areas of the banking landscape. Swift adoption to next-gen payments technology would minimize the manual effort to near '0', reducing error-prone processing.

More than modernization: the need for digitalization of payments platforms

Payments providers know they need to modernize their systems and applications, but given the pace of change, modernization alone is not an effective strategy. You need to modernize to get to where you need to be now, but also be able to adopt new payment systems, regulations, and innovations in the future. This requires broader digitalization. To ensure your investment in new digital platforms is effective, your digital payments strategy needs to incorporate six key objectives.



Adopt modern, secure, and future-proof payments platforms: to deliver the payments systems in demand now and to enable seamless adoption of future payments innovation.



Optimize payments operations and processes: to increase agility and responsiveness to demand, reduce costs-to-serve and total cost of ownership, and speed deployment of new payments systems, methods, and services.



Enhance customer experience: to compete and differentiate in the digital banking and payments market through greater transparency and visibility of transactions, faster and more secure payments options, better self-service, and deeper insight into customer behavior.



Maintain regulatory compliance cost-effectively: to expand into new geographies and offer new services while managing the costs of compliance and avoiding non-compliance that can lead to significant fines or sanctions.



Foster collaboration and enable an ecosystem approach: to ensure all the participants in the payment ecosystem (i.e. banks, payments service providers, and regulators) work in a cohesive way with a collaborative approach with the common objective of ensuring service delivery in a cost-effective, safe, and secure way.



Enable greater adoption of cloud: to provide the scale, agility, and ability to ease adoption and use of new applications and technologies cost-effectively and at speed.

The challenges of digitization need to be overcome

The necessity of modernizing and digitalizing payments systems is clear. But it is not without challenges.

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Reviewing their adoption of the ISO 20022 standard, 61% of banks admitted they had “only done the minimum required”, while 71% confirmed technology constraints limited them from doing more.⁷

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These challenges are slowing and preventing payments providers’ adoption of new technologies, while they attempt to not only drive through the changes demanded by regulation, but also try to adopt new payments types.

Long deployment time

Deploying new applications and systems can take many months, if not years, due to the complexity, customization, and inefficiencies of legacy systems. This means by the time a “new” system is in place, it is often already outdated, and the benefits and ROI reduced.

Cultural resistance

Organizational culture and internal practices are the primary determinants of how fast an institution can embrace digitalization and address existing limitations. If the organizational culture is agile, diverse, and open to new ideas, the process will be quick and seamless. However, in more conservative and risk-sensitive organizations, a considered plan for knowledge sharing, awareness, and training are key to ensure buy-in and adoption.

Reticence to act, due to the risks of change

The risks of change compared against a future ROI can slow decision making. And such change is not just technological in nature; processes and people are also key factors, meaning change management, training, and modernization of other systems are required to secure the full value from the investment made.

Cloud security concerns

Right-sizing to keep down the level of investment while ensuring future volumes of payments will be supported is difficult when those volumes are hard to predict. Cloud can help with this by offering scale at speed, but concerns remain about liability, data management regulation, and security.

Stretched resources

Resource constraints are also placing often stretched IT teams under pressure. Certain skill sets related to cloud, application migration, and innovations such as AI and ML are in short supply, and the teams are already having to juggle a variety of high-priority tasks and programs.

Complexities in global standard implementation/multi-country rollout

As many banks conduct business across different regions, this can bring increased complexity to core and regional implementations. Today’s banks lack a common standard framework for global rollout due to siloed regional businesses, which can delay multi-country rollouts.



The way forward: future-proof digital payments systems delivered by Infosys, powered by Finastra Global PAYplus

With proven experience in modernizing and digitalizing payments systems for financial services providers, Infosys delivers end-to-end payments transformation, powered by the implementation of a single global payments platform from Finastra.

Get future-ready faster

Offering Finastra Global PAYplus as a managed service, Infosys also brings the knowledge, established best practices, and technical skillsets required to devise a strategy and deploy a new digital payments solution. Infosys's expert consultants ensure the solution meets your commercial objectives and reflects the wider context of a fast-paced and competitive environment. Our well-established joint solution, built on Finastra Global PAYplus, offers world-class payments processing in the cloud to offer extensive scale, high availability, and a platform for innovation.

Global PAYplus supports Real-time Gross Settlement (RTGS) payments as well as cross border correspondent banking payments via SWIFT and other methods, and supports bulk payments as well as bilateral and multilateral clearing arrangements. Microservices reduce your running costs, support faster time-to-market for new launches, and support agile DevOps. Access to Finastra's ecosystem for ready-to-use functionality also enables seamless, fast adoption of new, pre-built, and easy-to-customize applications to address specific pain points or business requirements. In addition, Fusion GPP as an out-of-the-box solution includes multi-country rollout capabilities to improve the efficiency and time to market for multi-country/global payments transformation.

Built on an ISO 20022-native data model, this API- and microservice-enabled platform speeds integration with your current technology infrastructure. And, as a cloud-ready solution, it can be quickly deployed and run as a layer on top of current legacy systems, speeding time to value and ROI. Delivered as a packaged solution from Infosys, and implementation, management, and maintenance are managed by Infosys's expert team, freeing skilled resources to focus on priority projects and enabling faster deployment.

Lastly, with deep understanding of the payments industry and experience in delivering cloud-based platforms, Infosys consultants can recommend a right-size solution, with a commercial construct that lowers your total cost of ownership and helps spread expense. As your needs and payments volumes shift over time, due to market change or adoption of new payment types, our subscription-based model—linked to volume of transactions over the tenure of the contract term—ensures you can scale.

Ease the operational burden

The solution enables you to consolidate legacy payments applications into a single platform. This platform can then be deployed globally yet controlled locally to reduce risk, simplify administration, and reduce operating expenses. Infosys has industry-ready toolkits that speed onboarding and further reduce operational risk and costs as we assess your current operating models and enable rules-based processing.

Working with a single platform offers greater transparency across all payments lines as well as better process monitoring, and eases management and maintenance. Consolidating your payments flows into one system that offers a single view reduces the number of interfaces, systems, and processing stages that need manual management, reducing operational risk significantly. The user interface can be personalized, empowering users to prioritize tasks and focus on only those things that require their attention, improving their productivity. The system can identify anomalies or unusual behavior and will alert your staff so these can be quickly reviewed and addressed as required.

Commoditized APIs enable an easy plug and play via Finastra's open-banking-platform API store to simplify and speed integration with other systems as required, reducing the risks and costs of adoption.

Furthermore, a liquidity and risk management module can help address intraday liquidity monitoring and measurement standards and regulation. All payments and liquidity events are automatically stored in one place, so that limited monitoring can be conducted in real time and at the end of the business day.



Keep ahead of customer demand and compete

Customers are increasingly looking for providers who can offer all the payments services they want and will select their provider in order to secure these. Our solution means you can deliver the services your customers want—from mobile payments and e-wallets to more secure instant payments. Finastra's Global PAYplus platform offers the broadest and deepest suite of payments services available today—spanning high-value payments, mass payments, and real-time payments. It also allows you to provide real-time visibility of liquidity to customers, meaning they can carry out transactions closer to clearing deadlines, and have credits posted as quickly as possible. Infosys has already successfully implemented end-to-end Global PAYplus in over six global banks to date.

You can also take advantage of the latest API technologies to improve customer experience with frictionless payments experiences across any service or channel. It also supports compliance with regulations such as PSD2.

Simple compliance

As a fully managed service, the ISO 20022-native solution is “evergreen”, with the latest updates and changes always applied, so you are always compliant.

Infosys consultancy and services provide support, advice, and guidance to ensure your regulatory issues are addressed proactively, keeping you ahead of the game.

Where required, a configurable rules engine gives you the flexibility to add new functionality and respond quickly to changing requirements, easing regulatory compliance and speeding the process.

The solution further offers an optional model providing a clearing gateway that supports all SWIFT services (FIN, InterAct, and FileAct) as well as bespoke communication protocols if needed (e.g. US TCH RTP and EBA Clearing RT1 via SIANet).

Fusion GPP seamlessly integrates with banks' Fraud and Sanctions checking partner systems through various standard interface mechanisms. Complex business workflows can be easily configured and maintained for more efficient handling and to avoid duplication of processes.

Continue toward cloud

The solution from Infosys and Finastra is cloud-enabled, paving the way for your shift toward greater adoption of cloud technologies. Infosys has extensive capabilities and deep relationships with all major hyperscalers, including AWS, Microsoft Azure, and Google Cloud, giving customers a choice of cloud platform provider.

The FusionFabric.cloud marketplace also enables you to adopt and quickly deploy cloud-native applications to drive further value from the cloud, and Infosys has developed a number of applications it makes available to customers to help them maximize the value of their investment.



Where we have done this before

ISO migration of payments schemes

Infosys has driven ISO migration of payments schemes for one of the largest global banks based in the UK. The bank has since taken the initiative to move its legacy High Value Payments Platform to Group Standard GPP Fusion.

Immediate payments implementation for central bank (Australia)

The New Payments Platform (NPP) scheme, introduced by Australia's central bank, required a robust architecture for high availability (99.995%) and an 'Active-Active' configuration for Disaster Recovery systems. To support this, the Infosys team developed a comprehensive functional and technical architecture.

Infosys designed a unified platform comprising software, middleware, and hardware components to enable seamless operation of the Payments Platform. They collaborated with a prominent payment product organization, incorporating their software components. Additionally, a SWIFT gateway was

integrated to provide complete configuration support for the payments gateway by SWIFT.

To ensure effective governance and control, a combined governance structure and mechanism were established between the bank and Infosys. This collaborative approach facilitated efficient management and oversight throughout the implementation process.

Transforming core payments in a multi-country rollout (Multiple Global Banks)

Infosys has partnered with multiple global banks in transforming core payments multi-country rollouts. Infosys's rich product and payment industry expertise contributed extensively to the development of the Fusion GPP global implementation framework. This framework is leveraged during the implementation phase of various payment rails and is aligned to various central bank schemes. This application of Fusion GPP smooths the rollout of these complex projects and boosts efficiency significantly.

Infosys and Finastra: helping shape the future of digital finance

A more than decade-long partnership between Infosys and Finastra has led to the two global leaders gaining deep understanding of each other's offerings and has led to multiple joint solutions designed to deliver business value to finance customers. Infosys is a Fusion Orbit Elite partner with Finastra, and Finastra is one of the top payments product partners for Infosys in its payments line of business.

Over 200 Finastra certified staff provide support to Infosys's 61,000 employees dedicated to Financial Services. Over 8,600 customers rely on Finastra solutions, as do 90 of the top 100 global banks.

Infosys	Finastra
Infosys recognized as a leader in ISG Provider Lens for Banking Industry Ecosystem Reports in the US and the UK 2021	Ranked 3rd in The Top 100 Financial Technology Companies of 2021
Positioned as a leader in Platform IT Services in Everest PEAK Matrix® Assessment 2022	Global PAYplus named as Best in Class in Aite-Novarica Group's 2022 payment hub report
Leader in Everest PEAK Matrix® report for Finastra IT Services in 2022	

Take your next step toward digital payments provision now!

For further information on how to accelerate your digital payments journey, please visit: <https://www.infosys.com/industries/financial-services/industry-offerings/cards-payments.html>

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