

BAI Banking Strategies, U.S.: Picking the Right Path to Payments Platform Modernization



“Given the stakes, it pays to choose and proceed intelligently,” says **Anil Das**. “And in the long run, nibbling that's applied with persistence and focus can take a big bite out of a mission-critical task.”

Excerpts from BAI Banking Strategies' article:

“In a world of digital wallets, mobile payments and fintechs, platform modernization stands as an inevitable journey for banks and payments processors. New technologies, intense competition and soaring customer expectations now drive banks to transform their payments systems. Meanwhile, ongoing industry disruption, cost issues and margin pressures fuel shifts in payment assets ownership and the emergence of distinct payment business models.

We see five factors that drive most banks' modernization efforts. These factors include agility, open infrastructure, real-time processing, security and consolidation and rationalization. Depending on which factors most appeal to individual institutions, banks can take one of four approaches we've seen to attack specific payments requirements and build momentum for overall transformation:

- Unbundling on non-core functions.
- Establishing systems of engagement.
- Modernizing batch processes.
- Building APIs to the core.

One bank may want to own the end-to-end payments value chain. Another may want to own the customer. Yet another just wants a piece of the action. The role that a given bank, intermediary or processor aspires to will dictate how it responds to modernization drivers and where it begins the modernization quest.”

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