

**FINASTRA**

**Solution**

# **Finastra Payments To Go**

Enabling payments transformation  
and innovation in the cloud



# Executive Summary

With the growth of real-time, ISO 20022 adoption, Open Banking, and rise of cloud-native platform ecosystems, the payments landscape has evolved. Maintaining costly, complex in-house legacy systems won't deliver the digital experience that financial institutions need to give their customers.

By moving to payment services that are pre-configured for rapid onboarding, cloud-based, evergreen, and open for collaboration with the fintech community, financial institutions can embrace the new world of payments, reduce operational costs, and spend more time driving innovation and delivering service excellence.

As leaders in global financial services technology, Finastra is here to help modernize your payment experience regardless of size or geographic location – from global financial institutions to community banks and credit unions.

Our proven payment solutions alongside a flourishing ecosystem of collaborating fintechs are designed to offer you a full end-to-end and future-proof service. Our solutions tackle many financial institutions immediate concerns of providing quick returns, reducing operational cost/risk/effort, and keeping alignment with market developments and scheme changes.

In addition they are a catalyst and an enabler for driving innovation, delivering personalized user experiences, and creating new business opportunities for you and your customers – now and in the future.

## Introduction

### The payments industry is facing a perfect storm. It's caused by the convergence of real-time payments and ISO 20022, the costs of maintaining legacy solutions, and the move to Open Banking and the platform economy.

At the same time, new technologies, non-bank competitors, and evolving customer expectations are transforming the payments landscape. Against this backdrop, financial institutions need solutions that manage compliance and address commoditized payment processing in a standardized way. With a pre-configured, payment processing service drawing on the best practice processing of our world-leading payment hub, and deployed on the Azure cloud infrastructure, Finastra helps financial institutions to thrive in this new payments world, freeing them to focus on differentiation and service excellence.

Three drivers are compelling a review of payments strategies:

- **Speed of market and regulatory change** – With the global expansion in real-time processing, wide-scale adoption of ISO 20022, regional payment consolidation and modernization schemes, and the potential of Open Banking, financial institutions must adopt solutions based on new technologies and

business models to simplify operations, innovate with speed and agility, and stay relevant.

- **Customer expectations** – Customers are increasingly demanding contextualized and digital journeys which is creating pressure for banks to deliver services faster and more efficiently.

Customers now expect freedom of choice and value-added services such as those enabled through Open Banking - whether change is driven through regulation, as with PSD2 in Europe, or market-led, as in the US, customers require personalized user experiences, along with greater transparency, speed and optimization of payment processing.

Meeting these customer needs requires solutions with:

- high automation and efficient exception management
- comprehensive functionality available out-of-the-box
- reliable and scalable on demand

- changes implemented quickly through configuration not customization

- **Openness** – Open Banking is growing in relevance globally. Financial institutions will need to evolve from building and selling traditional product solutions to opening up to new possibilities by delivering services that customers can consume on demand.

Collaboration is key in constructing high value business use cases, drawing on a marketplace of fintech innovation.

Financial institutions need to consider the role they want to play in this dynamic ecosystem. Failure to participate may leave them relegated to being providers of commoditized payment processing, which can also be the most costly to maintain (e.g., regulatory obligations).

Speed of market and regulatory change



Regulatory and compliance demands, alongside domestic modernization and consolidation of payment schemes drives the need for an “always compliant” solution and cost containment.

Customer expectations



Customers want more and in real-time, creating pressure for financial institutions to innovate faster and efficiently.

Openness



The payments landscape is increasingly cloud-based and collaborative. Solution architectures need to be future-proofed to take advantage

## The challenges

However, responding to market pressures presents several challenges



### Adapting existing fragmented and siloed ecosystems

- the current payments infrastructure cannot react to market and regulatory pressures without major investment projects
- time pressures mean that new services are often added tactically incurring high downstream maintenance costs



### Delivering digital transformation

- customers increasingly expect their banking services to be as flexible as other domains (e.g., social media)
- customers want to be treated as individuals through personalised, contextual services



### Competitive pressures

- Competition from fintechs and other new entrants is encouraged by Open Banking.
- These new players focus on the customer experience and aren't encumbered by legacy infrastructure.

## Impact of the challenges

### • High set-up and maintenance costs –

The current payments infrastructure cannot meet the challenges involved in ongoing support of its payment infrastructure (e.g., the operational demands of new real-time payment schemes, or supporting the additional data of ISO 20022 messages) without major investment projects.

Existing on premise systems have often grown incrementally resulting in both duplication and redundancy, and modifications have been applied tactically - the result is high maintenance overheads and potential systemic risk (e.g., on normal operations when adding real-time payments).

Recent times have demonstrated how the impact of this challenge can be amplified by global events driving changes in customer behaviour (e.g., volumes of electronic payments) and expectations (e.g., enhanced security and fraud detection).

- ### • Timely service delivery –
- Payment solutions must be more agile and flexible to support customer needs. The growth in transaction volumes and the expected range and speed of delivery of product innovation is increasingly challenging for legacy, on-premise solutions (designed for efficient processing of a payment type) when compared with new entrants.

Changes cannot meet required timelines leading to poor customer acquisition and retention; as with the challenge around costs, there can be the temptation to go for quicker, tactical solutions as opposed to strategic ones leading to problems with downstream maintenance.

- ### • Competitive pressures –
- New entrants are cloud-native, and focused on delivering an excellent digital experience to their customers and bringing innovative new services to market quickly. The problem many financial institutions are facing is becoming a player in such a payments ecosystem against the backdrop of a fragmented, on-premise, and siloed infrastructure that stifles business growth.

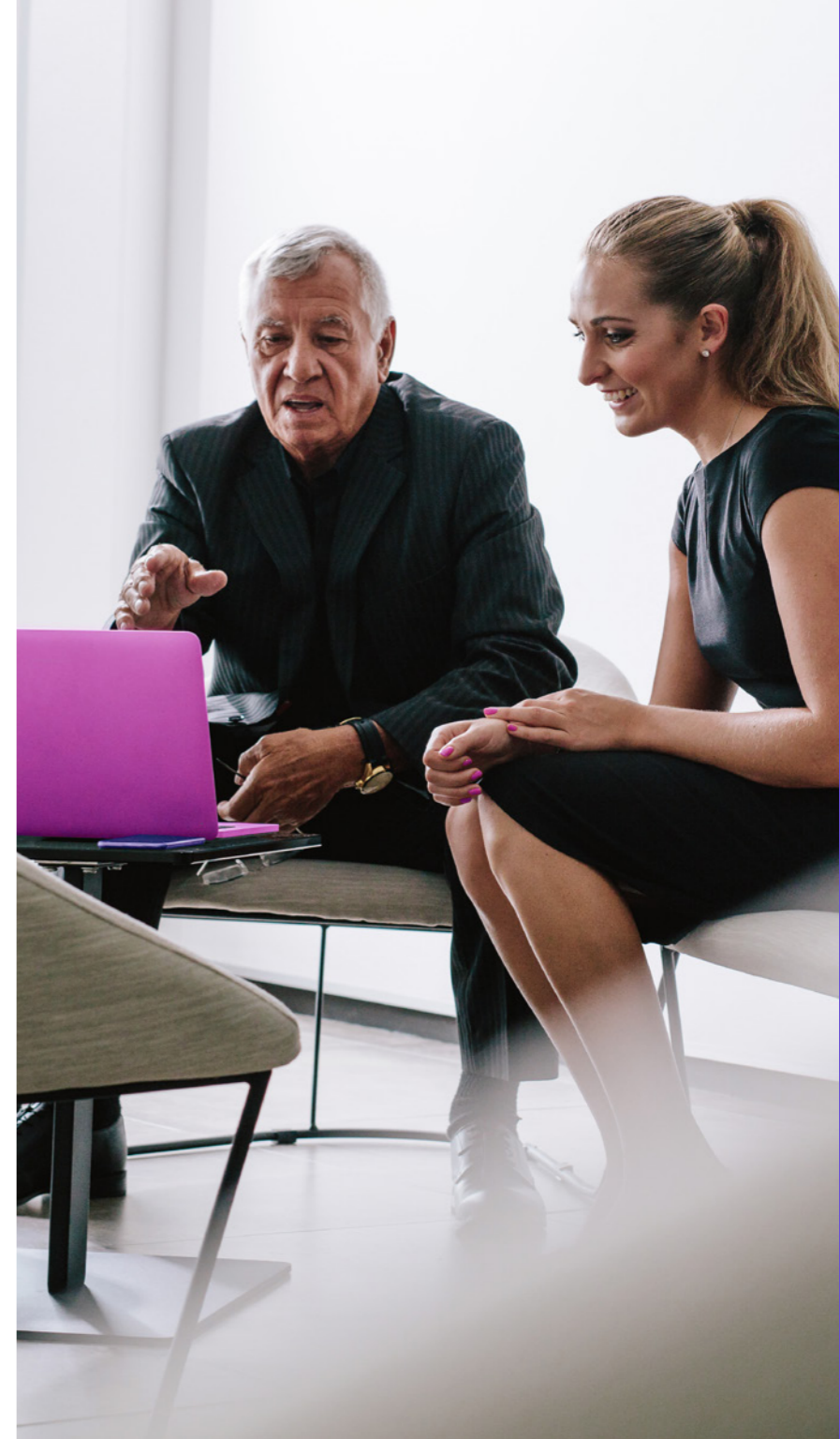
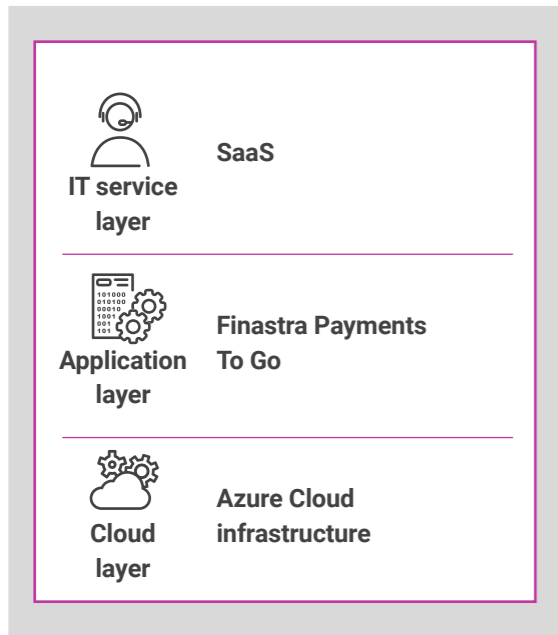


# The Finastra payments solution

## Payments transformation and innovation in the cloud

For organizations looking to move away from complex legacy systems and adopt an agile, managed, cloud payments solution, our service provides out-of-the-box, end-to-end payment processing across all payment types in a pre-configured, secure SaaS-deployment model. Organizations benefit from rapid time to market, security, scalability and operational simplicity, as well as the innovation and value added services available through FusionFabric.cloud, our collaboration platform – all based on industry best practice and Finastra’s global experience in delivering payment solutions.

⊕ **Finastra’s cloud-based solution includes multiple layers that work together to help financial institutions drive service excellence in payments: Click each icon for more information.**





## IT service layer

Finastra’s services team ensures that customers implement our solutions successfully, and deliver the benefits to their customers quickly and effectively.

Finastra provides a fully managed platform including all the elements for successful cloud operations:

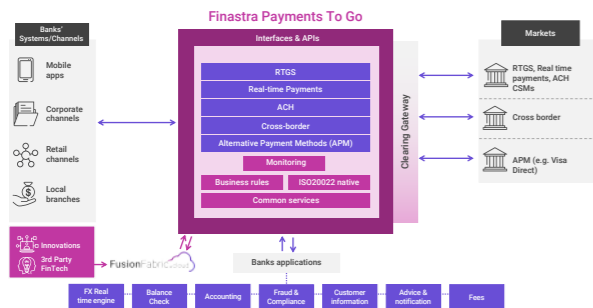
- **Information security services** – core security practices and services covering confidentiality, integrity and availability
- **Infrastructure services** – technical infrastructure that provides the platform on which the service is run
- **Cloud support services** – front-line functional and technical support services
- **IT service management services** – best-practice service management and governance

- **Technical application operations services** – centralized Network Operations Center (NOC) manned by Site Reliability Engineering (SRE) to facilitate the day-to-day running and management of the service
- **Maintenance services** – in line with the contract between you and Finastra

Our evergreen policy ensures that the components that deliver the service are always up to date, through our CI/CD methodology meaning compliance with regulatory and clearing scheme changes is built-in. The policy encompasses not only services at the user level but all of the underlying infrastructures. The service is SOC 2 compliant.

## Application layer

### Finastra Payments To Go provides this layer, based on Finastra's global and proven expertise in delivering payment hubs



Payments To Go provides out-of-the-box modules for end-to-end payment processing in a SaaS model based on pre-configured, best practice payment workflows.

The modular architecture allows clients to introduce or replace a single rail (such as the introduction of a real-time payments scheme) or transform to a multi-rail payment service with the additional benefits of consolidation.

#### Key features include:

- Full end-to-end processing solution covering the following payment types:
  - RTGS
  - ACH
  - Real-time
  - Cross-border
  - Alternative payment methods (e.g. Visa Direct)
- Message flows covered include Credit Transfers, Request for Cancellation and response, Request to Pay, investigations, admin and liquidity alerts and adjustments

- Comprehensive exception handling (e.g. duplicate checks, compliance and posting failures)
- Configurable business rules include Method of Payment (including on us support), regulation and country validations, accounts derivation and validation, value date determination and notification
- Pre-validation of message formats increases Straight-Through-Processing (STP) rates and the level of automation
- Fast Time to Value through web-based capture of client data to establish their environment,
- Provision of an "always compliant" solution through service upgrades
- Multiple service packages are available to suit the budget and requirements of the Financial Institution
- Liquidity and position management and reporting
- Enhanced security and seamless authentication (IDP integration over OAuth 2)
- Intuitive UI designed for operational effectiveness and efficiency – including

maker/checker and quick payment initiation screen to beneficiaries

- Easy integration with external applications:
  - Account lookup
  - Balance inquiry
  - Posting
  - FX
  - Compliance checks
  - Advising
- Standard uploads (e.g., ABA, BIC, and account upload)
- Extensive interface library covering more than 60 third party treasury, fraud, and core systems
- Integration with FusionFabric.cloud enables access to fintech services including AML, compliance, corporate ERP integration, and alternative payment methods (e.g., Visa Direct)
- Operational reporting and self-service dashboards
- Data lake with 7 year archive enabling analytics and data insights





## Cloud layer

### Finastra is partnering with Microsoft to deliver the cloud service on Azure

Azure features include:

- **Security** – backed by over \$1 billion invested in R&D and a layered security architecture covering data centers, infrastructure and operations actively monitored by 3,500 cyber security experts. The service uses a range of Azure monitoring services such as OMS/Log Analytics and Security Center.
- **Compliance** – with 90+ offerings, the most comprehensive coverage of any cloud provider.
- **Azure tools** – such as Power BI, which drives powerful analytics and data insights.
- **Hyper-scale and global** – with data centers in more regions than any other cloud provider, use of Azure means we can deliver the service wherever it is required and meet the challenges of local data residency requirements.
- **Hybrid capabilities** – allowing the service to be delivered into mixed ecosystems, essential for any payment transformation program.



## Why choose Finastra's solution

With trusted open payment solutions and a collaborative ecosystem of financial institutions and fintechs, Finastra is the perfect partner to help you drive innovation, deliver the personalized experiences that users expect, and create true business value for you and your customers

### Finastra is your best option to deliver multi-rail cloud services because our solution is:

- standardized (both software and delivery), allowing clients to contract and onboard quickly (to single or multiple rails) with low upfront costs
  - able to run alongside existing payment applications without impact or disruption
  - built on pre-configured, best practice workflows and business rules - simplifying operations, improving STP rates, providing transparency, and reducing risk and costs
  - founded on Finastra's expertise gained from a global footprint of production-proven payment solutions - over 30 years experience and close to 300 payment clients
  - fully managed and evergreen - all workflows are maintained in compliance with scheme updates and new features; upgrades are part of the service and the solution is being continuously enhanced
- as part of the journey to cloud-native, to deliver the ongoing business, IT and operational benefits of cloud
  - ISO 20022 native - simplifying compliance effort and unlocking new opportunities to analyze customer behaviour and deliver tailored services
  - priced as a subscription based on the number of clearings and payment volumes i.e., scales with your success
  - the solution is delivered in partnership with Microsoft on Azure, resulting in the cost effective provision of a solution that adapts to capacity needs and rapid service provision, with minimal risk to BAU activity. Azure is the world's leading financial services cloud provider with assured availability, scalability, business continuity, and security, and hybrid and multi-cloud support. Support for other cloud infrastructures and provision of a cloud-agnostic service are on our technology roadmap

- participates in the open ecosystem offered by FusionFabric.cloud, providing opportunities for enrichment through specialist applications in areas such as AML, fraud detection and access to new delivery channels.



82%

of banks believe they will move to Payments-as-a-Service or a managed service in the cloud in coming years  
Source: Celent, 2021



91%

of FIs believe moving to the cloud can help them adapt to changing customer behaviors and expectations  
Source: Google, 2021



\$77b

Worldwide banks spending on public cloud by 2024  
Source: IDC, 2021



Reduced complexity and cost

SaaS offering on Azure  
A functionally rich multi-rail payment hub  
Rapid onboarding and shorter Time To Value  
Certified security and privacy compliance



Increased operational efficiency

Fully managed and evergreen  
Always compliant  
Intuitive configuration capabilities  
Enhanced visibility and control



Accelerate innovation & growth

Open APIs  
Standard integrations  
Innovation and collaboration via FusionFabric.cloud  
Rapid expansion of new clearings

## Why partner with Finastra?

### It's not just about the solution, what makes Finastra the partner that you can trust to deliver success?

**Your World.OPEN** - Finastra is building an open platform that accelerates collaboration and innovation in financial services, creating better experiences for people, businesses and communities. Together we are leading the way in how applications are written, deployed and consumed in financial services to evolve with the changing needs of customers

**A wide partner ecosystem** - our growing ecosystem of innovative partners provides more solutions and capabilities in the market to our customers

**A proven best practice approach** - the Finastra delivery model is incorporated into our entire product life cycle. We use best practice business processes in the design, development and quality assurance of all of our financial software. These practices, proven in the industry, will help you achieve lower cost and faster onboarding, reduce TCO, and reduce risk

**Maximizing value from your Finastra solutions** - when working with Finastra, through our Preferred Active Support service, clients can benefit from personalized, proactive, and ongoing support through their software lifecycle. Through Finastra's best practices, methodologies and product expertise, clients can drive operational, product and system performance optimization to enhance the customer experience.

Our Solution Adoption Review offering can also help clients understand how to use their Finastra systems more effectively and derive maximum value from their applications.

**Powering global finance** - Finastra's size, scale and geographical reach means that we can serve customers effectively, regardless of their size or geographic location – from global financial institutions to community banks and credit unions. In fact, 48 of the world's top 50 banks rely on Finastra technology to deliver better experiences for their customers

**Unparalleled industry experience** - we offer the broadest portfolio of financial services software in the world today –spanning retail banking, transaction banking, lending, and treasury and capital markets. We provide a depth and richness of capabilities to our 600+ clients, from both our people and products



# FINANCE IS OPEN

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





Contact us at [services@finastra.com](mailto:services@finastra.com)

### About Finastra

Finastra is a global provider of financial software applications and marketplaces, and launched the leading open platform for innovation, FusionFabric.cloud, in 2017. It serves institutions of all sizes, providing award-winning solutions and services across Lending, Payments, Treasury & Capital Markets and Universal Banking (digital, retail and commercial banking) for banks to support direct banking relationships and grow through indirect channels, such as embedded finance and Banking as a Service. Its pioneering approach and commitment to open finance and collaboration is why it is trusted by ~8,600 institutions, including 90 of the world's top 100 banks. For more information, [finastra.com](https://finastra.com)

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