

FINASTRA

Solution

Finastra Global PAYplus

A world of opportunity in payments



Executive summary

With the growth of real-time, ISO 20022 adoption, Open Banking, alternative payment methods, and move to the cloud, 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 consolidating the silos and moving to a payment hub where payment services are centralized and standardized, and open for collaboration with the fintech community, financial institutions can embrace the new world of payments, reduce operational costs, drive innovation, and provide a streamlined digital customer experience.

As leaders in global financial services technology, Finastra is here to help modernize your payment experience.

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 both manage compliance and standard payment processing needs, and deliver the configurability and agility to meet customer expectations. 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, the emergence of new and modernized regional/global payment schemes, and the potential of Open Banking, financial institutions must adopt solutions based on modern 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 financial institutions to deliver standardized services faster.

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 exposing 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 with low margins (e.g., regulatory obligations).

Speed of market and regulatory change



Regulatory and compliance demands, alongside domestic modernization and new regional/global schemes drives the need for an “always compliant” solution and cost containment.

Customer expectations



Customers want additional advanced digital offerings creating pressure for financial institutions to innovate faster and efficiently.

Openness



Open Banking and the growth of platforms and marketplaces are redefining the landscape. New competitors are emerging. Cloud is fostering collaboration and generating network effects.

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 personalized, 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 behavior (e.g., volumes of electronic payments) and expectations (e.g., enhanced security and fraud detection).

• Timely and consistent service delivery

– Payment solutions must be more agile and flexible to support customer needs and continuous industry and regulatory changes and new initiatives. There is a need to rationalize pre-processing and execution through capabilities such as pre-validation,

smart routing, and mixed file handling. 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.

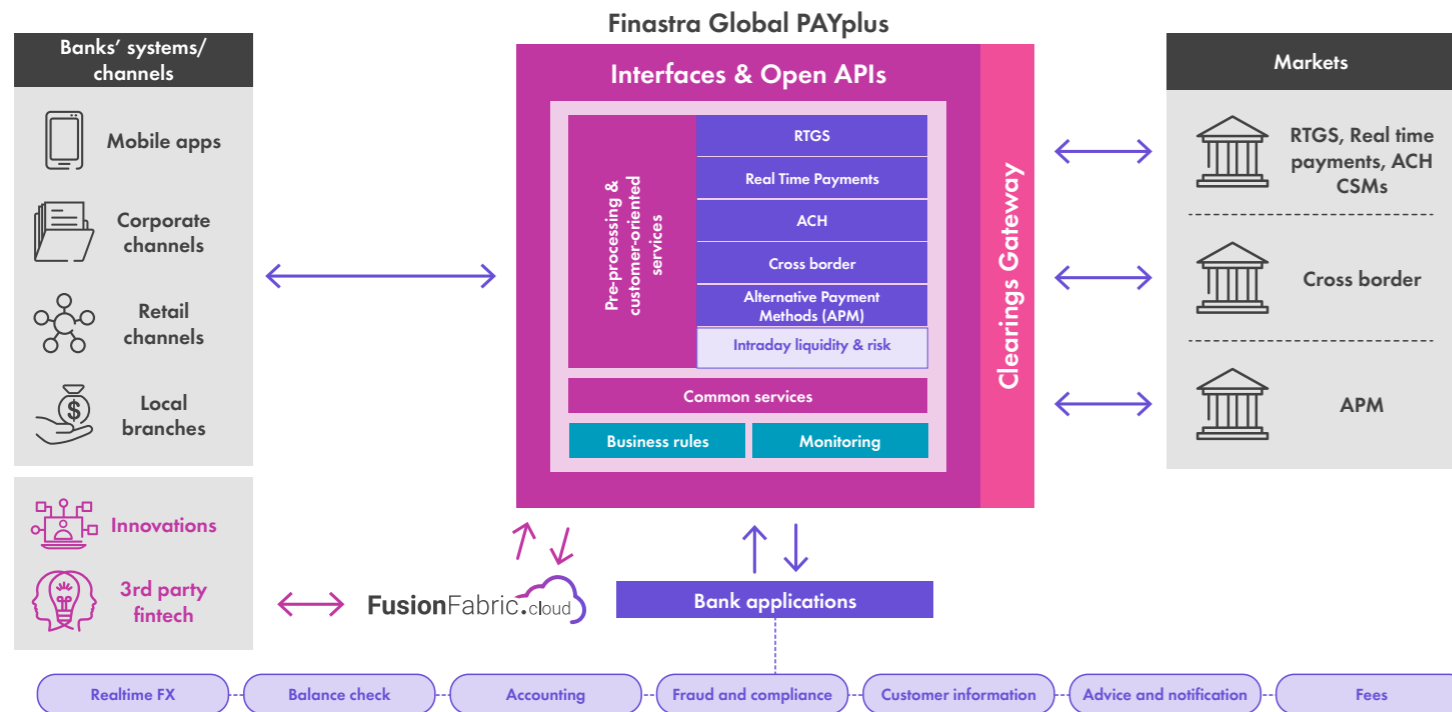
Changes cannot meet required timelines leading to poor customer acquisition and retention; as with the challenge around costs, there can be the temptation to go for quicker, tactical solutions as opposed to strategic ones leading to problems with downstream maintenance.

- **Need to transform** – 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 how to become a player in such a payments ecosystem against the backdrop of a complex, fragmented and siloed set of payment solutions which cannot be replaced as a "Big Bang". Payment solutions must provide an incremental, evolutionary approach to transformation.

The Finastra payments solution - Finastra Global PAYplus

Increasingly financial institutions agree that the best way to address these challenges is through end-to-end payments transformation, powered by the implementation of a single global payments hub for managing and processing all domestic and cross-border payments in a cost-effective, secure, and reliable way.

Global PAYplus is designed to serve as the ideal catalyst for this transformation. It offers the broadest and deepest suite of payment services available today—spanning high-value payments, mass payments and real-time payments—in a single solution. Based on a modern API- and microservice-enabled platform with an ISO 20022 native data model, it can be easily, quickly and predictably integrated with a financial institution's existing technology infrastructure, enabling financial institutions to consolidate silos of legacy payment applications into a single platform that can be deployed globally yet controlled locally—thus reducing risk, simplifying administration, and reducing operating cost.



The solution's modular design supports an incremental approach to transformation, allowing banks to take immediate steps based on near-term business objectives or regulatory requirements, while laying the foundation for a fully integrated, end-to-end payment services hub that replaces all legacy processing silos.

Payment processing modules

RTGS and cross-border payments

Enables banks to receive, process, and send high value payments, both incoming and outgoing, as well as clearing specific messages, processes, and rules. Supports RTGS payments as well as cross-border correspondent banking payments via SWIFT and alternative cross-border payment methods. Incorporates the global adoption of ISO 20022 and provision of SWIFT GPI.

ACH/Bulk payments

Enables banks to receive, process, and send files and messages that contain multiple bulk payments – credits, debits, and related transactions – as well as individual transactions. Supports bulk / ACH payments as well as bilateral and multilateral clearing arrangements.

Real time payments

Enables banks to receive, process, and send individual and bulk payments for real time schemes; the service incorporates the use of overlay services such as Request to Pay and Beneficiary verification.

Connectivity and integration

Clearing connectivity

These payment workflows can utilise the integrated clearing gateway which is responsible for managing the connectivity and all interactions with the clearing system utilizing the communication protocol and data formats. The clearing gateway supports the various SWIFT services (FIN, InterAct and FileAct) as well as bespoke communication protocols where required (e.g., US TCH RTP and EBA Clearing RT1 via SIANet). This is an optional module as a financial institution may have existing connectivity capabilities that they wish to use.

Integration capabilities

Integration with external applications and services is simplified through a library of standard connection points including:

- Account lookup
- Balance inquiry
- FX
- Billing
- Posting
- Compliance and fraud checks
- Advising

Where client proprietary integrations are required the solution can incorporate a transformation tool to enable quick and easy configuration

of transformation instructions between formats for single transactions and files.

The solution has an extensive and growing library of Open APIs providing access to fine grained core services such as payment initiation to support the demands of Open Banking.

Additional features

The following features of the solution enhance the use of the data collected by the payment hub:

- BI gained through standard and custom inquiries, and reports
- Sharing of both raw data and analytics data to facilitate Open Banking and data monetization

The user experience is also enhanced through features such as modern browser, accessibility and multi-lingual support, screen design incorporating tools such as NodeJS and Angular, and improved operational efficiency through features such as quick entry screens, elastic search and shortcuts.

Finastra also offers a range of value-added services including application training and certification, on-site subject-matter experts and usage discovery.

Supplementary modules

- **Pre-processing and customer oriented services –** receives messages (both single and batch, including mixed files) from multiple channels, validates, enriches and performs smart routing (including reachability checks) for downstream processing. This module supports the payments transformation journey from legacy payment engines to a hybrid payment ecosystem with existing capabilities and Global PAYplus.
- **Intraday liquidity and risk –** monitors and controls bank-side liquidity and positions in real time, ensuring efficient control and management of multi-currency liquidity assets across the bank's accounts and RTGS channels.

Benefits of consolidated payment operations

Saves time, reduces costs and risk and improves operational efficiency

The solution brings together payments flows for many different payment types and from multiple systems into a central payments hub. Information is consolidated into a single view, saving staff time and enabling significant reductions in the number of interfaces and systems requiring management and maintenance. As a result, maintenance cost is dramatically reduced. Also, the user interface can be personalized through configuration, helping users to prioritize tasks and focus on only those things that require their attention, thus improving productivity.

In addition, by reducing the number of interfaces, systems and processing stages requiring manual intervention, Global PAYplus enables operational risk to be reduced dramatically.

Improves Customer Service

The solution allows banks to give their customers the flexibility needed to make and receive payments quickly and easily - in real time, at any time, 24x7. This enables banks to offer new, innovative services – like real-time payments globally along with the associated overlay services – increasing the velocity of commerce. Global PAYplus is API-enabled so banks can take advantage of the latest API technologies and improve customer experience by providing frictionless payment experiences across any service or channel, as well as comply with regulations like PSD2 which continues to evolve, and the transition to open platforms and marketplaces. The solution allows banks to meet customers' demands for real-time access to liquidity, enabling them to carry out transactions closer to clearing deadlines, and have credits posted as quickly as possible.

Configuration, not customization

A configurable rules engine provides the flexibility to quickly add new functionality in response to changing industry and customer requirements, without code changes—reducing the burden of regulatory compliance, and accelerating time-to-market of new payment services.

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Liquidity Management

Demand for intraday liquidity continues to grow as financial institutions and their corporate customers expand their operations into a wider range of markets across the world, boosting the volumes of both cross-border and domestic transactions. Finastra's liquidity and risk management module provides banks with the tools they need to address new intraday liquidity monitoring and measurements standards and meet the demands of new regulation. The solution automatically centralizes all payments and liquidity events in one place, so that limit monitoring of inputs and settlements can be performed consistently and in real-time and it includes projection and planning capabilities that enable financial institutions to meet their payment obligations throughout the day as well as at end-of-day.

Enhances Decision Support

The solution provides mission-critical payments information in a consolidated view allowing for easy monitoring and analysis of all aspects of the bank's payments operation. The data accumulated over time establishes a baseline for normal behavior, issuing real-time alerts when abnormal trends are detected. This "bird's eye" view—both in real time and over time—allows financial institutions to quickly and easily identify trends, avoid trouble spots and make informed decisions. Similarly, by readily providing only the most necessary and relevant information, the solution enables users to quickly assess the information they need to do their job and make decisions without being distracted by irrelevant data.

Resilient, future-proof and responsive architecture

The rapid change in the payments landscape, driven by both regulation and market initiatives, is advancing the pace of digitalization. In addition, new entrants such as fintechs and challenger banks are increasing the focus on customer experience. To remain relevant financial institutions must provide payment services that go beyond compliance and to do this their solutions must have an architecture that supports the new business models that are emerging. Global PAYplus is designed to ride this wave of innovation through its open design including APIs, microservices, full cloud support and data services; while meeting the scalability, security, availability and business continuity requirements of such a mission-critical system.

***Finastra Global PAYplus
is designed to ride this
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design including APIs,
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Finastra Global PAYplus key features



Process any payment type

Automated processing of ACH, RTGS, SWIFT and real-time payments with high levels of STP.



Channel-agnostic

Works with any channel for payment capture and management.



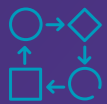
Extensive global reach

Supports widely used clearing and customer formats with tools to rapidly add additional formats as needed.



Centralized control and tracking of payment operations

Including user-defined inquiries, elastic search, full processing audit trail and global view of liquidity risks.



Comprehensive workflows and business rule capabilities

Mature and business feature rich workflows, with multi-currency and multi-lingual support for any geography, and multi-entity organizational structures that align with any operating model.



Modern platform

ISO 20022 native solution built on a modern API-enabled architecture designed to continually benefit from infrastructure improvements without the need to change the business logic. Modular and layered design allows users to easily run major projects in parallel, without impacting one another or the core system.



Configurable user interface

Users can control, simplify and streamline the experience and content to identify risks and prioritize tasks.



End-to-end business process

Integrated clearings gateway provides “last mile” connectivity for those cases where the financial institution doesn’t have it.



Open, extensible data and processing models

Allows for rapid implementation and roll-out of new products and features.



Platform and marketplace enabled

Through integration with FusionFabric.cloud, innovation is accelerated through utilizing the services of an ecosystem of fintechs, financial institutions, and other institutions.



Proven in the most demanding production environments

Designed to meet the highest standards of performance (low latency, high capacity, linear scalability) and reliability.

Everything we offer through Finastra Global PAYplus is available on-premises or in the cloud.

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Finastra Managed Services

Driving outcomes through a software led managed service

Our Finastra Managed Services offering enables financial institutions to gain incremental value from their existing payments solution by driving business outcomes. Built on market leading technology, extensive IP and accelerators, we offer a complete and flexible offering that is available as a full managed service or an application management service, to suit specific needs. Our offering consists of:

- **Software** – Global PAYplus solution and ecosystem components
- **Infrastructure** – Secure, resilient and high-performance infrastructure
- **Implementation** – Implement or upgrade solution to clients' requirements
- **Management** – Client Support, operations management, and governance
- **Updates** – Tested, production-ready and kept in standard support

Our Finastra Transform approach revolutionizes the way we deliver projects. We take a holistic approach, which enables banks to de-risk the initial implementation, deploy a solution that is optimized for both cost and quality of ownership and effectively transition to our cloud based managed service.

Benefits



Focus on what matters:

With Finastra Managed Services, banks can transfer the operational burden of hosting, patching, upgrading and day to day application management to Finastra, enabling them to shift focus to managing their core business and driving strategic priorities.



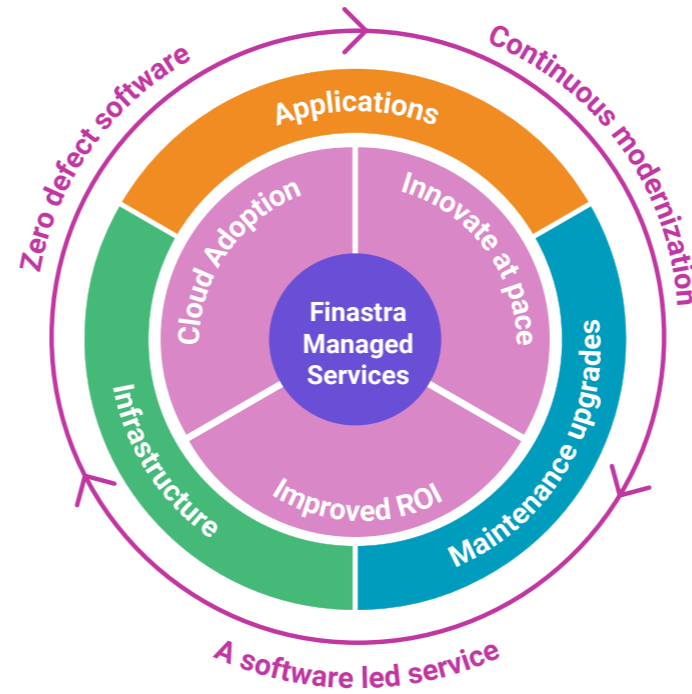
Continuous modernization:

Additionally, with continuous modernization built into our service model banks can always stay up to date, meaning compliance with regulatory and clearing scheme changes is built in.



Driving business outcomes:

Our software led managed service enables greater business agility, reduces operational risk, and maximizes ROI.

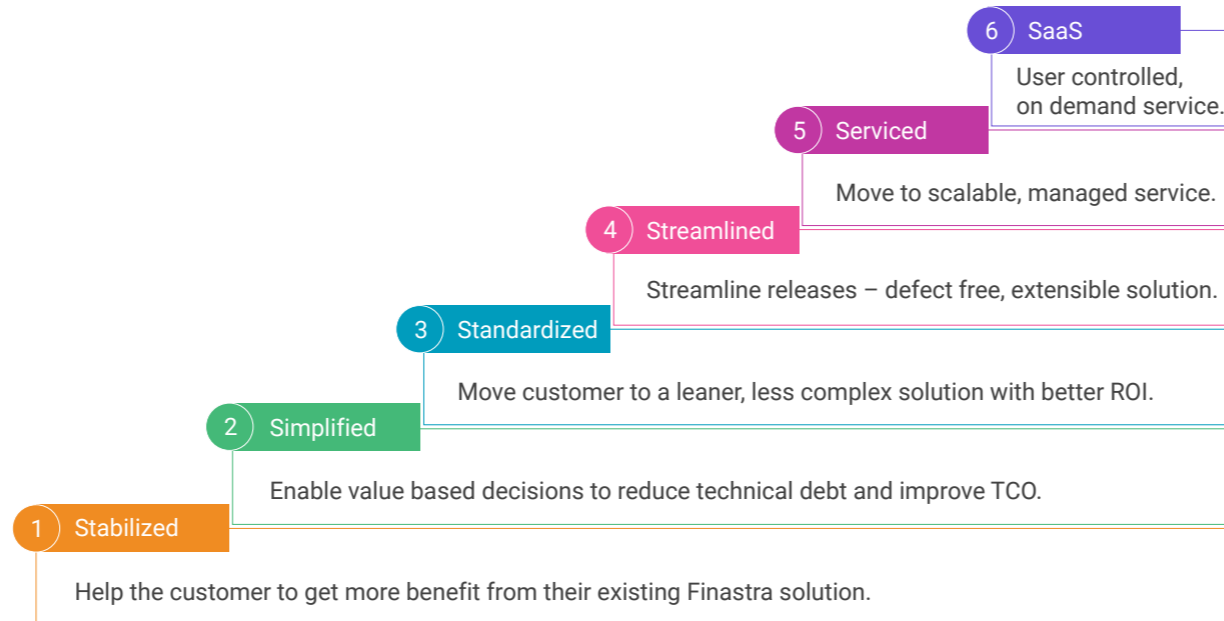


Finastra customer transformation model

Continuous modernization that addresses the “best next step” for your payments transformation, wherever you are on the journey.

With Finastra’s Customer Transformation Model, software is accompanied by ongoing service that’s focused on your needs and desired outcomes. Wherever you are on the journey, from the start of the change process to a managed SaaS solution, our goal is to help you take the “best next step” to where you want to be.

We work with you to identify where you are on your transformation journey and develop a detailed roadmap to provide the right ongoing service to address your needs. As you move through the different stages of transformation, our service builds in lockstep with your needs to deliver greater value, continuous modernization, and improved business outcomes. For Global PAYplus all levels up to level 5 of the Customer Transformation Model are in play. We have another solution, Payments To Go, that operates at level 6 (i.e., SaaS)



To find out more about Finastra’s Customer Transformation Model, visit our webpage [here](#) or [contact our experts](#) directly to get started.

Building value for every stage of the journey



Stabilize

Offering proactive support to get greater benefit from your existing solutions; this is a foundation for change.



Simplify

Enabling clients to make value-based decisions to reduce technical debt and improve TCO.



Standardize

We deliver continuous change with ongoing, agile sprints, moving you to a leaner, less complex solution with better ROI.



Streamline

Achieve defect-free, agile, resilient solutions, with Finastra delivering tested production-ready code.



Service

A full managed service including production cloud environments, to deliver an outsourced, scalable, and evergreen service.



SaaS

Your solution is provided by Finastra on a Software as a Service (SaaS) basis, delivering banking functionality as a service.

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



Proven payment hub

Finastra is the best option to phase in a payment hub. We have unrivaled expertise in the operation of global clearing and settlement mechanisms and out-of-box coverage for many geographies; the solution architecture offers tailored, incremental growth (buy what is needed now, prove the ROI and then extend). The solution is widely proven in production with proof points for high-end performance minimising operational risk. It is purpose-built and modular to meet the specific processing needs of each payment type while providing a single integrated view. The solution can also work alongside our market leading products in other lines of business such as core banking, trade finance, lending and treasury and capital markets.



Designed for high configurability

The solution is designed for configurability. The layered architecture supports re-usability, configuration and extension of workflows and simple, user-driven implementation of new business rules via the Rules Engine and UI screens. These features allow the solution to react to clearing and settlement mechanism, market and regulatory changes, to utilize and monetize value added services, and to optimize customer service.



Future-proof technical architecture

The investment is future-proof and supports the delivery of innovative services. This is achieved through our commitment to continuous technical evolution including full adoption of cloud native technologies; rich and growing open API coverage addressing, for example, the needs of Open Banking; and participation in our collaboration platform, FusionFabric.cloud, which accelerates innovation by extended our services through the offerings of fintechs and other players.



\$2.6Bn

Global spend on payment hubs by 2025 (CAGR 8%)

Source: Omdia, 2021



>45%

Customers who will use cryptocurrency payments in the next 1-2 years

Source: Capterra, 2021



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



Multi-rail coverage on-prem or cloud

Global and fully maintained clearing coverage proven in production. Rails are purpose-built, segregated, and user-configurable, and can be added incrementally for ROI at each step.



Change through configuration – not customization

Layered architecture isolates impact/risk of changes. Standard payment workflows can be re-used and extended. New features introduced by users via business rules.



Drive transformation through the fintech marketplace

Deliver innovative services enabled through cloud-native technologies, and a growing level of integration with specialist fintech services over Finastra's collaboration platform, FusionFabric.cloud.

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, FusionFabric.cloud, 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

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 software solutions and services across Lending, Payments, Treasury & Capital Markets and Universal Banking (Retail, Digital 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 over 8,000 institutions, including 45 of the world's top 50 banks. For more information, finastra.com

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