



# Table of Contents

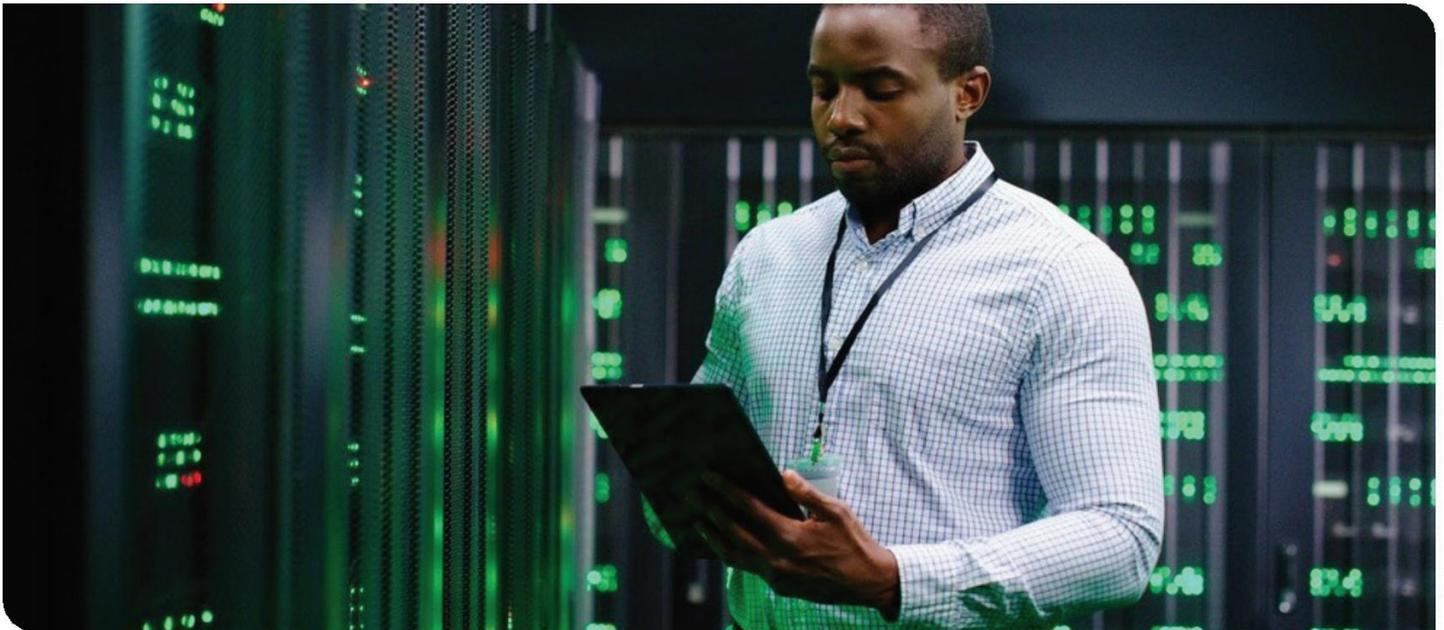
	Page
Introduction .....	03
Why Modernization is Necessary .....	04
The Cloud's Role in Accelerating Modernization .....	05
Modernizing Payments With the Cloud .....	06
Financial Services, Reimagined .....	08
Conclusion .....	09

# Introduction

The writing is on the wall. Disruptive technologies, evolving consumer behaviors and expectations, innovative new entrants, and a shifting regulatory landscape are all drivers behind the modernization of payments and banking. Current legacy systems are no match for these drivers of change, creating a predicament for financial institutions (FIs) who want to future-proof payments but face time and budget constraints.

The cloud can address many of these challenges and accelerate modernization. Cloud services like Google Cloud and Amazon Web Services (AWS) are appealing because they offer pay-per-use, high resiliency, and the flexibility to scale up or down according to usage. These benefits are a significantly less expensive alternative to completely replacing legacy systems and they also offer a faster time to market than traditional IT solutions.

FIs know that consumers want fast (if not real-time), seamless services that can be readily accessible anytime and anywhere. While enabling digital offerings is a start, it's merely the tip of the iceberg when it comes to modernizing payments systems in a way that gratifies all parties of the payments ecosystem. This paper explores why migration to the cloud is imperative and why FIs must approach digital transformation (DX) from the perspective of a tech company in order to compete in the new payments era.



# Why Modernization is Necessary

Transaction banking has historically provided FIs with a steady stream of revenue, but their reign as the supreme leader in transaction banking is quickly coming to an end. Several realities pose challenges to the current banking and payments business models:

## Outdated infrastructure

Poorly integrated infrastructure that is past its prime and that leads with manual processes, data and system siloes, batch-based processing and other inefficient processes have been a major headache for FIs and payments companies in 2021. FIs are caught between a rock and a hard place as completely replacing systems is a time- and resource-intensive endeavor, but doing nothing can lead to resource-draining error remediation. On top of that, legacy systems are not real-time friendly, nor do they provide a comprehensive, 360-degree view of clients and transactions from which new products and services can be developed.

## Changing regulatory climate

One Ovum ICT Enterprise Insights study shows that meeting regulatory requirements is one of the top three business challenges, according to [45% of corporate banking respondents](#). Between regulations around anti-money laundering (AML), know your customer (KYC), Foreign Account Tax Compliance Act (FATCA), and more, FIs face mounting pressure to tick all the boxes.

## Enhancing digital customer experience

Consumers and businesses have come to expect digital banking solutions. As customers become more sophisticated, pushing paper will only hinder a positive customer experience. That same Ovum ICT Enterprise Insights study reported that [38% of corporate banking respondents](#) said improving customer experience was a top-three challenge. Having a digital app will not be a salve where elegant digital solutions are expected.

## Competitive pressure

Fintechs and disruptive new entrants are putting the pressure on financial institutions and established payments players. These agile startups and scale ups have the ability to leverage big data and shift quickly to maintain pace with evolving customer demands. Innovation will be a key factor that influences payments in the long-term and banks are well-advised to position themselves to innovate on par with more nimble players.

# The Cloud's Role in Accelerating Modernization

The good news is that there are ways for FIs to get up to speed with their agile fintech counterparts and accelerate modernization in a way that allows them to compete. Leveraging cloud infrastructure can help to standardize and automate strategies to provide greater flexibility and scalability.

McKinsey posits that cloud-specific spending has grown at more than [six times the rate](#) of general IT spending in recent years. Moving core systems and processes to the cloud is no small undertaking for FIs. It requires a holistic DX strategy that looks at how the cloud can yield benefits above and beyond what legacy systems are providing.

Whether focusing on a “lift and shift” method of simply moving legacy applications to the cloud or a complete overhaul, digital transformation beckons. FIs and payments companies must aim to standardize and automate core processes and systems via an open API model that allows for modernized security, a more agile operating model, and the ability to quickly leverage new capabilities. With this mindset, FIs and payments organizations can future-proof core processes to withstand the rapid transformations of the digital era.

## Issues FIs Face in Migrating to the Cloud

Making the decision to migrate to the cloud requires a hard look at the existing infrastructure.

Monolithic systems and applications. Existing business applications will have been built with the “old” IT mindset, and are likely configured for static capacity in on-premise data centers. This is where the idea to simply move these applications becomes tempting; however, this will not accomplish the goal of creating dynamic, agile cloud-based applications.

Developing business applications in the cloud requires training and reskilling the existing technology workforce, where expertise lies in more traditional IT frameworks. The other alternative is to bring in specialized help that can develop business applications for the cloud environment.

## Cloud Enables Standardization and Automation

Cloud infrastructures make for more easily managed infrastructures, cutting down on the need for each business application to have its own customized configuration of network resources and storage. Subsequently, the number of administrators needed to maintain those networks and systems, address low performance issues, and handle testing and integration is also cut significantly. The cloud allows those IT resources to be shifted toward developing innovative, competitive solutions. As [McKinsey](#) points out, the cloud enables FIs to :

*Cut 30-40% of IT overhead costs by 30 to 40 percent*

*Optimize IT asset usage by scaling IT processes up and down as needed*

*More frequently release more sophisticated business features as IT regains bandwidth to leverage the impactful solutions that cloud providers offer, like big-data and machine-learning services*

Again, these benefits will not result from a simple lift and shift of manual IT processes and customized business application system configurations to the cloud. FIs will need to focus on remediation as part of the DX journey to ensure that IT systems are cloud-friendly.

# Modernizing Payments With the Cloud

Modernizing payments with the cloud requires FIs and payments organizations to evaluate certain critical elements prior to launching the modernization initiative.

## Sourcing

Most payments companies struggle to build and maintain their own cloud technology stack. Working with experienced cloud providers is usually the most streamlined approach. Leveraging a vendor with domain expertise enables payments organizations to seamlessly work with cloud services providers and scale up as needed. Most organizations have a team of network engineers and system administrators to manage their current infrastructure, which would require significant upskilling of in-house resources to manage a new cloud infrastructure. Working with a specialized vendor that has software engineers that understand the compute security protocols, and storage of the cloud on-hand can make configuration and management of the production environment much easier.

## Revamp/Remediate Legacy Applications

Payments organizations will need to revamp and/or remediate existing applications at the infrastructure and application layers in order to meet the security and capacity requirements of the cloud. This is a resource-intensive order that requires enhancing security and increasing automation within applications. Adopting API frameworks can also streamline remediation.

## Empowering the Right Team

Hand-in-hand with sourcing, organizations must be able to develop applications on the cloud quickly and effectively. Working with a partner that has experience applying lean agile principles across software development lifecycle can streamline processes and enhance in-house teams' ability to work in an agile way. Trained experts can work with in-house development teams to train on agile methodologies while also preparing the cloud environment, hardening it, evaluating applications, and strategizing for migration.

Modernizing payments with the cloud is an undertaking best achieved through vendor partnerships to improve the transaction experience by increasing scalability and augmenting current investments. A vendor integration strategy around cloud-based architecture can help FIs move from monolithic payments architecture to enhanced infrastructure.

Both cloud and hybrid models can be implemented through a microservice-based framework that allows for increased resilience, scalability, seamless integrations, and agility. The key of any DX approach is to align with the core modernization strategy and to be flexible enough to evolve over time

# Opus Consulting's Transformational Capabilities

Opus leads the charge in DX within the payments space. We use our deep experience in user experience, agility, extensibility, system performance and security to develop solutions and new systems that address core problems. Opus helps organizations cut through the DX hysteria to fundamentally change how the organization operates and delivers value to customers.



We do this through the following steps:

- 01** *Analyzing existing systems landscape across the client's value chain*
- 02** *Aligning our approach to building clients' digital capabilities through transformation*
- 03** *Working in tandem with them to help clients succeed*
- 04** *Creating, enhancing, extending and reshaping systems to meet clients' goals*
- 05** *Recommending and helping clients prioritise changes to their technology and process landscape*

## Microservices & APIs

We work with leading payment organizations to enhance enterprise agility by redesigning and redeveloping critical payment applications into flexible microservices-based applications. We use our deep domain experience and technological proficiency to lead API strategy and management by connecting clients to their digital assets with important payment systems and reducing time to market

## Cloud

We work with leading payments processors to digitally transform their existing architecture into cloud-enabled platforms to deliver value-added services for enhanced customer experience. We do this by helping clients assess their existing infrastructure and recommending landscape redesign keeping cloud-led value and security in focus.

We also enable cloud infrastructure creation with high levels of automation. Our cloud-agnostic approach is driven by efficient monitoring, security and access management, scalability and availability management, database migration and management. We also enable seamless and secure lift-and-shift of applications to cloud environments.

## Salesforce

We work with leading Payments Processors to digitally transform their existing architecture into cloud-enabled platforms and deliver value-added services for enhanced customer experience. We are Salesforce Certified Partners with diverse experience in delivering cloud-enabled, automated solutions to solve complex business problems across the Salesforce ecosystem.

**The Opus Payments Cloud solves challenges in loan origination, customer account onboarding, agent onboarding, and streamlines other complicated workflows. Key offerings in Salesforce include:**



### Consulting

- Cloud Readiness Assessment
- Business process mapping with Salesforce
- Architecture / application design and implementation, roadmap definition



### Migration

- Data migration to Salesforce.com
- Data extraction, data duplication & management
- Salesforce reports integration with external data lakes



### Implementation

- End-to-end implementation of key processes of customer lifecycle
- Expertise with Lightning, Third party Integration, mobile App development
- Transition support
- Application maintenance, enhancement and data support

## DevOps

We specialise in DevOps and have years of experience applying lean agile principles across software development lifecycle. We collaborate with large enterprises to help them automate & scale server provisioning for faster, error-free configuration deployment. We also implement and run tools to support Continuous Delivery.

## Machine Learning

Our team of expert data scientists, data engineers & domain consultants apply their thorough knowledge of payments industry challenges to help our clients implement intuitive and intelligent machine learning use cases with speed and dexterity.

## Artificial Intelligence

Our team of technology and payments domain specialists drives innovation and opportunities for complex problem solutions through our AI-powered Payments BOT, Ailene™. Ailene™ helps our clients manoeuvre through complex payments processes.

## Financial Services, Reimagined

As highlighted earlier, implementing and executing a holistic DX strategy is the best bet for achieving the desired business results. Unfortunately, many FIs balk at the scale and cost of such a massive transformation and technical overhaul, leading them to modernize operations piece by piece. While this alternative strategy can still deliver results, it can also add complexity and siloes to an FI's operations, making efficiency and improved customer experience a far reach.

Instead, it is important for FIs to develop a new mindset that embraces a ground-up overhaul. The new perspective should position FIs and technology companies whose mission is to make technological improvements to payments operations. It's a lot to swallow because it goes against the grain of what most FIs are doing; however, survival and growth in this market depend upon an FIs ability to become tech-centric and agile. It is an urgent mandate.

The old days of long testing cycles and slow releases are over. Today's payments operations must be able to develop, integrate, and release quickly. DX and modernization must be proactive rather than reactive in order to future-proof against continued disruption both from agile competitors but also from architectural inefficiencies.

The pandemic has ushered in some sense of urgency around this as FIs are facing the realities attached to remote work. Those not adequately set up to manage operations remotely are feeling those pains, which will be exacerbated even when we return to a more stable environment. Customers are quickly growing accustomed to digital, convenient, fast options; FIs that cannot deliver will be left in the dust.

Positioning an FI as a technology company enables it to compete with the digital and cloud-native fintechs that are quickly flooding the market with seamless payments alternatives.

## Focus on Real-Time Payments

*The ability to operate as a tech company will be especially important as real-time payments become more of a reality. The capability to facilitate fast or real-time payments will be the edge FIs need to win new customers and retain existing ones. Capturing real-time payment business will boost payment volumes while engaging new customer segments.*

*FIs will need to leverage agile infrastructure like the cloud along with agile processes that can connect new technology to legacy systems. Fintech disruptors come prepared with this agility, but FIs will need to rely on an architectural framework that allows for increased efficiencies across payments operations. This infrastructure should also connect DevOps with containerized microservices and APIs in a way that supports rapid development of customer-centric products and services. These containerized microservices are a key component as they can be quickly developed and easily integrated into existing architecture and add instantaneous value for both internal and external users.*

## CONCLUSION

**The modernization of payments is a necessity with increasing urgency. As global events spur increased reliance on digital payments products and services by consumers, FIs need to ensure that they can deliver. The ability to deliver customer-centric services and products will rest squarely on the ability of core systems to adapt to change and support dynamic, flexible, agile, efficient business processes and applications. The cloud promises opportunity for FIs to enhance internal systems and processes while weathering competition from fintechs, regulatory pressure, and disruption.**

**Effective migration to the cloud requires a holistic DX strategy that takes costs and constraints into account. In creating this DX strategy, FIs should adopt a tech company mindset that hones in on technological improvements, even in the face of complete technical overhaul. With the end goal of creating fast-to-market, customer-centric products and services more easily, FIs should be able to tap into the gumption they need to tackle any technological hurdles, whether big or small.**



## About Opus Consulting

Opus Consulting Solutions focuses on shaping the future of payments technology. With experience building highly innovative solutions and products, we combine our deep technology proficiency with unmatched domain expertise in Payments and Fintech, enabling us to deliver unparalleled quality and value in everything we do. Our team partners with a diverse global customer base, ranging from start-ups to Fortune 500 financial leaders, all focused on digital transformation and driving innovation in payments.

