

***ISG** Provider Lens™

Banking Industry Ecosystem

UK 2020

Quadrant
Report



A research report
comparing provider
strengths, challenges
and competitive
differentiators

Customized report courtesy of:

Infosys®

December 2020

About this Report

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The research and analysis presented in this report includes research from the ISG Provider Lens™ program, ongoing ISG Research programs, interviews with ISG advisors, briefings with services providers and analysis of publicly available market information from multiple sources. The data collected for this report represents information that ISG believes to be current as of September 2020 for providers who actively participated as well as for providers who did not. ISG recognizes that many mergers and acquisitions have taken place since that time, but those changes are not reflected in this report.

All revenue references are in U.S. dollars (\$US) unless noted.

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EXECUTIVE SUMMARY

The banking and financial sector in the U.K. has been characterized by trends and dynamics unique to its position as a key financial hub in Europe. Key executives in the industry have been prioritizing investments and initiatives to shift to digital platforms aimed at meeting the growing demand from retail customers as well as to gain competitive advantage against challenger banks and FinTechs. Cloud-based core banking systems, instant payments, automated KYC/AML, modular and API-led applications have been gaining mindshare across the industry. While these trends have been gaining foothold, the pandemic has clearly been an eyeopener and in essence has fast-tracked the process where banks and merchants have been pushing forward for a cashless society through the following measures:

- Increased online transactions for retail, corporate and merchants;
- Better synergies between banking platforms and customers' ability to access digital information and records including payment transactions,
- Omni-channel transactional platforms essential for retail customers to enable touchless or contactless modes.

A key aspect of the U.K. banking sector is the continuing change in the branch network or the teller, which are likely to witness a drastic reduction due to the number of branches being shut. This has been expected to significantly impact the industry as many banks are assessing cost reduction measures and branch closures to fund their digital initiatives. Neobanks and larger financial groups have taken precedence in offering an online only or

digital mode of banking with significantly better rate of interest compared to traditional/ legacy banks, forcing these institutions to up their ante with a digital portfolio. These initiatives have resulted in several growth opportunities for service providers.

Another noteworthy market dynamic is the long-drawn Brexit, which would result in banks having to decouple their banking network including aspects of payment, and KYC/AML from the European Union. In order for the U.K. banking sector to become a low cost and competitive financial hub outside of the European Union, banks must invest in bleeding edge technology, platforms and business processes. These are also expected to drive further opportunities for providers that can offer solutions and services in a modular, cloud-ready and end-to-end portfolio with domain-rich functional expertise.

Core Banking Implementation Services

U.K. banks face unprecedented change. The uncertainty created by Brexit, increasing levels of geopolitical instability spawned by climate change and a rapidly changing regulatory environment means that they need to be more agile than ever. U.K. banks also face pressure from customers and competitors. Switching costs are plummeting, millennial buying power is soaring, and challenger bank alternatives are proliferating.

For U.K. retail banks, the ability to obtain and retain customers is more critical today than ever before. For banks that offer corporate banking services, the same challenge exists: how to attract and retain corporate customers with innovative, and easy-to-use treasury

management, supply chain and credit products, given the rapid rise of FinTech – seen as “frenemies” of traditional banks – and marketplace lending alternatives. And once these customers obtained, how to rapidly distribute credit – while still focusing on managing the underlying risk.

In order to address these concerns and increase agility, U.K. banks are realizing that they need to modernize their legacy core banking system. This is why ISG is seeing an increase in demand for digitizing core banking systems and the operations they support.

Payment Ecosystem Services

Payment modernization initiatives: The U.K. has been among the fore runners of next-generation payment systems in Europe, starting with faster payments infrastructure in 2008. Currently, most banks in the U.K. are investing to standardize their existing infrastructure to adapt to the proposed changes under the New Payment Architecture (NPA). Several banks have started or assessing their payment infrastructure upgrades, that would ensure agility and resilience with the ever-evolving payment ecosystem. Payment platform providers and implementation partners are offering payment hub services, capable of supporting multiple messaging formats, interbank payment schemes and file formats. Majority of the payment system integrators and service providers are reducing their support offerings for Clearing House Automated Payment System (CHAPS) and check clearing, while slowly shifting to real-time payment systems.

In the U.K., challenger banks, and new-age FinTechs are pushing the boundaries of the payment ecosystem with API-led service portfolio of offerings that encompass virtual cards,

instant payment options, loyalty-based credit, blockchain-based and many more. These trends are becoming increasingly relevant, especially with the looming COVID-19 pandemic, as banks and consumers are realizing the benefits of real-time payments and APIs.

Focus on compliance and standards: Aside from data security, banks are also investing to accommodate other European and global initiatives including Single Euro Payment Area (SEPA) Instant, ISO 20022, Open Banking/PSD2 as well as SWIFT GPI. Banks are also evaluating SaaS-based solutions that eliminate costly regulatory upgrades and helps stay compliant with automation-led processes, among other benefits. Modular solutions or accelerators and “APIfication” are becoming more prevalent with banks as they offer ease of integration with existing legacy infrastructure, while enabling faster go-to-market. Service providers are capitalizing on these opportunities by providing in-house and partner-led solutions that combine complementing solutions around AI, analytics and automation. Accenture, Capgemini, Cognizant, FIS, Fiserv, Infosys, TCS are identified as Leaders, and Tech Mahindra is being recognized as a Rising Star.

KYC/AML Implementation Services

The U.K. market currently underlies EU regulations. After some 2019 scandals, European authorities are looking more closely at financial crimes. The continuous rise and expanded use of cryptocurrencies will demand new regulations and transaction monitoring and analysis tools. In Europe, these efforts were led by the U.K., giving them the opportunity to drive regulations according to U.K. standards. After Brexit, this will certainly change, currently, it is not possible to predict how regulations for AML and KYC will evolve in the U.K.

Due to the Covid-19 pandemic, the Bank of England recently cancelled the 2020 stress tests for eight major U.K. banks and building societies. This is to help lenders focus on supporting the needs of U.K. households and businesses via the continuing provision of credit. Other than that, we do not see COVID-19 affecting the KYC/AML implementation services market.

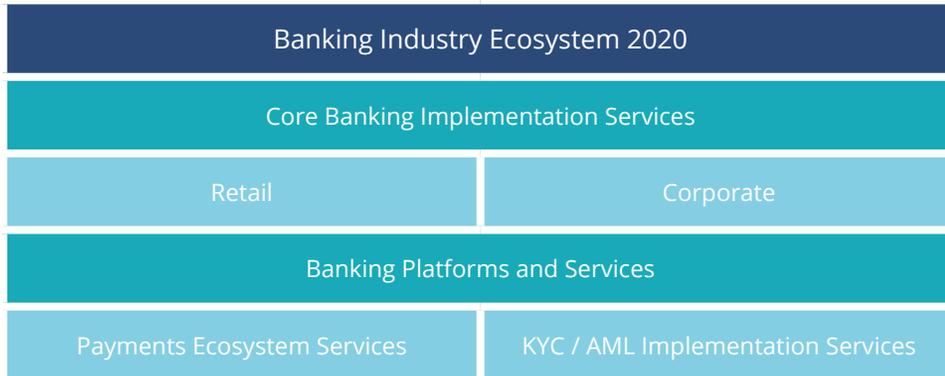
A large number of clients are moving towards automated AML checks to improve scaling and speed and to reduce false positives. To meet these requirements, service providers are collaborating with smaller FinTech companies to develop integrated solutions. Artificial intelligence is a strong driver for AML automation, and all large AML implementation service providers offer their own solutions for machine learning and AI.

AI also plays a strong role in the development of KYC technologies and solutions. It allows real-time transaction monitoring for KYC anomaly detection, reduces customer's profile update time, and can be integrated into customer communication to allow better services and an adaption of services as per the customers responses. Being able to find patterns within large amounts of data, AI also allows new technologies like Social biometrics (analyzing the customer's social media footprint) and raise the level of KYC effectiveness significantly.



Introduction

Simplified Illustration



Source: ISG 2020

Definition

Operational agility has become pivotal for both commercial and retail banks. However, established banks have a patchwork of legacy systems that adversely affect agility and can create hurdles in customer and clients' journeys. To address this, retail and commercial banks are evaluating next-generation core banking systems, both in terms of the digital capabilities of these systems as well as the service providers that can implement and scale them.

Banks also face stiff competition; they are no longer the only entities offering financial services. For example, in the payment space, 25 percent of all transactions are undertaken by non-bank financial institutions. Therefore, there is increasing interest in payment services that are faster more cost effective, and leverage digital platforms preferred by today's financial services customer.

Finally, regulatory pressures remain significant. However, the industry has moved from coordinated programs to recapitalize banks and ensure sufficient liquidity to more regulatory divergence driven by local market conditions. Such jurisdictional divergence is a particular challenge for global banks. Adding to this challenge is the outbreak of COVID-19, which is compelling global banks to increasingly opt for technology to automate risk-related services such as anti-money laundering (AML) and know-your-customer (KYC).

Definition (cont.)

Scope of the Report

This ISG Provider Lens™ study offers the following to IT and business decision makers:

- Transparency on the strengths and weaknesses of relevant providers;
- A differentiated positioning of providers by segments;
- Perspective on different markets, including the U.K., Nordics (including the Baltics), Germany, Switzerland and the U.S.

Our study serves as the basis for important decision-making in terms of positioning, key relationships and go-to-market considerations. ISG advisors and enterprise clients also use information from these reports to evaluate their existing vendor relationships and potential engagements.



Provider Classifications

The ISG Provider Lens™ quadrants were created using an evaluation matrix containing four segments, where the providers are positioned accordingly.

Leader

The "Leaders" among the vendors/providers have a highly attractive product and service offering and a very strong market and competitive position; they fulfill all requirements for successful market cultivation. They can be regarded as opinion leaders, providing strategic impulses to the market. They also ensure innovative strength and stability.

Product Challenger

The "Product Challengers" offer a product and service portfolio that provides an above-average coverage of corporate requirements, but are not able to provide the same resources and strengths as the Leaders regarding the individual market cultivation categories. Often, this is due to the respective vendor's size or their weak footprint within the respective target segment.

Market Challenger

"Market Challengers" are also very competitive, but there is still significant portfolio potential and they clearly lag behind the Leaders. Often, the Market Challengers are established vendors that are somewhat slow to address new trends, due to their size and company structure, and therefore have some potential to optimize their portfolio and increase their attractiveness.

Contender

"Contenders" are still lacking mature products and services or sufficient depth and breadth of their offering, while also showing some strengths and improvement potentials in their market cultivation efforts. These vendors are often generalists or niche players.

Provider Classifications (cont.)

Each ISG Provider Lens™ quadrant may include a service provider(s) who ISG believes has a strong potential to move into the leader's quadrant.

Rising Star

"Rising Stars" are usually Product Challengers with high future potential. Companies that receive the Rising Star award have a promising portfolio, including the required roadmap and an adequate focus on key market trends and customer requirements. Rising Stars also have excellent management and understanding of the local market. This award is only given to vendors or service providers that have made extreme progress towards their goals within the last 12 months and are on a good way to reach the leader quadrant within the next 12 to 24 months, due to their above-average impact and innovative strength.

Not In

This service provider or vendor was not included in this quadrant as ISG could not obtain enough information to position them. This omission does not imply that the service provider or vendor does not provide this service. In dependence of the market ISG positions providers according to their business sweet spot, which can be the related midmarket or large accounts quadrant.

Banking Industry Ecosystem - Quadrant Provider Listing 1 of 2

	Core Banking Implementation Services : Retail	Core Banking Implementation Services : Corporate	Payment Ecosystem Services	KYC/AML Implementation Services
Accenture	● Leader	● Leader	● Leader	● Leader
Atos	● Not in	● Not in	● Contender	● Leader
Capgemini	● Product Challenger	● Not in	● Leader	● Leader
Cognizant	● Leader	● Leader	● Leader	● Rising Star
DXC Technology	● Contender	● Contender	● Market Challenger	● Market Challenger
EXL	● Not in	● Not in	● Not in	● Product Challenger
Fenergo	● Not in	● Not in	● Not in	● Product Challenger
Finastra	● Not in	● Not in	● Market Challenger	● Not in
FIS	● Not in	● Not in	● Leader	● Not in
Fiserv	● Not in	● Not in	● Leader	● Not in
Genpact	● Not in	● Not in	● Not in	● Contender
HCL	● Not in	● Not in	● Contender	● Product Challenger
Hexaware	● Not in	● Not in	● Product Challenger	● Not in

Banking Industry Ecosystem - Quadrant Provider Listing 2 of 2

	Core Banking Implementation Services : Retail	Core Banking Implementation Services : Corporate	Payment Ecosystem Services	KYC/AML Implementation Services
IBM	● Not in	● Not in	● Not in	● Leader
iMeta Technologies	● Not in	● Not in	● Not in	● Product Challenger
Infosys	● Leader	● Leader	● Leader	● Leader
LTI	● Rising Star	● Contender	● Product Challenger	● Product Challenger
Mindtree	● Not in	● Not in	● Contender	● Contender
Persistent	● Not in	● Not in	● Contender	● Contender
Sopra Steria	● Product Challenger	● Product Challenger	● Not in	● Not in
Sutherland	● Not in	● Not in	● Not in	● Not in
TCS	● Leader	● Leader	● Leader	● Leader
Tech Mahindra	● Market Challenger	● Market Challenger	● Rising Star	● Contender
TietoEVRY	● Not in	● Contender	● Not in	● Market Challenger
Wipro	● Market Challenger	● Rising Star	● Contender	● Product Challenger
Zensar	● Contender	● Contender	● Contender	● Not in



Banking Industry Ecosystem Quadrants

ENTERPRISE CONTEXT

Core Banking Implementation Services: Retail

In this quadrant report, ISG evaluates the changing dynamics of the U.K. retail core banking landscape. The report assesses service providers across several key dimensions, with a focus on designing and deploying core banking systems, while helping their clients reduce technical debt associated with their legacy core banking systems.

Replacing and or modernizing core banking systems is becoming mission-critical for retail banks. In order to rapidly respond to changing customer needs and demographics, retail banks need to decouple their monolithic systems and move to a cloud-based, API-centric model that will enable them rapidly innovate and tap into emerging FinTech ecosystems.

Who should read the report:

Chief Information Officer (CIO)

CIOs have the most challenging task of making critical infrastructure systems ready and available to their employees across business functions. The report provides better understanding of how current processes and protocols impact an enterprise's existing use of legacy core systems as well as potential limitations that may exist for the adoption and integration of new capabilities. Working with service providers can serve as a catalyst to drive incremental modernization, and reduction in technical debt.

Chief Digital Officers

CDOs are charged with the responsibility of strategizing and designing a digital-first approach as well as enabling an omni-channel presence for their services. The report helps in gaining better perspectives on effective digital tools as well as techniques to enable frictionless transactions and interactions in a virtual environment. The report also focuses on analyzing digital initiatives that are largely focused on improving the customer experience and strengthening customer relationships. CDOs can leverage the report to gain insights on service provider capabilities in helping create an integrated and seamless digital environment addressing the growing demand and competition.

Chief Technology Officer (CTO)

CTOs and technology leaders can understand the paradigm shift witnessed in the banking industry with the growing use of technology in providing exhaustive solutions and services for increasing revenue, better customer experience, optimizing cost structure, and managing enterprise risk. Executives and leaders handling operations and services can gain in-depth knowledge on emerging technologies and solutions to gain strategic directions as well as partnership options with relevant service providers. CTOs can also ensure the deployment of appropriate platforms and solutions enabling competitive advantage as well as digitally enhanced environment within the scope of budgetary and time-bound commitments.

Chief Strategy and Operations Officer

Understanding the responsibility of designing and implementing strategic direction for their banks, the report aids strategy officers with the relevant advisory and supports their decision-making capabilities. Strategy and operations executives can learn the need for designing and investing in services that are technology- and customer-centric, as well as the relevant service providers capable of offering these solutions. The report also provides insights on better managing existing legacy systems and explores plausible strategies that can be adopted to minimize switching costs and implementation effort.

Chief Experience Officer

Executives handling the role of experience officers should read this report to better assess their banking environment for opportunities to implement solutions and services to increase customer experience. The report advocates and provides insights on trends including customer analytics, payment analytics, omni-channel presence, data-centric digital design, hyper automation, and several emerging technologies. The report also provides analysis of service providers capability and assessment of prevailing market dynamics to better strategize customer experience initiatives.



CORE BANKING IMPLEMENTATION SERVICES: RETAIL

Definition

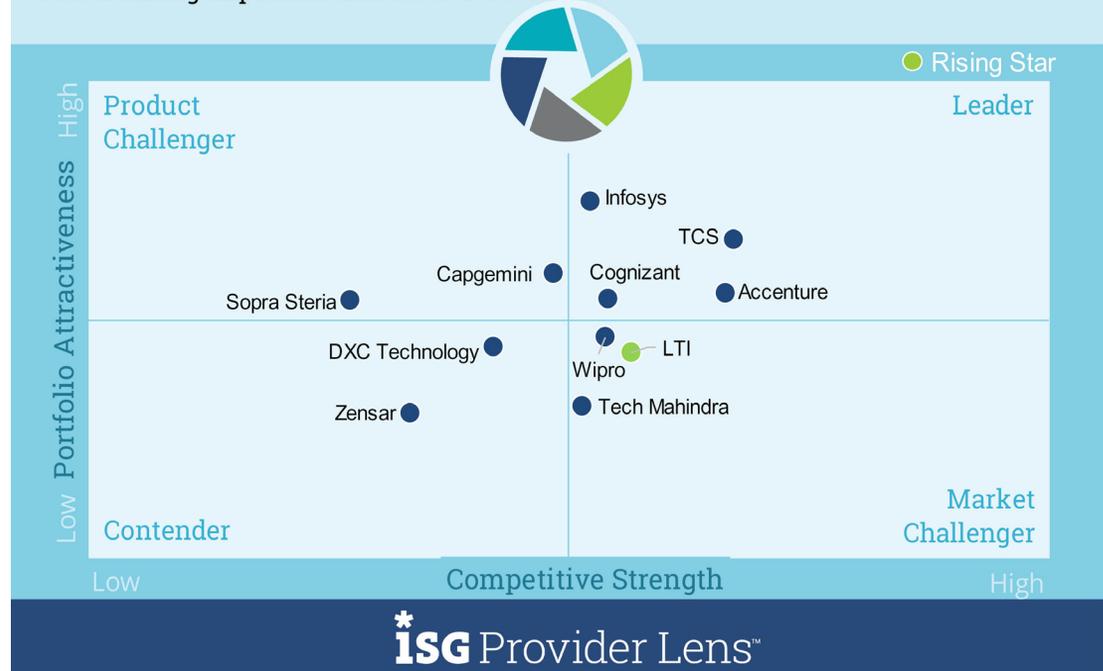
The core banking platforms and implementation services in the retail quadrant comprises software (off-the-shelf or custom-built) with the relevant implementation and system integration services. Centrally positioned for all operational activities, core banking platforms are vital back-end systems for banking transactions. ISG has observed that projects for modernizing core banking systems have been initiated to improve operational agility as well as responsiveness to the ever-demanding consumer. Providers that can address these requirements will remain integral to the evolution of the banking industry as they continue to support the dynamic nature of consumer engagements.

Banking Industry Ecosystem

2020

Core Banking Implementation Services : Retail

UK



Source: ISG Research 2020

CORE BANKING IMPLEMENTATION SERVICES: RETAIL

Eligibility Criteria

- Ability of provider to deliver a core banking platform (either proprietary or offered by any other Tier-1 software publisher), implement it on a modular basis and provide ongoing support;
- Offer solutions that can be integrated with existing legacy systems in order to modernize critical components and can seamlessly integrate with future systems/platforms;
- Demonstrate strong functional expertise in retail banking systems (either proprietary or offered by any other Tier 1 software publisher);
- Showcase a commercial model that can align incentives between vendor and bank as well as a provision for futureproofing to ensure scalability.

Observations

- **Accenture** uses its broad expertise across multiple leading core banking platforms combined with its deep industry expertise to help retail banks modernize their core banking operations.
- **Cognizant** combines its strong Temenos practice with its recent customer-focused acquisitions to help retail banks modernize their operations and refresh their customer experiences.
- **Infosys** leverages its deep product suite and broad partnership ecosystem to help retail banking customers find new opportunities for growth.
- **TCS** combines its strong banking domain expertise with its leading BaNCS platform to help retail banks create compelling digital experiences for their customers.
- Rising Star **LTI** uses its full-stack Temenos capabilities to help challenger and cooperative banks transform and modernize their core banking platform.

INFOSYS

Overview

Infosys is a US\$12 billion IT services firm based in Bangalore, India. It has more than 240,000 employees and generates over US\$4 billion annually from its financial services practice. Infosys has a strong track record of supporting some of the largest banks and financial services firms in the world. In the U.K., it implements the Finacle core banking platform for retail customers. The software is developed by Infosys' subsidiary EdgeVerve and has over 490 installations across 100 countries.

Strengths

Experience with U.K. banks: Infosys is actively working with seven U.K. banks and has more than 1,800 retail banking resources in the region.

Open Banking Platform: The Infosys Open Banking Platform has an API development and management layer, as well as a marketplace to expose proprietary APIs to FinTechs and other banks.

FinTech Connect: Infosys has a strong understanding of the banking FinTech ecosystem via FinTech Connect, a program that helps emerging FinTechs and traditional banks to accelerate innovation.

Experience with digital-only banks: Infosys is actively working with many global clients to help them establish and scale digital-only banks.

Caution

Infosys has experience implementing its proprietary Finacle platform as well as other core banking products. Potential customers should carefully evaluate the services and product combination that works best in their business and technology context.



2020 ISG Provider Lens™ Leader

Infosys uses its strong banking domain knowledge, deep product suite and broad partnership ecosystem to help retail banking customers find new opportunities for growth.

ENTERPRISE CONTEXT

Core Banking Implementation Services - Corporate

In this quadrant report, ISG evaluates the changing dynamics of the U.K. commercial core banking landscape. The report assesses service providers across several key dimensions, with a focus on designing and deploying core banking systems, while helping their clients reduce technical debt associated with their legacy core banking systems.

Attracting and retaining corporate customers with innovative, and easy-to-use treasury management, supply chain and credit solutions given the rapid rise of FinTech – seen as “frenemies” to traditional banks – and marketplace lending alternatives is becoming mission-critical for commercial banks. But in order to do this, banks need to decouple their monolithic systems and move to a cloud-based, API-centric model that will enable them rapidly innovate and tap into emerging FinTech ecosystems.

Who should read the report:

Chief Information Officer (CIO)

CIOs have the most challenging task of making critical infrastructure systems ready and available to their employees across business functions. The report provides better understanding of how current processes and protocols impact an enterprise's existing use of legacy core systems as well as potential limitations that may exist for the adoption and integration of new capabilities. Working with service providers can serve as a catalyst to drive incremental modernization, and reduction in technical debt.

Chief Digital Officers

CDOs are charged with the responsibility of strategizing and designing a digital-first approach as well as enabling an omni-channel presence for their services. The report helps in gaining better perspectives on effective digital tools as well as techniques to enable frictionless transactions and interactions in a virtual environment. The report also focuses on analyzing digital initiatives that are largely focused on improving the customer experience and strengthening customer relationships. CDOs can leverage the report to gain insights on service provider capabilities in helping create an integrated and seamless digital environment addressing the growing demand and competition.

Chief Technology Officer (CTO)

CTOs and technology leaders can understand the paradigm shift witnessed in the banking industry with the growing use of technology in providing exhaustive solutions and services for increasing revenue, better customer experience, optimizing cost structure, and managing enterprise risk. Executives and leaders handling operations and services can gain in-depth knowledge on emerging technologies and solutions to gain strategic directions as well as partnership options with relevant service providers. CTOs can also ensure the deployment of appropriate platforms and solutions enabling competitive advantage as well as digitally enhanced environment within the scope of budgetary and time-bound commitments.

Chief Strategy and Operations Officer

Understanding the responsibility of designing and implementing strategic direction for their banks, the report aids strategy officers with the relevant advisory and supports their decision-making capabilities. Strategy and operations executives can learn the need for designing and investing in services that are technology- and customer-centric, as well as the relevant service providers capable of offering these solutions. The report also provides insights on better managing existing legacy systems and explores plausible strategies that can be adopted to minimize switching costs and implementation effort.

Chief Experience Officer

Executives handling the role of experience officers should read this report to better assess their banking environment for opportunities to implement solutions and services to increase customer experience. The report advocates and provides insights on trends including customer analytics, payment analytics, omni-channel presence, data-centric digital design, hyper automation, and several emerging technologies. The report also provides analysis of service providers capability and assessment of prevailing market dynamics to better strategize customer experience initiatives.



CORE BANKING IMPLEMENTATION SERVICES: CORPORATE

Definition

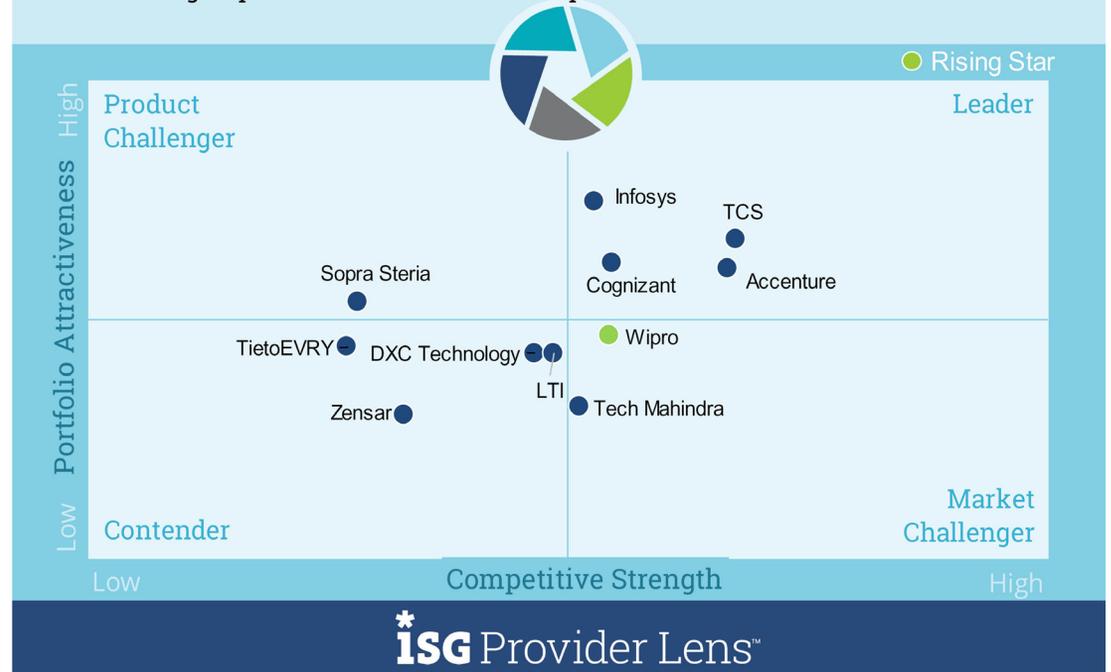
The core banking platforms and implementation services in the corporate quadrant comprises software (off-the-shelf or custom-built) with the relevant implementation and system integration services. Centrally positioned for all operational activities, core banking platforms are vital back-end systems for banking transactions. ISG has observed that projects for modernizing core banking systems have been initiated to improve operational agility as well as responsiveness to enterprises of all sizes. Providers that can address these requirements will be integral to the evolution of the banking industry as they continue to support the dynamic marketplace for local and/or global business engagements.

Banking Industry Ecosystem

2020

Core Banking Implementation Services : Corporate

UK



Source: ISG Research 2020

CORE BANKING IMPLEMENTATION SERVICES: CORPORATE

Eligibility Criteria

- Ability of provider to deliver a core banking platform (either proprietary or offered by any other Tier-1 software publisher), implement it on a modular basis and provide ongoing support;
- Offer solutions that can be integrated with existing legacy systems in order to modernize critical components and can seamlessly integrate with future systems/platforms;
- Demonstrate strong functional expertise in corporate banking systems (either proprietary or offered by any other Tier 1 software publisher);
- Showcase a commercial model that can align incentives between vendor and bank as well as provision for futureproofing to ensure scalability.

Observations

- **Accenture** uses its deep banking domain experience and broad expertise across multiple leading core banking platforms to help customers modernize their operations.
- **Cognizant** leverages its strong Temenos practice to help banks modernize their core platform and refresh their customer experiences.
- **Infosys** uses its deep product suite and broad partnership ecosystem to help corporate banking customers find new opportunities for growth.
- **TCS** combines its strong banking domain expertise with its leading BaNCS platform to help banks transform into a bank-as-a-service model.
- Rising Star **Wipro** leverages its banking modernization capabilities to help customers develop a new digital core, while at the same time reducing legacy technical debt.

INFOSYS

Overview

Infosys is a US\$12 billion IT services firm based in Bangalore, India. It has more than 240,000 employees and generates over \$4 billion annually from its financial services practice. Infosys has a strong track record of supporting some of the largest banks and financial services firms in the world. In the U.K., it implements Finacle, Finastra and nCino for its corporate customers.

Strengths

Broad experience across multiple core banking platforms: Infosys implements Finacle in a partnership with its subsidiary EdgeVerve. It also has experience implementing in Finastra at Tier 1 and 2 U.K. banks.

Open Banking Platform: The Infosys Open Banking Platform has an API development and management layer, as well as a marketplace to expose proprietary APIs to FinTechs and other banks.

FinTech Connect: Infosys has strong understanding of the banking FinTech ecosystem via FinTech Connect, a program that helps emerging FinTechs and traditional banks to accelerate innovation.

Rapid implementations: Infosys states it can implement Finacle for corporate customers in three to six months.

Caution

Infosys has experience implementing its proprietary Finacle platform as well as other core banking products. Potential customers should carefully evaluate the services and product combination that works best in their business and technology context.



2020 ISG Provider Lens™ Leader

Infosys uses its strong banking domain knowledge, deep product suite and broad partnership ecosystem to help corporate banking customers find new opportunities for growth.

ENTERPRISE CONTEXT

Payment Ecosystem Services

This report is relevant to banks, financial institutions, as well as payment processing firms for retail and merchants in the U.K. for evaluating providers of payment services.

In this quadrant report, ISG highlights the current market positioning of providers of payment, implementation services to enterprises in the U.K., based on the depth of service offering and market presence.

In the U.K., challenger banks, and FinTechs have been pushing the boundaries of the payment ecosystem with API-led portfolio of offerings including virtual cards, instant payment options, loyalty-based credit, blockchain-based and many more. With the looming COVID-19 pandemic, these trends are becoming increasingly relevant, as banks and consumers are realizing the benefits of real-time payments and APIs.

Most banks in the U.K. are investing to standardize their existing infrastructure to adapt to the proposed changes under the New Payment Architecture (NPA). Several banks have started or assessing their payment infrastructure upgrades, that would ensure agility and resilience with the ever-evolving payment ecosystem.

Another growing challenge is the reduced support offering services for Clearing House Automated Payment System (CHAPS) and check clearing as majority of the payment system integrators and service providers are slowly shifting to real-time payment systems.

Aside from data security, banks are assessing investments to accommodate other European and global initiatives including Single Euro Payment Area (SEPA) Instant, ISO 20022, Open Banking/PSD2 as well as SWIFT GPI. Banks are also evaluating SaaS-based solutions that

eliminate costly regulatory upgrades and helps stay compliant with automation-led processes, among other benefits.

Who should read the report:

Infrastructure, IT, and technology leaders should read this report to gain better understanding of how current processes and protocols impact an enterprise's existing use of legacy core systems as well as potential limitations that may exist for the adoption and integration of new capabilities. Working with service providers can serve as a catalyst to drive incremental modernization, and reduction in technical debt.

Digital transformation and user experience leaders should read this report to understand digital initiatives that are largely focused on improving the customer experience and strengthening customer relationships. The report also elaborates on digital-centric approaches prevalent in the market that will aid in adopting suitable solutions to facilitate seamless change management.

Heads of operations, delivery, and senior management professionals should read this report to develop a better understanding of the need to design and invest in services that are technology- and customer-centric, as well as the relevant service providers capable of offering these solutions.

Group heads for payment and merchant services and finance leaders should read this report to understand the relative positioning of the partners that can help in developing as well as marketing new payment service offerings with modular approaches resulting in highly scalable business opportunities. Executives can learn how to leapfrog by partnering with relevant FinTech counterparts and establish dominance in the market.

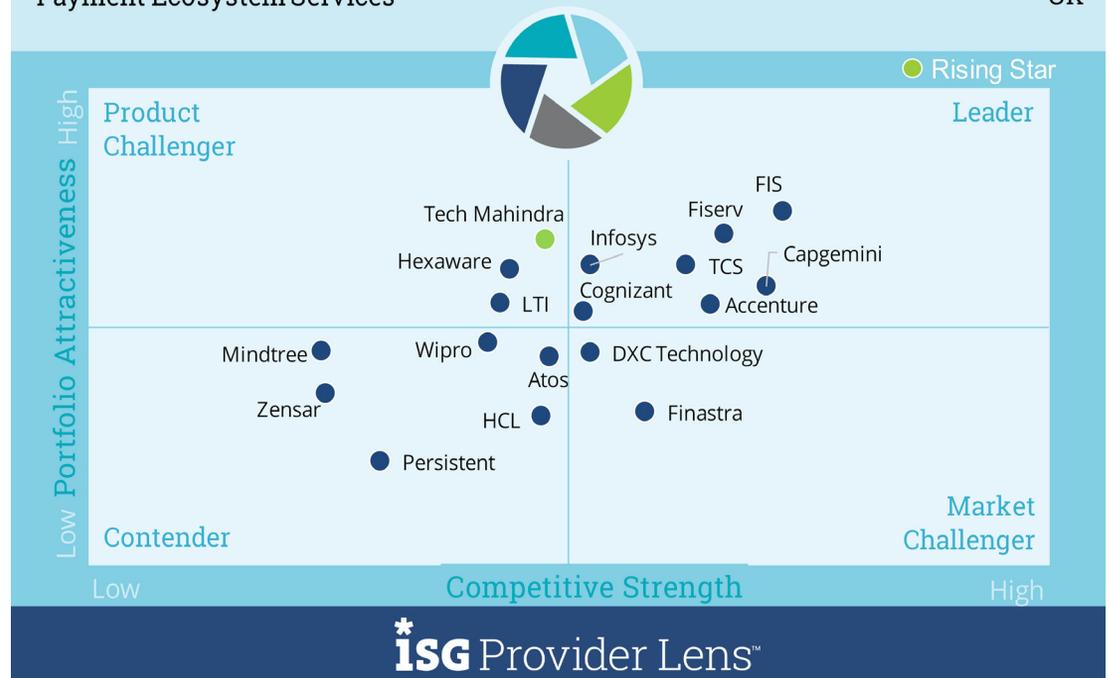
PAYMENT ECOSYSTEM SERVICES

Definition

The Payment Ecosystem Services quadrant includes system integrators and managed service providers with the ability to help customers create, implement and support payment-based business services in the global payment ecosystem. This ecosystem comprises payment processors (acquirer and issuer), payment networks, merchants, banks (acquiring and issuing) and other intermediaries.

Banking Industry Ecosystem
Payment Ecosystem Services

2020
UK



Source: ISG Research 2020

PAYMENT ECOSYSTEM SERVICES

Eligibility Criteria

- Ability to deploy proprietary platforms, technology services (application and infrastructure) and/or business process outsourcing (BPO) services connected with the global payment ecosystem;
- Strong functional expertise in the payments industry, including expertise in payment acquiring, issuing and network domains and functional expertise across card transaction processing, clearing, settlement, customer management and disputes;
- Proven ability to modernize and customize existing card and payment platforms as well as devise future-ready services to accommodate changes within the digital payment industry;
- Partnerships and expertise in working with payment platforms and card packaged solutions across major issuer processors;
- Deep knowledge of different regulatory and compliance requirements, along with relevant certifications and partnerships with industry and regulatory bodies;
- Increased focus and investments in emerging payment technologies such as mobile wallet, near field communication (NFC) or blockchain.

PAYMENT ECOSYSTEM SERVICES

Observations

- **Accenture's** thought leadership and strong implementation capabilities remain a testament to its referral list of clients in the U.K. Accenture's partnerships with key technology and software firms continue to support in delivering innovative solutions and services.
- **Capgemini's** consulting capabilities and its transformation experience in the banking services sector gives it a distinct advantage in the U.K. market. Its platform-led payment offerings and complementing digital solutions create a comprehensive suite covering the entire payment ecosystem.
- **Cognizant's** ability to offer end-to-end payment services integrated with its digital transformation solutions are enabling it to gain mindshare among banking executives. Strategic acquisitions in the U.K. financial sector will enable the company to gain market share as well as providing a competitive edge.
- **FIS'** acquisition of U.K.-based Worldpay exhibits the market's strategic importance as well as becoming Europe's powerhouse for

future expansion plans. Its reliance on technology and domain partnerships have paid off in the U.K., providing the company with substantial client references.

- **Fiserv** has been showcasing its capability as a next-gen financial service provider with its cloud-native offerings, mobile payments and API-led open banking solutions in the U.K. market. This has been exacerbated by its acquisitions in the U.K. (Dovetail, Monitise) to further its market aspirations.
- **Infosys** leverages its presence in the U.K. with large core banking installations and recognition as a transformation partner for digital transformation contracts to attract its payment clients.
- **TCS** has strategically targeted community banks as well as small- and mid-tier banks with a cloud-based value proposition gaining significant wins in the U.K. The popularity of the BaNCS platform has enabled the company to win new payment clients as well as renew/upgrade existing clients' payment infrastructure.
- Rising Star **Tech Mahindra** is a known brand in the U.K. for IT outsourcing services, and its strong partnership with key payment vendors have enabled it with client wins. Moreover, U.K.-specific acquisitions in the digital experience sector will further enhance its payment offerings.

INFOSYS

Overview

Infosys is an IT services company that generated US\$13 billion in revenue in 2019, with the financial services and insurance segment contributing more than 31 percent of the overall revenue. The company leverages its capability in IT services, domain expertise in financial services and financial services partners to develop standalone payment service offerings as well as complement Finacle core banking platform. The payment expertise relies heavily on its Finacle platform's extensive installation, and experience gathered across countries. Infosys employs over 25,000 dedicated payment professionals cutting across the value chain from consultative activities through to service delivery and management.

Strengths

Strong references and client momentum from EdgeVerve: Infosys has showcased large references in the U.K. market with payment modernization, delivering transformation to five large banking clients. Its inherent strength in retail banking, derived from Finacle implementations, help in offering payment services to existing and new clients.

Vast experience and expertise: Globally, Infosys is working with four out of six top payments networks, two out of 10 top global remitters, three out of top five card issuers and nine out of 15 top global banks, and has executed over 12 payment transformations/end-to-end modernizations.

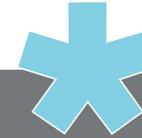
Extensive partner network for innovation: Infosys' partners for enterprise payments product include Finastra, ACI and First Data along with a host of startups in the U.K. These partnerships extend to collaborating and co-creating innovate products/solution with a joint go-to-market strategy, specifically for payments modernization services.

Complementary strengths to improve customer experience: Infosys acquired Brilliant Basics, a London-based product design and customer experience innovator, to meet the demand for design and human-centric capabilities in the marketplace.

Caution

Although EdgeVerve provides the necessary client base, Infosys tends to implement enterprise payment partner platforms for Finastra and ACI clients. Much of the transformation projects with existing clientele are partner driven.

A lack of a hardware offering and inadequate focus on POS is likely to impact the overall coverage of the payment ecosystem, as the focus is heavy on banking clients.



2020 ISG Provider Lens™ Leader

Infosys drives a comprehensive portfolio of offerings augmented by its retail banking expertise and IT service delivery capabilities complemented by its extensive partner network.

ENTERPRISE CONTEXT

KYC/AML Implementation Services

This report is relevant to enterprises across industries in the U.K. for evaluating providers of KYC/AML services.

In this quadrant report, ISG highlights the current market positioning of providers of KYC/AML services to enterprises in the U.K., based on the depth of service offering and market presence.

Due to COVID-19 pandemic, enterprises faced challenges related to the banking industry. The market and customer needs are changing at a faster rate than ever before, leaving most banks with little choice than intensifying their efforts to build a better digital customer journey. KYC has become a primary mean to analyze customer requirements and expand individual financial offerings.

Banks and financial institutions are facing some serious KYC/AML compliance challenges that can be typically attributed to faulty mitigation approaches. With the U.K. leaving the European Union by end of 2020, additional requirements to adapt to regulatory changes are expected, although it is still unclear to what extent and how fast these requirements will have to be fulfilled. Firms that fail to meet dedicated local regulations and to prevent laundering tend to pay a heavy price in the form of declining revenues, customer dissatisfaction, huge penalties, loss of reputation, and fall in stock prices. Some of the major challenges are disparate transactions and increasing complexities of fraud and cybercrimes compound the situation.

Service providers helping enterprises move towards automated AML checks to improve scaling and speed and to reduce false positives. Service providers primarily focusing on

artificial intelligence solutions which is a strong driver for AML automation, and all large AML implementation service providers offer their solutions for machine learning and AI. Service providers are collaborating with a robust partner ecosystem to develop these integrated solutions.

Who should read the report:

Infrastructure, IT, and workplace technology leaders should read this report to understand the relative positioning and capabilities of providers to help them effectively plan and select core banking, payment, and KYC/AML services and solutions. The report also shows how the technical and integration capabilities of a service provider compare with the rest in the market.

Digital transformation professionals should read this report to understand how providers of banking industry KYC/AML consulting services fit their digital transformation initiatives and how they compare with one another.

Heads of delivery, business, and senior management professionals should read this report to develop a better understanding of the current landscape of KYC/AML service providers in the U.K.

Line of business, industry leaders, and finance leaders should read this report to understand the relative positioning of the partners that can help them effectively procure KYC/AML implementation services with respect to their business/industry and to ensure return on investment.

KYC/AML IMPLEMENTATION SERVICES

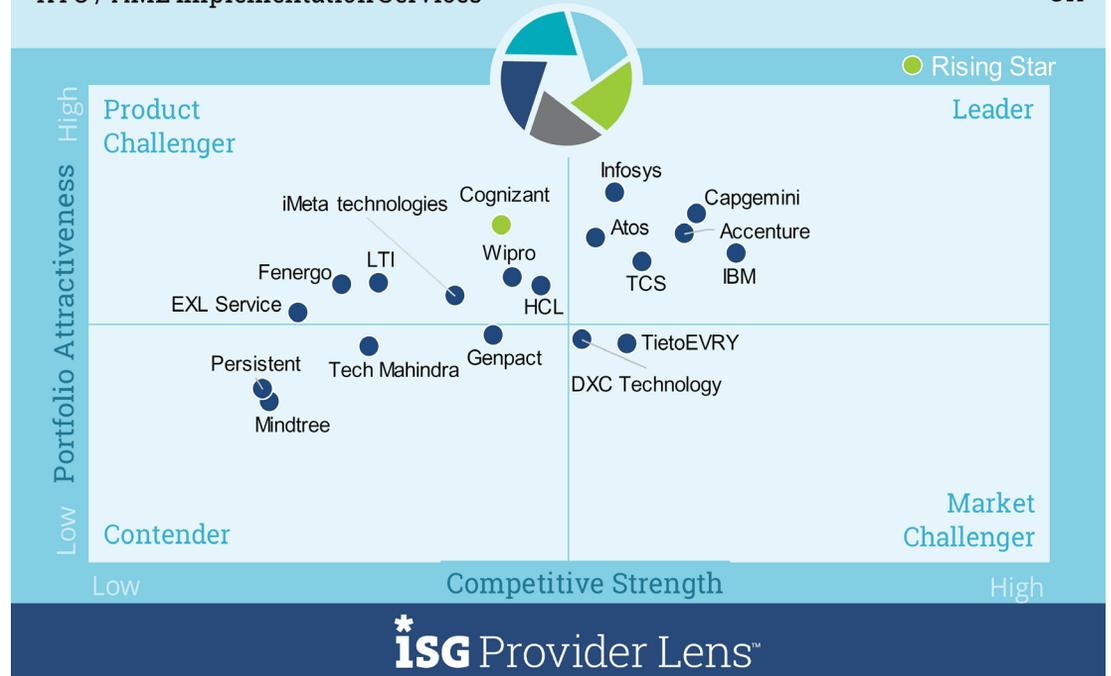
Definition

The increasingly stringent regulatory environment due to fraudulent activities, security vulnerabilities and privacy concerns are compelling banks to outsource compliance and risk mitigation activities. Service providers must offer mature solutions that combine in-depth compliance knowledge, and security expertise with emerging technologies such as artificial intelligence (AI), robotic process automation (RPA) and analytics.

The quadrant covers only AML and KYC service offerings, which are increasingly being sought across regions. Services offered include transaction monitoring; name and sanctions screening; customer identification and verification; due diligence, including controllership and ownership structure; risk profiling with database checks; and customer outreach off-boarding. Advanced automation capabilities of service providers include delivering zero-touch customer acquisition, thereby reducing time and manual effort.

Banking Industry Ecosystem
KYC / AML Implementation Services

2020
UK



Source: ISG Research 2020

KYC/AML IMPLEMENTATION SERVICES

Eligibility Criteria

- Capabilities leveraging Internet protocol (IP) and emerging technologies to provide real-time alerts, higher fraud detection rates and false positives that indicate provider strengths;
- Service providers should be capable of understanding different regulatory and compliance requirements and have skilled professionals with the relevant KYC compliance and AML certifications;
- Service providers should possess deep analytical capabilities or partner with relevant vendors with a strong suite of solutions to deliver enhanced risk management to clients.

Observations

The U.K. banking market is traditionally very strong in Europe, but insecurities about Brexit start influencing the market. The market is strongly driven by both international IT providers and dedicated local banking service providers.

- **Accenture** has a very strong presence in the U.K. market and its financial services industry, with some KYC/AML client references to show. Accenture combines an internationally driven consulting practice with deep knowledge about banking processes and technology innovation.
- **Atos** provides a wide banking consulting portfolio, covering nearly all areas of KYC/AML solutions and services. With extensive experiences in KYC/AML space and client on-boarding, Atos leverages artificial intelligence in areas like client on-boarding and cybersecurity.
- **Capgemini** has built a different delivery strategy that leverages emerging technologies, especially automation and AI tools, and is focused on business outcomes. Also, Capgemini has made significant investments in leveraging automation tools and platforms.

KYC/AML IMPLEMENTATION SERVICES

Observations (cont.)

- **IBM's** KYC/AML Consulting is part of its global business consulting practice and is closely integrated with other technical and strategic consulting units. IBM's application of AI in anti-money laundering and know your customer (AML/KYC) has been instrumental in fighting financial crime.
- **Infosys** possesses strong KYC/AML automation capabilities with its proprietary automation tools. Infosys is actively working with a number of global clients to help them establish and scale digital-only banks.
- **TCS** leverages on their TCS BanCS portfolio coupled to innovative service capabilities. TCS has strong client references across a number of U.K.-based bank tiers.
- Rising Star **Cognizant** continuously innovates their service offering with around financial crime products and KYC digitalization. Cognizant's recent acquisitions of Mustache and Softvision position it well to help banks creating compelling customer experiences.



INFOSYS

Overview

Infosys is a \$12 billion IT services firm based in Bangalore, India. It has over 240,000 employees and generates over \$4 billion annually from its financial services practice. Infosys has a strong track record supporting some of the largest banks and financial services firms in the world. Infosys covers more than 100 clients globally with KYC/AML solutions and services and seven reside in the U.K. Infosys is present in seven of the top 15 banks in Europe and plans to expand its presence within these players.

Strengths

FinTech Connect: Infosys has strong understanding of the banking FinTech ecosystem via FinTech connect, a program to help emerging FinTechs and traditional banks accelerate innovation.

Automation expertise: Infosys possesses strong automation capabilities with its proprietary automation tools, EdgeVerve and NIA, along with other leading industry partnerships. The firm leverages these capabilities to help clients achieve their goals in AI, robotics and analytics in the KYC/AML space.

Extensive partnership program: In KYC/AML, Infosys has a wide portfolio of partnerships covering products like NICE Actimize, Oracle Financial Services, DelticaNetReveal, SAS, Fircosoft, PEGA, Appian, BAE System, iLOG, Lombardi, FICO, Fair Issac, MetricsStream and Axiom. Infosys also has Automation Partnerships with WorkFusion, UIPath, Blue Prism, Automation Anywhere and Onto.

Experience with digital-only banks: Infosys is actively working with a number of global clients to help them establish and scale digital-only banks.

Caution

Infosys has built or added more delivery centers onshore in the past few years. However, scaling with these newly onboarded capabilities will take time.



2020 ISG Provider Lens™ Leader

Infosys is strong in creating digital-only banks and leverages this knowledge in the KYC/AML space.



Methodology

METHODOLOGY

The research study “ISG Provider Lens™ Banking Industry Ecosystem” analyzes the relevant software vendors/service providers in the UK market, based on a multi-phased research and analysis process, and positions these providers based on the ISG Research methodology.

The study was divided into the following steps:

1. Definition of Banking Industry Ecosystem market
2. Use of questionnaire-based surveys of service providers/vendor across all trend topics
3. Interactive discussions with service providers/vendors on capabilities & use cases
4. Leverage ISG's internal databases & advisor knowledge & experience (wherever applicable)
5. Detailed analysis & evaluation of services & service documentation based on the facts & figures received from providers & other sources.
6. Use of the following key evaluation criteria:
 - Strategy & vision
 - Innovation
 - Brand awareness and presence in the market
 - Sales and partner landscape
 - Breadth and depth of portfolio of services offered
 - Technology advancements



Authors



Gowtham Kumar, Author

Lead Author

Gowtham Sampath is a Manager with ISG Research, responsible for authoring ISG Provider Lens™ quadrant reports for Banking Industry Services and Analytics Solutions & Services market. With more than a decade of market research experience, Gowtham works on analyzing and bridging the gap between data analytics providers and businesses, addressing market opportunities and best practices. In his role, he also works with advisors in addressing enterprise clients' requests for ad-hoc research requirements within the IT services sector, across industries. He is also authoring articles on emerging technologies within the banking sector in the areas of automation, DX and UX experience as well as the impact of data analytics across different industry verticals.



Stanton Jones, Author

Principal Author

Stanton helps clients maximize value and reduce risk in their third party relationships. In his role as lead analyst for the ISG Index™ Insider, Stanton helps ISG clients, service providers and equity analysts understand how disruptive technologies are transforming IT and business services markets. Stanton also regularly guides enterprise technology executives through the global digital ecosystem via the ISG Digital Innovation Tour™. An ISG Digital Fellow, Stanton has been quoted in CIO, Forbes and The Times of London and has appeared on Fox Business News.

Authors



Oliver Nickels, Author

Lead Author

Oliver Nickels has in-depth technical and business know-how and more than 20 years of experience as marketing manager, management consultant and start-up entrepreneur to contribute to ISG customer projects. His focus is on marketing optimization, digital marketing and the digital customer journey. Oliver works as free-lance consultant to help ISG customers with all issues related to the digital customer journey and digital marketing. Before, Oliver worked many years in various national and international marketing roles for a leading global IT company, in his last position as digital marketing manager with responsibility for the digital customer communications of a business unit and as advisor for the management board. Oliver holds a degree in computer sciences of the University of Bremen and is a certified marketing assistant. He has also undergone a business model development training.

Oliver has received various marketing rewards, including the gold CLIO, the gold Best of B2B and the gold and bronze German Dialog Marketing Award.

Advisors



Christian Huschebeck

Senior Advisor, DACH

Christian Huschebeck is a Senior Advisor for the DACH region with a particular focus on Digital Platforms in the BFSI industry. Due to his banking industry background, he has a high awareness of Business needs with regards to Core Banking platforms and often finds himself at the interface of Business and IT in the BFSI industry. Within the DACH region Christian takes on a leading role in the Digital Platforms Solution where he focuses particularly on Open Banking and has successfully supported BFSI clients shape and operationalize their Platform Business Model.



Jay P. Woldar

Director - Banking and Financial Services, Americas

Jay Woldar is a Director and senior account manager in our Banking and Financial Service group. Jay is responsible for a portfolio of the largest banks in the US across the broad spectrum of ISG's offering. He is a seasoned financial services professional with 19 years of money center commercial banking experience working for Chase, The Bank of New York and ABN Amro Bank. In addition, he has 15 years' experience in the payment, collection, lending and treasury management software market, selling to the large corporate and large banking sector. Prior to joining ISG, he was the Chief Sales Officer in North America for Serrala, a global treasury software and professional service provider.

Advisors



Yadu Singh

Director – North Europe

Yadu Singh is the EMEA lead for Digital Platforms and Solution. As part of his role he regularly advises banks on their choice of the core banking and other ancillary digital platforms. He helps them through the process of selection of the platform to the actual negotiations with the platform provider. He has been successful recent in helping several mid-tier and one large-tier bank tackle the challenges from Neobanks. He is also our contact into the still vibrant techfin and fintech ecosystem in EMEA.

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Jan Erik Aase, Editor

Director, Principal Analyst and Global Head – ISG Provider Lens/ISG Research

Mr. Aase brings extensive experience in the implementation and research of service integration and management of both IT and business processes. With over 35 years of experience, he is highly skilled at analyzing vendor governance trends and methodologies, identifying inefficiencies in current processes, and advising the industry. Jan Erik has experience on all four sides of the sourcing and vendor governance lifecycle - as a client, an industry analyst, a service provider and an advisor. Now as a research director, principal analyst and global head of ISG Provider Lens™, he is very well positioned to assess and report on the state of the industry and make recommendations for both enterprises and service provider clients.

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