

**\*ISG** Provider Lens™

# Banking Industry Ecosystem

U.S. 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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- 1** Executive Summary
- 3** Introduction
- 13** Core Banking Implementation Services: Retail
- 18** Core Banking Implementation Services: Corporate
- 23** Payment Ecosystem Services
- 29** KYC/AML Implementation Services
- 33** Methodology

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## EXECUTIVE SUMMARY

### Core Banking Implementation Services

ISG sees U.S. banks approaching their core banking modernization based on their capitalization. Tier 1 and Tier 2 banks are growing in size via mergers and acquisitions, and given their complexity, are focused on next-generation systems via parallel running and progressive renovation, so implementation efforts tend to be more focused on a longer-term modernization effort. Smaller capitalized retail banks are consolidating, which is driving the need for a single core banking system of record. Smaller tier banks are increasing using a “big bang” approach and are modernizing within the context of a single program. And as the number of de novo banks in the U.S. finally begins to increase from post-recession lows, ISG believes these banks will rapidly embrace the cloud-first, API-first banking-as-a-service model.

This intense focus on modernization is primarily aimed at transforming the customer experience. For retail banks, as switching costs plummet, millennial buying power soars, and non-traditional banking alternatives proliferate, the ability to obtain and retain customers is more critical today than ever before. For corporate banks, the same challenge exists: how to attract and retain corporate customers with innovative, and easy-to-use treasury management, supply chain and credit solutions given the rapid rise of FinTechs, often “frenemies” of traditional banks, and marketplace lending alternatives.

In the past, banks focused on improving the front-end of the experience by creating customer-friendly apps and websites. But this is no longer enough. Banks need to re-think their internal systems – and their operating model – to respond to rapidly changing

customer needs, tap into emerging FinTech ecosystems and exploit new technologies. In order to do this, banks are increasingly realizing that they need to modernize their legacy core banking system to access data for real-time decisioning.

### Payments Ecosystem Services

Growing demand for alternative payment systems: The digitalization of the payment ecosystem is not expected to replace either cash or cards services from financial institutions, but to co-exist as a complementing feature of the existing payment system. Alternative payment systems are no longer considered a value-add but a must-have value proposition across major banks and financial institutions. This has been further exacerbated with the current COVID-19 pandemic, where digital technology-led contactless payment alternatives are becoming increasingly relevant. Banks and payment system implementors are capitalizing on the situation as an opportunity to usher the era of a completely digital payment ecosystem.

In the U.S. market, characterized by a dominant proportion of card-based payment, alternative payment systems including e-wallet, instant or real-time payment (RTP) and Blockchain solutions are being driven by competitive forces rather than consumer or merchant-led trends. Challenger banks and new age Fintechs are aggressively 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.

Streamlining and optimizing payment systems: Although, payments are considered a significant business line for banks, much of the operating costs have been tied with transaction and processing fees. For most banks, current investments and spend on payment systems have been focused on streamlining and optimizing the existing infrastructure, to reduce these costs as well as to seamlessly offer alternative payment modes to their customers. While leveraging a modular approach to implement payment solutions, the APIs are being tightly integrated with other service lines (insurance, investment) and banking rails (clearing houses, wire transfers) to ensure faster transactions as well as better security and efficiency. Banks have been engaging with system integrators capable of providing accelerators and payment modules that would enable them with next-gen payment features enhancing customer experience as well as improved business opportunities for other service lines. Accenture, Capgemini, Cognizant, DXC Technology, FIS, Fiserv, Infosys, TCS are identified as Leaders, with Atos being recognized as Rising Star.

## KYC / AML Implementation Services

The U.S. financial regulatory system can be described as fragmented, with multiple overlapping regulators and a dual state-federal regulatory system. The system developed in fragments, involving areal changes triggered by responses to various historical financial crises. Also, the U.S. will maintain its regulatory financial footing by introducing new Fintech regulation.

Many clients still have rather old KYC/AML implementation, ranking from their install date. It seems many banks have long been looking at KYC and AML as simply a compliance issue, a cost, and something that is not worth investing much in. This has changed, with

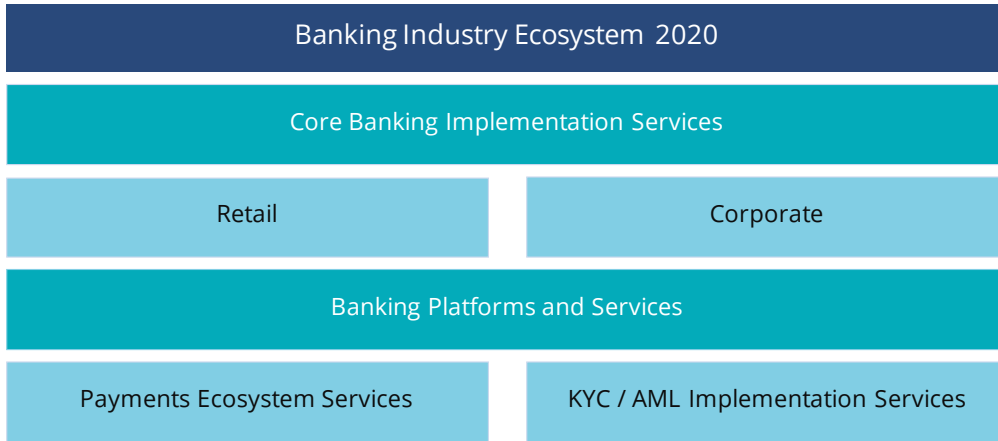
the fast development of AI KYC and AML are considered a driving force behind digital banking. The COVID-19 pandemic certainly serves as an additional driver because it gives digital banking another spin, but this development will probably not turn into visible additional provider revenues before 2021.

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 (AI) is a strong driver for AML automation, and all large AML implementation service providers offer their own solutions for machine learning (ML) 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).

## 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 3

	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	● Rising Star	● Leader
Capgemini	● Product Challenger	● Not in	● Leader	● Leader
Cognizant	● Product Challenger	● Product Challenger	● Leader	● Product Challenger
DXC Technology	● Market Challenger	● Rising Star	● Leader	● 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	● Product Challenger
Fiserv	● Not in	● Not in	● Leader	● Not in

## Banking Industry Ecosystem - Quadrant Provider Listing 2 of 3

	Core Banking Implementation Services: Retail	Core Banking Implementation Services: Corporate	Payment Ecosystem Services	KYC / AML Implementation Services
Genpact	● Not in	● Not in	● Not in	● Product Challenger
HCL	● Not in	● Not in	● Market Challenger	● Product Challenger
Hexaware	● Not in	● Not in	● Product Challenger	● Rising Star
IBM	● Not in	● Not in	● Market Challenger	● Leader
Infosys	● Leader	● Leader	● Leader	● Leader
Jack Henry & Associates	● Not in	● Not in	● Contender	● Not in
LTI	● Product Challenger	● Product Challenger	● Product Challenger	● Rising Star
Mindtree	● Not in	● Not in	● Product Challenger	● Contender
Mphasis	● Not in	● Not in	● Contender	● Not in
NICE Actimize	● Not in	● Not in	● Not in	● Contender

## Banking Industry Ecosystem - Quadrant Provider Listing 3 of 3

	Core Banking Implementation Services: Retail	Core Banking Implementation Services: Corporate	Payment Ecosystem Services	KYC / AML Implementation Services
NTT Data	● Not in	● Not in	● Not in	● Product Challenger
Pegasystems	● Not in	● Not in	● Not in	● Contender
Persistent	● Not in	● Not in	● Contender	● Contender
SLK Group	● Contender	● Contender	● Not in	● Not in
TCS	● Leader	● Leader	● Leader	● Leader
Tech Mahindra	● Contender	● Contender	● Product Challenger	● Product Challenger
Wipro	● Rising Star	● Market Challenger	● Product Challenger	● Product Challenger
Zensar	● Not in	● Not in	● 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.S. 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 Officer**

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

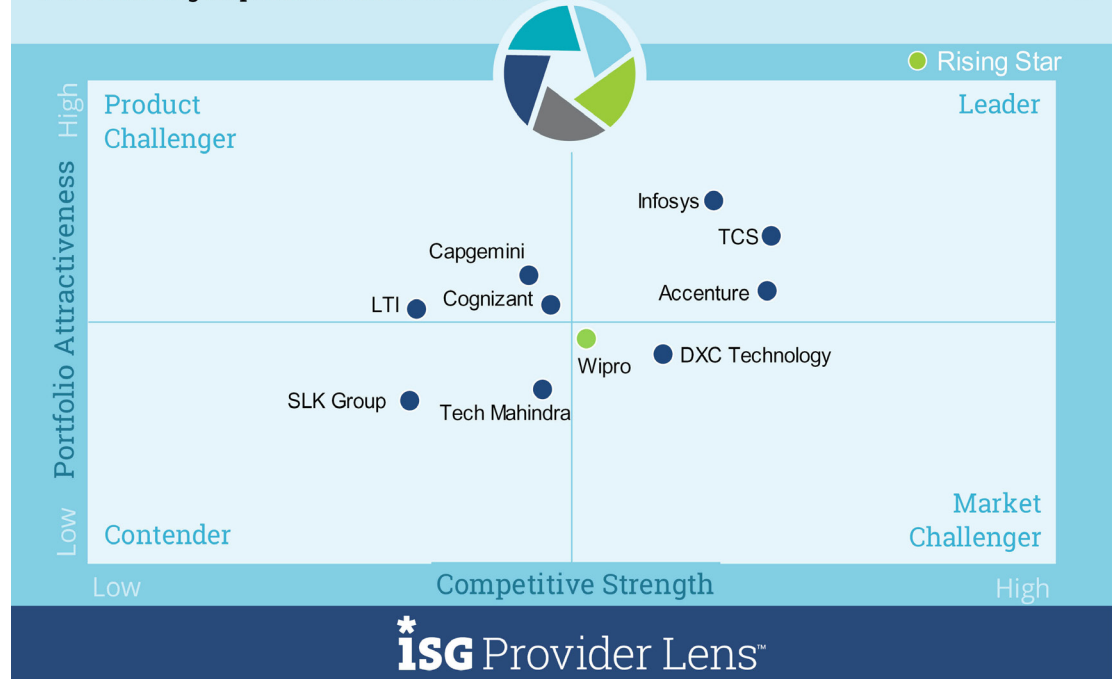
The core banking platforms and implementation services in the retail quadrant comprises software (off-the-shelf or custom-built) with the relevant implementation and system integration services. Centrally positioned for all operational activities, core banking platforms are vital back-end systems for 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

U.S.



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** is leveraging its deep banking industry expertise and its strong cloud capability across multiple core banking platforms to help large retail banks modernize their operating model and core banking systems.
- **Infosys** combines its strong banking domain expertise with its Finacle platform – as well as a deep partner ecosystem – to help retail banks accelerate growth by partnering with emerging FinTechs.
- **TCS** is using its deep U.S. banking services footprint combined with its proprietary BaNCS platform to help retail banks transform to a banking-as-a-service operating model.
- Rising Star **Wipro** uses its strong core banking modernization capabilities, combined with a deep set of ecosystem partners, to help retail banks reduce technical debt while accelerating digital transformation.

## INFOSYS

### Overview

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

### Strengths

**Experience and depth with U.S. banks:** Infosys is actively working with 25 U.S.-based banks and has over 9,500 retail banking resources in the region.

**Open Banking Platform:** The Infosys Open Banking Platform has an application programming interface (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 several 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.S. 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” of 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 Officer**

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.

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## CORE BANKING IMPLEMENTATION SERVICES: CORPORATE

### Definition

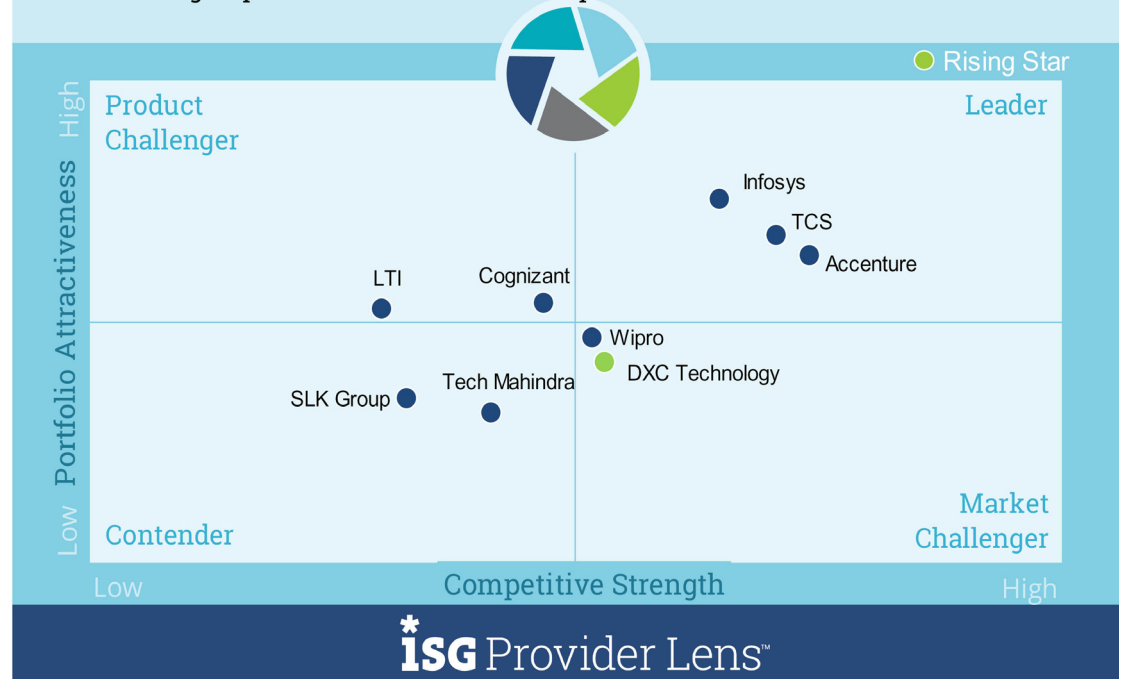
The core banking platforms and implementation services in the corporate quadrant comprises software (off-the-shelf or custom-built) with the relevant implementation and system integration services. Centrally positioned for all operational activities, core banking platforms are vital back-end systems 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 Ecosystem

2020

Core Banking Implementation Services : Corporate

US



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** is leveraging its deep banking industry expertise and its partnerships with leading core banking platforms Flexcube, Finastra and Temenos to help large U.S. corporate banks transform their core banking systems.
- **Infosys** uses its proprietary Finacle platform, as well as strong capabilities with other corporate banking systems such as Finastra and nCino to help customers rapidly modernize their core banking systems.
- **TCS** uses its deep commercial banking experience in the U.S., combined with its proprietary BaNCS platform to help corporate customers incrementally modernize their operations and systems.
- Rising Star **DXC Technology** is using its growing Temenos capability, combined with its leading Amazon Web Services partnership, to help corporate customers move to a bank-as-a-service model.

# 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.S., 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 in implementing Finastra at Tier 1 and 2 banks and nCino at Tier 1 banks based in the U.S.

**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.

**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.S. 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.S., based on the depth of service offering and market presence.

The U.S. market is characterized by a dominant portion of card-based payment, with alternative payment systems including e-wallet, instant or real-time payment (RTP) and blockchain solutions being driven by competitive forces rather than consumer or merchant-led trends. Traditional banks have been facing stiff competition from challenger banks, and new age FinTechs, aggressively pushing the boundaries of the payment ecosystem with API-led service portfolio of offerings that encompass virtual cards, instant payment options, loyalty-based credit, and blockchain.

Alternative payment systems are no longer considered a value-add but a must-have value proposition across major banks and financial institutions. This has been further exacerbated with the current COVID-19 pandemic, where digital technology-led contactless payment alternatives are becoming increasingly relevant. Banks and payment system implementors are capitalizing on the situation as an opportunity to usher the era of a completely digital payment ecosystem.

With payments being considered a significant business line for banks, much of the operating costs have been tied with transaction and processing fees, posing a significant operating burden and challenge. For most of the enterprises, increased investments and spend on payment systems have been focused on streamlining and optimizing the existing infrastructure as consumers are setting new expectations for ease, convenience, and value.

#### 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 customer experience and strengthening customer relationships. The report also elaborates on digital-centric approaches prevalent in the market that will aid these executives 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.



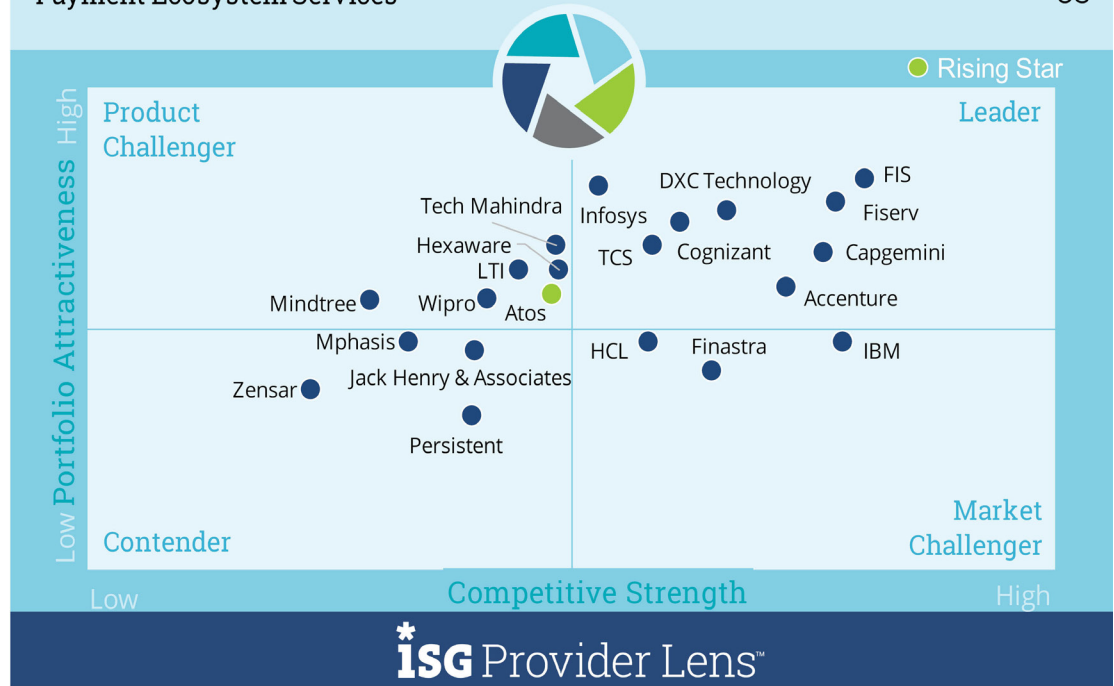
## PAYMENT ECOSYSTEM SERVICES

### 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  
US



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 payments' 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 (mobile wallet, near field communication (NFC) or blockchain).

### Observations

- **Accenture** has established strong presence in the U.S. market with payment specific consultants and system implementation experts. Its consulting capabilities, core banking implementations and network of partners across the payment ecosystem allows them to offer a comprehensive portfolio.
- **Capgemini** leverages its end-to-end operational model offering services right from consulting to design, build, transform and operate payment systems. The extensive network of payment partnerships has provided expertise across a variety of platforms enabling them to gain a strong client base in the U.S.
- **Cognizant** offers a complete suite of payment services and enhances them with AI, RPA and analytics portfolio to provide complementary solutions in the areas of risk, fraud management and compliance. Cognizant has strong partnerships with ACI, Finastra, IBM and Euronet, resulting in individual centers of excellence for each product.
- **DXC Technology** is well known in the U.S. market for its services capabilities which have been augmented by recent acquisitions and a vast number of employees supporting their cards and payment business process outsourcing operations.
- **FIS** has established itself as a solution and services partner for financial institutions with the largest network of technology partners. FIS has also been investing heavily in acquiring key payment service firms, leading to the consolidation of financial services market.

## PAYMENT ECOSYSTEM SERVICES

### Observations (cont.)

- **Fiserv** is considered as a key player in the U.S. financial services sector gaining several new key clients through its First Data acquisition. Relying on an aggressive acquisition strategy and a platform-led approach, Fiserv continues to add more partners and clients in the U.S.
- **Infosys** showcases its expertise in the financial services sector delivering services for their EdgeVerve Finacle platform as well as extending partnerships with other platforms from leading payment vendors. Their experience-led solution and service delivery has translated to successful playbooks and accelerators resulting in several client wins.
- **TCS** leverages and relies on its large install base of BaNCS platform for its payment service offerings. TCS also showcases its thought leadership with their blockchain as well as future-ready ISO 20022 native built payment platform and services.
- **Atos** is recognized as the Rising Star, with a dedicated network of payment experts as well as their capability to combine IT and knowledge process outsourcing (KPO) services to successfully deliver partner platform services.

## INFOSYS

### Overview

Infosys is an IT services company generating US\$13 billion in 2019 and the financial services and insurance segment contributes more than 31 percent of its overall revenue. The company leverages its capability in IT services, domain expertise in financial services and collaboration with financial services partners to offer compelling service offerings. The company's payment expertise relies heavily on its Finacle platform's extensive installation, and experience gathered across countries. Infosys employs over 25,000 dedicated payments 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.S. market with Payment Modernization, Real Time Payments and Modernizing Cards platforms case studies, delivering transformation in 17 large banking clients and card network providers. Their inherent capability 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, 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 includes Finastra, ACI and First Data, along with a host of startups in the U.S. These partnerships extend to collaborating on and co-creating innovate products/solution with a joint go-to-market strategy, specifically for payments modernization services.

**Playbooks, methodologies and accelerators:** Client and customer experiences are translated into re-usable playbooks, consulting and delivery methodologies, and functional and technical accelerators that help optimize services and add value for its customers.

### 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 are partner driven and with existing clientele.

Lack of hardware offering and reduced focus on point-of-sale devices 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' intrinsic thought leadership, dedicated payment small and medium enterprises (SMEs) and co-innovative partnership model has provided an excellent track record and high-value references in the U.S. payment ecosystem services market.

## ENTERPRISE CONTEXT

### KYC / AML Implementation Services

This report is relevant to enterprises across industries in the U.S. for evaluating providers of KYC / AML Implementation Services.

In this quadrant report, ISG highlights the current market positioning of providers of KYC / AML Implementation Services to enterprises in the U.S., 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. Firms that fail 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 Implementation 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.S.

**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

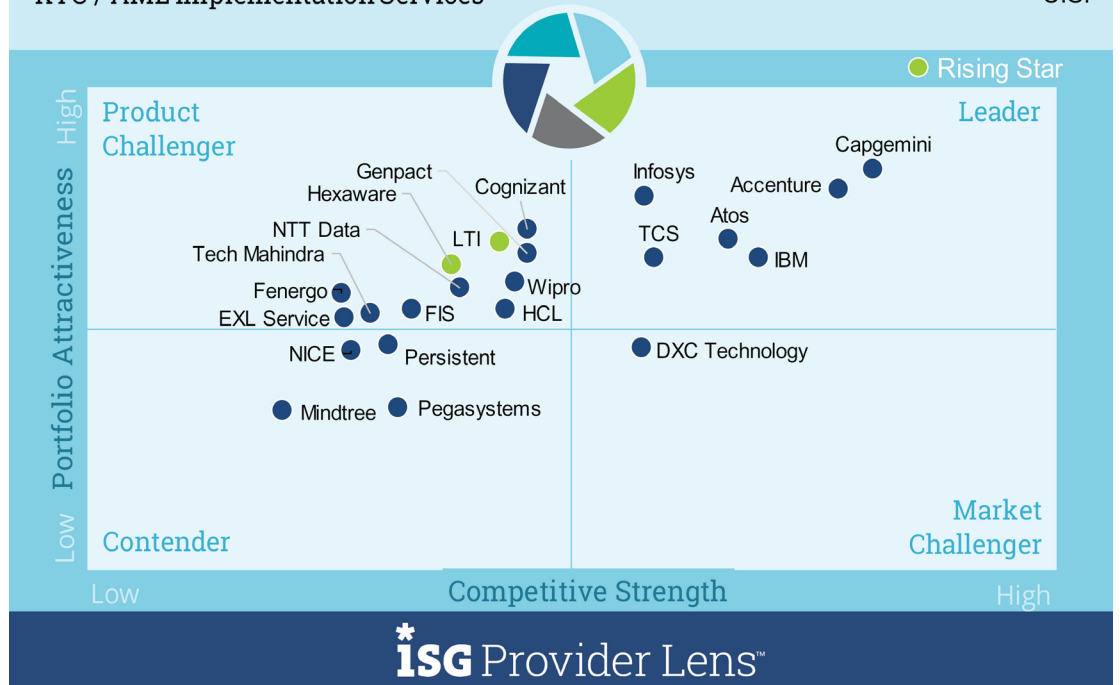
### Definition

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  
U.S.



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.S. KYC/AML consulting market is strongly driven by extreme competition of large, globally operating IT providers. From a service solution perspective, AI capabilities are a must.

- **Accenture** has a very strong market position with extensive manpower in the banking, financial services and insurance consulting practice. Accenture runs its own Financial Crimes and AML group that is well versed and positioned to assist with every aspect of a KYC transformation.
- **Atos** understand themselves as industry operator and provides extensive capabilities and experience in the banking industry. Atos Syntel's KYC/AML compliance offerings include process re-engineering, risk assessment and testing services, and leverages its artificial intelligence solutions.
- **Capgemini** leads the KYC/AML market in the U.S. with its vast experience, their strong consulting capabilities and its innovative technological solutions. Capgemini participates in a large ship partnership ecosystem and has a vendor-neutral strategy.

## KYC/AML IMPLEMENTATION SERVICES

### Observations (cont.)

- **IBM** has been doing AI research for decades and the application of AI AML/KYC has been instrumental in fighting financial crime. Through its acquisitions and with their own labs IBM is continuously expanding its own strong technology and consultancy portfolio.
- **Infosys** delivers the full line of KYC/AML strategy services, including a business processes, organizational and technological roadmap, next generation KYC services for global banks, process cost optimization, program audit and remediation, tuning, automation and analytics as well as onboarding services.
- **TCS** plans, implements and services KYC/AML solutions mostly based on its own solutions, especially TCS BaNCS. As well as having a large and significant banking, financial services and insurance service portfolio, TCS has a large partner ecosystem and many strategic alliances for KYC/AML
- Rising Star **Hexaware** offers in depth capabilities around experience and design strategy, Marketing and content platform, user experience, digital marketing, and customer relationship management. Hexaware has also chosen Pegasystems as the strategic partner with its KYC/CLM (client lifecycle management) platform for clients.
- Rising Star **LTI** has more than 1500 domain practitioners globally working across KYC/AML Operations, growing strongly in the market. LTI intends to expand its repertoire KYC/AML core and digital offerings across multiple client segments.

# 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 very large clients globally with KYC/AML solutions and services, and 32 are in the U.S. Infosys is present in eight of the Top 15 U.S. banks and plans to extend that presence.

## Strengths

**Complete service spectrum:** Infosys delivers the full line of KYC/AML strategy services, including a business processes, organizational and technological roadmap, next generation KYC services for global banks, process cost optimization, program audit and remediation, tuning, automation and analytics as well as onboarding services.

**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 as well as FINTECH partnerships with Quantexa, AML Partners, Arachnys and GLIA.

## Caution

Infosys focuses strongly on very large clients.



## 2020 ISG Provider Lens™ Leader

Infosys is an excellent choice for large, globally operating clients with a focus on complete services and automation technologies.



# Methodology



## METHODOLOGY

The research study “ISG Provider Lens™ 2020 – Banking Industry Ecosystem” analyzes the relevant software vendors/service providers in the U.S. 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 and use cases
4. Leverage ISG’s internal databases and advisor knowledge and experience (wherever applicable)
5. Detailed analysis and evaluation of services and service documentation based on the facts and figures received from providers and 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 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.

# Editors



## Jan Erik Aase, Editor

Director

Jan Erik Aase is a director and principal analyst for ISG. He has more than 35 years of collective experience as an enterprise client, services provider, ISG adviser and analyst. Jan Erik has overall accountability for the ISG Provider Lens™ reports, including both the buyer-centric Archetype reports and the Brazilian-based Quadrant reports, focused on provider strengths and portfolio attractiveness. He sets the research agenda and ensures the quality and consistency of the Provider Lens™ team.

# ISG Provider Lens™ | Quadrant Report

## December 2020

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