



# Global state of bank modernization & technology transformation

How banks and fintech innovators are modernizing experiences and infrastructure in 2025 to rebuild trust and enable real-time, resilient growth



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## Executive summary

Modernizing banking operations and infrastructure is no longer optional. According to surveyed executives, it is imperative. As cyber threats escalate and customers demand seamless, secure, real-time experiences, many believe legacy systems and processes are becoming liabilities. Banks must bridge the widening gap between what their technology delivers today and what the business and market now demand.

New research from TechStudio™, an Energize Marketing® company, and FIS® reveals how banks and fintechs are working to close that gap, modernizing platforms, enhancing data capabilities, and delivering digital experiences that restore harmony in the money lifecycle.

[The Global state of bank modernization & technology transformation survey](#), conducted in April 2025 with 300 banking executives across North America (70%) and Asia Pacific (30%), exposes this growing divide. While 86% of leaders say modernization is critical to achieving strategic goals, just 18% feel equipped to execute.



## Key findings<sup>1</sup>

86%

of banking executives say modernization is either very important or critical to achieving long-term strategic goals

50%

say their teams possess all or most of the necessary skills — indicating a training and enablement gap

64%

expect to begin their modernization journey within the next 12 months — highlighting strong momentum across the industry

48%

would feel more confident starting modernization with support from a systems integrator or technology consultant

52%

plan to modernize operations using a sidecar approach, running new services alongside legacy systems



<sup>1</sup>Source: Global state of bank modernization & technology transformation survey, 2025. Conducted by TechStudio, an Energize Marketing company, in partnership with FIS.

# Satisfaction vs. readiness: The platform reality check

## Banking leaders remain confident in near-term deal momentum.

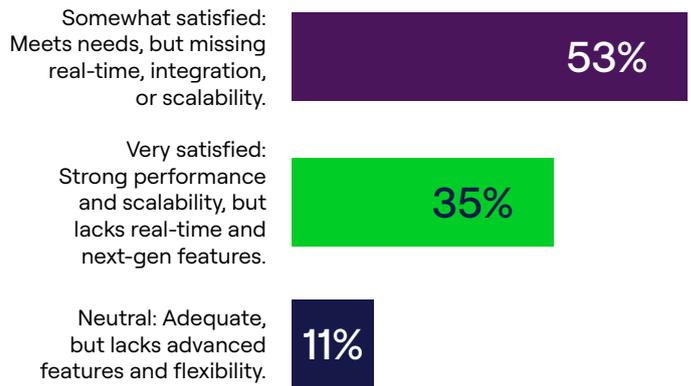
While 89% of banking executives say their current platforms meet today's performance and reliability needs, nearly all also acknowledge that those systems fall short when it comes to real-time processing, modern integration, and future scalability. Current satisfaction does not necessarily equate to future readiness as legacy platforms may be stable but are likely ill-equipped to meet the future needs of the bank and the market.

Specifically, 65% of respondents consider modernization "very important" and another 21% call it "critical." That urgency reflects the pressure to support real-time capabilities, seamless integration, and digital-first experiences.

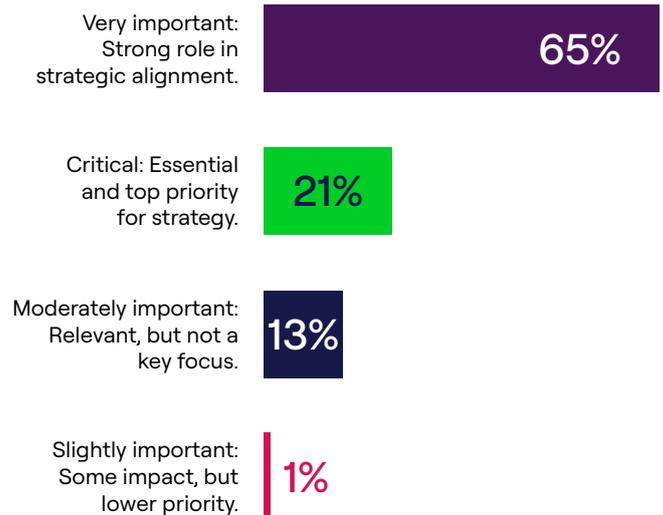
For example, a senior banking executive at a Federal Reserve Bank regional office cited an inability to fully leverage cloud services due to legacy limitations. Another respondent, a chief risk officer at a Philippines-based bank, noted reliance on outdated custom-built tools that few employees understood; tools that hinder maintenance, scalability, and knowledge transfer. Both leaders pointed to modernization as essential for aligning with innovation such as AI, blockchain, and open banking, which can drive enhanced customer experiences, support differentiated product offerings, and strengthen long-term resiliency.



## How satisfied are you with your bank's current core banking platform in terms of performance, reliability, and scalability?



## How important is core modernization for achieving your bank's long-term strategic goals?



## Strategic drivers of modernization

Modernization is no longer just a response to aging infrastructure. It is a strategic imperative for innovation, growth, and long-term resilience. According to banking leaders, the forces driving transformation reflect a mix of rising customer expectations, operational efficiency goals, and the need to keep pace with disruptive technologies.

Executives cited objectives such as delivering seamless omnichannel experiences, accelerating time to market for digital services, and enabling new revenue streams through embedded finance and open banking. Many also pointed to AI as a critical enabler, driving smarter fraud detection, hyper-personalized engagement, and intelligent automation.

Compliance was frequently mentioned not simply as an obligation but as a reason to embrace real-time controls and modern scalable architecture. Across responses, one theme was clear. Transformation is not a one-time initiative but a continuous capability that supports competitive advantage.

To keep up with innovations like AI, blockchain, and open banking.

– Chief Technology Officer,  
Commercial Bank, Germany

## What business drivers are prompting your organization to modernize its core banking system?

Old tech is limiting us from growing.

Everything feels patched together.

Our board wants better performance and insights.

We're falling behind newer banking platforms.

We want to future-proof our banking services.

Too many manual processes slow us down.

We are working to offer hyper-personalized recommendations.

Modernization is the only way forward now.

Customers don't tolerate delays anymore.

Customers now expect instant updates and alerts.

## Tech stack challenges hindering progress

“Systems at times can’t handle increasing transaction volumes or high traffic.”

– Chief Product & Technology Officer, Bank, New Zealand

Despite the urgency to modernize, many banking leaders say outdated infrastructure remains a major obstacle. Respondents identified five core challenge areas: legacy system limitations, integration complexity, performance and scalability gaps, security vulnerabilities, and data management issues.

Legacy platforms were frequently cited as being incompatible with modern features such as mobile-first design or flexible APIs. Others noted that integrating new services with existing tools often requires custom development work that strains timelines and budgets. Even systems that function today often lack the scalability or flexibility required to support growth, customer personalization, or next-gen capabilities.

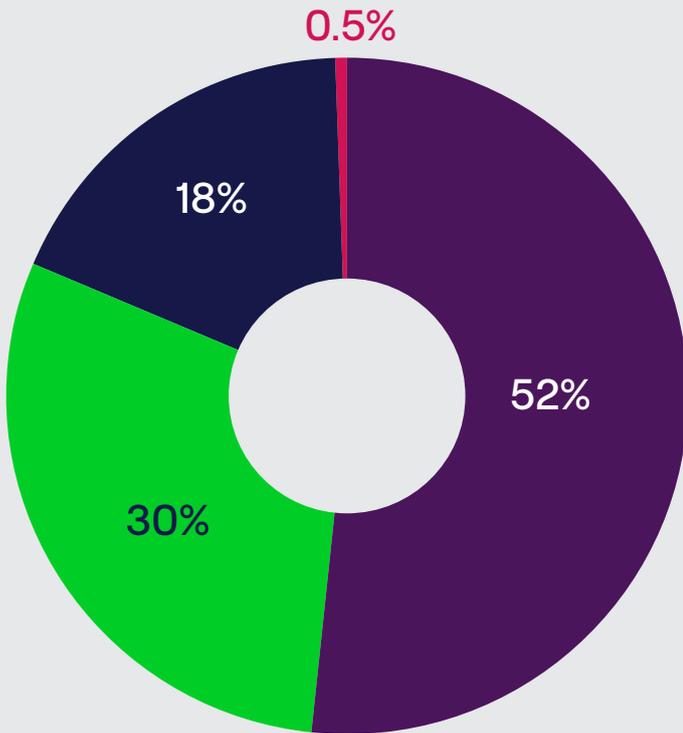
Some respondents described environments where APIs lacked compatibility, security updates were difficult to manage, and fragmented data sources slowed automation. As one CIO put it, “Too many separate tools don’t work well together.”

### What are the biggest challenges your organization faces with its current technology stack?

- Old systems can’t grow or adapt easily.
- Conflicts arise when multiple systems update the same data.
- Performance issues during peak usage.
- Too many tools that don’t work together.
- Legacy platforms don’t support modern APIs.
- Integration backlogs grow faster than resolutions.
- We can’t easily share data across teams.
- New hires find our stack confusing.
- ETL pipelines are fragile and error-prone.
- Security tools are outdated and don’t meet modern standards.

# Modernization approaches and execution plans

What type of core modernization approach are you planning on using at your financial institution?



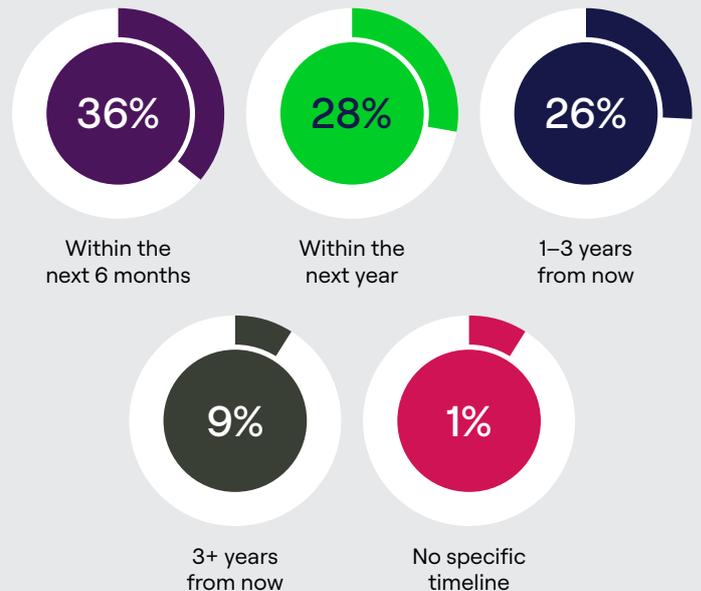
- Sidecar: Run new services alongside legacy systems.
- Launch a digital bank: Separate digital-native bank platform.
- Targeted modernization: Modernize over time, focus on value.
- Full core banking replacement: Complete system overhaul.

Many banks are moving forward with modernization, but in ways that reflect their appetite for flexibility and risk mitigation. The most common approach, selected by 52% of respondents, is the use of a sidecar model, running new services alongside existing legacy platforms. Another 30% plan to launch digital-native banks, enabling a parallel innovation path. Only 18% are pursuing targeted modernization across specific capabilities.

Are you planning to partner with a System Integrator (SI) partner for your bank modernization program?



What is your estimated timeline to begin your bank modernization journey?



“We want to future-proof our banking services.”

– Chief Risk Officer, Bank, U.S.

No bank is modernizing alone. All 300 respondents said they intend to work with a system integrator. In fact, 74% already have an SI partner in place, while the remaining 26% are currently selecting one. Momentum is building: 64% of respondents plan to begin their modernization journey within the next 12 months, signaling that, among survey respondents, planning is quickly shifting into execution. Planning is no longer enough. Progress demands proof.



“Integration testing is skipped due to time constraints which is a major challenge.”

– Regional COO, Financial Services, Canada



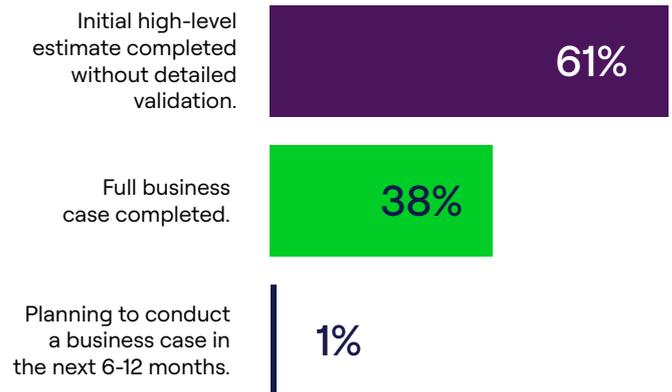
# Business case development and platform partner strategy

Before launching their platform transformation journey, most banks are building the business case financially and strategically. According to the survey, 99% of institutions have either completed or initiated business case planning, with 61% conducting high-level estimates and 38% developing detailed financial models to validate long-term ROI.

In parallel, vendor strategy is also well underway. Nearly every bank (99.67%) is evaluating or has completed a core platform assessment to inform their long-term modernization roadmap. Some leaders also cited the need to simplify IT architecture, reduce operational errors, and streamline internal processes as key business case drivers, not just strategic alignment.

This strong alignment of financial modeling and partner evaluation reflects a maturing market that is not only planning — but preparing — to execute.

## Have you completed a core banking vendor assessment to assess your core platform of the future?



## Have you completed a core banking vendor assessment to assess your core platform of the future?



■ 57%

Completed a high-level/limited scope vendor assessment

■ 43%

Completed an in-depth vendor assessment

■ 0.5%

Planning a vendor assessment in the next 6-12 months

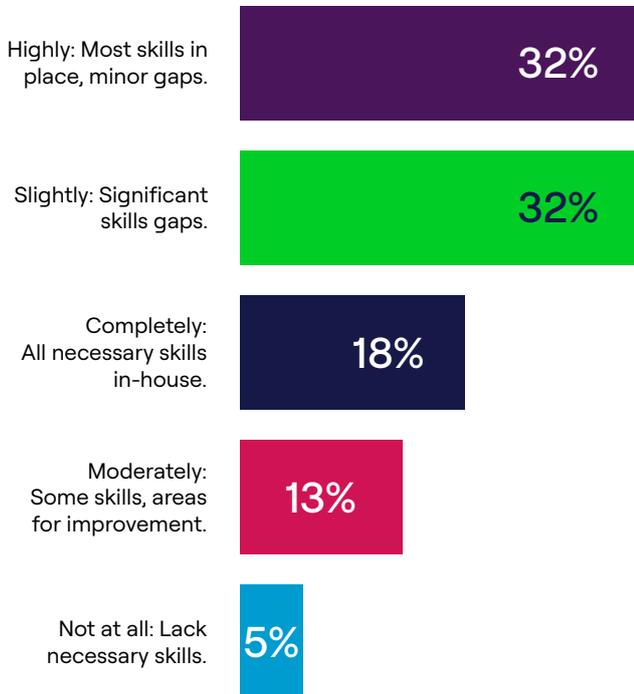


# Internal readiness and resource needs

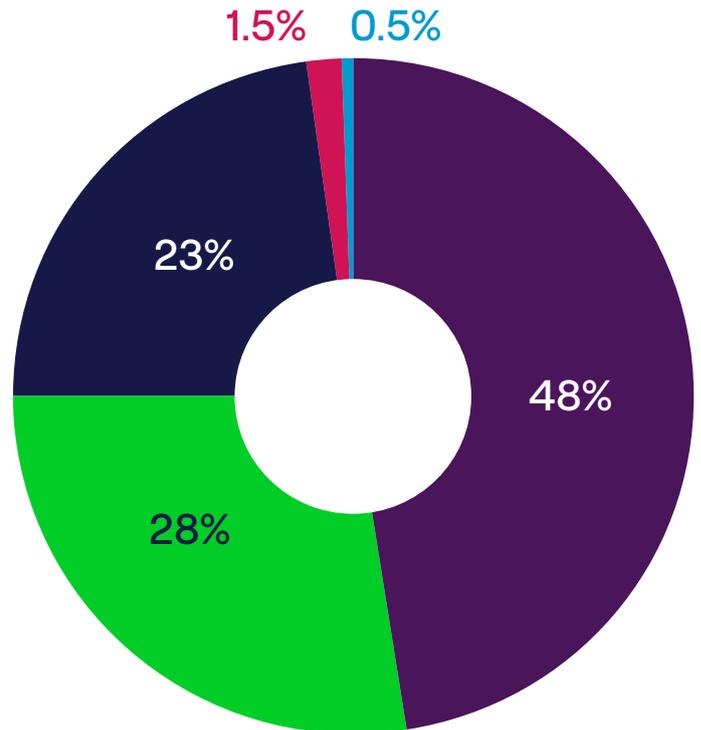
Despite strong strategic intent, many institutions are underprepared to execute their modernization programs internally. Only 18% of respondents say their teams are fully equipped with the skills to deliver a composable, next-gen banking transformation. Half (50%) report having “most or all” of the required capabilities, while 32% admit to moderate or significant gaps.

When asked what resources would help build confidence in moving forward, 48% cited guidance from technology consultants or system integration partners. Another 28% wanted case studies from peers, while 23% prioritized a detailed cost-benefit analysis. These responses indicate that beyond technical talent, banks are looking for experienced partners, proof of success, and financial clarity to support their decisions.

## Do you feel that you have the adequate skillsets and knowledge within your existing team to complete a successful core modernization?



## What resources or support would make you more confident in starting a core modernization program?



- Support from consultants or integrators.
- Case studies of successful implementations at other financial situations.
- Detailed cost-benefit analysis.
- Dedicated and skilled in-house delivery team.
- Access to training and demo environments to upskill team.

“Our team lacks modernization experience.”

– COO, Bank, Vietnam

## Risk factors and barriers to modernization

“Potential data loss during migration is one of the major concerns.”

– Chief Product & Technology Officer, Bank, New Zealand

Even as banks plan their modernization journeys, risk remains a critical concern. Respondents cited a range of challenges that could stall or derail transformation. Some are organizational, others technical or financial.

Top barriers include cost overruns, underestimation of implementation complexity, vendor lock-in, and a lack of internal alignment between IT and business stakeholders. One senior director of technology and security risk oversight shared, “Developers often spend more time fixing problems than building new capabilities.” Another VP of risk and compliance added, “Everything takes longer than it should.” These sentiments reflect a recurring theme: modernization timelines are often underestimated, and execution friction is very real. Security and compliance risks were also top-of-mind, particularly during transitions where data movement, cloud migration, or system downtime could create exposure.

Several executives voiced concern over operational disruption and uncertainty around total cost. Others pointed to the challenges of managing customer data responsibly during modernization and ensuring teams are adequately trained for new systems.

### What are your major concerns regarding core modernization?

- Implementation might take forever.
- Worrying about staff frustration and low user adoption later.
- Not sure about the return on investment — makes it hard to justify.
- We may rely too much on one vendor.
- Security risks arise during or after the upgrade.
- Legacy code is poorly documented — that’s a challenge.
- The system may not work well with our old tools.
- Cloud migration costs are always underestimated.
- Our team isn’t fully ready for the shift.
- Too many dependencies in the current system.
- Integration may not go as smoothly as they promise.
- Fear of hidden costs and scope creep.
- Project timelines always exceed estimates.
- Difficult to keep service quality steady while switching systems.

## Conclusion: Why it all matters now

Modernization is no longer a future initiative. It is a present necessity. The competitive gap isn't closing itself. Survey responses indicate that executives believe banks that hesitate are likely to get left behind. Many banks and fintechs alike recognize that legacy infrastructure, disjointed data systems, and internal readiness gaps are holding them back from delivering the real-time, digital-first experiences their customers expect.

While intent is high, execution will depend in part upon closing operational, architectural, and talent gaps. From business case development to system integration, institutions must align strategy with capability and move quickly to stay ahead.

According to recent research from FIS and Oxford Economics, financial inefficiencies, cyber threats, fraud, and regulatory complexities are costing global institutions an average of \$98.5 million annually, further underscoring the urgency to act.<sup>2</sup>

Composable platforms, trusted technology partners, and measurable, phased implementation models are likely to define the winners in this next era of banking. Now is the time to act. Institutions that delay risk being left behind by faster-moving peers with clearer roadmaps and more adaptable infrastructures.

FIS meets banks where they are, helping them modernize at scale and with confidence. We fuse reliability with innovation to architect your banking future, combining decades of delivery experience with an extensive, composable ecosystem.

**It's time to make your financial technology deliver greater business value.**

**LET'S MODERNIZE TOGETHER**

<sup>2</sup>Source: FIS & Oxford Economics Press Release, March 25, 2025. Read more

## Survey methodology

The **Global state of bank modernization & technology transformation survey** was conducted in April 2025 by Energize Marketing in partnership with FIS. It gathered insights from 300 qualified banking executives across North America and Asia Pacific.

Respondents included C-level leaders such as CIOs, CTOs, COOs, CMOs, CROs, CDOs, Chief Growth and Transformation Officers, fintech founders, and private equity stakeholders, alongside senior decision-makers across Retail, Commercial, Lending, and Operations. Titles spanned innovation, technology, risk, compliance, product, and data leadership, including VPs, EVPs, SVPs, and departmental heads.

Regionally, 70% of participants were based in North America (U.S. and Canada), and 30% in Asia Pacific, including Australia, New Zealand, the Philippines, Thailand, and Vietnam. The study focused on large financial institutions with over \$25 billion in assets, as well as high-growth fintechs driving innovation in digital banking, embedded finance, banking as a service (BaaS) and lending.

The survey carries a margin of error of  $\pm 5.6\%$  at a 95% confidence level.

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