

# CELENT

## Solution Brief

# FIS PAYMENTS ONE

## Focusing on What Truly Matters to Clients

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# EXECUTIVE SUMMARY

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Transforming and modernizing one of the industry-leading payments platforms can be a daunting task. FIS is tackling the Payments One transformation by focusing on what matters most to its clients: reducing complexity and lowering the total cost of ownership for a strategic solution set.

## Context

In June 2022, Celent published a report called [Modernizing the US Card Processing Platforms: Stories of Digital Transformation](#). The report discussed in detail the transformation efforts at three of the largest card processing platforms in the US, including FIS Payments One. At the time we said, “Neither of the three firms is done yet and all will continue to invest into further enhancing and modernizing their platforms.”

Eighteen months later, we were keen to catch up with the FIS Payments One team again to learn more about their progress and current areas of focus.

## Company and Solution Overview

According to the company profile on Celent’s [VendorMatch](#), “FIS is a leading provider of technology solutions for financial institutions and businesses of all sizes and across any industry globally. It enables the movement of commerce by unlocking the financial technology that powers the world’s economy. FIS employees are dedicated to advancing the way the world pays, banks, and invests through trusted innovation, system performance, and flexible architecture. The company helps its clients use technology in innovative ways to solve business-critical challenges and deliver superior experiences for their members. Headquartered in Jacksonville, Florida, FIS is a member of the Fortune 500® and the Standard & Poor’s 500® Index.”

FIS Payments One is a suite of card issuer technologies capable of supporting all types of cards, including consumer and commercial credit, debit, and prepaid; across POS and ATM; and across a range of networks, such as Visa, Mastercard, private label, and others. It includes card management and transaction processing as well as ancillary services, such as fraud management, security, and user interface. FIS Payments One platform comes pre-integrated with fraud, loyalty, money movement rails, and other solutions; for those, clients can choose between FIS or their own solution.

On December 11, 2023, Celent had an in-depth briefing led by Matt Collicoat, Head of Commercialization at FIS, with several other executives in attendance.

# KEY BRIEFING TAKEAWAYS

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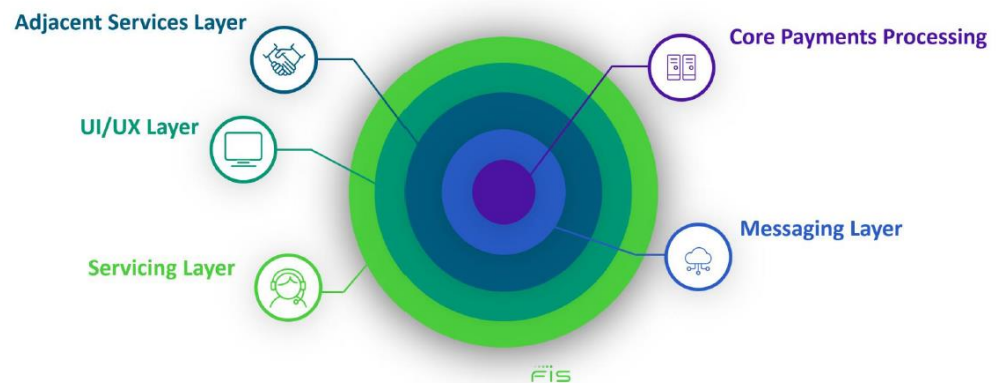
Delivering what matters most to its clients—reducing complexity, offering choice, and lowering the total cost of ownership—are the key themes of FIS Payments One transformation strategy.

## FIS Payments One Strategy Articulation

Our first key takeaway is the noticeable shift in how FIS articulates its Payments One strategy, moving away from technical details and instead focusing on what the company is doing to address what matters most to its clients. Specifically, FIS is focused on three things:

1. **Reducing complexity for clients, especially in pricing.** Some of this is about reducing *technical complexity* across different solutions or delivering experience level APIs to developers to *hide* any underlying product complexity. More importantly, FIS is also looking at reducing *cost uncertainty* for clients. The company currently has a large initiative underway to simplify its pricing and align better with how their clients make money. It aims to reduce the number of individual line items and replace that with much simpler per-account and per-transaction pricing for core processing, with additional charges for specific services, such as dispute management.
2. **Build or partner to a strategic solution set.** FIS recognizes that their solution is not the only one in the market, and for some components it looks to partner with the best-of-breed providers, giving clients a choice. For example, clients can either build their own mobile card controls using FIS-provided APIs, or deploy the third party solution brought to them by FIS.
3. **Lower the total cost of ownership through digitization and automation.** FIS aims to reduce manual interventions and automate as much as possible using bots and other AI tools. Another focus is to improve member experience through “reducing the instances of the ailment, not speeding up the cure.” In other words, FIS would rather reduce the number of disputed transactions through better transaction-level information and self-service, rather than just processing disputes faster.

The order in which FIS implements the above strategy is driven by what is most visible to the clients, i.e., outside-in. FIS’s view is that clients don’t have to interact with core payments processing, such as the authorization module, depicted at the very center of the diagram in Figure 1: “it runs, it’s cost effective, it can happen at scale.” Instead, clients experience FIS Payments One mainly through the servicing, UI/ UX, and adjacent services layers, and that is the focus of FIS modernization efforts, such as, for example, migrating to the cloud.

**Figure 1: FIS Payments One Strategy Implementation: An Outside-In Approach**

Source: FIS

### Core Payments Processing

The outside-in approach does not mean that FIS ignores core payments processing. Quite the opposite: the company continues to invest, whether trying to bring all solutions onto a single source of code wherever possible, or ensuring compliance, scalability, resilience, and security.

One important guiding principle is to develop a superset of global functionality, ready to be switched on for clients. According to FIS, “the world of payments has been getting smaller.” In the past, payments looked very different in different regions; now, when something starts in one region (e.g., innovation, like Buy Now Pay Later (BNPL), or regulation), it often quickly spreads around the world. Being able to build once and make it available to clients globally is a strength of FIS.

### Messaging Layer

The messaging layer includes an API gateway and catalog, developer portal, and partner program. FIS is getting increasingly more—close to 8,000 APIs—of previously platform-specific messages into its Code Connect library of APIs. And while the APIs for prepaid might still be different from those on credit, the developers benefit from the same developer experience (e.g., sandbox environment, etc.), increasing their efficiency. Also, with APIs, FIS’s strategic goal is “to eat its own cooking”—whenever FIS builds anything new, it does so through Code Connect, so that the same APIs are also available for clients.

In 2023, FIS acquired Bond, a banking-as-a-service company, which was a contributing factor toward developing “experience-level APIs.” Developers can use the detailed APIs to set up a credit card program, but this might require them to configure 250+ data fields, which implies detailed knowledge of credit cards and banking. Many fintechs and non-banks simply want to issue a card without having to worry about all the possible details. The experience-level API might rely on several detailed APIs to perform the underlying task but simplifies the interface for the developers and hides away all the complexity.

## Adjacent Services and Other Remaining Layers

This is all about giving clients choice. The FIS platform comes pre-integrated with fraud, loyalty, money movement rails, and other solutions. The client can either use those or, if they prefer, have FIS make an API call to their own solution. Similarly, FIS has ready-made interfaces available not just for the end cardholders but also for the client service personnel, and the financial institution again can choose to use either FIS tools or their own.

The increasing degree of integration between different FIS solutions opens the doors for interesting cross-product opportunities for clients. For example, if the member just paid \$3,000 for a Peloton bike with a debit card, they can now be offered a BNPL option. The credit line gets set up on the credit platform, the debit card gets refunded, and the same debit card can be used to make regular payments to pay back the loan.

## How FIS Payments One Differentiates in the Market

The card processing space is rather mature, and clients do have options. FIS believes that Payments One for Debit and ATM differs from other options on several dimensions:

- **Resilience and reliability.** FIS runs 20 instances of its debit switches out of its central processing center. In 2.5 years, from January 2021 to July 2023, those switches processed 32 billion transactions, worth \$2.1 trillion, at the actual uptime of 100%. In fact, the system had a “zero seconds of downtime in the last eight years.”
- **Important add-ons**, such as:
  - Real time dashboards showing spend, network availability, SLA metrics, risk and fraud, staff utilization, and more.
  - Online Testing Suite of tools that allows clients to self-service testing to save time, to regression-test changes, or to test downstream platforms without having to ask FIS.
  - Portfolio Analysis team offering Payments Edge advisory services to help clients maximize the value of their card portfolio.
- **Pre-integrated variety of additional services**, including fraud management, card controls, loyalty, disputes and chargebacks, bill pay/ACH/Zelle/RTP that clients can use directly or integrate into their own solutions via RESTful APIs.

Similarly, Payments One Credit is:

- **Global**, used by large financial institutions (“top 100”) around the world, with single-code and global functionality, where enhancements made for one client benefit all others, reducing total cost of ownership.
- **Configurable by design**, capable of serving diverse client needs from a single platform, from large European financial institutions to small Australian credit unions.
- **Moving to cloud** based on business reasons, such as new functionality or data sovereignty requirements.

- Again, **pre-integrated** with a variety of additional services, which are optional for clients.

FIS is understandably proud of its SecurLock fraud prevention solution. According to the company, its fraud rates are significantly lower than the industry averages, particularly for MasterCard transactions (see Table 1). In fact, FIS is so confident in its fraud protection capabilities that it offers clients a service where FIS takes on the fraud risk in exchange for a fixed fee. As the nature of fraud attacks is evolving, smaller financial institutions which in the past may have been somewhat insulated from fraud are now starting to get their “fair share” as well. Given that many don’t have experienced fraud management departments, FIS is getting considerable interest for its “fixed fee for no risk” fraud service. This further helps with aligning incentives and making FIS laser-focused on reducing fraud.

**Table 1: Fraud Performance Comparison**

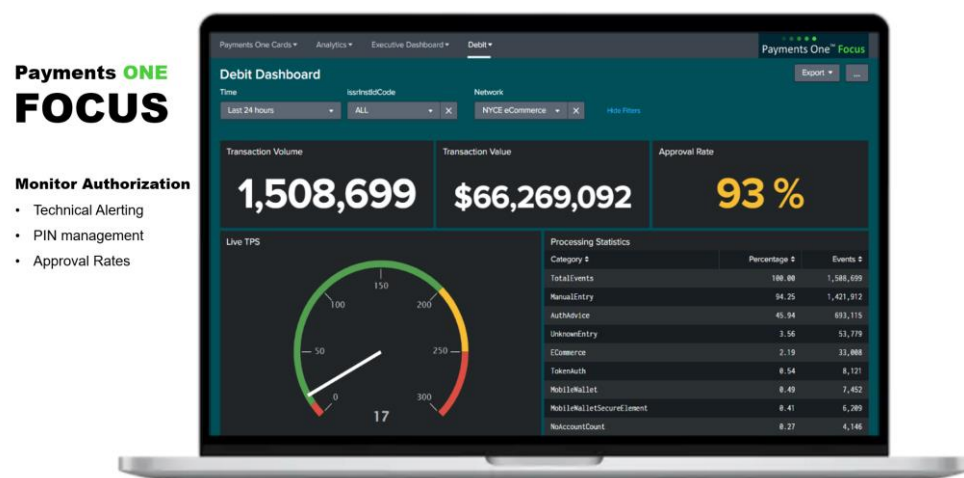
	Industry Average	FIS
MasterCard	11.7 bps	6.9 bps
Visa	13.1 bps	11.1 bps

Sources: FIS

Note: 1 bps (or basis point) is 0.01%

Another tool valued by FIS clients is Payments Focus real time dashboards. They allow clients to drill into the details of what’s going on with their card portfolio, such as monitor any changes in authorization rates or where and how their members are transacting. Some clients go a step further and are starting to look at changes in APIs being used by their call center staff to detect changes in what screens are being used. This enables them to identify potential issues proactively before the call center staff can even realize that there might be an issue.

**Figure 2: FIS Payments One Focus Offers Clients Real Time Dashboards**

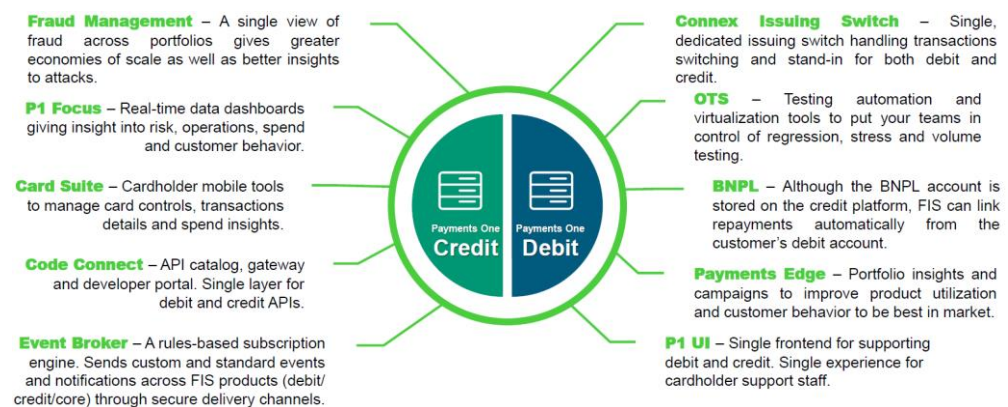


Source: FIS

The next step—and FIS is not quite there yet—would be to turn these insights into actionable advice, perhaps with the help of AI tools. FIS believes that it's well positioned to do so, as it understands three things required to deliver such advice for clients: what matters to banking executives, how the industry works (e.g., that this number means something while another one doesn't), and how the platform works (e.g., which field might have the relevant bit of data).

It is important to note that while there are two distinct platforms under the Payments One umbrella—Payments One Debit and Payments One Credit—they do share many common services, again, particularly those that are more visible to clients. (See Figure 3.) So, things like fraud management, Payments One Focus (dashboards), Card Suite (cardholder engagement tools), and others are all the same for debit and credit, helping clients to achieve a single view of their members across portfolios and deliver richer insights.

**Figure 3: FIS Payments One Shared Services**



Source: FIS

Ultimately, FIS believes that it wins by listening to clients. The company has been investing—interviewing some of their larger clients, both in the US and globally, hiring former bankers, engaging with consultants—to understand what truly matters to clients, such as what they want to achieve and what keeps them awake at night. Of course, when it comes to renewals and new business, price and SLAs do matter. However, FIS is convinced that, most of all, financial institutions want partners that can help them become or remain the primary financial institution for their members—competing with fintechs, attracting more deposits, and “being the first financial institution that collects money when the customer stops paying”—and is determined to be that partner for its clients.

# TO CONSIDER

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While the number of “next gen” solution providers continues to grow, sometimes only a proven “bullet-proof” platform will do. Financial institutions looking for a new technology and services provider in cards should consider all options.

Many of our Solution Briefs come with a caveat, such as: “The provider is a young company and still has to demonstrate it can address the challenges that come with rapid growth and scaling up to serve large financial institutions.” That is not the case here: few can argue against FIS’s pedigree in payments and its proven ability to serve thousands of clients.

The challenge facing FIS is the opposite: convincing clients that it can also be nimble, responsive, and the partner with whom clients will be able to innovate in payments not just today but also tomorrow. There will be clients that only want to work with providers that are cloud-native or fully in the cloud. While this demand is understandable when buying software, we would argue it matters less when buying an outsourced processing service. Others will dismiss FIS Payments One outright as a “legacy player,” but we would urge them to take the time to understand the transformation journey that the company has been undertaking in recent years.

When buying technology, a “shiny new toy” can be very attractive and, for some clients, the right choice. However, others will be looking for a partner that brings not just a proven and capable solution, but also willingness to listen, grow together, and do the right thing. Those financial institutions may discover that FIS with its Payments One solution is the right partner for them.



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