



STUCK WITH A PROCESSING BOTTLENECK?

5 Tips to Modernize Your Bank

Bank modernization is no longer optional. All banks must digitalize or watch the business shrink. More than **80%¹ of consumers** use a mobile device to manage a bank account. All banks need to modernize to meet rising customer expectations, accelerate innovation and deliver an engaging experience. A modern core empowers you to meet customers where they are and exceed their expectations.

However, only **30%² of banks** that have undergone a digital transformation report successfully implementing their digital strategy,

and the majority fall short of their stated objectives. Many leaders underestimate the complexity of a project that touches almost every element of the bank. Common mistakes include miscalculating the extent to which existing business processes must change and trying to change too much at once.

Replacing a mission-critical core is very complex and can be a major distraction from running your bank. Fortunately, there is an easier way. If you're trapped in a development jam, here are five tips to accelerate your modernization journey.

1. <https://bankingjournal.aba.com/2023/11/aba-survey-consumers-happy-with-their-banks-online-and-mobile-experience/>

2. <https://www.mckinsey.com/capabilities/mckinsey-digital/our-insights/tech-forward/why-most-digital-banking-transformations-fail-and-how-to-flip-the-odds>

1

Think incrementally and API first.

Your bank core is the beating heart of the bank that represents decades of continual investment and is the repository for mission-critical customer data. A full replacement is risky, expensive and a major upheaval – and it may be unnecessary. With the right approach, you can **decompose your core and begin a progressive modernization journey**. Modern application programming interfaces (APIs) empower you to accelerate modernization with an open, integrated architecture that is choreographed in real time. You can upgrade individual capabilities on a step-by-step basis at a much lower cost and with less risk.

2

Forget omnichannel, embrace optichannel.

In the digital age, customers don't look for financial products but for engaging experiences. And financial products are always part of a bigger transaction, such as buying a car, getting married or having a baby. Optichannel banking is all about **providing bespoke banking services in context**. With modern technology, banks can enter customer journeys earlier to increase engagement and they have a wealth of customer data to develop the exact services that customers want. For Gen Alpha, social media is their primary source of information, so banks need to appear in such channels in a way that makes sense to potential customers.

3

Adopt a customer mindset with components.

By adopting a corporate component-based approach to core modernization, you can build a bank that's more responsive and customer-centric. Move away from your legacy processing and monolithic core by replacing individual core constituents at your pace. Over time, modern, easy-to-configure components replace functionality that is typically embedded in "silo" channel applications across the bank. The **transition to a modern architecture is transparent to customers**, staff and other bank stakeholders and preserves your existing technology investments. With a component-based modernization, you keep your options open throughout the transformation, including the choice to retain your legacy core.

4

Consider a side core.

A side core can offer a practical alternative to a costly core replacement and release your bank from the constraints of legacy processing. By implementing a side core, you have access to a modern digital core while preserving the bank's existing investment in technology. In practice, **innovation can take place on the side core while the existing infrastructure remains in place**. With a modern side core, a bank has a two-speed architecture. While this may seem complex, most banks already operate several generations of technology within a single ecosystem. And with the two infrastructures choreographed through mediated APIs, the bank can enjoy the best of both worlds.

5

Choose an experienced partner.

FIS has helped many of the world's top banks transform and grasp the opportunities of the digital age. Our Modern Banking Platform (MBP) heralds a new era in banking technology. **No technology partner has more industry know-how or practical expertise**. We can help you specify, build and implement a digital-native banking platform that thrives on continual innovation. With multiple deployment options, MBP offers maximum flexibility and choice. We can host MBP on the FIS cloud, with the option to change as required by your evolving business needs or technology strategy.

At a time when continuous modernization is critical, Modern Banking Platform can help you step into your digital future.