

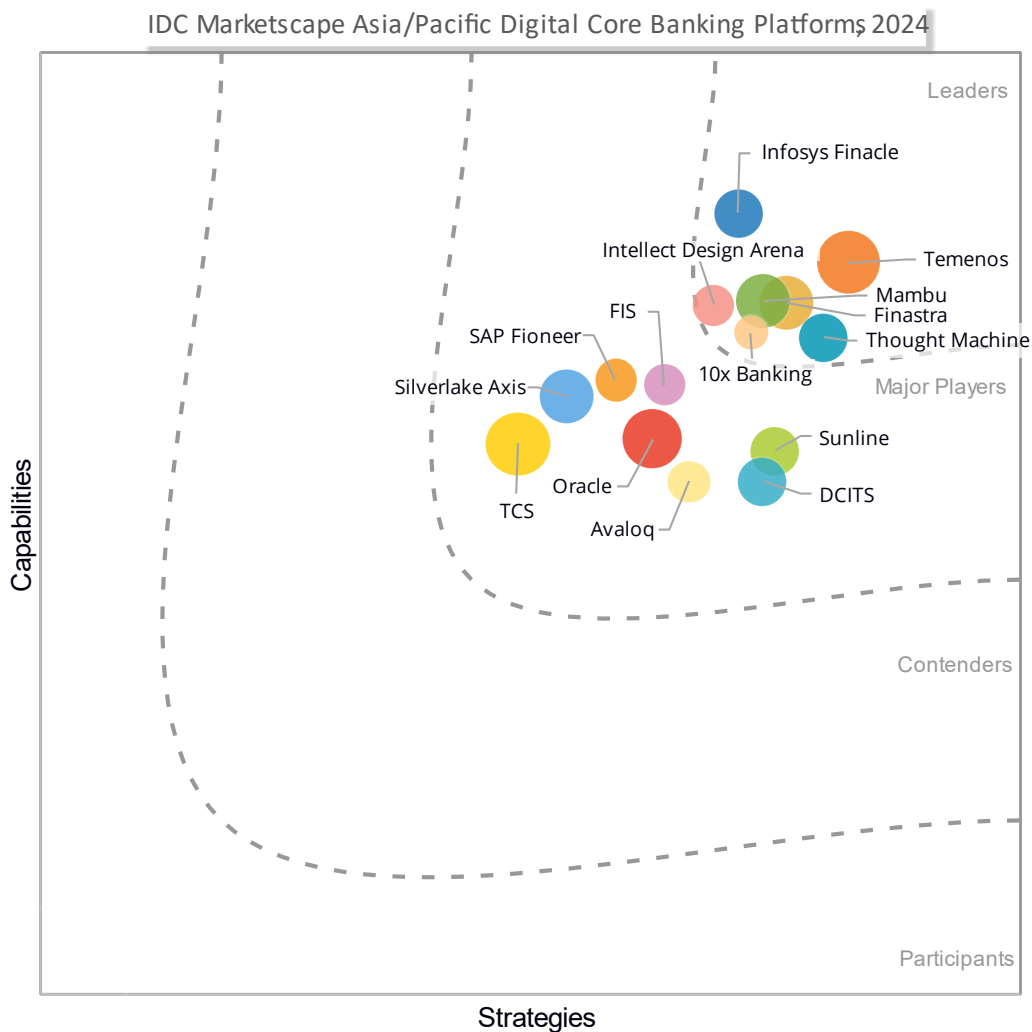
IDC MarketScape: Asia/Pacific Digital Core Banking Platforms 2024 Vendor Assessment

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THIS IDC MARKETSCAPE EXCERPT FEATURES TEMENOS

IDC MARKETSCAPE FIGURE

IDC MarketScape Asia/Pacific Digital Core Banking Platforms, 2024



Source: IDC, 2024

Please see the Appendix for detailed methodology, market definition, and scoring criteria.

IN THIS EXCERPT

The content for this excerpt was taken directly from IDC MarketScape: Asia/Pacific Digital Core Banking Platforms 2024 Vendor Assessment Document number: #AP50463723. All or parts of the following sections are included in this excerpt: IDC Opinion, IDC MarketScape Vendor Inclusion Criteria, Essential Guidance, Vendor Summary Profile, Appendix and Learn More. Also included is Figure 1.

IDC OPINION

Over the last 10 years or so, there has been a long-term migration of banking core systems from monolithic platforms based on COBOL or other legacy languages created as much as 30–40 years ago to digital platforms that are based on modern programming languages, open application programming interfaces (APIs), and operating as collections of microservices that can run in a container environment, (and thus adding the ability to run in cloud environments as cloud native). These kinds of systems promise to open many business opportunities, overcome challenges with speed to market, and add resilience, scale, and security to legacy platforms.

This study assesses the capability and business strategy of 15 vendors with core banking platforms that align with the more open and cloud-native architectures that are the hallmarks of the next generation of core banking. This evaluation is based on a comprehensive framework and set of parameters expected to be conducive to success in providing organizations with insight into digital core banking platforms.

IDC proposes that core platforms that were developed to run on premises at the institution, or on premises at a managed SP, and/or have been modified or simply augmented to run on cloud (cloud enabled) without the mentioned factor do not qualify as digital banking cores.

Key findings include:

- Digital core platform vendors generally appeal to different institutions based on bank size, market demands of the bank, size, and capabilities of internal technology staff at the bank, the bank's business strategy, and other factors.
- Most new core providers have designed their offerings to include the support of de novo, greenfield, and digital bank organizations.
- These digital core systems are also designed to be modular in design, offering banking-as-a-service (BaaS) functionality to organizations that only need to support one product (e.g., deposits) as opposed to full banking functionality.

Each vendor included in this IDC MarketScape offers and demonstrates competency in digital, cloud-native core processing. IDC would not hesitate to recommend any of them in the individual evaluation process for any specific financial institution. Many of the core providers in this report built their platforms with different design goals and target markets. Although the vendors in this study compete, they can also complement each other under certain circumstances.

This IDC MarketScape is a starting point for financial institutions and nonfinancial organizations wanting to offer financial products and services and that are considering modernizing their existing core platforms or building financial services "from scratch." In this sense, this report can be considered a "short list," a way to distill the long list of big and small core providers in the marketplace. This document does not replace the due diligence that companies must do to evaluate which vendor fits their specific needs and circumstances.

IDC MARKETSCAPE VENDOR INCLUSION CRITERIA

For the purposes of this evaluation, IDC Financial Insights focuses on digital banking core technology that:

- Enables deposit, lending, and transaction processing
- Builds functionality using APIs
- Uses a microservices/containerized approach (Kubernetes, Docker, and so forth), enabling scalable cloud deployment
- Enables auto-scaling
- Allows for an open data architecture

IDC undertook an evaluation of vendors that produced cloud-native core banking solutions and selected vendors for evaluation that met the following criteria:

- The vendor must produce and hold the intellectual rights to a core banking solution that is digitally native (developed from the ground up on cloud platforms and not a re-platformed legacy system).
- The solution must utilize a microservices and container-based architecture to fulfill cloud-native delivery standards.
- The solution must fulfill the needs of at least one of the major banking products as a minimum viable product (deposits, payments, loans) to be qualified as a complete digital core banking solution.
- The vendor must have at least one instance of this digitally native cloud core banking platform being implemented in the geography under study. Older instances of legacy core banking platforms that are not digitally native (which in some cases may be substantial in total implementations and generated revenue) are not counted toward the final assessment.

- The solution must run on the public cloud from at least one of the major cloud providers, such as Amazon Web Services (AWS), Google Cloud Platform (GCP), Microsoft Azure, AliCloud, and Tencent. Solutions only configured to run on private or hybrid cloud-type setups are not included in this assessment.

Note: This assessment only includes solutions from vendors that meet these requirements. Our assessments of capabilities and strategies are based solely on the cloud-native solutions of their business and do not reflect their historical work and standings in the market from prior implementations.

ADVICE FOR TECHNOLOGY BUYERS

Use this IDC MarketScape for vendor selection and as part of a due diligence process. Financial institutions and fintech lenders can use this IDC MarketScape to help develop a short list of vendors from which to solicit information, including demos, about their product or services. Technology buyers may use this study to evaluate a vendor's proposal and demonstrate the breadth and depth of a provider's capabilities compared with the overall market.

To make the right choice and find an ideal digitally native core banking solution, system of record technology buyers should consider factors that align with their unique requirements.

- **ICT cultural/organizational fit:** Undertake a proper self-assessment of the organization with respect to its architectural principles and approach. Foremost the solution offered by the vendor must, as closely as possible, be aligned with the way the financial organization deals with technology. Some solutions explicitly require the entity to have a strong capability in-house to be able to implement it. This is specifically the case when the solution is more a building kit or framework to be further developed. If the organization does not treat technology as its main differentiating factor, a more out-of-the-box solution with easy configuration is preferred.
- **Geographic coverage:** Evaluate the geographic coverage offered by vendors. Consider factors, such as their global presence, expertise in dealing with local regulations and languages, and ability to cater to specific regional requirements. Choosing a vendor with the right geographic reach ensures seamless operations in the locations where your business operates.
- **Business models and portfolio coverage:** Understand the business models of vendors and their portfolio coverage. Some vendors may focus solely on the most rudimentary capabilities, while others offer a broader range of functionalities related to, for example, the entire lending life cycle.
- **Ecosystem and partners coverage:** Assess whether your organization requires a specialized provider or prefers a vendor supporting multiple business needs based on your core operations and procurement strategy.

- **Scalability and integration capabilities:** Consider the scalability of the solution and its ability to accommodate future business growth. Identify relevant key performance indicators (KPIs) and applications to match that can scale with your organization's needs ensures long-term viability. Additionally, assess the application's integration capabilities with existing systems and third-party tools to ensure seamless data flow and process automation.
- **Solution deployment and cloud:** Consider the application deployment options provided by vendors. Evaluate whether your organization prefers on-premises deployment, private or public cloud solutions, or a software-as-a-service (SaaS) model. Ensure the chosen deployment option complies with your ICT governance policies and regulatory requirements.
- **Vendor road map and customer support:** Investigate the reputation and track record of the vendors in the industry. Seek feedback from current customers to assess the quality of their support and responsiveness to issues.

VENDOR SUMMARY PROFILE

Temenos

Temenos is positioned in the Leaders category in the 2024 IDC MarketScape for Asia/Pacific Digital Core Banking Platforms.

Temenos was founded in 1993 and is based in Geneva, Switzerland. Its Asia/Pacific headquarters is in Singapore. Temenos was listed on the main segment of the SIX Swiss Exchange after it went public in 2002 and has a staff count of nearly 6,000 located worldwide. It states that it has over 950 Temenos Core clients spread across virtually every major jurisdiction in the world.

Temenos maintains a broad portfolio of services and products offerings that cover all major segments of financial services. These include retail, commercial and corporate banking, and wealth management/private banking. To sustain its global expansion, including its growth in Asia/Pacific, the company has developed a strategic growth program that rests on the following pillars:

- **Continued SaaS acceleration:** This will continue to enable its clients to be on a managed platform, which helps them reach scalability and security through the advancement of self-service capabilities.
- **Increasing penetration in large banks:** Develop cloud-native platform enhancements and further work on elasticity, reliability, and enhanced security across all regions.
- **Partner first approach:** Set up partnerships, including sales partners for localization, for country model or segment-specific solutions.

Temenos has established a formal pool of partners and third-party providers called Temenos Impact, which focuses on technology development, sales, and

implementation capabilities. It has also created a partnership with Deloitte, which has established a Global Temenos center of excellence (COE) on digital banking solutions in both Poland and Luxembourg.

The Temenos Core Banking solution portfolio is a cloud/digitally native and cloud-agnostic composable microservices-based offering, using a modern technology stack that can evolve to cater for new needs as they arise. This enables banks to compose, extend, and deploy banking capabilities at scale via cloud and SaaS. It can also be deployed on premises. The solution is deployed among clients all over the world utilizing the platform. The Temenos Core Banking solution portfolio has been implemented in over 700 instances across five continents. Given the global reach and nature of Temenos, the solution is also compliant with requirements for Islamic banking, which is an important feature for banking in the Asia region.

The solution can cater to all segments, such as retail banking, commercial/small and medium-sized enterprise (SME), and corporate banking and private banking/wealth management. Further, the solution has the breadth and capability to provide solutions for various types of banking organizations, such as neo/digital-only banks or microfinance companies that lack a full banking license. In addition to this, the solution can deal with BaaS and embedded finance/banking. Other functionalities (not a full list) supported include payments and compliance/risk management domains, such as KYC, AML, ESG reporting, and so forth. The solution has an embedded AI engine with capabilities available through a self-service portal.

One of the fundamental features of the technology stack of the platform, besides its composability, is its agnostic approach in terms of the cloud SP and the database. It uses AWS, Azure, Google, and other cloud providers, such as AliCloud or Huawei, to cater to the needs of other regions. Another vital component is its usage of open REST APIs.

Strengths

- Temenos is a company with a significant and broad customer base spanning all continents with experience in Asia/Pacific for decades. Its exposure to many clients allows the company to extrapolate needs from certain clients and develop these innovations further for the benefit of the larger client pool.
- Temenos has a strong partnership program, with a variety of members, including systems integrators, technology partners, and developers, which allow them to introduce novel new features in both a scalable and rapid manner.
- Temenos' innovations have contributed to both the depth and breadth of its overall core banking solution.
- Clients praise Temenos for its tailored client-centric and cooperative approach to problem solving in a joint manner.

- The solution is very broad with several capabilities, such as KYC and AML, being in-house developed by Temenos. Its workflow-driven capability and approach to low-code configuration and rules are easy to work with, requiring less training effort.

Challenges

- Temenos is facing a number of threats from being slow on adopting new technology because of its size and longstanding presence in the market. Its offerings may be less nimble to innovate.
- Temenos was occasionally perceived as slow in delivering its support to customers.

Consider Temenos When

- The Temenos platform is a universal fit for many types of organizations due to its scalability, composability, and modularity, which allows an effective solution to be created for many different client needs, business lines, and sizes.
- The solution has been proven to be both reliable and resilient and work well in any type of environment, which is a benefit for institutions in which the overall infrastructure supporting the solution may be weaker.

APPENDIX

Reading an IDC MarketScape Graph

For the purposes of this analysis, IDC divided potential key measures for success into two primary categories: capabilities and strategies.

Positioning on the y-axis reflects the vendor's current capabilities and menu of services and how well aligned the vendor is with customer needs. The capabilities category focuses on the capabilities of the company and product today, here and now. Under this category, IDC analysts will look at how well a vendor is building/delivering capabilities that enable it to execute its chosen strategy in the market.

Positioning on the x-axis or strategies axis indicates how well the vendor's future strategy aligns with what customers will require in three to five years. The strategies category focuses on high-level decisions and underlying assumptions about offerings, customer segments, and business and GTM plans for the next three to five years.

The size of the individual vendor markers in the IDC MarketScape represents the market share of each individual vendor within the specific market segment being assessed.

IDC MarketScape Methodology

IDC MarketScape criteria selection, weightings, and vendor scores represent well-researched IDC judgment about the market and specific vendors. IDC analysts tailor the range of standard characteristics by which vendors are measured through structured discussions, surveys, and interviews with market leaders, participants, and end users. Market weightings are based on user interviews, buyer surveys, and the input of IDC experts in each market. IDC analysts base individual vendor scores, and ultimately vendor positions on the IDC MarketScape, on detailed surveys and interviews with the vendors, publicly available information, and end-user experiences to provide an accurate and consistent assessment of each vendor's characteristics, behavior, and capability.

This research is a quantitative and qualitative assessment of the characteristics that explain a vendor's success in the digital core banking system space and helps assess current and anticipated performance in the marketplace. This is the first vendor assessment in this area published by IDC Financial Insights and is one of three such evaluation reports. This version of the IDC MarketScape report focuses on vendors that have implemented digital core platforms in Asia/Pacific. The other two reports represent the same overall evaluation but are focused on vendors implementing digital core systems in NA and Europe.

Market Definition

The core banking solution is perhaps the most critical and fundamental to any bank's operations. It allows banks to post transactions and calculate the interest rate on deposits and loans and basically is the heart of the bank. Over the past number of years, banks have been witnessing a significant trend toward digitization of the core processes and have had to accommodate for a fast pace of new requirements from customers.

IDC financial insights conducted an IDC MarketScape assessment, evaluating various digitally native core banking solutions revealing that there are rather divergent approaches to how a digitally core banking solution can be construed. On the one hand, the solution is developed and offered to provide a built-in high number of functionalities through a bank in a box approach. The other approach is to provide a framework and build event-driven domain microservices to develop tailor-made functionalities through a configuration layer.

By embracing a digitally native core banking approach, banks can truly establish transformative outcomes, provide superior service to their customers, and achieve sustained success in a dynamic and ever-changing banking market.

Related Research

- *IDC's Worldwide Digital Transformation Use Case Taxonomy, 2023: Banking* (IDC #US51177723, September 2023)
- *IDC PeerScope: Core Banking Modernization Practices for Creating Resiliency and Innovation* (IDC #US49938522, December 2022)
- *IDC PlanScope: Core Banking Modernization to Meet Changing Demands* (IDC #US48460621, December 2021)

Synopsis

This IDC MarketScope takes a deep dive into the digitally native core banking solutions that are the most important players in the Asia/Pacific market. This comprehensive research is the result of quantitative and qualitative analysis of the 15 vendors for digital core banking solutions and explores the various features and characteristics that define the capabilities of the solutions in allowing banks to both operate and innovate the fundamental processes related to daily banking transactions, such as interest calculations, account updates, and interfaces to the general ledger and various reporting applications. Using a standardized framework for assessments, this report aims to serve as a key reference point for digitally native core banking solutions, enabling them to make informed decisions regarding their technology and thrive in today and tomorrow's evolving and dynamic financial landscapes. Our assessment also includes information regarding vendor visions and road maps that allow for insight into their ability to deliver on their solutions and services in the short- and long-term time frames.

"Transformation requires modern and capable core infrastructure as the engine and driver for driving change. Banks face a multitude of issues with increasing complexities in daily operations, coupled with the need to develop innovative new products and services that can deliver today and tomorrow's promises to customers. Changing the core banking solution for most banks, though, remains one of the, if not the single, biggest operations that any bank can undertake, and the risks and time frames involved in implementation have led many banks to put off upgrades. Our research into digitally native core banking solutions for Asia/Pacific reveals the new options, such as co-habitation, multiple cores, and flexible cores that have emerged, now offer a whole new range of possibilities for banks looking to upgrade their capabilities, enhance their agility, and drive new revenue through new and more customized products. Modernization of the core has now become a much more approachable topic, and vendors are bringing highly exciting new propositions that can enable banks to blast beyond their current capabilities," says Michael Yeo, associate research director, IDC Financial Insights.

ABOUT IDC

International Data Corporation (IDC) is the premier global provider of market intelligence, advisory services, and events for the information technology, telecommunications, and consumer technology markets. With more than 1,300 analysts worldwide, IDC offers global, regional, and local expertise on technology, IT benchmarking and sourcing, and industry opportunities and trends in over 110 countries. IDC's analysis and insight helps IT professionals, business executives, and the investment community to make fact-based technology decisions and to achieve their key business objectives. Founded in 1964, IDC is a wholly owned subsidiary of International Data Group (IDG, Inc.).

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