SAP Fioneer

SAP Fioneer core banking strategy

September 2022 – White Paper

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Abstract

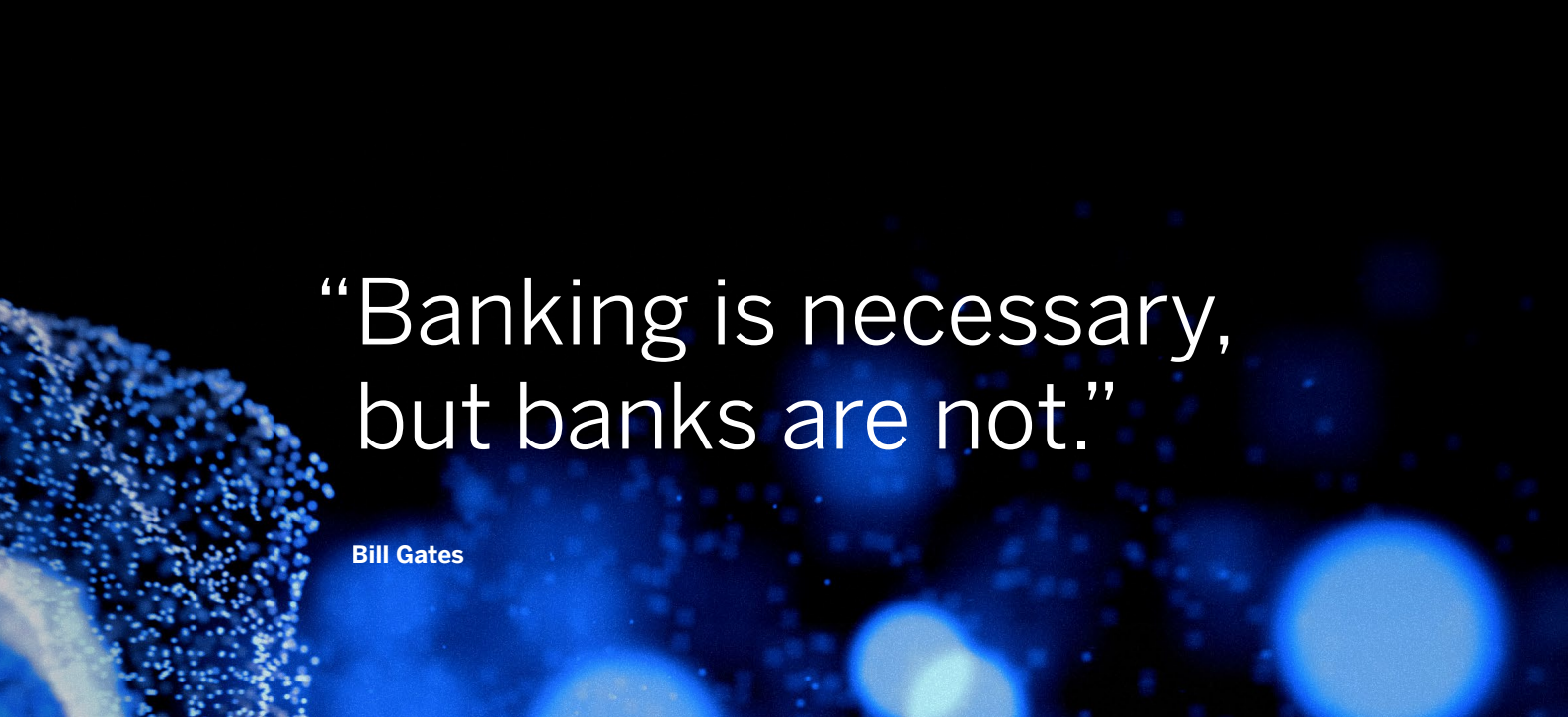
This paper outlines the current trends in global banking and what they mean for core banking – the need for:

1. An open and flexible core
2. Modernizing legacy systems
3. Ecosystem banking
4. Seamless omnichannel experiences
5. Customer centricity
6. The move to the cloud
7. Artificial intelligence, analytics, and machine learning

Next, we explain SAP Fioneer's open core strategy and how it addresses these trends, building on four pillars:

A. An open and modular core
B. A two-platform architecture
C. Cloud enablement
D. Smart data and analytics

This strategy rests on SAP Fioneer's industry-leading banking and technology expertise. We've gained this authority through decade-long partnerships with leading financial institutions around the world, plus the vast experience gathered from more than 100 core banking transformation projects.



Introduction

These words could easily have been spoken today by the young, brazen CEO of a tech firm aiming to take on incumbent competitors in financial services. But, in fact, they were uttered by Bill Gates in 1994.

Challenges to banks are not new, but now they come from all directions. As Mr Gates predicted, they also now come not only from other financial institutions, but from big tech firms with adoring audiences plus the clout (and budget) to disrupt. Big tech players have shown customers that it's possible to create products that truly address their needs. They're experts at collecting and using data and can provide services in real-time, continuously adjusting and evolving them.

Consumers now also seek that same level of service from their banks. For a while, this may have only applied to retail customers. They have come to expect innovative products, accessed via seamless journeys across digital and traditional channels in real-time. However today, this is just as true for business and commercial banking. These customers no longer accept complex and hard to understand processes that take days or weeks to complete even for the simplest of requests, such as opening an account. They expect to receive tailored offerings that reflect their individual or business needs instead of 'one size fits all' solutions.

Banks know this already. But we at SAP Fioneer can provide additional value by helping financial institutions to address these realities. To provide innovative products and services in symbiosis with customer-centric, holistic experiences, banks must invest in their very foundation: their core banking system.

A financial institution's core banking system forms the basis for a bank's operations. It likely connects to hundreds of systems and handles a high volume of transactions. Needless to say, it's expected to function without interruption, so it's easy to see why, historically, core banking strategy has tended to focus on reliability.

While reliability remains key, banks must also now turn their attention to modernizing their core. In doing so, they can take advantage of the cost savings and flexibility afforded by an open, modular and cloud-ready solution. And by investing in this most critical banking technology, they can unleash the innovation that will set them apart from their competitors. It's not an exaggeration to say that it could be the difference between success and failure.

Drivers for change in core banking

1. An open and flexible core

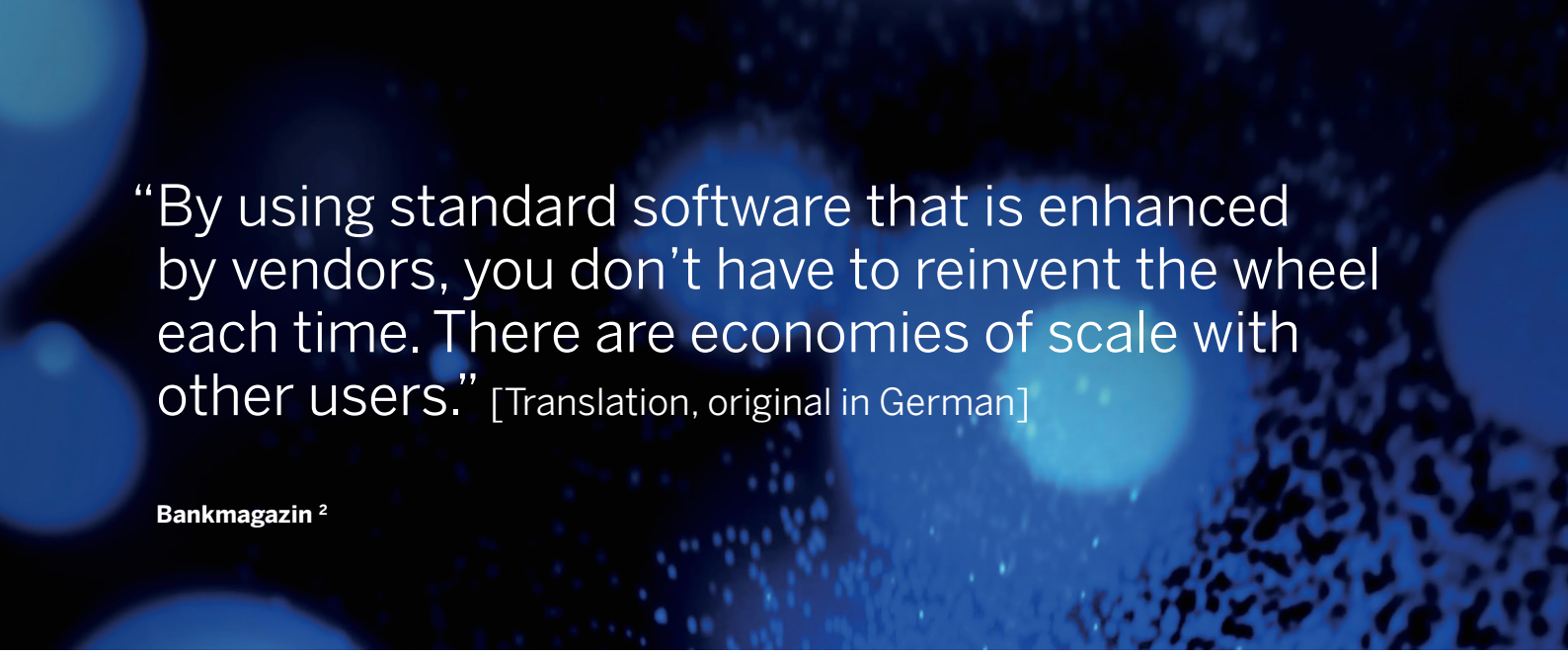
The core banking system represents the heart and spine of any bank, holding customer balances and transactions. It must, therefore, integrate with a variety of business systems. It must also be flexible enough to accommodate changes to those systems in line with evolving customer and bank requirements.

Core systems that adopt an open design and data access via standardised exchange interfaces (APIs) benefit from improved flexibility and scalability, giving them a greater competitive edge.

Of the financial services organizations already using APIs ...	
58%	**48%**
... report increased **productivity**	... report increased **innovation**

Source: MuleSoft [1]

By employing a modular architecture, banks can add and configure new core capabilities with ease and, crucially, without impacting existing functionalities.



"By using standard software that is enhanced by vendors, you don't have to reinvent the wheel each time. There are economies of scale with other users." [Translation, original in German]

Bankmagazin [2]

2. Modernizing legacy systems

In the past, and often still today, banks have added functionalities to the core codebase when new processes were needed. In fact, many equated extensive customization with competitive advantage. The upshot of this is that many banks, especially the 'older' ones, have been left with a huge set of customized legacy applications.

Legacy code makes a core complex. It becomes difficult and costly to maintain and upgrade, not to mention increasingly exposed to risk and liability. It also means that the core is poorly optimised for new technologies given the need to test the impact on custom code each time a change is made elsewhere. All of these factors mean that a legacy core can leave a bank unable to keep up with the changing expectations of its customers.

To avoid these problems, banks are now taking steps to move away from legacy code and interfaces, favouring standard software with published APIs.

3. Ecosystem banking

More and more, customers expect organizations to provide 'one stop shop' experiences. As such, banks today need to overcome their siloed customer views and broaden their offering with both banking and 'beyond banking' services.

As an example, the individual running a small business can rightly expect to have accounting software integrated into their business banking account as part of a banking ecosystem. That's a no-brainer. But it's not reasonable to expect that financial institutions provide that accounting software. Instead, they must turn to expert third parties and blend those specialist offerings into their own.

"Broadening their proposition by leveraging ecosystems is a key way to stay hyper-relevant for their customers. Banks should orchestrate ecosystems to cross-sell financial services and generate new revenue streams."

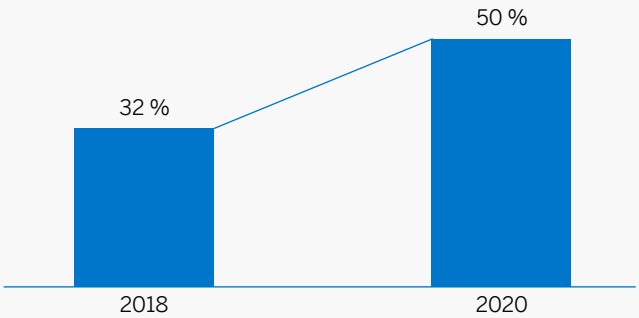
Accenture [3]

Enterprising banks are moving to launch and embrace these ecosystems now – as marketplace orchestrators, ecosystem participants, open banking platforms or referral platforms. To do so with success, banks must be able to build relationships with third party organizations and integrate their specialist products with their own core system.

4. Seamless omnichannel experiences

Most banking customers are turning to their computers and mobile devices for their everyday banking. But while many banks are implementing a digital-first strategy, fewer have nailed the orchestration of seamless experiences across on- and offline channels, or even on different platforms within the digital channel.

Consumers interacting with their bank through mobile apps or websites at least once a week:



Source: Accenture[4]

The minority of banks who have proven successful in this ambition have taken their inspiration from retail companies with a strong digital presence. These organisations create highly personalized cross-channel journeys for their customers, effortlessly blending digital and

face-to-face interactions. Behind the scenes, an analytics engine makes sense of customer signals, determining the best way to reach them with an offer or support them with advice.

From the customer's perspective, they should be able to engage with a financial institution across multiple channels and enjoy a seamless experience when they do. For example, a loan application made online should be instantly available to the contact centre, branch staff and perhaps even a chatbot – it's no longer acceptable to expect a customer to begin and end a journey within the same channel.

5. Customer centricity

For too long, the way people interact with their bank and manage their everyday banking and investments has been determined by the way the financial institutions have 'always done things'. Systems and processes have been shaped by the demands of the bank, and not the needs of the customer. This is true for retail banking and things often become even more complex where commercial banking is concerned.

The retail sector has led the way when it comes to customer focus. As Amazon's founder Jeff Bezos has famously proclaimed: *"We're not competitor obsessed, we're customer obsessed. We start with what the customer needs and we work backwards."*

Banks are now coming around to this way of thinking, recognizing that they must flip their antiquated approach on its head by breaking down internal silos and placing the customer at the heart of everything they do.

As Strategy& (European bank transformation: banks must accelerate tech innovation to survive) [5] notes, challenger service providers are gaining ground by "responding to customers as individuals, remembering their preferences, and meeting them where they are in their everyday lives." Incumbent institutions will have to follow suit if they want to deliver products, services and experiences that delight their users across all touchpoints.

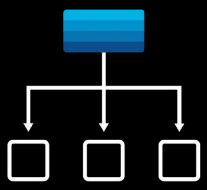
6. The move to the cloud

Some banks are well-versed in the cloud when it comes to the likes of customer relationship management and email systems. But most have been hesitant to consider moving their core banking systems to the cloud.

The fact is that reservations about reliability and security are no longer justified. Hyperscalers actually provide some of the highest available stability and security standards because they have the resources to make it a priority. And the good news is that regulators are increasingly on board too.

Benefits for banks when moving their applications to the cloud:

10-20% cut in operational costs



40-50% quicker provisioning speed

30-50% shorter time to market

Accenture [6]

Banks considering a cloud migration programme have seen competitors who invested early in cloud reap the benefits. It promotes enterprise agility, enabling banks to launch new propositions to market faster, while at the same time, helping them to reduce costs.

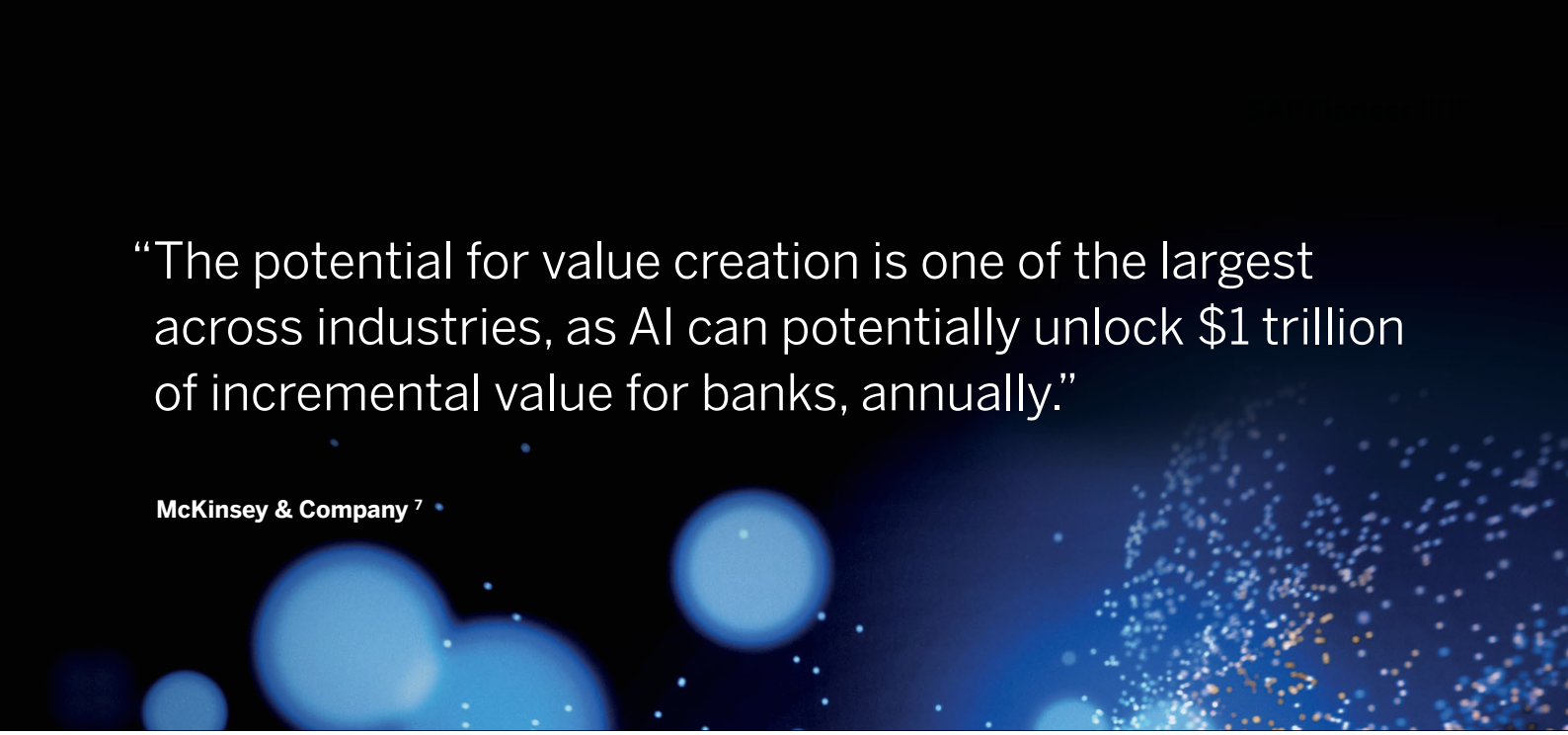
Virtualized infrastructure allows banks to scale capacities according to demand. Computing power can be expanded during peak times and reduced afterwards, so financial institutions can benefit from pay-per-use pricing. This is in stark contrast to commissioning additional physical hardware in bank-owned data centres which remains unused for most of the day, but has to be kept in place to handle busy periods.

Some financial institutions have gone for an all-out cloud migration with great success. However, we have seen that even those who start by moving one particular core function, such as loans, to the cloud are then motivated to do the same with other business processes when the rewards are realized.

7. Artificial intelligence, analytics and machine learning

Banks have always been the custodians of huge customer data sets. Realising their significance, some institutions have started to use descriptive analysis techniques (based on historical data), to try to understand their business.

The age of artificial intelligence (AI) and machine learning (ML) presents new opportunities. Financial institutions that are investing in predictive analysis are unlocking use cases that use a blend of past and present data to drive models and forecasts.



In doing so, they’re able to keep up not only with their customers’ rising bar for personalisation, but also for prediction. Today’s small business owner, for example, wants a straightforward cashflow projection, rather than a patronizing alert when their balance is already in the red. Likewise, a larger business will prefer to be proactively offered a working capital loan during their slow season rather than risk delays to rent or payroll payments.

Many banks have dabbled in this area, but lots struggle to scale AI technologies across the whole institution. Those who are leading the way are making AI central to their strategy and operations, with a focus on automation, streamlining and contemporary customer experiences.

Summary

Pioneering banks are differentiating themselves by creating tailored services, offering outstanding customer experience and launching new, digital business models. Nonetheless, they recognize the importance of continuing to be a trusted partner for their customers, with reliability and stability still high on the agenda.

Digital leaders are therefore looking for technology that balances the need for customer-centric innovation and trustworthiness. As the examples in this section have illustrated, research undertaken by industry experts shows that addressing these trends in core banking is now a necessity. To do so, banks require a modern but proven, secure and reliable core banking system that is open and flexible to enhance and futureproof their offerings. Built on SAP Fioneer’s deep banking and technology capabilities, we’ve designed a four-pillar core banking strategy to enable banks to achieve this.

SAP Fioneer's core banking strategy

SAP Fioneer responds to the seven market trends, which we outlined in the previous chapter, with a four-pillar core banking strategy that is built on top of a foundation comprising our deep banking expertise and global services ecosystem.

The first pillar **"An open and modular core"** ensures smooth integration scenarios (also with 3rd parties) and thereby unlocks modular banking with potential for increased productivity, innovation and new value streams.

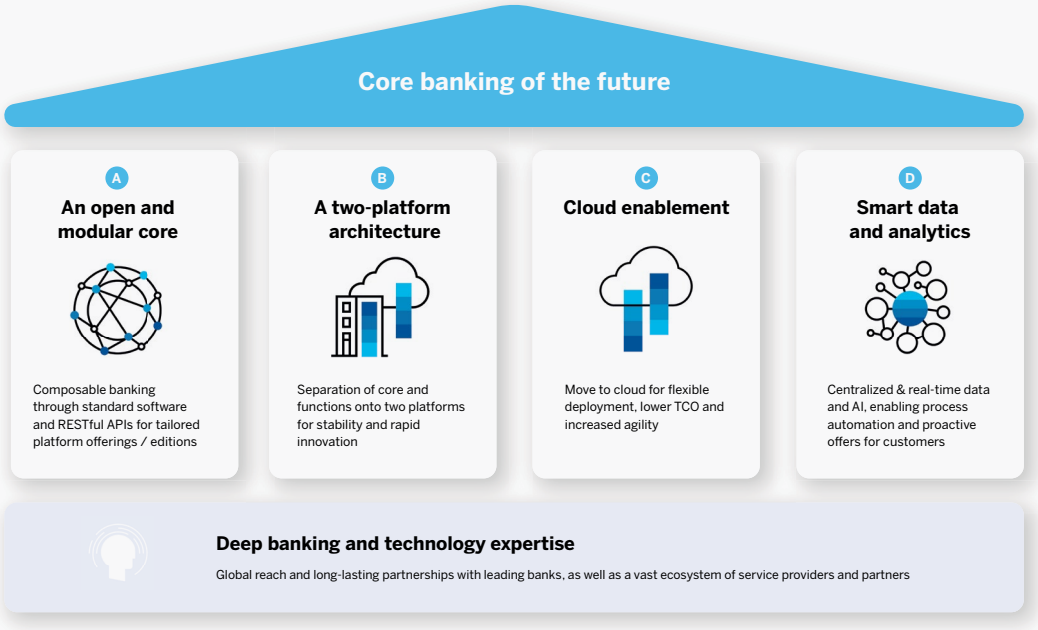
"A two-platform architecture" is described in pillar two. It separates stable and standard core operations from a cloud-based business platform that allows banks to innovate without impacting the core.

SAP Fioneer's digital core has been built with full **"Cloud enablement"**, which forms pillar three of the strategy. It offers banks the full range and flexibility of hosting options, including managed end-to-end cloud services.

The fourth pillar **"Smart data and analytics"** allows banks to leverage real-time data and out-of-the-box AI/ML capabilities running on a state-of-the-art in-memory database.

All four pillars rest upon SAP Fioneer's **"Deep banking and technology expertise"**. We combine a network of 400+ trusted banking relationships, 100+ ecosystem technology partners as well as valuable experience from 100+ banking transformations.

The four-pillar core banking strategy of SAP Fioneer



A. An open and modular core

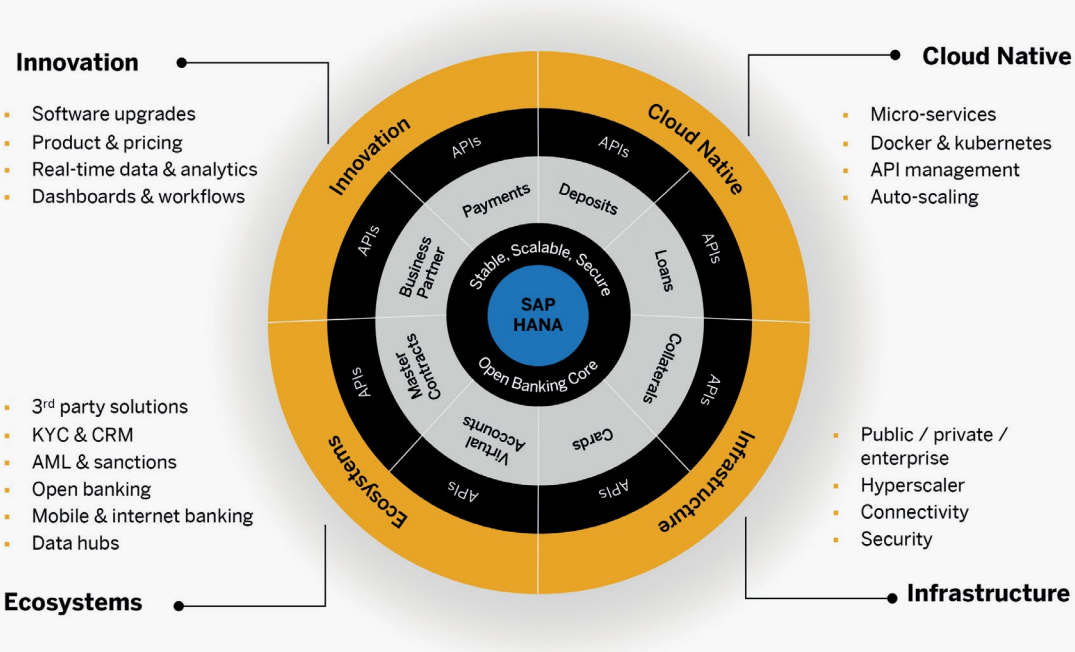
Addressed core banking trends:

An open and flexible core I Modernizing legacy systems I Ecosystem banking

Core banking systems were historically optimized for a single channel: the branch. Things changed, and cores changed too, becoming more and more customized to address new requirements as and when they arose. This often went on for decades.

As customer needs evolve, ever more rapidly than before, this approach is no longer feasible. The core banking system of the future needs to support a reusable, standardized set of products and processes. It must also be ready for those to be continuously innovated and extended. This requires an open and modular architecture and a core that is clean of custom code.

Open core



"Core system modernization can allow a bank to offer the innovative digital features and capabilities that customers now expect.

It also enables delivery models that are much more compatible with today's technology and talent environment – models that are streamlined, standardized, and scalable in response to changing market needs."

Deloitte [8]

As banking technology and business logic have evolved over time, the result has often been increasing complexity of the core banking system.

Untangling tightly coupled custom solutions is no mean feat. These bespoke adjustments, while they served the needs of the business at the time, now leave banks facing expensive and time-consuming IT work whenever they need to make changes to their core to address new business expectations.

'Cleaning up' the core (removing customizations and replacing them with standard software and APIs) helps banks to reduce complexity and innovate faster.

Challenge	Solution
Custom code	Provide feature-rich, standard software that makes custom adjustments redundant and removable.
Custom integrations	Expose RESTful domain APIs and leverage event-streaming architecture to connect with services that reside outside the core.

A clean and open core facilitates modular architecture, enabling easy addition of components as and when needed. This gives banks the flexibility and agility they need to deliver new capabilities, fast.

We believe that a truly modern core offering doesn't end here. Core providers should also be able to offer functionalities end-to-end, from business logic right through to core functions. They should be ready to provide financial institutions with pre-configured banking platforms including plug-and-play expert third party services (for example: identity management or bookkeeping).

Core vendors should cover banks' needs end-to-end, only tweaking to accommodate a bank's very specific requirements with minimal effort. This gives banks the opportunity to rapidly stand-up banking businesses, allowing them to focus on best serving their customers and differentiating themselves in the market.

Case study

Retail bank, United States

"In order to provide real-time event application and structure to our customers, our system needed to be a core that we can manage and control while also supporting the real-time ecosystem."

CIO of the bank

Ambition

Prioritizing consumer trends (the ecosystem of fintechs and interest in cryptocurrency), the bank wished to become **the first nationally chartered financial institution to enable customers to buy, sell and hold cryptocurrencies through a mobile banking app.**

Solution

A core transformation project in partnership with SAP Fioneer, enabling the bank to efficiently **integrate with a leading cryptocurrency platform.**

Results

SAP Fioneer core banking enabled **cryptocurrency trading from regular bank accounts.** Customers interested in participating in this market flocked to the bank.

In fact, there was **an uplift of 50% in customer numbers** within months of go-live and customers can now purchase **12 different coins,** with more on the way.

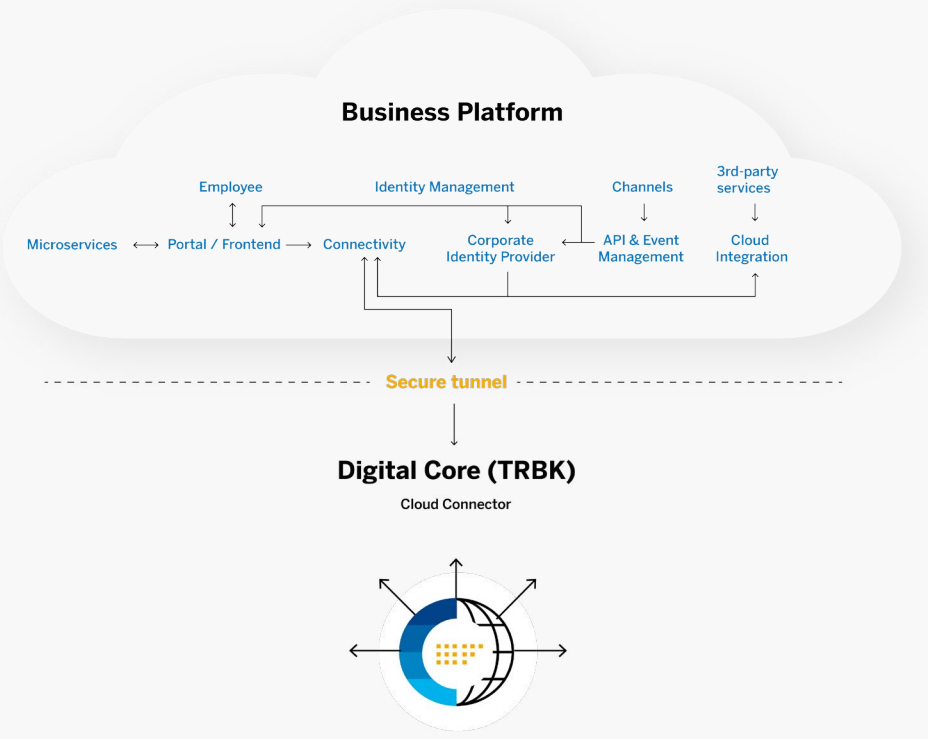
B. A two-platform architecture

Addressed core banking trends:
Ecosystem banking I Seamless omnichannel experiences I Customer centricity

The ability to react to changing business requirements is a key differentiator for banks. To support this, we recommend a two-platform architecture for the overall core. This separates core processes and capabilities from business solutions that reside on a separate, cloud-based platform.

In adopting this model, banks benefit from innovation in two ways. Firstly, it allows them to innovate and create tailored, bank-specific applications without impacting the core's codebase. And secondly, they benefit from continuous core innovations provided to them by the vendor.

Two-platform architecture



The business platform

Our proposition is a separate, cloud-based platform for business functionalities that is connected to the core. By keeping business functionality within the business platform, banks can rapidly innovate, creating customer-focused, cloud-native, end-to-end business processes. They can deploy them independently from the core and without impacting its operations. This is not limited to bank-owned services – banks can integrate expert third-party services into the business platform too.

The digital core

Tier 1 banks process thousands of transactions per second and hold millions of accounts while striving for continuous innovation. Our model recognises the necessity for core banking operations to remain reliable, secure and performant without risking inflexibility.

To strike that balance, we separate core functionality onto a 'digital core' platform, achieving independence from services on the business platform. Its modules connect to business applications via published, RESTful domain APIs and event-streaming technology. This ensures reliability, performance and security of the core. Moreover, it allows banks to consume innovation, provided by the core vendor, at ease and without having to worry about their business.

C. Cloud enablement

Addressed core banking trend:
The move to the cloud

Banks that are motivated to transition their core to the cloud, now or in the near-term, will see direct and indirect impacts on their bottom line. Costs can be dramatically reduced, and staff can deliver more innovative products to more customers, more quickly.

An organization's cloud readiness will be determined by several factors, such as its size, data and technology strategy, and ambitions. That's why the right core vendor offers a range of deployment options to help its customers through the ups and downs of their cloud journey at their own pace – whether a comprehensive transition or a phased approach over time.

In a Capco and Wipro study (Cloud's transformation of financial services [9]), analysts determined that cloud investments had paid off for banks:

Banks reporting...	
... improved profitability	**62%**
... increased revenue	**55%**
... increased market share/expanded client base	**55%**
... decreased costs	**50%**

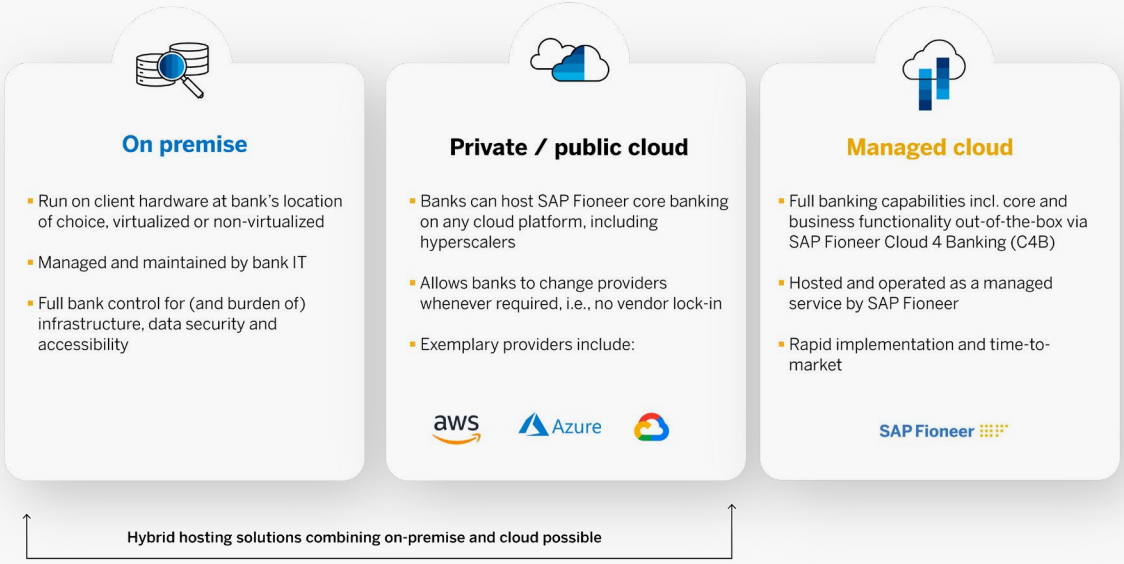
Nobody is doubting that the future of banking lies in the cloud. But nor is anyone under the illusion that the path to cloud is always easy.

Different industries, business models and regulatory requirements can contribute to a lengthy cloud journey; one that can be costly, and sometimes tricky to achieve in the short-term.

On this basis, core banking providers should offer banks the full range of deployment options, while supporting current or future ambitions to move to the cloud. It should be possible to deploy either on-premise and in the private or public cloud, or in a hybrid model that combines both. And, of course, it should also be cloud provider-agnostic so that banks avoid vendor lock-in and can themselves decide which provider best suits their business. This ensures that the core approach to the cloud is kept in line with the bank's overall cloud strategy.

Core banking vendors should support organizations who want to dip their toe in the water, as well as those ready to dive into full transition. Many banks start their cloud journey with a new business model that can't be supported by their legacy platform. Others begin by migrating only particular business lines or products that would work more effectively in the cloud. The right vendor will recognize that a slow and steady approach might mean reduced risk and long-term gain for their customer.

Full range of hosting options



The advantages of cloud-based hosting

Banks are rapidly appreciating the impact 'core to the cloud' migration can have on their bottom line. Gone are the infrastructure storage and maintenance costs, as well as the capacity that's wasted outside of peak times. Instead, horizontal scaling allows for flexible scaling up and down, and charges are based on actual usage rather than capacity.

For the financial institution that is ready-to-go, core banking vendors should be able to stand up new propositions rapidly in the cloud as an out-of-the-box solution. In the past it would have been unthinkable but, through the cloud, it's now eminently possible to stand up a bank (or a spin-off from an existing bank) in a matter of a few short months. By fully outsourcing to the vendor, a bank gains fast set-up of a pre-configured, fully integrated core in the cloud. In addition, the institution vastly reduces maintenance efforts by opting for a managed cloud option, with the vendor taking over these responsibilities.

For banks approaching the start of their cloud journey, it's entirely possible to run legacy and cloud systems in parallel. Though it might take longer, financial institutions can avoid the 'big bang' while taking a measured and progressive approach to core transformation.

Cloud as a competitive differentiator

With a platform that is deployed in the cloud, banks can consume third-party tools without the need for major integration projects. Using expert external players to fulfill specific parts of customer experiences enables financial institutions to offer their customers a bigger and better portfolio of products and services – and to land them more quickly. As the Financial Times (Cloud computing is powering a new wave of innovation in the banking sector [10]) puts it: "Far-sighted banks are [...] interested in the ways that cloud migration can open up new markets and unleash innovation."

D. Smart data and analytics

Addressed core banking trend:
Artificial intelligence, analytics and machine learning

To meet growing customer demand for smart, personalized services, banks must overcome their data silos and centralize data into a single customer view, lowering their data footprint while improving data quality. This forms the foundation for machine learning (ML) and artificial intelligence (AI)-based use cases.

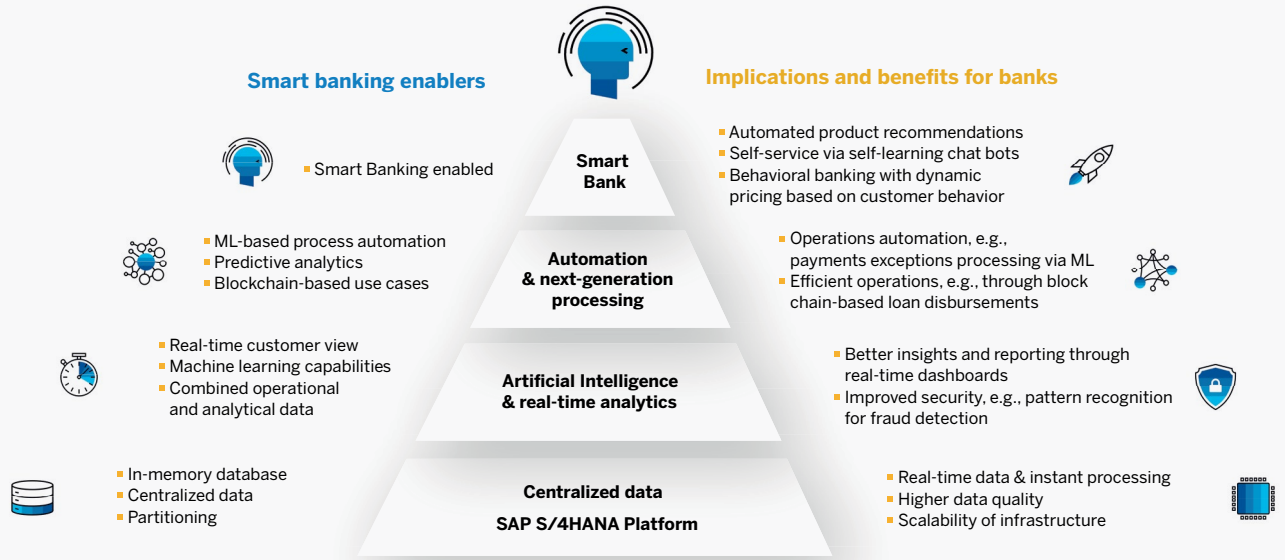
On the bank's side, this opens doors to automated processing and streamlined operations, with plenty of applications in security and fraud detection as well as elsewhere. The customer benefits too, with better customer service and offers that are personalized according to preferences and propensities.

To achieve this, SAP Fioneer's core banking solution runs on the modern SAP S/4HANA platform. It provides an in-memory database that centralizes data and comes with out-of-the-box ML-powered, automated business processes.

Today's customer demands a fully tailored service. The notion of customer segmentation is no longer relevant for today's highly personalized 'segment of one' – the individual who expects their bank to anticipate what they need at the right moment and communicate it via their preferred channel.

In practice, this requires a financial institution to capture and hold centralized data and make it available in real-time. They must, therefore, run their core on a database that can deliver on these requirements.

Leading data and machine learning capabilities



SAP Fioneer's core banking runs on the most modern platform in the market: SAP S/4HANA. Its in-memory database has been designed to provide banks with a real-time data view. This opens up the likes of real-time analytics, recommendations, and elimination of additional data warehouse systems.

But SAP S/4HANA is more than a database. The platform comes with additional benefits, such as out-of-the box AI and ML, readily deployable to automate back-office processes. Many of these processes, such as exception handling of failed payments, are still being undertaken manually by banks – but now they can be automated. This means costs can be reduced and staff focused on higher complexity tasks.

Case study

Retail bank, South Africa

Ambition	Solution	Results
The bank wished to become **the world's first behavioral bank** – supporting customers' financial health and wellbeing, and providing incentives to make good financial choices.	The bank partnered with SAP Fioneer who understood that to realize this ambitious strategy, they would need **a combination of advanced banking technology and automated solutions, plus a customer-centric focus.** The bank wanted the technology to be implemented quickly. Together with a leading advisory firm, SAP Fioneer was delighted to deliver a solution within a mere **12 months:** **Automation and straight-through processing** via the SAP Fioneer core. SAP S/4HANA platform to enable **real-time insights for customers.** All **data seamlessly integrated for analytics.** Consistent **multichannel user experience.**	**The resulting platform has catapulted the bank into the spotlight on the world stage** because of the way it personalizes everyday banking. It encourages financial literacy and health through rewards such as dynamic interest rates and gym discounts. The bank achieved a whole host of impressive outcomes: **94%** lower arrears rate among high-engagement customers **9x** higher average deposits of high-engagement customers **4x** Greater spend of high-engagement customers

We believe that a future-ready core banking solution needs to build on a core banking strategy that is based on the four pillars outlined above. Putting this into practice means that banks need to partner with a vendor that has both deep banking and technical expertise to execute the strategy.

Dr. Christoph Rösch, Global Head of Digital and Core Banking, SAP Fioneer

Deep banking and technology expertise: the SAP Fioneer difference

Global standards and regional requirements

At SAP Fioneer, we work with financial institutions, of all shapes and sizes, around the world. We pride ourselves on delivering against global standards, while understanding local requirements. We always tailor solutions to address a bank's needs, instead of delivering 'one size fits all' solutions.

Our credentials in brief	
400+	banking customers
100+	core banking transformations
100+	ecosystem technology partners

Case study

Tier 1 universal bank

Ambition	Solution	Results
The bank intended to better serve their corporate customers' crucial day to day needs by providing a **comprehensive but convenient cash management and payments platform.**	Together with SAP Fioneer, the bank stood up a **core banking platform** that enabled them to launch a truly **market-leading cash management and payments proposition.** It provides **corporate cash management functionality** (e.g., pooling and sweeping across entities / units) that satisfies the needs of even the **largest corporates.** **Payments are processed through a single platform** that supports various currencies, formats, rails as well as channels. In addition, these capabilities have been extended to include **virtual accounts functionality** that allows customers to define off-balance sub accounts to further simplify cash management. Making this easily accessible for corporate treasurers, the bank provides corporate treasurers with an **omni-channel convenience**, irrespective of whether they interact via an assisted or un-assisted channel, via online portal, host-to-host, API or SWIFT.	SAP Fioneer's rich core banking functionality fueled the **bank's growth in corporate banking.** Corporates enjoy a **best-in-class proposition and increased operational efficiency** that is driven by multi-channel self-service capabilities and up to 90% straight-through processing. The offering increased the bank's **success in acquiring new corporate customers** by significantly increasing the win rate for cash management mandates.

Network of technology partners

Alongside our deep, standard functionality, we can harness a wide network of technology partners. This gives our banking customers access to a trusted marketplace of more than 100 best-in-class solutions that can be easily integrated to provide exceptional customer experiences.

Experience in transformations

We understand banking. We have proven experience of helping leading financial institutions to run complex banking processes using our systems across multiple jurisdictions. In fact, we have long-lasting and trusted relationships with more than 400 customers around the world, and we're proud to have successfully undertaken more than 100 core banking transformation projects.

Partnerships including leading consultancy firms

We're pleased to work alongside high-profile consultancy firms, including Accenture, Deloitte, EY, PwC, and many more. Our partners assist banks alongside us, working on all aspects of the project from initial advice to final implementation.

Dedicated financial services expertise

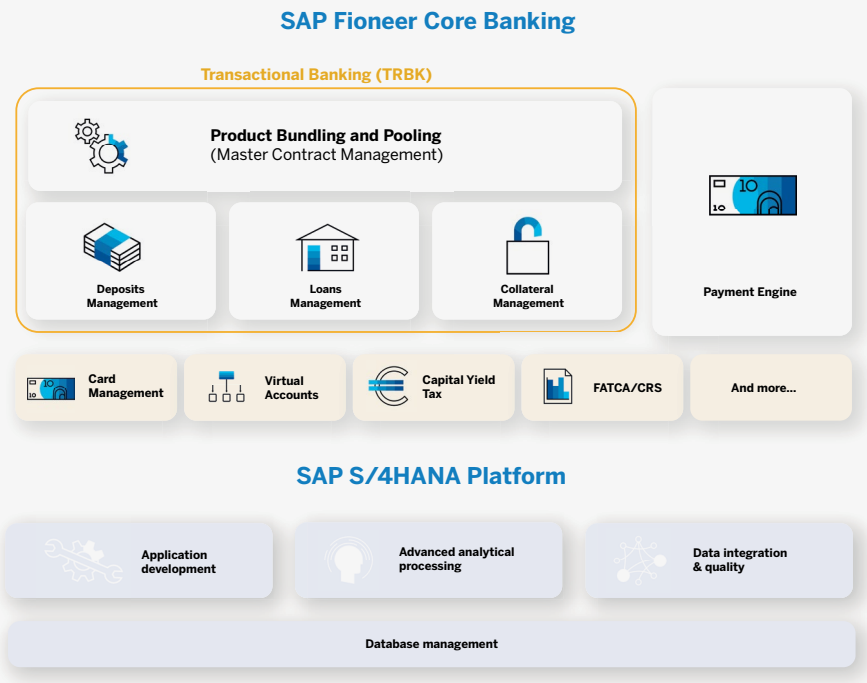
As a company focused specifically on financial services, we're more agile than ever, continually reacting and adapting to the new and changing demands of customers and the market.

Co-innovating the core

No matter our best efforts, there can always be something you need that we don't have yet out of the box. Therefore, we offer a "co-innovation approach" where we take the time to understand your business and work together with our customers, continuously improving and expanding our standard core software.

SAP Fioneer's core banking strategy materializes in its market-leading core banking products

A suite for the complete banking book business:



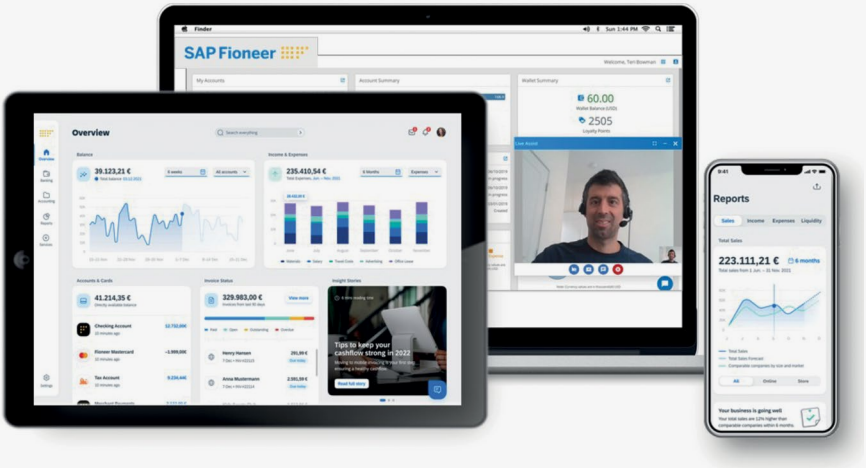
TRBK is a modern core banking solution and forms the basis of SAP Fioneer's core banking capabilities. Being the successor of the widely used SAP Banking Services, TRBK comes with a wide range of deep standard functionality across retail, business, and commercial banking. It supports all common banking products (i.e., accounts, loans, cards, guarantees, etc.), moreover offering additional differentiation via cash management capabilities that are suitable for even the largest corporates incl. Virtual Account Management for state-of-the-art liquidity management, a meta-format payments engine (enabling banks to process payments regardless of format and/or rail), as well as cryptocurrency capabilities.

More than 3,000 product configuration options allow customers to tailor functionalities to their individual requirements without creating additional code. Its open architecture and more than 2,500 APIs further add to this flexibility, as does the full range of deployment options in the cloud (on any hyperscaler and as a SAP Fioneer managed service) and on premise. The solution

furthermore exhibits industry-leading reliability, performance, and security, having been proven in multiple banking industries and across jurisdictions. TRBK has been designed to handle highest transaction loads, e.g., handling more 15,000 transactions per second and more than 80 million settlements per day. Its reliability is renowned in the market, coming with a zero-downtime option and industry leading maintenance support of at least 20 years.

TRBK is run on SAP's S/4HANA Platform. The in-memory database HANA eliminates the need for data warehouses and reconciliation, provides a real-time customer view and enables holistic, customized reporting. In addition, the platform provides banks with out-of-the-box process automation and machine learning for back-office processes (e.g., automated payments reconciliations).

Best-in-class industry cloud solution: SAP Fioneer Cloud for Banking (C4B)



C4B leverages TRBK and complements it with pre-integrated business content to deliver industry-specific, ready-to-use smart banking solutions as a SaaS offering. It adopts an ecosystem approach, integrating with expert third-party services to accelerate innovation and improve monetisation potential. This reduces complexity and lowers TCO.

C4B gives customers a best-in-class digital environment by providing them with SAP Fioneer's Omnichannel Banking Platform. This equips them with a modern and intuitive user interface across all channels, i.e., web and app. In combination with its centralised and real-time data,

predictive analytics and simple, standardized and AI-supported processes, this results in best-in-class user and employee experience.

This customer-centric solution in the cloud is not only efficient but helps banks to drive their sustainability agendas. Digital, simplified processes and reduced time spent by users has a direct environmental impact and lowers greenhouse emissions. In addition, C4B enables banks to collect and analyse ESG-relevant data to further optimize their carbon footprint, and even create sustainable financial products, such as 'green loans'.

Bringing it all together: SAP Fioneer's platform strategy

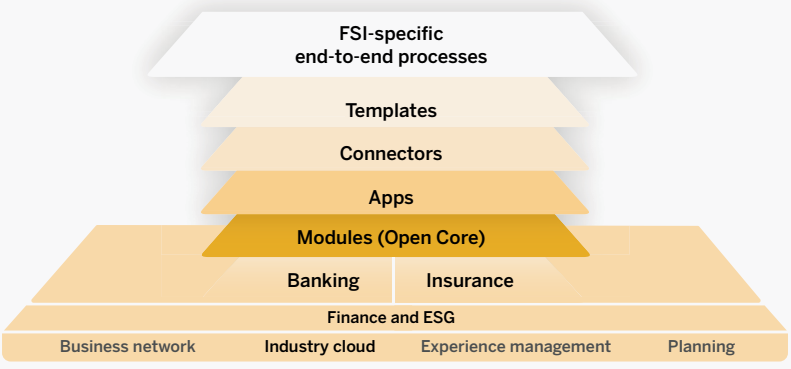
Our core banking strategy and products are part of SAP Fioneer's wider and recently announced platform strategy, which adopts a vertical approach and focuses on our customers' needs even more. In a nutshell, it conveys SAP Fioneer's conviction to provide end-to-end business solutions for banking segments. They are referred to as 'editions'.

Each edition provides customers with everything they require to run their business, from the technology platform up the business processes.

The core banking solutions, such as TRBK, form modules and apps, configured to deliver all core capabilities that are required. Cloud for Banking, already widely used in the market, represents the very basis for a retail banking edition.

Want to learn more about SAP Fioneer's core banking and platform banking strategy?
Visit www.sapfioneer.com/technology/our-platform/

SAP Fioneer's platform strategy



Conclusion

Customers today demand better and broader products and services. To remain competitive, particularly with the continued rise of the neo-bank and non-bank disruptors, financial institutions must keep up with the unrelenting pace of change. And at the center of nearly every banking feature, product, service and business is the core banking system. As such, the time to invest in this critical technology is now.

Our paper has outlined seven core banking trends that must be swiftly acknowledged in order to provide customers with the best possible experience and to streamline business operations.

We propose a four-pillar strategy to address the market trends which is based on our banking expertise and experience:

A. An open and modular core: to accelerate business innovation while profiting from continuous core innovation.

B. A two-platform architecture: to balance the need for reliable performance with the demand for agility and ecosystem banking.

C. Cloud enablement: to make significant savings on operational costs and to reduce time-to-market for new features and products.

D. Smart data and analytics: based on leading SAP's S/4HANA Platform which holds and processes centralized data in real-time and powers analysis that drives hyper-personalized experiences.

Banks that understand the importance of these principles and recognize the need to modernize their core will benefit from our deep banking and technology expertise, as well as our networks of best-in-class technology providers and consultancy partners.

Although we provide technical solutions, SAP Fioneer is as much about relationship and strategy as software and engineering. We understand that core banking modernization can feel daunting. But we're ready to tackle the challenges and help our customers get the very best out of the opportunities that the right solution presents.

About SAP Fioneer

SAP Fioneer was launched in 2021 as a joint venture between Dediq and global technology leader SAP to become the world's leading provider of financial services software solutions and platforms.

By combining proven, world-class technology with development expertise and a broad ecosystem of partners, SAP Fioneer enables banks and insurance companies to transform, grow and differentiate their business while meeting their needs for speed, scalability, and cost-efficiency through digital business innovation, cloud technology, and solutions that cover banking and insurance processes end-to-end.

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Contact us

We'd be glad to talk to you about any of the topics in this report. Request a call or meeting at:
sapfioneer.com/contact

To find out more about SAP Fioneer's core banking products and services, visit:
sapfioneer.com/solution

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Dr. Christoph Rösch is responsible for SAP Fioneer's digital and core banking product portfolio as well as its embedded finance business. He is a member of the executive committee.

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Ramakrishnan is the Chief Product Owner for transactional banking at SAP Fioneer. He has worked for SAP in various banking solution engineering roles for more than 17 years, continuously innovating our core banking offering.

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Dr. Christian Geist is responsible for innovation initiatives within SAP Fioneer's digital and core banking unit. In his previous role, Christian built and scaled a fintech from the ground at CHECK24. Prior to that, he was part of McKinsey & Company's digital banking team.

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