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Technology-led Transformation of the Banking Industry

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Accelerated Industry Transformation

When the FinTech revolution started, traditional banking felt the heat of competition from the ‘new kid on the block’. FinTechs promised (and often delivered) fast turnarounds and personalised services. Banks were forced to look at their operations through the lens of customer experience, constantly re-evaluating risk exposures to compete with FinTechs.

But traditional banks are giving their ‘neo-competitors’ a run for their money.

Many have transformed their core banking for operational efficiency. They have also taken lessons from FinTechs and are actively working on their customer engagements. This Ecosystem Snapshot looks at how banks are investing in tech-led transformation and the ways tech vendors are empowering them.



Banks are Eager to Experiment

In an early example of how banks are collaborating to co-create, major Australian banks – ANZ Bank, the Commonwealth Bank of Australia (CBA) and Westpac – have joined hands with property management firm Scentre Group and IBM for the [expansion and commercial launch](#) of a blockchain technology platform [Lygon](#) that manages end-to-end bank guarantees on retail property leases.

The platform was successfully piloted in 2019. The outcomes reported to have been achieved include reduction of time to issue a bank guarantee from one month to one day; onboarding new applicants to the platform in less than 15 minutes; and supporting other common bank guarantee processes including amendments and cancellations.

Early this year, Lygon [recorded the first digital banking guarantee](#) on its blockchain platform.



Banks are Relying on Specialised Vendors

Standard Chartered Bank has extended their relationship with Temenos to leverage their tech stack and offer better products and services to their customers. The bank also aims to deploy automation throughout the investor servicing lifecycle and improve operational efficiencies.

Previously, the bank had deployed Temenos' banking and finance wealth management platform across their wealth management operations in more than 30 countries to save significant hardware and maintenance costs.

While the initial focus was on scalable infrastructure, the partnership with Temenos aims to further streamline their technology ecosystem advance their cloud journey and improve services offerings across alternative products to enhance the customer experience.



Digital Banks are Being Forced to Transform too!

While the perception is that traditional banks are being driven to transform, the reality is that Digital Banks are also evolving their infrastructure and service offerings.

Vietnamese Digital Bank Timo has partnered with Mambu to leverage their cloud native core banking platform and to scale their operations to a full service Digital Bank.

Timo's app enables their customers to manage operations including banking, bill payments, and shopping. This partnership is aligned to Timo's goal of continuously looking at ways to better serve their customers and expand the ecosystem of partners across different industries.



Banks Continue to Partner with FinTechs

These collaborations are happening in all markets – whether mature or emerging.

Standard Chartered Bank has partnered with FinLync to enable businesses to easily connect with their APIs. The bank has developed a number of business-critical APIs available through their open-banking platform aXess. FinLync's technology can directly embed account data via bank APIs, into any clients' ERP platform, especially for SAP.

To improve fraud detection techniques, the Philippines subsidiary of Korea's Welcome Financial Group, Welcome Bank has partnered with FinScore. The bank offers home, auto, personal and business loans and will leverage FinScore's fraud prevention methods such as geo-location, and contact person fraud tools to predict credit scores and define credit risk models.



The Banking Industry Transformation Provides Opportunities for Tech Vendors

These transformation projects give tech vendors the opportunity to build industry differentiation.

India's leading bank, SBI has been using TCS BaNCS for over two decades now and the partnership has been extended for another five years. TCS will continue to maintain and enhance SBI's core banking, trade finance, financial reporting and financial inclusion with new features and functionalities. These partnerships build industry capabilities allowing tech vendors to win more projects. TCS has recently partnered with Nord/LB, a German commercial bank, for their IT transformation. Earlier this year, TCS completed the acquisition of Postbank Systems from Deutsche Bank to grow their industry expertise and their market in Germany.

Wipro has been selected by US-based First Horizon Bank to help their subsidiary VirtualBank to seamlessly transition to the cloud and integrate new digital capabilities. Like TCS, Wipro has been building their domain expertise. This enabled a rapid cloud migration, requiring about eight months. Wipro partnered with First Horizon to assess digital cloud products; end-to-end solution architecture; core configuration and accounting fund flows; managed customer data migration; and a quality assurance plan.

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