

Banks and Fintechs Are Global Leaders in Payments Innovation, Study by ACI Worldwide and Ovum Reveals

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- *New ACI Worldwide and Ovum global Culture of Innovation Index explores approach to innovation and business transformation across banking, merchant, intermediary and corporate sectors globally*
- *Real-time innovation, new payment options and move into public cloud infrastructure are priorities for trailblazing firms across payments ecosystem*

NAPLES, Fla. & LONDON--(BUSINESS WIRE)--Sep. 10, 2019-- [ACI Worldwide](#) (NASDAQ: ACIW), a leading global provider of real-time [electronic payment and banking solutions](#), and leading global research firm [Ovum](#) today launched the [Culture of Innovation Index](#), a global cross value chain view of the factors that drive success across the banking, intermediary, merchant and corporate sectors.* The Index identifies five types of organizations, as defined by their approach to innovation and business transformation - *Laggards, Emerging, Tech-led, Advanced and Trailblazers* – and provides an [interactive self-assessment tool](#) to benchmark organizations against peers and competitors.

The research, based on a global survey of almost 1,200 enterprises, reveals that retail banking and fintechs are the leading sectors when it comes to payments innovation, with regulation playing a key part in forcing industry change. The merchants and corporates that are their customers are less successful in balancing cultural, organizational and technology drivers to achieve digital transformation.

According to the Index, real-time payments are a significant driver of innovation among financial institutions, while merchants and corporates are focused on new payment options (especially mobile), with payment security a continuing concern. In addition, trailblazers across the sectors plan to move mission-critical workloads into public cloud infrastructure either this year or into 2020.

“The pace of change in the payments ecosystem continues to be relentless,” said Mike Braatz, chief product and marketing officer, ACI Worldwide. “More than ever before, innovation will be a significant driver of business success. While technology is – and will remain – an important part of the answer, it is people who truly change organizations. Businesses that align cultural change with technology leadership place themselves in the best position to thrive in the future.”

“The aim of the Index is to identify not only the factors that separate the most innovative businesses from the laggards, but also what this means in terms of product innovation,” commented Kieran Hines, head of industries, Ovum. “Digital transformation is not a single project – it is an ethos, an approach, focused on continuously translating business challenges into a series of initiatives and projects to drive the organization forward.”

Key findings:

Banks and Intermediaries

Real-time is a key driver of and enabler for innovation

- 96 percent of retail banks, 94 percent of corporate banks and 92 percent of intermediaries globally report that they will develop new and innovative services on top of their investment in RTP in 2019/20

Mission-critical workloads, including payments, can and should move to the cloud

- 82 percent of corporate banks, 74 percent of retail banks and 79 percent of intermediaries (84% of fintechs) globally plan to move mission-critical workloads into public cloud infrastructure in 2019/20

Capitalizing on potential of open payments is the biggest competitive differentiator

- 91 percent state that the move to open banking has helped change the way they approach delivering new products and services, with 89 percent actively exploring a platform strategy

Merchants

The merchant segments (telecoms, retail, digital goods and hospitality) featured in the Culture of Innovation Index are spread across the Laggard, Emerging and Tech-led categories, placing them behind fintech, retail and corporate banking in the overall ranking.

There are significant regional differences in terms of innovation

- In Europe, 35 percent of all merchants are classified as Laggards, compared to 30 percent globally. European retailers particularly fall behind their global peers, with 43 percent in the Laggard category, reflecting the challenges that many have faced as a result of the rapid shift in customer habits toward eCommerce
- In contrast, merchants in Asia are highly focused on investing in technology; 32 percent fall into the Tech-led group, with 26 percent in the Advanced category; only 19 percent are Laggards
- Merchants in the US are polarized, with 34 percent falling into the Laggards and 16 percent into the Trailblazers category, reflecting the growing gap between more traditional merchants and many of the more digital native businesses

Customer experience is key

- Innovation in payments is focused on areas that enhance customer experience – new payment options, a focus on mobile (especially in-store), and a stronger, more seamless cross-channel payment experience
- Security initiatives like PSD2 and SCA are driving the need for technology innovation in order to balance fraud prevention with maximizing conversion rates; regulatory requirements may drive merchants to close the innovation gap relative to banks

Corporates

Most corporates are Laggards, with higher education, healthcare and utilities leading the sector

- Security remains a top concern for corporates with 50 percent experiencing theft of payment data (up from 22 percent in last year's study)
- Investments in value-added services like mobile-optimized billing and digital customer experience will improve customer loyalty while driving innovation; 60 percent of Advanced and Trailblazer corporates already offer mobile-optimized billing and 57 percent currently offer personalized communications to collect payments
- Among the corporates segment (consumer finance, government, healthcare, higher education, insurance and utilities), 18 percent are in the Advanced and 4 percent qualify as Trailblazers, while 33 percent are in the Laggard category; at the sector level, higher education is among the leaders, with 29 percent of organizations in the Advanced category

*Methodology:

The Culture of Innovation Index, based on interviews with senior executives in close to 1,200 enterprises, scores each organization based on its plans and behaviors across a range of cultural, organizational and technology-centric factors. Interviews covered a range of topics relating to two broad themes: **Inputs to the innovation process** (cultural and organizational drivers of innovation, particularly the way that the organization is structured with respect to identifying changing customer needs, competitive challenges and new market opportunities) and **Outputs from the innovation process** (outcomes from the process, in terms of factors such as the adoption and investment in emerging technologies as well as specific product innovation relating to the business area in question). Across the study, the responses to more than 100 individual questions were scored and weighted to produce combined scores for each of the Input and Output categories.

About ACI Worldwide

ACI Worldwide, the [Universal Payments](#) (UP) company, powers [electronic payments](#) for more than 5,100 organizations around the world. More than 1,000 of the largest financial institutions and intermediaries, as well as thousands of global merchants, rely on ACI to execute \$14 trillion each day in payments and securities. In addition, myriad organizations utilize our [electronic bill presentment and payment](#) services. Through our comprehensive suite of software solutions delivered on customers' premises or through ACI's [private cloud](#), we provide real-time, [immediate payments](#) capabilities and enable the industry's most complete [omni-channel payments](#) experience. To learn more about ACI, please visit www.aciworldwide.com. You can also find us on Twitter [@ACI_Worldwide](#).

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