

Partnering with Fintechs and Simplifying Payments Key Drivers to Banks' Modernization Plans, Global Study Reveals

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- An increasing number of banks are looking to implement a modern payment hub – with 77 percent of respondents saying that 'faster adoption of new payment methods' would be the critical feature required from such a solution

MIAMI & LONDON--(BUSINESS WIRE)--Jan. 25, 2022-- Almost two-thirds of banks globally (65 percent) say Open APIs that enable access to a broad range of fintechs and consolidation of different payment types are the key drivers behind their plans to modernize payments systems, according to a new global report, [Defining and Building the Next Generation Payment Hub](#), from [ACI Worldwide](#) (NASDAQ: ACIW) and [Edgar, Dunn and Company](#) (EDC).

"Financial institutions are keener than ever to connect to the new opportunities provided by the widening catalogue of fintechs," commented Mark Beresford, director, Edgar, Dunn and Company. "By having Open APIs, the connectivity between historic financial institutions and new players dramatically improves. And, in a world where both quantity and quality of alternative payment methods is rising exponentially, it is no surprise to see that banks are trying to simplify their approach to these offerings."

Further findings of the report:

- A third of financial institutions now generate over half of their income via payment processing, with 86 percent of large banks generating more than 30 percent of their revenues through this channel
- 48 percent said current legacy systems no longer meet business or customer needs and are not flexible enough to keep up with the pace of change coming from the modern payments world
- Over half said they experience a siloed approach to support different payments processes and systems within their institution

To meet the challenges of modernizing their payments infrastructure – be it connecting to new vendors, consolidating different payment types, or processing large volumes of payments quickly and efficiently – an increasing number of banks are looking to invest in a modern payment hub. This offering combats each challenge in a cohesive and centralized way that is easy to manage for a financial institution.

- Over 90 percent of financial institutions view payment hubs as pivotal in tackling unseen payments-related challenges
- 40 percent said their bank already has a payment hub solution
- 45 percent of financial institutions that do not currently have a payments hub today say they are likely to implement one in the next five years
- 77 percent said 'faster and smoother adoption of new payment methods' would be the key feature required from a payments hub solution

"Overall, the outlook for the payment hub is very promising. With rising revenue dependencies on payments, the need for a solid payment infrastructure has never been greater," commented Dean Wallace, head of consumer payments modernization, ACI Worldwide. "Once seen as expensive and an 'easier said than done' enhancement, new technological efficiencies and the pressure on financial institutions to compete in a radically new environment have changed that view. Payment hubs are now viewed as a vital solution to relieve the pressure from many of today's challenges and to prepare banks to successfully compete in the future."

Notes to editor:

The paper was written as a collaboration between Edgar, Dunn & Company (EDC) and ACI Worldwide. The primary research for the report was designed and executed by EDC, and open to all interested parties, during September and October 2021. Overall, nearly 100 banking executives and key decision makers from across the globe took part in the online survey.

About ACI Worldwide

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