



## **Race for Digital Banking-Ready Core Systems Revs Up as 35 Top APeJ Banks Prepares to Invest in Connected Core: IDC Financial Insights**

### **Connected Core Banking Discussions to Heat Up at the 2018 IDC Asian Financial Services Congress**

**SINGAPORE, February 21<sup>st</sup>, 2018** - IDC Financial Insights has released its latest report predicting a resurgence of core banking modernization projects among Asia/Pacific banks. Titled *More Game Changers in Asia/Pacific's Race for Connected Core Banking*, the report estimates 35 projects in the pipeline that bring together the principles of iterative core banking replacement with banks' preference for platform-based, componentized core banking systems. These projects ultimately align with IDC Financial Insights' concept of Connected Core, which is one of the key topics to be discussed at IDC Financial Insights' [Asian Financial Services Congress 2018](#) happening on 1-2 March 2018 at the Marina Bay Sands Singapore.

The impending upsurge in core banking and digital projects built around a Connected Core reverses the decline in the number of deals that started more than 10 years ago, which worsened through the global financial crisis, and even persisting up to the rise of digital trends that now impact financial services.

[Michael Araneta](#), AVP for IDC Financial Insights Asia/Pacific comments, "Across many years of research on core banking transformations, we have always recognized core banking modernization for their significant pull-through inevitably causing an increase in IT spending in other noncore areas. The pull-through becomes stronger this time around as the organization will have to skill up in many areas, such as information architecture discipline, knowledge on open API frameworks, and competencies in iterative development. All these make core banking modernization truly transformative."

The technologies used in this new style of core transformation — open application programming interfaces (APIs), microservices, and agile development — create an environment that IDC Financial Insights refer to as the Connected Core. One of the benefits of the Connected Core is the bank is more quickly able to build digital capabilities that allow them to respond to the digital era. In short, they can build digital capabilities around a Connected Core. This is enticing for many institutions as it allows them to launch lifestyle services, further embedding the activities of banking (payments, deposit taking, lending) into the day-to-day life of the customer.

In general, the new core banking systems expected in the coming years allow the organization to support the upsurge of interactions and transactions in the new world of banking. This is especially crucial for markets in the region with large populations, such as China, India, Indonesia, Philippines, and Vietnam. These markets have seen populations leapfrog traditional banking channels (branches) to become prolific users of mobile banking apps and other virtual channels.

"Banks now will have to assess how transformation of their core system will be a key part of their overall transformation. The decision will most likely be to not decommission the old core system and replace it with a new one but rather to abstract as much business logic from their current core and iteratively improve digital capabilities around that core," adds Sneha Kapoor, Senior Research Manager at IDC Financial Insights Asia/Pacific.

Also, in this report, IDC also highlights the propositions of four software providers - Finzsoft Solutions, Intellect Design Arena, Kony Inc., and Shenzhen Sunline Tech that can support banks' drive toward banks' Connected Core, especially as these software providers allow banks to become more "digital." These players, together with traditional core banking system players, provide banks many options to get their digital journeys going. IDC emphasizes that vendors profiled is not a definitive and exhaustive list of vendors to consider. However, their various approaches underscore that, more than ever, banks in the region have various options to meet their Connected Core and digital core strategies.

For more information on this report, IDC Perspective: More Game Changers in Asia/Pacific's Race for Connected Core Banking (AP43561918, February 2018), please contact Michael Araneta [maraneta@idc.com](mailto:maraneta@idc.com), Sneha Kapoor [snehakapoor\\_ext@idc.com](mailto:snehakapoor_ext@idc.com) or your IDC account manager. For media queries, please contact Tessa Rago [trago@idc.com](mailto:trago@idc.com) or Alvin Afuang [aafuang@idc.com](mailto:aafuang@idc.com).

To find out more information about the 14<sup>th</sup> Annual Asian Financial Services Congress (AFSC) themed "*The New Value in Financial Services; Explosive Growth from Platform-Building, Connectedness, and Collaboration*" including the conference agenda, visit [www.afscongress.com](http://www.afscongress.com). IDC's annual AFSC event is attended by more than 500 regional banking and finance delegates from all over Asia Pacific for a two-day program and networking.

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Figure 1



<http://ap.idc.asia>



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