



Don't modernize in isolation: How banks can mindfully evolve to deliver better customer outcomes

Expert insights from a Unisys fireside chat: Accelerate your digital banking business with partner ecosystems

Featuring: Jerry Silva, vice president for IDC Financial Insights
Jorge Gomez, senior director of Banking and Financial Services, Unisys
Enrique O'Reilly, head of Customer Success and Support, Temenos Americas

Innovating despite whiplash disruptions

Financial institutions face a rapidly changing landscape, economic turbulence and regulatory changes. Modernizing to a digital infrastructure that supports business agility while maintaining digital trust has become an enterprise priority to support these sometimes competing challenges.

A recent [fireside chat](#) hosted by Unisys, “Accelerate your digital banking business with partner ecosystems,” explored the challenges and opportunities financial institutions face. The discussion addressed a decisive shift in focus.

As guest speaker Jerry Silva from IDC Financial Insights explained, “Immediately after the pandemic started subsiding in various parts of the world, we saw financial institutions shifting their focus more toward customer experience and the return to innovation — even more so than normally important key performance indicators (KPIs), like revenue, income or efficiencies.”

That’s changed.

“Today, given the continued turmoil in the world, we’re seeing a gradual shift back toward resiliency, scalability and security, as well as a return to those traditional KPIs of revenue and costs,” he added.

From pre- to post-pandemic priorities, this whiplash effect happens in the broader context of managing regulatory risk and returning to competitive differentiation through innovation. To succeed, banks employ technologies and partnerships to gain a competitive edge, from artificial intelligence (AI)/machine learning to edge computing.

Silva, along with Enrique O’Reilly from Temenos and Jorge Gomez from Unisys, discussed how these technologies are changing financial institutions’ core and digital environments and how banks and solution providers can team up to conquer customer demands.

In this paper, we will summarize key takeaways from the session and explore how financial institutions can leverage partner ecosystems to deliver better customer experiences and stay ahead of the competition.

What pressures are banks facing?

There are four main challenges financial institutions are facing right now: regulatory compliance, cybersecurity, customer experience and competitive relevancy.

While banks can’t escape regulations, according to O’Reilly, they can use them as a “driver for innovation.”

Regulatory compliance. Regulatory requirements are a fact of life for banks, but that doesn’t mean they can’t push forward and innovate. In fact, top-performing banks are embracing several approaches to innovation, allowing them to modernize core and digital banking solutions while remaining compliant. In this way, banks can keep up with the rapidly changing banking landscape and provide better customer services and experiences.

As one of the top pressures all financial institutions face, recent regulatory changes have spurred the emergence of partner ecosystems. The most recent round of regulatory changes began in 2016 with Europe’s General Data Protection Regulation. Because the law clarified that individuals own the data that banks hold, banks must open their systems for people to have access to their data.

O’Reilly said that the move to open banking and the increased use of APIs benefit the whole banking ecosystem. “We have seen these big challenges in regulation lead to open banking, which has led us to cloud banking and now into collaboration and the creation of ecosystems for services,” he added.

Cybersecurity. As financial institutions adopt new data protection practices, banks are searching for increased cybersecurity capabilities, Gomez explained. For example, [using biometrics and monitoring behavior](#) can help prevent fraud. Emerging technology solutions can help ensure banks are aligned with regulations and support complementing core banking capabilities for different transactions.



By prioritizing cybersecurity, banks can better protect their customers’ data and build trust, which ultimately adds value to their business.

Jorge Gomez,
Senior Director of Banking and
Financial Services, Unisys



Customer experience. With increased calls for digital and emerging banking solutions, customers expect more features and capabilities. With data migrations into centralized or cloud-based solutions, we're seeing different providers and institutions pair up to create large ecosystems that can provide a better service to clients. As banks allow open access to other systems or individuals, intrinsically, they are interconnecting these systems. With larger ecosystems and increased access, data protection, management and cybersecurity are more vital than ever.

Customers' increased calls for integrations, open banking and flexibility are urging banks and solution providers to team up to deliver this functionality to customers. These partnerships accelerate time-to-market speed as these organizations develop and implement technologies, especially cloud-based capabilities.

Competitive relevancy. Balancing security with frictionless customer experiences has also become a rising imperative. Customers demand improved experiences, and partners are working together to enhance capabilities, including quantum computing, AI/machine learning and advanced analytics, to provide more elements to understand customer behavior and anticipate their needs.



The benefits of partner ecosystems

And when it comes to core banking — as mission critical as banks can get — modernizing these workloads with increased agility and operations is where partners can make an impact.

According to Silva, utilizing new technologies often stretches any institution's ability to build, design and operate the emerging infrastructure in the software environments — even for very large institutions with tens of thousands of IT staff.

"What we've seen lately is that banks are depending on partners to support that journey. Relying on those partners provides access to a wider range of expertise and more technology solutions that can help the institutions improve operations, enhance customer experience and stay competitive in the market," he added.

Modernize at your own pace. Because of how mission critical core banking systems are, total replacements of these systems have become less frequent. Instead, institutions are pursuing step-by-step replacements. This implementation strategy allows partners to deploy different and new capabilities to modernize incrementally and improve customer experience.

For example, a large institution could revamp its core banking system but work with a smaller technology partner specializing in digital wallets. That way, the institution can launch digital payment functionality, modernize its offerings and better serve its clients.

O'Reilly said, "The world is becoming more of an ecosystem of suppliers, and I think that's how we're going to continue working."

Increased customer impact. These partner ecosystems enable all stakeholders to offer quality solutions and services to customers to create long-lasting relationships. Gomez suggests that rather than seeing each other as competitors, these bundles of capabilities work together to provide better outcomes for clients. "With the demands of any capability that we have developed, we can fit that to a specific market or region with the help of partners," he added.

Evolve together, securely

Partner ecosystems are emerging as powerful strategies for banking institutions that can evolve their core banking systems, approach new technologies and capabilities, and provide a better customer experience. As these institutions work to optimize capabilities and adapt to ever-changing regulations, these partnerships can offer easy-to-launch products banking customers are demanding.

Silva explained, “A very interesting trend that we’ve seen in the banking industry recently — especially with midsize to large institutions — is the development of technology providers working together to support the industry on their journey. Even more interesting is that these partner ecosystems seem to be particularly between the infrastructure and services providers and the software partners that run the business.”

But as leveraging partner ecosystems to help springboard organizations into modern digital businesses continues, banks must be mindful of how they securely deploy these innovations.

Gomez echoes this sentiment. “We always recommend banks to work with partners who have experience creating and implementing reliable solutions to help securely drive organizations’ evolutions or modernization journeys.”

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