

Core Banking **Transformation** Driven by Business Growth

Core banking system transformation fit for 2023-2028 will rely on a bridge between the pursuit of growth in business and the long-term capabilities of a digital core banking platform.

IDC InfoBrief

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Core Banking System Transformation Outlook 2023-2028:

Change is Surely Coming with Many Different Drivers of Change

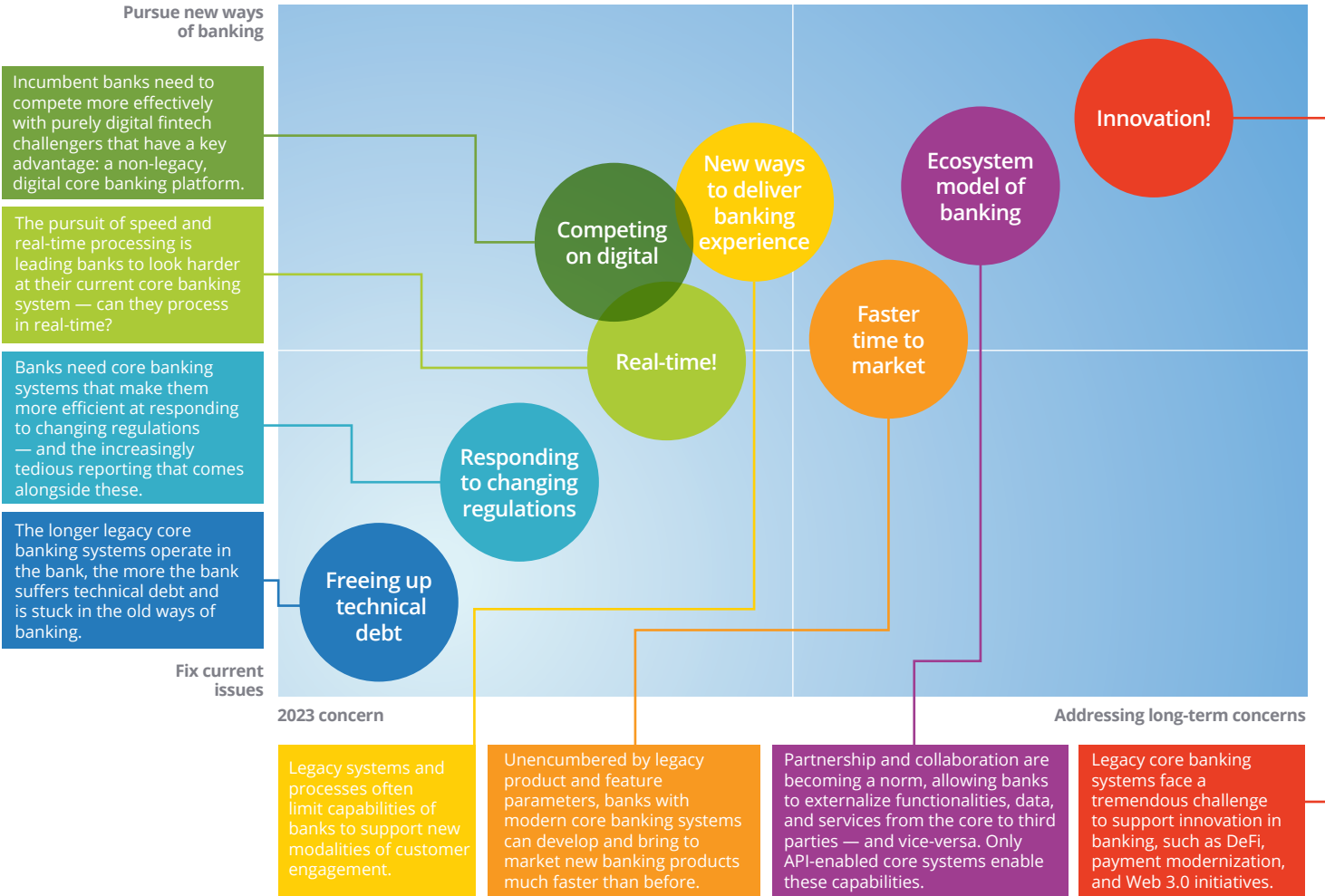


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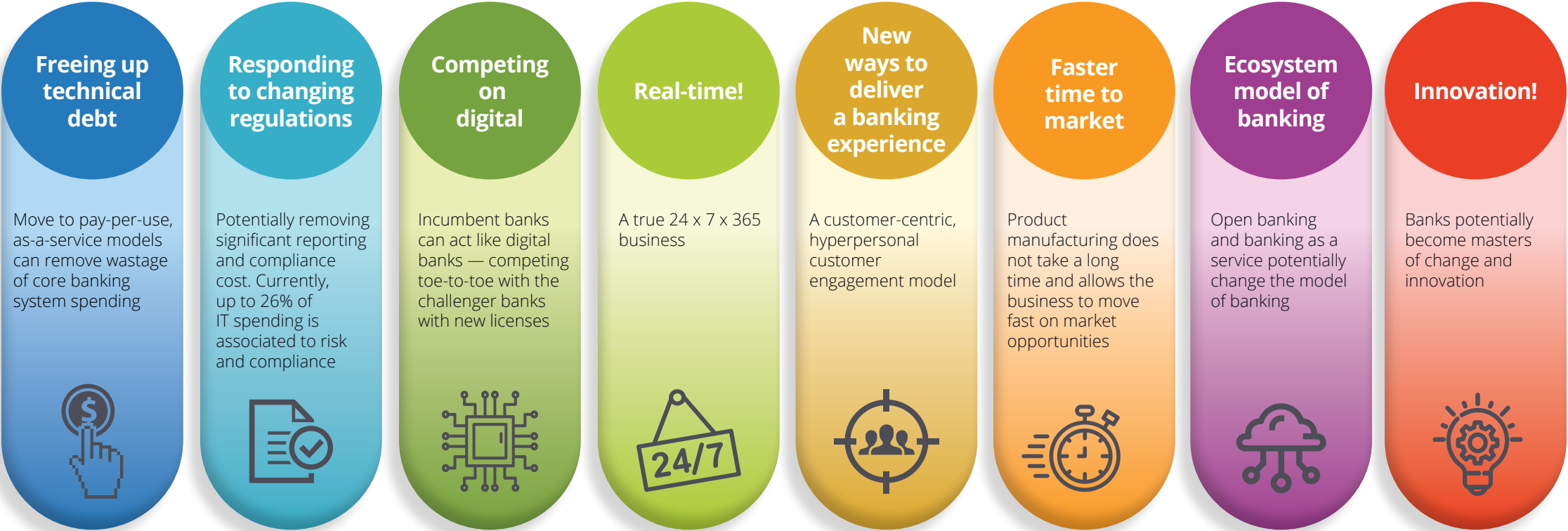
of banks in the Asia/Pacific region are expected to make significant changes to their core banking systems in the next three years

Source: IDC's Financial Insights Fintechthon Survey, 2021

The many drivers of change justifying the change in new core systems in the years to come



The Promise of Digital Core Banking Systems and the **Business Benefits That Assure Growth**



Businesses Will Like This!

How Digital Core Banking Systems Deliver Business Benefits That Ensure Hypergrowth



Ecosystem play for topline growth

How the digital core enhances growth:

- Flexibility to adapt to emerging business models by enabling seamless integration with a broader ecosystem of business partners.
- Control and agility to de-risk integration efforts while expanding connectivity because of cloud technologies.
- Reduces the time for aggregation and distribution of third-party products and services because of the robust API repository.



Innovation at speed to grab new market share

How the digital core spurs innovation:

- Digital cores are critical to innovation at speed, providing the cornerstone to emerge more robust in a fast-evolving marketplace.
- With constant pressure to innovate, the digital cores enable the true capabilities to deliver innovation and experience across products and services at scale.
- Changes in the legacy core usually take months to implement fully, but digital cores use agile methods and more automated, high-speed deployment options to deliver hyperspeed deployment cycles.



Reduce complexity for efficiency gain

How the digital core reduces complexity:

- The organic development of legacy systems has rendered legacy core banking extremely complex and hardly recognizable.
- Major changes in customer expectations, regulatory landscape, and competitive environment make continuing legacy unsustainable.
- Digital core capabilities optimize the IT environment by using cloud, API, and microservices, and reduce TCO by significantly reducing management and maintenance efforts while simplifying IT infrastructure.



Futureproof investments for accelerated growth

How the digital core futureproofs institutions:

- Modular API-based architecture enables developers to enrich functionalities in isolation without disrupting or delaying end-user requirements.
- API-based architecture offers a connected and customizable platform that can connect and expand along with ecosystem partners.
- Highly customizable digital cores help banks transition from product-centric to customer-centric approaches, offering more personalized and relevant services.



A Key Point of Decision:

How Do You Move to the Future Core?



Banks must make a critical decision on how quickly to move to the new digital core system.

Existing Core

Benefits of keeping existing core for much longer

- It is an asset that continues to deliver value.
- The risk of completely replacing the core is high, especially when banks are not technically ready or are under-resourced.
- Many digital core benefits are delivered through the modernization of business processes and systems around the core system — not in the current core system!

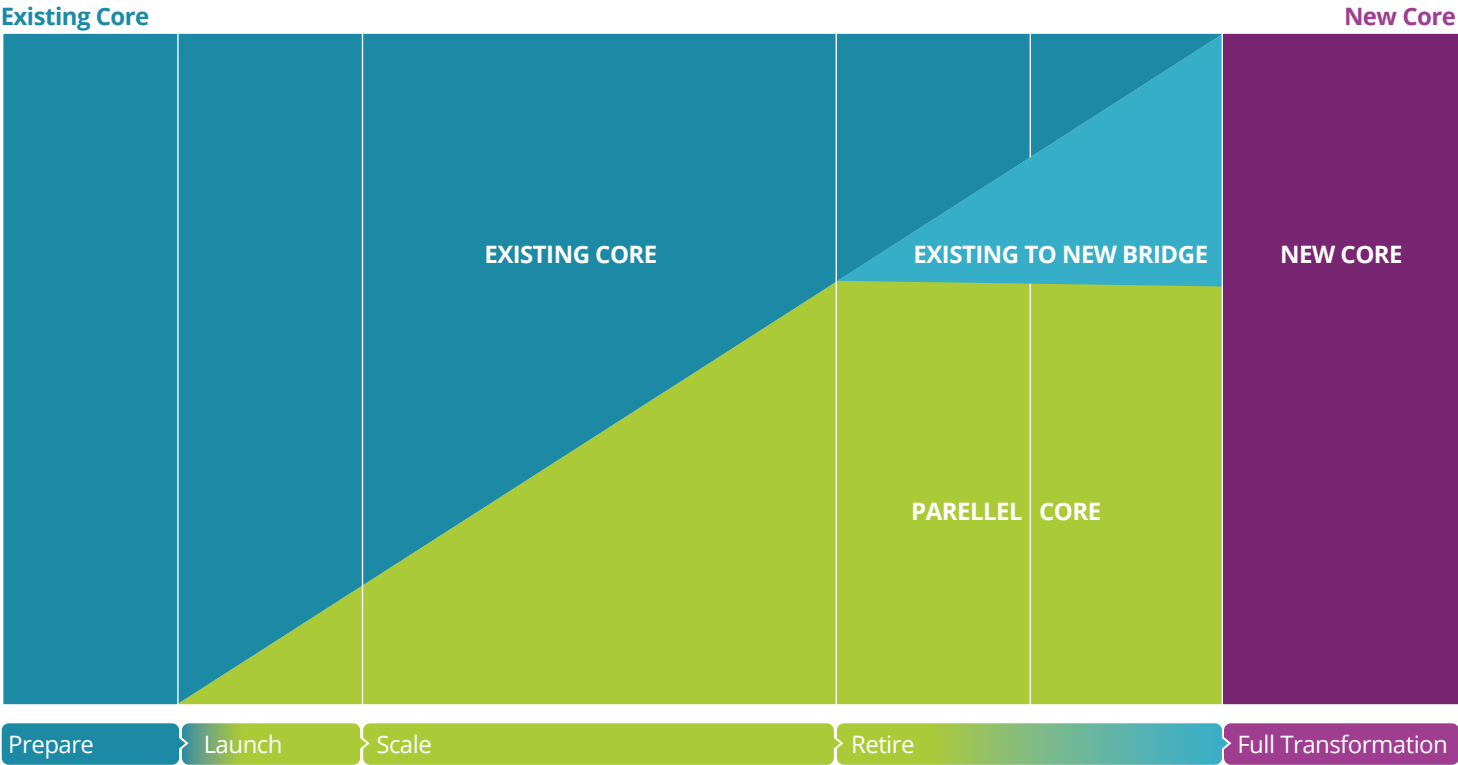
Future Core

Benefits of moving quickly to the future core

- Acutely improved customer experience
- Lower ongoing operating cost
- Increased agility and speed to market for new products
- Significant reduction of existing technical debt
- Prevention of future technical debt accumulation

IDC has Unveiled a New Approach to

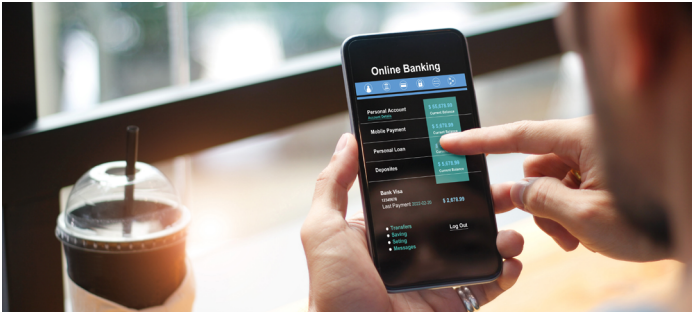
Core Banking Transformation Fit for 2023-2028



IDC has developed an enhanced multicore framework that introduces digital core banking capabilities faster, alongside the operation of an incumbent core banking system. This defines a faster path to transform mature banks into truly digital banks.

The framework of change is more cautious and over an extended period, determined by a bank's priorities, capabilities, and risk appetite.

The IDC multicore model integrates the best from the main and existing core platform with a modern digital core banking platform to provide a richer digital banking experience for customers on the front end, while the current core banking continues to do the heavy lifting on the back end.



Components of a Business-Driven Path to Core Banking System Transformation

These are the possible roles for core banking in the multicore model.



Existing core replacement: Leveraging and replacing over a long period

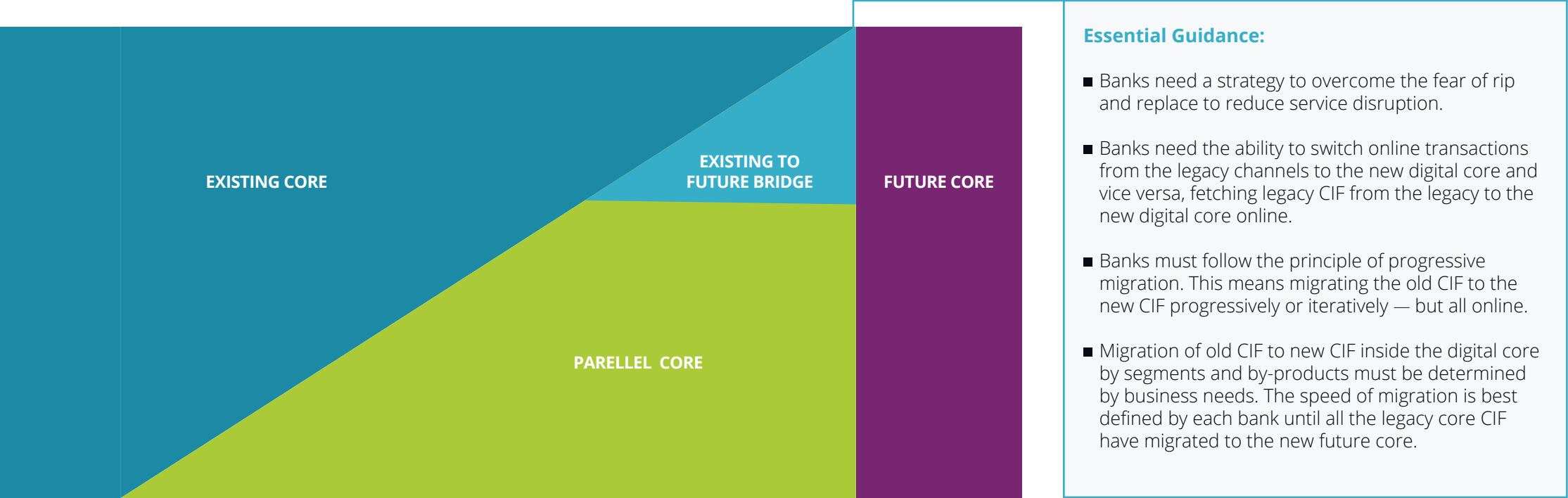
An alternative is a channel-focused transformation-oriented core system that allows quick modernization of systems of engagement. Banks must stay ahead of the game in a competitive environment and keep up with changing customer needs if they want to remain relevant.

Parallel core: Iterative build of the new digital bank in parallel, ultimately replacing the legacy core system — these can be multiple core systems that businesses can choose to run as monolines to support growth in lending, payments, wealth, deposits, or the various business units in the bank.



The Goal: A Truly Future-Ready Core System

There must be a path to ensure that, in time, a single digital core banking system can be used to satisfy both current and parallel core banking needs. This is a bridge to the future!



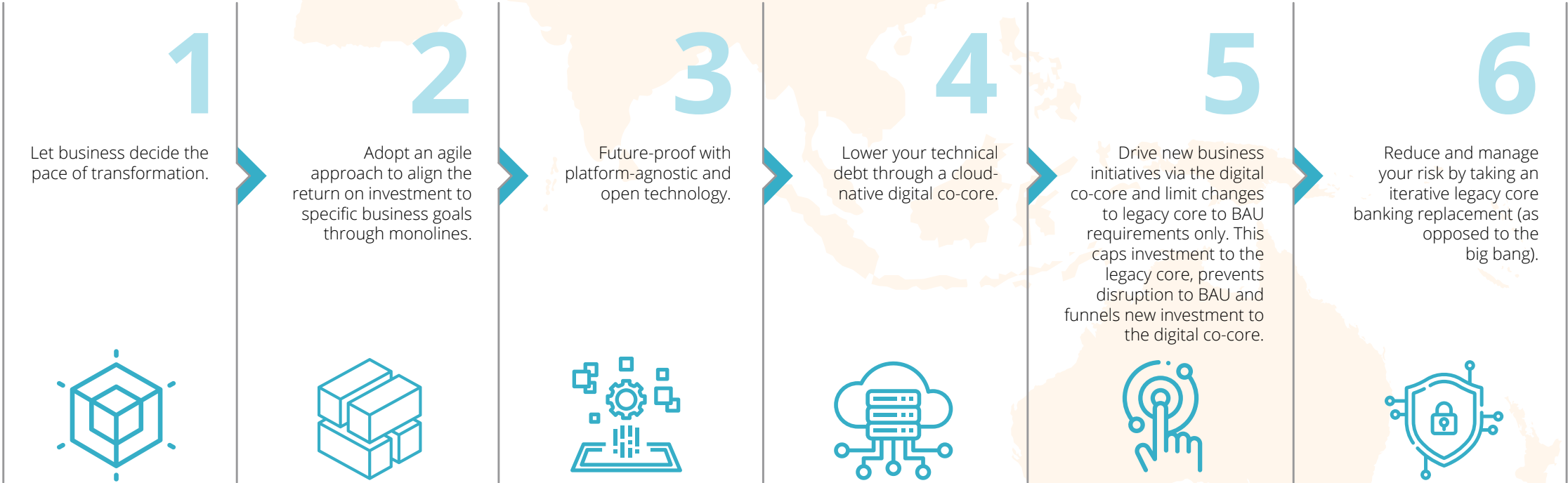
A New Approach Means You Can Move to Higher Standards in Core Transformation – In the Context of Your Business!



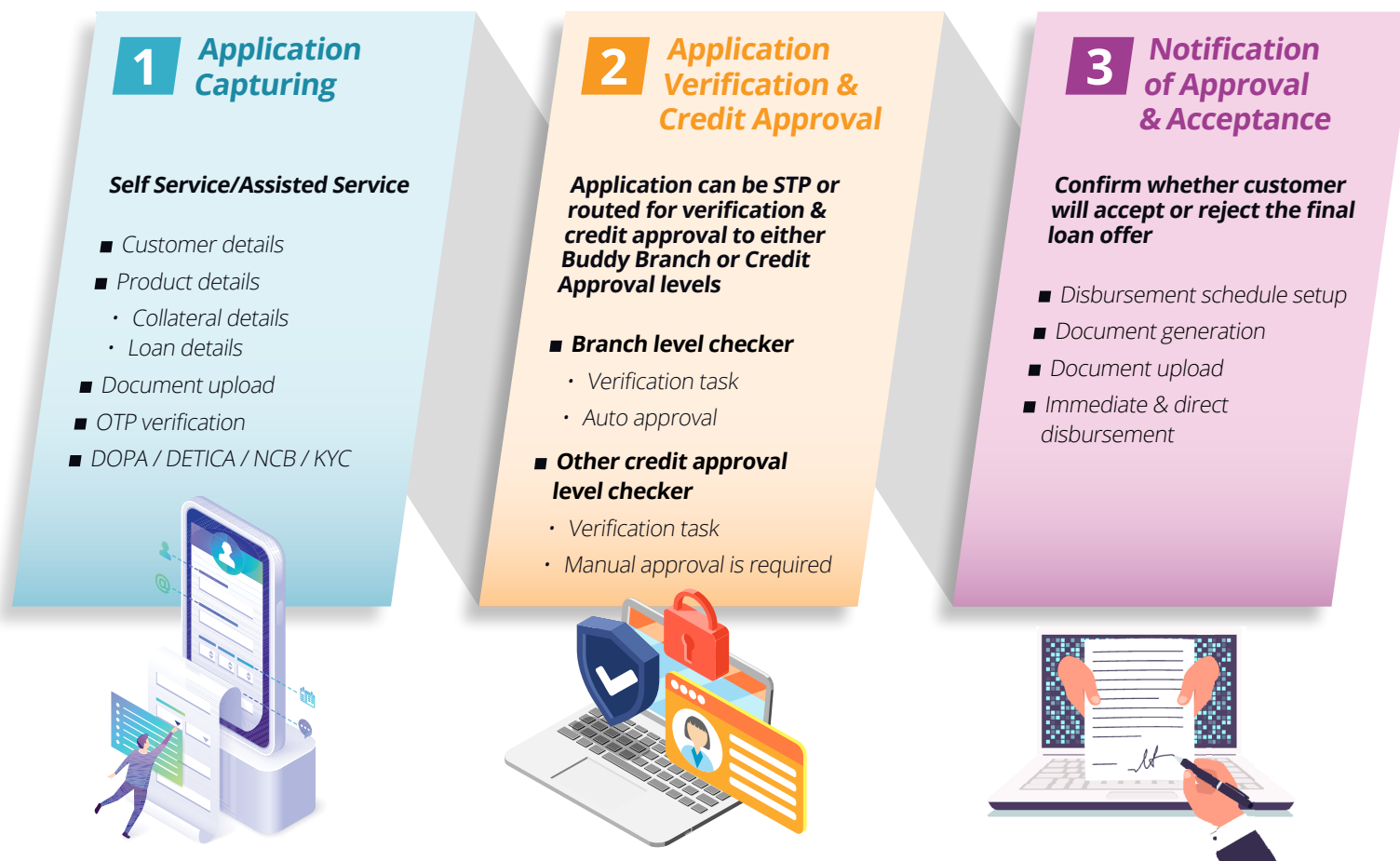
A bank can avoid pitfalls of core banking system implementation by following these approaches that center on what the bank's business path is:

- 1 The process of core banking transformation can potentially not be a big bang, eliminating big potential high-risk failures.
- 2 Eliminating one-time, major disruption to business processes and operations when the bank converts to a new system.
- 3 Enables precious core banking replacement budget to be allocated over longer periods.
- 4 Bank modernization is done iteratively and only some at a time.
- 5 Allows the bank to modernize only the applications or business functions that need to be transformed. It is modernization by choice — all determined by business!

6 Key Recommendations for Asia/Pacific Banks at the Outset of Great Core Transformation



Making End-to-End Digital Lending a Reality



AutoX is Siam Commercial Bank (SCB) of Thailand's first deployment of a new micro-lending business, which uses the Mobius Digital Core with the Mobius Open Banking Platform. AutoX handles end-to-end processing with the new platform — from application, loan origination, digital onboarding, and disbursement — using a cloud-native approach deployed outside their legacy core, Silverlake Axis shared.

The entire end-to-end automated loans cycle is completed in 20 minutes due to agile development on the cloud, with no face-to-face contact required throughout the process.

The project was remotely completed in under 10 months during the pandemic, from inception to soft launch. According to Silverlake Axis, by 2022, it is estimated that 80,000 active customers, 10 billion baht in active loans, 1,200 branches, and 200,000 app downloads will have been handled by AutoX with THB 70 billion total loan portfolio by 2027.

“We are pleased that AutoX saw the opportunities for digital transformation offered by the Silverlake Axis' MÖBIUS platform that has enabled AutoX to leapfrog the market. The team and the platform have proven invaluable in our evolution, and we are grateful for this collaboration.”

AutoX CEO and President of SCB,
Khun Apiphan Charoenanusorn

Silverlake Möbius' New Generation Digital Core

It is designed with the essential qualities of a future digital platform, based on a sound banking system experience.

35 Years of Banking Experience Across the Region



25 Attributes of New Digital Core

According to 

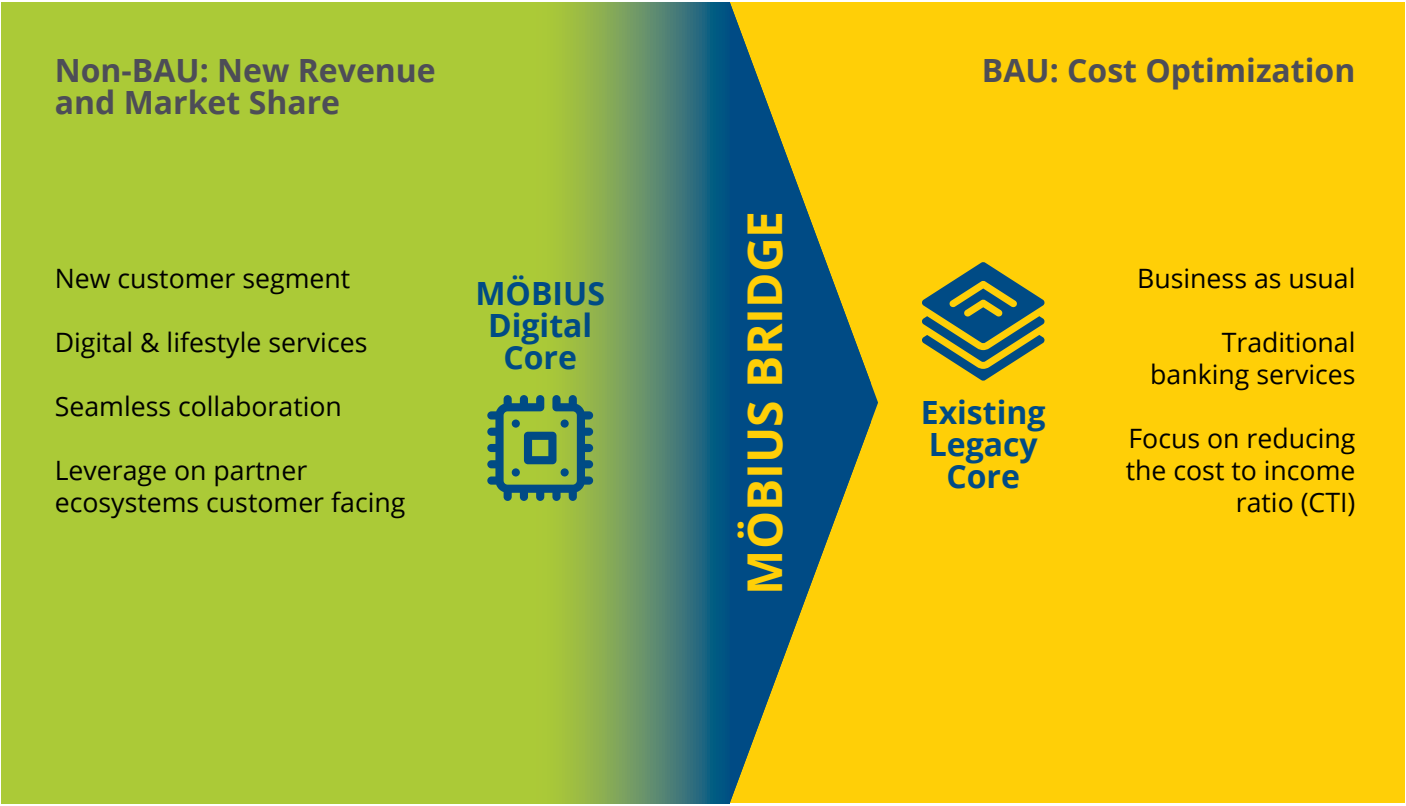
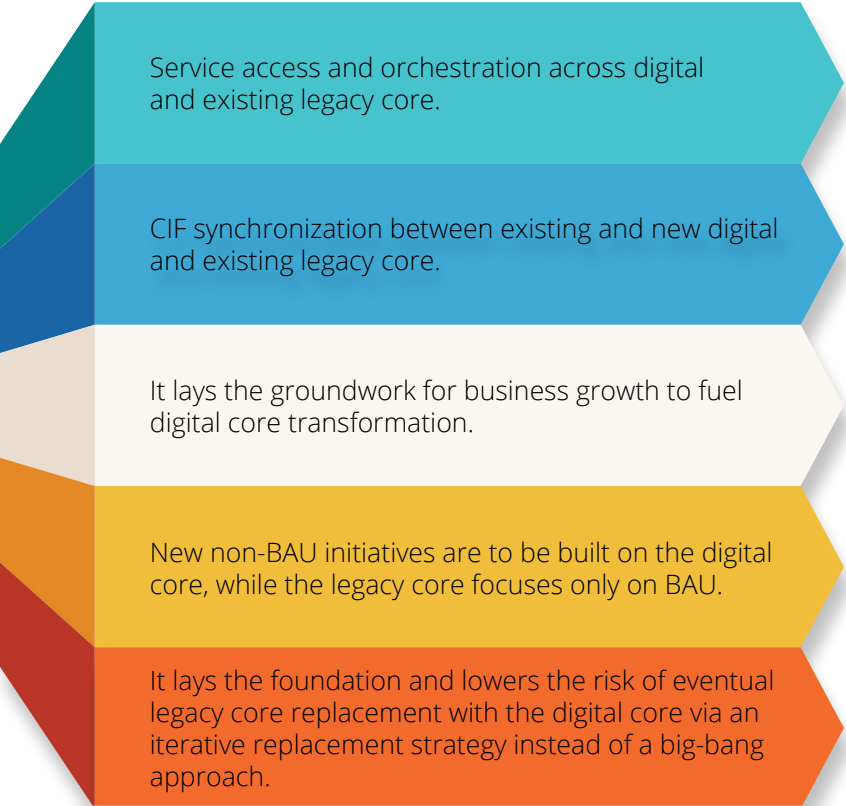


Change Attributes			Technology		Functionality			
1	Orchestration	✔	9	Scalability	✔	17	Account management	✔
2	Repository lineage	✔	10	Cloud-native	✔	18	Product development	✔
3	Open API	✔	11	Data bridging	✔	19	On-demand analytics	✔
4	Microservices	✔	12	Abstraction	✔	20	Identity	✔
5	Low-code	✔	13	Platform agnostic	✔	21	RegTech	✔
6	Agile	✔	14	Multi-multi	✔	22	Connectivity	✔
7	Containerized	✔	15	Unified channels	✔	23	Intelligent configuration	✔
8	Device-agnostic design	✔	16	Global 24x7x365	✔	24	Cost reduction	✔
						25	Flexible licensing	✔

Silverlake Möbius

Offers a Two-Pronged Winning Strategy with MÖBIUS Bridge

MÖBIUS Bridge provides:



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Under Axis Systems Holdings Limited, SAL was listed on the SGX-SESDAQ on 12 March 2003. It was renamed Silverlake Axis Ltd in 2006 and the listing was transferred to the Mainboard of the Singapore Exchange on 22 June 2011.

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