# Harmonizing, Unifying, and Optimizing Core Transformation for Success and Resiliency



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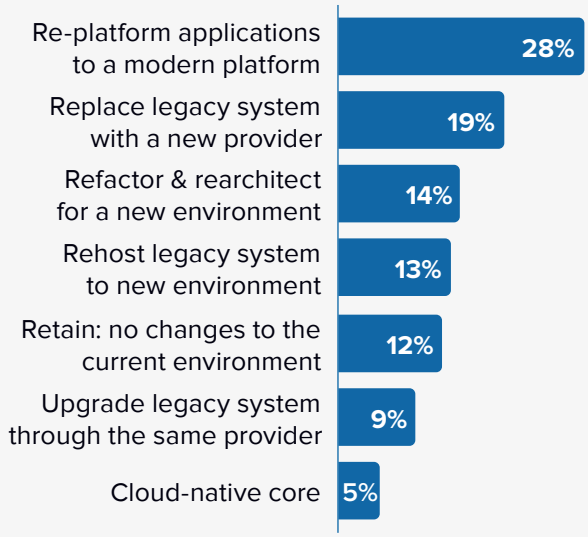
## Introduction

Amid the buzz of AI and the relentless march of modernization, banks are charting a cautious path in the era of digital transformation. Rather than opting for the disruptive approach to overhaul their core systems, a majority are favoring a more strategic modernization, according to an IDC June 2024 study of 150 banks in ASEAN (see Figure 1). This approach allows them to integrate best-in-class AI and automation features while preserving the stability and reliability of their existing core infrastructure, ensuring a seamless transition that mitigates risks and maximizes operational continuity.

**FIGURE 1**

**ASEAN Banks' Preferred Core Transformation Strategy in the Next 24 Months**




n = 150
Source: *IDC ASEAN Banking Survey,* June 2024

### AT A GLANCE

**42%** of ASEAN banks surveyed prefer to modernize their applications rather than replace the core, of which 14% want to refactor applications for a virtual environment. Only 5% want a cloud-native core.

#### WHAT'S IMPORTANT

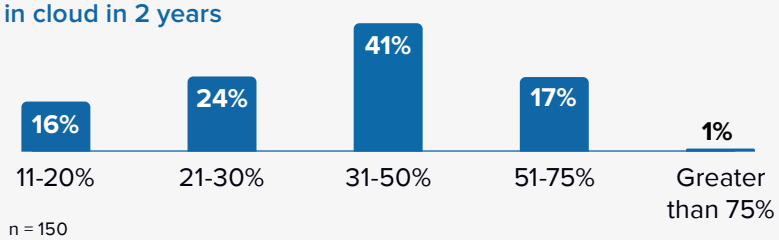
- How do banks modernize their core without replacing it? A gradual shift toward a new core is preferred.
- The talent crunch underscores the critical role of strategic partners rather than relying entirely on internal resources.
- An AI-centered future in financial services requires a robust cloud strategy which include progression to a cloud-appropriate, resilience-focused AI centered core systems.

» 42% of ASEAN banks surveyed prefer to modernize, or upgrade, their applications rather than to change their core systems. While multiple cores with harmonization across the cores are preferred, 12% want to retain their core as it is. Most of them want to improve the core systems.

» Banks want to be cloud-ready, with a preference for hybrid cloud (see Figure 2) IDC research shows that banks want to increase cloud deployment but do not expect it to be cloud-native only.

FIGURE 2

**New Applications to Be Deployed in Cloud in 2 Years**

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Source: *IDC ASEAN Banking Survey,* June 2024

**About 14%** of ASEAN banks want to refactor applications for a virtual environment (Figure 1), whereas 41% want 31-45% of their new applications to be on the cloud in two years.

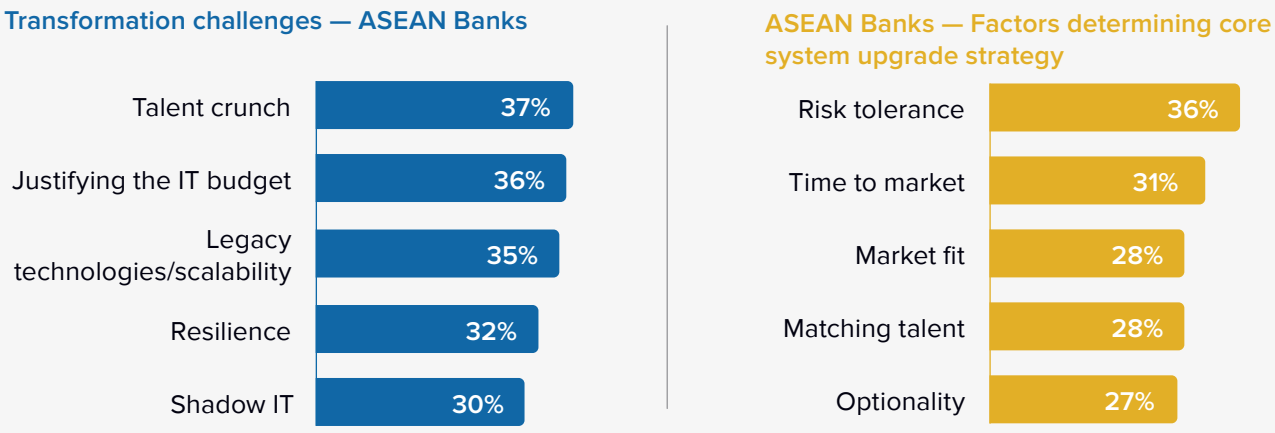
A hybrid environment will continue to be in the mix.

## Harmonizing, Unifying, and Optimizing the Core: Balancing Resilience and Growth

IDC's research findings, validated by qualitative discussions with banking CIOs, highlight banks' transformation priorities and challenges, with a hybrid environment continuing to be in the mix. The talent crunch, as shown in Figure 3, is a top challenge for ASEAN banks and underscores the **critical role of strategic partners rather than relying on internal resources.**

FIGURE 3

**ASEAN Banks' Challenges and Factors Determining Core System Upgrade Strategy**




n = 150
Source: *IDC ASEAN Banking Survey,* June 2024

Banks cannot afford to maintain the status quo. Harmonization between multiple cores could be an option, but it requires a strategy to unify and optimize the relationship between the cores. This strategy requires strong partnerships and proven products.

Feedback from banks across ASEAN markets, especially in the new AI era, is that businesses want to accelerate return on investment (ROI). Achieving accelerated ROI with a weighted risk approach necessitates a different strategy. Replacing legacy systems could be a multiyear project and may not provide early returns. A harmonized core with a trusted and tested partner may fit better.

There is a need for quick time to market, and banks across ASEAN are focusing on driving incremental revenues through new products or by increasing market share in existing segments. Incremental revenue requires an AI focus, making it essential to include an AI competence center while progressing toward a new core.

This could involve a harmonized multi or parallel core. Core transformation and modernization have multiple benefits including:

- Incremental technology efficiencies
- Aligning with banks' risk appetites which favor a gradual approach. A multi or parallel core strategy, coupled with the setting up of an AI competence center, allows banks to explore AI and effectively build technology capabilities and finalize their rollout plans for an AI-driven world.

An AI-centered future in financial services also requires a robust cloud strategy, ensuring they can scale, innovate, and maintain an infrastructure mix.

- For core system workloads, **19% of ASEAN banks still prefer their own infrastructure, while 43% prefer private cloud infrastructure. About 38% are open to considering public cloud or hybrid arrangements**. Currently, banks are more open to hybrid arrangements for non-IP related workloads.
- There is a greater acceptance of public cloud/ hybrid arrangements for data workloads. About 48% of banks prefer this approach. A large part of this acceptance is due to the heavy computing capacity required to test AI models. This capacity may be difficult to source on their own premises.

**So, how does a bank build a core transformation path?** The strategy needs to include progression to a cloud-appropriate, resilience-focused AI centered core system. Banks will do well to progressively introduce capabilities that help optimize the business while ensuring faster ROI.

## Next-Generation Orchestration During the Transformation Journey

Over the past two years, IDC research consistently showed AI and cloud as clear priorities for Asia/ Pacific's financial services industry, with both technologies offering banks deep transformation potential. IDC predicts that by 2030, 25% of financial institutions in Asia/Pacific (excluding Japan) will have AI/ML and GenAI embedded directly into their banking software to improve automation and efficiency of planning and finance staff.

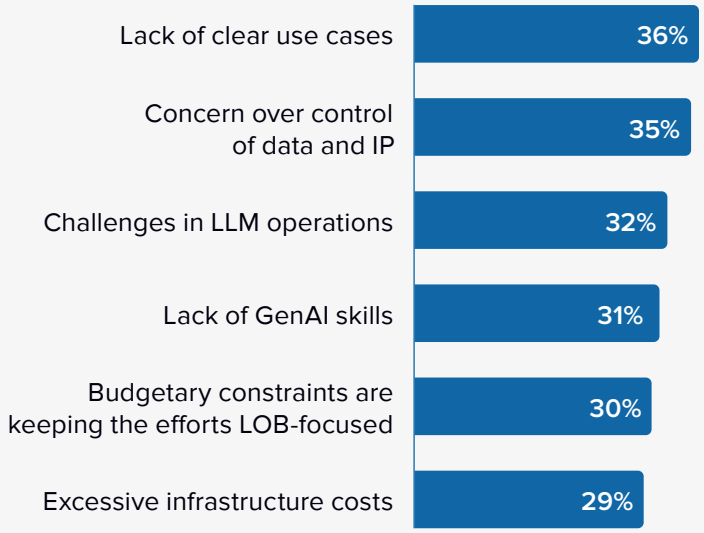
Yet banks fall short in their ability to optimize these technologies during the transformation process. This is largely due to existing architectures that integrate systems across product lines, leading to silos that hinder transformation at a fluid level. As new products and services are added to the business mix, the architectural complexity increases in tandem. Complex architecture leads to higher development and maintenance costs. This accumulation of technology built up over time makes it more complex to create a new scalable solution which can grow as business needs change. This hinders a bank's ability to innovate, especially when seeking an AI-driven future which requires scalable hybrid architecture.

### GenAI and Banking

Exploring the potential of GenAI is also crucial for banks aiming to stay ahead in the rapidly evolving financial landscape. As banks progress, use cases evolve from proof of concept to production. Figure 4 shows the common themes that restrict the ability of banks to make their core systems more adaptable and efficient in light of new market demands.

FIGURE 4

**ASEAN Banks' GenAI Implementation Challenges**

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Source: *IDC ASEAN Banking Survey,* June 2024

The challenges and priorities of banks indicate a need for harmonization between existing core banking systems and next-generation intelligent cores. This harmonization presents a key potential solution for integrating architecture across different generations of technology, extracting optimal use cases from both, and achieving a low-risk transformation.

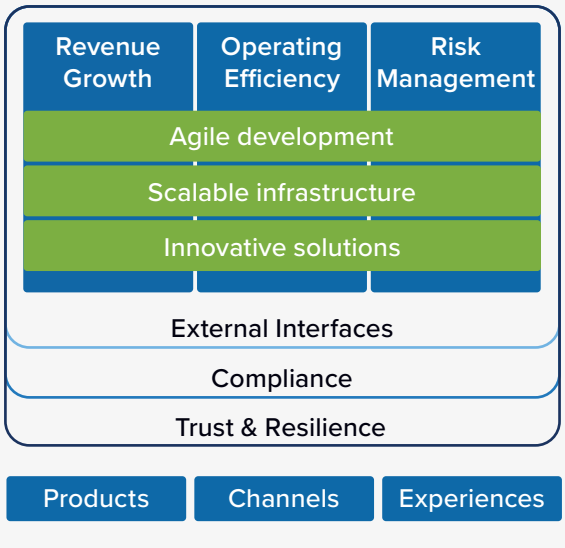
Introducing a next-generation intelligent core would facilitate the adoption of AI use cases through AI centers equipped with proven capabilities. This approach would mitigate concerns over data and IP by being hybrid cloud compatible, allowing IP to be retained on-premises. Additionally, it would accelerate implementation through a proven base that can be optimized for banks' IP, reducing the need for extensive skilled talent.

Next, consider architecture that supports harmonization.

## Role of Intelligent Orchestration in Harmonizing Core Technologies

FIGURE 5

**A Business Architecture for Agile, Scalable, and Innovation Solutions**




Source: *IDC, 2025*

The orchestration architecture can be split into two parts:

**Business architecture:** This must support agile development, scalable infrastructure, and innovative solutions. The complete solution fits the definition of the next-generation intelligent core.

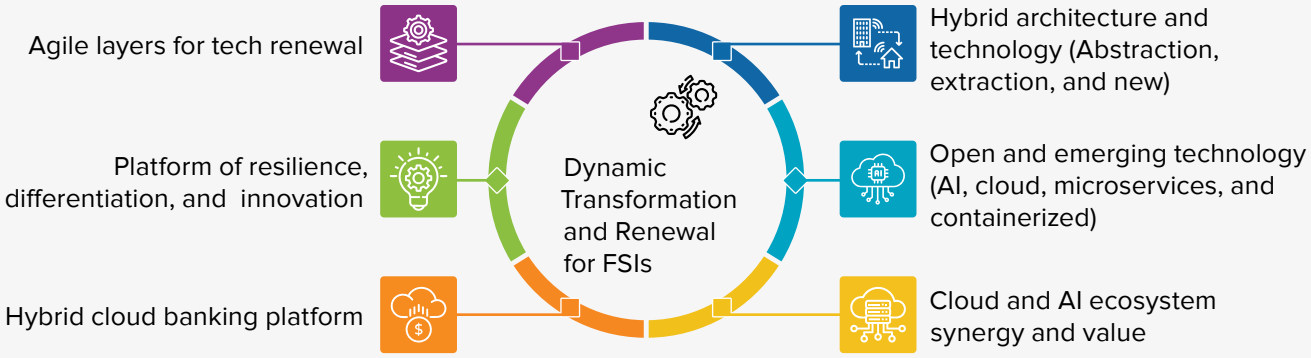
- Next-generation intelligent core is hybrid cloud compatible. Hybrid cloud provides the flexibility to scale the infrastructure rapidly.
- The next-generation intelligent core would enable optimal AI use cases.

Together the architecture would create state-of -the-art products, channels, and experiences while ensuring trust and resilience (see Figure 5).

**Technology architecture:** Extracting the business layer to a technology architecture would require a next-generation intelligent core that has the following components (see Figure 6).

FIGURE 6

**Technology Architecture for Dynamic Transformation**




Either way, harmonizing, unifying, and optimizing core transformation for success and resilience would require a next-generation intelligent core that is:

- Built on agile layers
- Supports scalability through hybrid cloud and technology architecture
- Supports AI ecosystem and open technologies as innovation drivers

Source: *IDC, 2025*

The layer also provides an opportunity for banks to choose the high impact use cases, incorporate them within the new cloud-based core, and gradually replace the existing core over a predetermined course of time. Next let's consider the path to modernization. What should the playbook be?



## The Path to Strategic Modernization Leading to Next-Generation Intelligent Core

To finalize the path, it is important to recognize that banks could be on different generations of core systems. Over time, these core systems have evolved and can be classified into the following evolutionary generations.

**Monolithic "server side" software with client interfaces. Single core supporting all functions.**

- Simple architecture, low complexity, easy to maintain
- Migrated banking from paper ledgers to computerized
- Limitations on flexibility, digital usage, and customer experience that were visible in the 2010s

**Microservices addition and cloud native. Expanded digital channels.**

- API, mobile, and cloud as the new mantras
- Easy to integrate third-party data and applications accelerating innovation
- Limitations are visible now due to a siloed approach, resilience challenges, and higher operating cost

**Next-generation intelligent core platform.**

- Next generation AI-enabled with built-in optimal AI use cases
- Hybrid architecture and hybrid cloud enabled
- Customer journeys and engagements focused

The next-generation core platform will be key to a bank's continued success. A bank may need meticulous planning to arrive at it since replacing legacy systems entirely is not the preferred approach. Banks' core systems may have evolved differently. The path must be measured and meet the three needs of early ROI, resiliency, and of innovation through AI and cloud technologies. Hence, meticulous planning may require building in an orchestration layer.



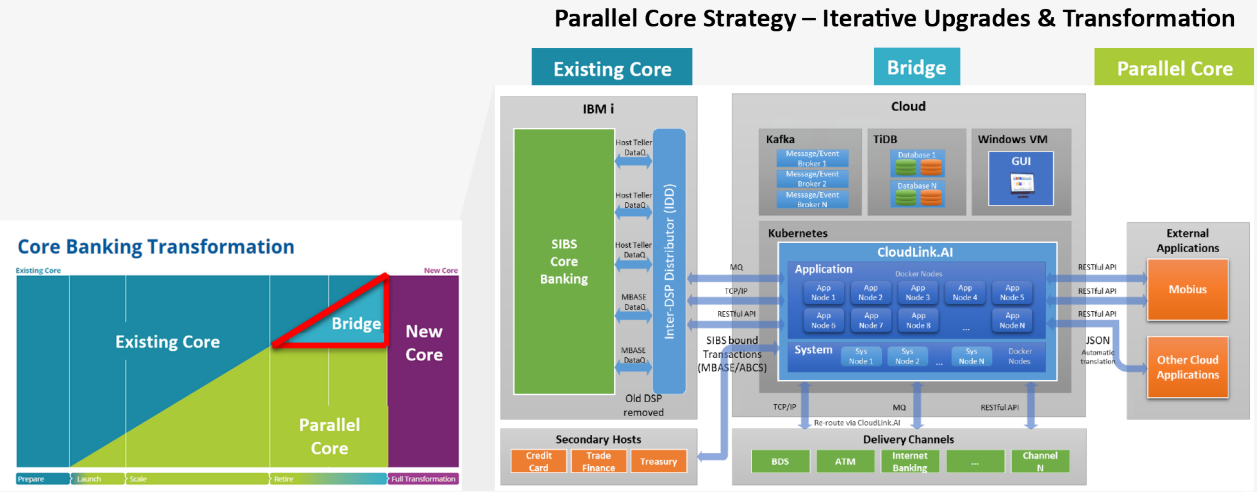
## How Silverlake Empowers Banks in Navigating Core Transformation

Silverlake's suite of solutions, CloudLink and Mobius, are designed to enable banks to leverage advanced integration capabilities for a smooth transition to modern banking systems.

CloudLink plays a key role in the journey toward modernizing core banking systems. An advanced integration platform utilizing AI, the orchestration layer efficiently manages communication, data synchronization, and essential translation between systems. With AI acting as a bridge, the next-generation intelligent core banking system can take the workloads of communication, data syncing, and the essential translation between different and disparate systems, enabling seamless and real-time interaction between the existing and new infrastructure. Such an approach enables banks to implement a preferred approach that meets banks' objectives, while facilitating modernization of the existing core to a new generation intelligent core. Harmonization of both cores for a period allows for a low-risk approach that maximizes business impact while optimizing upfront investment (see Figure 7).

FIGURE 7

**Parallel Core Strategy – Iterative Upgrades and Transformation**




Parallel Core & Orchestration of Ecosystems Case Study Showcasing Silverlake Core x Cloud Native Digital Core

Source: IDC and Silverlake, 2025

Affin Bank in Malaysia has successfully made this transition to Silverlake Mobius. Affin is now equipped with greater flexibility to phase in new products, phase out legacy systems, or decommission offerings — all while maintaining seamless business operations.

With Silverlake's innovative Software Factory, Affin is able to accelerate product development and testing cycles, significantly reducing time-to-market. This capability ensures that they can respond to market demands swiftly, delivering enhanced customer experience with minimal disruption in running the business while the other caters for innovation.

Furthermore, Silverlake Mobius is 100% cloud native currently on Microsoft Azure Cloud, and hence the ability to scale up or down instantly provides Affin with significant cost efficiency, optimizing resources while maintaining agility in a competitive landscape.

Discussions are underway on how to transition banking doing AI ultimately harmonizing, unifying, and optimizing core transformation for success and resiliency.

Silverlake also provides a hybrid architecture that works on-premises with IBM power and is cloud agnostic for cloud infrastructure.

## Transforming the Core through Silverlake

Silverlake Mobius has been designed to help harmonize the two cores and to create a path toward innovation through AI and cloud. Its CloudLink. AI acts as a bridge between the two cores to help in the following:

- Orchestration of a bank's ecosystem including hybrid cloud deployment
- Secured scalable business intermediary
- Multicore or parallel core strategy
- Seamless communication and contextual interaction between multi core systems
- Serving as a co-existence bridge
- Facilitate trusted exchange of data, transactions as well as information between the core and customer-facing channels, branches, and other application systems.

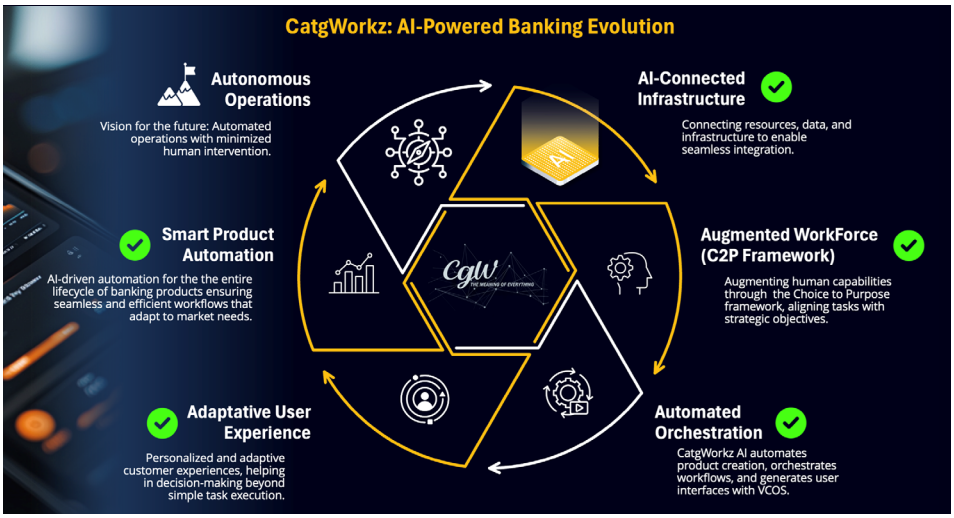
With over three decades of experience in the financial services space, Silverlake continues to establish itself in providing next-generation intelligent core banking solutions. Silverlake has launched CgW (CatgWorkz), an AI center that provides optimal AI use cases (see Figure 8). Banking clients can choose use cases that make business sense. A prominent player in the ASEAN banking space, Silverlake must continuously innovate and adapt to help its customers stay ahead of the competitive landscape. Much of the innovation is visible in its new suite of products, SIBS II, Mobius II, CloudLink, and CgW. SIBS II and Mobius II ensure cost-efficient modernization, enabling organic growth, while enhancing innovation readiness.

### Embedded AI in SIBS II and Mobius II

- Modular cloud-ready AI-embedded next-generation core banking
- Mobius II Core offers deposits and lending on a digital core platform
- SIBS II resolves customization challenges and envelopes the cloud with a hybrid system
- Both core banking solutions are augmented with Mobius Digital Services,
- Embedded AI iAPIs, iTemplates (CloudLink, VCOS)

FIGURE 8

**CgW: AI-Powered Banking Evolution**




Source: Silverlake, 2025

## Conclusion

Digital transformation is not a question of if, but how it must be implemented. AI is here, evolving at speed, and to survive, banks need to rearchitect, remodel, and replace. Should big bang approaches seem too risky for some institutions, other pragmatic approaches, such as harmonization of platforms, may be the preferred path. For most banks, this may be the key for transitioning to new platforms while seeking ways to optimize their existing platforms during the transformation process. This approach may spell a cost-effective and less disruptive path to transformation, to allow financial services players to position themselves for a more sustainable and controlled path to success in rapidly changing environments for business. With CloudLink the transition to SIBS II, and Mobius II on AI-native CgW, Silverlake is well placed to help banks in this critical juncture of their transformation journeys.



# About the IDC Analyst



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Ashish Kakar is the research director for IDC Financial Insights in Asia Pacific. Based in Singapore, he is the lead Financial Insights analyst responsible for all banking and insurance research aspects. Ashish's own interest is in customer-centricity, artificial intelligence (AI)/machine learning (ML) use cases in banking, retail banking, insurance, alternative investment management, digital and human interfaces, and credit and operational risk management.

More about Ashish Kakar

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Silverlake is a global leader in financial technology, providing dynamic and adaptive core banking solutions to over 370 customers in 80 countries. Our solutions power six of Malaysia's nine anchor banks and two of the three largest Singapore-based regional banks, as well as two of the largest anchor banks in Indonesia, reflecting our strong presence across Asia-Pacific.

For over three decades, we have maintained a 100% project implementation success rate, driven by our commitment to accountability and shared success. Our development hubs in Kuala Lumpur and Singapore ensure close collaboration, agile execution, and unmatched support. Silverlake is dedicated to helping financial institutions reimagine customer experiences and streamline operations with next-gen solutions.

Since our founding, we have taken great pride in our ability to solve complex enterprise problems, especially in the realm of financial services. As the speed of technological evolution picks up, especially with the advent of AI, Silverlake with our full suite of banking solutions is well positioned to prepare our customers to seize the opportunities of tomorrow.

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