



JULY 2022

AITE MATRIX: WEALTH- MANAGEMENT-FOCUSED CORE BANKING SYSTEMS IN EUROPE AND ASIA

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This excerpt provided compliments of this
Best-in-Class vendor:

temenos

IMPACT REPORT

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INTRODUCTION

The core banking system is the technological heart of an FI. It performs critical functions related to the book of records, accounts, payments, securities, and loans. Yet, wealth managers and private banks have hardly considered core banking systems to be differentiators for product or service offerings.

The back office is vital for any wealth manager. Any lags in core banking systems can affect efficiencies across the value chain. Yet several wealth managers still work with legacy back-office technology systems, cobbled together and disconnected from one another. These systems hamper modernization efforts even in the middle and front office.

While in the past replacing or even upgrading these core systems used to be costly, time-consuming, and risky, technological enhancements, open and componentized architectures, and phased replacement strategies are enabling more institutions to move forward with the core system replacements or enhancements that they have put off for far too long. A lean back office with a well-managed data layer that feeds into intuitive digital platforms on the front end, supplemented with the value that a wealth management firm's human advisors deliver, is the digital-physical operating model that firms need to strive toward. And as incumbent wealth managers continue to lean on digitally driven service models to engage with clients, the need for core banking vendors to offer software solutions, if not full suites of back-to-front functionalities, is imperative.

This Impact Report explores some of the key trends within the wealth management sector and how the core banking vendors that cater to this industry are evolving their offerings to address new market needs and challenges. This Impact Report also compares and contrasts the offerings and strategies of the leading vendors and highlights their primary strengths and challenges. Finally, the report recognizes specific vendors for their strengths in critical areas to help FIs make more informed decisions as they select new technology partners.

METHODOLOGY

Leveraging the Aite Matrix, a proprietary Aite-Novarica Group vendor assessment framework, this Impact Report evaluates the overall competitive position of each vendor, focusing on vendor stability, client strength, product features, and client services.

The following criteria were applied to develop a list of vendors for participation:

- Core banking software provider headquartered in Europe or the Asia-Pacific, offering back-to-front wealth management functionalities
- Successful implementation of a core banking solution at a minimum of one Europe or Asia-Pacific-based wealth management firm/wealth management or private banking unit of a retail/universal bank
- Wealth managers' awareness of the vendor as a provider of a viable core banking offering
- The ability to provide client references

Participating vendors were required to complete a detailed product request for information (RFI) composed of qualitative and quantitative questions, conduct a minimum 60-minute product demo, and provide active client references.

THE PLAYERS

This section presents comparative data and profiles for the individual vendors that participated in the Aite Matrix evaluation. This list is by no means exhaustive. Firms looking to undergo a vendor selection process should conduct initial due diligence before assembling a list of vendors appropriate for their unique needs. Table A presents basic vendor information for the participating solutions.

TABLE A: EVALUATED VENDORS

FIRM	HEADQUARTERS AND OFFICES	FOUNDED	TARGET MARKET (IN WEALTH MANAGEMENT SECTOR)	SAMPLE CLIENTS
Avaloq	HQ: Zurich, with regional hubs in Singapore and Berlin. Avaloq manages its 21 offices across 11 countries and regions: the U.K., Germany, France, Spain, Switzerland, Australia, India, Hong Kong, Luxembourg, the Philippines, and Singapore.	1985	Wealth managers and private banks primarily located in Europe and Asia	Deutsche Bank, Adam & Company, J. Safra Sarasin, DBS Bank
ERI Bancaire	HQ: Geneva, with offices in London; Lugano, Switzerland; Luxembourg; Paris; Singapore; and Zurich	1989	Private banks, wealth managers, asset managers, fund managers, and brokerages in Europe, Asia, Africa, and the U.S.	Natixis Private Banking, Bordier, Banque Havilland, Edmond De Rothschild

FIRM	HEADQUARTERS AND OFFICES	FOUNDED	TARGET MARKET (IN WEALTH MANAGEMENT SECTOR)	SAMPLE CLIENTS
Finnova	HQ: Lenzburg, Switzerland, with offices in Chur, Seewen, and Nyon	1974	Private banks and wealth managers in Switzerland and Liechtenstein	Banque Cantonale de Fribourg, Bank Leerau Genossenschaft, Schaffhauser Kantonalbank, Banque Cantonale Neuchâteloise, Zuger Kantonalbank
Infosys Finacle	HQ: Bangalore, India. Infosys is spread across 234 locations in North America, Europe, Asia, and South Africa.	1981	Banks of all sizes offering wealth products and services to the mass market, mass-affluent, and high-net-worth (HNW) and private banking segment	Standard Bank, Emirates NBD, Rakbank, Kotak Mahindra Bank, Bank Muscat
Intellect Design Arena	Corporate HQ in Chennai, India, and regional HQ in Singapore Intellect Design maintains a global presence across 25 countries, with offices in the Americas, Asia, Europe, the Middle East, and Africa.	2014	Private banks and bank-based wealth managers in Asia and the Indian subcontinent, the Middle East, and Africa	State Bank of India, Bangkok Bank, YES BANK, ICICI Bank, CIMB Bank

FIRM	HEADQUARTERS AND OFFICES	FOUNDED	TARGET MARKET (IN WEALTH MANAGEMENT SECTOR)	SAMPLE CLIENTS
Profile Software	HQ: Athens, Greece. Aside from the HQ, Profile maintains 9 other offices globally: Dubai, United Arab Emirates; London; Thessaloniki, Greece; Nicosia, Cyprus; Paris; Stockholm; Singapore; Oslo, Norway; and Miami	1990	Private banks, wealth management firms, asset managers, and personal banking departments of commercial banks	3K Investment Partners, AJK Wealth, Attica Wealth Management, Dolfen, Eurobank Private Banking, Hinduja Bank, National Bank of Greece, Piraeus Bank
Tata Consultancy Services	HQ: Mumbai, India. Excluding its 107 locations across India, TCS maintains 76 global offices across the U.K. and Ireland, Latin America, North America, Europe, and Asia.	<ul style="list-style-type: none"> Established 1968 Incorporated 1995 	Primary target markets are North America, the U.K., and Europe (specifically Switzerland). Secondary target markets are India, Asia, and the Middle East (in order of priority).	HDFC Bank

FIRM	HEADQUARTERS AND OFFICES	FOUNDED	TARGET MARKET (IN WEALTH MANAGEMENT SECTOR)	SAMPLE CLIENTS
Temenos	HQ: Geneva. Temenos maintains 62 offices globally in Europe, Asia, North America, the Middle East, Africa, and Latin America. The firm's offices are in 38 countries.	1993	Wealth managers and private banks in Switzerland and Singapore, Luxembourg, Germany, Belgium, and the U.K. Temenos clients have historically been focused on HNW and ultra-high-net-worth (UHNW) clients, with a growing interest also from new Temenos clients, for the mass-affluent segment.	Julius Baer, Schroders Wealth Management, Mirabaud, ABN AMRO, Itau

Source: Vendors

THE MARKET

Table B represents the key market trends in the wealth management sector and the trends prevalent among the core banking vendor market catering to the wealth management sector in Europe and the Asia-Pacific.

TABLE B: THE MARKET

MARKET TRENDS	MARKET IMPLICATIONS
Wealth managers are trying to serve new client segments while scaling personalization.	Core banking vendors have had to adapt quickly to wealth managers' need to serve new and varied client segments at speed while offering them personalized service levels and ensuring that ongoing and forward-looking compliance efforts remain robust.
Global wealth managers continue to juggle global and local regulations.	The dynamic and evolving nature of regulations is a key driver for FIs to adopt core banking systems that support compliance efforts across multiple jurisdictions. FIs need to cope with increasing amounts of regulatory data that need to be gathered and reported on in a variety of formats.
Wealth managers look to core banking vendors for more than just the core software.	Wealth managers not only want the core banking software from these vendors but also look to them for front- and middle-office wealth management functionalities. This is pushing vendors to ensure they have best-of-breed modules to offer across the wealth management value chain, and when they cannot offer these modules on a proprietary basis, vendors are partnering with other fintech players.
The back-office vendor landscape for wealth management is getting more fragmented.	The back-office vendor landscape comprises players of varied sizes and business models that service wealth managers in different ways. Not all these players necessarily provide core banking software catering to the wealth management community. Of the core banking vendors that cater to this market, those that provide the full spectrum of wealth management activities, from the back office to the front office, are dominating the market in Europe and the Asia-Pacific.

MARKET TRENDS	MARKET IMPLICATIONS
Significant focus is on component configurability among back-to-front-office core software vendors.	Core banking vendors are making concerted efforts to decouple components of their wealth offering from the core banking system and offer them as individual pieces. These different components can be treated as out-of-the-box solutions. These components integrate best with the vendor's core system but can also be compatible with other core systems that client FIs may use.
Robust vendor marketplace capabilities are a key differentiator.	Not all fintech marketplace capabilities are the same. It is increasingly important for core banking players to have a strong network of third-party partners and facilitate a network of vendors with adjacent offerings to their clients. Leading vendors are thinking strategically about which firms they want to partner with, if/how they want to build out their partner ecosystems, and how they want to strengthen and monetize them.
The API-ification of wealth management is underway.	APIs can provide firms with the runway to customize their offerings and innovate fast, using data-rich building blocks. Wealth managers are still working toward creating an entire unified API ecosystem, but core banking vendors catering to this sector have focused on creating robust microservices and API offerings for their clients.
Wealth managers are slowly moving toward the public cloud.	Wealth managers see many reasons to move the core system to the cloud. On-premises core banking installations still dominate among wealth management firms, but the uptake of the cloud and the public cloud has gained traction over the last few years across Europe and Asia.
Supporting wealth managers with ESG integrations and digital assets capabilities is top-of-mind for vendors.	Supporting wealth managers in their ESG offerings from regulatory, risk management, and product offering perspectives is a key priority for core banking vendors. Similarly, regional and global stakeholder interest in and curiosity about digital assets are growing across the financial services industry. It will become more feasible for wealth managers to integrate digital asset custody and trading as regulatory frameworks develop. Core private banking vendors will play a key role in the process.

Source: Aite-Novarica Group

KEY STATISTICS

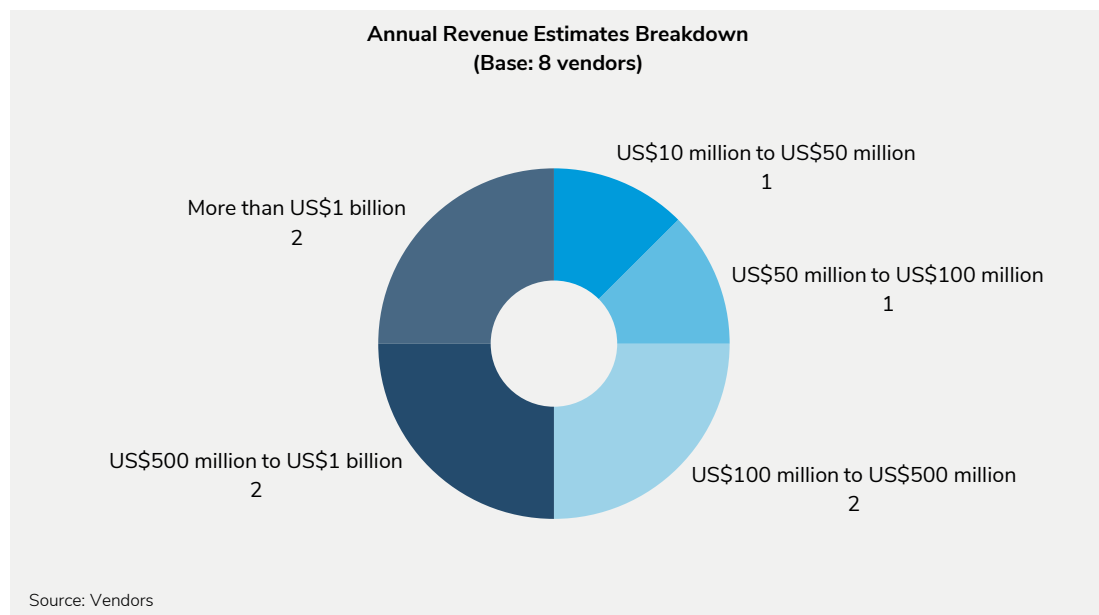
This section provides information and analysis on key market statistics and projected IT spending related to core banking software for wealth managers and private banks. The following section provides a glimpse into some key figures around these specific vendors.

ANNUAL REVENUE ESTIMATES ANALYSIS

Core banking platforms geared to wealth management are mainly offered by vendors that have been in the market since the late 1980s and early 1990s. Their success in delivering consistent and dependable technology services to their clients has driven their market development. Being the primary technology provider for most of their wealth management clients essentially means that, at a minimum, they have to offer certain table-stakes functionality that is fully integrated with their clients' products and services.

Most of these vendors adopt a complete, all-in-one solution to achieve a straightforward and seamless integration. This is not an easy market for new vendors to enter into, nor are prospects quick to replace existing systems. Clients tend to be sticky and really have to experience sustained pain with their legacy systems before changing. Among the eight leading vendors that completed the RFI questionnaire and participated in this Aite Matrix report, two firms generate revenue well in excess of US\$1 billion, two companies earn revenue in the range of US\$500 million to US\$1 billion, two firms fall in the range of US\$100 million to US\$500 million, and two firms earn less than US\$100 million (Figure 1).

FIGURE 1: ANNUAL REVENUE ESTIMATES BREAKDOWN



CLIENT BREAKDOWN BY TYPE

Most of the core banking systems providers profiled in this report target all sizes of banks and wealth managers. However, their levels of success with FIs of different sizes vary. Several vendors have multiple core offerings targeted at the different FI business verticals; others offer the same core software to different types and sizes of FIs.

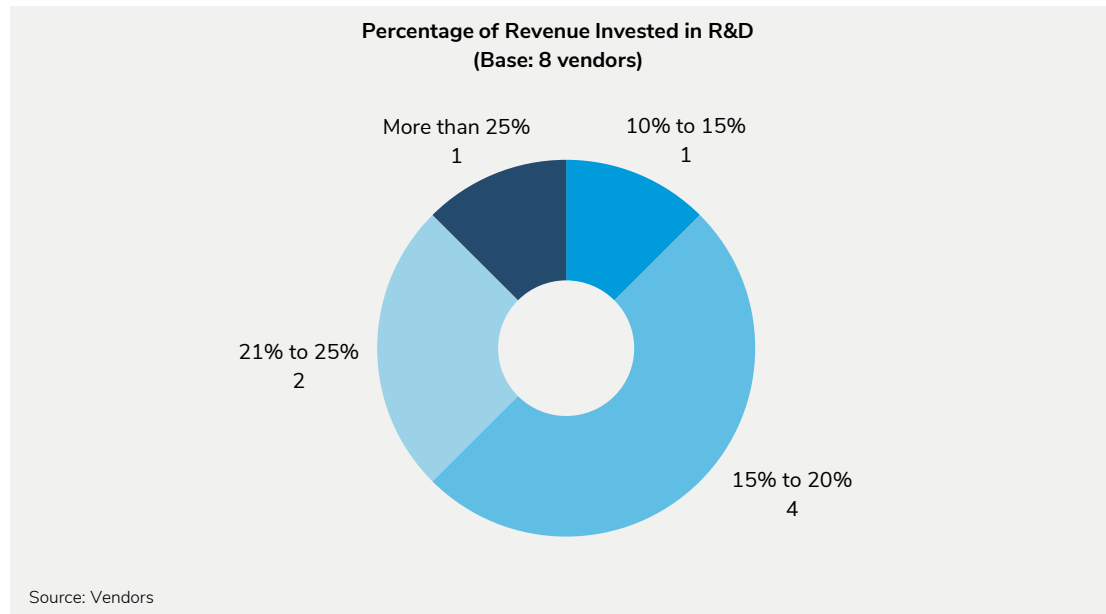
PROFITABILITY ANALYSIS

Seven of the eight vendors that participated in this Aite Matrix report are profitable. The remainder is breaking even, mainly because its business development expenses trended higher than normal between 2018 and 2021. That firm is growing its top line rapidly and undertaking meaningful cost reduction initiatives in its core market of Europe. Aite-Novarica Group fully expects that this vendor will change the trajectory of its P&L and be profitable within the next year or so.

During the beginning of the pandemic, vendors noted a higher demand for their offerings. They had more inquiries than usual, as FIs were forced to focus on creating operational efficiencies across the value chain and digitize significantly (Figure 2). One of the vendors evaluated in this report invests over 25% of its revenue in R&D, two spend

between 21% to 25%, four spend between 15% to 20%, and one vendor invests between 10% to 15% of its annual revenue into R&D.

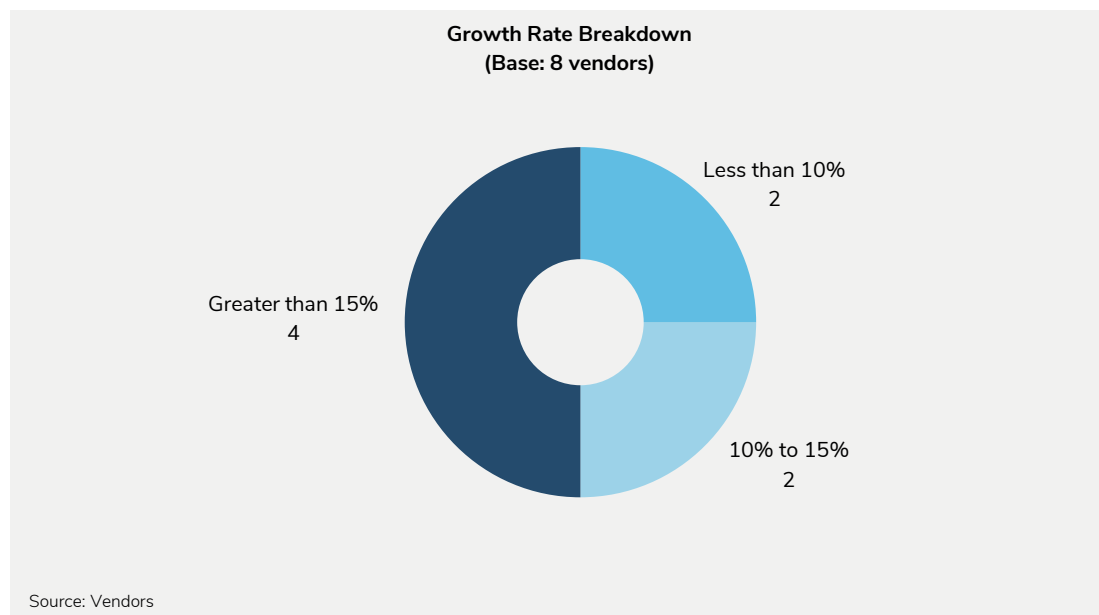
FIGURE 2: REVENUE INVESTED IN R&D



GROWTH RATE ANALYSIS

Among the eight leading vendors fully profiled in this report, four have grown more than 15% per annum, two have grown between 10% to 15% per annum, and two have grown less than 10% per annum. Aite-Novarica Group believes these robust growth rates reflect a vigorous and expanding market (Figure 3).

FIGURE 3: GROWTH RATE BREAKDOWN

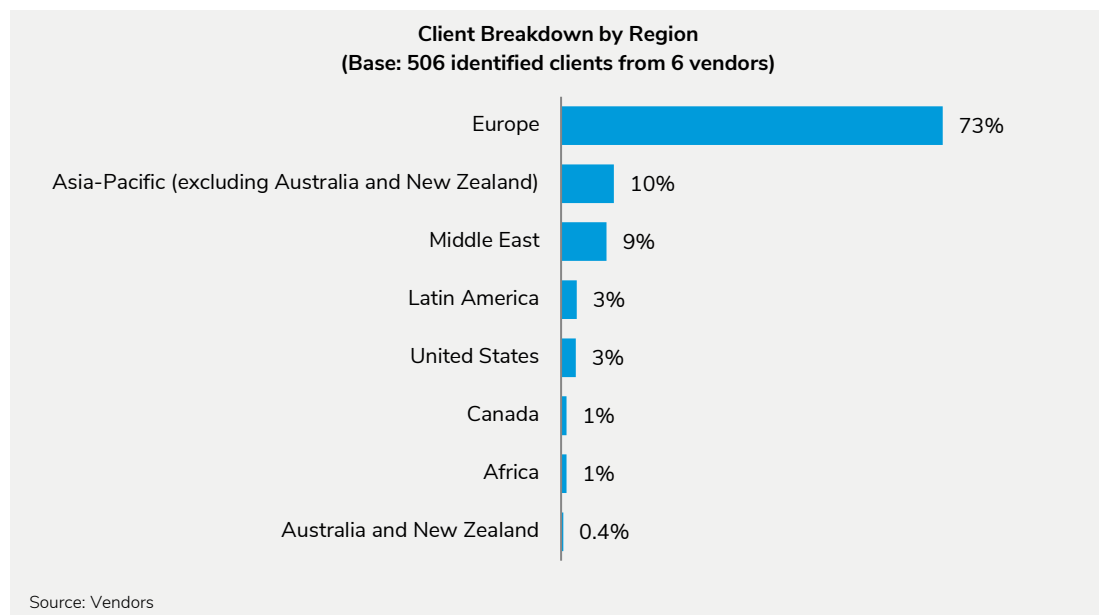


CLIENT BREAKDOWN BY REGION

Six of the eight vendors that completed the RFI provided visibility into their client breakdown. Europe represents the largest market by a wide margin, followed by the Asia-Pacific and the Middle East (Figure 4). Aite-Novarica Group expects core private banking replacements to continue in Europe and migrate toward cloud-based core private banking systems.

Certain vendors see the Asia-Pacific and the Middle East as increasingly important markets, given wealth managers' heightened urgency to become more agile and client-centered. Increased investment in these regions will lead the way and generate lucrative opportunities for vendors that strategically focus on these target markets.

FIGURE 4: CLIENT BREAKDOWN BY REGION



ANNUAL CLIENT RETENTION RATE

All eight vendors reported an annual client retention rate of over 90%. This result is not necessarily surprising given the myriad complex questions and issues that need to be strategically addressed by wealth managers concerning performance, features, quality, risks, and expenses.

From a business development perspective, the vendors in our analysis were unanimous in their interest in doing whatever they could to upgrade and enhance existing clients' legacy systems instead of complete overhauls. The only exception is when they transfer new clients to their own systems. Wealth managers tend to go along with the upgrade strategy for the most part. However, sometimes that option just isn't feasible, as the risks of legacy system failure can be too great. On the other hand, with open banking and cloud-based systems coming of age, Aite-Novarica Group believes that wealth managers will become more amenable to complete overhauls as upgrading certain legacy systems becomes untenable. One way or the other, these questions have to be addressed at the executive committee level, as they are strategic and inseparable from firmwide operations.

AVERAGE NEW CLIENT WINS

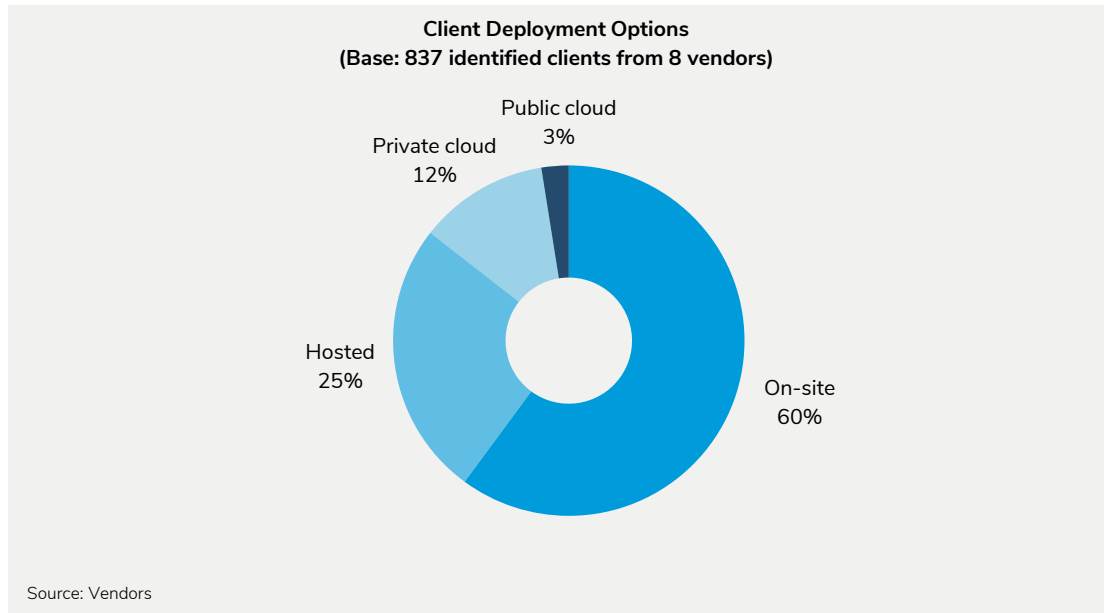
All vendors provided visibility into their average new client wins over the last three years across different verticals. Some vendors provided this information on a background-only basis, and not all vendors disclosed how many clients they won annually for their wealth management core product. Among the vendors that did provide a breakdown on these numbers, the average number of client wins specific to the wealth management sector annually, taking into account the last three years, ranged between one and eight.

Vendors have experienced faster-than-normal sales cycles (i.e., three to nine months vs. two to three years) in the last few years. The focus on offering cloud-ready solutions has been high. The focus of the business development efforts for several vendors has also been on promoting and educating prospects on their systems' cloud and digitally driven capabilities that can support an FI's broad wealthtech initiatives.

DEPLOYMENT OPTIONS ANALYSIS

Aite-Novarica Group has observed signs in the wealth management market that point to a pickup in cloud deployments since the mid-2010s, with 15% of the reported core banking deployments done on the cloud. Increased security and data transparency are already strong cases for the cloud. The cloud also offers FIs the scope and scale to develop and deliver real-time services without a grand investment in IT infrastructure. Therefore, emerging applications will promote replacing legacy platforms with new cloud-based systems. The uptake of public cloud deployments is increasing slowly among wealth management clients (Figure 5).

FIGURE 5: DEPLOYMENT OPTIONS



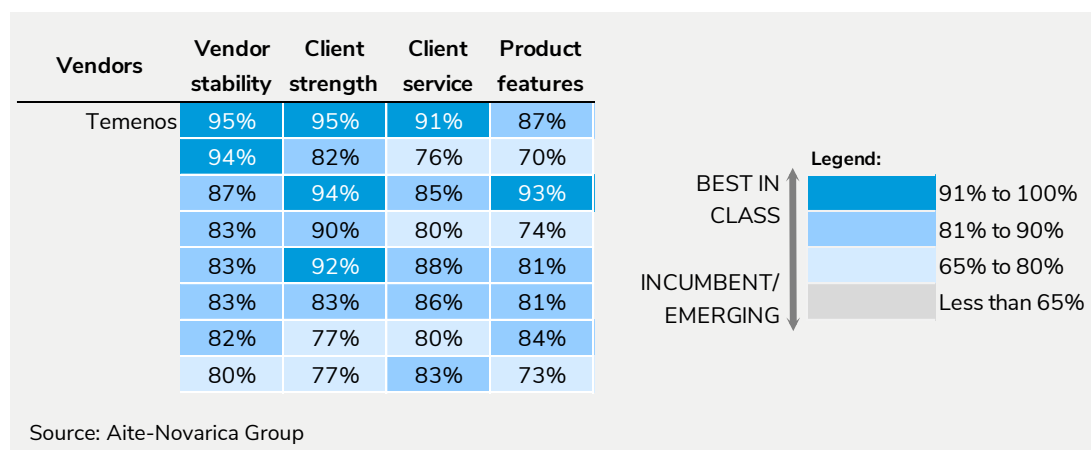
AITE MATRIX EVALUATION

This section breaks down the individual Aite Matrix components, drawing out the strong vendors in each area and how they are differentiated in the market.

THE AITE MATRIX COMPONENTS ANALYSIS

Figure 6 illustrates how each vendor scored in the various areas of importance. Each vendor is rated, in part, based on the data it provided when responding to Aite-Novarica Group's RFI. Scores also reflect product demos and follow-up discussions as part of the Aite Matrix process. Ratings are also driven by the reference customers of the examined vendors to support a multidimensional rating.

FIGURE 6 : AITE MATRIX COMPONENTS ANALYSIS HEAT MAP



Vendor Stability

The core banking vendor landscape is stable, comprising established players with strong financials, growth rates, and reinvestment in research and development. All vendors profiled in this report score well in this area. Temenos edged ahead of competitors due to its strong financials, size, continued revenue growth, and the strength of its management team.

Client Strength

The core banking vendor space for wealth management is highly competitive, and the expenses and perceived risk associated with core system replacement often lead to long sales cycles. Temenos scores the highest in this category due to the size of its wealth management client bases and its breadth across all FI asset segments.

Client Service

Vendors that score well in this category deliver on promises and provide high levels of service and positive cost value. Temenos came out on top in this category due to its strong client base, high degree of customer involvement from its management team, focus on service, and satisfied clients who feel Temenos addresses their needs and requests.

Product Features

This category considers client feedback regarding the robustness and breadth of the functionality within each vendor's core banking offerings. It also measures important factors such as the ease of upgrades and support for customizations. Temenos is among the leaders in this category.

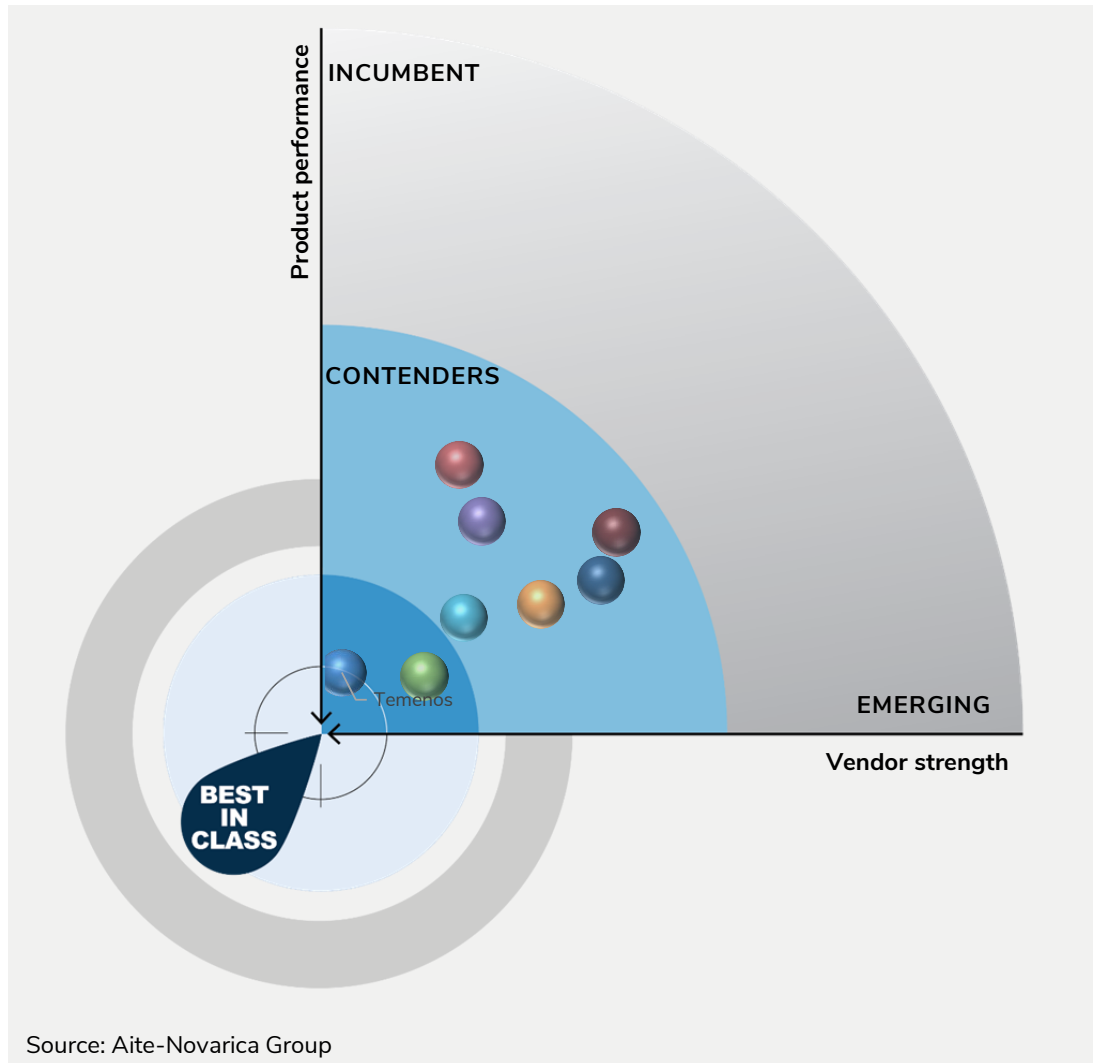
THE AITE MATRIX RECOGNITION

Three significant factors drive the final results of Aite Matrix recognition:

- Vendor-provided information based on Aite-Novarica Group's detailed Aite Matrix RFI document
- Participating vendors' client reference feedback or feedback that Aite-Novarica Group sourced independently
- Analysis based on market knowledge and vendor-provided product demos

Figure 7 represents the final Aite Matrix evaluation, highlighting the leading vendors in the market.

FIGURE 7: WEALTH-MANAGEMENT-FOCUSED CORE BANKING SYSTEMS (EUROPE AND ASIA) AITE MATRIX



Best-in-Class: Temenos

This award recognizes a vendor's overall experience in the core banking market, including total client base, overall client growth, and recent successes. Temenos leads the pack. Temenos has a stronghold in the wealth management core banking space across Europe and the Asia-Pacific, servicing a variety of markets and sizes of FIs. Its technology stack and expertise are especially important to smaller institutions that consider core providers their primary technology partners.

Temenos offers wealth managers and private banks robust core processing capabilities and full suites of ancillary products, including a full range of digital banking offerings, portfolio management capabilities, and risk management capabilities. Its product development has kept pace with changes in market needs, such as leaning toward ESG capabilities and digital assets.

Temenos is viewed as a market leader in the core banking domain of wealth management in Europe and the Asia-Pacific. The vendor's reputation, stability, and modern technology stack are its strong suits. It works with some of the largest global FIs, including pure-play private banks.

BEST IN CLASS: TEMENOS

Swiss software vendor Temenos caters to various FIs, with sales and professional services personnel located throughout Europe, the Asia-Pacific, North America, Latin America, Africa, and the Middle East. It has offices in over 60 countries. Temenos is a large company with over 7,500 employees worldwide.

Aite-Novarica Group's Take

Temenos Wealth provides an integrated portfolio management and securities trading platform for wealth managers and private bankers. It is pre-integrated into the Temenos Infinity platform to provide a seamless front-to-back wealth solution. The vendor's Wealth solution is as comprehensive and expansive as it is intuitive, making it a worthy winner of this report's best-in-class accolade. The core banking platform stands out from the competition for its internationalization, composability, superior UI, analytics-rich dashboards, strong reporting capabilities, client feedback, and myriad integration methods, services, and APIs.

A few years ago, Temenos decoupled its front- and back-office offering in its Wealth suite, tailoring the system to end-client needs. The high level of modularity and customization that Temenos supports for its wealth management clients ensures a bespoke offering for every client. At the same time, clients can leverage a full suite of pre-integrated products and share best practices from the vendor's other verticals, such as financial crime, retail banking, or business banking. Clients can use these functions as rich building blocks that fit together seamlessly or pick them individually to create tailored offerings.

Temenos works with some of the largest global Tier-1 wealth managers and private banks. Its market share, name recognition, and reach across Europe and the Asia-Pacific are significant. At the same time, it can support small, regional, and challenger FIs and offer them suitable best-practice modules and training. These firms are increasingly leaning toward Temenos's SaaS capabilities.

Temenos' API environment is impressive. It has composed infrastructure as a code and offers open products managed via Temenos product manager, which are fully API enabled. FIs can layer on products in a variety of ways. The extensibility framework and workbench are noteworthy, enabling faster, easier, and safer system upgrades. Every function on the platform can be API-enabled.

Most vendors enable third-party fintech partnerships, but Temenos's marketplace is a longstanding and robust ecosystem that offers access to innovative partners globally. Temenos's partnership with Salesforce is the cherry on top. It can leverage Salesforce's data and CRM capabilities. Temenos's annual conference, the Temenos Community Forum, brings together thousands of clients, prospects, partners, financial services executives, and related professionals in a collaborative environment. It is one of the largest industry conferences.

Basic Firm and Product Information

- **Corporate headquarters and other regional HQ locations:** Geneva, Switzerland, and more than 60 offices worldwide
- **Founded in:** 1993
- **Number of employees:** 7,500
- **Ownership:** Temenos was created in 1993 and has been listed on the Swiss Stock Exchange since 2001.
- **Key financial information:** Temenos is a profitable company that earns between US\$500 million and US\$1 billion in revenue, with 25% to 50% of that figure in recurring revenue. The company invests more than 20% of its revenue back into R&D.
- **Key products and services:** Temenos Wealth, Temenos Core Banking Capabilities (Temenos Transact), and Temenos Digital Banking Engagement Capabilities (Temenos Infinity)
- **Target customer base:** Temenos' clients historically focused on HNW and UHNW segments. There is growing interest in the mass-affluent and retail segments.
- **Target function/role within the FI for product/service/solution:** Portfolio managers, relationship managers, financial advisors, private bankers, and back-office operations
- **Number of clients (who use your core banking systems for all financial service verticals):** More than 3,000 worldwide

- **Number of clients (who use your core banking systems for private banking/wealth management):** Temenos' client base spans all regions and includes some of the largest Tier-1 wealth management firms globally.
- **Average net new clients per year:** The vendor declined to disclose numbers specific to wealth management and private banking. In 2021, Temenos added 98 new clients to its roster companywide.
- **Average client tenure:** More than 10 years
- **Global footprint:** Europe (38%), the Americas (27%, the U.S., Canada, Latin America), the Asia-Pacific (17%), the Middle East, and Africa (18%)
- **Implementation options:** Temenos Wealth is deployed in an on-site licensed environment or as a SaaS or cloud-based solution.
- **Pricing structure:** Temenos offers progressive pricing aligned with industry standards depending on whether the client consumes Temenos Wealth on-premises, as SaaS, or in the cloud. Pricing factors include the number of accounts and the features required.
- **Out-of-the-box connectors/integrators:** Temenos offers connectors/integrators for Bloomberg, Reuters, SIX, Refinitiv, Morningstar, SWIFT, Moody's, S&P, and Rimes. Additional connectors are available via Temenos' fintech marketplace, Temenos Exchange.
- **API offerings:** All wealth management functions can be accessed with APIs, and wealth managers can use them to customize UIs. Temenos offers an open platform for composable banking, which gives wealth management clients the flexibility to select Temenos Banking Capabilities and Temenos Enterprise Services based on their specific business needs. The company's approach aligns with BIAN. Based on its roadmap, Temenos will deliver Temenos Banking Capabilities and Temenos Enterprise Services for Wealth next year.

Key Features and Functionality Based on Product Demo

- The Temenos Wealth offering is scalable and highly modularized. It is geared toward private banks and wealth managers with HNW and UHNW client bases. At the same time, the solution is highly effective for the mass-affluent and affluent customers, allowing FI clients to give their smaller-value end clients a great deal of

personalization through its system efficiencies. Temenos Wealth encompasses Temenos Infinity, thereby providing a holistic wealth solution. The Wealth offering has a global appeal.

- The client-facing app and the advisor portal are notable for the rich list of functionalities they include and layer-on analytics. The UI and UX receive top marks. Temenos is upgrading the UI and plans to incorporate marketing materials and nudges.
- The vendor has an ongoing focus on increasing straight-through processing whenever possible. Where it is not yet possible, robust dashboards make it easy for the front-office staff at wealth management firms and private banks to get their work done. The advisor portal is fully enabled with straight-through processing, with features like digital signatures through third-party partner integrations.
- Temenos has created a microservices and event-driven architecture and recently achieved a benchmark of over 100,000 transactions per second and up to 61 transactions per second per core.
- The Sustainability Index Temenos offers measures and tracks the sustainability of the cloud as well as sustainability in the cloud for clients. This is a forward-thinking and valuable feature for wealth managers and private banks.
- Temenos' support for ESG investments is robust and helps banks comply with the latest regulations (e.g., MiFID). Temenos is also a leader in the market in supporting digital assets.
- The solution supports several deployment options. The pickup of Temenos's SaaS offering on the wealth side has accelerated significantly in recent years. Interest comes from smaller wealth managers and larger, global private banks. It enables a short time to market for various products and services that the FIs want to launch.
- Temenos incorporates explainable AI capabilities, which is a differentiator. It is fully integrated with the Temenos Data Lake and gives wealth managers and private banks a real-time, end-to-end smart data lake, offering higher data quality and richness.

Top Three Strategic Product Initiatives Over the Last Three Years

- Cloud-native architecture
- North America wealth functionality (e.g., tax lots, unified management accounts)
- Advisory management

Applications/Modifications for the Next 12 Months for the Wealth Solution

- ESG investing
- Omnichannel advisory
- Salesforce/CRM integration

Top Three Strategic Product Initiatives in the Next 12 to 18 Months

- Digital assets
- Temenos Pricing Engine for Wealth
- Composable Banking for Wealth

Client Feedback

The clients were very complimentary about Temenos's offering and their relationships with the vendor. It is viewed as a stable system that can scale with the adoption of new modules and support the strategy of any FI's existing and new products and services. Clients appreciate the reliable and efficient core banking capabilities Temenos offers alongside a full spectrum of wealth management-focused solutions. One client mentioned the timely incorporation of new regulatory requirements within the system (made available on a proprietary basis or through third-party partners) as a key benefit. Clients also spoke highly of its innovation and offering strong support for annual upgrades.

A few clients were neutral about the vendor's reputation. One client suggested that Temenos have more dedicated customer account managers to understand customer needs in greater detail. Some clients suggested enhancements to the Infinity platform.

Table C displays the vendor's strengths and challenges.

TABLE C: KEY STRENGTHS AND CHALLENGES—TEMENOS

STRENGTHS	CHALLENGES
Significant client base of Tier-1 and Tier-2 banks while offering competitive differentiation for smaller wealth managers through its self-service/ robo-capabilities; the system offers robust internationalization and localization capabilities and support	The financial planning module can be further developed.
Highly modular, composable, and extendable, allowing wealth managers to create a bespoke offering or leverage Temenos's pre-integrated suite of best-of-breed products and market expertise	It has room to develop a stronger reputation as a software provider for private banks with UHNW clientele.
Strategic and well-appointed proprietary fintech marketplace, with a range of innovative partners	
Incorporating ESG capabilities robustly	
Market-leading explainable AI capabilities	

Source: Aite-Novarica Group

CONCLUSION

Buyers:

- **Intelligent data infrastructure matters:** Wealth management firms and private banks of different sizes have to rely on an intelligent data infrastructure that enables an efficient work environment for financial advisors and a responsive and bespoke experience for end clients.
- **Focus on the potential ROI:** In the past couple of years, many FIs have upgraded their digital engagement, digital communication, client reporting, CRM, and financial planning platforms. This is welcome news, but without a modern core in place, the ROI on these investments will certainly be less than it could be. More FIs are realizing this and should actively monitor and gauge the need to upgrade or replace their core platforms for the long haul.
- **Look to the cloud:** On-premises core banking installations dominate among wealth management firms. However, the uptake of cloud-based installations, especially private clouds, has gained traction over the last few years across Europe and Asia. Still, the public cloud has not yet gained much favor among wealth management firms. Buyers should consider cloud-based installations during due diligence.
- **Challenge the vendors to meet future needs:** The rapid evolution of client needs, alongside the expectation of increased sophistication across digital offerings, is pushing wealth managers to create more integrated, Agile technology stacks and experiences. Core banking vendors should continue to expand the suite of enterprise components and the availability of open APIs and microservices.
- **Embedded wealth management is nascent but growing fast:** It is all about making wealth management products and services frictionless and integral parts of the customer journey. It is about giving FIs access to out-of-the-box wealth management products that are seamless, preconfigured, and easily embedded across different customer experiences. Wealth-Management-as-a-Service is an area with tremendous growth and revenue potential. Wealth managers are well advised to consider these areas, and others, to enable frictionless customer experiences.

ABOUT AITE-NOVARICA GROUP

Aite-Novarica Group is an advisory firm providing mission-critical insights on technology, regulations, strategy, and operations to hundreds of banks, insurers, payments providers, and investment firms—as well as the technology and service providers that support them. Comprising former senior technology, strategy, and operations executives as well as experienced researchers and consultants, our experts provide actionable advice to our client base, leveraging deep insights developed via our extensive network of clients and other industry contacts.

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