

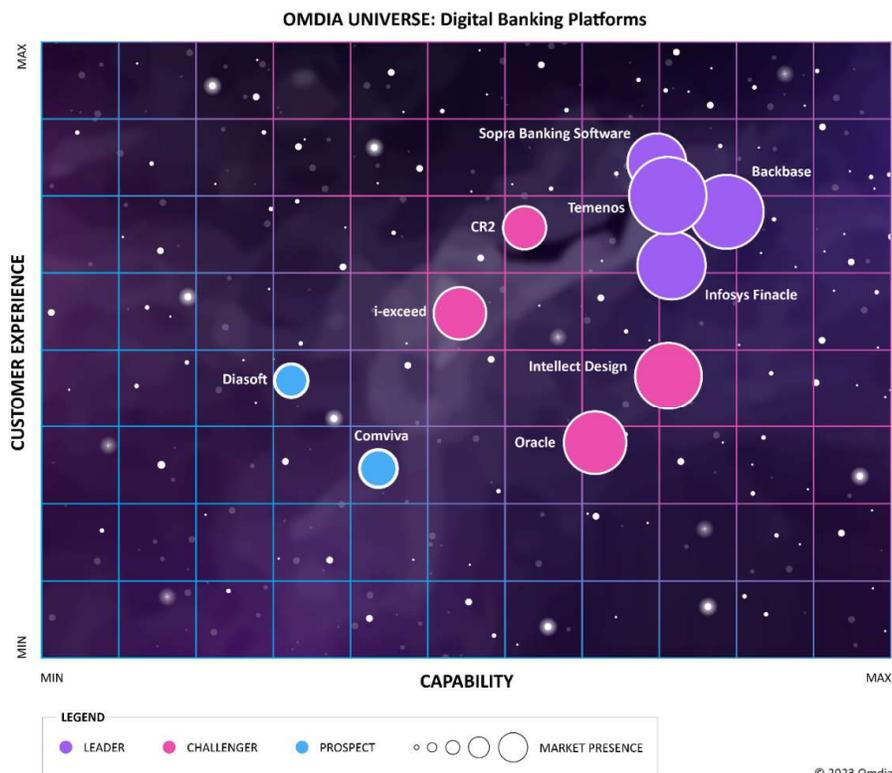
# Omdia Universe: Digital Banking Platforms, 2023

# Summary

## Catalyst

Despite an uncertain economic outlook, enhancing digital customer experience will be critical to incumbents and neobanks alike, with the need for banks to provide a fully digital journey from origination to service delivery. *Omdia Universe: Digital Banking Platforms, 2023* will help the C-level executives, heads of digital, technology executives, and digital channel directors gain an up-to-date view of the digital banking vendor marketplace.

Figure 1: The Omdia Universe for digital banking platforms



Source: Omdia

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## Omdia view

Whether institutions go it alone or partner with a technology vendor, they require an ability to rapidly build and deliver agile development of a modern digital platform to transform both customer and banker's experience. The pace of technological advancement and increasing customer expectations, however, mean that banks must incorporate and harness newer technologies quickly to remain competitive. Banks' ultimate objective should be a seamless, personalized digital customer journey, underpinned by a digital banking platform that embraces machine learning, analytics, and open APIs. With the rise of fintech, digital banking platform vendors are increasingly creating a partner ecosystem, which enables wider functionality through pre-configuration and avoids lengthy integration processes, while also allowing for the integration of emerging channels through open banking. By implementing a next-generation digital banking platform, banks will empower wider employee-to-customer interactions, irrespective of any limitations in legacy systems, and will enhance digital self-service customer journeys. A modern digital banking platform needs to be agile and flexible but also have the ability to scale without impacting performance, which has led to a modular microservices-led architecture becoming the new norm. Even though vendors are addressing multi-deployment options, deployment in the cloud is increasingly in demand as banks realize they can manage their infrastructure costs more efficiently (versus on-premises deployment) and future-proof their services for success.

## Key messages

### Vendors

- Backbase, Infosys Finacle, Sopra Banking Software, and Temenos are all *leaders* in this report due to their comprehensive capabilities, solution breadth, and strategy/product roadmap.
- The *challengers*, CR2, i-exceed, Intellect Design, and Oracle, all have strong market positioning and competitive functionality but are not yet leading in terms of their solution capabilities and customer experience.
- Although Comviva and Diasoft are *prospects*, both vendors have invested considerably in their platforms, the fruition of which will see their solution capabilities and breadth expand in the near future.

### Features

- A modern microservices-enabled digital banking platform is a vital element of digital transformation to support scalability.
- Flexibility and adaptability are key constructs of all platforms, with a degree of customization deemed essential for all deployments.

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- A cloud-native platform is a must to achieve agile development and adapt rapidly to evolving banking requirements.
  - Although banking platforms have evolved, and software as a service (SaaS) adoption has been growing, vendors must provide multiple options for banks to address their current needs.
  - A rise in innovation in digital banking platforms with embedded open APIs and access to a partner ecosystem will enable banks to exploit new revenue streams.

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# Analyzing the digital banking platform universe

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## How to use this report

Omdia is a proud advocate of the business benefits derived through technology, and digital banking platforms are at the forefront of realizing benefits to front-office staff across the globe. The Omdia Universe report is not intended to advocate an individual vendor but rather to guide and inform the selection process to ensure all relevant options are considered and evaluated efficiently. Report findings gravitate toward the customer's perspective and likely requirements, while taking into consideration the varying states of digital transformation occurring in financial institutions throughout the world. There are many vendors in the digital banking platform solutions market, and all vendors included in this report are deemed to be of high merit and worthy of consideration for short-listing purposes.

## Market definition

Omdia has defined a digital banking platform as a standalone front-office solution that enables financial institutions to enhance the end-user experience without the need to overhaul their existing core banking systems. It must be a channel platform for online banking and mobile banking to support servicing, origination, and customer interaction/communication through these channels and, also, a wider digital platform that supports digital front office. The specific functionality required to be considered a digital banking platform includes online banking, mobile banking, customer engagement, employee engagement, origination/onboarding, digital marketing/customer communication, analytics, and multichannel management/integration:

**Online banking:** The ability to provide an end-user internet-based access portal for basic banking functionality (e.g., account information and payment transfers) plus additional services (e.g., personal financial management, open banking, chatbot personalization, and visualization tools).

**Mobile banking:** This refers to the support for mobile banking, including via SMS, WAP, smartphone, and tablet, with the same functionality as online banking as well as biometric and facial-recognition technology.

**Origination/onboarding:** This concerns the ability to support direct digital applications and fully automate onboarding of clients.

**Customer engagement:** This considers the end-user experience and the ability to independently access, manage, and customize end users' account information.

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**Employee engagement:** Employee engagement is the ability of banking personnel to communicate with the client on the digital banking platform via all devices and to monitor and improve the customer experience.

**Digital marketing and customer communication:** This refers to the platform's ability to provide in-application marketing alerts, banner adverts, and targeted marketing message support and to deliver and manage customer communications including interaction with omnichannel requirements.

**Analytics:** Metrics are collected about interactions between customers and banks, including the ability to track everything from individual customer journeys across multiple devices and channels to revenue generated per customer.

**Multichannel management and integration:** This refers to managing the omnichannel experience within the digital channels, contact center, ATM, kiosk, and the branch and the ability to integrate new digital channels (e.g., smart watches, augmented/virtual reality) when required.

## Market dynamics

The vendor short list has been reduced to 10 solution providers (from 12 in 2020–21), primarily due to stricter inclusion criteria being enforced for the digital banking platform to be deployed across multiple geographies and not designed for a specific market (i.e., North America). While retail banking is still a core criterion, due to an increasing number of digital banking platform deployments in corporate banking, wealth management, and microfinance, the report also recognizes vendors' broader capabilities for the universal bank. In the Omdia Universe, various approaches have been highlighted, from highly customized, complex solutions deployed across multiple entities to more packaged off-the-shelf solutions that can be implemented rapidly and at minimal cost.

### Changes from the previous report

Backbase, Infosys Finacle, and Temenos retained their leadership positions from the previous report, and Sopra Banking Software improved its challenger classification to be recognized as a market leader for the first time. CR2 and Intellect Design maintained their challenger status while enhancing their scores overall. Oracle, listed as a leader in the previous edition of the report, was awarded challenger status, while Comviva maintained its prospect position. After winning several flagship clients, particularly in Europe, i-exceed was featured in the report for the first time, with Diasoft also a new entrant following a major upgrade to its digital banking platform, which warranted evaluation.

### Key market trends

A digital banking platform is considered essential by banks of all sizes as they struggle to keep up with the latest technology. This has prompted many banks to outsource their digital front-office capabilities to a third-party solution provider. The shift to cloud deployment as a preference was particularly notable in this edition of the report versus 2020/21, with one vendor commenting that 90% of its new sign-ups are now opting for SaaS deployment.

Flexibility is a key trait that financial institutions are seeking in both the platforms they deploy and the vendors they partner with, most notably as experienced by those banks that were migrating to a new digital banking platform during the COVID-19 pandemic. There was less demand for fully

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packaged off-the-shelf deployments, with most financial institutions requiring a degree of customization to ensure they can differentiate from their competition, whether that be in terms of features offered to customers or personalizing the customer experience.

Although there are different approaches to digital modernization, there has been a rise in interest in composable banking in which every component can be improved and replaced through agile development to meet evolving business needs. This means that banks, faced with increased pressure to keep costs low, can deliver significant transformations across both the front and backend quicker and more efficiently. The continued rise of digital-only banks (neobanks) has created new opportunities for digital banking platform vendors to demonstrate their technology is as equally valuable to startups as to incumbent banks looking to upgrade legacy technology stacks. Vendors that were able to demonstrate that their platforms have strong capabilities and breadth, while maintaining a degree of flexibility and customization, performed strongly in this report.

Vendors' solution breadth is increasingly relevant, whether provided in-house or through a partner ecosystem, with financial institutions less likely to adopt a "best-of-breed" policy when selecting vendors, desiring to work with fewer vendors who provide easy access to wider functionality. Vendors should embrace partnership opportunities with third-party providers through adoption of the marketplace model by opening their APIs to add value to the ecosystem. Future innovation is likely to be driven through this ecosystem, benefiting the financial institution in the long term by unlocking advantages beyond the platform.

The evolution of financial services is changing rapidly, affecting how consumers choose to pay, invest, or save. According to Omdia's IT Enterprise Insights (ITEI) 2022/23 survey, banks are prioritizing enhancing platform functionality to aid self-service and integrating digital banking with other channels to improve sales productivity. As banks strive to improve their proposition, they require the support of software vendors that are agile, flexible, and forward-thinking. Therefore, when making purchasing decisions, for most financial institutions, it is not just about choosing the best off-the-shelf product; it is also necessary to consider a vendor's ability to support a firm's aspirations. This requires a strong partner—one that enables and drives innovation, offers strong user experience, and provides advice on how to launch new products and services quickly and effectively.

**Figure 2: Vendor rankings in the digital banking platform universe**

Vendor	Product(s) evaluated
<b>Leaders</b>	
Backbase	Backbase Engagement Banking Platform
Infosys Finacle	Finacle Digital Engagement Suite
Sopra Banking Software	SBP Digital Banking Suite
Temenos	Temenos Infinity/Temenos Digital Banking Engagement Capabilities
<b>Challengers</b>	
CR2	BankWorld Digital Banking Platform
i-exceed	Appzillon
Intellect Design	CBX-R
Oracle	Oracle Banking Digital Experience
<b>Prospects</b>	
Comviva	Mobiquity Banking Suite
Diasoft	Digital Q.Omnichannel

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Source: Omdia

**Market leaders**

Backbase has retained its leadership status thanks to its strong solution capabilities and breadth out of the box with the ability to further customize in terms of business processes, user journeys, and personalization. Its solution breadth has increased significantly since the previous edition of this report because of investment in its off-the-shelf capabilities and its partner ecosystem, whereby it has pre-integrations with a plethora of external systems providers to cocreate capabilities for specific use cases and market segments.

Infosys Finacle also maintains its market leader accreditation. The solution provider has invested heavily in the Finacle Digital Engagement Suite and offers one of the most comprehensive digital banking platforms in the market, which is complemented by optional components to suit banks’ current needs. It has a broad offering, incorporating not only retail banking but also corporate and SME banking and wealth management capabilities. The Finacle platform scored particularly well for its ability to manage complex deployments across multiple entities.

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Sopra Banking Software (SBS) has been recognized as a market leader for the first time in this report thanks to its expertise in deploying with all types of banks, including strong experience in implementing for neobanks. SBS is forward-thinking in terms of its adoption of open APIs and marketplace collaboration, which has resulted in an impressive product roadmap while also ensuring all layers of the platform provide “security by design” capability, whether it relates to infrastructure, operating systems, applications, or processes.

Temenos is also a market leader for successive reports, with its Infinity platform scoring consistently well in all areas, thanks to a comprehensive platform that can be adapted for all types of banks or geography. Temenos launched its Banking Cloud in 2020, which presents a new set of opportunities for its clients with the emergence of new packaged solutions for composable banking. The platform was praised in particular for its performance reliability and adaptability since the vendor updated its architecture and incorporated modern technology into its product stack.

#### Market challengers

CR2 has retained its market challenger status due to its highly adaptable platform coupled with its strong omnichannel and payments proposition. CR2 scored solidly across all categories but received the joint-highest score for vendor recommendation, with customers scoring the platform highly for its support in meeting business benefits, adaptability, and strong customer experience.

A new entry into this report, i-exceed was recognized as a market challenger thanks to its combined offering of pre-built solutions and underlying platform, which appeals to a wide range of banks. It scored solidly across most categories and achieved the joint-highest vendor recommendation score, with customers commenting that the product is very intuitive and easy to use, both from a business-user and developer perspective.

Intellect Design maintained its position as a market challenger due to its strong solution breadth and solution capabilities. These were observed as key improvements in evaluation versus the previous edition of this report and have enabled the vendor to work with a wide variety of deployments, from large multinational institutions to smaller regional banks.

Oracle is positioned as a challenger, with the platform providing a breadth of out-of-the-box features and functionalities, particularly for its typical customer base in emerging markets. Oracle scored above market average for almost all categories and achieved top-three ratings for its solution integration, channel management, and ecosystem strategy.

#### Market prospects

Comviva, while still rated as a prospect, has vastly improved its solution capabilities and is much closer to being regarded as a market challenger in the competitive digital banking platform landscape. The vendor has improved its ability to add solution features more quickly, particularly with the channel types it supports, and was commended for the platform’s adaptability and ability to personalize the customer experience.

Diasoft, a new entry into this report, is listed as a prospect, recognizing that the vendor has recently finalized a major upgrade to its digital banking platform. The vendor scored well in the evaluation of its product experience, particularly because of its flexible and adaptable approach to business

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process and business rules management solutions, with a number of pre-built inputs provided off the shelf.

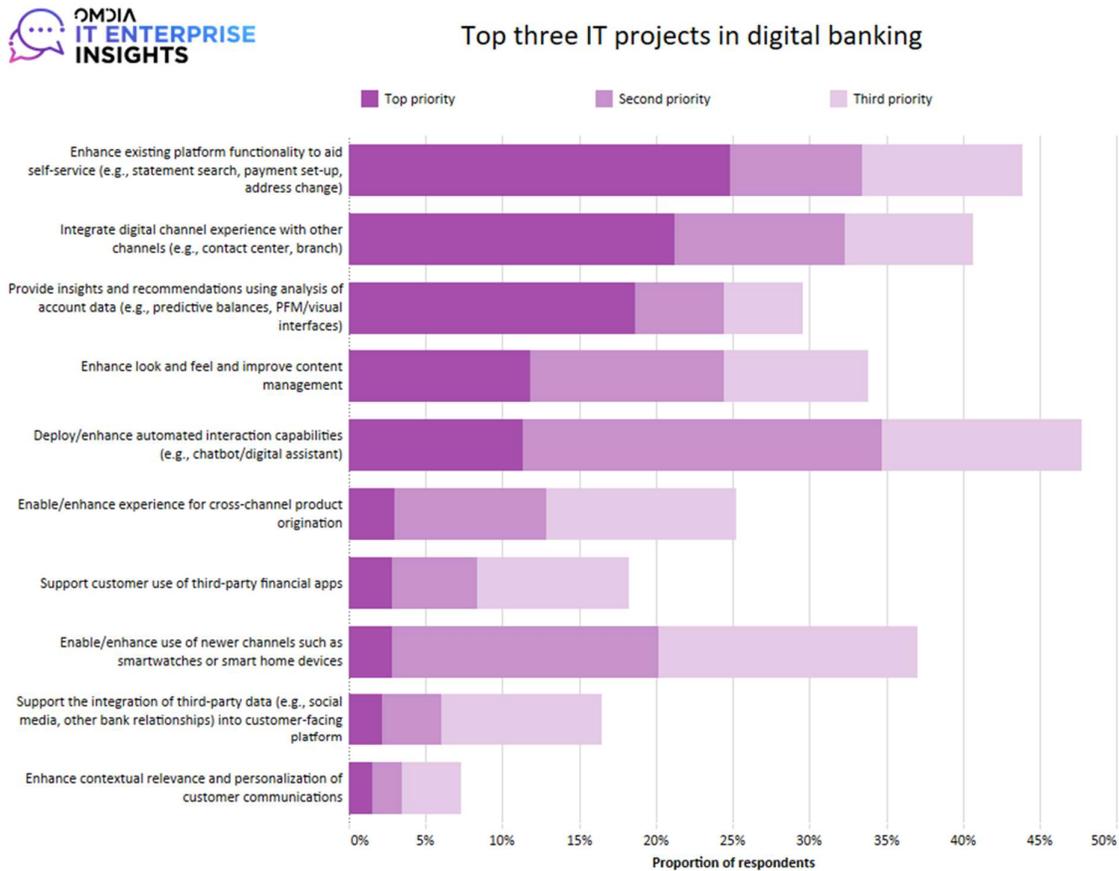
## Market outlook

The digitalization of banking services across the world, coupled with the rise of neobanks, has accelerated an already high demand for digital banking solutions, with more than a third of retail banks having significantly increased their online and mobile banking priorities because of it, according to Omdia's ITEI 2022/23 survey. Consequently, global spend on digital banking is expected to grow at a CAGR of 6% to reach \$18bn by 2026, compared with \$14bn in 2022, proving there is plenty of market share available for digital banking platform vendors.

Digital banking platform vendors have long benefited from banks locked into lengthy core banking contracts that forced them to prioritize innovation in frontend systems; however, the introduction of next-generation core banking systems is enabling banks to digitalize both their front and back-office systems more quickly and efficiently. According to Omdia's *Banking Software Contract Analytics* tool, there were 110 retail core banking deals signed in 2022 versus 70 for digital banking platforms (mobile/online), reflecting the growing importance of core banking system upgrades.

However, the evolution of digital banking platforms requires banks to continually invest in the technology, the top priority being to enhance existing platform functionality to aid self-service (25%), according to Omdia's ITEI 2022/23 survey (**Figure 3**). Banks are also prioritizing investments to integrate the digital channel experience with other channels, which is the top priority for 21% of respondents, requiring strong omnichannel engagement platform capabilities.

Figure 3: Top-three IT projects in digital banking



Sample size: 467

Question: What are your top three IT projects in digital banking (in terms of total investment value) for the next 18 months?  
 Vertical: Retail banking. Primary business line: All. Country: All. Enterprise size: All.

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Source: Omdia IT Enterprise Insights 2022/23

Digital banking is no longer seen as simply a channel but as the central interaction engine with which the customer engages the bank on a daily basis—this is reflected in the fact that “enhanced automated interaction capabilities” is one of the top-three IT projects in digital banking for almost half of respondents, according to Omdia’s ITEI 2022/23 survey (Figure 3). Financial institutions, therefore, need a digital banking platform that is robust and reliable and that addresses both the immediate need for digital banking and the ability to scale up and mature as their customer engagement priorities develop in line with changing customer preferences and market developments. By using solutions that are easily adaptable, they will avoid unnecessary costs, remain compliant, and be able to address technological challenges in the future and increase revenue.

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It is important that banks do not pursue digitalization as a series of disconnected projects and tools but rather as a strategy that is coherent in both technological and commercial terms, requiring them to focus on optimizing the value of a digital platform solution. Even though there are different approaches to digital modernization, there has been a rise in interest in composable banking, which allows banks to deliver significant transformations across both the front and backends quicker and more efficiently. At the same time, although banking platforms have evolved and SaaS adoption has been growing, vendors will need to provide multiple options for banks to help them address their needs.

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# Vendor analysis

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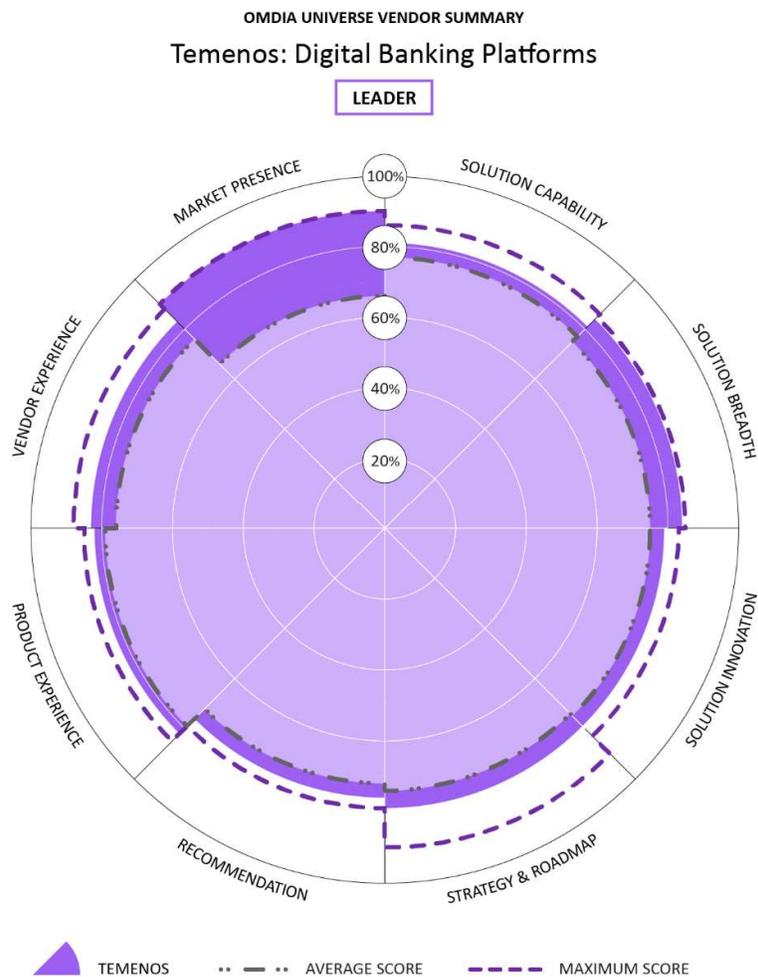
## Temenos (Omdia recommendation: Leader)

Temenos should appear on your short list, particularly if you are seeking a platform that enables rapid new product launches and an excellent user experience

### *Overview*

Founded in 1993 with headquarters in Geneva, Switzerland, Temenos is a specialist in enterprise software for banks and financial services. In 2019, it launched Temenos Infinity to distinguish from its back-office expertise and showcase strength in front-office software capabilities. The platform is modular and composable, with functionality split into digital banking, onboarding, self-service, risk and compliance, marketing, sales, provisioning, servicing, and analytics/reporting, which are available through all banking channels. The launch of Infinity was followed by the unveiling of Temenos Banking Cloud, the company's composable SaaS offering, in 2020. These launches were accelerated by increased R&D investment in building out Temenos' cloud-native and cloud-agnostic architecture, which underpins Infinity today. With Infinity and Temenos Banking Cloud, banks have the choice of opting for a full-featured digital banking engagement platform via Infinity, or they can choose to consume these capabilities as SaaS via Temenos Banking Cloud. Temenos has a global customer base, supporting banks in every region of the world, and is able to accommodate banks of all types with recent Infinity enhancements providing the universal bank with upgrades to its wealth management and corporate/trade finance digital capabilities. Infinity scored consistently well in all areas, thanks to a comprehensive platform that can be adapted for all types of bank or geography, which contributed to the vendor achieving the highest score for market presence. This global presence is supported by its partner program, Temenos IMPACT, which provides banks with access to local Temenos-certified and Temenos-skilled resources to support implementations, as well as offering access to Temenos Exchange, which focuses on pre-integrated fintech solutions that allow banks to evolve and address new market trends quickly. Temenos also achieved top-three scores for its solution capabilities and customer experience, with customer feedback praising the adaptability of the platform, the strong business benefits it brings in terms of enabling new feature launches, and a superior user experience, as well as excellent customer support.

Figure 13: Omdia Universe ratings – Temenos



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Source: Omdia

**Strengths**

Temenos has made ongoing R&D investments and acquisitions in recent years to boost the quality and quantity of solution features provided off the shelf, which has contributed to a high solution breadth score for Infinity. The platform also received a strong product experience score, with customer feedback commenting how reliable the performance of Infinity is since updating its architecture and incorporating modern technology into its product stack. The platform scored highly for its adaptability, with the off-the-shelf product providing a solid framework that can be customized for a bank’s specific requirements. For banks with limited R&D or innovation resources, Temenos’ Innovation Hub offers banks the opportunity to leverage Temenos’ innovation expertise

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and cocreate new solutions to meet emerging business needs. As part of the platform, Temenos offers a suite of distribution services that enrich manufacturing services, and clients praised its ability to speed up integration with existing systems.

#### *Limitations*

While supporting a wide range of channels, Temenos has limited experience in deploying with emerging channels such as conversational banking and smart devices, which are becoming increasingly important as channel types within emerging markets. While Infinity is highly customizable, 50% of the banking product configuration is required to be carried out by Temenos' global partners, which was generally higher than its peers. However, banks have the option to consume digital banking engagement services via Temenos' composable banking platform, Temenos Banking Cloud, which minimizes configuration requirements and shortens the time to market.

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# Appendix

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## Methodology

### Omdia Universe

The process of writing a Universe is comprehensive:

- Omdia analysts perform an in-depth review of the market using Omdia's market forecasting data and Omdia's IT Enterprise Insights survey data to assess market and platform requirements.
- Omdia creates a matrix of capabilities, attributes, and features that it considers to be important now and in the future.
- Vendors are interviewed and provide in-depth briefings on their current solutions and future plans via detailed RFI responses and follow-up discussions.
- Analysts supplement these briefings with other information obtained from industry events and user conferences.
- Analysts derive insights into the customer experience with each solution via a number of in-depth client interviews and broad market surveys of the client base.
- The Universe is peer-reviewed by other Omdia analysts before being proofread by a team of dedicated editors.

### Omdia ratings

- **Market leader:** This category represents the leading solutions that Omdia believes are worthy of a place on most technology selection short lists. The vendor has established a commanding market position with a product that is widely accepted as best of breed.
- **Market challenger:** The vendors in this category have a good market positioning and are selling and marketing the product well. The products offer competitive functionality and a good price-performance proposition and should be considered as part of the technology selection.
- **Market prospect:** The solutions in this category are also worthy of inclusion on a short list. They typically provide the core functionality needed but may be a newcomer to the market, specialize in a particular segment, or have a regional focus.

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The scoring for the Universe is performed by independent analysts against a common maturity model, and the average score for each subcategory and dimension is calculated. The overall position is based on the weighted average score, where each subcategory in a dimension is allocated a significance weighting based on the analyst's assessment of its relative significance in the selection criteria.

## Inclusion criteria

The criteria for inclusion of a vendor solution in the *Omdia Universe: Digital Banking Platforms, 2023* are as follows:

- The solution is a standalone platform that is not closely tied to the vendor's core banking platform.
- The vendor has the ability to deploy their solution across multiple geographies (Asia & Oceania, EMEA, the Americas).
- The platform to be evaluated is fully available in the market and has active customers.
- The vendor has a significant client base in digital banking platforms and/or a notable number of new wins in recent years.

## Evaluation criteria

There are many vendors in the digital banking platform solutions market, and all vendors included in this report are deemed to be of high merit and worthy of consideration for short-listing purposes. While Omdia's evaluation will look at the vendor's platform's ability to service the universal bank, the platform will need to actively service at least the retail banking market. Evaluation is based on the ability of the vendor and platform to meet the overall market's requirements, but it needs to be used in conjunction with an institution's own position, requirements, and capabilities. The criteria for evaluation, while not exhaustive, are based on market presence, solution capability (inclusive of breadth, innovation, and product roadmap/strategy), and customer experience (product/vendor experience and recommendation):

- **Solution capability:** This category looks at the richness of the digital banking channel platform content in terms of the maturity of essential capabilities provided off the shelf and at the value-adding capabilities not considered core to the platform's functionality (e.g., analytical tools, payments, open banking, etc.,) as well as its fintech partner ecosystem.
- **Solution breadth:** The range of features reviewed includes all front-office capabilities and wider functionality that can be deployed within the platform. The category also reviews the geographical coverage and scalability of the platform and its ability to serve the universal bank.

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- **Solution innovation:** The solution is reviewed in terms of the innovation of its business functionality, user experience, technology design, and deployment methods.
  - **Strategy and roadmap:** This category reviews the vendor's product roadmap and how its overall strategy aligns with current and future digital banking trends.
  - **Recommendation:** The recommendation score is based on online surveys and in-depth discussions with key customers.
  - **Product experience:** An assessment is made of the approach to data migration, deployment, updating, and upgrading, with a focus on tools, automation, and deployment options. This category also looks at the ability to analyze, optimize, and change the platform in terms of the complexity of the change process and the extent of changes possible.
  - **Vendor experience:** The platform's user experience optimization capabilities are assessed in terms of both end-customer and business-user experience. This category also reviews the strength of a vendor's capability to support its customers throughout the implementation process and after deployment as well as its ability to provide training and support globally.
  - **Market presence:** This category reviews the vendor's market share in terms of installed base (across banking tiers and geographies), revenue, growth, coverage, and recent contract wins.

## Further reading

[\*Market Landscape: Customer Engagement in Retail Banking\*](#) (January 2023)

[\*2023 Trends to Watch: Retail Banking\*](#) (December 2022)

[\*Market Landscape: Omnichannel Engagement Platforms in Banking\*](#) (September 2022)

[\*Fundamentals of Digital Banking Platforms: Key Features and Requirements\*](#) (April 2021)

[\*Banking Software Contracts Analytics\*](#) (November 2022)

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