

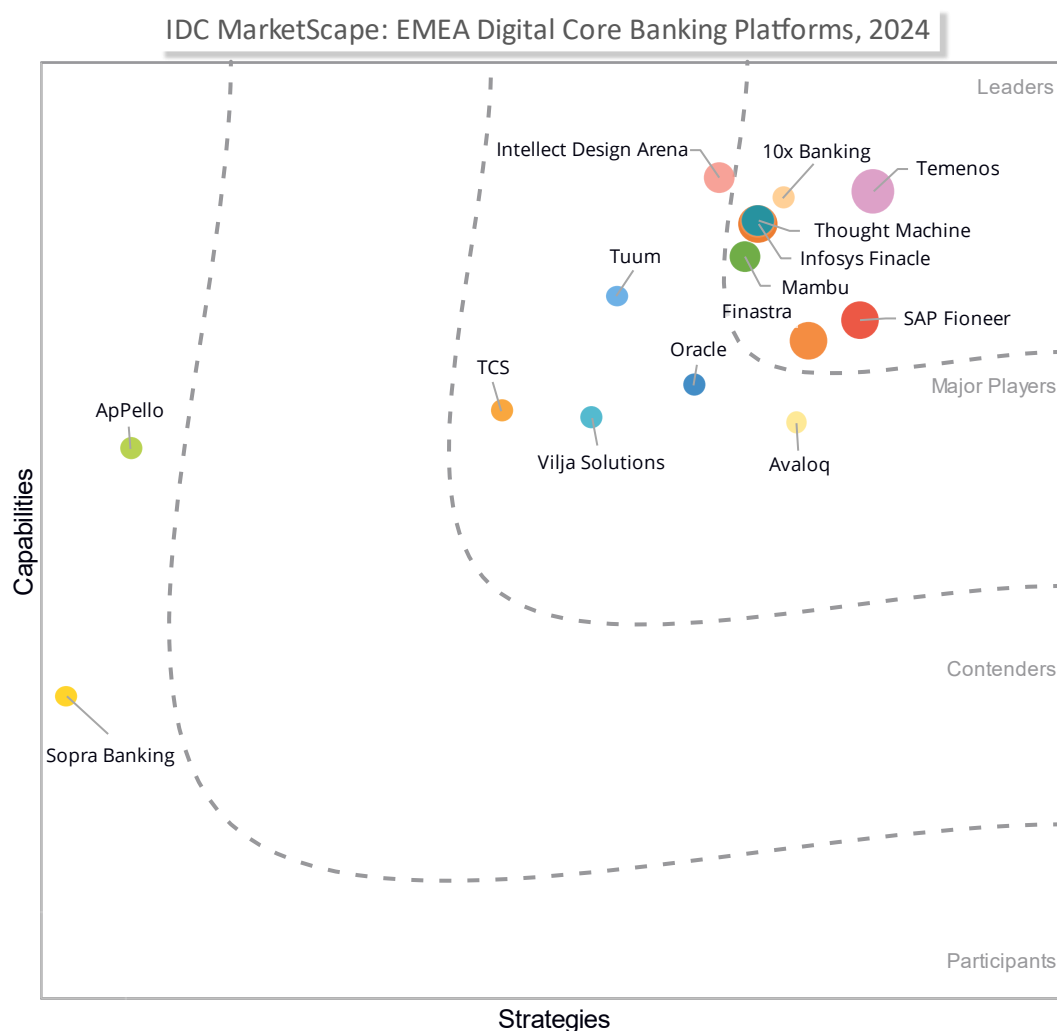
IDC MarketScape: Europe, Middle East, and Africa Digital Core Banking Platforms 2024 Vendor Assessment

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THIS IDC MARKETSCAPE EXCERPT FEATURES TEMENOS

IDC MARKETSCAPE FIGURE

IDC MarketScape: EMEA Digital Core Banking Platforms, 2024



Source: IDC, 2024

Consult the Appendix for detailed methodology, market definitions, and scoring criteria.

IN THIS EXCERPT

The content for this excerpt was taken directly from IDC MarketScape: Europe, Middle East, and Africa Digital Core Banking Platforms 2024 Vendor Assessment Document number: # EUR150463623. All or parts of the following sections are included in this excerpt: IDC Opinion, IDC MarketScape Vendor Inclusion Criteria, Essential Guidance, Vendor Summary Profile, Appendix and Learn More. Also included is Figure 1.

IDC OPINION

The last decade has seen an acceleration of the migration of core banking systems away from monolithic platforms based on COBOL or other languages created more than a generation ago. Systems are moving to digital platforms based on modern programming languages and open APIs. They operate as collections of microservices that can run in container environments. Many can be classified as cloud native.

Digital platform systems promise to open business opportunities, help banks overcome time-to-market challenges, and add resiliency, scale, and security to legacy platforms. Many banks in the Middle East and Africa are at the technological forefront of this evolution. Some banks in the EU, however, still rely on legacy systems with low or zero parameterization capabilities and slow time to market.

Deregulation and technological advances have helped drive the transformation of customer requirements. Many traditional banks are finding themselves falling behind new banking entities and fast-moving legacy banks that have adopted new technology stacks. These modern architectures are enabling banks new and old to react more swiftly to regulatory requirements and customer demands.

IDC proposes that core platforms that were developed to run on premises at the institution, or on premises at a managed services provider, or have been modified or simply augmented to run on cloud (cloud-enabled) do not qualify as digital banking cores.

The key findings of this IDC MarketScape study of 15 digital core banking platform vendors include:

- A bank's need for a specific digital core platform vendor depends on factors including the bank's size, the market demands faced by the bank, its business strategy, and the capabilities of its in-house technology staff.
- Most new core providers have designed their offerings to include support for *de novo*, greenfield, and digital bank organizations.

- Digital core systems are designed to be modular in design. They offer banking-as-a-service (BaaS) functionality to organizations that need support for one product (e.g., deposits), not full banking functionality.
- EMEA-based banks take diverse courses when looking for digital core banking solutions. Some choose software-as-a-service (SaaS) solutions to minimize their effort on technology. Several banks want (at least to some degree) preconfigured and ready-to-implement solutions. Others are looking for a platform customized to their specific needs.

Each vendor included in this IDC MarketScape has demonstrated competency in digital, cloud-native core processing. IDC would recommend any and all of them to financial institutions in need of their specific services.

Many of the core providers in this report built their platforms with different design goals and target markets. Although the vendors in this study compete, they can also complement each other under certain circumstances.

This IDC MarketScape is intended as a launch point for financial institutions and non-financial organizations that want to offer financial products and services via the modernization of their core platforms. This study should be regarded as a short list that distills the long list of big and small core providers in the marketplace. This document does not replace the due diligence that companies should perform to evaluate which vendor fits their specific needs and circumstances.

IDC MARKETSCAPE VENDOR INCLUSION CRITERIA

To be included in this document, vendors must have met the following IDC selection criteria:

- The vendor must hold the intellectual rights to a core banking solution that is digital native or developed from the ground up on cloud platforms — not a replatformed legacy system.
- The solution must utilize a microservices- and container-based architecture to fulfill cloud-native delivery standards.
- The solution must fulfill the needs of at least one major banking product as a minimum viable product (e.g., deposits, payments, loans) to qualify as a complete digital core banking solution.
- The vendor must have at least one instance of this digital-native cloud core banking platform being implemented in the regions under study. Older instances of legacy core banking platforms that are not digital native (and which in some cases may be substantial in total implementations and generated revenue) are not counted in the final assessment.
- The solution must be able to run on public cloud provided by at least one major cloud provider (these may vary by region). Solutions configured to run on private or hybrid cloud type setups are not included in this assessment.

This assessment includes solutions from vendors that meet these requirements. Our assessment of capabilities and strategies is based solely on the cloud-native solutions of a vendor's business. They are not meant to comment on the vendor's historical work or standing in the market due to prior implementations.

ADVICE FOR TECHNOLOGY BUYERS

IDC recommends that this MarketScape be used as part of a due diligence process for vendor selection. Financial institutions and fintech lenders should consult it to develop a short list of vendors from which to solicit information, including demos, about products or services. Technology buyers may use this study to evaluate a vendor's proposal and the breadth and depth of its provider capabilities.

When evaluating digital-native core banking solutions, system of record tech buyers should strive to align the following elements with their unique requirements:

- **ICT Cultural/Organizational Fit:** Undertake a sober assessment of the organization in terms of its architectural principles and approach. It is crucial that a vendor's solution aligns as closely as possible with the way the organization deals with technology. Some solutions explicitly require the entity to have a strong in-house capability to implement it. This is especially the case when the solution is more of a building kit or framework to be further developed. If the organization does not regard technology as its main differentiating factor, an out-of-the-box solution with easy configuration may be preferred.
- **Geographic Coverage:** Evaluate the geographic coverage offered by vendors. Consider factors such as their global presence, expertise in dealing with local regulations and languages, and ability to cater to specific regional requirements. Choosing a vendor with the right geographic reach ensures seamless operations in the locations where your business operates.
- **Business Model and Portfolio Coverage:** Understand vendors' business models and their portfolio coverage. Some may focus solely on rudimentary capabilities. Others offer a broader range of functionalities (e.g., related to the entire lending life cycle).
- **Ecosystem and Partner Coverage:** Assess whether your organization requires a specialized provider or is better served by a vendor that can support multiple business needs based on your core operations and procurement strategies.
- **Scalability and Integration Capabilities:** Consider the scalability of the solution and its ability to accommodate future business growth.
- **Relevant KPIs:** An application that can scale with your organization's needs ensures long-term viability. Additionally, assess the application's integration capabilities with existing systems and third-party tools to ensure seamless data flow and process automation.

- **Solution Deployment and Cloud:** Consider the application deployment options provided by vendors. Evaluate whether your organization prefers on-premises deployment, private or public cloud solutions, or an SaaS model. Ensure the chosen deployment option complies with your ICT governance policies and regulatory requirements.
- **Vendor Road Map and Customer Support:** Investigate the reputation and track record of vendors in the industry. Seek feedback from their current customers to assess the quality of their support and responsiveness to issues.
- **European Regulatory Requirements:** Properly understand compliance needs at both the national government and European Union level to ensure the solution is fully compatible with reporting requirements and ICT risk management procedures (specifically, ICT third-party risk management and digital operational resilience testing).

VENDOR SUMMARY PROFILE

Temenos

Temenos ranks in the Leaders category in the 2024 IDC MarketScape for EMEA Digital Core Banking Platforms.

Temenos was founded in 1993 and has its headquarters in Geneva, Switzerland. Company shares are listed on the main segment of the SIX Swiss Exchange (it went public in 2002) and the vendor has a staff of nearly 6,000 worldwide. Temenos has stated it has over 950 Temenos Core clients spread around the world.

The company's broad portfolio of services and products covers all the major segments, including retail, commercial and corporate banking, and wealth management/private banking. It serves clients on all five continents.

To sustain its expansion, it has developed a strategic growth program that rests on the following pillars:

- **Continued SaaS Acceleration:** This will continue to enable clients to be on a platform that enables them to reach scalability and security through advancement of self-service capabilities.
- **North American Focus:** Temenos is targeting top tier banks for digital transformation, both domestic and international banks.
- **Increasing Penetration of Large Banks:** Temenos is developing cloud-native platform enhancements and continuing work on elasticity, reliability, and enhanced security across regions
- **Partner-First Approach:** Temenos is setting up partnerships, including sales partners for localization, country model, or segment-specific solutions.

Temenos has established a formal pool of partners and third-party providers, known as the Temenos Impact, in the areas of technology development, sales, and implementation capabilities. It is partnering with Deloitte and has established a global Temenos Center of Excellence on Digital Banking Solutions in Poland and Luxembourg.

The Temenos Core Banking solution portfolio is a cloud/digital-native and cloud-agnostic composable microservices-based offering. It uses a modern technology stack that can evolve to cater for new needs as they arise. This enables banks to compose, extend, and deploy banking capabilities at scale via cloud and SaaS. It can also be deployed on premises. The solution, deployed by clients worldwide, is also compliant with requirements for Islamic banking.

The solution can cater to all segments (e.g., retail banking, commercial/SMEs, corporate banking, private banking/wealth management). Its breadth includes various types of banking organizations, such as neo/digital-only banks or microfinance companies that lack a proper banking license. It also has capabilities to deal with BaaS and embedded finance/banking. Other functionalities (not a full list) that are supported include payments and compliance/risk management domains like KYC, AML, and ESG reporting. The solution has an embedded AI engine with capabilities available through a self-service portal.

One of the fundamentals of the technology stack of the platform, besides its composability, is being agnostic in terms of the cloud services provider as well as the database. Another component is open REST APIs.

Strengths

- Temenos has a broad customer base that spans the continents. The advantage is that the company can pick up a need from a certain client and develop it further for the benefit of other clients.
- Temenos has a strong partnership program whose members include systems integrators, technology partners, and developers, enabling rapid innovation.
- Temenos has proven constantly over the years to be an innovator in deepening and broadening its solution and has already pre-composed banking services based on capabilities. The solution is broad, with several capabilities (e.g., KYC and AML) being developed in-house.
- Clients praise Temenos for a client-centric and cooperative approach to problem solving.
- Its workflow-driven capability and approach to low-code configuration and rules is easy to work with, requiring less training effort.
- Given its geographical span, Temenos' solution is cloud agnostic and the platform is readily available on various regional clouds.

Challenges

- Temenos faces threats from technology-savvy new start-ups. It may be perceived as less nimble in terms of innovation.
- Given its size and global scope, Temenos may occasionally appear slow in delivering support.

Consider Temenos When...

- The Temenos platform is a sort of "universal soldier" suitable for any type of institution.
- Temenos' solution has proven to be reliable and resilient and works well in any type of environment. This benefits institutions that may have weaker overall infrastructure.

APPENDIX

Reading an IDC MarketScape Graph

For the purposes of this analysis, IDC divided potential key measures for success into two primary categories: capabilities and strategies.

Positioning on the y-axis reflects the vendor's current capabilities, menu of services, and how well aligned the vendor is to customer needs. The category focuses on the capabilities of the company and product today. Under this category, IDC analysts examine how well a vendor is building/delivering capabilities that enable it to execute its chosen strategy in the market.

Positioning on the x-axis, or strategies axis, indicates how well the vendor's future strategy aligns with what customers will require in 3–5 years. This category focuses on high-level decisions and the underlying assumptions about offerings, customer segments, and business and go-to-market plans.

The size of the individual vendor markers in the IDC MarketScape represent the market share of each individual vendor within the specific market segment being assessed.

The criteria used in this IDC MarketScape (and the resulting position in Figure 1) cross dimensions of strategy (plans and where the vendor is headed) and capability (where the vendor is today in terms of capabilities). Each element within strategy and capability is assigned a weighting based on the relative importance of each criterion in the opinion of IDC Financial Insights and feedback from client references.

IDC MarketScape Methodology

IDC MarketScape criteria selection, weightings, and vendor scores represent well-researched IDC judgments about the market and specific vendors. IDC analysts

tailor the range of standard characteristics by which vendors are measured through structured discussions, surveys, and interviews with market leaders, participants, and end users.

Market weightings are based on user interviews, buyer surveys, and the input of IDC experts. IDC analysts base individual vendor scores, and ultimately vendor positions on the IDC MarketScape, on detailed surveys and interviews with the vendors, publicly available information, and end-user experiences. The goal is to provide an accurate and consistent assessment of each vendor's characteristics, behavior, and capability.

The vendor assessment model known as the IDC MarketScape is a quantitative and qualitative assessment of the characteristics that explain a vendor's success in the digital core banking system space and helps assess current and anticipated performance in the marketplace.

This is the first vendor assessment in this area published by IDC Financial Insights. This version of the IDC MarketScape report focuses on vendors who have implemented digital core platforms in EMEA. The other two reports represent the same overall evaluation but focused on vendors implementing digital core systems in Asia Pacific and North America.

Market Definition

This study assesses the capability and business strategy of 15 vendors with core banking platforms that align with the more open and cloud-native architectures that are the hallmarks of the next generation of core banking. This evaluation is based on a comprehensive framework and set of parameters expected to be conducive to success in providing organizations with insight into digital core banking platforms.

For the purposes of this evaluation, IDC Financial Insights focuses on digital banking core technology that:

- Enables deposit, lending, and transaction processing
- Builds functionality using APIs
- Uses a microservices/containerized approach (Kubernetes, Docker, etc.), enabling scalable cloud deployment
- Enables auto-scaling
- Allows for open data architectures

The core banking solution is perhaps the most critical and fundamental of any bank's operations. It enables the posting of transactions and calculation of the interest rate on deposits and loans. It is basically the heart of the bank. Over the past number of years, banks have seen a significant trend toward digitalization of core processes and have had to accommodate a fast pace of new customer requirements.

IDC Financial Insights conducted an IDC MarketScape assessment to evaluate digital-native core banking solutions. This revealed rather divergent approaches to how a digitally core banking solution can be construed. On the one hand, the solution is developed and offered to provide a built-in high number of functionalities through a bank-in-a-box approach. The other approach is to provide a framework and build event-driven domain microservices to develop tailor-made functionalities through a configuration layer.

By embracing a digital-native core banking approach banks can truly establish transformative outcomes, provide superior service to their customers, and achieve sustained success in a dynamic and ever-changing banking market.

LEARN MORE

Related Research

- *Tech Buyer Presentation, Bank Enterprise Resiliency — An Old Art Wrapped in New Clothes* (IDC #EUR251750824, February 2024)
- *Industry Market Trends: European Banking* (IDC #EUR251980324, April 2024)
- *Legacy Core Banking Modernization: Finding the Relevant Path* (IDC #EUR251775624, February 2024)
- *Industry Buyers Handbook: European Financial Services* (IDC #EUR251246223, October 2023)
- *IDC's Worldwide Digital Transformation Use Case Taxonomy, 2023: Banking* (IDC #US51177723, September 2023)
- *IDC PeerScape: Core Banking Modernization Practices for Creating Resiliency and Innovation* (IDC #US49938522, December 2022)
- *IDC PlanScape: Core Banking Modernization to Meet Changing Demands* (IDC #US48460621, December 2021)

Synopsis

This IDC MarketScape delves into digital-native core banking solutions from a broad perspective. This comprehensive research involves quantitative and qualitative analysis of 15 vendors. It explores the various features and characteristics defining these vendors' capabilities in supporting banks to operate the fundamental processes related to daily banking transactions (e.g., interest calculation, posting updates to accounts, interfaces to the general ledger, various reporting applications).

Using a standardized framework, we identify key parameters that contribute to success in providing cutting-edge applications for the short and long term. This assessment can be used as a guide for industry players when selecting the most

suitable solution, empowering them to thrive in this dynamic landscape and fostering innovation. We assess vendors' organizational visions and road maps to form a view on their ability to deliver in the short and long term.

"In the ever-evolving landscape of core banking solutions, embracing change is not a choice but a necessity. Banks of all kinds — across different market spaces in Europe, the Middle East, and Africa — face challenges ranging from mounting regulatory pressures to complex risk assessments to rising customer expectations. To navigate these hurdles and thrive in the digital age, modern, digital-native core banking solutions emerge as a beacon of hope. Banks can enhance their agility, offer more personalized products, and deliver seamless customer experiences by modernizing the core of what they do through digital-native core banking solutions."
— Research Director George Briford, IDC Financial Insights

ABOUT IDC

International Data Corporation (IDC) is the premier global provider of market intelligence, advisory services, and events for the information technology, telecommunications, and consumer technology markets. With more than 1,300 analysts worldwide, IDC offers global, regional, and local expertise on technology, IT benchmarking and sourcing, and industry opportunities and trends in over 110 countries. IDC's analysis and insight helps IT professionals, business executives, and the investment community to make fact-based technology decisions and to achieve their key business objectives. Founded in 1964, IDC is a wholly owned subsidiary of International Data Group (IDG, Inc.).

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