

Top 4 benefits of core banking transformation

Modernizing core banking infrastructure using open source standards

“81% of banking executives say their banks will invest more in core systems modernization within the next 12 months.”

—
Harvard Business Review
Analytic Services

Introduction

Many core banking systems were created for a predigital world of brick-and-mortar branches and call center agents. Heritage systems are being taxed beyond their intended purpose and are inadequate to deliver real-time digital services that customers now expect.

Increasingly, basic retail banking services are being commoditized. To avoid being an afterthought, banks need to bring more value to their customers by creating more distinctive digital services. As part of a broader banking ecosystem, this also means banks must securely share data with digital partners who can help them compete.

Adopting a modern cloud platform based on open source standards can provide banks the agility they need with the performance, reliability, and security they have come to trust.

Adaptability to change

Core banking modernization is a journey. Firms struggling with monolithic systems designed in an analog era are seeking to move toward a more agile approach. This means separating deposits, lending, payments, and other services into different components that can evolve independently. This frees the bank from the constraints of a centralized system—and with an open source approach, the bank retains control over innovations to the software stack that support core banking modernization.

By running these services on a cloud platform that spans the mainframe, virtualized, and cloud environments, banks can reduce infrastructure, operational, and integration costs across the enterprise. This also offers the advantage of a consistent cloud experience while meeting data sovereignty requirements when operating in and across countries.

Improved connectivity inside and out

Cross-channel data flow needed by today's digital customer means that customizations, defined in complex business logic of the past, are modernized to an integration layer that permits composable offerings. The flexibility of that integration layer is key to ensuring the core modernization journey continues to make incremental improvements, whether those improvements come from independent software vendor (ISV) solutions or legacy system modernization.



facebook.com/redhatinc
@RedHat
linkedin.com/company/red-hat

1 Harvard Business Review Analytic Services, sponsored by Red Hat, “Modernizing core systems has become a business imperative for the banking industry,” Dec. 2020.

An open source, cloud-native containerized integration provides durable bridges for complex data integration, service composition, and orchestration. And with this integration, a range of data exchanges necessary for applications are supported—such as application programming interface (API) communication and management, real-time message streaming, or data transformation routines—crossing islands of information that can be traced.

More distinctive digital services

Getting to market faster requires reuse rather than reinvention. A cloud platform that includes high-quality cloud native tools helps banks focus their energy on creating market-leading digital services without having to worry about the supporting infrastructure underneath.

With microservices that are both independent and scalable, banks can quickly compose new customer journeys and deliver new customer experiences. With a catalogue of cloud-native services, developers have access to the tools and environments they need to innovate without constraints.

A cloud platform with built-in automation and intelligent monitoring helps banks streamline banking operations from end to end and deliver digital services to their customers dependably.

Enhanced customer insight

Providing more impactful digital services for customers requires using data insights about their needs and experiences. Applying artificial intelligence (AI) in sandboxes can be easy, but scaling and taking action based on insights in a repeatable way is harder. A modern cloud platform helps address these issues by combining data streaming with optimized hardware accelerators along with the AI and machine learning pipelines—designed to automatically deploy and scale insights that are portable across environments.

About Red Hat

Providing the agility and innovation that firms are seeking with the performance and reliability they must have, Red Hat and its partners help banks reinvent core banking with the innovation that comes from open source. Red Hat can help you improve efficiency and accelerate time to market for critical banking services with a modern cloud platform and tooling that is more secure, resilient, and flexible. Find out more about [how Red Hat supports banking and financial services](#).



About Red Hat

Red Hat is the world’s leading provider of enterprise open source software solutions, using a community-powered approach to deliver reliable and high-performing Linux, hybrid cloud, container, and Kubernetes technologies. Red Hat helps customers integrate new and existing IT applications, develop cloud-native applications, standardize on our industry-leading operating system, and automate, secure, and manage complex environments. Award-winning support, training, and consulting services make Red Hat a trusted adviser to the Fortune 500. As a strategic partner to cloud providers, system integrators, application vendors, customers, and open source communities, Red Hat can help organizations prepare for the digital future.



facebook.com/redhatinc
@RedHat
linkedin.com/company/red-hat

North America
1 888 REDHAT1
www.redhat.com

**Europe, Middle East,
and Africa**
00800 7334 2835
europe@redhat.com

Asia Pacific
+65 6490 4200
apac@redhat.com

Latin America
+54 11 4329 7300
info-latam@redhat.com