

Taking on Digital Disruption

How to Deliver Financial Services Innovations at the Pace of Consumer Expectations

Today life and technology are inseparable. Across industries, people expect the latest experiences delivered faster and more seamlessly than ever before. For financial institutions, it can feel like a constant race to stay on a development cycle more aligned to consumer technology than to financial services. New digital-savvy competitors, evolving banking channels and emerging technologies are all factors pushing a constant need for product innovation and technology integration. How can financial institutions deliver experiences at the speed consumers require while avoiding the expensive and complex hamster wheel of perpetual IT transformation?

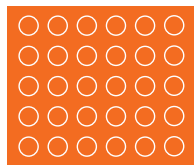
This environment requires a more agile and sustainable approach to IT strategy: It's called modularity.

The best way to understand modularity is to visualize building blocks. Modularity begins with a base platform designed to easily accommodate the addition of new features, each of which is delivered via a module (or block) that connects to the original platform. New features can be added without changing the underlying technology framework.



PLATFORM

Facilitating, housing & enabling modules



FRAMEWORK

Connecting modules to the platform



MODULES

Functionally designed for a specific need

As needs change, modules can be added or removed, giving institutions the flexibility to evolve products and services to match market or consumer demand. Modules are not add-ons; rather, they're an integral part of the product platform that make the delivery of capabilities appear seamless to the user. So, a consumer might see a new feature (within online or mobile banking, for example) become available much quicker thanks to the efficiency gained by modularity.

Visualize a New Strategy

A modular approach addresses three key factors required for institutions to remain relevant in this age of digital disruption: flexibility, speed and confidence in investment. As markets change to keep pace with technology expansion and consumer demand, a modular approach gives institutions the ability to flex with that demand. Using REST API technology, the modules are channel agnostic, meaning they can be used by any channel the institution wants to upgrade or enhance. Until now, the financial services model has been designed around periodic platform upgrades—a strategy that has served the industry well. But, with the digital boom completely altering the landscape, it's time for financial institutions to start visualizing a new strategy.

Financial institutions are judged on how well their products and services align with market and consumer expectations. It's that simple. And that means flexibility and speed are essential to remaining competitive in this environment.



Consider an example of modularity in practice: A leading national bank has empowered its cardholders to manage their debit card security themselves through the bank's existing digital platform. This new capability enables the bank's cardholders to temporarily deactivate their debit cards. Some people might choose to do so while traveling abroad, for example, to reduce risk of fraud. With modular architecture, a debit card control service is not a separate system, but simply a module that can be easily added without changing the platform. No platform modifications or framework customization is needed. That's the essence of modularity.

The Modularity Advantage

Staying in step with the technology evolution is by far one of the most formidable challenges your institution faces, and it's easy to see why. Consumers' lives—and their expectations—are synced with technology.

They now expect their financial lives to be just as convenient. Institutions that don't meet those expectations can quickly become irrelevant in a hyper-competitive marketplace. Modularity is the way to remain technologically relevant, flexible and customer-centric without crippling the budget.

Modularity breeds flexibility. Using modular architecture, change is as straightforward as adding or removing a module. The platform is completely customizable and scalable, adapting to market or institutional need. And, because modular architecture is channel and technology agnostic, institutions aren't bound by a particular mobile device or software platform when changes need to be made. So, for example, if a retail bank decides to expand its market by entering the commercial space, a single platform can easily manage a diverse mix of commercial and retail business products.

Modularity speeds up time to market. In this competitive and evolving marketplace, your institution can't afford to wait to release new products. Modular architecture enables institutions to remain ahead of the technology curve rather than behind it. New capabilities, features or functionality can be rolled out in a fraction of the time it would take to upgrade to an entirely new platform.

Modularity drives higher return on investment. Platform technology is a major investment and a long-term commitment. With modularity, an institution

Extended Platform
Flexibility



More Feature
Control



Channel Agnostic
API



Faster Time
to Market



Higher Return
on Investment

is able to add new capabilities without reinventing the entire makeup of its platform each time. And, as new needs arise, the institution simply adds to its investment by integrating new modules into the mix—without disrupting the existing environment. The life of the investment is extended, because the platform and services can evolve continuously to meet market shifts.

Pushing the Boundaries of Digital Delivery

A modular approach to technology can help institutions meet lofty market expectations, particularly with tech-savvy millennials. Companies such as Google, Apple, Microsoft and Salesforce—and even startup communities and developers—are taking modular architecture to new heights and pushing boundaries like never before. It's time for financial institutions to push those same boundaries.

Modularity offers much-needed flexibility and innovation as an all-encompassing approach; it addresses both the technology aspect and the market-driven business need. It enables institutions to create new ways of meeting customer expectations without adversely affecting efficiency or profitability. And it promotes the customization and packaging of services (modules) together to target specific market or consumer trends.

Recommended Next Steps

Keeping up with technology and consumer expectations doesn't have to be daunting. When reviewing your institution's technology strategy, here are some things to think about:

Review your current platform strategy and environment. Is it flexible? Can you add or remove features without performing an entire platform upgrade? And, if you decide to add features, what is the timing for expected rollout?

Commit to a go-forward strategy that allows for more flexibility. As fast as technology is changing today, flexibility is mission-critical to your institution's long-term profitability. If your platform is not allowing you to easily add the new enhancements, products and services the market and your customers are demanding, you might need to reassess your overall digital delivery strategy.

Partner with the right technology provider. For more than 30 years, Fiserv has driven innovation across many different disciplines and industries. Built within a flexible modular framework, our latest customizable digital platforms enable our clients to deliver the products and services consumers demand in a world completely intertwined with technology and right-now expectations.

About the Author

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Connect With Us

For more specific information about our approach to modularity, call 800-872-7882, email getsolutions@fiserv.com or visit www.fiserv.com.

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