SINGAPORE, August 04th, 2020 – IDC Financial Insights Asia/Pacific’s latest report titled A New Generation of Core Banking Systems Propels Asia/Pacific Banks to a Future Beyond Digital reviews four generations of core banking, its impact on digital transformation (DX), and the need for core banking systems that are truly digital. IDC Financial Insights has developed a digital core banking framework and compares four digital archetypes for processing DX, regardless of which core banking generation is being used currently.

“A new breed of digital core banking systems built on and using the technologies of our time exists, making migration easier, with the agility to continuously evolve core banking systems as needed. These new propositions effectively future-proof the core,” says Michael Araneta, Associate Vice President at IDC Financial Insights Asia/Pacific.

As core vendors have evolved legacy systems, they usually first took the abstraction approach and then started to extract microservices and build APIs. However, no vendor has taken the exact same path, and how they developed new releases of their core banking system depends on when they were first launched and the technology available at the time. IDC has defined four digital archetypes used with core banking in support of DX. The four archetypes generally align with what generation core is currently being used and are defined as follows in the order of least to most robust for DX: digital skin, digital interface, digitalized core, and organic digital core.

Figure 1
“The ability to provide the most robust digital core banking archetype depends on the current core in use. In general, the older the core banking system, the less robust the digital experience provided. First- to third-generation vendors have to rearchitect existing features to provide more digital capabilities. Fourth-generation core systems have often been designed and built more recently on modern technology and provide the fullest set of digital core banking features,” says Steve Shipley,
Adjunct CIO at IDC Financial Insights Asia/Pacific.

This IDC Perspective presents a framework for new digital core banking and its importance in achieving DX. The attributes required for new digital core banking have been presented as four digital archetypes that can be used based on the core banking generation currently in use. The report also defines the 25 key attributes required for digital core banking systems to assist the reader when evaluating core banking vendors. For more information about the report, please contact Michael Araneta maraneta@idc.com.

The report "A New Generation of Core Banking Systems Propels Asia/Pacific Banks to a Future Beyond Digital" is one of the topics presented at the 2020 Asian Financial Services Congress. This 100% virtual congress covers 10 key themes (including Core Banking) aligned with IDC Financial Insights’ research on topics that directly affects the financial services sector including specific challenges and best practices of each market. To learn more about IDC AFSC 2020, register at www.idc.com/afsc2020.

For media queries, please contact Tessa Rago trago@idc.com or Alvin Afuang aafuang@idc.com.

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IDC Financial Insights assists financial service businesses and IT leaders, as well as the suppliers who serve them, in making more effective technology decisions by providing accurate, timely, and insightful fact-based research and consulting services. Staffed by senior analysts with decades of industry experience, our global research analyzes and advises on business and technology issues facing the banking, insurance, and securities and investments industries.

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For more information contact:

Michael Araneta
maraneta@idc.com
+66 8689 38708
Steve Shipley
sshipley@idc.com
-  
Theresa Rago
trago@idc.com
+65 9159 3053
Alvin Afuang
aafuang@idc.com
+63 9177 9745 86