Market Guide for Digital Banking Platforms

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Digital banking platforms enable banks to shift digital experience delivery closer to products, channels or business operations by blending technology and business domain expertise. CIOs must identify capabilities and vendors that are best-suited to their strategic needs within an evolving market.

Overview

Key Findings

- Banking CIOs want to actively foster self-reliance and autonomy in innovation to keep pace with the continuous changes in client expectations and technology development. Achieving this hinges on the democratized collaborative partnership of technology teams and business.
- A digital banking platform (DBP) is designed by assembling component capabilities, architecture patterns and technologies that work together to provide an adaptive, intelligent and enhanced experience. A DBP by design fosters distributed delivery and enhances autonomy.
- The primary use case for deploying a DBP continues to be creating omnichannel digital capabilities. According to vendor surveys, clients cite creating omnichannel as the top driver for investing in DBP, followed by delivering new customer experience capabilities and improving existing customer experience.
- Leading banks are using robust DBPs to enable new engagement models with digital ecosystems. This is leading to entirely new line-of-business revenue streams, such as identity, custody and insight, and to enabling access to other basic banking capabilities through APIs.

Recommendations

Banking CIOs responsible for delivering banking technology insights should:

- Shift from the traditional design of packaged applications for channels to engineering a modular collection of capabilities.
- Replace existing, less productive development tools and frameworks by using platform capabilities that foster autonomy within a DBP as you rearchitect or replatform applications.
- Acknowledge the distinct roles of (1) IT as the creator of application components and (2) digital banking teams or line of business as the composers of user experiences. Do this by ensuring a clean separation of roles in product design and implementation to support business technologists as self-reliant composers.
- Support collaboration and knowledge sharing for IT teams to work together in groups or communities with digital experience teams and line of business users to achieve common business goals through conversations or information exchange.

Market Definition

The digital banking platform market consists of capabilities that enable financial services providers to orchestrate financial product and service delivery within a seamless, consistent experience by combining front-end development tools, common platform services and back-end business services. Capabilities are delivered via a unified platform that has loosely coupled front- and back-end architectures built to enable composable experiences, adaptive intelligence, ecosystems and product creation (see Future of Applications: Delivering the Composable Enterprise).

Building such a platform typically involves a variety of technologies but, for banking, industry solutions are emerging that bring together the required technology components in an industry-specific platform solution.

Market Description

This document was revised on 19 August 2024. The document you are viewing is the corrected version. For more information, see the Corrections page on gartner.com.

The traditional product and service silos that exist within banking institutions have been slowly eroded over the past decade as business leaders grapple with how to leverage emerging technology that enables a customer-centric experience across the entire banking relationship. In the past, banks have extended the core banking system's capabilities incrementally. As more solutions were bolted on to existing layers, the ability to create synergies by sharing data, analytics or capabilities almost became an impossibility.

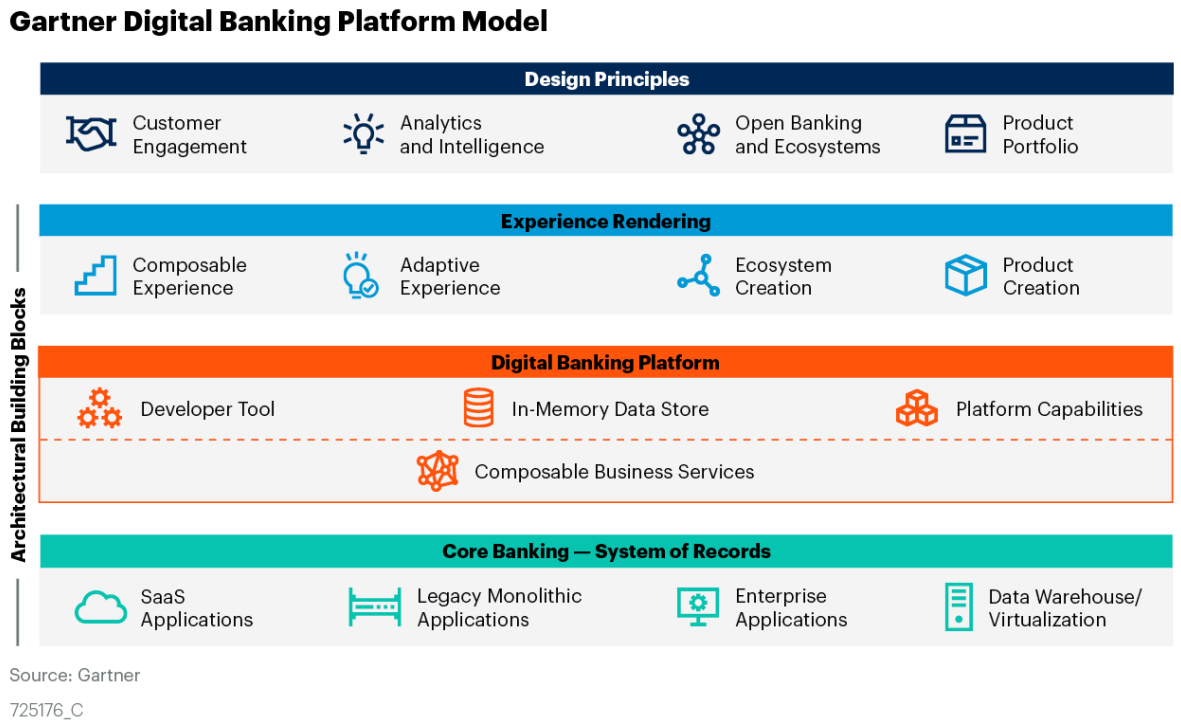
The 2024 Gartner CIO and Technology Executive [1] survey shows that CIOs are most effective at delivering business outcomes from digital initiatives when they co-own this responsibility with their C-suite peers by modeling their C-suite-CIO partnerships on a franchise model. See Banking and Investment Services: 2024 CIO Agenda Insights and Data. Franchisers (see Note 2) are the top group for performance against digital initiatives at their enterprises. Enterprisewide, 63% of digital initiatives meet or exceed their outcome targets when CIOs utilize the franchise model. A well-architected digital banking platform will enable CIOs' democratization of digital technology delivery closer to business.

Moreover, a successful end-to-end digital banking platform enables banks to leverage a broader set of transaction types, new products and engagement models. It can create new revenue opportunities, reduce operating costs and enable banking transformation that stretches beyond just delivery channel transformation. Supporting revenue growth is a top outcome sought from digital technology investments among banks, according to the 2024 Gartner CIO and Technology Executive Survey.

CIOs are being tasked with assembling the necessary technology components that enable these transformational capabilities and creating a sustainable foundation that allows for transformation at scale and at an ever-increasing pace. Unfortunately, the market suffers from a lack of consistency about what constitutes key functional DBP components, creating a fragmented vendor landscape. Some solutions have emerged recently in response to, or from the creation of, challenger banks. Other solutions have evolved from more-mature fintech providers and the consolidation of channel-specific solutions and functional capabilities like customer onboarding and product origination constructed over time.

To address this ambiguity, Gartner has created a DBP model that outlines a set of design principles, key architectural building blocks and specific functional capabilities (see Figure 1). Our model enables banks to compose, deliver and manage contextualized digital experiences (see Key Building Blocks for Digital Banking Platform's Success).

Figure 1: Gartner Digital Banking Platform Model



At the center of Gartner's DBP model is a portfolio of capabilities that includes or orchestrates front-end development tools, common platform services and back-end business services. Capabilities are delivered via a unified platform that has loosely coupled front- and back-end architectures built to enable rapid, scalable development of seamless, targeted and ambient experiences across devices, modalities and touchpoints.

Building such a platform typically involves a variety of separately sourced technologies, but for banking, industry platforms are emerging that bring together required technologies in a platform solution. In this research, we cover the evolving market of solutions that bring together functional capabilities and technology components to create industry-specific digital banking platforms.

Market Direction

The DBP market is poised for continued growth. The proliferation of customer engagement opportunities, both inside and outside traditional bank boundaries, has reinforced customers' expectations of personalized, seamless and effortless financial services experiences.

To address these evolving consumer expectations and the associated business opportunities they create, the DBP market has evolved to address three primary use cases:

1. New market entrants compete directly with banks via challenger or neobank offerings, in addition to digital-only offerings from incumbent banks.

2. Incumbent banks try to replace legacy channel solutions. Most DBP players are finding opportunities with incumbent banks as they replace specific channels and then expand the platform's value proposition over time.

3. Incumbent banks try to generate revenue by extending banking capabilities (often under the bank's existing license) to third parties through banking as a service (BaaS) offerings.

Across all three use cases, DBP providers may offer an end-to-end solution that includes the user experience and business functionality up to, and in some cases including, some abstraction of core banking services. Digital banking platforms are typically consumed as white-label solutions in the challenger bank or BaaS use cases. These buyers look to exert greater control of the customer experience while leveraging the platform's APIs and underlying capabilities.

The market will see an acceleration of modernization initiatives within banks because legacy solutions no longer meet customer needs or provide the adaptability to respond to changes in customer behaviors. Sustained net interest margin compression and uncertainty will drive organizations to deliver new value propositions and ecosystem participation.

Market Analysis

Gartner conducted a targeted vendor survey to analyze the evolution and maturity of DBP capabilities for this Market Guide. [2] The survey included 27 participant vendors that we think broadly represent the global vendor landscape. This is not meant to be an exhaustive list. Gartner encourages CIOs to seek out region-specific vendors that may be well-suited to unique regional needs. Key findings from the survey are as follows:

1. The primary use case for deploying a DBP continues to be creating omnichannel digital capabilities. Vendors ranked creating omnichannel as the No. 1 reason for clients investing in their products/solutions. This was followed by deliver new customer/user experience capabilities and improve existing customer experience/user experience.

2. Many multichannel solution providers continue to move toward a DBP. A majority of the surveyed vendors have built or added new capabilities aligning to a platform approach. These providers have constructed product roadmaps that can meet most banks' incremental movement toward transformation while providing a minimum viable product required by banks seeking out the specific benefits offered through a DBP.

3. Across the surveyed providers, DBP solutions consistently provide support for multiple bank customer segments. The vast majority (96%) of DBP vendors serve consumer banks, 82% serve corporate banks and 92% serve small and midsize businesses (SMBs). Wealth management is supported by only two-thirds of respondents. Brokerages remain the least supported constituency, supported by only 40% of the vendors surveyed. More variability existed across platforms when we evaluated functionality designed to serve internal bank employees.

4. On-premises or private cloud continues to be the dominant deployment model.

5. SaaS deployment is gaining market share, with 71% of surveyed providers supporting a SaaS-based deployment model. One of the primary benefits articulated by vendors was the ability to quickly deploy the DBP solution, as well as the additional products and services made possible by the DBP. A typical implementation timeline is six to 12 months from contract execution to production.

6. The ability to integrate with prominent core banking applications is an important differentiator. Nine solutions surveyed out of 32 are not core-agnostic.

7. Many vendors support a modern technology stack based on cloud-native microservices architecture with support for an in-memory data store for analytics. The stack includes the three architectural building blocks — that is, experience rendering layer, platform layer (including composable business services) and core banking layer. (See details on each vendor in the vendor profiles later in the document. Also, see Note 3 for more information about representative vendor selection.)

Representative Vendors

The vendors listed in this Market Guide do not imply an exhaustive list. This section is intended to provide more understanding of the market and its offerings.

Market Introduction

Table 1 shows representative vendors for digital banking platforms (sorted alphabetically). See details on inclusion criteria in Note 3.

Table 1: Representative Vendors for Digital Banking Platforms

(Enlarged table in Appendix)

Vendor Name	Product Name
Apiture	Apiture Digital Banking Platform
Avaloq	Avaloq Digital Banking Solution
Backbase	Backbase Engagement Banking Platform
Blend	Blend Builder Platform
Comviva	mobiquity Banking Suite
CREALOGIX	CREALOGIX Digital Banking Platform
Creatio	Financial Services Creatio
Diasoft	Digital Q
ebankIT	ebankIT Omnichannel Digital Banking Platform
EdgeVerve	Finacle Digital Banking Solution Suite
Finshape	Digital Bank OS (DBOS)
FIS	FIS Digital One
Galileo	Cyberbank Digital
i-exceed	Appzillon Digital Banking
Intellect Design	Contextual Banking Experience (Intellect CBX)
MX Technologies	Mobile Banking
NCR Voyix	Digital Banking
Sopra Banking Software	Sopra Banking Platform Digital Banking
Tagit	Mobeix Digital Banking Platform
Tata Consultancy Services	TCS BaNCS Global Banking Platform
VeriPark	VeriChannel

Source: Gartner

Market Recommendations

CIOs delivering financial services digital business strategy and innovation:

- Make evaluating product roadmap an essential selection criteria mapping to the bank's scaling roadmap. This is because there are currently no vendors' products that can serve across lines of business capabilities comprehensively.
- Prepare for implementations by documenting requirements for customer journey maps to cut down implementation delays. Most vendors provide model bank offerings that will not be comprehensive out-of-box for an incumbent bank's requirements.

Acronym Key and Glossary Terms

Digital banking multichannel solutions	Digital banking multichannel solutions are commonly deployed as an overlay to digital banking platforms. Multichannel solutions share a common business process layer and APIs, focusing on customer experience to provide a consistent workflow.

Evidence

[1] **2024 Gartner CIO and Technology Executive Survey.** This survey was conducted online from 2 May to 27 June 2023 to help CIOs determine how to distribute digital leadership across the enterprise and to identify technology adoption and functional performance trends. Ninety-seven percent of respondents led an information technology function. In total, 2,457 CIOs and technology executives participated, with representation from all geographies, revenue bands, and industry sectors (public and private). Disclaimer: The results of this survey do not represent global findings or the market as a whole, but reflect the sentiments of the respondents and companies surveyed.

[2] Gartner conducted an online survey in 3Q23 with 27 vendors participating in the Market Guide version of the survey.

Note 1: Gartner's Initial Market Coverage

This Market Guide provides Gartner's initial coverage of the market and focuses on the market definition, rationale for the market and market dynamics.

Note 2: The Franchise Model

Franchisers think C-suite executives should be equal partners in the delivery of digital technologies, and consider themselves competent in sharing digital leadership responsibilities. They use a franchise model for designing partnerships with other C-suite executives. Although the smallest of the sample population, with 13% of banking CIOs (compared to 12% for all CIOs), this group demonstrated leading practices to consistently drive business outcomes.

Note 3: Representative Vendor Selection

Gartner estimates that there are at least 50 vendors globally in this market. Twenty-seven vendors participated in this Market Guide version of the survey. This is not meant to be a comprehensive list. So we encourage you to seek out region-specific vendors that may be well-suited to unique regional needs, but may have been excluded due to logistical issues.

To be included in the list, vendors had to meet two requirements:

- Must be able to position the solution as an enabler of new business models, operating models or revenue streams by leveraging a combination of data and analytics, integration capabilities, and ecosystems.
- Must possess composable business functionality combined in a single product offering.

In response to the targeted vendor survey conducted by Gartner, vendors that did not self-identify as a DBP provider were excluded from the Market Guide.

Recommended by the Authors

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Examples of Digital Outcome-Driven Metrics for Banking

Market Trend: What Banks Are Looking for in a Total Experience Solution

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Creatio	Financial Services Creatio
Diasoft	Digital Q
ebankIT	ebankIT Omnichannel Digital Banking Platform
EdgeVerve	Finacle Digital Banking Solution Suite
Finshape	Digital Bank OS (DBOS)
FIS	FIS Digital One
Galileo	Cyberbank Digital
i-exceed	Appzillon Digital Banking
Intellect Design	Contextual Banking Experience (Intellect CBX)

MX Technologies	Mobile Banking
NCR Voyix	Digital Banking
Sopra Banking Software	Sopra Banking Platform Digital Banking
Tagit	Mobeix Digital Banking Platform
Tata Consultancy Services	TCS BaNCS Global Banking Platform
VeriPark	VeriChannel

Source: Gartner