

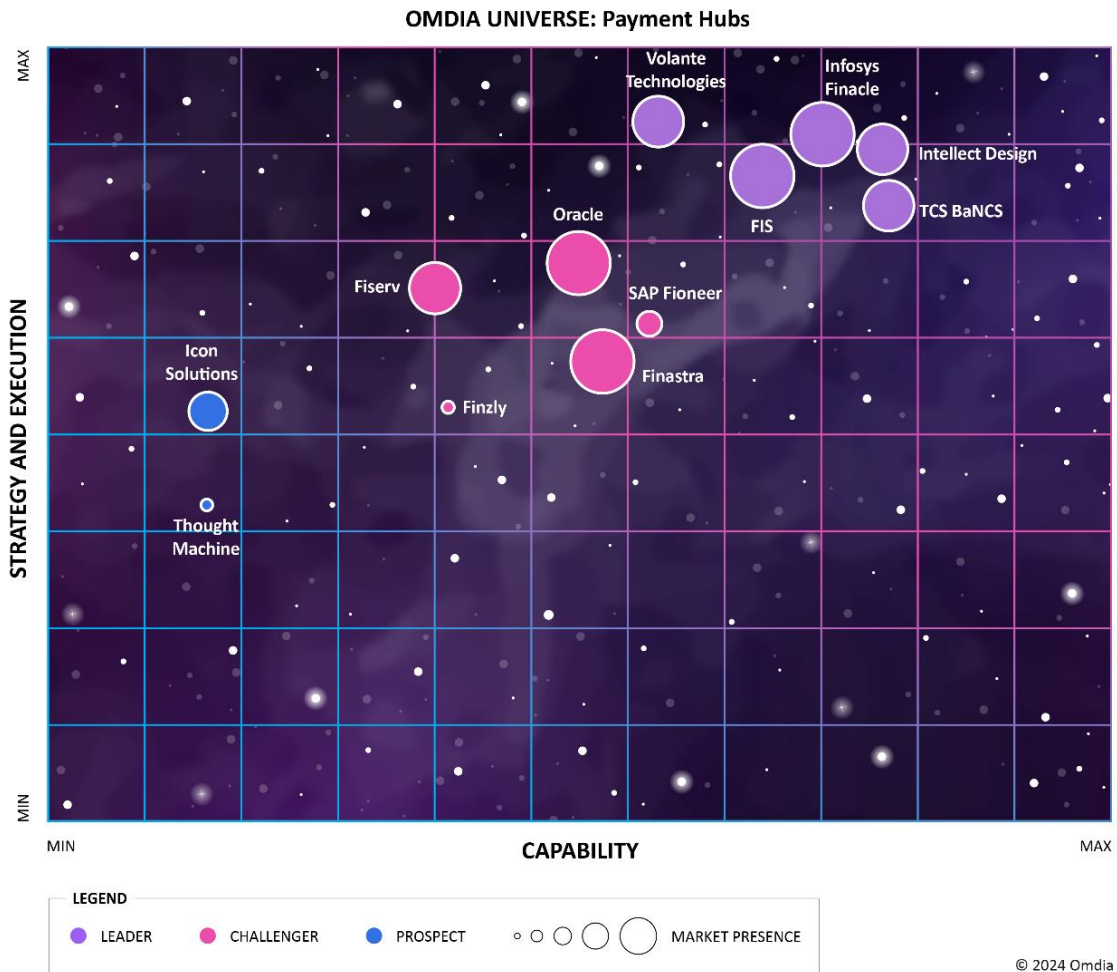
Omdia Universe: Payment Hubs, 2024–25

Summary

Catalyst

Payments are continuously evolving, requiring a modern payment hub solution that fosters innovation and delivers operational efficiencies for the bank. Financial institutions must understand the capabilities of various payment hubs to implement the correct strategic approach. The *Omdia Universe: Payment Hubs, 2024–25* will help C-level executives, payment heads, and IT directors select the payment hub they require to enable their payment transformation ambitions.

Figure 1: The Omdia Universe for payment hubs



Source: Omdia

Omdia view

Financial institutions increasingly turn to software vendors to support their payment transformation journey to keep up with rapidly evolving market and regulatory requirements. Traditionally, a payment hub was seen as a way of integrating siloed bank payment systems into a consistent architecture but was typically only deployed by large corporate banks (with corporate clients demanding more integrated payments across various types). Today, it is evident that banks across all tiers—including smaller domestic banks—deploy payment hubs for many reasons, from targeted modernization projects to comprehensive end-to-end payment processing solutions. With the adoption of the ISO 20022 payment messaging standard, the rise of open banking, and the growing demand for instant payments, consumers and businesses expect the settlement to occur in real time. Therefore, flexibility and adaptability across all tiers and segments (corporate, retail, insurance, etc.) and the ability to drive a strong customer experience while being cost-effective to deploy must complement modern payment hubs. A modular microservices-led, real-time, API-first, cloud native architecture is critical to ensure the payment hub can be adaptable and scalable. It will deliver optimal efficiency, reduce costs, and provide faster time to market. Whether it is the straight-through processing rate, the interoperability approach, or the analytics engine, automation capabilities are fundamental to the end-to-end process of handling payments. Although on-premise deployment is still important for many, especially larger institutions, software as a service (SaaS) solutions increasingly deliver efficiencies in line with client demand across tiers. This ensures that banks can focus on providing value-added services rather than dedicating resources to maintaining the platform. Payment hubs are important to drive innovation, help banks remain competitive, and gain access to the wider financial services ecosystem and partners. With newer payment types—cryptocurrencies, central bank digital currencies (CBDCs), etc.—and innovations on the horizon, the offerings must demonstrate capabilities that enable them to evolve into more capable solutions in the future. Selecting a payment hub is not just about choosing the best off-the-shelf product for most financial institutions; it is also necessary to consider a vendor's ability to support their payment transformation aspirations.

Analyzing the Payment Hubs universe

Market definition

Omdia has defined a payment hub as a payment solution that enables financial institutions to process multiple payment types and centrally manage the orchestration process, which can be deployed standalone. Typically, the payment hub will serve the middle and back offices for processing payments and should support multiple channels, payment types, and lines of business. The payment hub can also add new payment rails and integrate with existing banking systems. While Omdia's evaluation will look at the vendors' platform's ability to service the universal bank, the platform will need to actively service at least the retail and/or corporate banking markets.

This Omdia Universe report focuses on the high-level capabilities expected from a payment hub product and discusses the vendor marketplace, highlighting which vendors are suited for varying requirements. A follow-up report, *Payment Hubs Market Fundamentals*, will discuss current technology trends, provider approaches, key features, and future requirements in greater detail.

The evaluation is based on the vendor's and solution's ability to meet the market's requirements. However, it must be used in conjunction with an institution's own position, requirements, and capabilities. The following key capabilities of the solutions about core and broader functionalities and solution breadth were evaluated:

Core functionality

- **Product support.** This assesses the essential capabilities provided for processing payments.
- **Architecture and cloud deployment.** This involves the technology design and approach of the payment hub and cloud strategy for deploying the payment hub.
- **Solution configuration.** This refers to the orchestration capabilities, ability to optimize payments, and the solution's approach during the design and user experience configuration stage.
- **Business process management.** This is how the platform manages business processes, including tools available to IT and business user staff.
- **Solution integration.** This category assesses approaches to solution integration with both internal and external systems.
- **Multi-entity support.** It assesses the platform's suitability for multi-entity deployment.

Broader functionality

- **Product support.** The payment hub solution supports business lines other than retail/corporate banking and has wider payment capabilities.
- **Security/compliance.** This assesses the techniques used to enhance security and how the platform supports compliance.

- **Developer environment.** This involves how ongoing development is managed, including the availability of low-code or no-code development tools.
- **Analytics/reporting.** This evaluates the solution's ability to support analytics and reporting regarding the ease of analyzing data and the level of artificial intelligence (AI) and machine learning (ML) used to help business users.

Solution breadth

Solution breadth criteria assess the vendor's ability to provide easy access to wider functionality, whether provided in-house or through a partner ecosystem.

Strategy and execution

Assessing vendor solutions is carried out across additional criteria as follows:

- **Vendor execution** assesses the vendor's wider impact on relationships with partners and the ecosystem, the go-to-market strategy, implementation services, and depth of customer support.
- **Strategy & innovation** involve evidence of innovation in the solution, competitor differentiation, industry support, and more.
- **Market momentum** assesses market penetration and market reach.

Market dynamics

Payment organizations are under increasing pressure to achieve operational efficiency and revenue growth while delivering cost savings and improved customer experience. According to Omdia's *Payments Technology Spending Forecast Through 2028*, financial institutions are predicted to spend \$2.4bn on payment hubs globally in 2024, an increase of 8.5% on the previous year. The market for payment hubs has been gaining traction with the rollout of the ISO 20022 messaging standard and payment innovations, which require further investments. Vendors are essential in supporting payment organizations through strategic partnerships focused on developing their core business. They have invested in ISO 20022-native platforms and actively enabled innovations like blockchain to support banks as they explore new possibilities.

With financial institutions seeking to process higher volumes of payments more rapidly and efficiently (through a diverse range of payment rails), every payment hub solution must be scalable and adaptable. Scalability is important, not only in the ability to handle high-payment volumes on a 24/7 basis but also in infrastructure costs, with cloud deployment and SaaS becoming increasingly important. Adaptability is also vital in having an agile payment hub that can rapidly integrate new functionality or add new payment types. Modern payment hub solutions are required to offer microservices as standard, allowing banks to deploy in a phased approach and minimize the impact on day-to-day operations.

Despite progress, the number of customers with active payment hubs is still relatively low compared with established products, such as digital banking or core banking platforms. However, the payment hub vendor marketplace has resurged in recent years, with incumbent payment specialists facing growing competition from banking software, enterprise tech vendors, tech startups, and financial institutions willing to invest in payment hub solutions. In the Omdia Universe, 12 vendors were evaluated, providing differentiated solutions addressing banks' specific technological needs and requirements, from framework-based offerings to extensive off-the-shelf solutions.

Figure 2: Vendor rankings in the Payment Hubs Universe

Vendor	Product(s) evaluated
Leader(s)	
FIS	FIS Enterprise Payment Hub
Infosys Finacle	Finacle Payments
Intellect Design	iGTB Global Payments Platform
TCS BaNCS	TCS BaNCS™
Volante Technologies	Volante Payments Platform
Challenger(s)	
Finastra	Finastra Global PAYplus/Payments To Go
Finzly	Payment Galaxy
Fiserv	Enterprise Payments Platform
Oracle	Oracle Banking Payments
SAP Pioneer	Payment Central
Prospect(s)	
Icon Solutions	Icon Payments Framework
Thought Machine	Vault Payments

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Source: Omdia

Market leaders

FIS, Infosys Finacle, Intellect Design, TCS BaNCS, and Volante Technologies are the leaders in this report, providing market-leading payment hub solutions. These vendors continue to deliver adaptable solutions for specific market needs across banking tiers and deployment types and continue to innovate. While end-to-end solutions are provided and, in many cases, can integrate with wider vendor propriety solutions, most importantly, vendors cater to banks’ needs for targeted modernization projects. This has become increasingly important to support evolving regulatory requirements and foster innovation.

Market challengers

Finastra, Finzly, Fiserv, Oracle, and SAP Pioneer are challengers in this report, delivering modern payment hub solutions with strong functionality. Challengers typically score highly across most technology areas. While the platforms of Challengers are typically not as extensive as those of the Leaders, they are less complex to implement, requiring fewer professional services. Additionally, institutions with the appropriate skills in-house may be able to deploy solutions without any external support. Challengers can become Leaders by delivering on their roadmaps while maintaining a strong focus on innovation.

Market prospects

Icon Solutions and Thought Machine are prospects in this report, and they have well-defined strategies and roadmaps that provide them with significant scope to grow. Framework-based solutions offered by these vendors are becoming more sought after by the largest banks to enable them to build their own solutions while minimizing risks. Vendors provide various capabilities and use cases but typically rely on a growing ecosystem of partners to provide the broader platform functionality. Prospects can become Challengers if they widen their appeal to a wider market or add some of the missing capabilities. However, this is not always the aim of a specialist niche vendor, which can successfully target a specific section of the market.

Opportunities

The payment hub landscape is evolving, and the potential for new use cases—which real-time payment rails and open banking adoption drive—allows vendors to target smaller financial institutions and credit unions. Further, from blockchain to AI, payments are now a tech-heavy industry, encouraging banks to consider buying over building when it comes to futureproofing their businesses. Vendors can support banks' use of the cloud through strategic partnerships focused on modernizing their core business so that financial institutions can focus on value-adding services. Regarding larger financial institutions, they are increasingly looking to work with a smaller number of key vendors to support the rapid release of new products and services to their end customers, which vendors can benefit from due to the broad functionality of payment hubs and wider payment solutions on offer.

Threats

Payment hub platforms are evolving exponentially, requiring vendors to be in a constant cycle of innovation. Financial institutions are increasingly looking to vendors for guidance on what new technologies they should adopt; thus, vendors should ensure they seek to participate in pilots around emerging payment types, such as CBDC. Payment companies must keep up with regulatory requirements and mandates to remain compliant and avoid any reputational/financial loss. Vendors have an opportunity to help banks remain compliant and identify growth opportunities. Furthermore, with the increasing adoption of instant payments, transactional fraud will likely increase substantially. This means banks need access to modern solutions and the wider payment ecosystem to help mitigate rapidly evolving threats. Those banks that will continue to rely on legacy systems will be putting themselves at risk of falling behind.

Market outlook

According to Omdia's *Payment Technology Spending Forecast Through 2028*, IT spending on payment hubs will grow strongly during 2024–28, with a CAGR of 9.7%, reaching \$3.4bn by 2028. For banks, modernizing the payment infrastructure is a priority. Financial institutions must adapt to the new world of payments to maintain a relationship with the customer by offering real-time payment overlay services and be able to adopt newer alternatives. The payment hub's adaptability and ability to add new rails quickly, improve customer experience, and monetize payments will become increasingly important. Vendors will be required to support banks' use of the cloud and embrace partnership opportunities with third-party providers by adopting the marketplace model to help banks transition. While some banks prefer to build payment hubs in-house and will opt for a framework-based solution, many banks still want to use solutions out of the box. Given the rapidly changing payment landscape, they will look to minimize customizations when working with off-the-shelf solutions to benefit from the ease of continuous upgrades and the latest functionality.

Vendor analysis

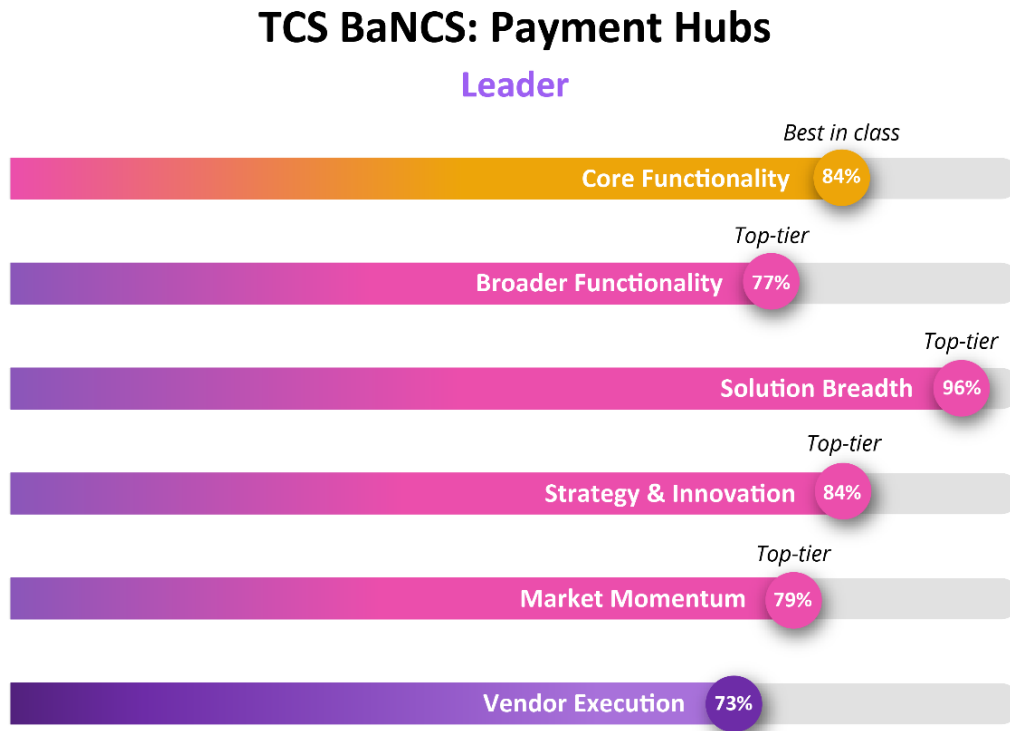
TCS BaNCS (Omdia recommendation: Leader)

TCS BaNCS should appear on your shortlist if you are looking to transform your payment processing or add a new capability to work with your existing systems.

Overview

Tata Consultancy Services (TCS), part of Tata Group, is a publicly owned Indian multinational information technology services and consulting company with its headquarters in Mumbai, India, where it was founded in 1968. The TCS Financial Solutions business unit, branded TCS BaNCS, provides services to capital markets, insurance, and universal banking through its primary platform offering of the same name. TCS BaNCS payment solution forms part of the TCS BaNCS suite of products. It is a cloud native, ISO 20022-based, API-first, microservices-led end-to-end payment processing solution supporting multiple products (for any line of business), including credit transfers (international cross-border, regional, domestic), instant payments, direct debit, checks, and bill payments. TCS BaNCS also supports blockchain and distributed ledger-based schemes like RippleNet. The solution offers multi-entity, multi-currency, and multi-product deployments and flexible integration options, allowing for faster expansion into new products and services, as driven by the requirements of banks and regulators. Further, the API-first strategy, TCS BaNCS architecture, and its APIs can be leveraged to drive and enable open banking and embedded finance use cases. The architecture of TCS BaNCS allows the banks to choose the components required per their needs and expand it later based on the bank's needs. It can also be consumed as a standalone offering or integrated with TCS BaNCS Global Banking Platform to streamline banks' processes, operations, and workflow management capabilities and offer tailored customer experiences. TCS BaNCS provides real-time monitoring functionality through a user-friendly and configurable dashboard and widgets that users can select based on requirements from the widgets' gallery, providing them with a bird's eye view, and can be switched on and off at any time. Examples of available widgets include payment scheme-based widgets, operational widgets, and payment statistics to show aggregated data. TCS BaNCS has an established global channel partner program (GCPP) with TCS BaNCS Marketplace providing access to more than 25 partners in payments that include Clari5, Fiorano, Entersekt, Enfuce, OpenWay, and NetGuardians. Further, the strategic alliances enable the vendor to offer an end-to-end tailored SaaS offering. The vendor achieved a best-in-class score for core solution functionality and top-tier scores for broader functionality, solution breadth, strategy & innovation, and market momentum.

Figure 12: Omdia Universe ratings—TCS BaNCS



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Source: Omdia

Strengths

TCS BaNCS is increasingly seen as a provider of end-to-end banking services with a strong focus on its TCS BaNCS Marketplace partner ecosystem. TCS BaNCS has an impressive product roadmap that enhances its functionality and technology capabilities while adapting for specific markets, resulting in strong scores for innovation. The solution has been deployed in countries across the globe, which is a testament to the platforms’ adaptability and ability to offer multi-country deployments, giving it high scores for geographical coverage.

Limitations

Due to the rich functionality of TCS BaNCS’ platform, a universal bank is the most suitable customer to leverage its full capabilities. However, smaller financial institutions with less complex needs can and have used it with ease. Vendors are already making low-code/ no-code deployment tools available, with some favoring them as part of the delivery of their solutions. Although currently unavailable, TCS BaNCS will integrate these tools as part of its roadmap, aligning its offering closer to the market.

Appendix

Methodology

Omdia Universe

Omdia's rigorous methodology for the Universe product involves the following steps:

- Omdia analysts perform an in-depth review of the market using Omdia's market forecasting data and Omdia's enterprise insights survey data.
- Omdia creates a matrix of capabilities, attributes, and features that it considers to be important now and in the next 12–18 months for the market.
- Vendors are interviewed and provide in-depth briefings on the current solutions and future plans.
- Vendors provide customer references, and analysts conduct interviews to reflect the actual experiences and requirements of users.
- Analysts supplement these briefings and interviews with other information obtained from industry events and user conferences.
- The Universe is peer-reviewed by other Omdia analysts before being proofread by a team of dedicated editors.

Inclusion criteria

Vendors invited to participate are subject to meeting minimum inclusion criteria and validation of fit; inclusion criteria include:

- The payment hub must be deployable as a standalone solution, regardless of whether it is part of a wider product suite.
- The ability of the vendor to provide their solution across multiple geographies (Asia Pacific, EMEA, and the Americas).
- The vendor's payment hub solution that is evaluated to be fully available in the market with active customers.
- The vendor must have a significant client base using a vendor's payment hub solution and/or a notable number of new wins in recent years.
- While evaluation will examine the vendor's platform's ability to service the universal bank, the payment hub solution must actively service at least the retail and/or corporate banking market.

Further reading

Payment Hubs Market Fundamentals (Forthcoming)

[*Banking Software Contracts Analytics*](#) (August 2024)

[*Payment Technology Spending Through 2028: Business Function*](#) (June 2024)

[*Payment Technology Spending Through 2028: Source Segmentation*](#) (June 2024)

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