10 TIPS ON HOW TO MODERNIZE YOUR PAYMENTS PLATFORM

The payments landscape is shifting due to technological innovation, ongoing regulation and increasing customer expectations. Banks' payments systems – many of which are decades old, rigid and inefficient – are no longer fit for purpose and must be upgraded. But transforming a payments platform is complex, as is implementing the new infrastructure whilst keeping the core business stable. In this blog, we look at ten aspects banks should consider when running a payments transformation project.

1. **EARLY PLANNING FOR INTERNAL AND EXTERNAL DEPENDENCIES**
   Creating an overall release roadmap and an architecture blueprint can communicate a detailed plan, provide transparency and help to assess the impact of potential deviations.

2. **REQUIREMENTS AND SCOPE MANAGEMENT**
   Opting for an agile approach to requirements and scope management allows organizations to prioritize requirements, meet key deliverables, keep up with innovation and respond to regulation.

3. **IDENTIFICATION OF COHERENT FUNCTIONAL PACKAGES**
   Payments execution involves processing workflows, and therefore, a high degree of functional dependencies. To minimize error and reduce the number of intermediary solution states and throwaway functionality, banks should bundle features together and design, implement, test and deploy them separately in releases.

4. **FITNESS FOR FUTURE CHANGE**
   Choosing a modern, open system-based architecture from a third-party software vendor will allow banks to reduce cost and maintenance, increase efficiency, and enable more agile transformations.

5. **HIGH TECHNICAL DELIVERY COMPLEXITY**
   Payments engines exchange data with a multitude of systems and applications within a bank. By using a common integration layer to contain integration complexity in one component of the architecture, banks can minimize the number of communication patterns and standardize the interfaces.

6. **SIGNIFICANT OPERATIONAL RISK DURING GO-LIVE EVENTS**
   Operational risk can trigger huge losses – establishing a successful mitigation approach is key for a mission-critical capability like payments. Banks should adopt a software delivery pipeline, that ensures QA criteria is achieved for all deliveries, based on a well-coordinated rollout strategy across all stakeholders.

7. **NON-FUNCTIONAL REQUIREMENTS**
   Non-functional requirements can be equally as challenging as functional requirements. For example, scalability testing is critical to identify key performance bottlenecks which when ignored, could create significant issues further down the line.

   Also end-to-end monitoring of payments should be prioritized as it ensures payments are processed successfully. Developing a monitoring solution is complex, and so enough time must be allocated in order to meet the requirements.

   A payments platform must have the ability to track back entries in the technical error logs to business events and must be able to recover from a processing failure that secures data integrity and completeness of processing. Designing these capabilities will allow an organization to understand the impact of an error and prevent it from reoccurring.

8. **DELIVERY CREDIBILITY**
   Historically, many payments transformation programs have failed to take off. As a result, stakeholders may be hesitant to invest - organizations need to demonstrate that they can deliver. Starting with a first release, with limited functionality, can be a good starting point to build trust and credibility.

9. AVAILABILITY OF SKILLS

Retaining a team, with the requisite skills and knowledge, end-to-end, can be challenging. Team collaboration, efficient knowledge transfer and managed skill replacement can help to tackle these challenges and ensure successful project delivery.

10. SUSTAINABLE STAKEHOLDER BUY-IN

Large payment programs are complex and lengthy, they require political support across the organization and leadership buy-in throughout the project lifecycle. It is important for stakeholder management to manage expectations, encourage communication and keep project sponsors informed through regular interactions.

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Read our in-depth report on '10 Key Challenges with Complex Payment Programs'.

Please contact Oliver Geiseler to discover how Capco can support your payments transformation program.

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