Report

Core Banking without **Compromise**

Why industry leaders are choosing a new category of core

93% of respondents say that their **company's future success** depends on choosing the right core banking solution.

Read on to learn more about the components of the right core banking solution in today's market →

INTRODUCTION

Executive Summary

Banking has always been a balancing act between innovating and managing risk. Innovation is essential because competition is fierce, and customer expectations are continually evolving. But the risks of the transformation can't be ignored either—there are financial, reputational and even regulatory consequences when transformations go awry.

Rapid AI advancements in banking hold potential for innovation and efficiency. To fully leverage this potential, real-time cloud native technology adoption is essential. AI could add up to $4.4 trillion to the economy annually and banking is one of the top four sectors set to capitalize on that market opportunity—if AI is harnessed effectively and securely (**McKinsey**).

Banks and financial institutions are urged to update core banking systems to keep pace with industry changes. In 2023, **our survey** revealed global banking leaders felt slow in meeting customer demands. This year, we've focused on delving deeper into the challenges related to core technology—and crucially, whether those core challenges are holding them back.

We found that banking IT decision-makers want to innovate and achieve greater scale and lower cost, but the limitations of their core solutions—whether in-house, third-party or a combination of both—and the perceived risks of transformation are barriers to their goals.

Neo core platforms gained popularity a decade ago for replacing inflexible legacy mainframes, sparking innovation in banking. However, as outlined in this report, banks now face new challenges alongside existing legacy core issues with these solutions.

At 10x Banking, we've listened to the urgent need for a new approach to core banking. Our response is the world's first 'meta core' platform, designed to overcome the limitations of both legacy and neo core solutions to provide, for the first time, accelerated, scalable innovation and a clear de-risked path to cloud-native transformation.

Banks and financial institutions sit at the heart of our economies and our livelihoods—it's our mission at 10x to provide the core technology that powers better banking for all.

Antony Jenkins

CEO and Founder
10x Banking

ABOUT

Research methodology

10x Banking commissioned a third-party research company to survey over 200 IT decision-makers in Tier I and Tier II banks across the UK, US, Australia, and South Africa. Respondents use core banking solutions, have over 500 employees, and are responsible for IT strategy. The study was conducted by Vitreous World in June 2024.

PART ONE

The state of play

PART TWO

The core as a barrier to business goals

PART THREE

Moving beyond the neo core compromise

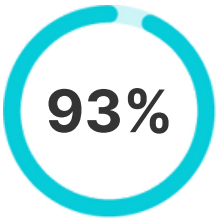
PART FOUR

Three key takeaways

PART ONE

The state of play

The primary finding of the research is that the approach to core banking technologies and the choice of vendor and solutions is business critical to banks.



of respondents say that their company's future success depends on choosing the right core banking solution. This raises questions about the components of the right core banking solution in today's market.

Phasing out legacy cores

Many banks have adopted a transformation strategy of deprecating their legacy core technology by gradually replacing elements of the stack with modern technologies.

33% of respondents have partially achieved this

42% plan to within 12 months

2% **only 2%** have no such plans

The data shows positive transformation in banking and financial services, but many are still behind in upgrading legacy core technologies approaching expiry, with 39% planning to upgrade within 12 months and 29% within 2 to 5 years.

Migration to cloud-native cores

46% plan to migrate to third-party cloud-native platforms within 12 months

27% plan to adopt a next-generation core solution in 2 to 5 years

5% have no plans to do so yet

In 2023, [76% of bank leaders sped up digital transformations due to uncertainty](). This year, progress continues as 72% migrated some core banking functions to the cloud, with 29% planning to do so within 5 years and only 2% having no cloud transformation plan.

PART TWO

The core as a barrier to business goals

Historical roadblocks to banking transformation such as high costs of ownership and upgrades, slow speed to market and poor data availability, are now met with newly emerging challenges in the banking sector—AI, customization and scalability—impacting core banking transformation objectives.

of respondents face limitations with their current core solution

Major barriers to change include

44% Speed to market

43% a lack of internal development resources

A double threat: day-to-day and long-term impact

Core technology affects daily 'business as usual' operations and long-term transformation plans.

Top challenges in managing the core day-to-day, as per respondents

47% Integrating key technology with a core solution

44% Dual/multicore solutions

39% Implementing new software

Top challenges when discussing impact on transformation plans

42% Data migration

37% Lack of specialized programming skills/resources

31% providing real-time process views

Next-generation core decision factors

Previous research showed 80% agreed that third-party cloud-based banking systems would accelerate transformation. This year's survey focuses on what the key decision factors are for selecting a third-party next-generation core provider:

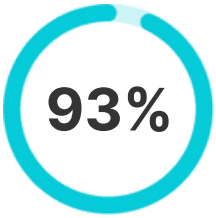
1. No downtime during migration
2. Scalability
3. Allowing in-house technologists to build products from pre-built templates

PART TWO

Top factors driving transformation

Banks and financial institutions are focusing on transforming their core technology estate due to various challenges. IT decision-makers in the industry identified key factors driving this transformation effort:

1. Enabling greater scalability
2. Delivering a better customer experience
3. Achieving a faster time to market for new products and features



Say that transformation and adoption of cloud-native solutions are critical for financial institutions' future success to scale for more customers, enhance customer experiences, and innovate faster at a lower cost-to-serve.

Polyglot coding environment

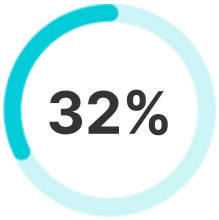
When choosing a next-generation core solution, nearly a quarter of respondents prioritize a polyglot coding environment.

Benefits of being able to use any programming language include:

- flexibility to build new products from pre-built blocks with full customization
- access to a wider pool of development resources

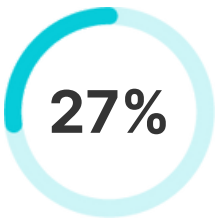
Accelerating the integration of AI

Respondents in banking and financial services view AI integration as a key transformation driver and a challenge with current core solutions.

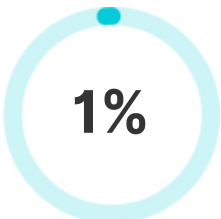


have integrated AI with the core

plan to do so in the next year



within 2 to 5 years



have no plans for AI integration

PART TWO

Barriers to adoption

Barriers to adopting next-generation core technologies in banking for IT decision-makers include:

concerns about migration risks

lack of internal resources/skill sets

vendor R&D timeline restrictions

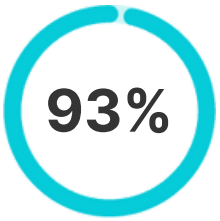
Respondents associate next-gen core solutions with a demand for expensive development talent and worry about lacking such talent internally to adopt best-of-breed new core solutions. This perception might stem from neo core platforms that rely on specialized in-house resources for product development.

Any next-generation core must therefore involve zero downtime, deliver scalability, offer a polyglot coding environment, integrate with AI technologies and mitigate the risks of migration.

A next-gen core platform should reduce cost-to-serve and speed up value delivery by using a polyglot coding environment where developers can work in any coding language.

PART THREE

Moving beyond the neo core compromise



of respondents believe the right core technology choice is crucial for success. However, there is no one-size-fits-all strategy for core technology adoption, as banks have embraced various core solutions for transformation.

More than half of IT leaders encounter constraints with their current core systems, hindering their progress towards business objectives.

While more core solutions exist now, limitations and compromises persist, frustrating banks and financial institutions. AI advances and evolving customer expectations could potentially pose business-critical risks.

A fork in the road: the neo core compromises

Cloud-native technologies led to the adoption of third-party neo core platforms, addressing historical challenges of legacy mainframe cores. Our research indicates 22% have adopted neo cores, with more considering adoption in the next five years.

Neo core platforms can broadly be categorized as framework and configuration neo cores. This offers banks and financial institutions an “either/or” choice for their transformation roadmap: quick implementation with configuration or extensive differentiation with frameworks.

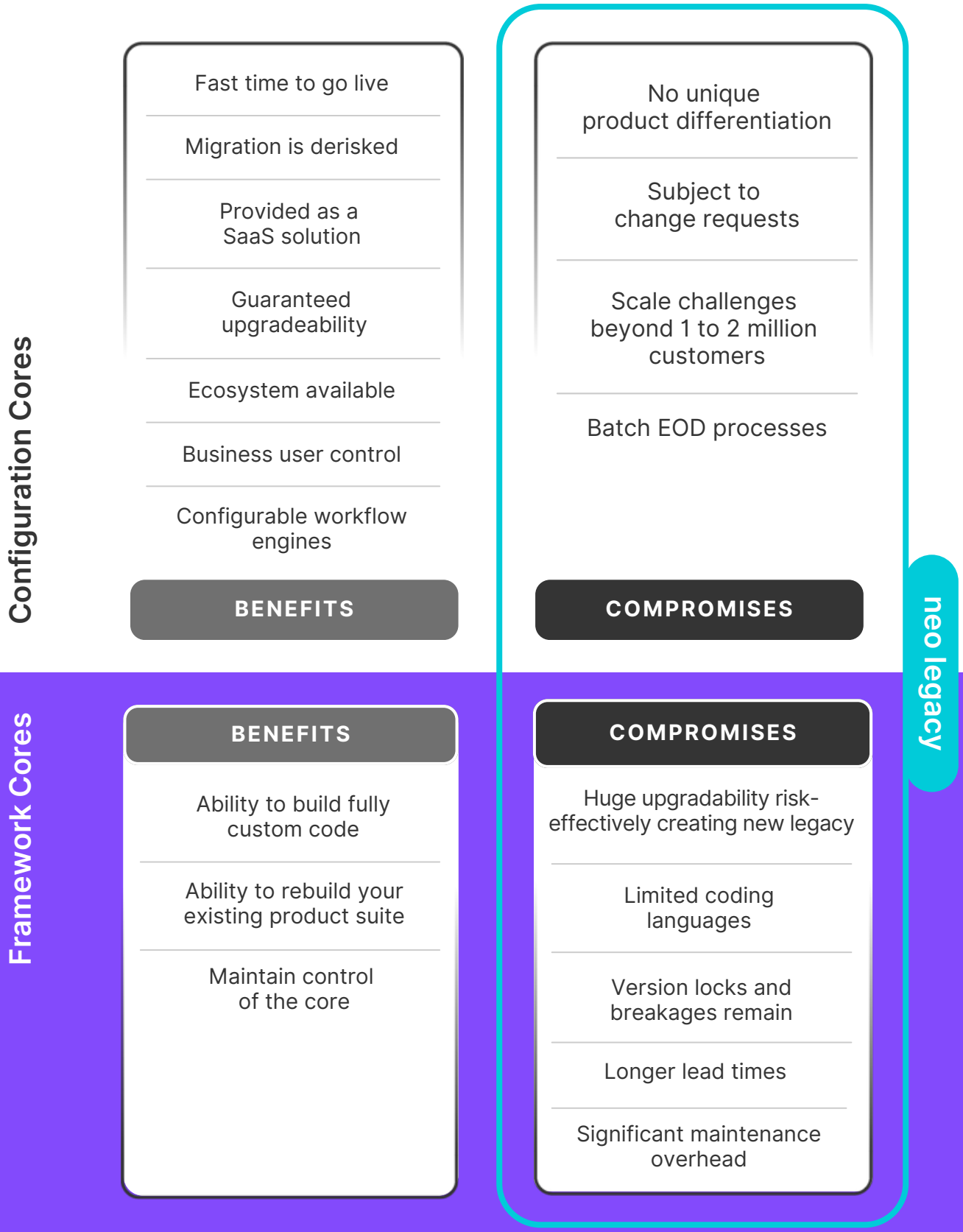
- Configuration neo cores provide quick go-to-market and low development effort, but a compromise in terms of scale and differentiation that can be achieved.

- Framework neo cores offer long-term growth potential and customizable product development, but come with higher maintenance costs, upgrade risks and heavy dependence on sourcing specialized development talent.

The research indicates that configuration and framework neo cores may have introduced a "neo legacy", similar to the constraints faced with legacy mainframe cores. This situation necessitates ongoing compromises by banks and financial institutions. This highlights the dynamic between historical challenges and evolving market dynamics.

PART THREE

Neo cores have solved some of the challenges of legacy cores but have also created their own “neo legacy”



PART THREE

Meta core: a clear path to accelerated, derisked transformation

Meta cores enable banks to deliver the products their customers need at the **required speed** and **cost.**

Offering transformation, at **lower risk**, **without compromise.**

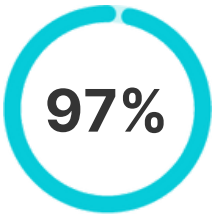
At 10x Banking, we have designed a better way to approach core transformation—without compromise—guided by market feedback and confirmed by these research results. A meta core is a new category of core banking technology which combines the best of configuration neo cores (speed to market, derisked migration as a SaaS platform) and framework neo cores (full customization of products and even the core) all underpinned by a highly scalable, secure and resilient platform.

Using this new meta core approach, the 10x Banking platform enables banks to focus on high-value code by abstracting common product elements and the core ledger. This reduces complexity, migration costs, and maintenance. Developers can fully customize pre-built modules in any coding language, removing many of the compromises inherent to current core solutions and unlocking **an accelerated, derisked path to full transformation.**

PART FOUR

Three key takeaways

1. **Choose future-ready technology** (to deliver the transformation priorities)



of respondents agree that their choice of core is business-critical

Leader or laggard?

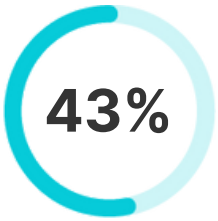
Only cloud-native cores can realize the scaling and real-time efficiencies needed for the future. And modular architecture is the only way to ensure a future-compatible ecosystem of vendors that drives better customer experiences and enables new products and features to be taken to market at speed.

The 10x Banking platform

- The only core that unlocks client differentiation with polyglot coding for hyper-personalization, alongside pre-built modules to lessen the load of low-value and repetitive code
- Scales beyond a bank's ambitions and processes more transactions per second than required even by today's largest retail and corporate banks
- Truly real-time; providing fine-grained contextual AI-based boundaries for GenAI solutions
- Integrates with leading Independent Software Vendors (ISVs) in the banking ecosystem and ready to co-exist with the bank's existing stack

PART FOUR

2. Choose flexible technology that complements your strategy



of IT leaders worry that internal resource and capacity will prevent them from fully adopting a next-generation core

Your core choice: support roadmap or hinder progress?

The 10x Banking platform

- Built to support any pathway to the cloud, offering a range of hosted, hybrid and on-premises options
- Provides the choice of the right level of control vs time-to-market: control the core completely with polyglot coding, leverage pre-built native functionality with product modules or benefit from standardized pre-built product templates
- The only core banking solution available today which supports any or multiple coding languages
- Centered on usability with developer experience at its heart. 10x Banking offers structured enablement programs and highly rated documentation as standard

PART FOUR

3. Choose a core with confidence

of respondents will adopt a cloud-native core in the next five years, 22% already have.

Ready to face the challenges of the next five years?

The 10x Banking platform

- Founded by bankers, led by technologists and powering some of the world's most successful banks
- Enterprise-grade technology with the highest levels of security standards and operational resilience
- Built to mitigate migration risk with best-in-market tools that simulate migration live in production and provide the ability to roll back
- Future-ready with flexible technology to scale beyond your ambitions

The 10x Banking platform is powerful, and for ambitious banks, it is the future.

About 10x

10x Banking is a cloud-native core banking platform for financial institutions and their partners. Founded by former banking executives and built by technologists, the 10x Banking platform empowers its customers with best-in-class security, scalability, and speed.

Proven across transformational deployments including Chase Bank, Old Mutual and Westpac, 10x Banking offers banks the fastest, most cost-effective and derisked path to full cloud-native transformation through its unique “meta core” approach. Its scalable, resilient, and flexible technology is built to empower financial institutions to better serve their customers and communities. 10x Banking is a B-Corp certified business with offices in London, UK and Sydney, Australia, and is funded by a portfolio of world-class investors including BlackRock and J.P. Morgan.

Clients

Westpac · CHASE · OLDMUTUAL · nationwide · MONEY · ...and many others

Investors

J.P.Morgan · BlackRock · Westpac · CPP Investments · OliverWyman · PING AN

Book a demo today

Learn more about how the 10x Banking platform and meta core technology can help you towards transformation

10xbanking.com/book-a-demo

Get in touch

10xbanking.com

hello@10xbanking.com

LinkedIn