

Make the core banking your strongest competitive advantage

A bundled solution by
IBM Consulting and Red Hat



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Implementation =
Configuration +
Integration

IBM Consulting, Red Hat
and Infosys Finacle
together

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Executive Summary

For banks, the difference between having a modern, agile core banking system and an outdated one, can determine success or failure in a highly competitive landscape. If products cannot be launched quickly, competitors will seize the opportunity. If service quality falls behind, customers will switch. While these market challenges are not new, digital and cloud have raised the standards to new levels, and now the limitations of outdated core banking systems are more apparent than ever.

However, replacing a core banking system is one of the most complex technology and business initiatives for banks. Beyond the significant resource investment, it carries substantial business risks tied to technology choices and implementation. This paper outlines key factors to consider once the decision to undertake a core banking transformation has been made.

Your new core banking

Financial institutions face one of their most challenging decisions: upgrading and modernizing the core banking system. Unless the benefits clearly outweigh the challenges, no bank willingly undertakes this complex initiative - often likened to open-heart surgery. However, in most cases, it becomes essential for executing a successful digital strategy. It's a classic case of "not wanting to but needing to" for the long-term success of the bank.

Finacle Core Banking stands out as a transformative solution in this space. Its modular product factory enables rapid configuration and launch of banking products, while its microservices-based, cloud-native architecture ensures scalability and flexibility. The platform's rich set of open APIs and embedded AI capabilities not only demonstrate its leadership in the core banking space but also empower banks to deliver personalized, insight-driven experiences and integrate seamlessly into broader digital ecosystems. This technology levels the playing field—enabling banks to compete effectively with financial services leaders in the digital age, whether they are established institutions or digital-native challengers.

But the core banking system is a strategic and central component of the bank's engine, though not the only one. The bank's architecture and operational model must be designed, implemented and integrated to deliver cutting-edge B2C, B2B, and B2B2X financial services while seamlessly serving both customers and third-party partners in the era of open banking and embedded finance. Much like the heart surgery analogy mentioned earlier, it must sustain and operate in perfect sync with the rest of the body. That's why this initiative must be taken with an holistic approach - it's not only the core banking configuration's ability to provide the products and services that the bank aims for customers, platforms, regulators and overall stakeholders, but also how it fits within the bank's longer term IT strategy, and the immediate need of integration with the rest of the technology systems, such as management information systems, accounting system, payments, lending, mortgage, etc.

IT Strategy

Efficiency and effectiveness are two key drivers shaping banks' technology investments, alongside a crucial third dimension: time - the need to be future-ready. What works well today may become a challenge tomorrow.

Banks have learned this lesson the hard way, particularly through the impact of technical debt, which has effectively become a tax on every new initiative, adding 10% to 20% in extra costs. As a result, most banks allocate a larger portion of their IT budgets to maintaining operations rather than driving transformation - limiting investments in innovations that create differentiation and long-term value.

Most banking leaders worldwide agree that a solid IT strategy must be built on **interoperability** across application, middleware, and infrastructure layers. New technologies must not only work among themselves but also **with** legacy systems - not just as replacements. This key principle ensures strategic optionality and capitalizes previous investments, allowing banks to integrate the best possible components at any given time while maximizing flexibility and long-term value.

Red Hat OpenShift provides Finacle's core banking solution with infrastructure abstraction, allowing banks to seamlessly switch underlying infrastructure whenever needed. This flexibility is crucial not only for IT strategy - whether cloud, multi-cloud, on-premises, or a hybrid approach - but also for avoiding technology lock-in and ensuring long-term adaptability. Red Hat OpenShift capabilities along with Finacle's componentized design, Open API capabilities and risk mitigated transformation experience infuses confidence in large scale transformation exercises.

When deployed on Red Hat OpenShift, Finacle enables banks to drive core banking transformation and deliver more personalized customer experiences.

Keeping options open is not just a procurement best practice; it is increasingly becoming a regulatory mandate in several geographies. For example, frameworks like the EU's DORA (Digital Operational Resilience Act) and vendor risk management requirements emphasize the importance of resilience, interoperability, and mitigating dependency on a single provider.

Reducing operating costs is a top priority for bank executives. Simplification, standardization, and automation are three key pillars of their IT strategy to achieve this goal.

The Red Hat Ansible Automation Platform plays a crucial role in many banks by freeing up IT operational resources, enabling teams to shift their focus from routine maintenance to higher-value activities - such as innovation or digital transformation. By automating repetitive tasks, banks can enhance efficiency, reduce human error, and optimize resource allocation, ultimately driving greater agility and competitiveness.

Implementation = Configuration + Integration

Interoperability and integration should ideally be built on business and technical standards. However, this is not always the case - especially for banks that have been operating for decades and carry a significant legacy. Legacy systems can make integration a complex and resource-intensive process. IBM Consulting helps banks navigate these challenges by leveraging its deep expertise in Finacle and broader banking architectures and systems. This differential attribute from the implementation team accelerates projects while mitigating risks associated with missteps, ensuring a smoother and more efficient journey. Along with expertise in multiple facets of Finacle implementation like customization, integration, business consulting, data migration and

testing, IBM Consulting has proficiency in areas such as enhancing customer experience of products and services, redesigning of bank's business processes, optimizing operational effectiveness and change management.

Finacle's flexible and innovative product factory provides the tools for banks to customize their products to align with business strategy and domestic regulatory requirements. For the initial configuration, it is recommended to engage experts like IBM Consulting to ensure an end-to-end setup, including both configuration and integrations with other systems. Having a single team streamlines synchronization and project ownership, but IBM Consulting has also expertise seamlessly collaborating with other system integration partners.

IBM Consulting's certified distinguished engineers, with their architectural and technological expertise, industry expertise such as BIAN architecture expertise and their cloud transformation insights, coupled with proven complex project management skills and delivery expertise, help banks have a seamless and agile transformation journey. IBM Consulting can partner with banks in exploring the AI spectrum across its various verticals such as operations, technology, business etc. IBM's AI products, assistants and agents, AI models and experts in all these can help banks to apply AI "right". This can help banks to improve user experience, decision-making, efficiency and to build competitive advantage in areas such as customer service, cyberattack prevention, financial planning, fraud detection and prevention, evaluating customers and trading.

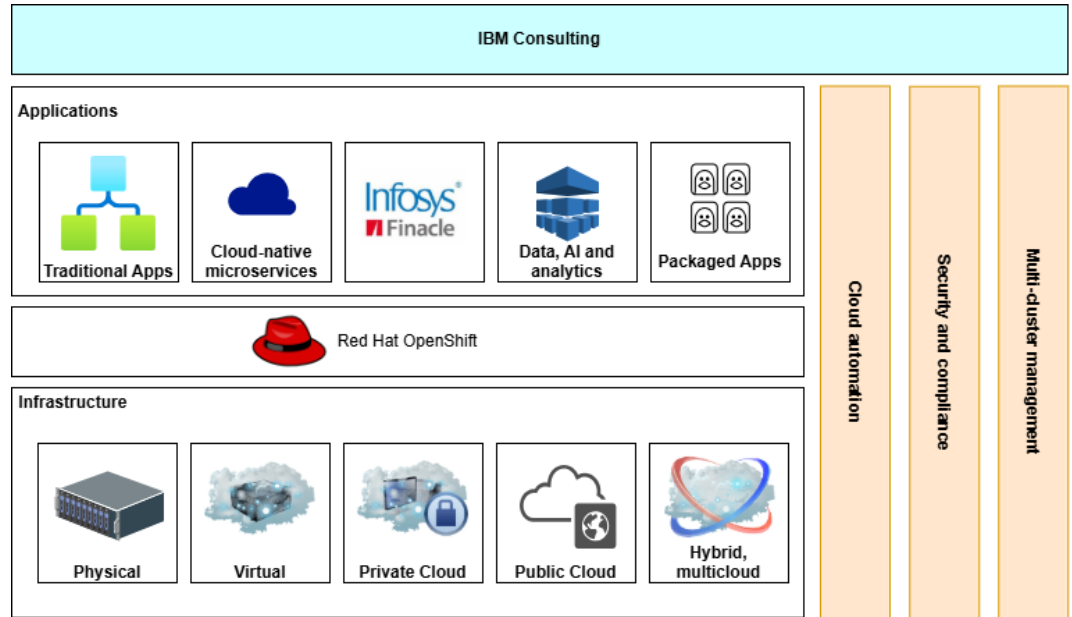
IBM Consulting, Red Hat and Infosys Finacle together

Given the cost and the risks involved in every implementation, a new core banking is always a strategic bet for every bank. That's why selecting the right partners to work with becomes a critical success factor.

A modern core banking solution like Finacle—open, scalable, automated, customizable, composable, intelligent, and cloud-native - offers banks the foundation to drive innovation and growth. When deployed on a robust application platform, these capabilities are further amplified, enabling consistent performance, seamless integration, and faster time-to-market across diverse environments. The application platform choice is critical, as re-platforming core banking is costly and can block innovation and improvements for several quarters, an unaffordable challenge in the digital age. Platforms like Red Hat OpenShift complement Finacle by providing enterprise-grade orchestration, automation, and security across hybrid and multi-cloud deployments - ensuring that the bank's digital core is always agile and resilient.

IBM Consulting has deep experience and expertise in both implementing core banking and application platforms - Finacle and Red Hat. That experience working along many financial institutions leaders accelerates and reduces the risk implicit in those ambitious

initiatives. IBM consulting offers multiple partnership models including being the bank’s infrastructure partner, implementation partner, system integrator partner, localization partner or service partner.



Client Testimonial

National Bank of Greece is one of the 4 systemic Greek Banks executing a holistic business transformation program to fully containerized flavor of Finacle on Red Hat OpenShift on IBM LinuxOne hardware. IBM Consulting was a key partner supporting this strategic program and even set up a dedicated Centre of Excellence in Athens to support the local implementation.

“As part of this program, NBG has implemented a Core Banking Transformation with Finacle, a leading digital banking solution that offers a containerized deployment model, allowing for future cloud migration. This transformation has brought significant benefits to NBG, such as 60%-80% faster time to market for new products, advanced features like RFR in arrears, and open integration with other systems and partners for embedded banking scenarios”

National Bank of Greece spokesperson

Conclusion

Deploying Infosys Finacle on Red Hat OpenShift ensures consistency with modern IT strategies, seeking for efficiency, effectiveness and future-readiness. The IBM Consulting team has deep experience with those technologies and excels quality-cost-time factors in the implementation process.

Banks undergoing core banking modernization with Finacle can benefit from the Red Hat technology platform and IBM Consulting team support. This approach enables the creation of innovative digital services, reduces operational risk, and enhances both efficiency and time-to-market.

For further discussions on how this integrated solution can drive your core banking modernization journey, please contact our expert team. or learn more about IBM Consulting and Red Hat by visiting:

<https://www.ibm.com/consulting/redhat>

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