



# Payments modernization positions banks for success

## Mastering money movement is the key to banking relevance

There's been an accelerated move to digital-first banking. Achieving this transformation requires a surgical approach to modernizing everything—from the business and operating models to the core banking platforms.

### A payments revolution

The competitive banking landscape is shifting rapidly and radically. Nonbanks and fintechs are aggressively going after the traditional banking customer—at a time when there is zero cost to switching. And digitally savvy customers are increasingly demanding differentiated customer experiences.

There are a number of converging forces that are driving a payments revolution. This includes alignment with ISO 20022—a new global standard for payment messaging; the open banking initiative; a changing regulatory climate; and real-time payments, among other competitive pressures.

Further impacting payments are third-party partnerships that lower customer acquisition costs by embedding banking services into leading fintechs and box stores. These non-banks are becoming payment facilitators, enabling them to move money and transact directly with the customer. They have the benefit of building payments capabilities from scratch, dodging the technical debt of traditional banks.

Legacy systems with siloed workflows are no match for these agile startups. Outdated infrastructures offer little integration across the front, middle and back office. And it's that integration across channels that allows a bank to delight its customer—starting with seamless money movement.

### The goal: superior client experiences

Every business decision needs to be made with the customer in mind. It's the front-end, client-facing journey that should drive platform modernization.

Those that have embraced the digital agenda and have embedded payments modernization are able to meet rising client demands, delivering a positive customer experience across multichannel products and services. They know their

pain points—and how to solve them. They have a deeper understanding of where, when, and how each customer wants to pay.

“ *Banking is no longer someplace we go, but it's something that we do.*

—Courtney Trimble, Principal,  
Financial Services Solutions, KPMG ”

Customers think of your bank as a whole. They have only one relationship and see no difference between spending, savings, borrowings, or investment. So to promote growth, you need to accelerate your digital journey and strengthen your customer connection to differentiate yourself from your competitors.

### Prioritizing modernization investments

There is a banking digital divide opening up, which is only going to happen faster and go wider. It's the divide between banks that are investing in infrastructure to transform and develop better services and those that lag behind, risking becoming the “dumb plumbing” of the future.

Modernizing payments capabilities that speed up payments (if not real-time) and offer a frictionless front-and back-end experiences will help ensure that you're on the right side of that divide.

For more on how to be a future-ready bank, please listen to our podcast: [Modernizing the core: Payments](#)

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