Payments are the most interesting and biggest area of activity and investment in new capabilities in banking and financial services (BFS)! So much of banking investment is fixing legacy systems and driving down costs. In the case of payments, the investments are made toward adding massive new functionality with a broad impact across consumers and businesses rather than simply refining legacy systems. Payment providers are keeping up with the fast innovation cycles with a focus on creating positive customer experiences amid balancing cost, control, and compliance. It can often be complex and challenging to decide when, where, and how to invest in payment innovation. As a result, ecosystem collaboration becomes imperative.

Divya Iyer, Practice Leader
## Contents

<table>
<thead>
<tr>
<th>No.</th>
<th>Section</th>
<th>Page No.</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Introduction and the HFS cards and payments ecosystem</td>
<td>4</td>
</tr>
<tr>
<td>2</td>
<td>Research methodology</td>
<td>11</td>
</tr>
<tr>
<td>3</td>
<td>Executive summary and market dynamics</td>
<td>15</td>
</tr>
<tr>
<td>4</td>
<td>Horizons results: Cards and payments service providers, 2023</td>
<td>27</td>
</tr>
<tr>
<td>5</td>
<td>Accenture profile: Cards and payments service providers, 2023</td>
<td>30</td>
</tr>
<tr>
<td>6</td>
<td>HFS Research authors</td>
<td>32</td>
</tr>
</tbody>
</table>
1 Introduction and the HFS cards and payments ecosystem
Introduction

• Payments are the most interesting and biggest area of activity and investment in new capabilities across banking and financial services (BFS). The industry focuses on fast innovation cycles to deliver **instant, open, integrated, and cloud-based payments** solutions. Payment innovation is largely driven by the continuously rising **customer experience expectations**. Payment providers want to be agile, effective, and quicker to launch new offerings like digital wallets, real-time payments, blockchain, and crypto payments. There is a massive push to reassess **infrastructures, operating models, and platforms** in a timely way to capture revenue opportunities for these changing market realities. Payment providers will succeed with the help of their ecosystem partners.

• The **HFS Horizons Report: The Best Service Providers for Cards and Payments, 2023** assesses how well service providers are helping their cards and payments clients embrace innovation and realize value across three distinct Horizons:
  – **Horizon 1 is digital**: Ability to drive functional optimization outcomes through cost reduction, speed, and efficiency
  – **Horizon 2 is experience**: Horizon 1 + enablement of the OneOffice™ model of end-to-end organizational alignment across the front, middle, and back offices to drive unmatched stakeholder experience
  – **Horizon 3 is new value**: Horizon 2 + ability to drive OneEcosystem™ synergy via collaboration across multiple organizations with common objectives around driving completely new sources of value

• We’ve invited diversified providers with established business lines focused on supporting the cards and payments ecosystem players to participate in this study. Participation guidelines include an annual revenue from supporting the cards and payments ecosystem player to report at least a $250 million or 10% contribution to overall revenues and an existing portfolio of **vertical-specific services** that span our **cards and payments ecosystem**.

• The report evaluates the capabilities of **14 service providers** across the **HFS cards and payments ecosystem** based on a range of dimensions to understand the **why, what, how, and so what** of their service offerings.

• It highlights the **value-based positioning** for each participant across the three distinct Horizons. It also includes **detailed profiles** of each service provider, outlining their **provider facts, strengths, and development opportunities**
HFS Horizons—aligning payment provider objectives with service provider value

Horizon 1 is optimization through functional digital transformation
*Horizon 1 service providers demonstrate* Horizon 1, plus
- Ability to drive functional optimization outcomes
- Driving cost reduction, speed, and efficiency
- Strong implementation partners
- Offshore-focused with strong technical skills
- Robust fundamentals of cloud-transformation
- Referenceable and satisfied clients for ability to execute

Horizon 2 is experience through enterprise transformation
*Horizon 2 service providers demonstrate* Horizon 2, plus
- Ability to drive a OneOffice model of end-to-end organizational alignment across the front, middle, and back offices to drive unmatched stakeholder experiences
- Ability to support clients aligning customer and employee experience
- Global capabilities with strong consulting skills
- Capability to deliver enterprise transformation as an ongoing multi-year managed service
- Proven and leading-edge proprietary tools, assets, and frameworks
- Referenceable and satisfied clients for ability to innovate

Horizon 3 is new value through ecosystem transformation
*Horizon 3 service providers demonstrate* Horizon 2, plus
- Ability to drive a OneEcosystem synergy via collaboration to create completely new sources of value
- Strategy and execution capabilities at scale
- Well-rounded capabilities across all value creation levers: talent, domain, technology, data, and change
- Driving co-creation with clients as ecosystem partners
- Referenceable and satisfied clients driving new business models with the partnership

Excerpt for Accenture
The HFS cards and payments ecosystem, 2023

**Acquiring banks**
- Payment and transaction processing
- Merchant onboarding
- Merchant analytics
- Merchant settlement and recon
- Market intelligence
- E-commerce gateways

**Card networks and electronic payment providers**
- Cards management and transaction processing (CMTP)
- Clearing platform
- Risk and fraud management
- Arbitration process
- Core platform modernization
- Application development

**Issuing banks**
- Customer acquisition
- Card portfolio migration
- Authorization
- Customer service
- Issuer analytics
- Loyalty management
- Card issuance platform transformation

**Payment processors**
- Straight-through processing (STP)
- Remittance services
- Liquidity and cash management
- Dispute and resolution
- Peer-to-peer payments
- Reconciliations
- Intermediary services

**Merchant banks**
- Fee processing
- Cross-border settlement
- Management of coupons, vouchers, and cash-back schemes
- Tax management
- Merchant helpline
- Merchant data management

**Payment facilitators (merchant service providers, ISOs)**
- Merchant onboarding
- Processor and merchant underwriting
- Customer service support
- APIs for open banking platforms
- Design and implementation of payment hubs

**Payment gateways**
- Payment gateway integration
- Payment data modernization
- Digital enablement for payments processing
- Payment platform modernization
- Point-of-sale solutions

Excerpt for Accenture
The HFS cards and payments supporting capabilities, 2023

<table>
<thead>
<tr>
<th>Vertical</th>
<th>Industry</th>
<th>Risk and regulatory compliance processes</th>
<th>Enabling technologies</th>
<th>Horizontal business processes</th>
<th>Horizontal IT processes</th>
</tr>
</thead>
<tbody>
<tr>
<td>Interoperability across cards and payment offerings</td>
<td>Vertical</td>
<td>Industry</td>
<td>Risk and regulatory compliance processes</td>
<td>Enabling technologies</td>
<td>Horizontal business processes</td>
</tr>
<tr>
<td>Consumer cards</td>
<td>Retailers</td>
<td>Risk and control assessment</td>
<td>RPA</td>
<td>Customer experience</td>
<td>Consultation and advisory</td>
</tr>
<tr>
<td>Business cards</td>
<td>Healthcare</td>
<td>Policy and procedure</td>
<td>Artificial intelligence</td>
<td>Human resources</td>
<td>Plan, design, and implementation</td>
</tr>
<tr>
<td>Credit and debit cards</td>
<td>Automotive</td>
<td>Regulatory remediation</td>
<td>Smart analytics</td>
<td>Procurement</td>
<td>Application development and maintenance</td>
</tr>
<tr>
<td>Real-time payments</td>
<td>Telecom</td>
<td>ISO 20022 adoption</td>
<td>Machine learning</td>
<td>Finance and accounting</td>
<td>Infrastructure management</td>
</tr>
<tr>
<td>Digital and mobile wallets</td>
<td>Hospitality</td>
<td>Tokenization</td>
<td>Blockchain</td>
<td>Payroll</td>
<td>Cybersecurity</td>
</tr>
<tr>
<td>Buy-now-pay-later</td>
<td>Marketplaces</td>
<td>Risk and control assessment</td>
<td>IoT</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cryptocurrency payments</td>
<td>Corporates</td>
<td>Policy and procedure</td>
<td>Cloud</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Payments as a Service</td>
<td>Government</td>
<td>Regulatory remediation</td>
<td>Mobility</td>
<td></td>
<td></td>
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<tr>
<td></td>
<td>Others</td>
<td>ISO 20022 adoption</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Enabling technologies:
- RPA
- Artificial intelligence
- Smart analytics
- Machine learning
- Blockchain
- IoT
- Cloud
- Mobility
- Biometric authentication
- PCI-DSS Framework
- Distributed ledger for loyalty, AML, and KYC
- Biometric authentication

Horizontal business processes:
- Customer experience
- Human resources
- Procurement
- Finance and accounting
- Payroll
- R&D

Horizontal IT processes:
- Consultation and advisory
- Plan, design, and implementation
- Application development and maintenance
- Infrastructure management
- Cybersecurity
The HFS cards and payments ecosystem defined

HFS has developed the cards and payments ecosystem concept to graphically depict our understanding of core functions performed by all the ecosystem players in the cards and payments landscape.

The cards and payments ecosystem is made up of all the cards and payments practitioners that interact with each other or perform overlapping functions during cards and payments transactions. The players are merchant banks, acquiring banks, card networks and electronic payment providers, issuing banks, payment processors, payment gateways, and payment facilitators. The cards and payments ecosystem includes the following elements:

- **Cards and payment offerings**: Practitioners in the cards and payments ecosystem offer or support one or more products and offerings from the cards and payments portfolio. Most practitioners support new launches such as digital wallets, real-time payments, and buy-now-pay-later. The payments ecosystem supports and enables many sectors, thus we opted to identify them to underscore the broad impact of payments.

- **Industries**: Cards and payments is an integrated experience organized around customer behavior relevant across industries like retailers, business-software firms, online marketplaces, telecom companies, automotive, hospitality, and healthcare. The payments ecosystem supports and enables many sectors, thus we opted to identify them to underscore the broad impact of payments.

- **Risk and regulatory compliance processes**: All aspects of risk and compliance, such as risk controls, ISO 20022 adoption, or tokenization, are relevant to the cards and payments ecosystem. The payments ecosystem supports and enables many sectors, thus we opted to identify them to underscore the broad impact of payments.

- **Enabling technologies**: So much of the innovation and change taking place in the cards and payments ecosystem is driven by enabling technologies, including RPA (robotic process automation), AI (artificial intelligence), and smart analytics. Our research on these topics will focus on how they are being utilized for cards and payments ecosystem players, which service providers are bringing them to the table, and what real business impact is being realized.

- **Horizontal IT and business processes**: Enterprises in all sectors have a range of consistent business and IT processes that are essential to running their businesses but executed similarly regardless of vertical and industry. We refer to these as horizontal processes and have segmented them by IT and business functions. Our coverage of these areas will focus on instances where something unique has been developed for the cards and payments ecosystem.
What is the focus of the service provider for the cards and payments ecosystem Horizons study?

1. Transformations and modernization
   How do you help payment providers capture value by transforming and modernizing the core? Implementations are implicit; the focus is on transformation and modernization.

2. Modernization outcomes
   Beyond efficiency, what is the outcome of core modernization and transformation? Launching new payment offerings and integrated services and changing the customer journey experience.

3. End-to-end network
   Are you establishing an end-to-end network with seamless integration of front-to-back systems with commerce, trade platforms, and channels? How strong are your partnerships with network providers, including banks, new market disruptors, and regulatory and governance bodies?

4. Across the ecosystem
   How are you solving challenges for players across the cards and payments ecosystem? How are you integrating technology (cloud, data, AI, automation, analytics) to accelerate?
   What is on your roadmap? Do you have a strong strategy toward collaborating and co-innovating with partners and investing in the training and development of talent?

5. The intersection of verticals
   Are you building connective tissues with industries and their supply chains? Are you supporting value around the transaction risk and compliance for example?
Research methodology
Service providers covered in this report

Note: All service providers are listed alphabetically
Sources of data

This Horizons research report relies on myriad data sources to support our methodology and help HFS obtain a well-rounded perspective on the service capabilities of the participating organizations covered in our study. Sources are as follows:

**Briefings and information gathering**
HFS conducted detailed briefings with cards and payments leadership for each vendor.
Each participant submitted a specific set of supporting information aligned with the assessment methodology.

**Reference checks**
We conducted reference checks with 20 active clients and 20 active partners of the study participants via survey-based and telephonic interviews.

**HFS Pulse**
Each year, HFS fields multiple demand-side surveys in which we include detailed vendor rating questions. For this study, we leveraged our fresh from the field HFS Pulse Study data featuring ~900 service provider ratings from BFS enterprises.

**Other data sources**
We leverage survey data of 150 payment provider respondents that was part of a leading market impact report on payment authored by HFS.
Public information such as press releases and websites.
Ongoing interactions, briefings, virtual events, etc., with in-scope vendors and their clients and partners.
### Distinguishing supplier characteristics

<table>
<thead>
<tr>
<th>Assessment dimension</th>
<th>Assessment sub-dimension</th>
<th>Horizon 1 service providers</th>
<th>Horizon 2 service providers</th>
<th>Horizon 3 service providers</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Value proposition: The Why?</strong> (25%)</td>
<td>Strategy for cards and payments vision for the ecosystem players’ future</td>
<td>- Ability to drive functional digital transformation through cost reduction, speed, and efficiency</td>
<td>- Horizon 1 and enablement of the OneOffice model of end-to-end organizational alignment to drive unmatched stakeholder experience (EX, PX, CX)</td>
<td>- Horizon 2 + ability to drive OneEcosystem synergy via collaboration across multiple organizations with common objectives to create completely new sources of value</td>
</tr>
<tr>
<td></td>
<td>Card and payments offerings aligned to top problem statements</td>
<td></td>
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<td></td>
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<tr>
<td></td>
<td>Differentiators—Why cards and payments ecosystem players work with you</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Execution and innovation capabilities: The What?</strong> (25%)</td>
<td>Breadth and depth of services supporting functions performed by cards and payments ecosystem players</td>
<td>- Functional domain expertise for functions performed by cards and payments ecosystem players</td>
<td>- Comprehensive coverage across the cards and payment ecosystem players’ value chain</td>
<td>- Comprehensive coverage across the cards and payment ecosystem players’ value chain</td>
</tr>
<tr>
<td></td>
<td>Strength of vertical-specific talent—hiring, training, and ongoing development</td>
<td>- Vertical-specific talent focused on key domains or technology</td>
<td>- Strong vertical-specific talent pool across IT and operations domains</td>
<td>- Strong vertical-specific talent pool across IT and operations domains</td>
</tr>
<tr>
<td></td>
<td>Approach to and strength of ecosystem partners</td>
<td>- Focused partnerships and strong PX</td>
<td>- Range of vertical-specific partnerships and strong PX</td>
<td>- Strong vertical-specific partnerships with strong PX</td>
</tr>
<tr>
<td></td>
<td>IP developed to serve the cards and payments ecosystem</td>
<td>- Limited vertical-specific IP</td>
<td>- Strong vertical-specific IP</td>
<td>- Strong vertical-specific IP and JVs</td>
</tr>
<tr>
<td><strong>Go-to-market strategy: The How?</strong> (25%)</td>
<td>What are you actually selling in the cards and payments ecosystem?</td>
<td>- Investments aligned with functional digital optimization outcomes</td>
<td>- Horizon 1 and investments aligned to enterprise experience</td>
<td>- Investments aligned to Horizons 1 and 2, and ecosystem enablement</td>
</tr>
<tr>
<td></td>
<td>Nature of investments in your cards and payments vertical (M&amp;A, non-M&amp;A, and R&amp;D)</td>
<td>- Optimization and point solutions</td>
<td>- Horizon 1 and investments aligned to enterprise experience</td>
<td>- Horizon 1 and, 2, and co-creation with customers and partners</td>
</tr>
<tr>
<td></td>
<td>Co-innovation and collaboration approaches with your customers and partners including creative commercial models</td>
<td>- Target-focused personas and LOBs, majority Tier 2 and 3 firms, geo-specific</td>
<td>- Target range of personas and LOBs, Tiers 1 and 2, broad geo coverage</td>
<td>- Horizon 1 and 2, and new value creation</td>
</tr>
<tr>
<td></td>
<td>Customer targeting approach</td>
<td></td>
<td></td>
<td>- C-Suite coverage across LOBs and geos for Tier 1 and 2</td>
</tr>
<tr>
<td><strong>Market impact: The So What?</strong> (25%)</td>
<td>Scale of cards and payments business—revenue, clients, and headcount</td>
<td>- Proven scale and growth are driven by a functional digital transformation focus</td>
<td>- Proven scale and growth are driven by Horizon 1 and stakeholder experience</td>
<td>- Proven scale and growth driven by Horizon 2 and ecosystem synergy</td>
</tr>
<tr>
<td></td>
<td>Growth of cards and payments business—revenue, clients, and headcount</td>
<td>- Top marks as an optimization partner across key cards and payment ecosystem players’ functions (CX)</td>
<td>- Top marks as an ecosystem players’ enterprise transformation partner emphasizing stakeholder experience (CX)</td>
<td>- Top marks as a global growth partner driving new business models (CX)</td>
</tr>
<tr>
<td></td>
<td>Proven outcomes showcasing the nature of value delivered to cards and payments ecosystem players</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Voice of the customer</td>
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</tbody>
</table>
Executive summary and market dynamics
Executive summary

1 Horizon 3 service providers revealed

We assessed 14 service providers across their value propositions (the why), execution and innovation capabilities (the what), go-to-market strategy (the how), and market impact criteria (the so what). The Horizon 3 leaders are, in alphabetical order, Accenture, Deloitte, EY, Infosys, and TCS. These service providers have demonstrated their ability to support cards and payments across all three Horizons, including functional digital transformation (Horizon 1), enterprise-wide modernization (Horizon 2), and building ecosystems to create new value (Horizon 3). Horizon 3 for payment providers is launching new offerings at speed and scale. These leaders’ shared characteristics include deep domain expertise, a full-service approach across consulting, IT, and operations, a strong focus on innovation, internally and externally with partners, co-innovation with clients and partners, and proven impact and outcomes for payment providers.

2 What payment providers need from service providers

The HFS Horizons model aligns closely with enterprise maturity. We complemented our study with a survey of 150 payment providers to comment on the primary value delivered by the service provider partners today and in two years. The current reality is firmly Horizon 1, with 47% of respondents indicating they are focused on digital optimization, often at the functional or line of business level. The remainder is split between Horizon 2 and Horizon 3. The innovation outlook for two years from now shows aggressive progress plans. Respondents plan to flip their focus and investments from Horizon 1 to Horizon 3 as they court ecosystem development and associated new value. Payment providers should select their partners based on the value they seek.

3 How service providers are meeting payment provider needs

As payment providers are at different innovation maturity levels across the Horizons model, service providers are bringing the necessary capability enablements in the form of IT operation optimization, core modernization, cloud, curating fintechs in solution mix, and talent, all to help payment providers succeed and progress across the innovation Horizons trajectory. We combined data gleaned from the Horizons study with a survey of 150 payment provider respondents; we found a strong alignment between cards and payments’ push to Horizon 2—enterprise transformation—and the fastest-growing service offerings from providers. The rapid evolution in consumer expectations and emerging technologies in payments is creating a demand for modernization and service providers are playing a major role in getting them closer to their strategic objectives.

4 Voice of the customer (VOC)

We did deep-dive interviews with more than 20 payment providers as part of our VOC research for this study. Payment providers showed a clear pattern of leveraging service providers to enable their future growth—CX and topline. They rate the quality of service, geographic coverage, IPs, and accelerators highly. Payment providers are largely satisfied with their service partners, averaging 8.8 out of 10 for CSAT. Also reflected in the delivery of outcomes by service partners, with growth-oriented new value creation at the top of the satisfaction pile. Our bigger scope of survey respondents, the 150 payment providers, indicates basic selection criteria for strategic partners.

5 Voice of the partners

Service providers work with a range of partners to meet the needs of the clients from the cards and payments ecosystem, including hyperscalers and industry-skinned and industry-specific ISVs. Satisfaction is generally low from a partner experience standpoint, which does not bode well for downstream client impact. Payment providers’ perception of service providers is a higher level of value compared to partner perception. Partners and service providers need to collaborate better.
Payment providers are flipping to Horizon 3 in two years; to effectively court ecosystems, they need to first address payment modernization.

Which of the following best describes your current focus on enterprise innovation? What do you expect will be the focus of innovation in two years?

Percentage of respondents:

- **Horizon 1—Functional digital transformation**
  - Survive—Digitized processes to drive improved business outcomes focused on individual elements of the value chain
  - Current innovation focus: 47%
  - Expected innovation focus in two years: 26%
  - Objective: Growth through new offerings: Payments modernization

- **Horizon 2—Enterprise transformation**
  - Thrive—End-to-end organizational alignment to drive unmatched stakeholder experience
  - Current innovation focus: 27%
  - Expected innovation focus in two years: 29%
  - Objective: Growth through new offerings: Blockchain payments, Open payments, Real-time payments, Cross-border payments, Payments modernization

- **Horizon 3—Ecosystem transformation**
  - Lead—Collaboration across multiple organizations with common objectives to create new sources of value
  - Current innovation focus: 26%
  - Expected innovation focus in two years: 47%
  - Objective: Growth through new offerings: Customer channel enhancement
Cloud, automation, AI and analytics are underscoring the current state of play for technology adoption among payment players

How is your organization investing in the following enabling technologies to meet your company's strategic priorities?

Percentage of respondents

- **Hybrid cloud for data**
  - Steady-state production: 36%
  - Implementing to scale and grow: 34%
  - Proof of concept or piloting: 13%
  - Observing: 9%

- **Process automation**
  - Steady-state production: 17%
  - Implementing to scale and grow: 28%
  - Proof of concept or piloting: 26%
  - Observing: 19%

- **Applied AI**
  - Steady-state production: 23%
  - Implementing to scale and grow: 36%
  - Proof of concept or piloting: 17%
  - Observing: 11%

- **APIs and open banking**
  - Steady-state production: 25%
  - Implementing to scale and grow: 33%
  - Proof of concept or piloting: 19%
  - Observing: 10%

- **Analytics—predictive and prescriptive**
  - Steady-state production: 32%
  - Implementing to scale and grow: 25%
  - Proof of concept or piloting: 12%
  - Observing: 15%

- **Internet of things**
  - Steady-state production: 27%
  - Implementing to scale and grow: 26%
  - Proof of concept or piloting: 16%
  - Observing: 11%

- **Process mining and discovery**
  - Steady-state production: 21%
  - Implementing to scale and grow: 21%
  - Proof of concept or piloting: 20%
  - Observing: 15%

- **Hybrid cloud for apps**
  - Steady-state production: 33%
  - Implementing to scale and grow: 19%
  - Proof of concept or piloting: 15%
  - Observing: 8%

- **Low code**
  - Steady-state production: 12%
  - Implementing to scale and grow: 21%
  - Proof of concept or piloting: 21%
  - Observing: 21%

- **SaaS (software as a service)**
  - Steady-state production: 18%
  - Implementing to scale and grow: 21%
  - Proof of concept or piloting: 19%
  - Observing: 13%

- **Augmented and virtual reality**
  - Steady-state production: 15%
  - Implementing to scale and grow: 18%
  - Proof of concept or piloting: 24%
  - Observing: 15%

- **Metaverse**
  - Steady-state production: 5%
  - Implementing to scale and grow: 6%
  - Proof of concept or piloting: 23%
  - Observing: 36%

- **Blockchain and distributed ledgers**
  - Steady-state production: 11%
  - Implementing to scale and grow: 9%
  - Proof of concept or piloting: 23%
  - Observing: 23%

- **Edge computing**
  - Steady-state production: 8%
  - Implementing to scale and grow: 10%
  - Proof of concept or piloting: 16%
  - Observing: 29%

- **Web3**
  - Steady-state production: 5%
  - Implementing to scale and grow: 9%
  - Proof of concept or piloting: 17%
  - Observing: 28%

Sample = 150 payment providers
Source: HFS Research, 2023
Service providers are helping payment providers keep pace with trends shaping the industry—digital payments, cloud, ISO 20022

1 Core infrastructure modernization
The north star for payment providers of all stripes is a flexible and modern payment infrastructure that enables the rapid rollout of new products and integration of new services. The modern infrastructure is a modular architecture that can decouple legacy workflow and augment them with new workflows powered by emerging technologies like blockchain, deep learning, and IoT; scalable data platforms to access data through standardized APIs; and a shift toward “cloud native” systems. Service partners have a major role in building this infrastructure by supplying some fraction of the skills and technology needed to make progress. Without modernization payment providers cannot effectively interact, integrate, or innovate.

2 Ushering the era of digital payments
Digital payments come in all forms, some of the high-profile payment vehicles are digital wallets, real-time payments, buy-now-pay-later, blockchain, super apps, and crypto payments, the latest of them is mobility payments. Different regions, nations, central banks, federal reserves, and marketplaces are redefining their infrastructure as digital payment models have become mainstream. The fringe benefit of digital payments is the amass of data, a growing realization by savvy payment providers that by applying the right technology levers massive revenue opportunities can be unlocked from this data.

3 Opportunities from open banking
Open Banking is made possible by Financial Application Programming Interfaces (Financial APIs) and has opened broader categories of solutions like banking as a service (BaaS), a riff of that is embedded finance—placing financial products in a nonfinancial customer experience, journey, or platform. The major role played by service partners is bringing their industry experience to deliver embedded payment capabilities for retailers, business-software firms, online marketplaces, platforms, telecom companies, and OEMs who rallying to provide these experiences, so they don’t risk disintermediation from their customers.

4 Cloud is the future
For payment providers, the push to the cloud is a result of increasing pressure to deliver instant, digital, open, and integrated payment experiences. Payment providers mostly embrace the cloud to harness data and modernize cost-efficiently. Most payment providers use multi-cloud configurations to migrate applications onto an infrastructure that is best suited. Working with the handful of hyperscalers, workload, and application migration for payments requires deep domain and proprietary application knowledge, not just cloud expertise.

5 Readiness for ISO 20022 and SWIFT
Payment rails options like ACH, ACI, real-time payments, FedNow, wire transfers, and cross-border transfers are becoming mainstream payment methods and industry bodies are congregating to establish standards like ISO 20022 and SWIFT to harmonize formats and data emerging from new rails and digital payments. Today, there is a global patchwork of national and regional regulatory standards and service partners are setting the groundwork for payment providers to react to these standards rather than anticipate them.

6 Risk management and compliance (KYC, AML)
Critical mass gained from all the digital payment methods has opened other value-added services that surround the transaction. Know your customer (KYC), transaction monitoring, customer monitoring, and screening programs are a few control frameworks to mitigate fraud, AML, and cyber risks. Service providers are bringing intelligent automated processes, applying machine learning and analytical approaches to dramatically improve effectiveness and reduce labor-intensive processes in these areas.
Payment providers are bullish on the importance of service providers but continue to be cost-focused and rely on them for routine IT operations.

### How did you pick your service provider?
**Percentage of respondents**

- Cost savings potential: 36%
- Financial stability: 31%
- Quality of delivery: 31%
- Ability to provide a broad range of services across my value chain: 30%
- Industry domain expertise and experience: 28%
- Access to innovation and emerging technologies: 22%
- Ability to curate and manage a range of best-of-breed partners: 22%
- Strategic guidance on transformation initiatives: 21%
- An existing relationship or knowledge of our operations: 20%
- Focus on ESG initiatives: 17%
- Ability to provide access to critical skills and talent we don't have: 17%
- Ability to engage in a joint venture or co-investment relationships: 13%
- Geographic coverage: 12%

### What do you use your service provider for?
**Percentage of respondents**

- IT infrastructure operations: 43%
- Data and analytics: 36%
- Implementation and integration of technology: 34%
- Strategic transformation or modernization initiatives: 33%
- Application development: 33%
- Access to emerging technology or fintechs: 31%
- Application management: 31%
- Consulting and advisory—guidance on tech-enabled business strategy: 29%
- Cloud expertise: 29%
- Access to specific talent or skills: 27%
- Business process operations: 27%
- Design capabilities: 26%

Sample = 150 payment providers
Source: HFS Research, 2023
Payment players are largely satisfied with their providers and acknowledge their investment in building successful payment systems.

Please rate the service provider across the following parameters using a 1–10 scale, where 1 is poor and 10 is excellent. Weighted average of respondents:

- Average satisfaction 8.8

<table>
<thead>
<tr>
<th>Parameter</th>
<th>Average Score</th>
</tr>
</thead>
<tbody>
<tr>
<td>Quality of service delivery</td>
<td>9.2</td>
</tr>
<tr>
<td>Geographic coverage</td>
<td>9.0</td>
</tr>
<tr>
<td>Identifiable investments to support the cards and payments ecosystem</td>
<td>9.0</td>
</tr>
<tr>
<td>Development of intellectual property or R&amp;D</td>
<td>8.9</td>
</tr>
<tr>
<td>Co-innovation with clients and partners</td>
<td>8.9</td>
</tr>
<tr>
<td>Use of best-of-breed partner technologies</td>
<td>8.8</td>
</tr>
<tr>
<td>Attracting and retaining talent</td>
<td>8.7</td>
</tr>
<tr>
<td>Use of fintech partners</td>
<td>8.7</td>
</tr>
<tr>
<td>Expertise across the cards and payments ecosystem</td>
<td>8.6</td>
</tr>
<tr>
<td>Creative commercial models</td>
<td>8.6</td>
</tr>
<tr>
<td>Breadth and depth of offerings across the cards and payments ecosystem</td>
<td>8.5</td>
</tr>
</tbody>
</table>

Sample = 20 payment provider respondents
Source: HFS Research, 2023
Service providers are delivering desired business outcome—CX and top-line growth

Please rate the outcomes delivered by your service provider across the following parameters using a 1–10 scale, where 1 is poor and 10 is excellent.

Weighted average of respondents

<table>
<thead>
<tr>
<th>Parameter</th>
<th>Average Satisfaction</th>
</tr>
</thead>
<tbody>
<tr>
<td>Improved customer experience</td>
<td>8.7</td>
</tr>
<tr>
<td>Revenue or other topline growth impact</td>
<td>8.7</td>
</tr>
<tr>
<td>Efficiency gains</td>
<td>8.6</td>
</tr>
<tr>
<td>Development of new business models or entry into new markets</td>
<td>8.6</td>
</tr>
<tr>
<td>Support new product offerings in cards and payments</td>
<td>8.5</td>
</tr>
<tr>
<td>Cost reduction or other bottom line impact</td>
<td>8.3</td>
</tr>
</tbody>
</table>

Average satisfaction 8.6

Sample = 20 payment provider respondents
Source: HFS Research, 2023
The top service provider partners for cards and payments include a mix of hyperscalers, industry-skinned, and industry-specific ISVs.

Who are your key partners for supporting cards and payments clients? Including general, industry specific, and fintechs.

Open-ended question, percentage of respondents

<table>
<thead>
<tr>
<th>Hyperscalers</th>
<th>Industry skinned</th>
<th>Industry specific</th>
</tr>
</thead>
<tbody>
<tr>
<td>aws</td>
<td>Adobe</td>
<td>ACI Worldwide</td>
</tr>
<tr>
<td>83%</td>
<td>33%</td>
<td>42%</td>
</tr>
<tr>
<td>Google Cloud</td>
<td>blueprismi</td>
<td>Fiserv.</td>
</tr>
<tr>
<td>67%</td>
<td>33%</td>
<td>50%</td>
</tr>
<tr>
<td>Microsoft</td>
<td>Pega</td>
<td>Icon Solutions</td>
</tr>
<tr>
<td>92%</td>
<td>75%</td>
<td>42%</td>
</tr>
<tr>
<td>servicenow</td>
<td>salesforce</td>
<td>NICE Actimize</td>
</tr>
<tr>
<td>42%</td>
<td>50%</td>
<td>42%</td>
</tr>
<tr>
<td>Volante</td>
<td>ripple</td>
<td></td>
</tr>
<tr>
<td>58%</td>
<td>42%</td>
<td></td>
</tr>
</tbody>
</table>

Sample = 12 providers of services to cards and payments services
Source: HFS Research, 2023

Top cards and payments partners: These partners rose to the top as most frequently identified as critical to supporting cards and payment providers.

- Hyperscalers offer critical storage and computing capabilities with some industry-specific capabilities.
- General purpose tools are increasingly skinned for sub-sectors of financial services.
- Industry-specific partners are most typically leveraged for
  - Finastra, created from the merger of Misys and D+H, offers a range of banking and payment solutions.
  - FIS offers various financial products and services, often used for core banking and specialty finance products.
  - Volante offers solutions for cloud payments modernization and financial messaging services.
  - ACI Worldwide provides real-time payment solutions to process digital payments.
  - Icon Solutions provides solutions and technology services that simplify payments transformation.
  - Ripple is a real-time gross settlement system, currency exchange, and remittance network that is open to financial institutions worldwide.
  - NICE Actimize provides real-time fraud prevention, anti-money laundering, enterprise investigations, and risk management solutions.
The PX factor is lower compared to other studies. Nurturing stronger partnerships should not be overlooked.

Please rate the service provider across the following parameters using a 1-10 scale, where 1 is poor and 10 is excellent.

Weighted average of ratings

<table>
<thead>
<tr>
<th>Parameter</th>
<th>Rating</th>
</tr>
</thead>
<tbody>
<tr>
<td>Geographic coverage</td>
<td>9.6</td>
</tr>
<tr>
<td>Cards and payment domain expertise</td>
<td>9.2</td>
</tr>
<tr>
<td>Quality of service delivery</td>
<td>9.1</td>
</tr>
<tr>
<td>Use of best of breed partner technologies</td>
<td>8.9</td>
</tr>
<tr>
<td>Use of fintech partners</td>
<td>8.8</td>
</tr>
<tr>
<td>Co-innovation with clients and partners</td>
<td>8.7</td>
</tr>
<tr>
<td>Breadth and depth of cards and payments service offerings</td>
<td>8.7</td>
</tr>
<tr>
<td>Creative commercial models</td>
<td>8.4</td>
</tr>
<tr>
<td>Attracting and retaining talent</td>
<td>8.3</td>
</tr>
<tr>
<td>Identifiable investments in cards and payments capabilities</td>
<td>8.0</td>
</tr>
<tr>
<td>Development of intellectual property or R&amp;D</td>
<td>7.3</td>
</tr>
</tbody>
</table>

Average satisfaction 8.6
Partner’s view service providers as functional resources—there needs to be more collaboration and co-development

Sample = 19 payment provider respondents, 20 partner respondents
Source: HFS Research, 2023

<table>
<thead>
<tr>
<th>Horizon 1—Functional digital transformation</th>
<th>Enterprise view of service provider value</th>
<th>Partner view of service provider value</th>
</tr>
</thead>
<tbody>
<tr>
<td>Survive—Digitized processes to drive improved business outcomes focused on individual elements of the value chain</td>
<td>32%</td>
<td>45%</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Horizon 2—Enterprise transformation</th>
<th>Enterprise view of service provider value</th>
<th>Partner view of service provider value</th>
</tr>
</thead>
<tbody>
<tr>
<td>Thrive—End-to-end organizational alignment to drive unmatched stakeholder experience</td>
<td>37%</td>
<td>40%</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Horizon 3—Ecosystem transformation</th>
<th>Enterprise view of service provider value</th>
<th>Partner view of service provider value</th>
</tr>
</thead>
<tbody>
<tr>
<td>Lead—Collaboration across multiple organizations with common objectives to create new sources of value</td>
<td>32%</td>
<td>15%</td>
</tr>
</tbody>
</table>
Client references are a heady mix of cards and payments ecosystem players

In the cards and payments ecosystem who do you most closely align with or work with?

- Payment processor: 23%
- Payment gateways: 18%
- Card networks and electronic payment providers: 16%
- Issuing bank: 14%
- Payment facilitator (merchant service provider, ISOs): 11%
- Acquiring bank: 11%
- Merchant bank: 7%

Client references by revenue size
Revenue in Assets Under Management (AUM)

- Less than $20B: 13%
- $21B - $50B: 13%
- $51B - $100B: 27%
- $301B - $500B: 13%
- $501B - $1T: 13%
- More than $1T: 20%

Organizational alignment of client references

- 55% Hybrid
- 35% Business
- 10% IT

Sample = 20 client references
Source: HFS Research, 2023
Horizons results: Cards and payments service providers, 2023
## HFS Horizons: Cards and payments service providers—summary of providers assessed in this report

<table>
<thead>
<tr>
<th>Providers (alphabetical order)</th>
<th>HFS point of view</th>
</tr>
</thead>
<tbody>
<tr>
<td>Accenture</td>
<td>Redefining cards and payments for the ecosystem and beyond from strategy to operations</td>
</tr>
<tr>
<td>Capgemini</td>
<td>Domain-centric approach aided by partnerships, frameworks, and innovation</td>
</tr>
<tr>
<td>Cognizant</td>
<td>Reshaping cards and payments infrastructure and operating models in support of efficiency</td>
</tr>
<tr>
<td>Deloitte</td>
<td>Redefining payments life cycle through transformation and operational excellence</td>
</tr>
<tr>
<td>Eviden (an Atos business)</td>
<td>Building new payment value streams through partners, IP, and domain</td>
</tr>
<tr>
<td>EY</td>
<td>Supporting payment transformation and aligning to the C-suite agenda for growth and modernization</td>
</tr>
<tr>
<td>Genpact</td>
<td>Domain and deep payments process expertise helps deliver transformations for cards and payments</td>
</tr>
<tr>
<td>IBM</td>
<td>Technology-led transformation partners from channels to gateway</td>
</tr>
<tr>
<td>Infosys</td>
<td>Leveraging deep BFS experience to modernize and operationalize cards and payments at scale</td>
</tr>
<tr>
<td>LTI-Mindtree</td>
<td>Enhanced scale helps deliver transformation capabilities for the cards and payments</td>
</tr>
<tr>
<td>Mphasis</td>
<td>Helping the cards and payments marketplace embrace the future state of innovation</td>
</tr>
<tr>
<td>TCS</td>
<td>Creating “future-ready” payment providers through products, global networks, and industry intersections</td>
</tr>
<tr>
<td>Virtusa</td>
<td>Bringing the triad of engineering, data, and analytics for cards and payments innovation</td>
</tr>
<tr>
<td>Wipro</td>
<td>Delivering strategy-led execution to help cards and payments reach their target operating state</td>
</tr>
</tbody>
</table>
HFS Horizons: The Best Service Providers for cards and payments, 2023

Horizon 3 is new value through ecosystem transformation
Horizon 3 service providers demonstrate Horizon 2, plus
- Ability to drive a “OneEcosystem” synergy via collaboration to create completely new sources of value
- Strategy and execution capabilities at scale
- Well-rounded capabilities across all value creation levers: talent, domain, technology, data, and change
- Driving co-creation with clients as ecosystem partners
- Referenceable and satisfied clients for ability to execute

Horizon 2 is experience through enterprise transformation
Horizon 2 service providers demonstrate Horizon 1, plus
- Ability to drive a “OneOffice” model of end-to-end organizational alignment to drive unmatched stakeholder experiences
- Ability to support clients aligning customer and employee experience
- Global capabilities with strong consulting skills
- Capability to deliver enterprise transformation as an ongoing multi-year managed service
- Proven and leading-edge proprietary tools, assets, and frameworks
- Referenceable and satisfied clients for ability to innovate

Horizon 1 is optimization through functional digital transformation
Horizon 1 service providers demonstrate
- Ability to drive functional optimization outcomes
- Driving cost reduction, speed, and efficiency
- Strong implementation partners
- Offshore-focused with strong technical skills
- Robust fundamentals of cloud-transformation
- Referenceable and satisfied clients for ability to execute

Note: All service providers within a “Horizon” are listed alphabetically.
Accenture profile: Cards and payments service providers, 2023
Accenture: Redefining cards and payments for the ecosystem and beyond from strategy to operations

<table>
<thead>
<tr>
<th>Strengths</th>
<th>Development opportunities</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Value proposition</strong>: Accenture delivers end-to-end capabilities for banks and non-banks, including central infrastructure, fintechs and big techs, payment service providers (PSPs), and across industries to help create core payment revenue pools along with adjoining payment opportunities.</td>
<td>• <strong>What we’d like to see more of</strong>: The payments boom has increased the risk of financial crime; unmanaged, this could become an existential threat. Accenture’s Financial Crime and Fraud practice is a separate security practice. The firms would benefit from bringing it closer to its cards and payments practice.</td>
</tr>
<tr>
<td><strong>Growth proof points</strong>: Accenture pledged a $3 billion investment to build capabilities to help accelerate its clients’ cloud strategy. Another $3 billion is committed toward data and AI. Ongoing acquisitions like Mudano and Bow&amp;Arrow, augment the firm’s ability to keep pace with disruptive innovation. Targeted intellectual property like Fortuna, Global Payments Revenue Models, and Payment Intelligent Operations drive high impact.</td>
<td>• <strong>What we’d like to see less of</strong>: While Accenture is a front-runner in introducing the latest and greatest technologies, it should develop a more modular or componentized offering to fit within clients’ overall agenda. Days of deep pockets for clients are gone. Technology should advance the business and drive cost optimization.</td>
</tr>
<tr>
<td><strong>Key differentiators</strong>: Accenture supports banks, non-banks, and across industries for core payment modernization and new propositions like card-in-a-box, payments-as-a-service, or super-apps while solving complex issues associated with regional differentiations in payments. It is one of a handful of firms to leverage its mature practice across industries to draw actionable roadmaps and build capabilities to solve payment problems across business lines. It uses its partner network to curate teams, including fintechs, from its FinTech Innovation Lab.</td>
<td>• <strong>Customer critiques</strong>: Clients have cited that certain areas in cards and payments lack technical skill depth.</td>
</tr>
<tr>
<td><strong>Outcomes</strong>: Accenture delivered end-to-end cloud management services for the largest LATAM acquirer, resulting in ~50% savings in running costs and a 37% reduction in lead time. It also completed a front-to-back transformation for a European central bank to support real-time gross settlement (RTGS) of about US $1 trillion per day.</td>
<td></td>
</tr>
<tr>
<td><strong>Customer kudos</strong>: Clients appreciate the quality of Accenture’s deliverables.</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Key offerings</th>
<th>Mergers and acquisitions (2019–2023)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Its key cards and payments offerings harness capabilities across its four operating units (Strategy &amp; Consulting, Song, Technology, and Operations) to create solutions for payments specialists, across industries, and for banks around payment transformation and modernization, while helping orchestrate and deliver new payment services. Its revenue mix includes 1/3 from IT services, followed by consulting and BPO.</td>
<td>• <strong>2023</strong>: Morphus, SKS, Optimind (intent to acquire 2023)</td>
</tr>
<tr>
<td></td>
<td>• <strong>2022</strong>: ARZ, Blackcomb, Kabel</td>
</tr>
<tr>
<td></td>
<td>• <strong>2021</strong>: Exton Consulting, Infinity Works, Core Compete, Trivadis AG, BCS Consulting, King James Group, Openminded, Wolox, BRIDGEi2i, Industrie&amp;Co, Real Protect</td>
</tr>
<tr>
<td></td>
<td>• <strong>2020</strong>: Azeo, Context, 2019: Drogra5, Orbium, Bow&amp;Arrow, ?What if!, Parker Fitzgerald, Zafin</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Partnerships</th>
<th>Key clients</th>
<th>Global operations and resources</th>
<th>Flagship internal IP</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Industry specific</strong></td>
<td>Number of clients: Not available</td>
<td>Headcount: 14,000</td>
<td>• <strong>Accenture Global Payments Revenue Model</strong>: Data-driven research asset for modeling payment market size and revenue split</td>
</tr>
<tr>
<td>• ACI Worldwide, FIS, Icon Solutions, New Day, Ripple, Volante, Threedd, Cogo, Fiserv, Intellect, Nexi SIA, TSYS, Okra, Episode Six, FORM3, Konsensus, Openway, Tieto Evry, Olysys, Finastra, Imburse, Marqeta, Pay Key, Vocalink, Red Hat</td>
<td><strong>Key clients</strong></td>
<td>Delivery and innovation centers</td>
<td>• <strong>Fortuna</strong>: A reference architecture and deployable tool, including libraries for payment processing, which provides abstracted payment gateway and switch capabilities</td>
</tr>
<tr>
<td><strong>General purpose</strong></td>
<td>Large global and local financial institutions</td>
<td>• 50+ centers</td>
<td>• <strong>Payment Intelligent Operations including SynOps</strong>: Payment operations asset that uses payment automation and data analytics to optimize payment back-office processes</td>
</tr>
<tr>
<td>• AWS, Google Cloud, Microsoft, Oracle, Salesforce</td>
<td>Payment and financial services regulators and national competent authorities</td>
<td>Regional centers on each continent serve clients in the region—Asia, Africa, Europe, LATAM, and North America.</td>
<td>• <strong>Core Payment Modernization Playbook</strong>: Summary of ISO 20022 MT messages and what each message instructs the SWIFT network to do</td>
</tr>
<tr>
<td></td>
<td>Payment fintechs and big techs</td>
<td>Its India locations support all clients</td>
<td></td>
</tr>
</tbody>
</table>
HFS Research authors
Divya Iyer is a Practice Leader at HFS Research, covering the IT and business services sectors and researching emerging and established digital business models and technologies, start-ups, and business solutions suppliers. She has experience in the financial services industry in the areas of banking, capital markets, equity research, financial modeling, data analysis, client management, and strategic project development.

Krupa K S is a Senior Analyst at HFS Research, and she is part of data products. She is responsible for ITO-BPO outsourcing contracts, merger and acquisition data collection, and analysis for different service lines. She also works with practice leads on Business process services and digital technologies.

She has over four years of experience in business research and analysis in Excellence4U Research Services and Futurecorp Consulting. She was part of the market research team, performing secondary research for company profiling, industry analysis, and competitive analysis.
About HFS

Insight. Inspiration. Impact.

HFS is a unique analyst organization that combines deep visionary expertise with rapid demand-side analysis of the Global 2000. Its outlook for the future is admired across the global technology and business operations industries. Its analysts are respected for their no-nonsense insights based on demand-side data and engagements with industry practitioners.

HFS Research introduced the world to terms such as “RPA” (Robotic Process Automation) in 2012 and more recently, Digital OneOffice™ and OneEcosystem™. The HFS mission is to provide visionary insight into the major innovations impacting business operations such as Automation and Process Intelligence, Blockchain, the Metaverse and Web3. HFS has deep business practices across all key industries, IT and business services, sustainability and engineering.