



Voices from the FinTech Advisory Committee



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[Finastra](#) is a financial services software company. We provide the broadest portfolio of financial software solutions available on the market and are building an open development platform for financial services called FusionFabric.cloud. We serve financial institutions of all sizes, including global banks and credit unions. With revenues of \$1.9 billion, more than 10,000 employees and 8,500 customers, including 90 of the top 100 banks, we unlock the potential of

people and businesses by creating a platform for open innovation.

1. You joined Finastra a month after the merger of D+H and Misys in 2017. As Chief Strategy Officer of Finastra, can you describe the strategic direction of the company since the merger?

Finastra has been undergoing an exciting journey —evolving to a very focused product and solution company, serving over 8,500 customers, and now it is firmly on the path to the next stage of evolution: becoming a platform and data company.

We anticipate strategic growth through:

- **Opening our products and services up to a wider audience through open APIs**, enabling others to innovate on our platform, and supporting FinTechs with a ready-made market place that will help them to monetize their applications.
- **Developing new solutions in partnership** with other technology providers, broadening our offering and strengthening our position in the market.

- **Creating a marketplace on our platform** which will not only offer our own products and services but will connect customers with the products and services of others.

Our goal is to become the operating system” for financial services. We believe that our proposition is unique and has a wider reach than comparable solutions on the market.

2. We’ve seen some tremendous consolidation in the core banking space within the past year. Earlier this year, we saw the \$43 billion merger between FIS and Worldpay, the \$21.5 billion merger between Global Payments and Total System Services, and Fiserv’s \$22 billion merger with First Data. What’s propelling this wave of consolidation?

We’re seeing more and more consolidation in the financial services industry, especially in the payments space, as organizations look to take advantage of the ongoing consolidation in the banking sector globally. This continues to open up opportunities for vendors to integrate multiple legacy systems in payments, and the growing number and complexity of payment transactions across digital and mobile payments prompts more payment channels to be served by software.

These trends help propel M&A activity but also innovation and collaboration across the full FinTech ecosystem.

3. The Office of the Comptroller of the Currency and the Federal Deposit Insurance Corporation have voiced concerns in the past about the potential risks arising from increasing concentration among core technology providers. Should we be concerned? To what extent does increased concentration impact innovation among banks?

With the wave of consolidation in the industry, the pool of core technology providers is changing for sure, but there are also some new players evolving. Banks must look to vendors which support them with innovation and towards platforms which encourage collaboration amongst the FinTech ecosystem, rather than being locked into one provider. The venture capital industry is also active in this space encouraging new technology vendors to come to market.

4. FusionFabric.cloud is Finastra’s platform-as-a-service solution. Can you explain a bit more about this solution and why Finastra is strategically moving to an open, collaborative platform? To what extent does this strategic shift provide you with a competitive advantage relative to your peers?

[FusionFabric.cloud](#) is an open development platform to enable collaboration and innovation between FinTechs, banks, and more.

It has three core components:

- **FusionCreator:** a rapid development environment for financial applications with low-code capabilities and integrated API management tools.
- **FusionOperate:** a management system to deploy and operate applications in a secure cloud infrastructure.
- **FusionStore:** an online marketplace, allowing banks to discover, test, and buy applications.

We are opening up Finastra's core systems via open APIs and making them accessible in the FusionFabric.cloud platform. This means developers can build new and innovative applications directly on top of our solutions, making it easier for them to be tested, certified, and ultimately purchased and deployed by a bank. FinTechs and developers benefit from faster development time and access to a global financial services marketplace, and banks can tap into the latest innovation.

We already have over 300 FinTechs registered and recently [unveiled 61 new APIs](#).

The beauty of FusionFabric.cloud is that it is completely open. We don't tie developers into using our technology, but we are opening up our core systems via open APIs and making them accessible in the FusionFabric.cloud platform. This means developers can build new applications directly on top of our core solutions, making it easier for them to be tested, certified, and ultimately purchased and deployed by a bank.

No other company offers a full range of solutions and a platform like Finastra.

5. FusionFabric.cloud is underpinned by Microsoft Azure. Can you discuss Finastra's strong relationship with Microsoft? Why the Azure platform? And how does Azure enable Finastra to address client needs?

Partners are an essential part of our strategy.

Finastra and Microsoft have formed a strategic alliance to deliver secure, flexible, and cost-effective financial services cloud solutions. As part of the alliance, Microsoft Azure underpins FusionFabric.cloud, and we are moving many of our core solutions to the cloud as well, beginning with payments, retail, and mortgages.

Microsoft invests over a billion dollars on cybersecurity a year, and a wide array of security tools and capabilities ensure confidentiality, integrity, and availability of customer data, while also enabling transparent accountability.

This alliance demonstrates our commitment to continuously improving our cloud services and platform offering by aligning with a world leader in secure cloud computing.

6. Given the strategic shift towards “openness,” how is Finastra responding to regulatory and policy efforts underway around the world to open up data held by incumbent financial institutions? How do Finastra’s solutions address the challenges (and opportunities) posed by the various open banking and data portability standards emerging around the world?

Open Banking is the first step towards Open Finance, which will see the next wave of innovation in financial services being created on open platforms, using open APIs and open software solutions.

Finastra’s FusionFabric.cloud platform encourages collaboration and innovation across the financial services ecosystem. FinTechs, banks, developers, and more can work together in an open architecture environment to build the apps of the future that will, in turn, enable banks to better serve their customers and meet expectations.

We believe the future of finance is open.

7. Even though we’re still early on in the development and implementation of open banking standards, are there particular policy regimes or frameworks that you would view as “standouts” at this point?

Open Banking is about thinking from the outside in and putting the customer at the heart of a bank, to deliver a better experience, based on data insight and improved services.

Reforms to open up the landscape started in the European Union with new regulations—PSD2 and GDPR—and are also being driven in the UK with the CMA Open Banking Mandate. A year and a half in, we’re starting to see banks embrace the opportunity, enabling customers to view all their accounts through a single banking app (for example). And while research shows many consumers do not know what Open Banking is, this is arguably not a problem, as long as they are engaging with the new bank offerings and enjoying the benefits. Lessons from the UK and Europe hinge around data-based transformation (data is at the heart of this movement and must be accurate, accessible, and free of siloes) and better education for consumers.

In terms of other regions, our recent research in APAC put Singapore (8.1/10) top, followed by Australia (7.1/10) and Hong Kong (6.6/10) as the second and third leading markets in Open Banking readiness. These regions are setting the pace for leveraging APIs in data monetization, primarily owing to the maturity of their Open API and data infrastructure.

8. The Milken Institute FinTech program promotes responsible innovation that improves access to capital, drives financial inclusion, and fosters transparency and compliance. Can you provide us with an example of how the Finastra is leveraging

technological advancements to drive impact across several or all of those issue areas?

A lot of our innovation is currently going into building out FusionFabric.cloud. We're making it really simple to onboard FinTechs, banks and other developers so that they can build, test, and deploy their apps within an end-to-end infrastructure. Our core focus is to enable others, unlocking the potential of people and business everywhere.

We think the key to achieving this goal is to provide access to open finance for all. We believe the future of finance is open. To us, open has four characteristics:

- **Accessible** - inclusive, democratic, and fair.
- **Provenance** - transparent and verifiable/certified.
- **Kinetic** - always moving—open to new ideas, open to change, open to innovation.
- **Fast** - speed of execution, speed of information exchange, speed to start businesses and launch ideas, or deliver new services.

Technology has such potential to support the huge transformation that the financial services industry is currently undergoing. For example, imagine if digitization and the move to platform, which encourages open ecosystems, could help unlock affordable financial products and services for those currently unable to access finance. More and more, we see the industry unbundling services into an ecosystem of apps (via platforms) that means consumers can make choices about their banking and the way they manage or access capital.