




The 10-Year Advantage: Choosing a Payment Hub for Long-Term Success

Expert views on navigating the rise of payment hubs:
Selecting a payment hub that drives long-term customer
value, not just short-term fixes

Executive Summary

They say a rising tide lifts all boats, and when it comes to payment hubs and their relationship in supporting financial institutions (FIs), nothing could be truer. Payment hubs have become the great equalizer, supporting FIs of all sizes in offering high-tech, digital payments offerings. From banking-as-a-service (BaaS)  to real-time payments to global ISO 20022  standardization, payment hubs  provide opportunities for all FIs.

In a recent American Banker webinar, “The Rise and Rise of Payment Hubs,” Gareth Lodge, Principal Analyst, Global Payments, Celent; Laura McGorty, Director of Payment Solutions, Synovus; and Gene Neyer, Executive Advisor, Finzly spoke to the growth in payment hubs, the rationale behind that growth, and how FIs of all sizes can benefit. Specifically, they concluded that FIs can capitalize on payment hubs by taking the following steps:



01

Develop a clear payments strategy

A payments strategy is key to ensuring you maximize your return on investment with a payment hub. It will both help direct your planning and help you in gaining buy-in for the investment within your institution.

02

Choose a payment hub based on your specific needs.

Historically, only the largest FIs had the ability to customize technology solutions; the majority of regional and community banks and credit unions were left with off-the-shelf offerings and had to mold or constrain their payment processes and products to fit. With today's nimble cloud-based and API-driven environment, for the first time, FIs of all sizes can benefit from solutions that are tailored to their needs and those of their customers/members.

03

Embrace system integrations

While product integrations historically were challenging for FIs, the mainstream application of APIs has simplified that process. Linking up a payment hub to existing and new systems is a streamlined, efficient process in today's environment.

04


Think bigger than a single project.

Industry experts point out that the top issue they see with the implementation of payment hubs is that the FI in question isn't thinking big enough. That means while it's ok to launch a payment hub for a key project (i.e., implementation of real-time payments), you also want to think about how you can leverage it for other products and services in both the near- and long-term.

Read on for details and recommendations on how FIs can take advantage of payment hubs to raise revenue and increase efficiencies, all the while leveling up their organization's payments offerings.

Develop a clear payments strategy

01

Payment hubs  offer exciting opportunities for FIs as part of their payments modernization plans, and many are introduced to the technology as a way to advance a particular project. For instance, real-time payments are driving adoption of payment hubs to help aggregate payment rails in one place.

Yet, while the relationship you have with your payment hub may begin with a focused implementation, there are also opportunities to modernize and transform payments architecture and offerings with their support.

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We always say, 'Start with a payments strategy. What do payments mean to your bank? Because it's the one thing that touches literally every single client, every single employee, on a daily basis.

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Gareth Lodge
Principal Analyst, Global Payments, Celent

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I look at the payment hub as being a set of raw materials. Don't forget as a bank to have a team aligned to really be thinking about how to use that set of raw materials to capitalize on what are the value-added solutions you can deliver, especially for your commercial clients as part of this delivery

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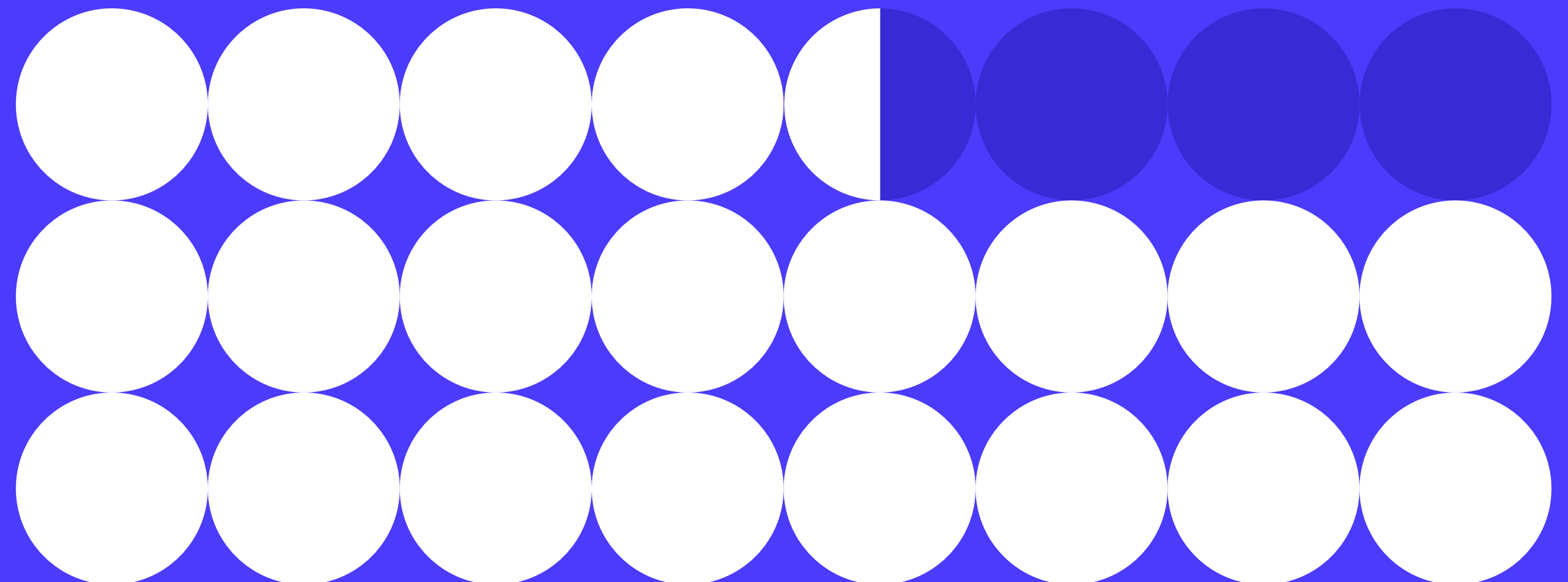
Laura McGorty

Director of Payment Solutions,
Synovus

92%

of FIs plan to increase modernization investments in their next budget cycle

→ Datos Insights



Fortunately, that's where a payments strategy comes into play. By having a firm understanding of where you are headed, you will make certain that at the start of a project, you have buy-in from leaders and peers within your institution. Nothing can make a technology project fail quicker than not having a shared vision for what's to come, and putting a payments strategy in place addresses that concern.

When you embark on your payment hub integration, you want to be certain that leadership and key stakeholders understand and agree with the near- and long-term opportunities it affords, and a payments strategy serves as the tool to drive that united thinking from the start.



02

Choose a **payment hub** based on your specific needs

Payment hubs have been around since the early 2000s, and those first offerings were geared toward the largest FIs. Over the years, they have evolved as all technology has, but historic solutions may not compare to new offerings. While legacy hub systems can and have scaled, those that weren't designed with today's modern, cloud-based architecture and global standards in mind are constantly playing catch up to those solutions that were fitted with that foresight from the beginning. Suffice it to say, not all payment hubs are created equal—and FIs see the difference.

74% of FIs point to significant differences between payment hubs
→ Finzly Poll

Laura McGorty

Director of Payment Solutions, Synovus



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The primary value of looking at a payment hub is to take what has historically been processed in separate payment systems and pull them into that one application. When considering a payment hub, one should truly consider what are the payment rails that maybe need some modernization or where combining into one system within an organization, within a bank, can really drive value.

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Today's modern solutions are standing on the shoulders of those original solutions,". "Payment hubs have evolved and will continue to evolve. It's about choosing the right solution that you can now embrace things as they come along as an add-on or an update to your current solution.

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— Lodge

As you consider payment hubs, refer back to your payments strategy and evaluate providers and solutions against your specific needs.

Identify where you can bring value to your customers/members and engage the provider who can both support today's needs and tomorrow's demands.

Simplify system integrations.

03

The goal of a payment hub is to aggregate and draw together payments rails and disparate functionality to ensure a simplified solution, so integrations are key to optimizing its performance. Fortunately, APIs have changed the game for FI systems, and with core providers opening up and enabling collaborations, introducing new technology has been vastly simplified.



However, no matter how much the process has been streamlined, payment hub integrations do take consideration and planning. Experts in the space encourage FIs to develop project plans that include adequate time for building, testing, and roll-out of any product being implemented through the hub. Additionally, they advise ensuring you have the right expertise on staff and via your payments hub partner to ensure a smooth transition from day one.

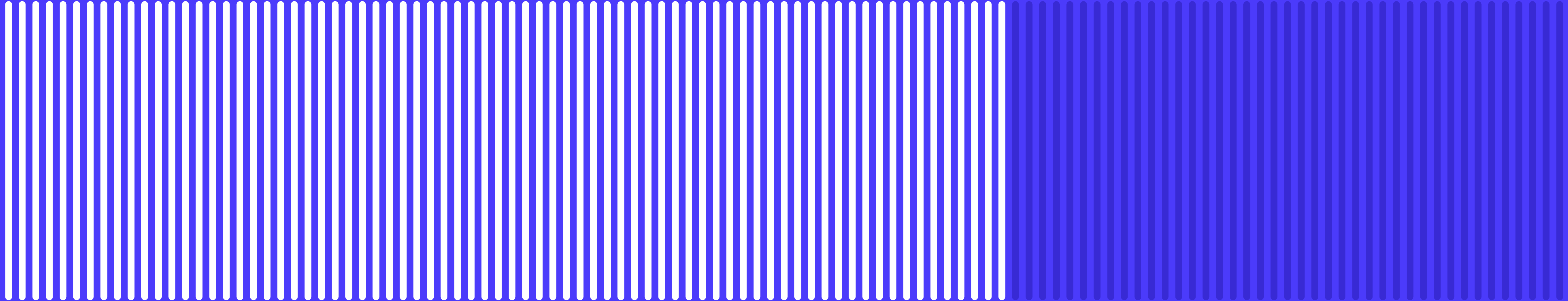
That preparation will also enable you to begin realizing your ROI earlier in the product's life cycle.



69%

of FIs say integrating with legacy systems is the biggest challenge with adopting a payment hub... but experts agree it shouldn't be a primary concern

→ [Finzly Poll](#)



Gene Neyer

Executive Advisor, Finzly



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These days, with API tools' composability and well-documented interfaces, we find that integrating with legacy systems isn't a problem.

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“Think about it less as a point project but as a start of a modernization and transformation journey,” advocated Lodge. “Change is constant, so there’s going to be continual evolutions. **That is how FIs get the full ROI.**”

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The long and short of it: FIs don’t need to fear system integrations with payment hubs; they can be simple and efficient, but thoughtful engagement with providers will support a more streamlined process.

Think bigger than a single project.

04

FIs often begin their exploration of payment hubs with a search around a single project. Whether it's responding to the Fedwire migration to ISO 20022 or launching instant or real-time payments or another effort, when launching a new technology-based payments initiative, payment hubs enter into the mix.



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The issue? Oftentimes, it stops there. FIs lose sight of bigger opportunities when they see a payment hub as a fix for one issue and one issue alone.

This is where your payments strategy comes into play. Take a closer look at your business goals and evaluate if and how a payment hub can support those objectives. It's about taking a bigger-picture approach and exploring opportunities beyond the original reason for the engagement. Leverage the tools at your disposal to support your organization's broader plans, because as McGorty mentioned, a payment hub is a set of raw materials that can be composed in a way that can solve different problems FIs have.

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There's a difference between modernizing and transforming. Modernizing is good; transforming is better because you're looking at people and processes and that bigger picture.

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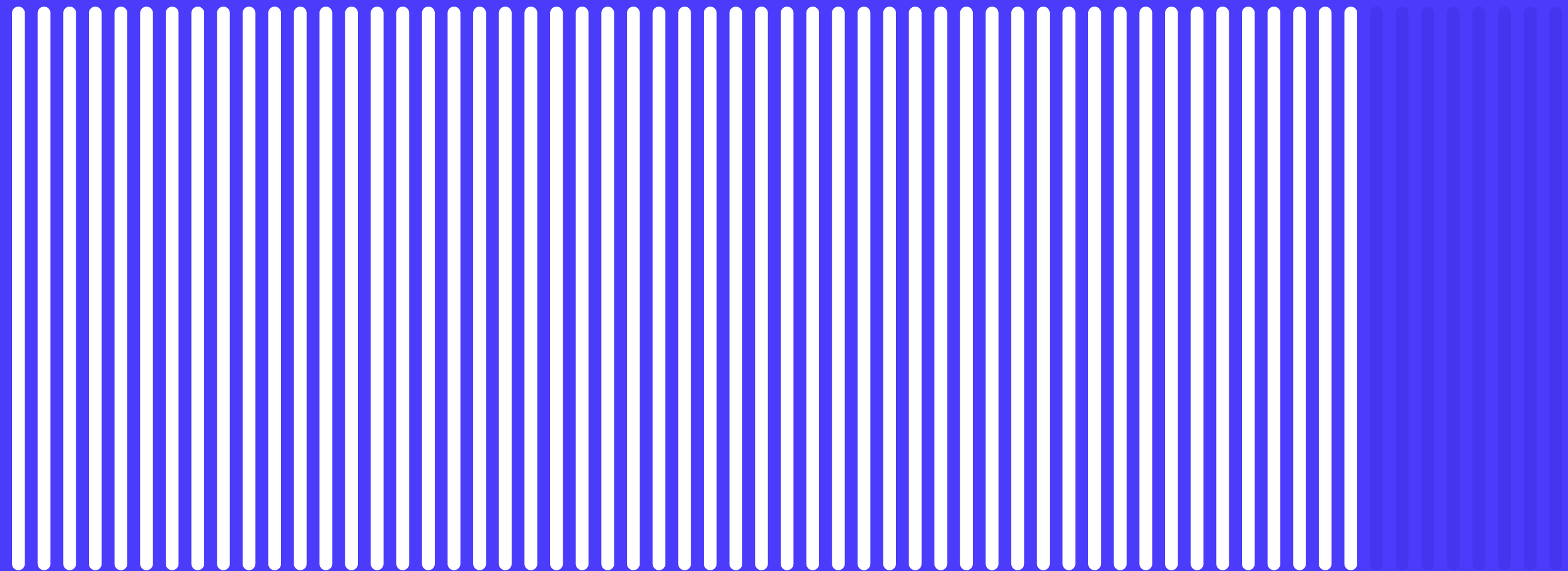
Gareth Lodge

Principal Analyst,
Global Payments, Celent

91%

prioritize flexibility and composability
when selecting a payment hub vendor

→ Finzly Poll



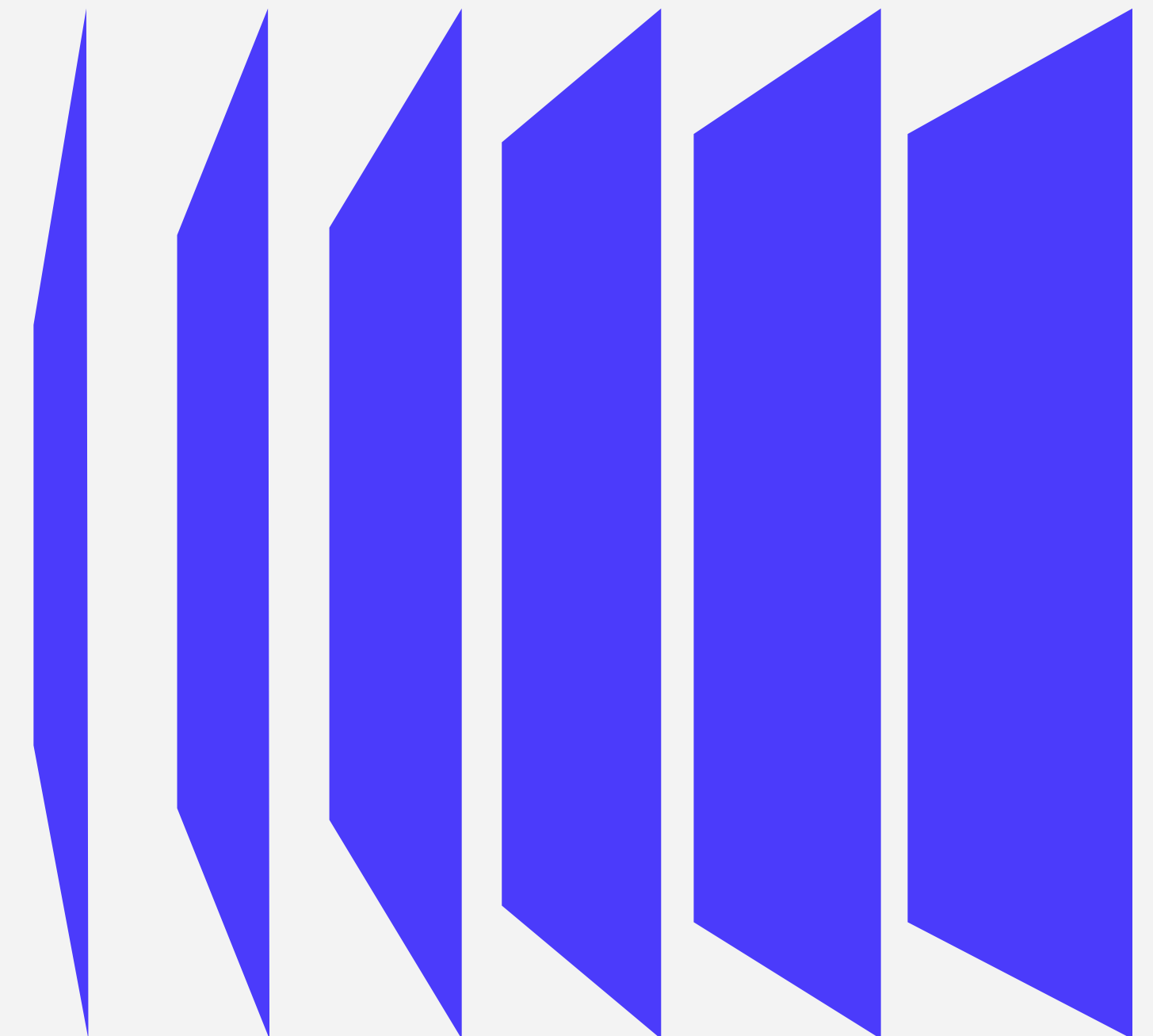
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I would suggest a bank taking a zoom out approach. If you're bringing in a payment hub, it's a long-term investment. Because nobody wants to bring in a payment hub in this day and age that they're not going to use for at least 10 years. It needs to be flexible, and it needs to align with your business needs and your tech strategy for at least 10 years down the road

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summed up McGorty.

To support that long-term view of technology, make sure to select a provider who can be flexible enough to help you evolve over time. “Choose the payment hub vendor and the payment hub who can bring in the industry best practices. Start with a clean slate, design your systems for the modern age. And then have a very thoughtful migration path from ‘I don't know what it is but it works’ to ‘here is the brand-new world,’” Neyer remarked.





Conclusion: Secrets to Payment Hub Success

Payment hubs are a new critical tool for FIs in growing and maintaining their payments products and services. They are quickly becoming a necessary technology solution to compete in today's rapidly evolving digital landscape and will have significant impact on payments in the future.

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It's really important for a bank to partner and select a payment hub provider whose staff is regularly engaged in the industry, is working with industry working groups, and regulatory bodies, has a seat at the table, and is helping to drive that future of payments. Because then they are most plugged into where the ball is headed in the future and are best positioned to be built-in consultants.

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Laura McGorty
Director of Payment Solutions, Synovus

The key thing about the next three, five, 10 years of payment hubs is we've laid the foundation for adapting to the changes in technology and adapting to the changes in business processes. New opportunities will be much lower risk and to be done much faster than ever before

As you seek out ways to capitalize on this technology, identify a partner who can:

01

Support your payments strategy

02

Address your specific payments needs





03

Offer expertise and experience around system integrations

04

Help you identify way to maximize your investment in your payment hub

Because when transforming your payments processes, you need a partner who both understands your vision and stands ready to help you execute it. For more information on how you can take advantage of payment hubs, contact [Finzly payments experts](#).

Finzly helps banks and credit unions thrive in a real-time, connected world with its Finzly BankOS platform . Institutions can quickly launch instant payments, modernize ACH  and wire transfers, and orchestrate payments through a unified API and ISO 20022  native payment hub .

Finzly, recognized with multiple awards, also offers advanced FX solutions to help banks attract corporate and enterprise treasury customers. Learn more about Finzly's game-changing solutions by visiting

www.finzly.com





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