In our post-pandemic world, the top imperative for retail banks has shifted from digital engagement to front-to-back modernization. To succeed, digital innovation must permeate throughout banking operations and modernized core systems to enable new forms of value for end customers. Retail banks will get there with the help of their ecosystem partners.

Elena Christopher, Chief Research Officer
## Contents

<table>
<thead>
<tr>
<th>Page No.</th>
<th>Section</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Introduction and the HFS retail banking value chain</td>
</tr>
<tr>
<td>2</td>
<td>Research methodology</td>
</tr>
<tr>
<td>3</td>
<td>Executive summary and market dynamics</td>
</tr>
<tr>
<td>4</td>
<td>Horizons results: The Best Service Providers for Retail Banks, 2023</td>
</tr>
<tr>
<td>5</td>
<td>Wipro profile: The Best Service Providers for Retail Banks, 2023</td>
</tr>
<tr>
<td>6</td>
<td>HFS Research authors</td>
</tr>
</tbody>
</table>
Introduction and the HFS retail banking value chain
Introduction

• Retail banking remains the most visible segment of the global banking market with the greatest alignment (and exposure!) to consumer behavior and sentiment. This perpetual tension between what consumers want and what banks provide has driven nearly a decade of sexy front-end digital investment to help banks defend against fickle customer loyalty. In our post-pandemic world, the top imperative for retail banks has shifted from digital engagement to front-to-back modernization. To succeed, digital innovation must permeate throughout banking operations and modernized core systems to enable new forms of value for end customers. Retail banks will get there with the help of their ecosystem partners.

• The HFS Horizons Report: The Best Service Providers for Retail Banks, 2023 assesses how well service providers are helping their retail banking 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 growth: Horizon 2 + ability to drive OneEcosystem™ synergy via collaboration across multiple organizations with common objectives around driving completely new sources of value

• The report evaluates the capabilities of 21 service providers across the HFS retail banking value chain 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 enterprise objectives with service provider value

Horizon 3 is growth 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

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 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 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
### The HFS retail banking value chain, 2023

#### Industry specific

**Deposits**
- Customer acquisition
- Onboarding
- Transaction processing
- Liquidity and cash management
- Account servicing

**Lending**
- Sales and marketing
- Origination
- Credit decisioning
- Loan fulfilment
- Loan servicing
- Default management
- Secondary market operations
- Value added services

**Mortgage**
- Sales and marketing
- Origination
- Underwriting
- Loan fulfilment
- Loan servicing
- Default management
- Account servicing
- Value added services

**Cards**
- Customer acquisition
- Onboarding
- Transaction processing
- Merchant services
- Default management
- Co-branding
- Loyalty services

**Wealth Management**
- Sales and marketing
- Onboarding
- Transaction processing
- Fund and portfolio management
- Financial wellness
- Retirement planning

**Small & Medium Business**
- Sales and marketing
- Onboarding
- Transaction processing
- Merchant services
- Default management
- Service providers
- Loyalty services

**Payments**
- Deposits
- Lending and line of credit
- Cards
- Trade services
- Foreign exchange
- Value-added services
- Merchant services

#### Horizontal

**Retail banking**

- Bills and statements
- Risk management and monitoring
- Regulatory compliance
- Audit and reporting
- Fraud
- Legal
- Treasury
- ESG

**Cross-functional banking and financial services (BFS) processes**

- Bills and statements
- Risk management and monitoring
- Regulatory compliance
- Audit and reporting
- Fraud
- Legal
- Treasury
- ESG

**Enabling technologies**

- RPA
- Intelligent document processing
- Artificial intelligence
- Smart analytics
- Machine learning
- Blockchain
- IoT
- Cloud
- Mobility

**Horizontal business processes**

- Customer experience
- Human resources
- Procurement
- Finance and accounting
- Payroll
- R&D

**Horizontal IT processes**

- Plan, design, and implementation
- Application development and maintenance
- Infrastructure management
- Cybersecurity
The HFS retail banking value chain defined

HFS developed the industry value chain concept to graphically depict our understanding of the processes and functions that specific industries engage in to operate their businesses. The industry value chain for retail banking is a subset of our broader banking and financial services value chain. The elements of the retail banking value chain include:

- **Retail banking lines of business and functional processes**, including deposits, lending, mortgage, cards, wealth management, small and medium business, and payments; these functions represent the range of unique processes retail banks undertake to conduct their core business.

- **Cross-functional retail banking processes**, including functions that are industry specific yet run across all lines of business, such as regulatory compliance, fraud management, and environmental, social, and governance (ESG); we have called out these functions as cross-functional banking processes.

- **Enabling technologies** drive so much of the innovation and change taking place in retail banking. They include elements such as robotic process automation (RPA), intelligent document processing (IDP), artificial intelligence (AI), smart analytics, and others. Our research on these topics will focus on how they are used within retail banking, which service providers bring them to the table, and what real business impact is realized.

- **Horizontal IT and business processes** are essential for enterprises in all sectors running their businesses, but they are executed similarly regardless of industry. We refer to these as horizontal processes and have segmented them by IT and business functions. Our industry-specific coverage of these areas will focus on instances where something unique has been developed for the industry, such as core banking modernization or customer onboarding.
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 service capabilities of the participating organizations covered in our study. Sources are as follows:

**Briefings and information gathering**
HFS conducted detailed briefings with banking leadership from each vendor.

Each participant submitted a specific set of supporting information aligned to the assessment methodology.

**Reference checks**
We conducted reference checks with 41 active clients and 47 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**
Public information such as press releases and websites.

Ongoing interactions, briefings, virtual events, etc., with in-scope vendors and their clients and partners.
The HFS Horizons Report: The Best Service Providers for Retail Banks, 2023 research evaluates the capabilities of service providers across a range of dimensions to understand the why, what, how, and so what of their service offerings supporting retail banks. Our assessment is based on inputs from clients, partners, and employees and augmented with analyst perspectives. The following illustrates how we assessed provider capabilities:

### 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? (25%)</strong></td>
<td>Strategy for retail banking market and vision for the future of the industry</td>
<td>• Ability to drive functional optimization outcomes through cost reduction, speed, and efficiency</td>
<td>• Horizon 1 + Enablement of the &quot;OneOffice&quot; model of end-to-end organizational alignment across the front, middle, and back offices to drive unmatched stakeholder experience (EX, PX, CX)</td>
<td>• Horizon 2 + Ability to drive &quot;OneEcosystem&quot; synergy via collaboration across multiple organizations with common objectives around driving completely new sources of value</td>
</tr>
<tr>
<td></td>
<td>Retail banking offerings aligned to top problem statements for the sector</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Differentiators—Why retail banks work with you</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Execution and innovation capabilities: The What? (25%)</strong></td>
<td>Breadth and depth of services across the retail banking value chain and associated delivery capabilities</td>
<td>• Functional domain expertise for segments of the retail banking value chain</td>
<td>• Comprehensive coverage across the retail banking value chain</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Strength of industry-specific talent—hiring, training, and ongoing development</td>
<td>• Industry-specific talent focused on key process domains or tech</td>
<td>• Strong industry-specific talent pool across IT and operations domains</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Approach to and strength of ecosystem partners</td>
<td>• Focused partnerships and strong PX</td>
<td>• Range of industry-specific partnerships and strong PX</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Industry-specific technology innovation</td>
<td>• Limited industry-specific IP</td>
<td>• Strong industry-specific IP</td>
<td></td>
</tr>
<tr>
<td><strong>Go-to-market strategy: The How? (25%)</strong></td>
<td>What are you actually selling to retail banks?</td>
<td>• Investments aligned to functional optimization outcomes</td>
<td>• Horizon 1 + investments aligned to enterprise experience</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Nature of investments in your retail banking business (M&amp;A, non-M&amp;A, R&amp;D)</td>
<td>• Optimization and point solutions</td>
<td>• Optimization and top-down transformation</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Co-innovation and collaboration approaches with 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></td>
</tr>
<tr>
<td></td>
<td>Customer targeting approach</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Market impact: The So What? (25%)</strong></td>
<td>Scale of retail banking business—revenue, clients, and headcount</td>
<td>• Proven scale and growth driven by functional optimization focus</td>
<td>• Proven scale and growth driven by Horizon 1 + stakeholder experience</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Growth of retail banking business—revenue, clients, and headcount</td>
<td>• Top marks as an optimization partner across key retail banking functions (CX)</td>
<td>• Top marks as an enterprise transformation partner emphasizing stakeholder experience (CX)</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Proven outcomes showcasing nature of value delivered to retail banks</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Voice of the customer</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Horizons assessment methodology—services for retail banks

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Excerpt for Wipro

The Best Service Providers for Retail Banks, 2023 | 12
3

Executive summary and market dynamics
Executive summary

1. Horizon 3 service providers revealed

We assessed 21 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, TCS, and Wipro. These service providers have demonstrated their ability to support retail banks across the journey from functional digital transformation to enterprise-wide modernization to creating new value through ecosystems. These leaders’ shared characteristics include deep industry expertise across the retail banking value chain, 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 with its retail banking clients around the world.

2. What retail banks need from service providers

The HFS Horizons model aligns closely with enterprise maturity. We asked the retail banking leaders we interviewed as references for this study to comment on the primary value delivered by their service provider partners today and in two years. Overwhelming, respondents indicated that the value realized today is Horizon 1—functional digital transformation focused on digital and optimization outcomes (72%). Two years from now, the story changes with an enhanced focus on using service providers to help achieve enterprise transformation (24%) and a heavy focus on driving growth and new value creation through ecosystem transformation (28%). Retail banks should select their partners based on the value they seek. The most effective service providers of the future need to enable the growth and transformation of retail banks across the ecosystem continuum.

3. How service providers are meeting retail banking needs

As retail banks evolve and mature across the Horizons model, service providers are on point to support these ever-changing needs. In our study, we found strong alignment between retail banks’ push to Horizon 2—enterprise transformation—and the fastest-growing service offerings from providers. Providers are prioritizing modernization offerings for retail banks, especially core system transformation, cloud-enabled data and application modernization, and payments capabilities expansion. Modernization is a necessary pathway to cultivating new forms of value and ecosystem-enabled growth. CX elevation is ongoing and increasingly enabled by modernization, especially data initiatives. Risk and regulatory compliance is perpetual, and there is still work to be done on optimization. ESG needs are certainly on the radar for retail banks, but there is substantial definitional work to be done to better understand needs and solutions. IT services leads for spending.

4. Voice of the customer (VOC)

We did deep-dive interviews with more than 40+ retail banks as part of our VOC research for this study. Banking leaders showed a clear pattern of leveraging service providers to enable their future growth, with quality, industry expertise, and transformation advice dominating provider selection criteria and innovation and modernization initiatives leading services scope. We note banks barely consider the ecosystem as a key section criterion. Banks are largely satisfied with providers for the basics, averaging 8.4 out of 10 for CSAT. However, the delivery of outcomes is a bit more tepid, with satisfaction with growth-oriented new value creation at the bottom of the satisfaction pile.

5. Voice of the partners

Service providers work with a range of partners to meet the needs of their retail banking clients, including hyperscalers and industry-skinned and industry-specific ISVs. Satisfaction is generally high from a partner experience standpoint, which bodes well for downstream client impact. However, partner perception of service providers is that they offer retail banks a higher level of value than the retail banks perceive. Enterprises need to better consider the value delivered via ecosystems.
The role of service providers is changing as retail banks mature and transform

Which of the following statements best represents the primary value delivered by your service provider today? And in the next two years?
Percentage of respondents

**Horizon 1—Functional digital transformation**
Ability to drive functional optimization outcomes through cost reduction, speed, and efficiency

- **Service provider value now**: 72%
- **Service provider value in two years**: 48%

**Characteristics**
- Optimizing existing offerings
- Automating manual processes
- Digital channels

**Horizon 2—Enterprise transformation**
Enablement of end-to-end organizational alignment across the front, middle, and back offices to drive unmatched stakeholder experience, impacting employees, customers, and partners

- **Service provider value now**: 14%
- **Service provider value in two years**: 24%

**Characteristics**
- Modernization initiatives
- Cloudification
- Real-time data and decisioning
- Personalized engagement

**Horizon 3—Ecosystem transformation**
Ability to drive ecosystem synergy via collaboration, across multiple organizations with common objectives around driving completely new sources of value

- **Service provider value now**: 14%
- **Service provider value in two years**: 28%

**Characteristics**
- Nimble, configurable offering creation and launch
- New business models built on cross-industry value
- Data monetization

Excerpt for Wipro
Service providers’ fastest growing offerings are around modernization—core banking, cloud, and payments

<table>
<thead>
<tr>
<th></th>
<th>Core banking modernization</th>
<th>All things cloud</th>
<th>CX and customer journeys elevation</th>
<th>Ramping payments and lending</th>
<th>Risk and regulatory banking services (KYC, AML)</th>
<th>ESG—reporting and governance</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>There is a massive push in retail banks for their business functions to access critical data, process it in real time, effect faster pricing changes, launch new products and digital solutions (apps), and scale infrastructure up and down at will. Traditional core retail banking systems were meant for reliability and facilitating the retail banking tenet of transaction processing without intervention. Intending to establish a nimble core, retail banks are ripping and replacing, implementing greenfield core banking technologies, decomposing the core with nimble layering, and decoupling from auxiliary systems.</td>
<td>For retail banks, the dimension of the cloud is from customer experience to operations to the back office. Retail banks mostly embrace the cloud to harness data and for application modernization. Most retail banks 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 retail banks requires deep domain and proprietary application knowledge, not just cloud expertise.</td>
<td>Retail banks have gotten smarter about the way they approach CX elevation. Retail banks are increasingly becoming customer-centric by emphasizing on customer journey mapping that tightly couples products—deposits, cards, lending, mortgages, pensions, and insurance—to the path of onboarding, transactions, administering, and resolving, etc., to simplify and upgrade customer experience and create value through data—increasingly across banking silos and with an emphasis on rewards and loyalty.</td>
<td>The rapid pace of payment and lending transformation is off the charts. Retail banks are debating between legacy build-versus-buy approaches, which have yielded mixed results. Retail banks leverage service providers to take their monolithic frameworks created through consolidation to establish a single consolidated payments and lending platform supporting channels, middle-office, and back-end systems, with clear API endpoints for integration to support the next retail banking evolution in both payments and lending. This modernization effect is a prerequisite for developing and enabling new payment offerings.</td>
<td>In the past, operational risk was an intensively human-driven process that lacked transparency and lumped together across groups—compliance, financial crime, cyber risk, and IT risk. Service providers are bringing AI, machine learning, and intelligent automation to change the nature of work from qualitative manual controls to data-driven, real-time monitoring. High dependency by service providers on vendors and fintech partnerships, to bring the necessary innovation to optimize the function. Lines between operational risk management functions and compliance continue to shift for different banks.</td>
<td>Banks are still mapping out what ESG commitments mean in practice for retail banks. The early-stage execution opportunity centers on establishing effective and centralized reporting for ESG. There is also a facet tied to green financing, socially responsible pension plans, green products, and services.</td>
</tr>
</tbody>
</table>
Retail banks are predominantly spending on IT services, with North America as the largest market.

### Revenue by service scope

- **Consulting**: 67%
- **BPO**: 19%
- **IT Services**: 14%

### Clients by geography

- **North America**: 48%
- **Europe**: 30%
- **APAC**: 14%
- **Latin America**: 4%
- **MEA**: 4%

N= 21 providers of services to retail banks representing ~7,500 clients globally

Source: HFS Research, 2023
Retail banks’ service provider selection criteria and scope of use underscore a transformation focus—but ignore partners

How did you pick this service provider?
Percentage of respondents

<table>
<thead>
<tr>
<th>Criteria</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Quality of delivery</td>
<td>52%</td>
</tr>
<tr>
<td>Industry domain expertise and experience</td>
<td>48%</td>
</tr>
<tr>
<td>Strategic guidance on transformation initiatives</td>
<td>36%</td>
</tr>
<tr>
<td>Ability to provide access to critical skills and talent</td>
<td>33%</td>
</tr>
<tr>
<td>Ability to provide a broad range of services</td>
<td>33%</td>
</tr>
<tr>
<td>An existing relationship or knowledge of our operations</td>
<td>29%</td>
</tr>
<tr>
<td>Cost savings potential</td>
<td>21%</td>
</tr>
<tr>
<td>Access to innovation and emerging technologies</td>
<td>14%</td>
</tr>
<tr>
<td>Speed to solution</td>
<td>10%</td>
</tr>
<tr>
<td>Geographic coverage</td>
<td>7%</td>
</tr>
<tr>
<td>Absolute price of the service</td>
<td>5%</td>
</tr>
<tr>
<td>Ability to engage in a joint venture or co-investment</td>
<td>5%</td>
</tr>
<tr>
<td>Financial stability</td>
<td>5%</td>
</tr>
<tr>
<td>Ability to curate and manage a range of best-of-breed partners</td>
<td>2%</td>
</tr>
</tbody>
</table>

What do you use this service provider for?
Percentage of respondents

<table>
<thead>
<tr>
<th>Service Provider Type</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Implementation and integration of technology</td>
<td>52%</td>
</tr>
<tr>
<td>Application development</td>
<td>50%</td>
</tr>
<tr>
<td>Strategic transformation or modernization initiatives</td>
<td>48%</td>
</tr>
<tr>
<td>Consulting and advisory—guidance on tech-enabled business strategy</td>
<td>45%</td>
</tr>
<tr>
<td>Business process operations</td>
<td>33%</td>
</tr>
<tr>
<td>Access to specific talent or skills</td>
<td>31%</td>
</tr>
<tr>
<td>Cloud expertise</td>
<td>26%</td>
</tr>
<tr>
<td>IT infrastructure operations</td>
<td>24%</td>
</tr>
<tr>
<td>Application management</td>
<td>19%</td>
</tr>
<tr>
<td>Design capabilities</td>
<td>17%</td>
</tr>
<tr>
<td>Data and analytics</td>
<td>17%</td>
</tr>
<tr>
<td>Access to emerging technology or fintechs</td>
<td>14%</td>
</tr>
</tbody>
</table>

N= 41 retail bank respondents
Source: HFS Research, 2023
Retail banks are largely satisfied with their providers for the basics…

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

<table>
<thead>
<tr>
<th>Parameter</th>
<th>Average Satisfaction</th>
</tr>
</thead>
<tbody>
<tr>
<td>Geographic coverage</td>
<td>9.0</td>
</tr>
<tr>
<td>Quality of service delivery</td>
<td>8.7</td>
</tr>
<tr>
<td>Retail banking industry expertise</td>
<td>8.7</td>
</tr>
<tr>
<td>Breadth and depth of retail banking-specific offerings</td>
<td>8.5</td>
</tr>
<tr>
<td>Co-innovation with clients and partners</td>
<td>8.5</td>
</tr>
<tr>
<td>Use of best-of-breed partner technologies</td>
<td>8.4</td>
</tr>
<tr>
<td>Attracting and retaining talent</td>
<td>8.3</td>
</tr>
<tr>
<td>Identifiable investments in retail banking business and capabilities</td>
<td>8.2</td>
</tr>
<tr>
<td>Creative commercial models</td>
<td>8.1</td>
</tr>
<tr>
<td>Use of fintech partners</td>
<td>8.0</td>
</tr>
<tr>
<td>Development of intellectual property or R&amp;D</td>
<td>7.9</td>
</tr>
</tbody>
</table>

Average satisfaction 8.4

N= 41 retail bank respondents
Source: HFS Research, 2023
…but they are less satisfied with the outcomes delivered by their providers

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>Rating</th>
</tr>
</thead>
<tbody>
<tr>
<td>Improved customer experience</td>
<td>8.4</td>
</tr>
<tr>
<td>Efficiency gains</td>
<td>8.3</td>
</tr>
<tr>
<td>Improved employee experience</td>
<td>8.2</td>
</tr>
<tr>
<td>Revenue or other topline growth impact</td>
<td>8.0</td>
</tr>
<tr>
<td>Cost reduction or other bottom line impact</td>
<td>7.8</td>
</tr>
<tr>
<td>Development of new business models or entry into new markets</td>
<td>7.7</td>
</tr>
</tbody>
</table>

Average satisfaction 8.1

Efficiency gains are hygiene. Service provider partnerships should reflect bold aspirations of developing new business models for banks. We hope to see the lowest service rating increase.

N= 41 retail bank respondents
Source: HFS Research, 2023
The top service provider partners for retail banks are a mixed bag of hyperscalers, industry-skinned, and industry-specific ISVs

Who are your key partners for supporting retail banking clients? Include 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><strong>aws</strong> 86%</td>
<td><strong>salesforce</strong> 71%</td>
<td><strong>FINASTRA</strong> 57%</td>
</tr>
<tr>
<td>Microsoft 81%</td>
<td>ORACLE 48%</td>
<td><strong>temenos</strong> 43%</td>
</tr>
<tr>
<td>Google Cloud 76%</td>
<td>Adobe 33%</td>
<td><strong>Thought Machine</strong> 43%</td>
</tr>
<tr>
<td></td>
<td>PEGA 29%</td>
<td><strong>MAMBU</strong> 36%</td>
</tr>
<tr>
<td></td>
<td></td>
<td><strong>BACKBASE</strong> 33%</td>
</tr>
<tr>
<td></td>
<td></td>
<td><strong>ncino</strong> 29%</td>
</tr>
<tr>
<td></td>
<td></td>
<td><strong>FIS</strong> 29%</td>
</tr>
</tbody>
</table>

Top retail bank partners. These partners rose to the top as most frequently identified as critical to supporting retail banking clients.

- **Hyperscalers** offer critical storage and compute capabilities with some industry-specific capabilities.
- **General purpose tools are increasingly skinned for retail banking.** Oracle and Pega have various banking solutions.
- **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.
  - **Temenos**, an on-premises and cloud core banking platform.
  - **Thought Machine**, cloud-native headless core banking.
  - **Mambu**, cloud-native headless core banking.
  - **Backbase**, offers digital engagement banking platform.
  - **nCino**, a cloud-based lending and core banking specialist.
  - **FIS** offers a wide range of financial products and services, often used for core banking and specialty finance products.

N= 21 providers of services to retail banks
Source: HFS Research, 2023
The PX factor is high! Partners are generally very satisfied with their service provider relationships

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>Average Satisfaction</th>
</tr>
</thead>
<tbody>
<tr>
<td>Geographic coverage</td>
<td>9.3</td>
</tr>
<tr>
<td>Use of best-of-breed partner technologies</td>
<td>9.2</td>
</tr>
<tr>
<td>Quality of service delivery</td>
<td>9.2</td>
</tr>
<tr>
<td>Use of fintech partners</td>
<td>9.2</td>
</tr>
<tr>
<td>Retail banking industry expertise</td>
<td>9.2</td>
</tr>
<tr>
<td>Co innovation with clients and partners</td>
<td>9.1</td>
</tr>
<tr>
<td>Creative commercial models</td>
<td>9.0</td>
</tr>
<tr>
<td>Identifiable investments in retail banking business and capabilities</td>
<td>9.0</td>
</tr>
<tr>
<td>Breadth and depth of retail banking-specific offerings</td>
<td>8.9</td>
</tr>
<tr>
<td>Attracting and retaining talent</td>
<td>8.9</td>
</tr>
<tr>
<td>Development of intellectual property and R&amp;D</td>
<td>8.7</td>
</tr>
</tbody>
</table>

Source: HFS Research, 2023

N= 47 partner respondents
Partners view the value they deliver with service providers as a notch up the Horizons value chain

Which of the following statements best represents the primary value delivered by your service provider today?
Percentage of respondents

Based on your experiences so far, which value description best describes your service provider partner?
Pick one, percentage of respondents

Horizon 1—Functional digital transformation
Ability to drive functional optimization outcomes through cost reduction, speed, and efficiency

Horizon 2—Enterprise transformation
Enablement of end-to-end organizational alignment across the front, middle, and back offices to drive unmatched stakeholder experience, impacting employees, customers, and partners

Horizon 3—Ecosystem transformation
Ability to drive ecosystem synergy via collaboration, across multiple organizations with common objectives around driving completely new sources of value

Enterprise view of service provider value
Partner view of service provider value

14%  20%
14%  25%
72%  55%

N= 41 retail bank respondents, 47 partner respondents
Source: HFS Research, 2023
Horizons results: The Best Service Providers for Retail Banks, 2023
### HFS Horizons: The Best Service Providers for Retail Banks—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>Enabling the top priorities of banks from strategy to operations, underpinned by ecosystem</td>
</tr>
<tr>
<td>Amdocs</td>
<td>Technology-led approach to banking to accelerate digital transformation</td>
</tr>
<tr>
<td>Capgemini</td>
<td>Building customer-first, intelligent, and modernized retail banks of the future</td>
</tr>
<tr>
<td>Cognizant</td>
<td>Rebuilding retail banking technology and operating models in support of enhanced customer experience and efficiency</td>
</tr>
<tr>
<td>Deloitte</td>
<td>A global consultancy helping retail banks stay ahead of the their most complex issues</td>
</tr>
<tr>
<td>EY</td>
<td>Helping retail banks enable the next wave of consumer demand</td>
</tr>
<tr>
<td>Firstsource</td>
<td>Enabling digital operations for mid-tier retail banks</td>
</tr>
<tr>
<td>Genpact</td>
<td>Transforming retail banking operations with data, tech, and AI</td>
</tr>
<tr>
<td>HCLTech</td>
<td>Supporting retail banks’ digital aspirations with platforms, partners, and IP</td>
</tr>
<tr>
<td>Hexaware</td>
<td>Driving digital enablement in retail banks with cloud, product engineering, and automation</td>
</tr>
<tr>
<td>Hitachi Vantara</td>
<td>Leveraging data, storage, and services to help retail banks engineer transformation</td>
</tr>
</tbody>
</table>

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<th>Providers (alphabetical order)</th>
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</thead>
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<td>IBM</td>
<td>Enabling future retail banking business models through business transformation powered by cloud, AI, and partners</td>
</tr>
<tr>
<td>Infosys</td>
<td>Offering end-to-end services and ecosystem access to help retail banks modernize and transform</td>
</tr>
<tr>
<td>LTIMindtree</td>
<td>Leveraging its enhanced scale to help retail banks deliver holistic digital experiences</td>
</tr>
<tr>
<td>Mphasis</td>
<td>Helping retail banks embrace innovation at scale</td>
</tr>
<tr>
<td>Publicis Sapient</td>
<td>Helping retail banks modernize through relevant digital business propositions</td>
</tr>
<tr>
<td>PwC</td>
<td>A Big 4 consultancy helping retail banks address business challenges and drive competitive advantage</td>
</tr>
<tr>
<td>Sutherland</td>
<td>Enabling retail banks to offer high-impact experiences and growth through digital operations</td>
</tr>
<tr>
<td>TCS</td>
<td>Enabling retail banks to be “future-ready enterprises”</td>
</tr>
<tr>
<td>Virtusa</td>
<td>Helping retail banks accelerate digital innovation</td>
</tr>
<tr>
<td>Wipro</td>
<td>Offering strategy-led execution to help retail banks &quot;be digital&quot;</td>
</tr>
</tbody>
</table>
Horizon 3 is growth 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 innovate

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 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 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
Wipro profile:
The Best Service Providers for Retail Banks, 2023
Wipro: Offering strategy-led execution to help retail banks “be digital”

### Strengths

- **Value proposition for retail banks:** Wipro helps retail banks to “be digital” through creating new business models, new revenue streams, and achieving operational resilience and efficiency.
- **Growth proof points:** Almost two years into its Capco acquisition, the firms are jointly pursuing and targeting clients with about 10 active joint clients and many more joint pipeline opportunities. Capco’s CEO became the executive sponsor for Wipro financial services, supporting big deal pursuits. The firm is investing in sustainability for retail banks with several new offerings. It continues to deepen key partnerships such as Finastra and drive geographic expansion such as the Middle East.
- **Key differentiators:** The Wipro+Capco combo offers a nearly unrivaled consulting capability front-ending strong design, build, and run capabilities. This synergy also offers differentiated blended cost advantages and ease of contracting. Its hybrid onshore/offshore delivery model has been furthered by Capco.
- **Outcomes:** Notable outcomes include creating a mobile-only business bank for small to medium enterprises with 70,000+ customers. Multiple successful core banking migrations, yielding significant new functionality and customers balanced with safe transition of existing customers to the new systems.
- **Customer kudos:** Clients recognize the value of the Capco acquisition and are leveraging the consulting and strategy expertise to help modernize their initiatives.
- **Partner kudos:** Partners appreciate Wipro’s global footprint and ability to bring consulting, infrastructure, operation optimization, and integration expertise to the table.

### Development opportunities

- **What we’d like to see more of:** Almost two years into the Capco acquisition, we’d like to see more examples showcasing the joint value and impact of the union. We need a OneWipro value showcase.
- **What we’d like to see less of:** The list of offerings for retail banks to still too service catalog-centric, Wipro needs to position its offerings more strategically with clear alignment to exactly they are solving for.
- **Customer critiques:** Clients would like to see more enterprise-wide solutions & engagement.
- **Partner critiques:** Partners would like to see more trained resources on their respective technologies.

### Key offerings

Wipro offers domain-led consulting expertise via Capco combined with its global transformation and delivery capabilities such as architecture, cloud, cybersecurity, application services, data and analytics, infrastructure services, testing, operations, and CX/innovation. It combines these capabilities to create retail banking propositions such as core banking modernization, channel optimization, and digital first bank creation. Its revenue mix is 30% consulting, 60% IT services, and 10% BPO.

### Mergers and acquisitions (2019–2023)

- **2021:** Capco, BFSI advisory and consulting firm; Edgile, cybersecurity and risk management services
- **2020:** 4C, Salesforce multi-cloud partner with quote-to-cash expertise; Encore Theme, IT services firm with Finastra trade finance expertise; Rational Interaction, CX and digital marketing firm

### Partnerships

- **Cloud transformation platforms:** AWS, Google Cloud, IBM, Microsoft Azure
- **Digital and core banking:** Finaacle, Finastra, FIS, Finact, Mambu, Oracle, Temenos, Thought Machine
- **Channels and distribution:** Backbase, Jumio, nCino, Salesforce

### Global operations and resources

- **Number of clients:** 120+
- **Number of major delivery centers by geo**
  - North America (USA & Canada): 26
  - South America (including Mexico and Brazil): 6
  - Europe (including the UK): 22
  - APMEA, 44
- **Locations of centers by major geos**
  - North America: 13
  - South America: 6
  - Europe: 22
  - APMEA: 44

### Key clients

- **Headcount:** 17,000 FTE (including Capco)

### Flagship internal IP

- **Wipro HOLMES:** A platform to build custom AI services.
- **NetOxygen (Wipro Gallagher Solutions):** An end-to-end lending platform as a service.
- **CXT solution suite:** CX, EX reporting, and analytics solution.
- **Fullstride:** Cloud enablement capabilities for BFSI.

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Elena Christopher is Chief Research Officer at HFS. Elena sets the strategic research focus and agenda for HFS Research, understanding and predicting the needs of the industry and ensuring our unique "analyst advisory" capabilities drive thought-provoking impact across enterprises and their associated emerging technology and services ecosystems. Elena also leads our industry research coverage, with a specialization in banking and financial services.

Elena brings more than 25 years of technology-enabled IT and business process services expertise to HFS, having served as either an advisor or vendor partner for major clients in industries such as financial services, high-tech, communications, retail, automotive, and energy.

Divya Iyer covers the IT and business services sectors, researching emerging and established digital business models and technologies, start-ups, and business solutions suppliers.

She has more than 15 years of experience in the financial services industry in the areas of capital markets, equity research, financial modeling, data analysis, client management, and strategic project development.

Niti is a senior analyst at HFS Research. She is working on competitive intelligence across IT and business process services.

Niti joins us with 6+ years of experience in market research. Prior to starting the HFS journey, she worked with Kantar (leading data, insights, and consulting company). She has experience in both primary and secondary market research studies in the FMCG domain. She has worked on accounts across the globe as well as in India, for various categories including tobacco, new-generation products, and personal care products. Her responsibilities included leading end-to-end research studies along with client presentations. She holds an MBA degree specializing in Finance and Marketing and B.Tech in Information Technology.
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.