

HFS Horizons Report

Cards and payments service providers, 2023

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Excerpt for EY

“

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

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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 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

Horizon 2 is experience through enterprise transformation

Horizon 2 service providers demonstrate Horizon 1, plus

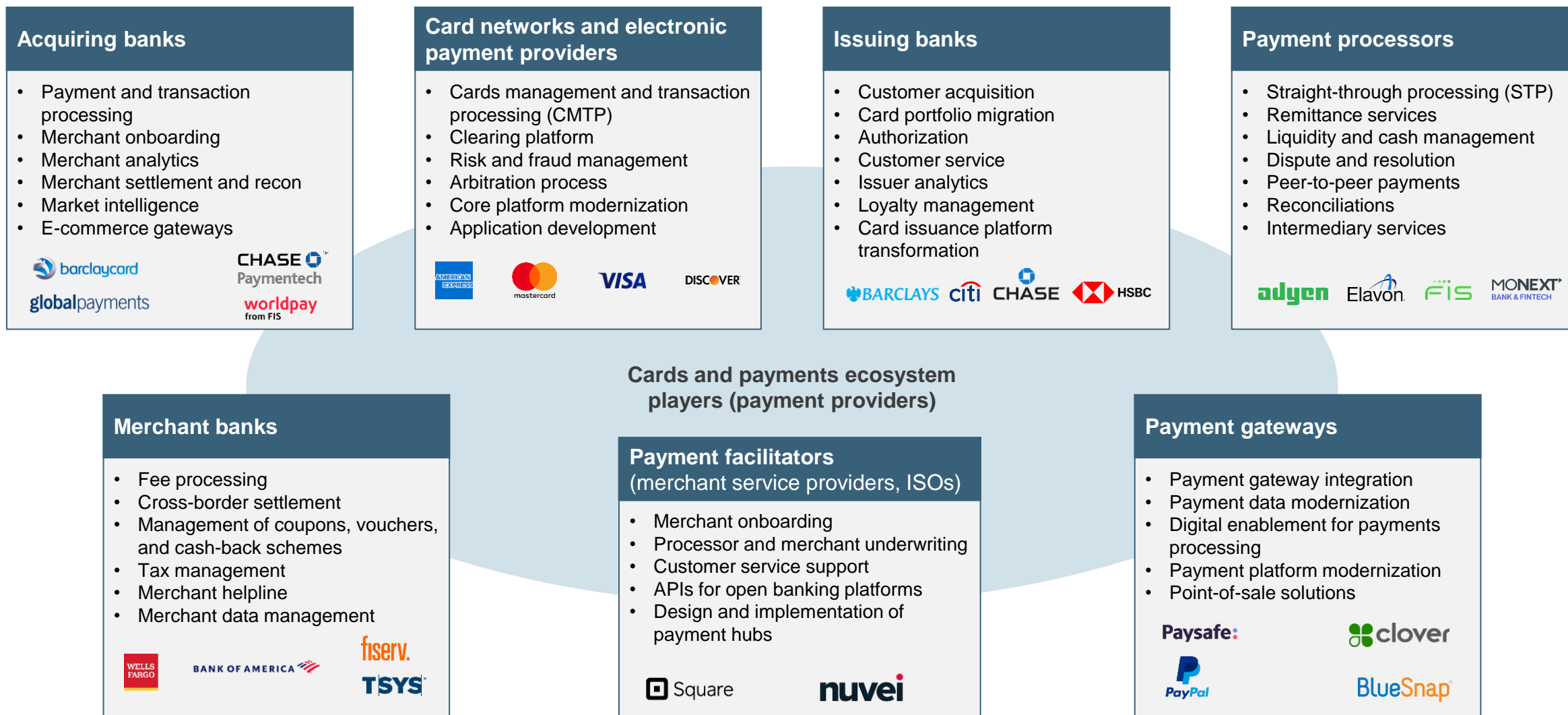
- Ability to drive a **OneOffice** model of **end-to-end organizational alignment** across the front, middle, and back offices to drive **unmatched stakeholder experiences**
- Ability to support clients aligning customer and employee experience
- Global capabilities with strong consulting skills
- Capability 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 cards and payments ecosystem, 2023



The HFS cards and payments supporting capabilities, 2023

Vertical			Horizontal		
Interoperability across cards and payment offerings	Industry	Risk and regulatory compliance processes	Enabling technologies	Horizontal business processes	Horizontal IT processes
<ul style="list-style-type: none"> • Consumer cards • Business cards • Credit and debit cards • Real-time payments • Digital and mobile wallets • Buy-now-pay-later • Cryptocurrency payments • Payments as a Service 	<ul style="list-style-type: none"> • Retailers • Healthcare • Automotive • Telecom • Hospitality • Marketplaces • Corporates • Government • Others 	<ul style="list-style-type: none"> • Risk and control assessment • Policy and procedure • Regulatory remediation • ISO 20022 adoption • Tokenization • PCI-DSS Framework • Distributed ledger for loyalty, AML, and KYC • Biometric authentication 	<ul style="list-style-type: none"> • RPA • Artificial intelligence • Smart analytics • Machine learning • Blockchain • IoT • Cloud • Mobility 	<ul style="list-style-type: none"> • Customer experience • Human resources • Procurement • Finance and accounting • Payroll • R&D 	<ul style="list-style-type: none"> • 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?

2

Research methodology

Service providers covered in this report



Note: All service providers are listed alphabetically

Sources of data

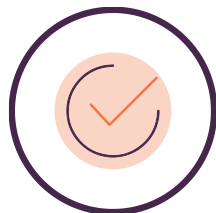
This Horizons research report relies on myriad data sources to support our methodology and help HFS obtain a well-rounded perspective on the service capabilities of the participating organizations covered in our study. Sources are as follows:



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.



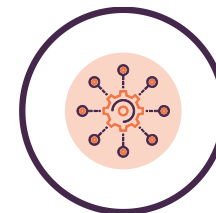
Reference checks

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.

Horizons assessment methodology—services for cards and payments

The **HFS Horizons: Best Service Provider for Cards and Payments, 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 cards and payments. Our assessment will be based on inputs from clients, partners, and employees and augmented with analyst perspectives. The following illustrates how we will assess their capabilities:

Distinguishing supplier characteristics				
Assessment dimension	Assessment sub-dimension	Horizon 1 service providers	Horizon 2 service providers	Horizon 3 service providers
Value proposition: The Why? (25%)	Strategy for cards and payments and vision for the ecosystem players' future	<ul style="list-style-type: none"> Ability to drive functional digital transformation through cost reduction, speed, and efficiency 	<ul style="list-style-type: none"> Horizon 1 and enablement of the OneOffice model of end-to-end organizational alignment to drive unmatched stakeholder experience (EX, PX, CX) 	<ul style="list-style-type: none"> Horizon 2 + ability to drive OneEcosystem synergy via collaboration across multiple organizations with common objectives to create completely new sources of value
	Card and payments offerings aligned to top problem statements			
	Differentiators—Why cards and payments ecosystem players work with you			
Execution and innovation capabilities: The What? (25%)	Breadth and depth of services supporting functions performed by cards and payments ecosystem players	<ul style="list-style-type: none"> Functional domain expertise for functions performed by cards and payments ecosystem players Vertical-specific talent focused on key domains or technology Focused partnerships and strong PX Limited vertical-specific IP 	<ul style="list-style-type: none"> Comprehensive coverage across the cards and payment ecosystem players' value chain Strong vertical-specific talent pool across IT and operations domains Range of vertical-specific partnerships and strong PX Strong vertical-specific IP 	<ul style="list-style-type: none"> Comprehensive coverage across the cards and payment ecosystem players' value chain Strong vertical-specific talent pool across consulting, IT, and operations domains Comprehensive vertical-specific partnerships with strong PX Strong vertical-specific IP and JVs
	Strength of vertical-specific talent—hiring, training, and ongoing development			
	Approach to and strength of ecosystem partners			
	IP developed to serve the cards and payments ecosystem			
Go-to-market strategy: The How? (25%)	What are you actually selling in the cards and payments ecosystem?	<ul style="list-style-type: none"> Investments aligned with functional digital optimization outcomes Optimization and point solutions Target-focused personas and LOBs, majority Tier 2 and 3 firms, geo-specific 	<ul style="list-style-type: none"> Horizon 1 and investments aligned to enterprise experience Optimization and top-down transformation Target range of personas and LOBs, Tiers 1 and 2, broad geo coverage 	<ul style="list-style-type: none"> Investments aligned to Horizons 1 and 2, and ecosystem enablement Horizon 1 and 2, and co-creation with customers and partners Horizon 1 and 2, and new value creation C-Suite coverage across LOBs and geos for Tier 1 and 2
	Nature of investments in your cards and payments vertical (M&A, non-M&A, and R&D)			
	Co-innovation and collaboration approaches with your customers and partners including creative commercial models			
	Customer targeting approach			
Market impact: The So What? (25%)	Scale of cards and payments business—revenue, clients, and headcount	<ul style="list-style-type: none"> Proven scale and growth are driven by a functional digital transformation focus Top marks as an optimization partner across key cards and payment ecosystem players' functions (CX) 	<ul style="list-style-type: none"> Proven scale and growth are driven by Horizon 1 and stakeholder experience Top marks as an ecosystem players' enterprise transformation partner emphasizing stakeholder experience (CX) 	<ul style="list-style-type: none"> Proven scale and growth driven by Horizon 2 and ecosystem synergy Top marks as a global growth partner driving new business models (CX)
	Growth of cards and payments business—revenue, clients, and headcount			
	Proven outcomes showcasing the nature of value delivered to cards and payments ecosystem players			
	Voice of the customer			

3

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**

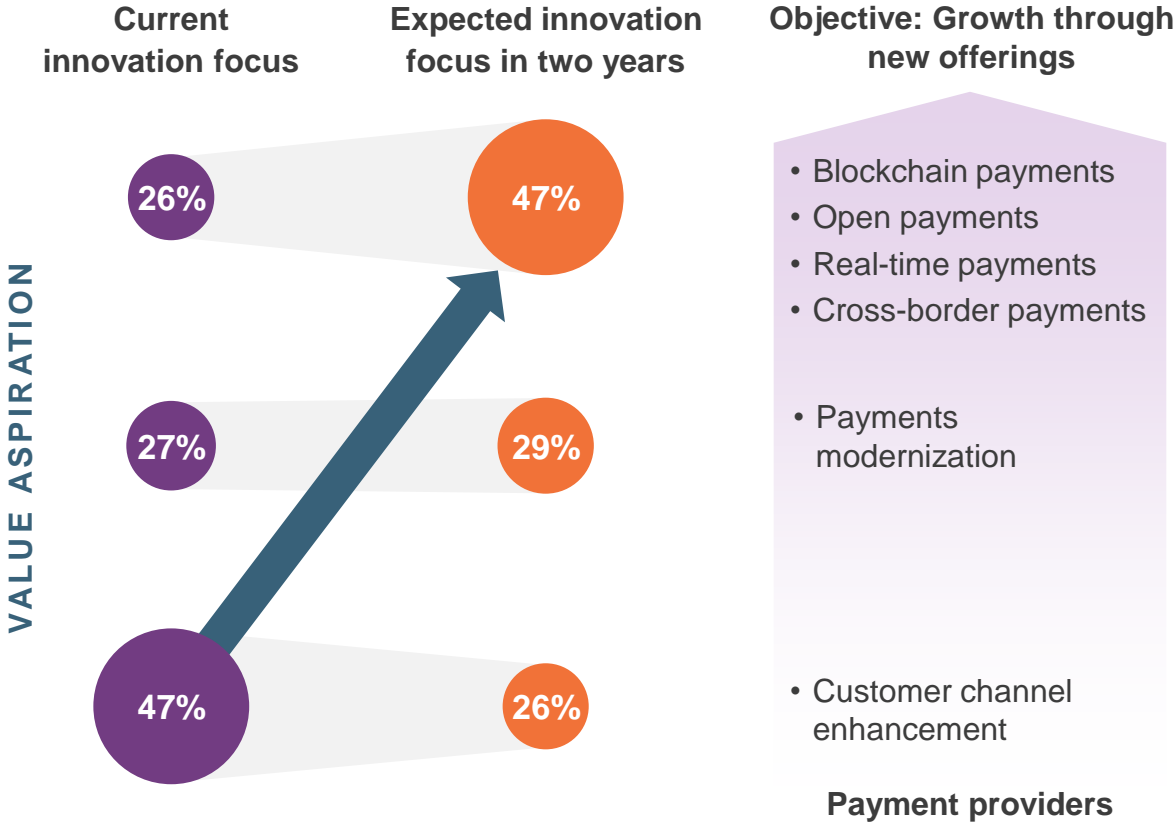
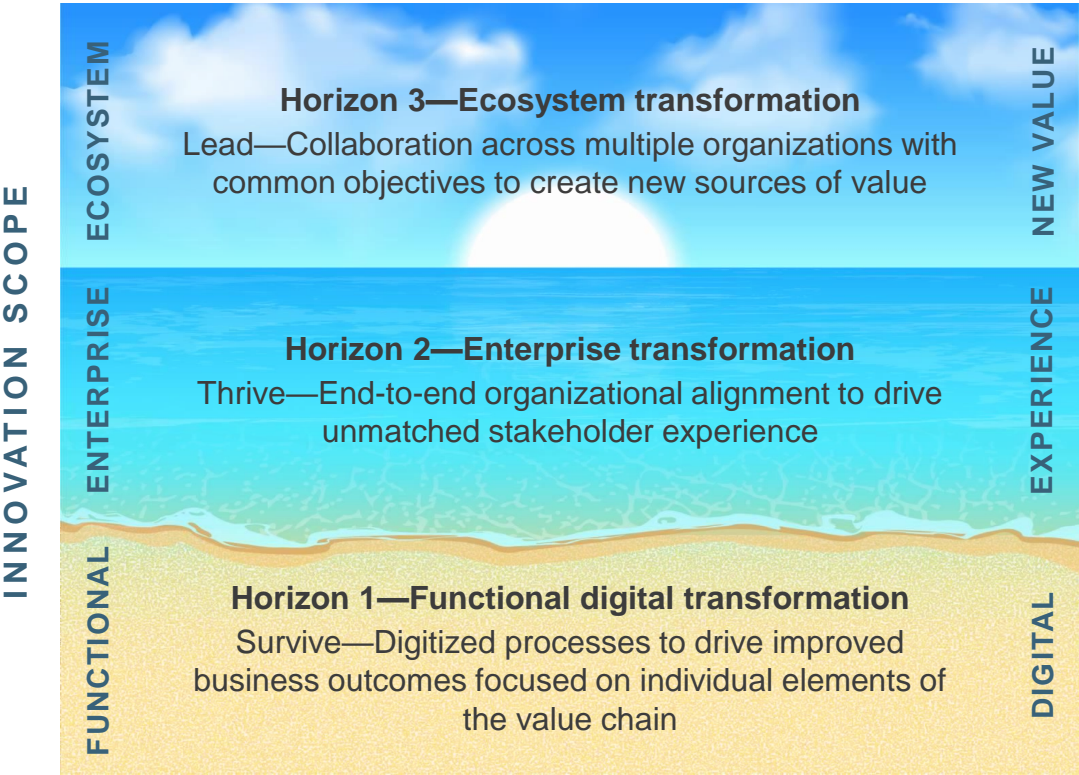
As payment providers are at different innovation maturity levels across the Horizons model, service providers are bringing the necessary capability enablements in the form of IT operation optimization, core modernization, cloud, curating fintechs in solution mix, and talent, all to help payment providers 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

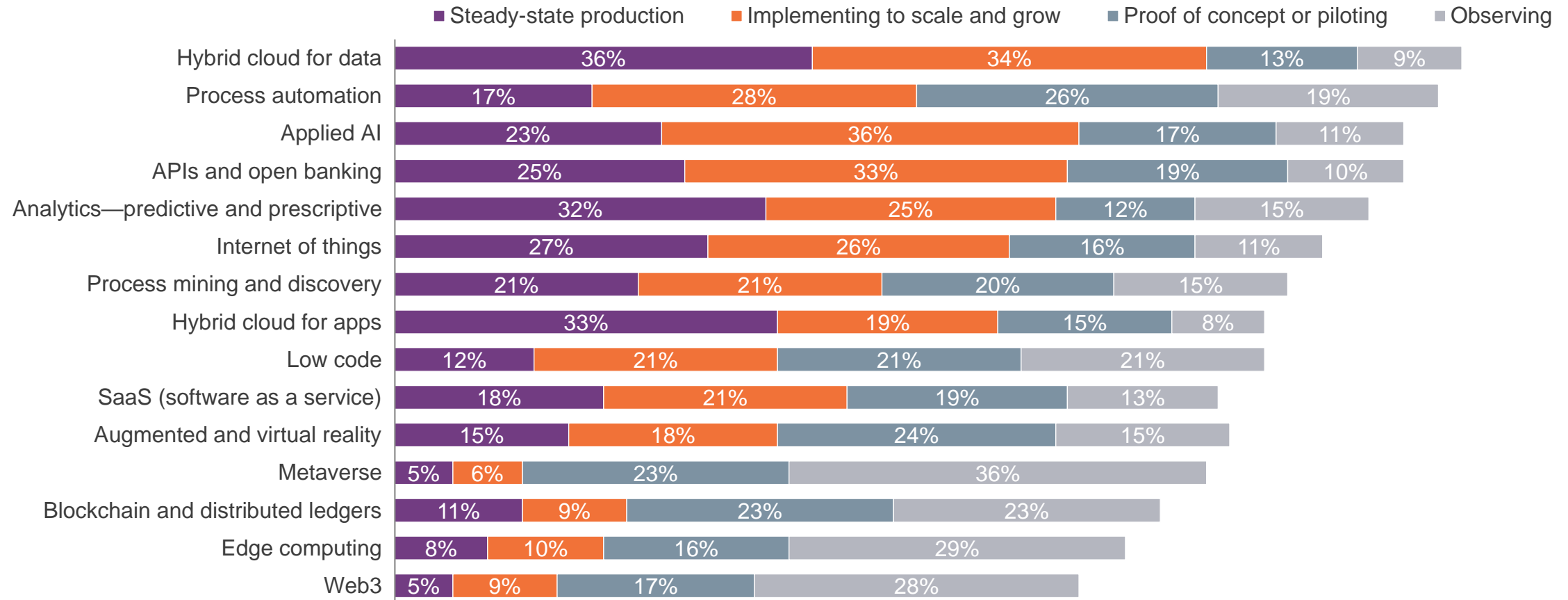
Which of the following best describes your current focus on enterprise innovation? What do you expect will be the focus of innovation in two years?
Percentage of respondents



Sample = 150 payment providers
Source: HFS Research, 2023

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



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, ACH, 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.

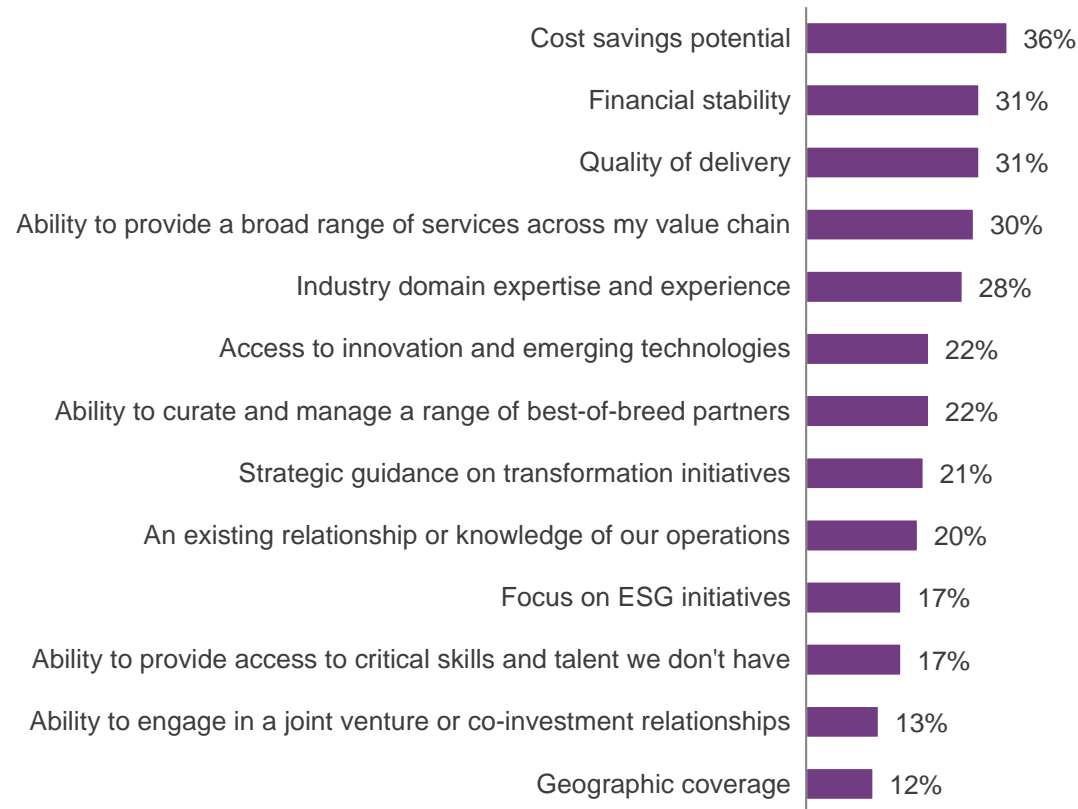
6 Risk management and compliance (KYC, AML)

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

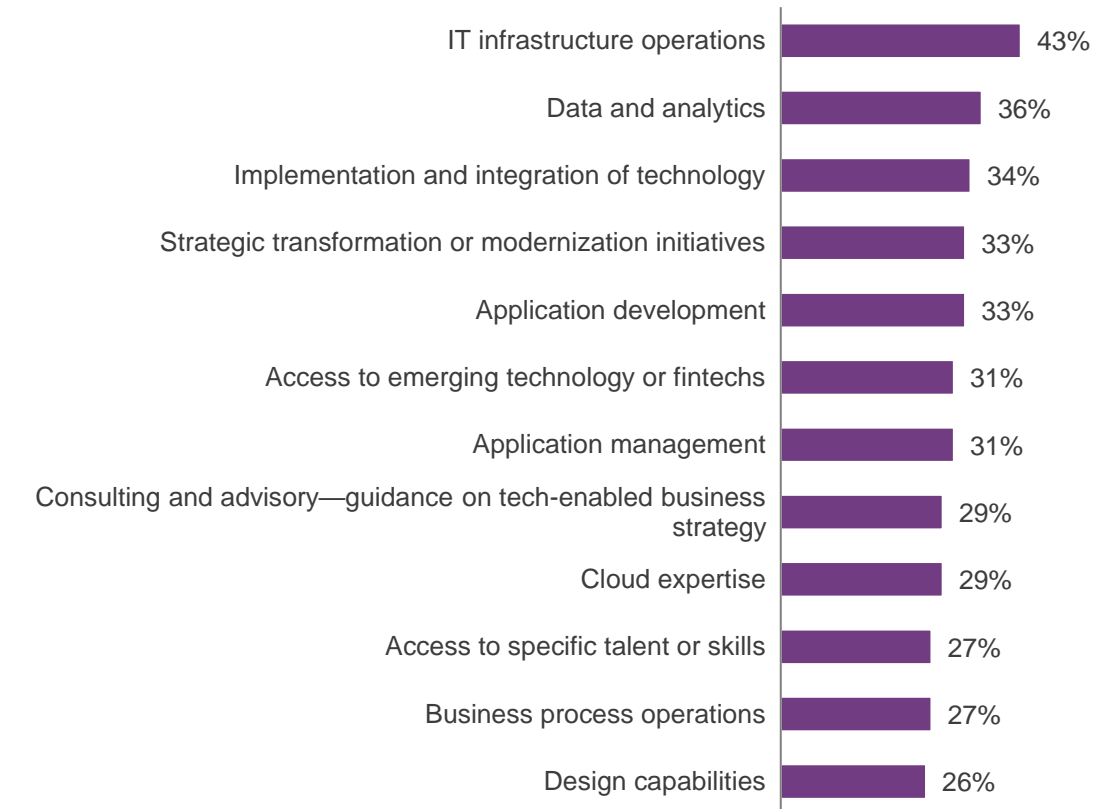
How did you pick your service provider?

Percentage of respondents



What do you use your service provider for?

Percentage of respondents



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

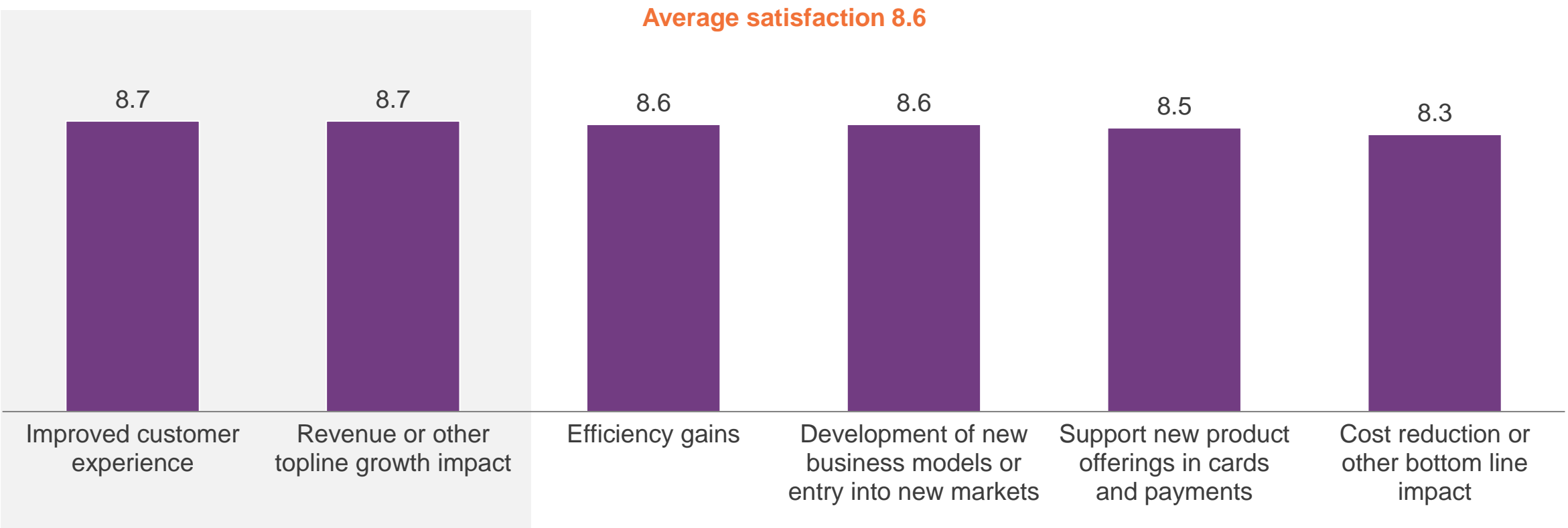


Sample = 20 payment provider respondents
Source: HFS Research, 2023

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.

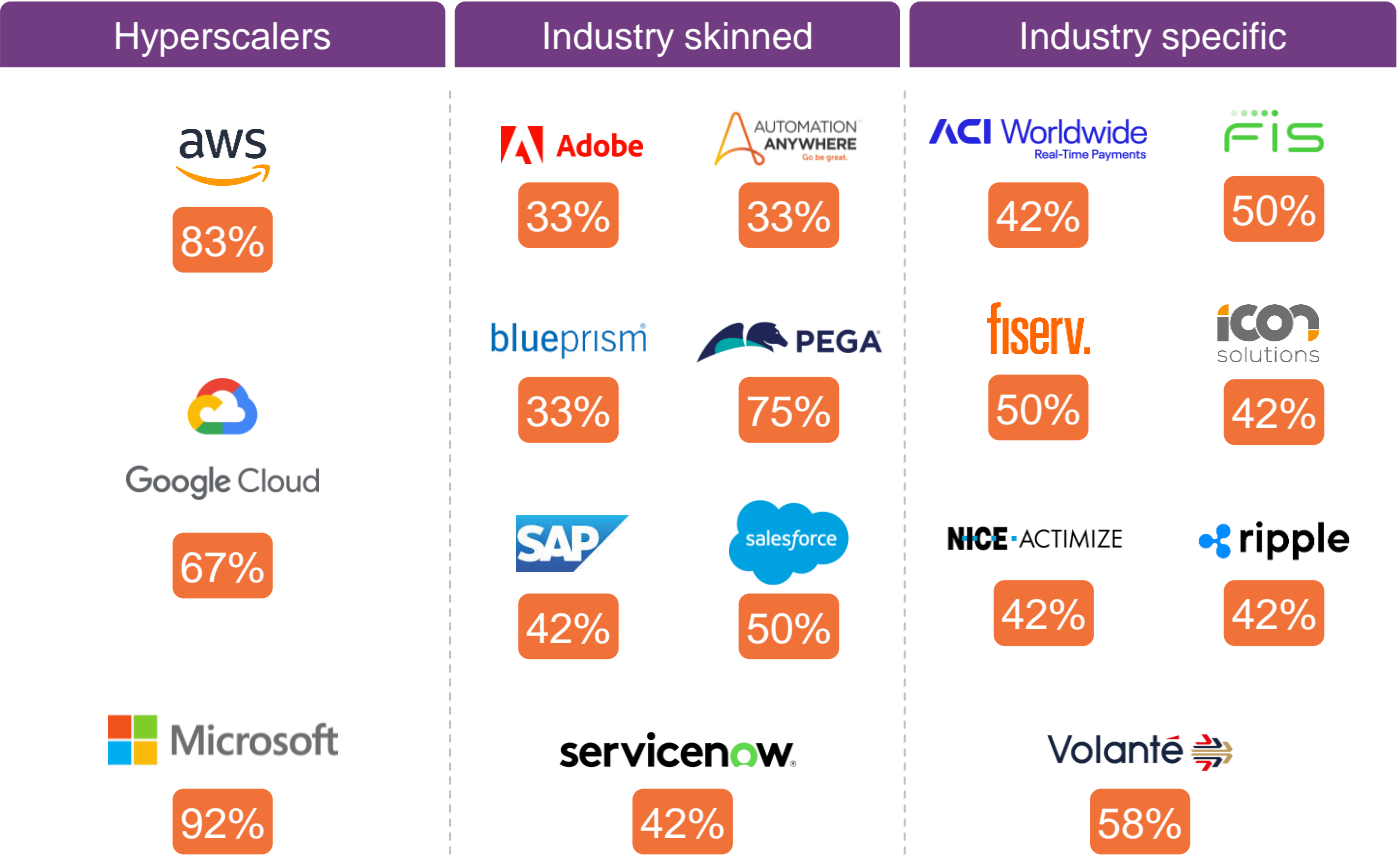
Weighted average of respondents



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



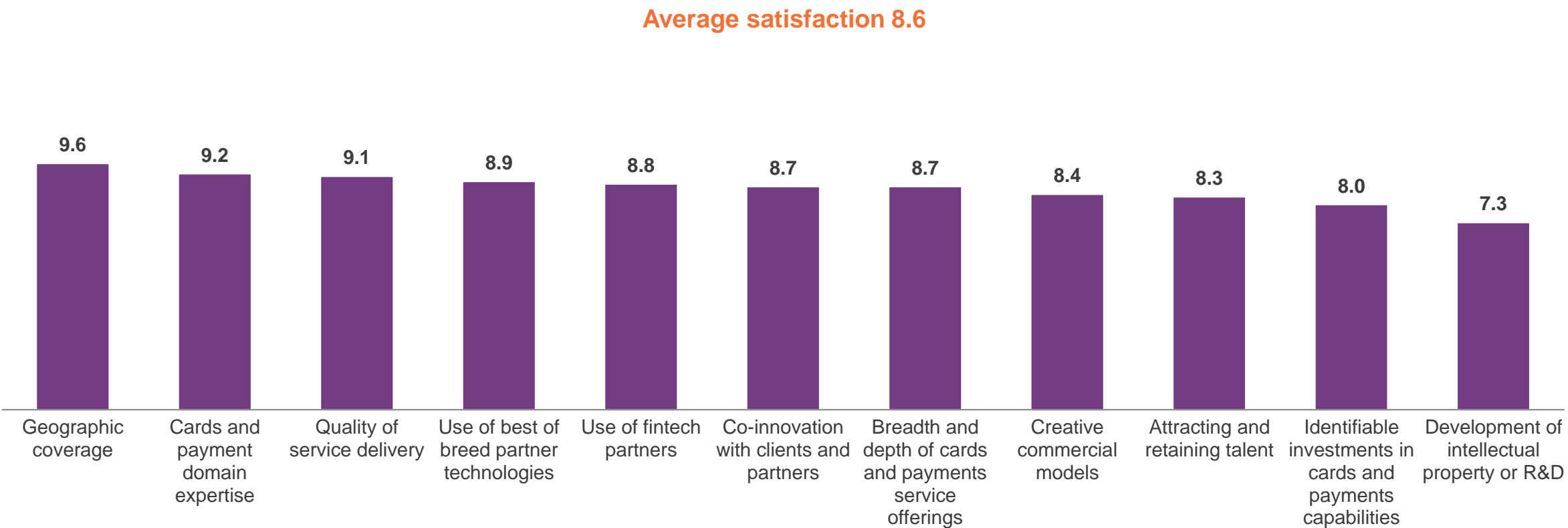
Top cards and payments partners: These partners rose to the top as most frequently identified as critical to supporting cards and payment providers.

- **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.

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

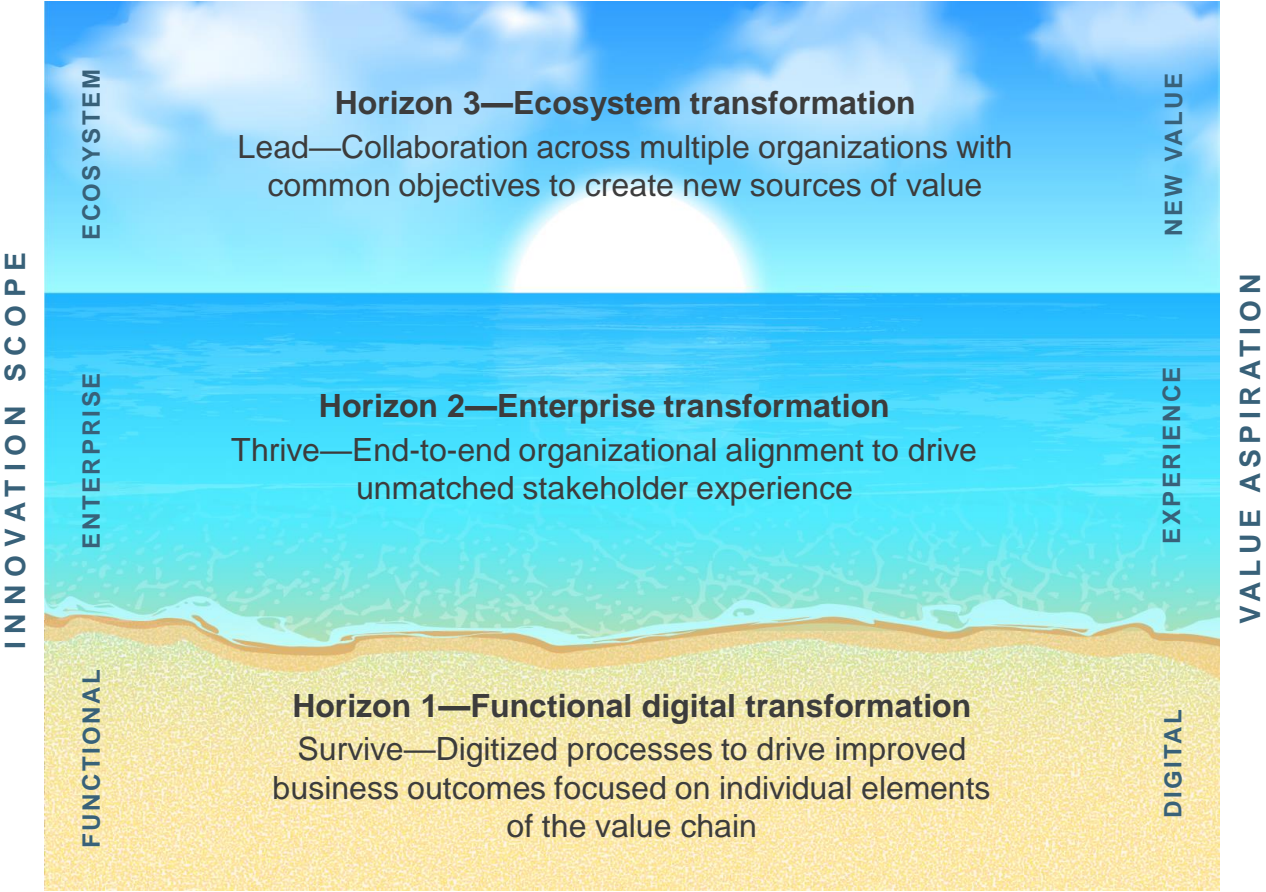
The PX factor is lower compared to other studies. Nurturing stronger partnerships should not be overlooked

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



PX = Partner Experience
Sample = 20 partner respondents
Source: HFS Research, 2023

Partner's view service providers as functional resources—there needs to be more collaboration and co-development



Enterprise view of service provider value

Partner view of service provider value

32%

15%

37%

40%

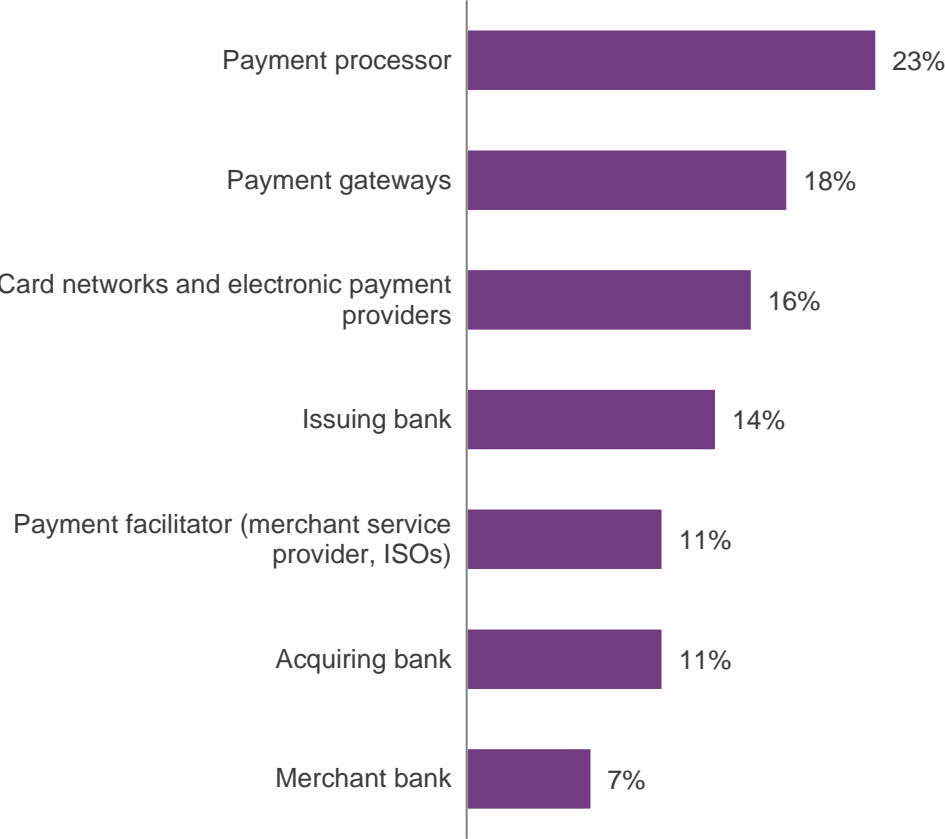
32%

45%

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

Client references are a heady mix of cards and payments ecosystem players

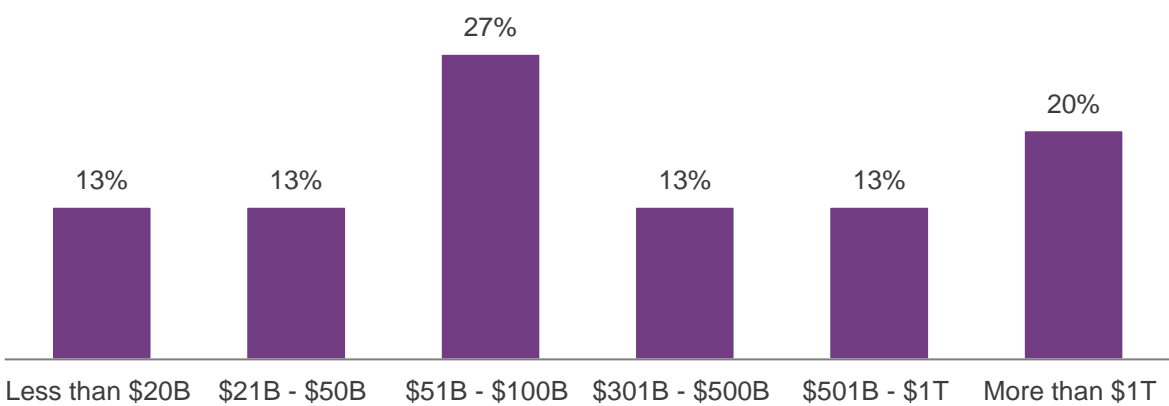
In the cards and payments ecosystem who do you most closely align with or work with?



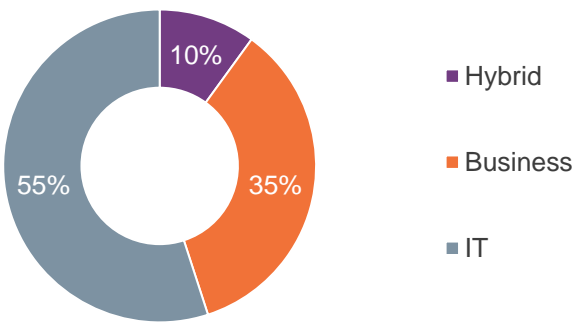
Sample = 20 client references
Source: HFS Research, 2023

Client references by revenue size

Revenue in Assets Under Management (AUM)



Organizational alignment of client references



4

Horizons results: Cards and payments service providers, 2023

HFS Horizons: Cards and payments service providers—summary of providers assessed in this report

Providers (alphabetical order)	HFS point of view
Accenture	Redefining cards and payments for the ecosystem and beyond from strategy to operations
Capgemini	Domain-centric approach aided by partnerships, frameworks, and innovation
Cognizant	Reshaping cards and payments infrastructure and operating models in support of efficiency
Deloitte	Redefining payments life cycle through transformation and operational excellence
Eviden (an Atos business)	Building new payment value streams through partners, IP, and domain
EY	Supporting payment transformation and aligning to the C-suite agenda for growth and modernization
Genpact	Domain and deep payments process expertise helps deliver transformations for cards and payments

Providers (alphabetical order)	HFS point of view
IBM	Technology-led transformation partners from channels to gateway
Infosys	Leveraging deep BFS experience to modernize and operationalize cards and payments at scale
LTI-Mindtree	Enhanced scale helps deliver transformation capabilities for the cards and payments
Mphasis	Helping the cards and payments marketplace embrace the future state of innovation
TCS	Creating “future-ready” payment providers through products, global networks, and industry intersections
Virtusa	Bringing the triad of engineering, data, and analytics for cards and payments innovation
Wipro	Delivering strategy-led execution to help cards and payments reach their target operating state

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 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** 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

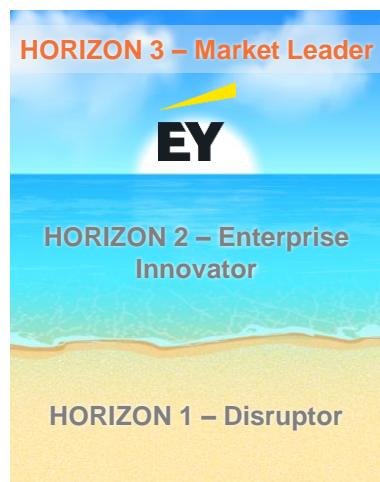
- Ability to drive **functional optimization outcomes**
- Driving cost reduction, speed, and efficiency
- Strong implementation partners
- Offshore-focused with strong technical skills
- Robust fundamentals of cloud-transformation
- Referenceable and satisfied clients for ability to execute

Note: All service providers within a “Horizon” are listed alphabetically

5

EY profile: Cards and payments service providers, 2023

EY: Supporting payment transformation and aligning to the C-Suite agenda for growth and modernization



Strengths	Development opportunities
<ul style="list-style-type: none"> • Value proposition: With its “conductors of commerce strategy,” EY emboldens purveyors of cards and payments both suppliers (banks, networks, payment service providers, issuers, acquirers) and buyers (businesses and industry verticals), through consulting-led capabilities and tech-enabled transformations to address profitable growth, operational excellence, and risk and resilience. • Growth proof points: EY has significantly invested in the Nexus business transformation platform, which churns high-impact products, accelerators, reusable assets, and IP. Payment innovation hubs powered by Wavespace help resolve top-of-mind cards and payments issues. Its Zilker Technology acquisition plays a key role in cloud enablement for cards and payments among a slew of other strategic M&As. The firm reported strong double-digit revenue growth for this sub-sector. • Key differentiators: The firm’s focus is beyond the CIO and includes creating executable roadmaps that cover the entire C-suite agenda. Global scale combined with local presence allows easy interoperability between domains and functions to put together impactful propositions for clients, like supporting ESG mandates for payments. The firm is doubling down its investment in technology talent, bringing the right balance to its tax and audit pedigree. • Outcomes: Distinguishable outcomes include delivering an embedded in-vehicle payment experience for a large multinational automotive corporation that has reached 40 new markets since its launch, and it built an in-house clearing and settlement capability that yielded annual savings of US \$20 million through direct processing. • Customer kudos: Clients note EY’s domain, depth of knowledge on tools and processes, and flexibility. 	<ul style="list-style-type: none"> • What we’d like to see more of: Platforms—internal development with Nexus and other IP—helping to grow its product and managed services business. The firm needs to do a better job of showcasing the impact of the feature-rich products on the downstream functions for cards and payments. • What we’d like to see less of: EY’s corollary of IPs, assets, and platforms is delivering tech enablement. However, the firms’ narrative needs to less “tech projects” and more “tech-enabled transformative” success stories • Customer critiques: A client mentioned retaining qualified talent could be difficult.

Key offerings	Mergers and acquisitions (2019–2023)
EY’s offerings are organized around six pillars spanning strategy, technology, compliance and regulatory, risk, fraud and security, transaction advisory, and managed services for its cards and payments for six domains: card issuers, merchant acquirers, networks, enterprise payment providers, treasury and cash management providers, and merchants and paytech. Sixty-five percent (65%) of revenue is consulting, and within consulting, 28% is driven by technology/tech services, the rest is from IT services and BPO.	<ul style="list-style-type: none"> • 2020: Zilker Technology, a specialized team focused on modern cloud-based technology infrastructure, helping large firms migrate from legacy to new systems • July 2019–September 2022: Sixty-seven (67) cross-sector and cross-functional acquisitions elevating EY’s capabilities in technology, digital, and emerging technologies, business consulting, finance, risk, workforce, and other areas

Partnerships	Key clients	Global operations and resources	Flagship internal IP
Alliance and tech partners <ul style="list-style-type: none"> • 32, including Co-Op Solutions, Feedzai, Feature Space, FIS, Fiserv, IBM, Infosys, Microsoft, Pega, Shopify, Visa 	Number of clients: 600 Key clients <ul style="list-style-type: none"> • EY provides consulting services to 75% of the top global banks and payments providers. 	Headcount: Banking and capital markets, 38,000 Delivery and innovation centers <ul style="list-style-type: none"> • 21 global delivery centers: Argentina, Mexico, Poland (2), Hungary, UK (2), Spain, India (10), Philippines, Sri Lanka, and China • 50 Wavespace innovation centers: Americas (20), EMEIA (23), and Asia Pacific (7) 	<ul style="list-style-type: none"> • Merchant Payments Optimization: Optimize enterprise transaction performance • Card Revenue and Operation Excellence Engine: Identify revenue for card issuers • EY Nexus Disputes Engine: Identity proofing and authentication • EY ISO-20022 Payment Translator Engine: Payment business migration to ISO 20020 • EY NEXUS for banking: Cloud-native platform to accelerate innovation • NextWave Insight Engine: Predictive consumer and market intelligence for banking

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