virtusa xLABS

ACCELERATING THE PACE OF INNOVATION

Open Innovation Platform

Transform Your Organization by Creating New Business Models and Unconventional Revenue Streams

APIs & MICROSERVICES

Banks must constantly think of new innovative ways, including different business models to survive in this highly competitive environment. At the cusp of significant disruption, it is critical that the banking and financial services industry reimagines how they engage with customers at every touchpoint. Embracing digital transformation is the only way forward to stay relevant in this environment.

With 85% of banks citing implementation of a digital transformation program as a business priority for 2018, investment in technology to drive efficiency, manage evolving risks and benefit from growth opportunities will be critical for sustainable success.[1]

On one hand, evolving customer behavior and expectations, regulatory landscape are compelling banks and financial services to integrate new digital technologies in all areas of their businesses. In this critical path, streamlined processes, cost reduction, risk mitigation and increase in revenue will continue to remain key objectives. On the other hand, the FinTech disruption and rise of digital banks also called 'challenger banks' are creating a tough competitive milieu for the incumbents.

Regulatory Landscape and Open Banking in UK/Europe

Accelerated tech innovation and a growing digital landscape is enabling regulatory interventions that have a disruptive potential to drive truly revolutionary change.

The European revised Payment Services Directive (PSD2) and the UK's Competition and Markets Authority, are enforcing an Open Banking standard (CMA9) at the forefront of the disruptive regulation wave.

Banks and financial service providers are expected to share their data and payment initiation capabilities with trusted third parties via secure application programming interfaces (APIs). They propose innovative ways to do banking in the digital age by increasing innovation, fostering collaboration, extending customer reach and lowering costs.

1. http://www.ey.com/Publication/vwLUAssets/ey-global-banking-outlook-2018/$File/ey-global-banking-outlook-2018.pdf

FinTechs and Innovative Disruption

FinTechs are seen as challengers to the dominant position of the larger traditional banks. However, FinTechs have not only redefined the direction, shape and pace of innovation across financial services, they have created newer opportunities for incumbents to leverage new technologies and drive efficiencies. They are regarded as partners to help banks emerge as digital winners in the digital transformation journey.

New technologies brought by FinTechs to analyze customer behavior, avoid fraudulent activity, increase operational efficiency and customer interaction have proven to be effective for banks. Partnerships have become the most efficient way of delivering change and driving innovation.

Challenges

As banks race through digital transformation to comply with PDS2, several challenges emerge:

- With third party API exchange being core intent of Open Banking, many incumbents are not ready for the API-driven innovation
- Complexity of banks' existing backend systems makes API development and integration problematic
- Tech innovation result in increase of IT costs
- As there are no credibility metrics to trust FinTechs, partnering with one may be risky
- New revenue streams that comply with the regulations remains uneasy

How can Virtusa xLabs help

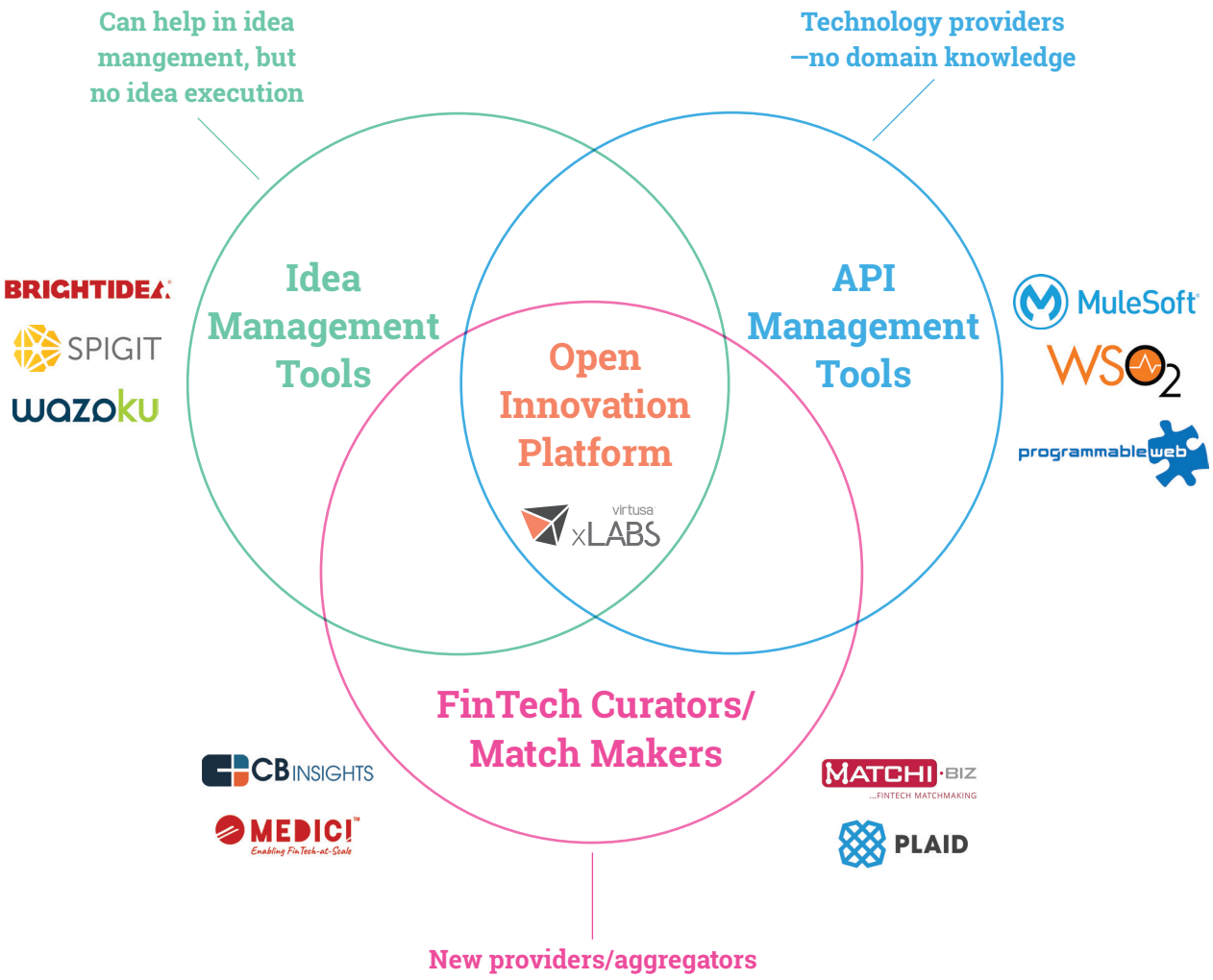
Open Innovation Platform by Virtusa xLabs is a cloud-based gamified sandbox environment enable you to ideate, build and publish applications while transforming and achieving your business goals.

It promotes a culture of innovation by partnering banks with carefully selected FinTechs, through the Lean Agile Model. The platform incorporates design thinking, lean start-up and agile development principles helping organizations reduce costs associated with innovation.

From building ideas and mashing APIs to eventually building a minimum viable product (MVP) and a commercially viable product (CVP), the Open Innovation Platform is a comprehensive tool that helps foster next-gen solutions using next-gen technology.

The platform is underpinned by a pre-loaded synthetic SmartBank dataset containing 10MM customer records and 40MM transactions supporting the Retail, Corporate and Small and Medium-sized Business domains.

The data model is fully compliant with the **Banking Industry Architecture Network** (BIAN), **Open Banking regulations** and **ISO20022 standards** for electronic data interchange between financial institutions.



The Open Innovation Platform is at the intersection of three categories of Vendors, hence consists of the three core eco-systems:

Ideation Engine: Allows the journey through an idea hypothesis to an MVP with measurable outcomes.

Community and in-depth analytics available in the portal, helps stakeholders transform a concept into a working prototype, makes informed decisions and investments accordingly. The roadmap extends the capabilities of the portal by integrating big data and machine learning to eventually provide a success rate of ideas within the ideation level itself.

- Add or modify ideas
- Get instant community feedback on ideas
- Rate and rank ideas
- Classify and submit problems concerning the banking industry
- Use gamification and analytics for ideas

Mashup Engine/API Accelerator: Mash up engine utilizes a strong catalogue of APIs and FinTechs to validate and develop ideas into prototypes using fine assortment of fully-functional APIs in a sandbox environment.

The SmartBank dataset and the third-party APIs help to derive deep insights on API usage and user interaction around the APIs.

The **Node-Red**-based API sandbox provides a collaborative space to test out the architecture compositions prior to the coding process.

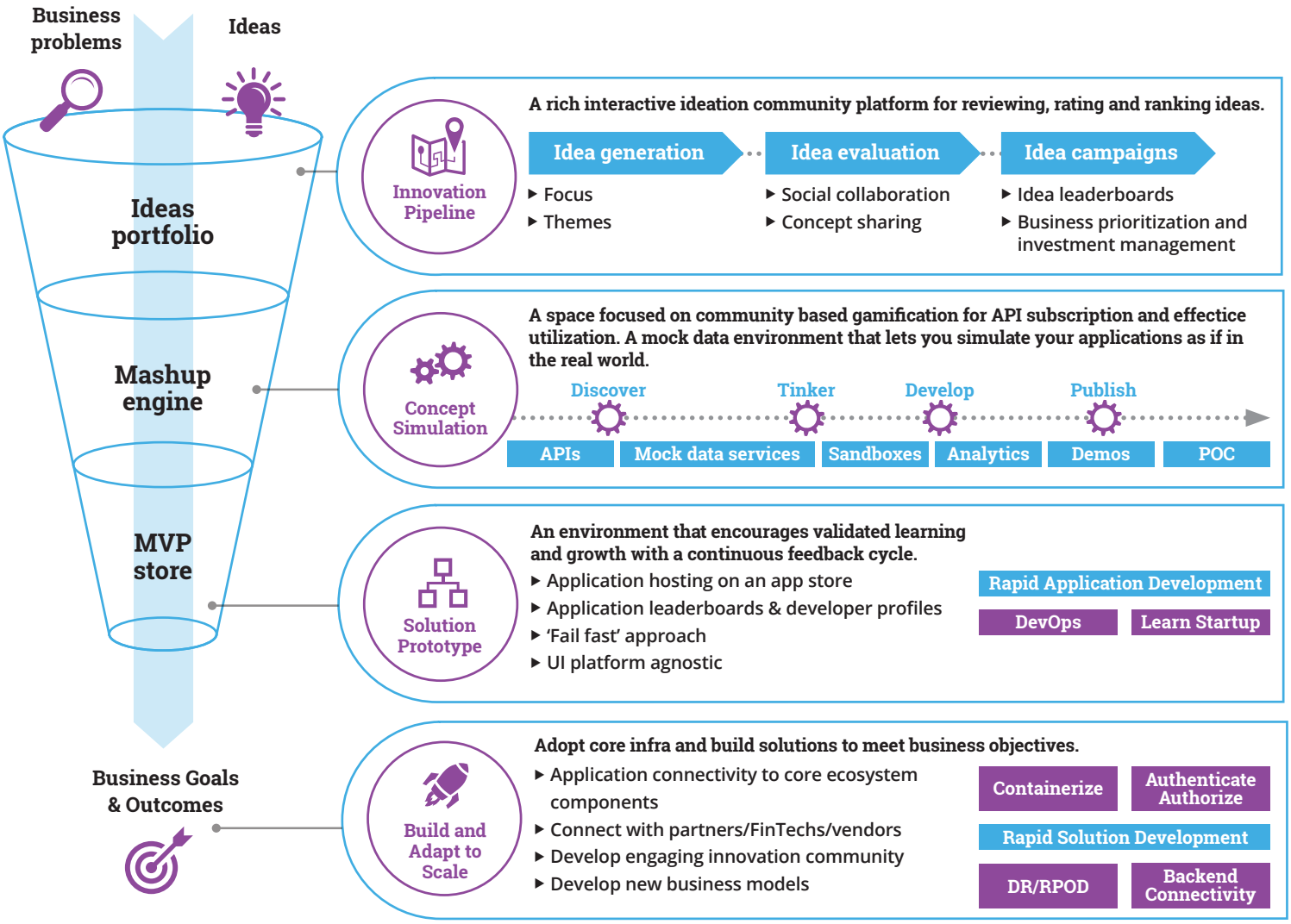
A comprehensive **Wiki Documentation** helps to understand the functionality of the API store and individual APIs, along with sample responses.

- Access to a dedicated API store
- Monitor API usage and other relevant statistics
- Seamlessly build mock applications
- Test mock applications using BIAN and PSD2 compliant synthetic datasets
- Complete Wiki user guides
- Access the forum for open collaboration amongst the developers ideas

MVP Store: MVP Store disseminates the web/mobile MVPs into a public portal for general consumption and measure the success with provision to integrate learning into the development pipeline.

- Gather insight on MVP usage
- Rate, rank and comment on deployed MVPs

Innovation Lifecycle



Additional Services

Mediation and curation of FinTechs

Virtusa xLabs provides access to a curated list of FinTechs, available for banks to build partnerships. This shortlist is created under strict guidelines as per standard bank requirements. It also provides an abundance of carefully selected FinTech APIs which are ready to be deployed.

The Open Innovation Platform also provides a functionality to allow FinTechs to self-register into the platform, whereby an administrator can choose to approve the registration. This in turn allows banks to easily evaluate FinTechs based on the information provided upon registration.

Microservices transformation

While putting an MVP into production, experienced IT and business domain specialists from Virtusa xLabs can help with further development and integration of the solution into existing legacy systems seamlessly. This includes development, testing, redesigning (if required), process re-engineering, and support and maintenance of the production-grade solution.

Application support and maintenance

Virtusa xLabs has a team of highly trained developers and business domain specialists to assist with uninterrupted support and maintenance post the platform going live.

Benefits:

- Accelerate journey from ideation to an MVP, with measurable outcomes
- Create unconventional revenue streams through new banking services
- Give your organization a competitive advantage by innovating
- Stay compliant with the Open Banking regulations
- Onboard and partner with carefully curated FinTechs and RegTechs to drive innovation
- Reduce time and costs associated with the innovation process

About Virtusa xLabs

xLabs is the digital innovation hub within Virtusa, set up to help organizations accelerate their tech innovation and leverage disruptive technologies to deliver the best value for them.

Virtusa xLabs combines design thinking and digital engineering to reduce time and costs associated with identifying, evaluating and exploiting new technologies to create competitive advantage for its clients.

The hub provides a cloud-based environment with a built-in Open API layer and Microservices sandbox, Modular AI components, Blockchain capabilities and a banking model data set enabling to run quick experiments and turn ideas into MVPs.

For more information please contact **xlabs@virtusa.com**

www.virtusa.com/innovation

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