



Old-age Banks and New-age Users:
**How Banking Software
Vendors Can Take a
Composable Approach
to Stay Relevant**



Learn how to overcome the legacy transformation stalemate, deliver modern banking experiences rapidly, and future-proof development by taking a composable approach powered by low-code.

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The story so far

For decades, Independent Software Vendors (ISVs) have been building software for traditional banks around the globe. However, their tendency for risk aversion has prompted banks to create a complex labyrinth within their own IT infrastructure.

As banks grew, they continuously added functionality and features to their existing legacy systems and layered them with modernization. Meanwhile, ISVs have been continuously responding to the changing demands of their client banks, resulting in a heterogeneous portfolio of their own—a mix of monolithic applications with excess functionality, and modern but exclusive solutions around the primary legacy offerings.

Add to this, there is the growing threat of technical debt in the banking ecosystem which can be attributed to:

- ISVs prioritizing risk mitigation over well-designed and future-proofed systems for their clients
- Incessant addition of superfluous upgrades to product suites to quickly meet growing client demands

The threat magnified when consumers exhibited changes in their banking habits and for that matter, their banking habitat. The new tech-savvy generation now wants banks to come to them—to their laptops, mobiles, and tablets.



Additionally, the pandemic induced a tectonic shift in consumer behavior patterns. Consumers were forced to switch to digital experiences for their day-to-day activities and banking was no exception.

77%

of banking customers in the US use mobile banking

21%

of consumers of age group 35-44 use non-traditional banks as their primary financial provider

77%

of consumers still turn to traditional banks as their primary service provider

Disrupting this entire environment dramatically is the emergence of fintech, neo banks, challenger banks, digital banks—the whole gamut of new-age, API-driven, digital-first banking providers who are now giving fierce competition to ISVs and their clients.

For ISVs, it meant immediate action to stay competitive. However, the problems and the challenges for ISVs are two-fold.

The double jump hurdle for ISVs

Legacy banking systems are heavily customized and almost always inadequately documented. It is a mammoth task for ISVs to re-architect the entire banking software ecosystem for their clients. Offering extensibility of their legacy systems and processes to comply with new standards like open banking norms, is another challenge.

ISVs face a double jump hurdle when it comes to modernizing the legacy tech stack for their banking clients. The changing banking landscape neither offers adequate time nor do ISVs have the appetite to risk disrupting the ongoing banking processes of their clients. The risk of losing continuity with working systems while modernizing is too big to take. Tearing down and building anew? Cost and time simply do not favor it.



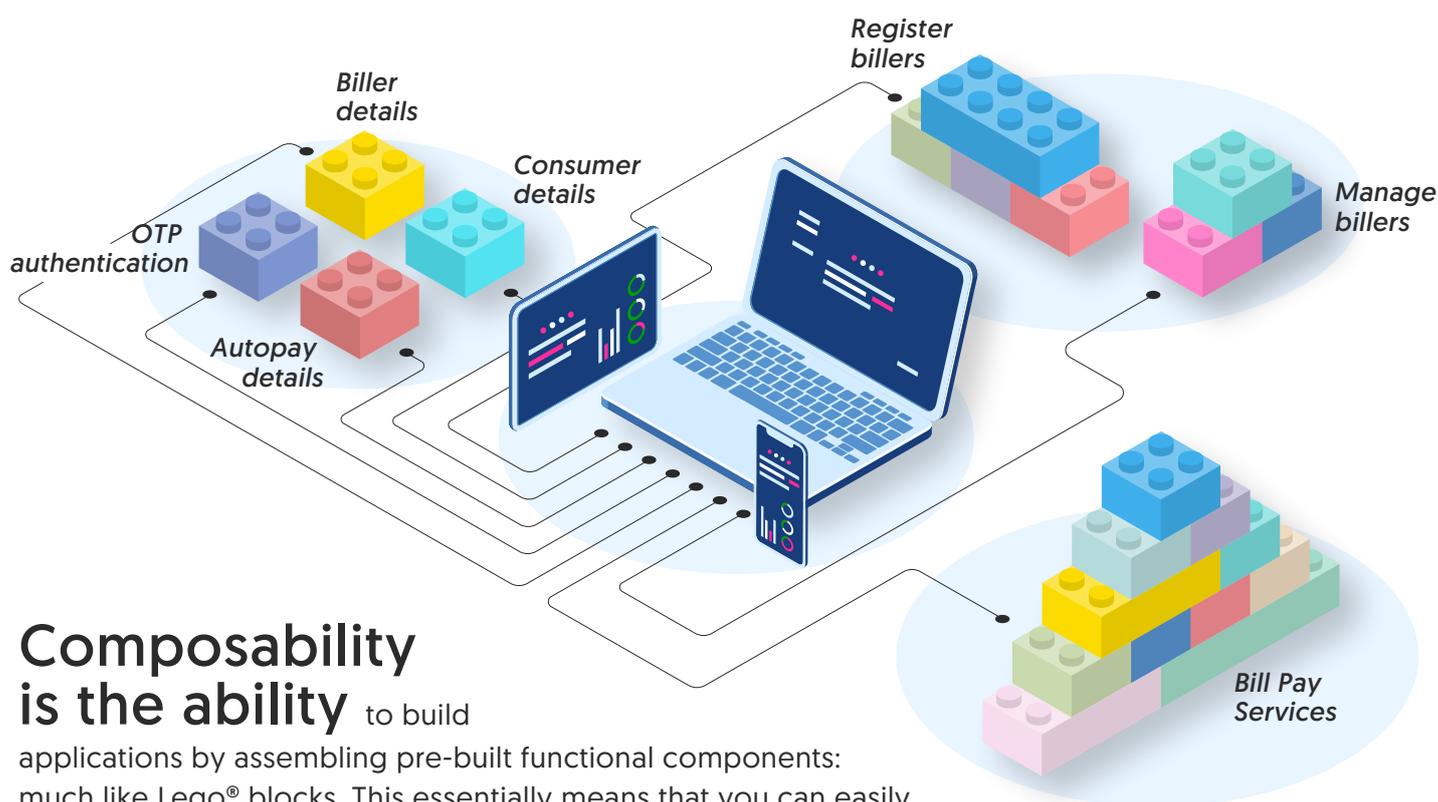
Risk of disrupting banking processes

Lack of adequate time for modernization

Modernization of banking ecosystems requires significant planning, time, and investment. Banks will therefore pick ISVs with a reliable modernization strategy that can help them overcome these challenges and stay relevant.

In that context, what can ISVs do to stay relevant in this constantly changing banking domain?

Composability through low-code: A panacea to modernization woes



Composability is the ability to build

applications by assembling pre-built functional components: much like Lego® blocks. This essentially means that you can easily combine, rehash, integrate, replace, customize and most importantly reuse functional banking components to ‘compose’ your banking applications.

In fact, [Gartner](#) defines a composable application as a collection of autonomous Packaged Business Capabilities (PBCs). Each of these blocks is developed and delivered like a separate product ensuring continuous improvement and innovation in application experiences. Core teams build these components and implementation teams compose varied experiences with these PBCs for different clients, thus democratizing the development process.

ISVs facing technical debt need to choose a development platform that can help them gain control of the modernization process and help them deliver value to their clients faster with every periodic upgrade. Development platforms that are built on the strong foundation of composability help ISVs achieve this seamlessly.

CIOs and technology executives at high-composability enterprises expect their revenue and IT budgets to grow, on average, by 7.7%- [Gartner](#)

Low-code enables the creation of an ecosystem of composable components that can be easily assembled to create different banking applications. Low-code, in this paradigm, can act both as a business capability development tool as well as an integration tool of components.

A composable approach towards software development ensures **Speed, Scalability, and Reusability.**

A low-code platform for composability enables :



Easy assembly and integration of different capabilities



Rapid delivery and deployment



Easy customization of components



Seamless integration of functional banking components into existing systems

The power of composability and the agility of low-code is an effective development strategy that ISVs can utilize to modernize existing banking suites and even build anew. By adopting a composable approach to modernization, banking software vendors can accomplish the following.

Modernize core products incrementally

Create reusable components and replace core functionalities in a phased manner instead of a risky big-bang approach

Create new experiences rapidly

Compose whole new apps and experiences quickly by assembling custom functional components

Streamline implementations

Implement customized solutions for each client faster and absorb greater market demand

Enable customer self-service

Empower banks with everything they need to manage customizations and enhancements themselves

Transitioning to a composable architecture disruption-free: The two-pronged approach

In order to avoid any disruption of services for banks, ISVs should modernize monoliths in a phased manner. To achieve this, ISVs can take a two-pronged approach. New functionalities can be rolled out as 'components' that integrate with the existing legacy architecture, while development teams work on the next component to modernize.

COMPOSE WITH COMPONENTS

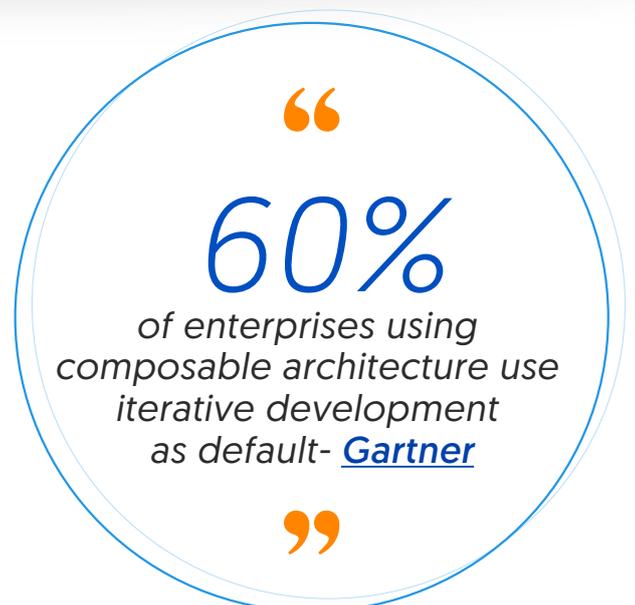
- 1 Create self-sustained banking specific components using low-code
- 2 Compose modern banking applications with these reusable functional components
- 3 Customize based on specific client needs and create new user experiences

MODERNIZE AND CO-EXIST

- Replace functionalities in monoliths with new components
- Enable co-existence of newly composed applications with existing systems and phase out slowly
- Use an API-first, open-standards low-code platform to transition from old to new

Building a repository of core components and then reusing them to recompose the entire application is an effective strategy that ISVs can implement using low-code. Fresh builds can also use the same approach thus future-proofing further development.

ISVs catering to the BFS market would benefit from choosing a low-code platform vendor that has both the willingness to make the solutions work and the capability to compose modern-day, omnichannel customer experiences for new-age banking while providing composable experiences.

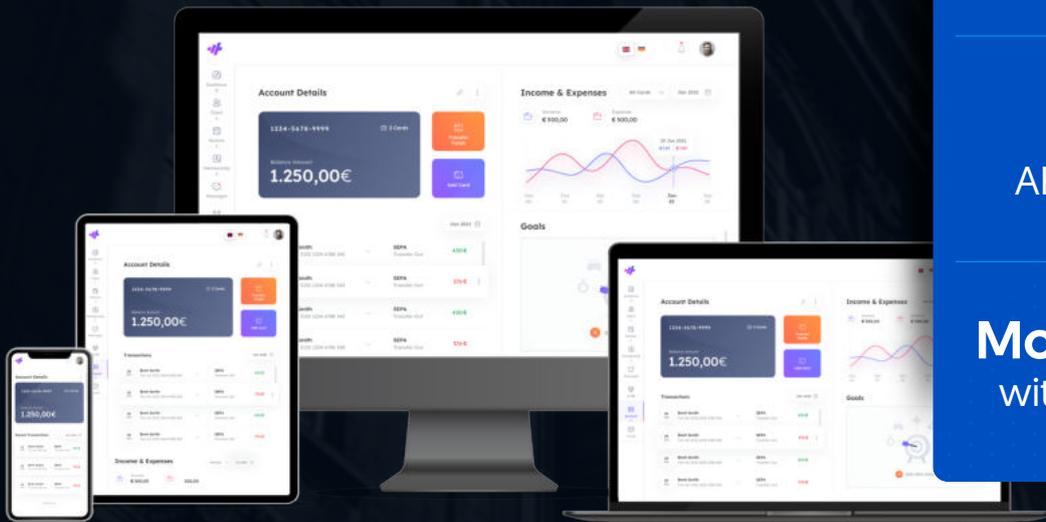


CUSTOMER STORY

How a Fortune 500 ISV “composed” its digital banking platform with WaveMaker

A Fortune 500 banking ISV used WaveMaker low-code to transition their consumer-facing digital banking platform from monolithic to modular by creating more than 75+ reusable banking components in just 6 months. Implementation teams are reusing these components to build customized applications for their clients with a turnaround time of just a few weeks.

The digital platform now allows the development of omnichannel, responsive web, and hybrid mobile applications. New banking components created on the platform were easily integrated with the existing monolithic platform allowing modernization in a phased manner. Theme and layout-based components enabled consistency and alignment across groups in the IT team. The implementation team was able to create a complex customized application with around 150+ screens and 100+ API integrations in 3 weeks.



The ISV is now able to offer tailor-made user experiences to its client banks. Small customizations for their banks take minimal time. Taking it to the next level of maturity, they have also enabled client banks to self-serve by allowing them to perform small customizations themselves leading to larger savings for client banks.

The use of low-code and composability has enabled the ISV to work with several business models and use cases with different clients resulting in greater collaboration and varied customer experiences.

3X Faster
Go-To-Market

75+
reusable
components

150+
screens

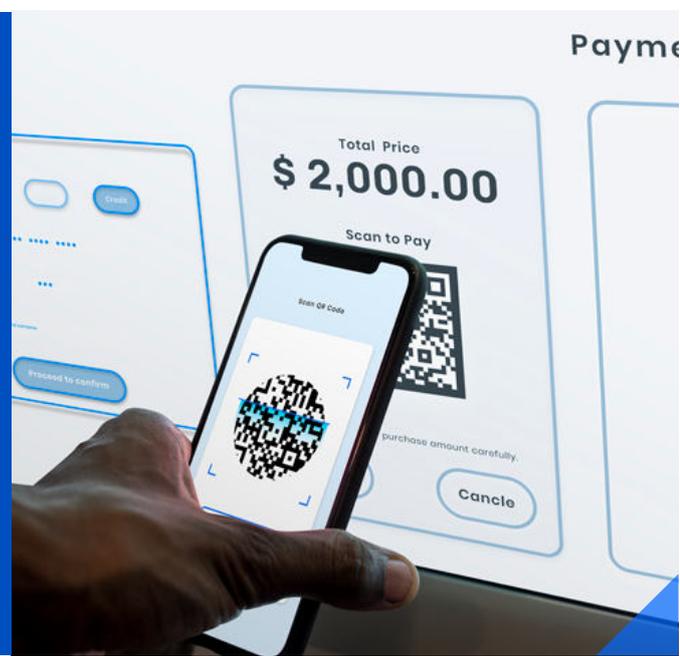
100+
API integrations

Modernization
without disruption

“We are increasingly finding the need to deliver tailored experiences to different user segments. By integrating WaveMaker into our ecosystem, we now have a framework of pre-built components that can be quickly assembled not just to build applications but also to provide differentiated user experiences, thereby increasing the value to end-users significantly.”

Director, Technology Strategy

What the **future** holds



Do away with technical debt



While modernizing with low-code is an effective solution, ISVs also need to look at what low-code can do in terms of the future. For one, low-code platforms that use a composable approach and the latest open-standards-based technologies can do away with technical debt. Existing components can auto-upgrade to the latest stack. New components built on the latest technology stacks can replace old components seamlessly without disturbing the larger application, all the while providing new functionalities and experiences.

Create a marketplace of banking components



Two, ISVs can aspire to create a marketplace of reusable, functional banking components (in our world: prefabs). ISVs can craft a platform to evolve into a bigger player, white-label the low-code studio, and integrate it into their development platform. They can generate functional banking components that can either be used as individual functional blocks or as a separate offering itself.

WaveMaker: The low-code platform for composable experiences



WaveMaker low-code comes with features that are a right fit to build applications based on a composable architecture.



COMPOSABLE WORKBENCH



WaveMaker uses the concept of prefabs—an abstracted component built over data, logic, and UI that can be assembled to create composable experiences.



MINIMAL LEARNING CURVE



The architectural paradigm of WaveMaker aligns well with existing system architectures, making it easy for developers to comprehend the platform.



DEVELOPER-SEAT LICENSING MODEL



Limitless number of apps and app users, team collaboration, enterprise integrations, standard support—all packaged into one license.



INTEGRATES WITH EASE



WaveMaker is designed to integrate with everything and anything in a typical enterprise set-up making it possible to integrate with disparate systems with ease.



STABILITY, SECURITY, AND SCALABILITY



WaveMaker low-code creates secure, Veracode™ certified, auto-generated code. The microservices-based architecture allows scalability and ingrained quality code helps eliminate elaborate test cycles.



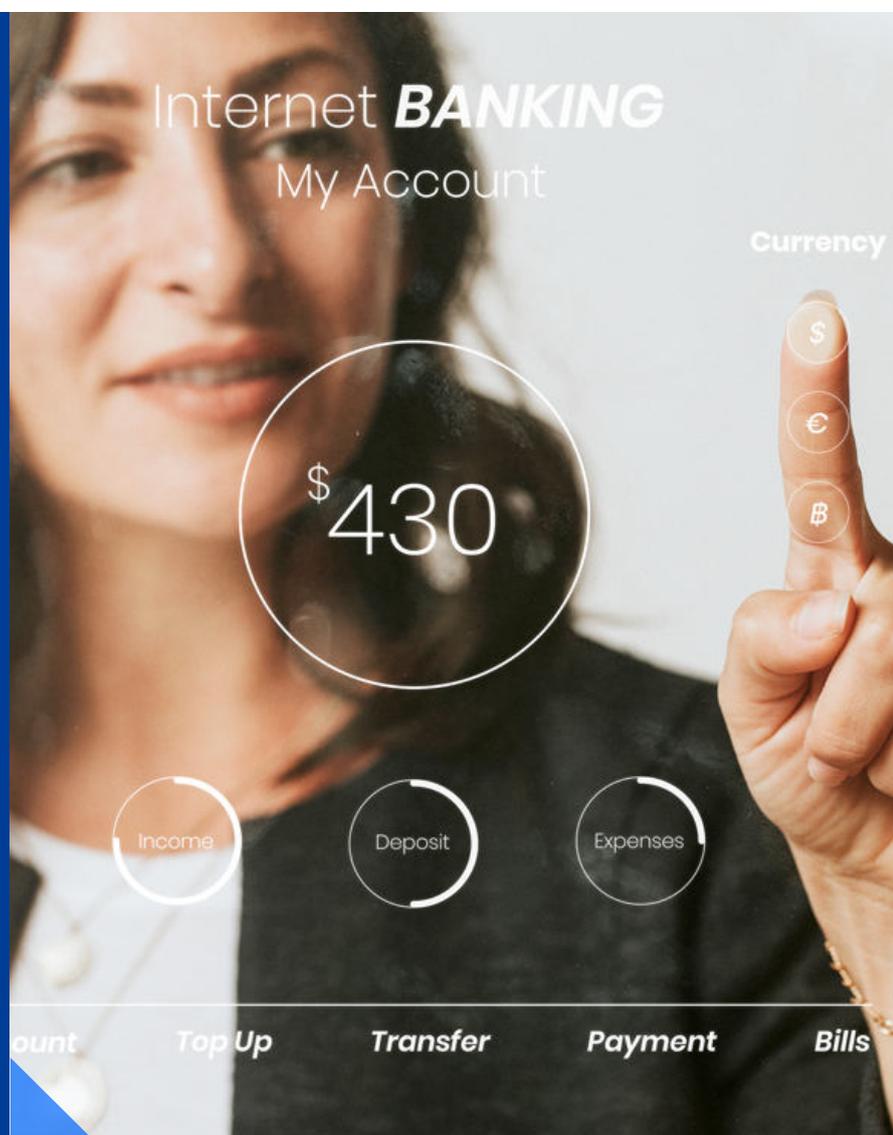
NOTHING IS PROPRIETARY



WaveMaker low-code is an open-standards-based full-stack platform and does not use any proprietary software or tools. It offers complete extensibility of code with zero vendor lock-in.

Summary

The burgeoning digitization in the banking sector and the entry of new tech-savvy players in the market have encouraged ISVs to take a futuristic approach to their modernization strategies. While going digital is the way, banks also demand speed and unique customer experiences. ISVs, meanwhile, need to take a hard look at technical debt too. In this context, 'composability' can help ISVs alleviate technical debt while incrementally modernizing banking suites. Whether it be a white-labeled platform or a composable workbench for developers, ISVs can utilize the complete power of low-code to do this. Low-code platforms such as WaveMaker integrate seamlessly with existing development frameworks and help them adopt a 'composable approach' towards software building.



Low-code platforms adhere to modern architectural choices and best practices of application development. ISVs can use low-code to achieve composability, deliver cloud-native banking apps, transform teams to full-stack development and gradually move their software supply chain to customer self-service models—at a fraction of the cost and time associated with traditional development.

About WaveMaker

WaveMaker, Inc. is a privately held software platform company headquartered out of Plano, Texas. WaveMaker is an open, developer-centric, enterprise-grade low-code platform that enables major fintech, banks, BaaS players, and ISVs to compose delightful, omnichannel digital experiences rapidly by assembling custom reusable components. With SaaS, on-prem, embedded, and white-labeled solutions, WaveMaker is deployed at **200+ enterprise customers across 60+ countries.**

For more information, visit www.wavemaker.com or reach out to us at info@wavemaker.com