

Financial services reimagined

iPaaS as the catalyst for
open banking innovation



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Introduction

The emergence of integration platform as a service (iPaaS) stands at the frontier of the digital evolution for financial services.

Acting as a catalyst for tremendous growth and innovation within open banking, this synergy is redefining the landscape of financial services, making it more fluid, secure and accessible.

By leveraging iPaaS, financial institutions are not only streamlining their operations but are also providing consumers with a level of convenience and security that was previously unattainable. This transformative approach toward financial services integration signifies a pivotal moment in the industry, making it an essential area of study for professionals and enthusiasts alike.

As we delve into the depths of this evolution, the forthcoming discussion will navigate through the intricate world of open banking, highlighting the critical understandings of iPaaS and its indispensable benefits to financial institutions.

Our digital team — focused on financial services — will also provide comprehensive insights into how iPaaS is setting the stage for the future trajectory of financial services by:

- Fostering seamless integration across financial services.
- Enhancing operational efficiencies.
- Facilitating compliance.
- Fostering innovation.

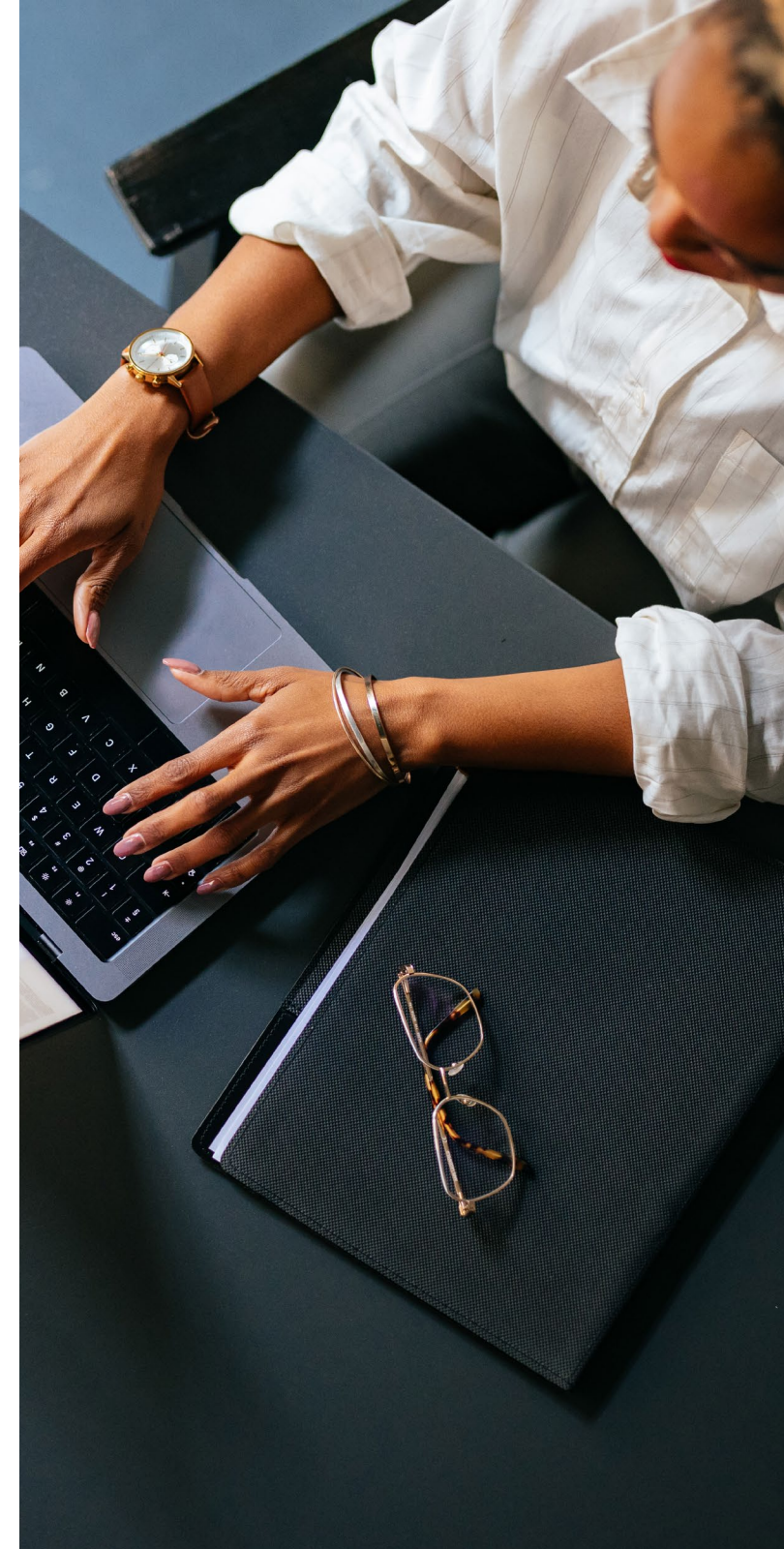


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The evolution of open banking

Open banking transforms the financial services sector by leveraging application programming interfaces (APIs) to share consumer-permissioned banking data with third-party applications.

This paradigm shift enables a more interconnected financial ecosystem, where banks and financial institutions securely share their data, enhancing service offerings through collaborations with fintech startups.

Fintech companies play a crucial role in the open banking landscape by developing innovative applications that use bank-shared data. These collaborations allow traditional banks to expand their service offerings and explore new business models, effectively turning potential competitors into partners. The integration of fintech

solutions with traditional banking services through APIs facilitates the creation of tailored financial services that respond to consumer needs, driving forward the financial industry.

Consumer expectations have evolved significantly with the rise of digital technology, demanding more control, transparency and convenience in their financial interactions. Open banking responds to these demands by empowering consumers to manage their financial data actively and engage with a variety of financial service providers. This shift not only enhances customer experience but also fosters a competitive environment where financial institutions innovate to meet consumer needs and preferences.



The value of open banking transactions worldwide reached **\$57 billion** in 2023.

Understanding iPaaS

iPaaS enables the development, execution and governance of integration flows, allowing banks to innovate without overhauling their existing infrastructure. With the global market expected to reach \$10.3 billion by next year, banks can't afford to not take advantage of iPaaS integrations.

Definition and key components

iPaaS represents a cloud-based suite of tools designed to facilitate the automation of applications and systems across various business environments.

At its core, iPaaS serves as a bridge, connecting disparate applications, systems and services, whether located on-premises or in the cloud. This includes a range of solutions such as

prebuilt connectors, automation tools and a central ecosystem for businesses to manage all data workflows and infrastructure. The primary objective of iPaaS is to deliver a cost-effective and standardized method for integrating different systems without the need for extensive on-site enterprise middleware solutions.

The bridge between legacy systems and modern fintech

iPaaS plays a crucial role in aligning legacy systems with modern fintech innovations.

It facilitates a seamless connection between traditional banking infrastructures and the latest applications, thereby helping to ensure improved customer service and operational efficiency.

The global iPaaS market is expected to reach **\$10.3 billion** by 2025.

By leveraging iPaaS, financial institutions can adapt rapidly to customer demands, introducing new products and services swiftly. This agility is particularly beneficial for banks looking to innovate through micro applications or when aiming to enhance internal workflows through automation. Furthermore, iPaaS supports the integration of on-premises software with cloud-based applications, creating a hybrid cloud integration environment that extends the functionality and life span of legacy systems.



How iPaaS supports integration and innovation

1. Centralized management:

iPaaS provides a single platform for managing data connections and credentials, simplifying the integration process across the enterprise.

2. Data flow orchestration: It enables the orchestration of data flow, helping to ensure seamless data transfer between systems.

3. Governance and access control:

iPaaS includes features for data governance and access control, enhancing security and compliance.

4. Ease of use: With its codeless nature, iPaaS platforms are accessible to nontechnical users, promoting widespread adoption.

5. Rapid time to value: By reducing the time required for integration projects, iPaaS accelerates the realization of business benefits.

By integrating these capabilities, iPaaS empowers organizations to innovate within individual business functions while maintaining enterprise data transparency. This approach not only minimizes disruption but also encourages experimentation, with lower risk.

As a result, businesses can rapidly adapt to changes, fostering a culture of continuous innovation and improvement.

Benefits of iPaaS for financial institutions

iPaaS revolutionizes how financial institutions operate, offering myriad benefits that extend from enhancing customer experiences to streamlining security and compliance measures.

Enhancing customer service and experience

iPaaS empowers banks and credit unions by enabling seamless connectivity and data flow across various systems and applications. This integration is particularly beneficial when combined with customer communication as a service (CCaaS), as it centralizes and synchronizes customer data across different banking channels.

Representatives gain a unified view of customer interactions, preferences

and history, allowing for personalized and contextually relevant experiences in real time. Additionally, iPaaS's ability to integrate CCaaS with core banking systems, CRM platforms and fraud detection tools streamlines workflows, enhances data security and enables automated processes, driving operational excellence.

Improving security measures and compliance

The security of data moved or processed through iPaaS is paramount, especially when handling personally identifiable information or data under regulatory requirements such as GDPR, HIPAA or PCI.



iPaaS solutions employ robust encryption algorithms to protect data in transit and at rest alongside implementing access controls, authentication mechanisms and audit trails to monitor data access.

This helps ensure that only authorized personnel interact with sensitive information. Moreover, iPaaS providers adhere to industry best practices for data storage security, including secure data centers and redundancy measures, thereby safeguarding sensitive information from unauthorized access or breaches.

Facilitating low-code development and increased efficiency

iPaaS stands out for its low-code/no-code technology, which democratizes the ability to build and manage integrations across technical and nontechnical users. This approach

not only saves time but also boosts productivity and fosters collaboration among teams.

By eliminating the need to publish custom APIs or combine APIs from other services, iPaaS accelerates the time to market for new products and services. It connects virtually all applications and data on a central platform, providing a 360-degree view of integrations to easily orchestrate process automation and gain visibility into workflows across business units.

This capability allows financial institutions to rapidly design automated workflows and integration patterns, thereby enhancing operational efficiency and meeting ever-changing customer and market demands.



The future of iPaaS in financial services

The global iPaaS market is projected to experience substantial growth, with revenue expected to reach \$61.67 billion by 2030, showcasing a robust CAGR of 32.47% from 2023 to 2030.

And this year alone, the value of open banking transactions worldwide reached \$57 billion.

These surges are fueled by the increasing adoption of cloud-based integration solutions, which facilitate the seamless integration of various systems and applications, enhancing

business agility and data oversight.

With iPaaS, financial services can integrate disparate systems and data sources efficiently, which is essential for maintaining network security and operational efficiency.

Moreover, iPaaS empowers financial institutions to adopt a more agile approach to integrating open banking, fostering innovation and improving responsiveness to market changes.

With iPaaS and open banking, leaders

can reimagine their approach to financial services integration — and achieve their goals faster than imagined. iPaaS's role as a critical infrastructure component offers a scalable, secure and adaptable solution.

Financial institutions that harness the robust capabilities of iPaaS to fuel open banking will position themselves at the forefront of the industry, ready to meet the future's challenges and opportunities.





COULD YOUR DIGITAL DO MORE? WE THINK SO.

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