

On the Radar: NCR Digital Banking extends reach into large financial institutions with D3 Digital Banking

D3 offers a modern banking platform for large financial institutions

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Summary

Catalyst

The delivery of banking services has been transformed in recent years, with the role of the branch diminishing and the majority of customer interaction taking place via digital channels. As a result, banks are increasingly moving to a digital-first approach. For traditional banking players, this shift presents notable challenges. First, there is the initial transformation of banking delivery, which requires banks to deliver a strong and connected digital experience across multiple devices. Second, there is significant ongoing development to manage in terms of adding new services and continual improvement of experience. NCR's D3 Digital Banking seeks to address these issues with its open API banking platform for consumers and small businesses.

Key messages

- D3 Digital Banking is a platform designed to support the complex needs of large financial institutions in providing a strong customer experience for digital banking.
- Based on a core-agnostic, modern microservices, open API architecture, the platform is highly configurable and enables large banks to create their own digital strategies.
- A range of deployment options are available, from using out-of-box functionality for speed of deployment and customizing later to full custom design and install.
- The platform has strong traction in the US, but with NCR's global capabilities and plans for expansion, it is likely to be of interest to the European market as well.

Ovum view

The addition of D3 to the NCR Digital Banking offering takes its proposition to another level. NCR's existing product, DI Digital Banking, has a strong customer base among credit unions and community banks. The D3 platform brings new technological capabilities, such as the ability to handle more complex back-end systems of large institutions, a microservices-based architecture, and the capability to design and create a unique digital banking strategy. D3, combined with NCR's sales capabilities, services support, and advisory offering, means it is now a new player for larger banking organizations to consider when looking to undertake digital transformation projects. As such, it acts as a good complement to NCR's existing presence in the community banking sector.

Recommendations for enterprises

Why put NCR's D3 Digital Banking on your radar?

Most banks would agree with the need for a strong digital banking proposition, but delivering it is not straightforward. NCR's D3 Digital Banking is built with the needs of large financial institutions moving to a digital-first strategy in mind. It is able to handle a complex back-end environment, while the modern microservices architecture – together with the use of SDKs – provide clients with strong configurability and all the benefits of a platform. The use of open APIs provides ease of incorporating additional services, while a Continuous Delivery model also allows for ongoing innovation. All this

combined with NCR's sales, service, and advisory offering makes D3 Digital Banking worthy of consideration for regional and super-regional banks looking to undertake digital transformation projects.

Highlights

Background

Founded in 1884, NCR has a long and rich heritage in financial service technology. Traditionally known for its activities in the hardware (ATMs, PoS terminals) space, it has undergone a significant transformation in recent years and now positions itself as a software and services company, serving the financial, retail, and hospitality sectors. NCR entered the digital banking space in 2013 through its acquisition of Digital Insight, a hosted banking solution for credit unions and community banks. In July 2019, it added to its banking software stable with the acquisition of D3 Banking Technology, which offered a modern, digital banking platform targeted at the large financial institutions space.

Current position

NCR's original banking platform, DI Digital Banking enjoys a strong customer base among credit unions and community banks, with 24 million end users across more than 600 institutions. However, its focus on the community banking space, together with its hosted-only delivery model, did not make it a suitable product for expanding into larger institutions or other geographic markets. The addition of D3, a modern company of 120 people based out of Nebraska, changes this. D3's modern, best-in-class platform already has good traction in the US, with four million end users across a customer base including Arvest Bank, First Horizon Bank (formerly First Tennessee), TCF Bank, Synovus, and Zions Bancorporation. Combined with NCR's services, distribution, and banking reach, the D3 Digital Banking platform becomes an even more compelling offering for the large financial institution space.

D3 Digital Banking consists of a configurable platform for consumer and small business banking, as well as the financial institution personnel. Aside from the front-end banking functions, the platform also offers account opening, business intelligence, and marketing.

From a technology perspective, D3 is designed to meet the needs of top-tier institutions looking to move to a digital-first strategy. It is built on a core-agnostic, modern microservices architecture, which together with SDKs allows for FI-led configuration without losing the benefits of a platform.

Furthermore, a Continuous Integration/Continuous Design (CI/CD) delivery model, with new releases of software every four weeks, allows for ongoing innovation requirements.

Delivery can be cloud-hosted or on-premises depending on customer preference. A typical implementation takes six to nine months, but there are a range of deployment options depending on the needs of the bank. For example, for banks looking to deploy on shorter timescale, it is possible to take the out-of-box functionality first and customize later – an approach taken by about 20% of the client base.

NCR also brings the support of its 1,600-strong services division for delivery, which includes NCR Advisory Services. Advisory Services provides consulting on areas such as customer journey and design, as well as offering access to its Digital Research Facility in central Atlanta, which allows for testing of products with test end users. In addition, it fully embraces the wider partner ecosystem, as

evidenced by a recent agreement that sees core banking vendor NYMBUS license the D3 platform to be used in conjunction with its SMARTCORE core banking platform.

Future developments

Over the coming 18–24 months, NCR will be working to steadily integrate the development teams for the two products. Its two solutions are set to remain as independent product offerings but will share some components. For example, the account opening functionality of D3 is being integrated into the DI platform. Longer term goals from the product side include moving more into the blended commerce and banking space and working alongside FI personnel in branch. There are also planned developments for remote assistance (e.g., chatbots).

From an expansion perspective, NCR is prioritizing its move into the large financial institution space. With the stronger sales and services support provided by NCR, not to mention its significantly larger balance sheet, D3 Digital Banking should be of greater interest to more FIs, including those that may have been reluctant to consider smaller vendors.

By 2021, NCR is looking to expand internationally, starting with Europe and ultimately into other regions where NCR is already present. The platform already has the strong underlying capabilities for such an expansion, including multilanguage and currency capabilities, while NCR has a good understanding of the physical channel market. Nonetheless, it will need to internationalize further for new markets.

Data sheet

Key facts

Table 1: Data sheet: NCR Digital Banking

Product name	NCR DI NCR D3	Product classification	Digital banking
Version number	Release 4.5	Release date	October 2019
Industries covered	Retail banking, Business banking	Geographies covered	US
Relevant company sizes	Tiers 3–5.	Licensing options	NCR DI: hosted NCR D3: on-premises, hosted, SaaS
URL	https://www.ncr.com/banking/digital-banking	Routes to market	Direct/Indirect
Company headquarters	Atlanta, Georgia, US	Number of employees	34,000 (NCR)

Source: Ovum

Appendix

On the Radar

On the Radar is a series of research notes about vendors bringing innovative ideas, products, or business models to their markets. Although On the Radar vendors may not be ready for prime time, they bear watching for their potential impact on markets and could be suitable for certain enterprise and public sector IT organizations.

Further reading

Ovum Decision Matrix: Selecting a Digital Banking Platform, 2019, ENV004-000021 (January 2019)

"Has the API become a new banking channel?" ENV007-000025 (September 2019)

"The need for speed is driving a shift to continuous innovation in digital banking" ENV007-000013 (May 2019)

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