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The advantages of cloud-native payments systems

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As the new era of digital payments continues, flexibility and scalability are becoming increasingly important requirements for core banking systems, yet they are virtually impossible to achieve without a cloud-native approach.

The paradigm shift from a legacy to a cloud-based environment is a significant one. Simply put, the cloud offers many benefits – from reduced IT costs and greater agility to less downtime and improved data security. Cloud-native microservices platforms also have the added benefit of using a comprehensive set of low-cost tooling to aid the development and operation of the platform, as well as incorporating proven open-source modules to speed time to market and support scale, security and advanced operational capabilities. When it comes to payments, financial institutions (FIs) with the most agile, secure and reusable platform will be rewarded with a strong competitive edge and improved margins from being able to control when, how deeply and how long to take part in any new payments venture.

An FI's operational infrastructure is a core element of a cloud-based model, and aging legacy infrastructure is an obstacle. Cloud-based technology can help leapfrog legacy infrastructure, bringing together existing technology with future-ready options. This approach allows FIs to begin to take advantage of cloud-based capabilities while modernising critical operational components in parallel to quickly advance their technology roadmap and become more agile.

Innovative, modern payments services

Geared for the new age of payments, cloud-native solutions facilitate lower provisioning, lower infrastructure costs, elastic deployment of content, faster updates and global scaling. Comprising a set of reusable services, these modern payments platforms have the capacity not only to consolidate many current payment schemes onto a single platform, but future-proof businesses by facilitating the easy adoption of new payment types. They offer this by reusing existing services and reducing the amount of new development required to support a new business venture.

Built with a cloud-native microservices architecture, API connectivity and development resources, these platforms enable banks to offer modern schemes, types and channels, reduce time to market, circumvent dependence on multiple vendors, rationalise operational costs, and even achieve a more centralised view of authentication, authorisation, exposure and risk.

In some cases, data in the cloud is even more secure than with an on-premises model. And multiple cloud options – private, public and hybrid – can help FIs balance risk by enabling organisations to mix and match, deciding where their data lives based on their specific needs and/or local regulation. Large enterprises are beginning to lean into the hybrid option, bringing in private infrastructure as the base and scaling to public as needed.

Leveraging cloud delivery models allows developers to build, host and launch applications quickly without having to worry about setting up and managing their own server. As a result, new services or applications can be brought to market faster as certain components or services, such as validation, authentication, authorisation, fraud/risk and routing, can be reused.

Other perks of a cloud-native architecture include the shrinking of compliance timelines – a resource-heavy and costly enterprise for financial players of all kinds. Dynamic resource utilisation ensures the FI is only paying for the system resources needed at that moment because the system elastically ramps up and down the quantity of each reusable service to accommodate the volume of traffic as it occurs.

Diebold Nixdorf is empowering FIs to leapfrog to the next generation in payments processing. Visit DieboldNixdorf.com to learn more about Vynamic Payments®, our cloud-native, flexible and transformative payments platform. ■

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