

NEAT EVALUATION FOR CAPGEMINI:

Core Banking Services

Market Segment: AI & Analytics Services

Introduction

This is a custom report for Capgemini presenting the findings of the 2025 NelsonHall NEAT vendor evaluation for *Core Banking Services* in the *AI & Analytics Services* market segment. It contains the NEAT graph of vendor performance, a summary vendor analysis of Capgemini for core banking services, and the latest market analysis summary.

This NelsonHall Vendor Evaluation & Assessment Tool (NEAT) analyzes the performance of vendors offering core banking services. The NEAT tool allows strategic sourcing managers to assess the capability of vendors across a range of criteria and business situations and identify the best performing vendors overall, and with specific capability in operations services, cloud migration, process automation, AI & analytics, and professional services.

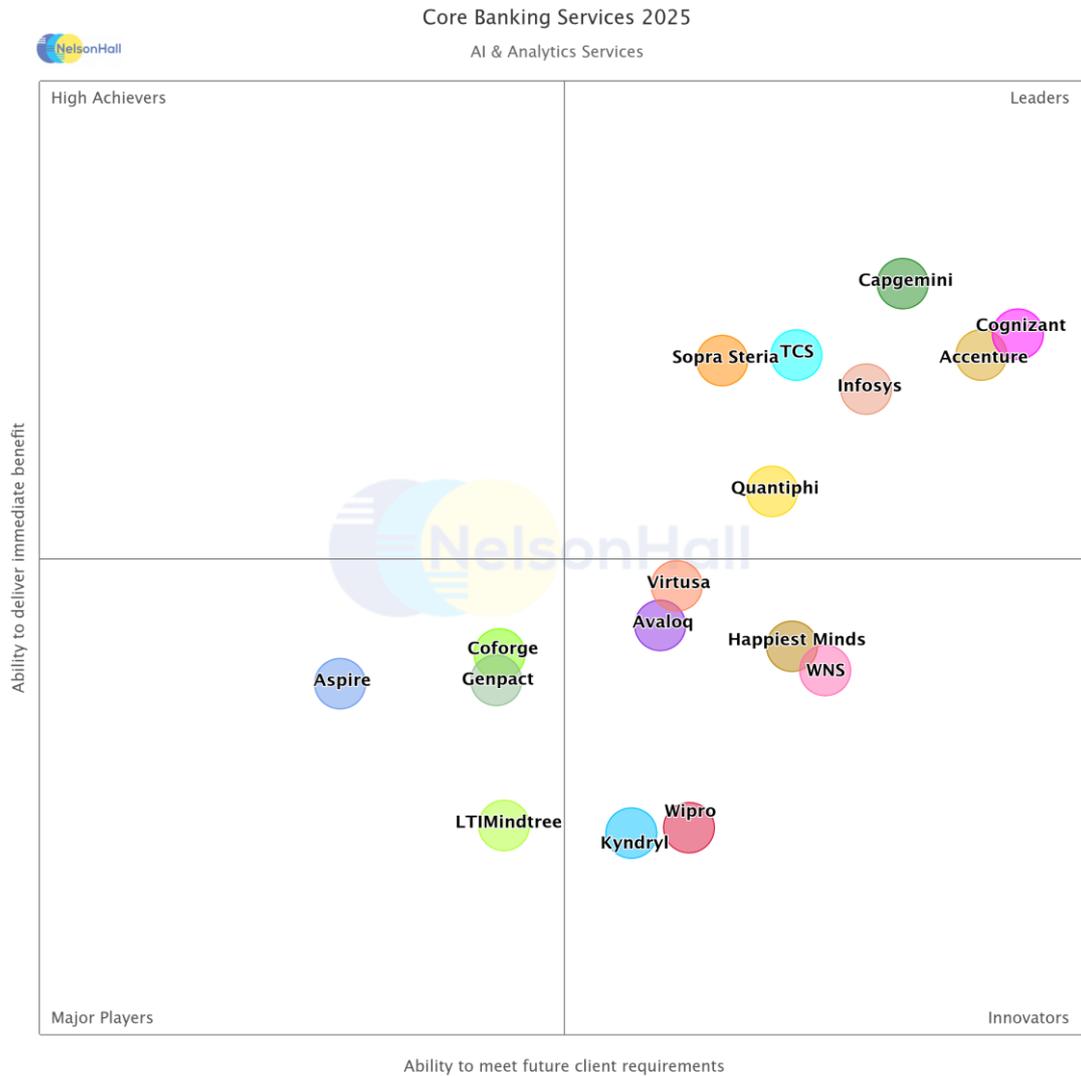
Evaluating vendors on both their 'ability to deliver immediate benefit' and their 'ability to meet client future requirements', vendors are identified in one of four categories: Leaders, High Achievers, Innovators, and Major Players.

Vendors evaluated for this NEAT are: Accenture, Aspire Systems, Avaloq, Capgemini, Coforge, Cognizant, Genpact, Happiest Minds, Infosys, Kyndryl, LTIMindtree, Quantiphi, Sopra Steria, TCS, Virtusa, Wipro, and WNS.

Further explanation of the NEAT methodology is included at the end of the report.



NEAT Evaluation: Core Banking Services (AI & Analytics Services)



NelsonHall has identified Capgemini as a Leader in the *AI & Analytics Services* market segment, as shown in the NEAT graph. This market segment reflects Capgemini’s ability to meet future client requirements as well as delivering immediate benefits to its core banking services clients with specific capability in AI and analytics.

Leaders are vendors that exhibit both a high ability relative to their peers to deliver immediate benefit and a high capability relative to their peers to meet client future requirements.

Buy-side organizations can access the *Core Banking Services* NEAT tool (*AI & Analytics Services*) [here](#).



Vendor Analysis Summary for Capgemini

Overview

Capgemini has worked with banks since its inception, its primary focus being tier-one banks. It offers large-scale core banking transformations to multi-national universal banks, its engagements delivering channel enablement, transaction processing, data management, and cloud migration.

Initially, the business focused on platform delivery. Today, the practice focuses on providing an ecosystem of products, services, and tools to solve a bank's business problems, enabling the client to deploy new business models. Capgemini's global delivery footprint supports global banks' transformation efforts across all their markets.

Capgemini's core banking services focus on design, integration, implementation, and operations services. The primary core banking service types are:

- *Consulting*: identifying existing state, developing a roadmap for transformation, and product ecosystem design
- *Consulting, development, and implementation*: combined consulting and implementation of new core banking solutions. Half of Capgemini's core transformation engagements convert the core to a microservices environment and replace modules over time
- *Managed services or BPS*: smaller banks and banks in APAC, the Middle East, and LATAM prefer to buy these services. These two models represent 30% of engagements.

Capgemini works with any core banking platform, but most frequently with Temenos, Finacle, Finastra, Thought Machine, Mambu, and nCino.

The company has 31.5k FTEs working in core banking services, delivered from a network of centers in APAC (57%), the Americas (27%) and EMEA (16%).

Capgemini has 100 core banking services clients, including tier-one and global banks (70%), tier-two and regional banks (20%), and tier-three and local banks (10%).

Financials

NelsonHall estimates that Capgemini's 2024 full-year revenues from core banking services will be \$380m, comprising:

- Consulting, 15%
- Design/deploy/IT services, 55%
- Managed services, 15%
- BPS, 15%.



Strengths

- Key domain-specific tools and offerings for ESG, compliance, customer experience, and data migration
- Large onshore delivery capability in its key markets
- Experience with a wide range of core platforms
- Assessment and benchmarking capabilities for core platform migration.

Challenges

- Needs to expand its presence with regional and local banks to drive sales and support margins of productized offerings it is launching in the market
- A limited number of engagements with local banks and startups in emerging markets, where smaller banks are the norm.

Strategic Direction

Capgemini works primarily with global banks across all major markets. Its go-to-market strategy is built on providing clients with an ecosystem of technology vendors and an integrating platform for data, automation, AI and GenAI solutions. It provides large clients with global delivery for large-scale projects.

Capgemini will aim to growing its business over the next several years by:

- Using GenAI to design, develop, and deliver core banking transformation services
- Partnering with hyperscalers and ISVs to develop tools to manage apps and enable self-healing capabilities
- Delivering customer experience building blocks that can be customized to create differentiated experiences
- Enabling clients to use low-/no-code tools to extract more business value from existing platforms
- Expanding the range of real-time reporting on bank operations
- Supporting banks in streamlining their adoption of new regulatory requirements.

Outlook

Capgemini had a strong year in 2023 as it aligned its assets and methodologies to the BIAN standards and expanded its fintech ecosystem.

NelsonHall estimates that Capgemini's core banking services revenues will grow by 10% per year over the next three years. If it successfully builds GenAI tools to accelerate change project execution focused on customer communication, development of SOPs, and data migration, it should be able to grow its business an additional 3% per year.



Core Banking Services Market Summary

Overview

The BFS industry is responding to new business conditions of tightening regulations (open banking, shorter settlement times, rigorous risk management, and more reporting), new financial products, new competitors, and declining margins.

New technologies, primarily GenAI, offer novel functionality but have been used mainly for POCs, which lack widespread operational application. Also, the changing technology landscape creates new challenges to maintaining data and operational security, which has slowed the maturation and adoption of these new technologies.

Bankers will increasingly look to:

- Accelerate migration to a microservices, open banking architecture and experimenting with AI and FinTech solutions to identify ways to transform their businesses
- Deploy GenAI to support relationship managers and middle/back-office process execution
- Accelerate their move to the cloud and automation of manual processes
- Support business model change to open banking
- Adopt agile deployment of new functionality with DevOps to accelerate new product introductions.

Technology and operations services in core banking include:

- Consulting services
- IT design and delivery services
- Managed services and business process services (BPS).

Buy-Side Dynamics

Client demand for core banking services can be summarized as follows:

- The highest level of demand has been for GenAI POCs and AI implementation services to enable banks to deliver a more extensive portfolio of offerings with hyper-personalization to customers. GenAI services remain experimental and internal facing. AI services are more mature and have been fully operationalized directly to customers
- Regional and local managers are facing cost pressures and are moving aggressively to modernize their operations. Their focus is on buying standardized offerings to enable them to compete with tier-one and digital banks. Regional and local banks are looking for cloud and AI-cognitive services to allow them to manage delivery in a new banking ecosystem
- Large banks are looking for the ability to hyper-personalize, introduce new products quickly, and convert all processes to 100% digital delivery to help them target customer offerings, adapt their environment to rapidly changing technologies, and access workers with scarce tech skills.



Regional and local banks seek to digitalize operational delivery and have access to emerging solutions and skilled technology workers to help them cost-effectively deliver a faster-evolving range of services to a broader range of customers. Customers now have access to a more extensive portfolio of bank offerings.

Key buy-side challenges include:

- AI and GenAI:
 - Improving the quality of market and entity data; securing and federating the data internally
 - Processing and analyzing new data types using OCR, ICR, LLM, SIM, and voice tools
 - Increasing accessibility and reporting to stakeholders
- Modernizing the operations estate:
 - Microservices, APIs, and app marketplaces
 - Enhancing orchestration capabilities across multi and hybrid domains
 - Identifying and implementing best-of-breed solutions while maintaining flexibility to change
- Modernizing offerings and customer engagement:
 - Building a digital-first operations estate
 - Increasing the speed and quality of new product introductions
 - Enabling open banking third-party access with quality control of offerings
 - Meeting the interaction expectations of new client demographics.

Market Size & Growth

NelsonHall estimates the size of the technology and operations services market for core banking was ~\$18.5bn in 2024 and forecasts that it will grow at 11.4% annually from 2024 to 2029. This is made up of:

- Consulting services, which account for ~16% (\$3bn) of client spending and are growing at ~11% per year over the forecast period
- IT design and delivery services, ~39% (\$7bn) and growing at ~12%
- Managed services and BPS, ~45% (\$8.5bn) and growing at ~10.9%.



Challenges

The key challenges faced in the technology and operations services market for core banking include:

- Data analysis:
 - GenAI needs to be tightly constrained to avoid hallucinations, requiring extensive upfront work for each use case
 - Most institutions cannot generate large data sets for meaningful analysis, requiring the creation of synthetic data
 - Increasing the use of data by new stakeholders requires rethinking which data can be touched by each stakeholder
- Re-platforming and cloud migration:
 - The lack of “one-throat-to-choke” in heterogeneous environments
 - Modern platforms require users to understand and work with much more heterogeneous solution environments and to integrate emerging apps and AI into those platforms
 - Moving to hybrid operations (internal/external/cloud), which offer less control for banks. Orchestration of heterogeneous evolving environments remains an ongoing challenge
- Business model change:
 - The industry business model is continuing to evolve. The current focus is on implementing an open banking model. These changes have obsolesced legacy IP and invalidated previous use cases, which need to be rewritten
 - Third-party service providers using the bank’s open banking platform necessitates opening the legacy platforms with many APIs and exposing new vendors to buyers
 - New inputs to process: new business models are generating new data types (e.g., unstructured data from new channels). The data is processed using new methods (e.g., GenAI), creating the risk that the outputs will be flawed in a highly regulated industry
- Access to emerging technologies:
 - There is a lack of employees skilled in domain and tech issues that must be addressed to select and implement FinTech and AI solutions.
 - Identifying useful technologies while offerings are developing and maturing quickly reduces the ability to build use cases and employee skills that are required
 - Mid-tier and startup banks do not have in-house resources to assess or monitor the emerging technologies and vendor capabilities.



Success Factors

Key competitive differentiators (success factors) for vendors include:

- Tools and technology:
 - Ability to craft offerings from emerging functionality, hyperscaler software, and industry-specific platforms
 - Productized services and solutions for mid-tier and local banks
 - Vendor ecosystem: an ISV ecosystem and the ability to monitor changes in technology and data vendors
 - Online tech training for own employees and client staff
- Operations:
 - Ability to support multiple core platform replacement strategies across markets and business processes
 - Industry process knowledge and the ability to apply FinTech to address industry challenges
 - Deliver operational flexibility and speed-to-market for new offerings
 - Standardize and consolidate process delivery across markets and products
 - Enable core platform transformation to microservices and migration to the cloud.

Outlook

The future direction for the technology and operations services market for core banking transformation will include:

- Accelerating migration to hybrid, multi-cloud environments
- Digitalization of all processes and documents to reduce the cost of delivery and improve transparency
- The move to enable reduced time-to-market for new product offerings
- Growing interest in using AI to support relationship managers in efficiently shopping the large portfolio of bank offerings for customers.



NEAT Methodology for Core Banking Services

NelsonHall's (vendor) Evaluation & Assessment Tool (NEAT) is a method by which strategic sourcing managers can evaluate outsourcing vendors and is part of NelsonHall's *Speed-to-Source* initiative. The NEAT tool sits at the front-end of the vendor screening process and consists of a two-axis model: assessing vendors against their 'ability to deliver immediate benefit' to buy-side organizations and their 'ability to meet future client requirements'. The latter axis is a pragmatic assessment of the vendor's ability to take clients on an innovation journey over the lifetime of their next contract.

The 'ability to deliver immediate benefit' assessment is based on the criteria shown in Exhibit 1, typically reflecting the current maturity of the vendor's offerings, delivery capability, benefits achievement on behalf of clients, and customer presence.

The 'ability to meet future client requirements' assessment is based on the criteria shown in Exhibit 2, and provides a measure of the extent to which the supplier is well-positioned to support the customer journey over the life of a contract. This includes criteria such as the level of partnership established with clients, the mechanisms in place to drive innovation, the level of investment in the service, and the financial stability of the vendor.

The vendors covered in NelsonHall NEAT projects are typically the leaders in their fields. However, within this context, the categorization of vendors within NelsonHall NEAT projects is as follows:

- **Leaders:** vendors that exhibit both a high ability relative to their peers to deliver immediate benefit and a high capability relative to their peers to meet client future requirements
- **High Achievers:** vendors that exhibit a high ability relative to their peers to deliver immediate benefit but have scope to enhance their ability to meet client future requirements
- **Innovators:** vendors that exhibit a high capability relative to their peers to meet client future requirements but have scope to enhance their ability to deliver immediate benefit
- **Major Players:** other significant vendors for this service type.

The scoring of the vendors is based on a combination of analyst assessment, principally around measurements of the ability to deliver immediate benefit; and feedback from interviewing of vendor clients, principally in support of measurements of levels of partnership and ability to meet future client requirements.

Note that, to ensure maximum value to buy-side users (typically strategic sourcing managers), vendor participation in NelsonHall NEAT evaluations is free of charge and all key vendors are invited to participate at the outset of the project.



Exhibit 1

‘Ability to deliver immediate benefit’: Assessment criteria

Assessment Category	Assessment Criteria
Offerings	<ul style="list-style-type: none"> Breadth of application of core banking to banking Application of core banking technology to retail banking processes Consulting and strategy development Application of AI/cognitive technology for core banking Core banking services implementation capability Ongoing core banking management Monitoring and observability Application of proprietary/partner technology to core banking processes Ability to offer new process models for core banking with digital technologies Core Banking BPS Services
Delivery Capability	<ul style="list-style-type: none"> Scale of core banking process delivery capability Cognitive delivery capability Delivery capability – North America Delivery capability – Europe Delivery capability – ROW Use of pre-existing technology implementation templates Core banking process change management capability Maturity of services delivery model Services governance capability Extent of partnerships in support of core banking services
Market Presence	<ul style="list-style-type: none"> Overall presence in core banking processes Overall core banking management consulting presence Overall core banking management design and deploy presence Overall core banking management BPS presence Presence in managed services processes North American presence Europe presence ROW
Benefits Achieved	<ul style="list-style-type: none"> Overall level of benefit achievement Improvement in regulatory compliance Improvement in data sourcing and scrubbing Improvement in reporting Increased accuracy of core banking reporting Improvement in operational performance, reliability, and availability Level of cost savings achieved

Continued...



Perception of “value for money”
Increased end-user satisfaction

Exhibit 2

‘Ability to meet client future requirements’: Assessment criteria

Assessment Category	Assessment Criteria
Service Innovation Culture	<ul style="list-style-type: none"> Perceived suitability to meet future client needs in core banking Ability to apply core banking services to core banking processes Perceived suitability to develop new business models & processes Service culture Innovation & creativity Ability to apply new technologies Transformation capability
Maturity of Roadmap	<ul style="list-style-type: none"> Maturity of roadmap in support of core banking strategy development Maturity of roadmap in core banking deployment Maturity of roadmap in support of process management in core banking Maturity of roadmap in BPS Maturity of roadmap in data management Maturity of roadmap in AI technologies Maturity of roadmap in own tools & platforms in support of clients Maturity of roadmap in new systems of reporting
Market Momentum	<ul style="list-style-type: none"> Core banking services momentum AI and Analytics services momentum Cloud services momentum Operations services momentum Automation focused momentum Professional services

For more information on other NelsonHall NEAT evaluations, please contact the NelsonHall relationship manager listed below.



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NelsonHall will be pleased to discuss how we can bring benefit to your organization. You can contact us via the following relationship manager:
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