



The Benefits of Cloud-Based Core Banking Platforms for Chargeback Management

Significance of Core Banking Today

Core banking platforms are critical systems that process virtually every banking activity within a financial institution. Core banking software (CBS) typically houses payments, transactions, account information, deposits, loans, and other financial records, while also interfacing with internal operational platforms, like general ledger systems and reporting tools. Historically, financial institutions have housed their core banking systems in data centers managed by an IT team onsite. However, FIs are progressively turning toward cloud-based CBS platforms to better support digital and global banking initiatives. This article explores the market growth of cloud-based core banking software, the advantages of these systems, and how issuers can leverage cloud core banking systems to improve their fraud and dispute management process.

The Growth of Cloud-Based Core Banking

The advent of cloud-based banking platforms has had significant impacts on growth in the financial industry. In 2019, the core banking software industry had a market cap of 8.17 billion dollars. According to Fortune Business, by 2027, the same market will be valued at almost 30 billion dollars. Widespread adoptions of cloud-based core banking solutions are the apparent driver behind this explosion of growth in the industry. In a recent article, Deloitte reported that banking and capital market leaders recognize that a cloud-core system is more than just a technology, but rather a destination for banks and other financial services firms to store data and applications and access advanced software applications via the internet.

Secure Network

Cloud providers take security seriously, and the security standards laid out in the industry are among the highest available. Multi-tenant cloud platforms are often safer than on-site data centers, as it is harder for attackers to target one organization or data set. A report from Deloitte indicates most of the public cloud environments are designed for 99.9% durability, meaning cloud-based programs excel in information resiliency and privacy for consumers. Fine-grained controls are enforced to enhance security protection in a cloud environment further, managing what can be done to the data in the cloud environment. The multi-faceted levels of required authentication through cloud-core platforms limit the surface area for potential attacks. There is even speculation that adopting a cloud-based core will provide an environment more secure than what banks would achieve independently.



Infrastructure & Operational Savings

With cloud-based core systems, financial institutions no longer need to incur heavy overhead costs for comprehensive, on-premise data centers that are not vital to their core business offering. Moving away from maintaining their own data centers and shifting toward multi-tenant platforms allows financial institutions to reallocate IT resources towards revenue-generating areas of their business.

Cloud-based core banking platforms also help reduce administrative overhead in the front and back-office, as cloud technology facilitates more comprehensive integrations with specialized third-party services. Access to the latest business process management technology, specifically CRM tools, data management platforms, merchant collaboration software, and more, is extremely limited by on-premise, monolithic core banking platforms. Financial institutions using cloud-based core banking software don't have to rely on internal teams to lead multi-million dollar projects to create custom in-house solutions for common business management problems now that they can connect their systems with external software solutions.



Scalability and Agility

According to [BizTech](#), financial institutions that are still dependent on legacy infrastructure cannot compete against faster and more innovative digital competitors due to the lack of automation. By modernizing existing technology, automating operations and workflows can lead to an acceleration of growth for more digitalized financial institutions. Cloud-based core systems are empowering financial institutions to move away from legacy systems.

Utilizing cloud-based core systems has allowed financial institutions to scale efficiencies (up or down based on volume) very quickly. This agility in the marketplace gives cloud-centric organizations a severe cost advantage over other financial institutions. APIs enable financial institutions to find the best Fintech partners and third-party solutions for moving data to and from their core. This process allows banks to become innovators and achieve a level of scalability that will further reduce cost. Managing data on a cloud-based server additionally aids in challenges related to data changes and the increase in information. Cloud servers offer FIs more flexibility to the ever-changing fraud and disputes market in addition to consumer needs. All of these are things that were impossible with a monolithic core.

Opportunities for Innovative Fintech Solutions

Financial institutions previously relied on building custom digital banking applications in-house. Cloud-based core banking's API capabilities make it possible for FIs to integrate with third-party Fintech solutions securely. The growth of cloud-based technology also benefits digital banking service providers, allowing them to leverage innovative API-enabled data exchanges, offer multi-tenant applications, and provide immediate IT support. The most visible Fintech solutions enabled by cloud-based core banking have arguably been in payment and account management applications, but internal operational solutions are also rising.

The opportunities for cloud core banking software to apply automation and AI technology to internal processes are not going unnoticed. At Quavo, for example, our experts capitalize upon emerging technology to offer cloud-based [automated fraud and dispute management solutions](#). These solutions seamlessly integrate with CBS platforms, enable issuers to maintain secure networks, save on infrastructure, and scale in an agile way that was impossible before the dawn of open banking.

Cloud-Based Chargeback Management Offering

Quavo's [automated fraud and dispute management solutions](#) are core agnostic, utilizing APIs for seamless integration and information transfer. Our cloud-based technology makes it accessible to all financial institutions and Fintech organizations – no matter their asset size or transaction volume.

Quavo's [Disputes as a Service offering](#) is automatically updated with the latest regulatory changes, assuring all Reg E, Reg Z, Nacha, and network association mandate requirements are upheld by building them directly into the system.

Our cloud-based solutions also allow our experts to provide continued support after on-boarding and consistently deploy product enhancement updates, so issuers don't need to divert internal IT resources from other projects.



Quavo's [automated chargeback management solutions](#) reduce expenses and losses while also increasing customer satisfaction by facilitating faster resolution times, easily accessible information, and robust digital communication channels. The possibilities provided by cloud-based core banking platforms are limitless; learn more about how your team can seamlessly integrate automated fraud and dispute management solutions by contacting our experts [online](#) or via email at experts@quavo.com.

Start automating for the future, today.