

# **Core Banking Transformation Market Forecasts to 2034 – Global Analysis By Transformation Strategy (System Modernization, Legacy Replacement, Cloud Migration, Digital-First Transformation and Other Transformation Strategies), Transformation Approach, Technology Enablement, Service, and End User**

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## **Abstracts**

According to Statistics MRC, the Global Core Banking Transformation Market is accounted for \$12.57 billion in 2026 and is expected to reach \$21.77 billion by 2034 growing at a CAGR of 6.8% during the forecast period. Core Banking Transformation involves upgrading or replacing legacy banking systems with modern, digital-first platforms. This transformation includes cloud migration, API integration, and adoption of advanced technologies such as AI and automation. It enables banks to improve agility, reduce operational costs, and deliver innovative financial services. Transformation initiatives support digital banking, open banking, and enhanced customer experiences. Growing competition from fintechs and evolving customer expectations are driving banks to invest in core banking transformation strategies.

### **Market Dynamics:**

#### **Driver:**

Legacy modernization initiatives increasing

Financial institutions are actively replacing outdated, monolithic systems with modern, cloud-native platforms. Legacy systems often lack agility, scalability, and integration capabilities, creating inefficiencies in customer service and compliance. Modern

transformation solutions enable real-time processing, digital-first customer experiences, and improved regulatory alignment. The push toward digital transformation across global banking ecosystems further accelerates modernization efforts. Collectively, these initiatives ensure sustained demand for core banking transformation solutions.

**Restraint:**

Resistance to organizational change

Core banking transformation requires restructuring workflows, retraining staff, and altering long-standing practices. Employees and management may be hesitant to adopt new systems due to unfamiliarity or fear of disruption. Institutions face challenges in managing cultural and operational resistance during implementation. Smaller banks may delay adoption to avoid internal friction and resource strain. Without effective change management strategies, resistance can slow the pace of transformation.

**Opportunity:**

Modular and composable banking architecture

Platforms designed with modular components allow institutions to adopt features incrementally, reducing risk and cost. Composable systems provide flexibility to integrate with fintech ecosystems, APIs, and third-party applications. Institutions benefit from reduced implementation complexity and improved scalability. Vendors offering modular solutions strengthen adoption among diverse financial institutions. As demand for agile, customer-centric banking grows, composable architecture will drive significant expansion in the sector.

**Threat:**

Vendor lock-in risks

Institutions relying heavily on a single provider may face challenges in switching platforms due to high migration costs and technical dependencies. Limited flexibility reduces bargaining power and innovation potential. Vendor lock-in can also expose institutions to risks if providers fail to adapt to evolving regulatory or technological needs. Without open standards and interoperability, lock-in risks may hinder long-term adoption of transformation solutions.

**Covid-19 Impact:**

The Covid-19 pandemic accelerated adoption of core banking transformation as institutions faced heightened digital demands. Banks relied heavily on modern platforms to sustain continuity in remote operations and digital customer engagement. Platforms offering phased migration and managed services saw a surge in demand. However, the pandemic also highlighted challenges such as budget constraints and uneven adoption across regions. Post-pandemic, hybrid transformation models combining cloud-native systems with legacy integration are gaining traction. These shifts are expected to reshape strategies for core banking providers in the long term.

The phased migration segment is expected to be the largest during the forecast period

The phased migration segment is expected to account for the largest market share during the forecast period as institutions increasingly value controlled, incremental modernization. Banks benefit from reduced operational risks and smoother transitions. Vendors reinforce adoption by offering flexible migration frameworks. The rise of digital-first banking further accelerates demand. Widespread accessibility across global institutions ensures sustained growth.

The managed services segment is expected to have the highest CAGR during the forecast period

Over the forecast period, the managed services segment is predicted to witness the highest growth rate due to increasing reliance on outsourced expertise. Institutions value managed services for their ability to reduce costs and improve operational resilience. Vendors offering end-to-end transformation support accelerate adoption. The rise of cloud-native platforms further strengthens demand.

**Region with largest share:**

During the forecast period, the North America region is expected to hold the largest market share owing to strong investment in modernization. U.S. and Canadian institutions actively adopt phased migration strategies to replace legacy systems. The presence of leading technology providers reinforces regional growth. Adoption is further supported by integration of transformation platforms with compliance frameworks and digital banking ecosystems. Government-backed initiatives promoting financial transparency add momentum. With established markets and high digital penetration,

North America will remain the dominant region.

### **Region with highest CAGR:**

Over the forecast period, the Asia Pacific region is anticipated to exhibit the highest CAGR driven by rising demand for core modernization. Countries such as India, China, and Southeast Asia are investing heavily in modular and cloud-based banking platforms. Expanding middle-class demographics and increasing mobile-first banking accelerate demand. Government initiatives promoting financial inclusion and fintech integration further reinforce adoption. Diverse institutional environments, from regional banks to multinational corporations, create broad market opportunities. With strong economic growth and rising investments in banking infrastructure, Asia Pacific will remain the fastest-growing regional market.

### **Key players in the market**

Some of the key players in Core Banking Transformation Market include Accenture plc, Capgemini SE, Tata Consultancy Services Ltd., Infosys Ltd., Wipro Limited, Cognizant Technology Solutions, Deloitte Touche Tohmatsu Limited, IBM Corporation, Oracle Corporation, SAP SE, Temenos AG, Finastra, Mambu GmbH, Thought Machine Group and Zafin.

### **Key Developments:**

In December 2025, Oracle officially launched a new operating layer for core banking that utilizes fleets of specialized AI agents to orchestrate end-to-end services. This product launch allows banks to deploy 'thin, feature-rich cores' that act as task executors, enabling autonomous management of FX hedging and payment optimization without requiring a full system overhaul.

In August 2025, Thought Machine and HCLTech officially entered into a global partnership to accelerate cloud-led core transformation for mid-sized and large financial institutions. This collaboration combines HCLTech's engineering scale with Thought Machine's 'Vault Core' technology to help banks replace brittle legacy code with modern, highly configurable transaction engines.

### **Transformation Strategies Covered:**

System Modernization

Legacy Replacement

Cloud Migration

Digital-First Transformation

Other Transformation Strategies

Transformation Approaches Covered:

Big Bang Transformation

Phased Migration

Parallel Core Deployment

Greenfield Implementation

Other Transformation Approaches

Technology Enablements Covered:

Cloud Computing

Microservices Architecture

API & Open Banking

AI & Data Analytics

Other Technology Enablements

Services Covered:

Consulting Services

Implementation Services

Integration Services

Managed Services

Other Services

End Users Covered:

Large Banks

Mid-Sized Banks

Small Banks

Digital Banks

Other End Users

Regions Covered:

North America

United States

Canada

Mexico

Europe

United Kingdom

Germany

France

Italy

Spain

Netherlands

Belgium

Sweden

Switzerland

Poland

Rest of Europe

#### Asia Pacific

China

Japan

India

South Korea

Australia

Indonesia

Thailand

Malaysia

Singapore

Vietnam

Rest of Asia Pacific

South America

Brazil

Argentina

Colombia

Chile

Peru

Rest of South America

Rest of the World (RoW)

Middle East

Saudi Arabia

United Arab Emirates

Qatar

Israel

Rest of Middle East

Africa

South Africa

Egypt

Morocco

## Rest of Africa

### **What our report offers:**

- Market share assessments for the regional and country-level segments
- Strategic recommendations for the new entrants
- Covers Market data for the years 2023, 2024, 2025, 2026, 2027, 2028, 2030, 2032 and 2034
- Market Trends (Drivers, Constraints, Opportunities, Threats, Challenges, Investment Opportunities, and recommendations)
- Strategic recommendations in key business segments based on the market estimations
- Competitive landscaping mapping the key common trends
- Company profiling with detailed strategies, financials, and recent developments
- Supply chain trends mapping the latest technological advancements

### **Free Customization Offerings:**

All the customers of this report will be entitled to receive one of the following free customization options:

#### Company Profiling

Comprehensive profiling of additional market players (up to 3)

SWOT Analysis of key players (up to 3)

#### Regional Segmentation

Market estimations, Forecasts and CAGR of any prominent country as per the client's interest (Note: Depends on feasibility check)

#### Competitive Benchmarking

Benchmarking of key players based on product portfolio, geographical presence, and strategic alliances

## Contents

### **1 EXECUTIVE SUMMARY**

- 1.1 Market Snapshot and Key Highlights
- 1.2 Growth Drivers, Challenges, and Opportunities
- 1.3 Competitive Landscape Overview
- 1.4 Strategic Insights and Recommendations

### **2 RESEARCH FRAMEWORK**

- 2.1 Study Objectives and Scope
- 2.2 Stakeholder Analysis
- 2.3 Research Assumptions and Limitations
- 2.4 Research Methodology
  - 2.4.1 Data Collection (Primary and Secondary)
  - 2.4.2 Data Modeling and Estimation Techniques
  - 2.4.3 Data Validation and Triangulation
  - 2.4.4 Analytical and Forecasting Approach

### **3 MARKET DYNAMICS AND TREND ANALYSIS**

- 3.1 Market Definition and Structure
- 3.2 Key Market Drivers
- 3.3 Market Restraints and Challenges
- 3.4 Growth Opportunities and Investment Hotspots
- 3.5 Industry Threats and Risk Assessment
- 3.6 Technology and Innovation Landscape
- 3.7 Emerging and High-Growth Markets
- 3.8 Regulatory and Policy Environment
- 3.9 Impact of COVID-19 and Recovery Outlook

### **4 COMPETITIVE AND STRATEGIC ASSESSMENT**

- 4.1 Porter's Five Forces Analysis
  - 4.1.1 Supplier Bargaining Power
  - 4.1.2 Buyer Bargaining Power
  - 4.1.3 Threat of Substitutes
  - 4.1.4 Threat of New Entrants

- 4.1.5 Competitive Rivalry
- 4.2 Market Share Analysis of Key Players
- 4.3 Product Benchmarking and Performance Comparison

## **5 GLOBAL CORE BANKING TRANSFORMATION MARKET, BY TRANSFORMATION STRATEGY**

- 5.1 System Modernization
- 5.2 Legacy Replacement
- 5.3 Cloud Migration
- 5.4 Digital-First Transformation
- 5.5 Other Transformation Strategies

## **6 GLOBAL CORE BANKING TRANSFORMATION MARKET, BY TRANSFORMATION APPROACH**

- 6.1 Big Bang Transformation
- 6.2 Phased Migration
- 6.3 Parallel Core Deployment
- 6.4 Greenfield Implementation
- 6.5 Other Transformation Approaches

## **7 GLOBAL CORE BANKING TRANSFORMATION MARKET, BY TECHNOLOGY ENABLEMENT**

- 7.1 Cloud Computing
- 7.2 Microservices Architecture
- 7.3 API & Open Banking
- 7.4 AI & Data Analytics
- 7.5 Other Technology Enablements

## **8 GLOBAL CORE BANKING TRANSFORMATION MARKET, BY SERVICE**

- 8.1 Consulting Services
- 8.2 Implementation Services
- 8.3 Integration Services
- 8.4 Managed Services
- 8.5 Other Services

## **9 GLOBAL CORE BANKING TRANSFORMATION MARKET, BY END USER**

- 9.1 Large Banks
- 9.2 Mid-Sized Banks
- 9.3 Small Banks
- 9.4 Digital Banks
- 9.5 Other End Users

## **10 GLOBAL CORE BANKING TRANSFORMATION MARKET, BY GEOGRAPHY**

- 10.1 North America
  - 10.1.1 United States
  - 10.1.2 Canada
  - 10.1.3 Mexico
- 10.2 Europe
  - 10.2.1 United Kingdom
  - 10.2.2 Germany
  - 10.2.3 France
  - 10.2.4 Italy
  - 10.2.5 Spain
  - 10.2.6 Netherlands
  - 10.2.7 Belgium
  - 10.2.8 Sweden
  - 10.2.9 Switzerland
  - 10.2.10 Poland
  - 10.2.11 Rest of Europe
- 10.3 Asia Pacific
  - 10.3.1 China
  - 10.3.2 Japan
  - 10.3.3 India
  - 10.3.4 South Korea
  - 10.3.5 Australia
  - 10.3.6 Indonesia
  - 10.3.7 Thailand
  - 10.3.8 Malaysia
  - 10.3.9 Singapore
  - 10.3.10 Vietnam
  - 10.3.11 Rest of Asia Pacific
- 10.4 South America

- 10.4.1 Brazil
- 10.4.2 Argentina
- 10.4.3 Colombia
- 10.4.4 Chile
- 10.4.5 Peru
- 10.4.6 Rest of South America
- 10.5 Rest of the World (RoW)
  - 10.5.1 Middle East
    - 10.5.1.1 Saudi Arabia
    - 10.5.1.2 United Arab Emirates
    - 10.5.1.3 Qatar
    - 10.5.1.4 Israel
    - 10.5.1.5 Rest of Middle East
  - 10.5.2 Africa
    - 10.5.2.1 South Africa
    - 10.5.2.2 Egypt
    - 10.5.2.3 Morocco
    - 10.5.2.4 Rest of Africa

## **11 STRATEGIC MARKET INTELLIGENCE**

- 11.1 Industry Value Network and Supply Chain Assessment
- 11.2 White-Space and Opportunity Mapping
- 11.3 Product Evolution and Market Life Cycle Analysis
- 11.4 Channel, Distributor, and Go-to-Market Assessment

## **12 INDUSTRY DEVELOPMENTS AND STRATEGIC INITIATIVES**

- 12.1 Mergers and Acquisitions
- 12.2 Partnerships, Alliances, and Joint Ventures
- 12.3 New Product Launches and Certifications
- 12.4 Capacity Expansion and Investments
- 12.5 Other Strategic Initiatives

## **13 COMPANY PROFILES**

- 13.1 Accenture plc
- 13.2 Capgemini SE
- 13.3 Tata Consultancy Services Ltd.

- 13.4 Infosys Ltd.
- 13.5 Wipro Limited
- 13.6 Cognizant Technology Solutions
- 13.7 Deloitte Touche Tohmatsu Limited
- 13.8 IBM Corporation
- 13.9 Oracle Corporation
- 13.10 SAP SE
- 13.11 Temenos AG
- 13.12 Finastra
- 13.13 Mambu GmbH
- 13.14 Thought Machine Group
- 13.15 Zafin

## List Of Tables

### LIST OF TABLES

Table 1 Global Core Banking Transformation Market Outlook, By Region (2023-2034) (\$MN)

Table 2 Global Core Banking Transformation Market, By Transformation Strategy (2023–2034) (\$MN)

Table 3 Global Core Banking Transformation Market, By System Modernization (2023–2034) (\$MN)

Table 4 Global Core Banking Transformation Market, By Legacy Replacement (2023–2034) (\$MN)

Table 5 Global Core Banking Transformation Market, By Cloud Migration (2023–2034) (\$MN)

Table 6 Global Core Banking Transformation Market, By Digital-First Transformation (2023–2034) (\$MN)

Table 7 Global Core Banking Transformation Market, By Other Transformation Strategies (2023–2034) (\$MN)

Table 8 Global Core Banking Transformation Market, By Transformation Approach (2023–2034) (\$MN)

Table 9 Global Core Banking Transformation Market, By Big Bang Transformation (2023–2034) (\$MN)

Table 10 Global Core Banking Transformation Market, By Phased Migration (2023–2034) (\$MN)

Table 11 Global Core Banking Transformation Market, By Parallel Core Deployment (2023–2034) (\$MN)

Table 12 Global Core Banking Transformation Market, By Greenfield Implementation (2023–2034) (\$MN)

Table 13 Global Core Banking Transformation Market, By Other Transformation Approaches (2023–2034) (\$MN)

Table 14 Global Core Banking Transformation Market, By Technology Enablement (2023–2034) (\$MN)

Table 15 Global Core Banking Transformation Market, By Cloud Computing (2023–2034) (\$MN)

Table 16 Global Core Banking Transformation Market, By Microservices Architecture (2023–2034) (\$MN)

Table 17 Global Core Banking Transformation Market, By API & Open Banking (2023–2034) (\$MN)

Table 18 Global Core Banking Transformation Market, By AI & Data Analytics

(2023–2034) (\$MN)

Table 19 Global Core Banking Transformation Market, By Other Technology Enablements (2023–2034) (\$MN)

Table 20 Global Core Banking Transformation Market, By Service (2023–2034) (\$MN)

Table 21 Global Core Banking Transformation Market, By Consulting Services (2023–2034) (\$MN)

Table 22 Global Core Banking Transformation Market, By Implementation Services (2023–2034) (\$MN)

Table 23 Global Core Banking Transformation Market, By Integration Services (2023–2034) (\$MN)

Table 24 Global Core Banking Transformation Market, By Managed Services (2023–2034) (\$MN)

Table 25 Global Core Banking Transformation Market, By Other Services (2023–2034) (\$MN)

Table 26 Global Core Banking Transformation Market, By End User (2023–2034) (\$MN)

Table 27 Global Core Banking Transformation Market, By Large Banks (2023–2034) (\$MN)

Table 28 Global Core Banking Transformation Market, By Mid-Sized Banks (2023–2034) (\$MN)

Table 29 Global Core Banking Transformation Market, By Small Banks (2023–2034) (\$MN)

Table 30 Global Core Banking Transformation Market, By Digital Banks (2023–2034) (\$MN)

Table 31 Global Core Banking Transformation Market, By Other End Users (2023–2034) (\$MN)

Note: Tables for North America, Europe, APAC, South America, and Rest of the World (RoW) are also represented in the same manner as above.

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