

EXECUTIVE SUMMARY

In November 2018, Celent published its first report on unattended, automated corporate digital channels, [Corporate-to-Bank Integration: The Need for a Hybrid Approach](#). The 2018 report focused on host-to-host, file-based connectivity, a critical component of the corporate digital channels mix because it securely, reliably, and efficiently handles large, complex information flows across multiple banks and financial counterparties.

Jumping forward to 2022, Celent research confirms that corporate digital platforms and delivery channels continue to be top priorities for bank investment. But it isn't enough to offer siloed, stand-alone solutions. It is vital for banks to deliver an omnichannel digital customer experience, defined as "delivering a customized but consistent financial institution brand experience to customers across all channels and points of interaction."

The most significant addition to the mix of corporate digital channels is open banking APIs that enable real-time, unattended connectivity between financial institutions and third parties. Our latest research on API-based corporate-to-bank connectivity highlights APIs as a new connectivity channel for bank clients, enabling real-time, embedded, and automated data flows between corporate clients and their banks. But the report also reiterates the increasingly hybrid world of corporate digital channels, in which banks must continue to offer a full range of attended and unattended digital channels tailored to a corporate's specific business processes.

Most corporate treasury departments use more than one channel to connect with their banks. Each connectivity channel has unique advantages, which often leads corporate treasurers and finance teams to use a variety of channels. For example, they use web portals to approve payment batches submitted using APIs, host-to-host to aggregate balance and transaction data, and Swift to initiate large-value cross-border payment messages. With an increasing demand for cross-channel value-added services and use cases, omnichannel transparency and visibility become more critical.

Both banks and their corporate clients face rising complexity in the corporate-to-bank connectivity space. Growing cross-border payment volumes, migrating message formats, expanding file sizes, continuing integration challenges, and increasing demand for digitalization are driving increased attention on (and investment in) unattended digital channels.

Banks are well-positioned to overcome the rising complexity and increasing challenges in the corporate-to-bank connectivity and integration space, especially leveraging third party specialists. Employing outsourced, managed services allows banks to take an incremental approach to addressing integration challenges by starting with smaller pieces, such as onboarding one or two large corporates requiring file transformation and translation, and then growing the scope of adoption across the larger customer base. An incremental approach is also more manageable, compared to lifting and shifting large pieces of operations, in terms of financial and integration resource requirements.

The end goal of solving (or mitigating) complexity is fully automated, straight-through processing (STP) of banking data and payment initiation within ERP, TMS, and accounting software, whether through the file channel or via APIs. Under Celent's Embedded Finance framework, this STP falls into Tech-Led Embedded Finance, defined as making it easier to integrate bank standard products into the partner's digital experience.

Unfortunately, legacy systems, siloed technology teams, continued integration challenges, and fragmented operational support continue to be barriers on the path to embedded finance with seamless corporate-to-bank connectivity, for both banks and their corporate clients.

Faced with the impending ISO 20022 migration, disparate file formats, increasing file sizes, and client dissatisfaction, Celent encourages banks to take a hard look at their unattended connectivity channels—host-to-host, Swift, domestic networks, and APIs—to ensure that they can meet (and hopefully exceed) client expectations in an increasingly complex space. In addition, the ability to lean on the expertise of specialist providers can help ensure that banks are ready to take on the challenge.

CONTEXT

Celent has long researched corporate banking digital channels, the connection points for business clients to access bank products and services. In November 2018, Celent published its first report on unattended, automated corporate digital channels, *Corporate-to-Bank Integration: The Need for a Hybrid Approach*. This report focused on host-to-host, file-based connectivity, a critical component of the corporate digital channels mix because it securely, reliably, and efficiently handles large, complex information flows across multiple banks and financial counterparties.

Since then, we have published several more reports on corporate digital channels; you can find a complete list on page 23. Our latest report on corporate-to-bank connectivity highlights APIs as a new connectivity channel for bank clients, enabling real-time, embedded, and automated data flows between corporates and their banks. But the report also reiterates the increasingly hybrid world of corporate digital channels, in which banks must continue to offer a full range of attended and unattended digital channels tailored to a corporate's specific business processes.

APIs are front and center in our conversations with banks and solution providers. Clients often ask whether increasing API usage will decrease web portal usage, new host-to-host connections, and transaction volumes. These questions prompted us to revisit a report we published in November 2018.

The 2018 report found that unattended connectivity channels such as host-to-host file integration and Swift network connectivity were critical to attracting multinational and large corporate clients, some of which work with 50 or more banks and manage 150 or more bank accounts.

Five years later, Celent reexamines the need for a hybrid approach to corporate-to-bank connectivity.

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