

The CTO's guide to payments system migration:

navigating Central and Eastern Europe's unique modernisation challenges

Insights from the frontline on de-risking legacy transformation.

A tectonic shift in payments innovation is underway

If you're a Central or Eastern European chief technology officer (CTO) preparing for a system migration project, this short but in-depth guide is for you. The document combines the expertise of leading global testing specialist Iliad Solutions with financial services ecosystem guru Božidar Pavlović, Partner at AYO Ventures.

In the following pages, we discuss a host of system migration realities, pitfalls and learnings, with the aim of helping you to save time and resources - while significantly reducing the stress that these career-defining projects inevitably cause.

So, where are we now in Central and Eastern Europe?

The region is currently witnessing the disruptive convergence of two tectonic plates. On one side, there's the "advantage" of history: CEE banks modernised early, often in the mid-90s. But these dated systems, which were not built for the smartphone age, AI or instant payments, remain commonplace. On the other side is the pressure to modernise immediately while cutting costs.

Consequently, the CTO's approach to testing before and after new payments system launches has become more critical than ever. Read on to learn more.



Innovate or wait:

the CTO's dilemma

Landscape factors aside, CTOs face their own frustrations and challenges. Key among these is the conflict between their employment tenure (typically around four years) and innovation cycles within banks (typically 10 years).

Further complicating this situation is the pace of external innovation: technology launched today stands a good chance of becoming outdated or even obsolete within five years.

And this leads to a question familiar to many CTOs when it comes to system migrations: do I take the risk now, or leave this burden to my successor?

"There is a silent crisis happening where banks are struggling to attract young talent to maintain these older systems. Young engineers want to build on cloud-native stacks, not maintain 30-year-old infrastructure. By kicking the can down the road, you aren't just delaying a technical upgrade; you are exacerbating a staffing crisis that will make the inevitable migration even harder"

Božidar Pavlović

Those who opt for the easy route of leaving the problem to their future self stand the chance of jeopardising their bank's commercial performance in the long-term.

The solution is to confront this risk head on, with a migration management strategy. Crucially, this isn't about being unnecessarily courageous or foolhardy; it's about equipping yourself to complete the task safely and efficiently during your four-year mandate.

But before we examine what these tools and strategies are, let's take a look at pitfalls to avoid.



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things you need to know before system migration projects

Insights from the frontline

Based on decades of experience navigating the CEE banking landscape, we have identified five critical areas where migration projects typically fracture. This has led to the creation of the following actionable checklist to help CTOs avoid common pitfalls.



Manual testing eats timelines for breakfast.

The most common story in migration failures follows a predictable pattern. That is, the project scope is defined, budget is allocated, but testing is treated as an add-on - something to be "mopped up" by humans at the end.

- **The reality:** Once you begin work on the core system, there will be instant ripple effects that hit third parties, APIs and card networks.
- **The pitfall:** Relying on human verification for millions of transactions is risky and time-consuming.
- **The learning:** If you wait until the project is well advanced before realising that you lack the resources to test manually, it's highly likely that you'll miss important deadlines. The way around this is automated testing.



The era of the generalist testing vendor is over.

In the past, generalist vendors might share testing scripts, but they were often basic. Today, when you are dealing with specific regional nuances or complex integrations, such scripts create vulnerability. You need a partner who fully understands all aspects of modern transactions.

- **The reality:** Today's landscape includes crypto, stablecoins and instant cross-border payments. Generalist vendors often provide testing scripts that barely scratch the surface of these modern complexities.
- **The pitfall:** Relying on severely constrained technology adds significant risk to any migration project.
- **The learning:** You need payments innovation experts who understand that managing multiple vendors requires comprehensive oversight. It's time to evolve the old saying "nobody got fired for buying IBM" to something along the lines of "nobody got fired for using specialists".





If everything looks fine, something is wrong.

Regulators across the CEE region are becoming increasingly punitive regarding outages. With research showing system failures costing financial services firms an average of \$152 million annually, a glitch on "day 1" can lead to reputational disaster, a regulatory fine and a big revenue hit.

- **The reality:** You cannot eliminate risk entirely, but you must mitigate it aggressively. Complex migrations always have friction points - and if you aren't finding them, you aren't looking deep enough.
- **The pitfall:** Beware the false sense of security that comes with a dashboard showing all green lights. In a complex migration, this usually implies superficial testing rather than system readiness.
- **The learning:** You need a system that finds the breaks before it is exposed to your customers - and ultimately the regulator. Post-migration outages can be career-ending and largely avoidable.



The legacy knowledge trap.

Banks in the CEE region are facing a structural crisis regarding talent, which directly impacts migration risk.

- **The reality:** The experts who built and maintained your 1990s stack are approaching retirement. Meanwhile, the new generation of developers wants to work on cloud-native stacks, not unpick 30-year-old code.
- **The pitfall:** Often, documentation for these legacy systems is sparse or non-existent. If you let the legacy team go before the migration is 100 per cent complete and documented, you are effectively flying blind.
- **The learning:** Without a clear strategy to bridge this skills gap, banks risk running on old, expensive rails while agile fintechs build the actual value on top.



The 'in-house' fallacy.

In a fragmented region with different currencies (Forint, Zloty, Euro) and distinct regulators, keeping up with compliance is a full-time job. This makes the "do it yourself" approach to testing tools dangerous.

- **The reality:** Visa and Mastercard constantly change their mandates to adapt to global innovation. If you build your testing tools in-house, your team must manually update them every time a new bulletin is released.
- **The pitfall:** Internal tools are rarely shared across departments. They tend to be project-specific, meaning valuable data assets remain siloed. Worse, when the key employee who built the tool leaves, the knowledge leaves with them, forcing the bank to start from scratch.
- **The learning:** Outsourcing the testing logic means you don't have to read every new bulletin from the card networks - your partner does that for you, ensuring you are always testing against the current standard.



Turning risk into opportunity

For a CTO staring at a huge migration project, the workload might seem insurmountable. But in truth, it's a career-enhancing chance to retire inefficient systems and give birth to tools that align with modern customers' expectations. And the entire process is made smooth by the use of virtualisation and automated testing technologies.

Virtualised risk mitigation

Virtualising the payment ecosystem enables you to add a layer of safety to the transition away from legacy systems. This is achieved by simulating the behaviour of the new system against the old one without risking production data.

- Efficiency gains: You significantly reduce the workload from months of tedious and stressful manual verification to weeks of controlled, automated validation.
- Peace of mind: Knowing your system has survived thousands of simulated "worst-case scenarios" before launch day leads to a confident go-live.

Real-world proof: the regional shift

We are already seeing major regional players like OTP Bank (with its Hungarian headquarters and operations in Slovenia) adopting specialised testing platforms for migration projects. These tools provide the reassurance that comes from "knowing it works" before launching.

Why buy vs build?

One of the biggest obstacles to achieving smooth migrations is the "do it yourself" mindset. Before going down this route, financial institutions should be mindful that internal tools:

1. Are seldom shared across departments.
2. Rely on key staff who may leave.
3. Don't update themselves when major card schemes change a protocol.

Gambling away the future - and resources

With AI innovation and EU instant payment mandates accelerating, signing a multi-year contract with a generalist vendor is a major gamble. Specialised partners offer the technological agility to pivot as regulations evolve, rather than locking you into a rigid, outdated roadmap.



In conclusion: the one thing you must do tomorrow

If you take only one action from this guide, let it be this: stop treating testing as the final phase of your project.

Start setting the foundations for your next migration today. That foundation is a robust, automated testing system that runs independently of your development team. If you wait until the migration begins to think about testing, you are already too late.



The Iliad advantage

At Iliad Solutions, we've been helping large and small financial institutions around the world to launch modern payment products with confidence and speed for more than 20 years. Our specialist platform allows you to test limitless scenarios across all the major schemes and message standards.

Let's talk

The theory is one thing, but practical implementation is another. To discuss how Iliad Solutions can de-risk your migration, or to request a demo of our virtualisation tools contact us today:



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Meet the experts behind this ebook

Anthony Walton, CEO Iliad Solutions

Anthony Walton is the CEO and founder of Iliad Solutions, bringing over 25 years of specialised experience in the global payments industry.

He established Iliad Solutions in 2004 to address the industry's critical need for robust simulation and testing tools, shifting the focus from simple compliance to operational resilience. As a thought leader in platform migration and legacy system transformation, Anthony advises major financial institutions across the globe on de-risking their technology stacks.

Božidar Pavlović, Partner AYMO Ventures

Božidar Pavlović is a seasoned financial technology executive and ecosystem builder with more than two decades of C-suite level experience in commercial banking, payments processing and fintech. Currently a Partner at AYMO Ventures and Managing Director at Jackie Agency, he specialises in guiding legacy transformations and fostering the regional startup landscape across Central and Eastern Europe.

