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# **OPEN BANKING | Platformification of Financial Services**

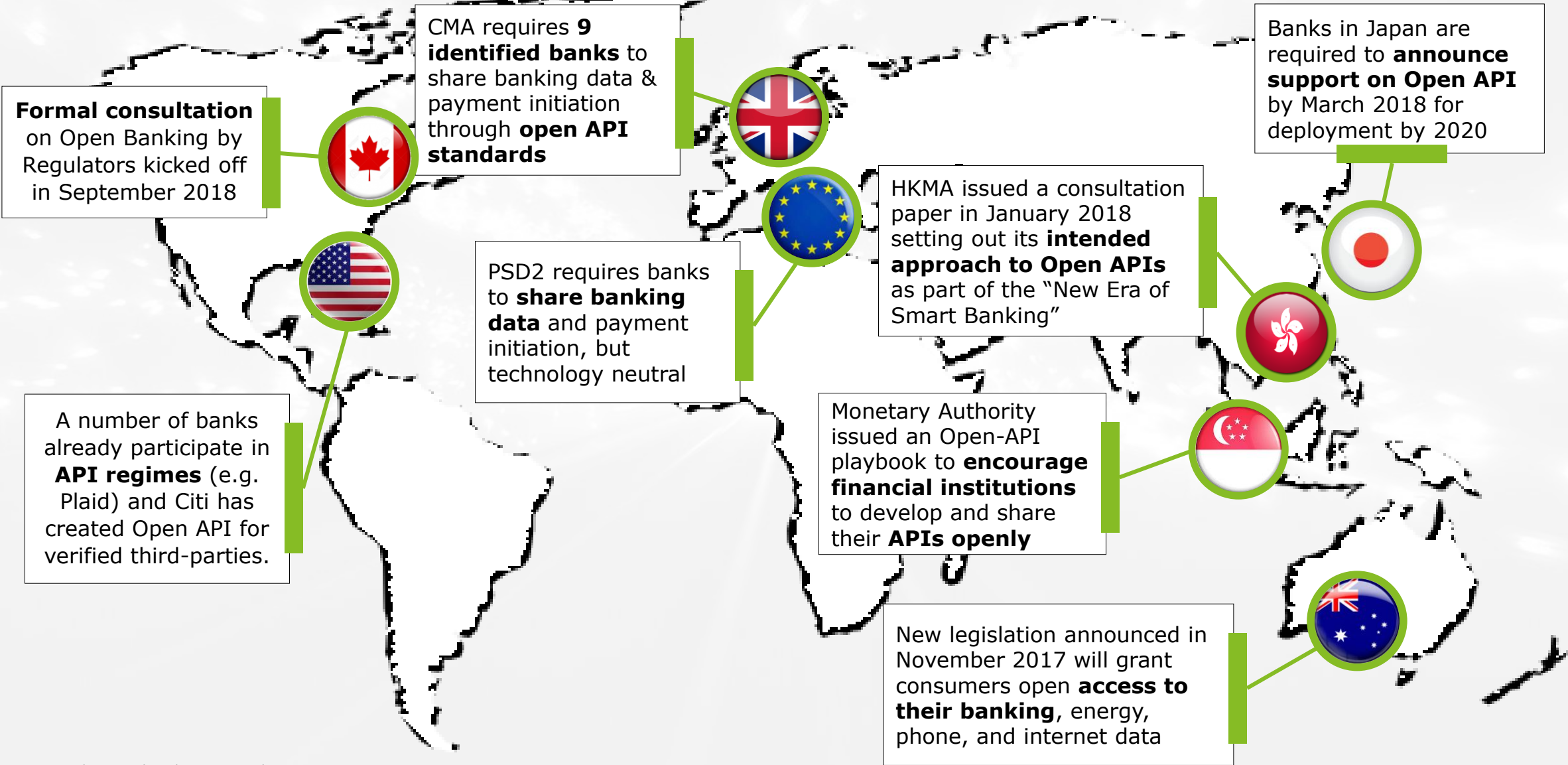
Milan, 8 November 2018

# Market trends & banks impacts



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# The whole world is following that trail



There are several possible market scenarios that can lead the change at the moment...

## PENETRATION BY NON-BANK INTERFACES

HIGH PENETRATION BY NON-BANKS DRIVING CHANGE IN THE ECOSYSTEM

### TECTONIC SHIFT

A small number of banks and technology providers end up becoming successful platforms and controlling customer relationships, forcing others to take on **new roles in the value chain**

2.

### LOST RELATIONSHIPS

Banks are unable to adapt their operating and profit models to win in the new environment, allowing non-banks to **secure customer relationships**

3.

## DEGREE OF CENTRALIZATION OF INTERFACES

MANY, HIGHLY DISAGGREGATED INTERFACES

1.

FEW, HIGHLY CENTRALIZED INTERFACES

### HYPER FRAGMENTATION

Open banking orients itself around specific customer use cases, with **current account-led interfaces evolving to become aggregation hubs**

4.

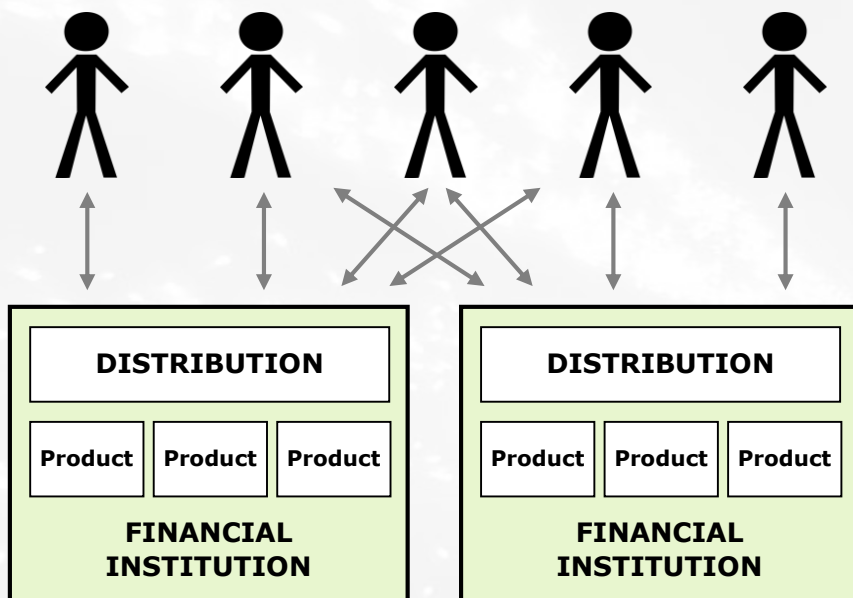
### CAGE MATCH

Regulatory barriers render the majority of non-FIs unwilling to compete in the market, leaving **only players who can adapt to the new competitive dynamics**

LOW PENETRATION BY NON-BANKS, WITH FINANCIAL INSTITUTIONS LEADING THE MARKET

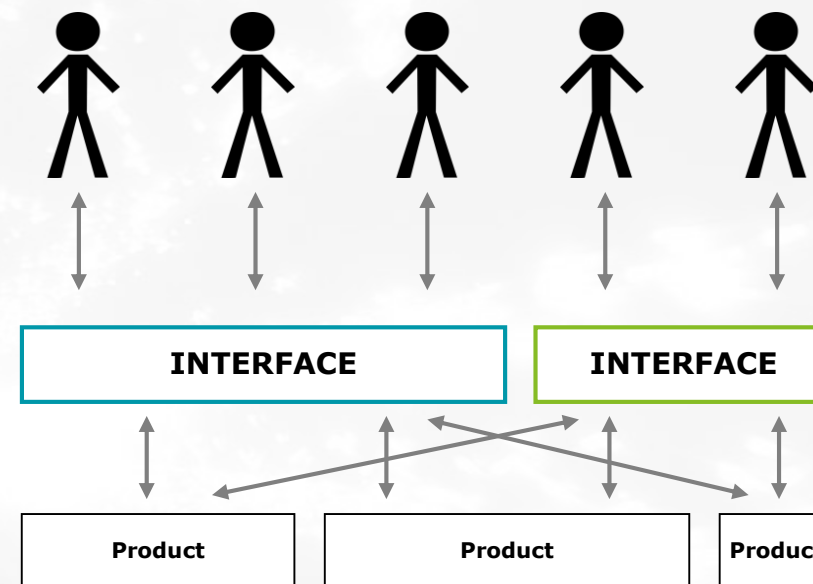
...even if the final scenario is not clear yet, the re-envisioning of the distribution model should be faced as first step...

## YESTERDAY



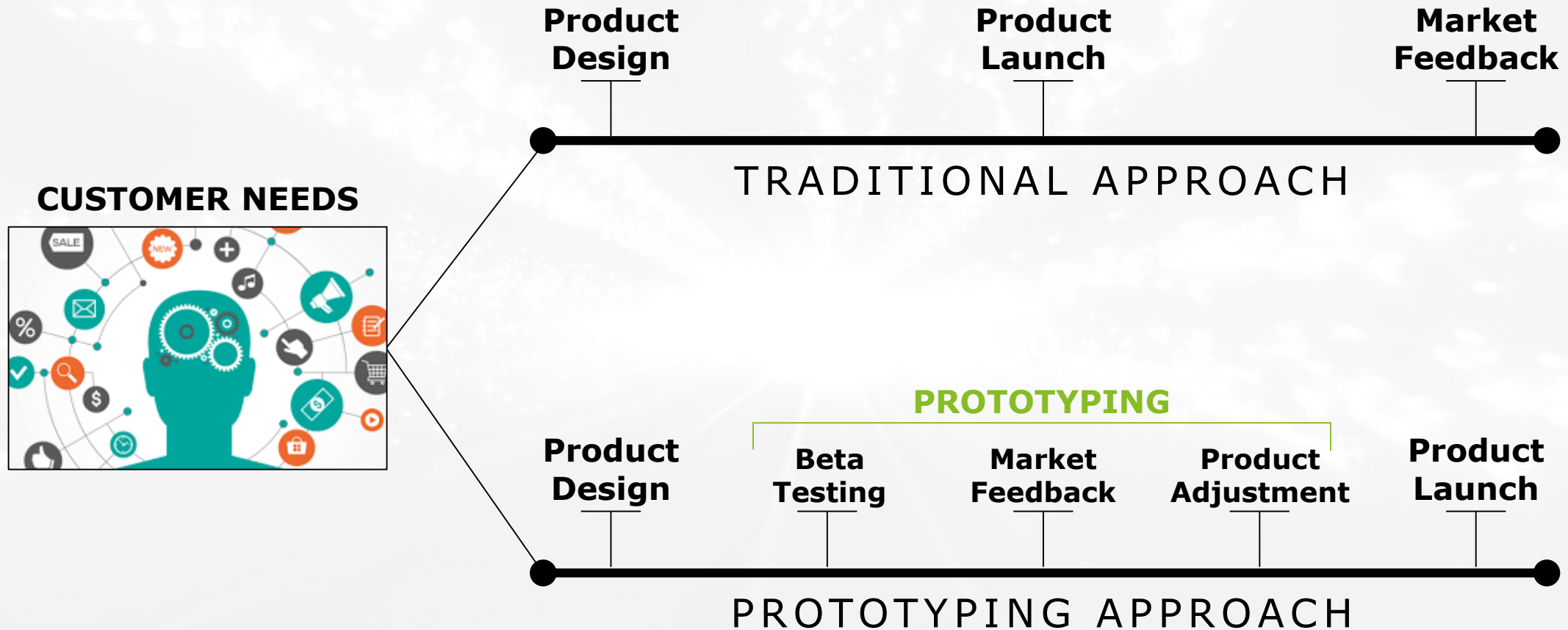
- Synchronous manufacturing and distribution
- Cross-sell and cross-subsidization
- Product-first sales and marketing
- Current account ownership = relationship

## TOMORROW



- **PLATFORMIFICATION** of financial services
- Product-by-product competition
- Data-driven customization
- Central interface ownership = relationship

...together with a new concept of business development based on product prototyping...



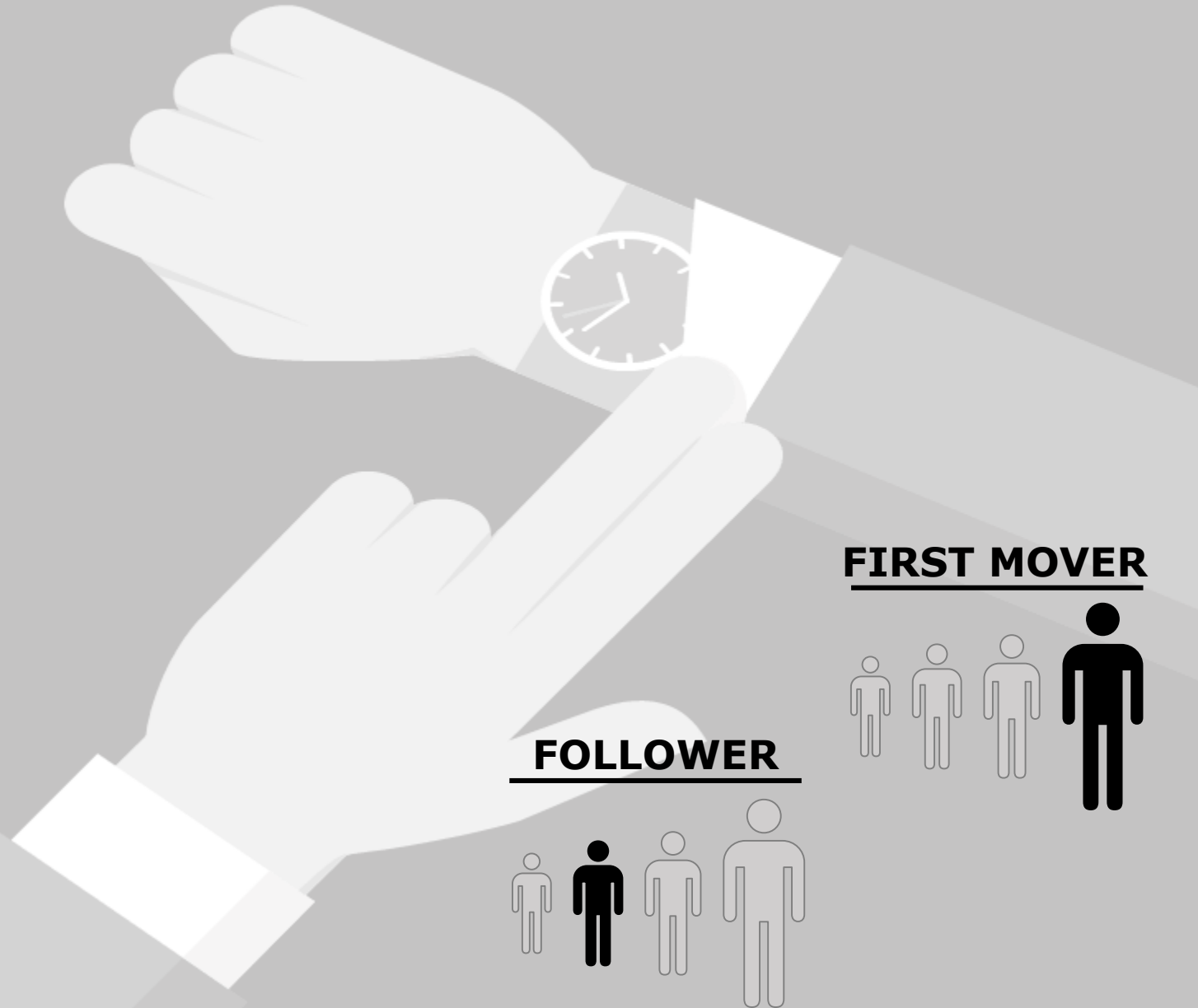
“You don’t have to build everything yourself,” ... “If you do, you’ll miss the boat.”

### TIME TO MARKET

THE LESS TIME BETWEEN THE IDENTIFICATION OF A **CUSTOMER NEED** AND THE **ANSWER**, THE GREATER SATISFACTION OF THE CUSTOMER BASE

### TIME TO PROFIT

COMBINE THE CUSTOMER SATISFACTION WITH A **PROFITABILITY** REACHABLE IN A SHORT TIME MEANS TO **JOIN** BANK AND MARKET'S **NEEDS** (WIN-WIN)

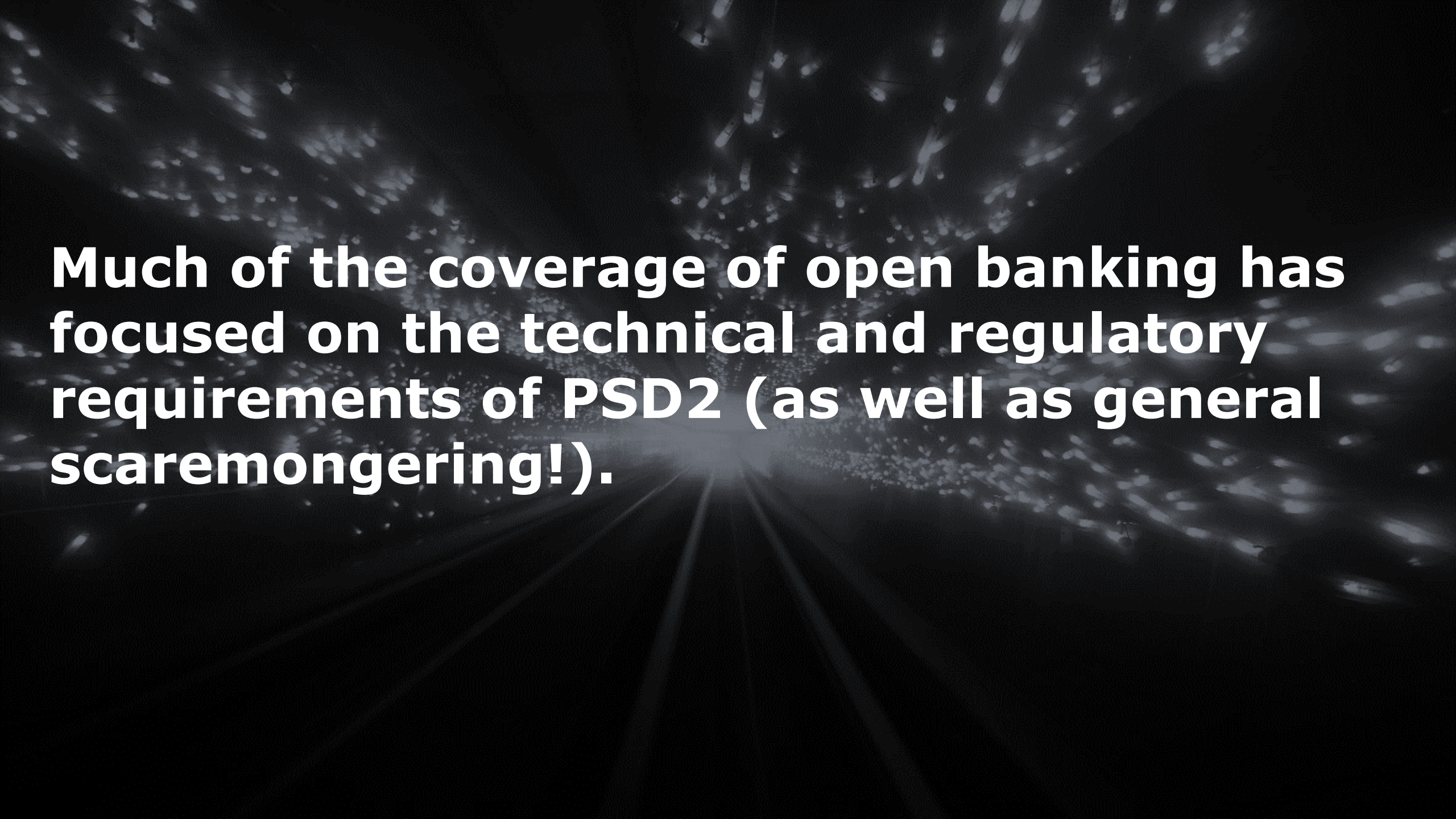


# Who's playing the game

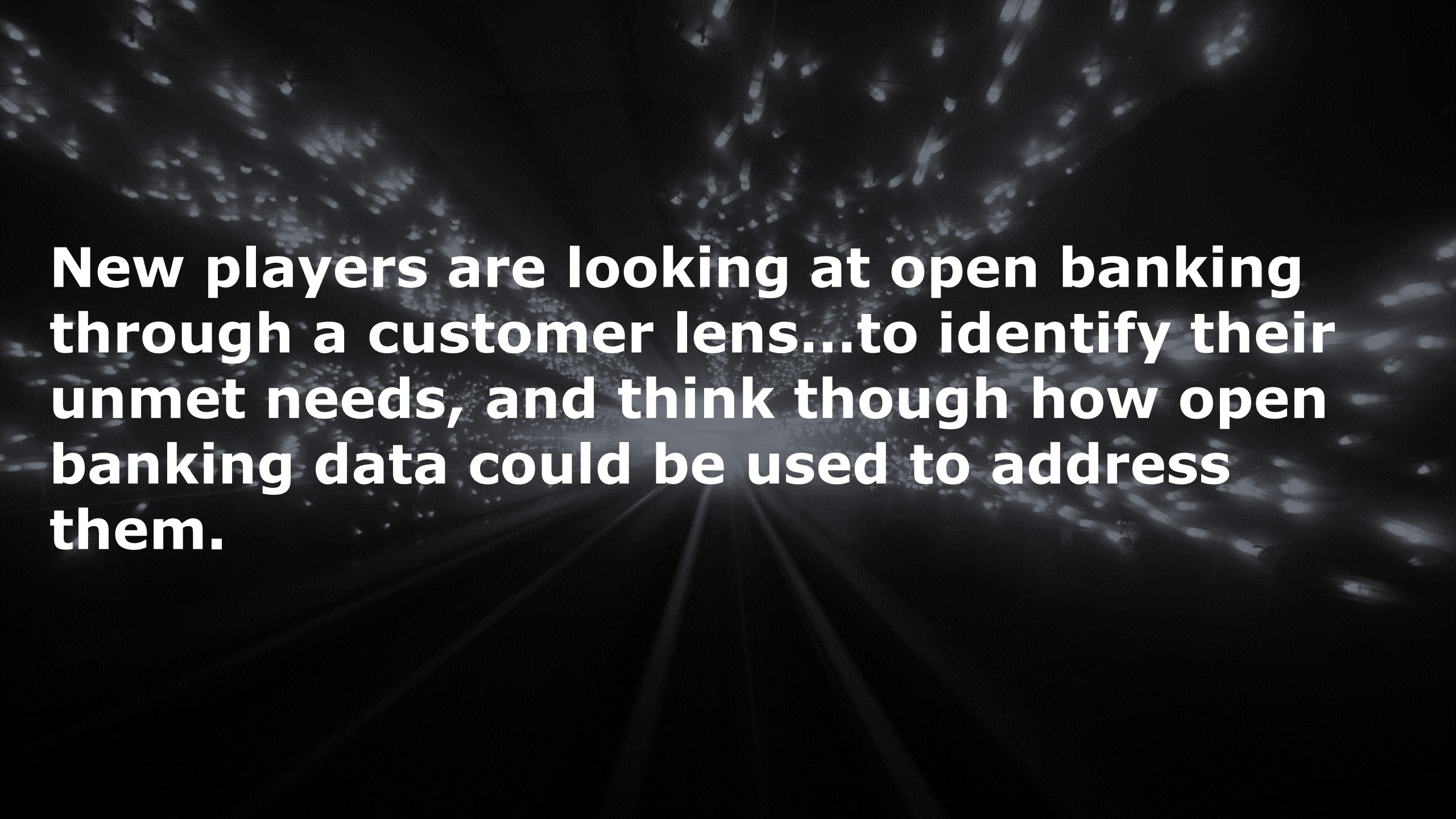


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**Much of the coverage of open banking has focused on the technical and regulatory requirements of PSD2 (as well as general scaremongering!).**



**New players are looking at open banking through a customer lens...to identify their unmet needs, and think through how open banking data could be used to address them.**

The current crop of open banking apps address a very small set of customer needs. We believe the opportunity is much bigger and broader

**Keep me on track**

Get better visibility and control of my finances, across accounts

**Save my money**

Find opportunities to save me money

**Save my time**

Take the hassle out of money related tasks

**Keep my money safe**

Keep an eye on my money and prevent fraud

**Make managing money more convenient**

Do banking when and where I want

**Reward my spending**

Get rewarded for my spending with Personalised offers

**Give me inspiration**

Find me the best places to eat, drink, shop, or visit

**CURRENT FOCUS**

**UNMET NEEDS**

## Key Question for today



What will the **role of your bank** be in the unbundled, open banking landscape?



What will drive customers to **maintain their relationship** with your bank vs. traditional and new competitors?



What capabilities will your bank need to own to ensure **differentiation** from traditional and new competitors?



How will your bank need to evolve your **organizational structure and technical architecture** to support its changing role?



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