

Open banking:
The race to deliver
banking as a service

A briefing paper in association with

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Foreword from the sponsor

It is just three short years since the term 'open banking' emerged in financial services. Open banking is now a global trend - driven by the pace of fintech innovation, progressive regulation and continued consumer demand where customers want control of their data alongside a great digital experience with relevant and personalized offerings suitable for their life stage and needs. In today's digital-first marketplace, opening the bank is a necessity for any financial institution and a means to enabling an ecosystem strategy for new business models.

Open banking represents a huge opportunity for banks to accelerate digitization and make the shift that consumers are quietly demanding. According to a 2018 global survey conducted by Oracle, today's consumers demand smarter and more relevant digital experiences. Some 69% of consumers want their entire financial lifecycle on digital channels and 30% are open to trying a fintech or challenger bank.

With top platform companies organizing themselves around customers' lifestyles to earn a fee, banks are exploring how they can also go beyond traditional retail banking, to distribute services and increase customer touch points. Many are using API frameworks to share data with strategic partners and accelerate innovation. Looking forward, banks will need to differentiate themselves beyond basic online and mobile offerings by implementing business models that drive new revenue streams and customer engagement.

Deeper consumer insight at every stage of the financial lifecycle will allow banks to anticipate needs and respond faster and more accurately. Embracing open banking means, quite simply, giving customers fewer reasons to shop around. Also, by moving towards 'frictionless' customer engagement, banks can benefit from greater efficiency and cost savings.

Becoming an 'open bank' will continue the pressure on banks to step up business transformation efforts – from organization and decision-making through to infrastructure and culture. Part of this is to accelerate the integration of the front and back offices, working together faster and more seamlessly than ever before.

In the future, we see the banks that are able to tackle all of these challenges gaining first mover advantage to establish a strong presence on the digital playing-field. On the other hand, those that fail to act quickly enough could find themselves increasingly on the bench.

Find out more about how to jumpstart open banking initiatives with Oracle's open API ready, digital banking platform at www.oracle.digitalbank.com.

Sonny Singh

Senior Vice President and General Manager
Oracle Financial Services

Preface

To produce this study, MIT Technology Review Insights conducted a review of the innovation and transformation taking place within banks to respond to the regulatory and market shifts towards open banking. Our research was based on a series of interviews in May and June 2018 with senior executives directly involved with open banking initiatives.

The report is sponsored by global software company Oracle. The report is editorially independent, and the views expressed are those of MIT Technology Review Insights.

We would like to thank the following interviewees for providing their time and insight:

Jason Bates, Co-Founder, **11:FS**

Gerard Florian, Chief Information Officer, **ANZ**

Deniz Güven, Global Head of Customer Experience, **Standard Chartered Bank**

Abhishek Seth, Head of Open Banking and API, APAC and EMEA, Global Consumer Technology, **Citi**

Frank Tong, Global Head of Innovation and Strategic Investment, **HSBC**

Alex Weber, Head of International Markets, **N26 Group**

Derek White, Global Head of Customer Solutions, **BBVA**

Tomofumi Watanabe, Joint General Manager, **Sumitomo Mitsui Financial Group**

Contents

1.	Executive summary	5
2.	Defining open banking	6
3.	Intelligent services	9
4.	The challenge at hand	13
5.	The road ahead	15
6.	Conclusion	16

1. Executive summary

Open banking is a major shift in the retail banking industry to give customers greater control over their data and create a new connected ecosystem where banks, fintechs and other third parties collaborate to deliver seamless financial services. From Australia to the UK, Japan to Germany, open banking will create difficult strategic questions for retail banks in all major markets to answer in the years ahead.

To understand how the industry is interpreting open banking and taking advantage of the new opportunities available, we interviewed chief information officers and heads of innovation, investment and digital banking from leading banks around the world. We asked how they are gearing up and tackling the challenges that stem from a rapidly changing marketplace and business model.

These leaders share the following insights about how open banking will create a new ecosystem that delivers banking as a service:

- **Regulation as a driver of innovation**
Where regulation often plays a catch-up role in putting guidelines around unfettered industry development, in terms of open banking it is seen as setting the pace. There is an extraordinary amount of collaboration happening between banks and regulators worldwide to create frameworks for open banking.
- **Customers in control**
Consumer interest in protection, privacy and control over their personal data has never been stronger. Open banking has forced banks to rethink the issues of ownership, storage and use of that data.
- **Intelligent services of the future**
Giving customers greater control of their financial data inevitably leads to a wider choice of financial services and forces banks to rapidly accelerate service innovation. Digital banking is part of this innovation as are application

programming interfaces (APIs) – the technology used to package and move the data - and third-party collaborations. The promise of open banking is that banks can deepen their relationships with existing account holders as well as boost new customer acquisition.

- **Uncharted waters**
There are many uncertainties in how open banking will unfold, and ultimately where it will lead. Banks are in the process of creating strategies for open banking, thinking through how it will develop globally versus locally, and putting structures in place to assess the potential of new APIs and partnerships.
- **Technology and culture**
For traditional banks, legacy mainframe technology hampers their ability to scale new initiatives quickly. Innovation itself must be managed carefully, since any disruption to banking services could have huge implications and damage customer trust.

2. Defining open banking

In major markets worldwide, retail banking is undergoing rapid transformation and fundamental disruption brought about by pace-setting regulation and fierce competition, the result of which gives customers greater control over their data and financial services.

Open banking, as this trend is known, involves banks shifting from closed systems and acting as data gatekeepers to open systems where sharing data with more third parties will allow customers to get the most of their financial data and use the financial services that best suit their needs. To facilitate these services and the sharing of data, banks are building APIs and deploying them through collaborations with third parties.

An unstoppable advance

In Europe, the UK is furthest ahead in its drive towards an open banking system. The regulatory framework open banking, launched in January 2018, covers the country's nine largest banks and provides standards for how data should be shared with third parties. Europe's Payment Services Directive (PSD2) will be implemented across the European Union by the end of 2018 with the same mandate for banks to open up but does not define the standards for how data should be shared.¹

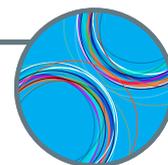
In Asia, executives interviewed for this report describe Singapore as leading the way in terms of its open banking ecosystem. The Monetary Authority of Singapore has worked with the country's leading banks to develop a standards framework and is operating a regulatory sandbox to foster fintech innovation. Similarly, the Hong Kong Monetary Authority has launched an industry consultation on its Open API Framework in January 2018, aimed to define the technical standards and push the region's banks to unite around a shared vision for an open banking ecosystem.

Elsewhere in Asia, the Japanese banking sector is also waking up to a new vision for banking, which puts customer choice at its center. Apparently

inspired by Europe's PSD2, Japan's revised Banking Act requires financial institutions to develop APIs that can be used by external businesses. The Japanese government has set the goal that 80% of the country's banks have APIs in place by 2020.²

Similarly in Australia, the federal government is driving an open banking regime under which the big four banks (Commonwealth Bank, Westpac, ANZ and NAB), which together hold an estimated 95% market share) will have to make banking data available to consumers on all products by July 2020.³

U.S. regulators are yet to implement any directives around open banking, but there is already change in the air. Several industry bodies have issued guidelines and lists of APIs for development, which are intended to spur the ecosystem and give consumers greater control over their data.



“Several years ago, people would have never guessed that regulation would be one of the drivers of innovation. PSD2 and GDPR have created a starting point for companies to think about the data that they capture today [and] don't necessarily own.”

Derek White
Head of Customer Solutions
BBVA

¹ www.wired.co.uk/article/open-banking-cma-psd2-explained
² www.finextra.com/pressarticle/72966/japan-government-opens-talks-on-open-banking/openapis
³ treasury.gov.au/publication/p2018-t286983/

Rise of the new economy

While the ecosystem is in varying stages of development in different markets, there are three forces - regulation, competition and consumer demand - that are pushing banks to accelerate digitization and develop APIs that can be easily used by developers and other third parties to offer seamless financial services.

In the world of technology, regulation usually plays a 'catch-up' role, creating rules for industries that have developed in chaotic and unfettered ways. In contrast, when it comes to open banking, executives interviewed for this report describe regulators as setting the pace.

"Several years ago, people would have never guessed that regulation would be one of the drivers of innovation," says [Derek White](#), global head of customer solutions at **BBVA**. "Regulation is allowing and fostering and almost forcing innovation in open banking." White sees this as a consequence of two other trends - the first being the blurring of industry lines and the rise of 'new economy' services, the second being the increasing interest by consumers in understanding and having control over their data and digital footprint.

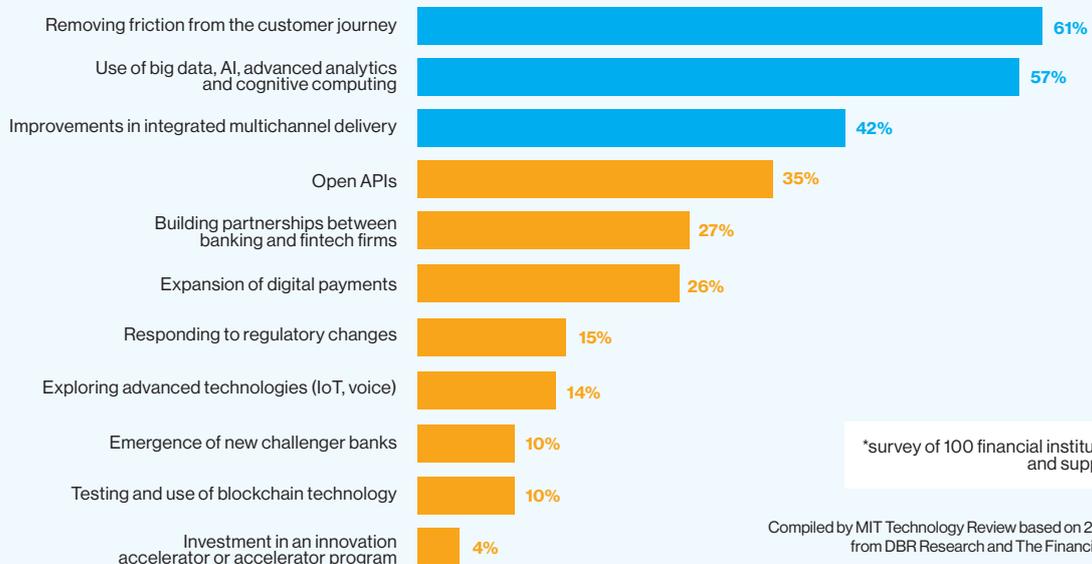
"PSD2 as well as the GDPR [the General Data Protection Regulation is an EU law governing data protection and privacy for all residents of the European Union]," he says, have created a "starting point for companies to think about the data that they capture today that they don't necessarily own." This, he believes, will create a paradigm shift in the coming years in how banks treat the issue of ownership, storage and use of the data that they capture. "Open banking allows individuals to have greater clarity and understanding of their data, port their data, move their data and control who has access to their data. And potentially in the future, have greater control over how that data is monetized."

The customer reigns

In the aftermath of the Facebook and Cambridge Analytica scandal, where data from millions of individuals was gathered and used without their express knowledge, there emerged a greater consumer interest in data ownership and privacy. But the real driver for open banking from a consumer perspective is a simpler and seamless user experience, listed as the number one priority in a December 2017 survey of global financial institutions by research firm The Financial Brand.

Open banking - Figure 1

Three most important trends for retail banking in 2018*



This is what **N26**, one of Europe's fastest growing digital banks has focused on since its inception in 2015. The bank's guiding principle, says [Alex Weber](#), head of international markets, is to “partner with other financial services providers to deliver the best user experience for the customer, and this is essentially what we've been doing from the beginning.”

As a completely mobile bank, N26 is able to focus on user experience without dealing with many of the challenges faced by incumbent banks as they transform, modernize and digitize. But they are exactly the type of player that traditional banks will need to compete with in a world where maintaining and fostering the customer relationship is critical.

Banking is experiencing the exact same shift that is occurring in many other verticals says [Gerard Florian](#), chief information officer at Australian-headquartered **ANZ**. “If we think about the world shifting from supply to demand driven,” he notes, “this is a demand-driven world, where our customers' expectations are increasingly shaped by the likes of an Uber, an Airbnb, a Facebook and others.” A banking experience has to match the ease, convenience and interoperability of other parts of the consumer economy.

“The customer experience going forward has to be far more proactive,” Florian adds. “The challenge there is getting a real understanding of what your customers want, and providing an appropriately tailored experience, and at the same time dealing with large volumes.”



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Gerard Florian
Chief Information Officer
ANZ



Key takeaways

Open banking is not optional

Regulation is coming, like it or not, and the banks that get ahead proactively will be successful in the long run.

Sprint for innovation

Open banking is not simply about enabling customers to give their data to third parties. It is pushing banks harder than ever to innovate, compete and tie-up with fintechs that can meet a genuine customer need.

Customers expect

Whether or not customers understand what open banking is, their financial lives and ease of managing money will benefit enormously from the current levels of innovation in financial services. Customers will come to expect it.

2. Intelligent services

A 2017 survey of digital banking executives in North America, Europe and Asia by consulting firm Accenture found that some 62% considered open banking to be more of an opportunity than a threat to their business. The same survey found that the number of banking APIs available for third parties has grown almost tenfold from 170 in 2011 to 1,675 in 2017. Furthermore, it is estimated that by 2020, €61 billion (7%) of total banking revenues in Europe will be associated with open banking-enabled activities.⁴

Open banking enables banks to move beyond providing commodity products to providing intelligent services, argues [Jason Bates](#), co-founder of **11:FS**, an international consultancy to the financial services industry focused on digital banking. “It all springs from the regulatory push to open banking to services beyond just those provided by the big banks,” he says, and that previously, “intelligent services have

been hampered by the fact that people have had to share their full banking credentials.”

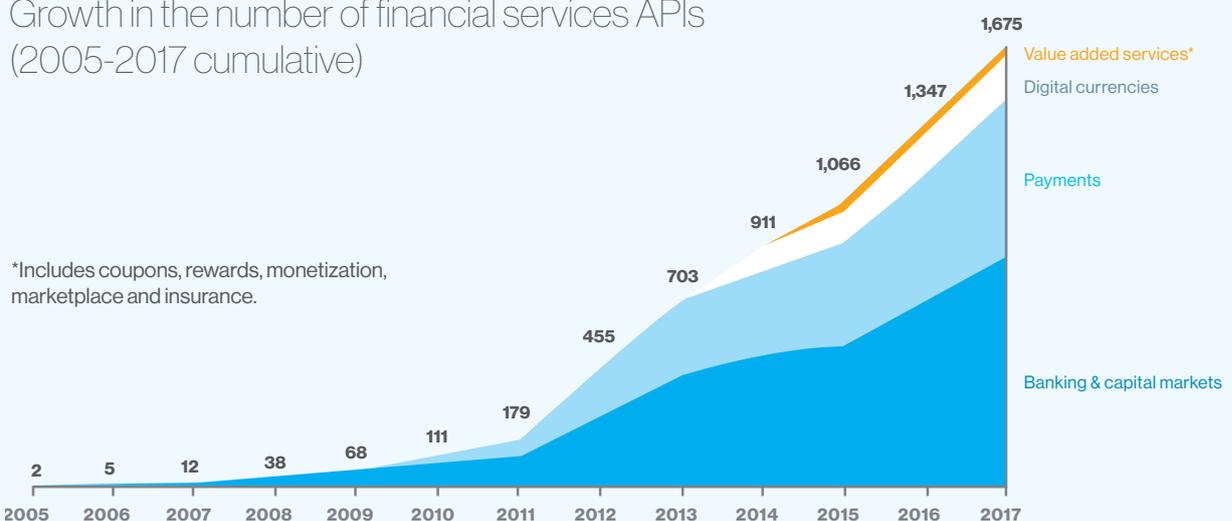
These services include those that help customers with their budgeting and spending habits, as well as seeing all their accounts in one place. Customers cannot be captive to large banks that “provide a balance and a transaction history with cryptic 18 count identifiers,” Bates adds. “We’re seeing things coming along that really do use real-time intelligence contextual services to deliver better value to end customers.”

Digitizing versus digital

In the UK, the industry began by launching a set of APIs mandated by the regulator. This is now expanding as competition intensifies from digital challenger banks. “There’s a difference between digitizing banking and making truly digital

Open banking - Figure 2

Growth in the number of financial services APIs
(2005-2017 cumulative)



*Includes coupons, rewards, monetization, marketplace and insurance.

Compiled by MIT Technology Review based on Accenture Research from Programmable Web API Dashboard

⁴The Brave New World of Open Banking, Accenture, 2018

banking, and for me that's the difference between providing access to commodity products through digital channels versus smart services which are effectively the equivalent of a private banker looking after those end customers," says Bates. The end goal is to "chain together a variety of data sets and services in order to create amazing end-to-end customer journeys."

Global versus local

Having a clear strategy for open banking is certainly key for banks as they generate ideas for APIs, navigate through requests for collaborations and manage the pace of innovation. "The customer is the center of the entire open banking concept," says Frank Tong, head of innovation and strategic investment at **HSBC**. "The framework allows them to see all of their accounts in one place and access products and services that may benefit them, including those from third parties," he says. This gives retail banking customers greater choice, control and convenience in the management of their finances.

"Open banking relies on strong collaboration between government, regulators, incumbent players, industry groups and customers to ensure the right framework is developed," says Tong. "Currently, this is happening locally with a central program team providing input into local regulator consultations to ensure HSBC gives a consistent view across all markets. However, as more markets adopt open banking, we are starting to set up central working groups to consolidate efforts in technology development as well as forming a central open banking strategy for the bank."

HSBC has already launched a number of open banking initiatives across the markets in which it operates. It was the first major UK bank to release a Personal Financial Management Mobile app at the end of September 2017, inviting selected users of the HSBC Beta app to see all of their accounts on one screen. Now launched as HSBC Connected Money, "the app provides helpful nudges, categorization of spend across all accounts, and very soon it will release a round-up function of tools to support money management," says Tong.



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Jason Bates
Co-Founder
11:FS

Finding the win-win

Citi was one of the early movers in open banking says Abhishek Seth, head of open banking and API, APAC and EMEA, Global Consumer Technology at **Citi**, having launched its first global API developer portal in November 2016 at the Singapore FinTech Festival. "The portal is one of the most comprehensive to-date in the financial services industry," he says. After starting in three markets, Citi is now in 16 markets and has launched about 100 APIs. The bank also has numerous commercial partnerships in most of those markets.

The key to success, Citi has learned, is in looking for partnerships that provide a win-win for the customer but also for the bank. And that means it has to be a partnership that delivers volume across the right channels.

For example, the bank recently launched a partnership with Hong Kong e-commerce company HKTVMall, enabling customers to use their credit card reward points on the site. For Citi, the partnership offers scale, with HKTVMall reaching approximately 30% of the population.

Open banking - Case study



Digital banking and APIs provide a platform for growth

Standard Chartered uses APIs to extend its digital banking reach quickly, says Deniz Güven, global head of customer experience. A year ago, Standard Chartered established a global open banking team to understand the differing needs across its markets. The key, Güven says, is not to create a lot of APIs, but to think through how you will use them. “You have to ask ‘What is the benefit to the customer or the ecosystem?’” he says. “How can we grow the customer and the ecosystem?”

Early mover advantage is key, Güven notes, pointing to the announcement in June 2018 that Standard Chartered will be the first global bank to apply for a Hong Kong ‘virtual banking’ license. The new fully-digital bank will be built by leveraging APIs, and it will be a fully open-banking system. This will define the future operating model of banking with the ecosystem. “Through our research, we understand the wants and needs of the Hong Kong market,” Güven adds. “Consumers in Hong Kong aren’t looking for new products or more technology, but for better ways in which technology can assist their financial management, which will be made possible with open banking.”

Currently, the bank implements APIs wherever possible. By opening an internal API for leads management, Standard Chartered can reach new customers through its partners. For example, through the bank’s partnership with PaisaBazaar, a leading Indian online marketplace for loans and credit cards, the bank’s API generates digital leads from PaisaBazaar’s reported customer base of more than 66 million.

In Singapore, Standard Chartered used an external API to extend its cash withdrawal network. Rather than launching more ATM machines, the bank worked with an external partner to offer cash withdrawals through the SC Mobile app at 400 retail locations across the island.

Güven says rolling out this initiative took just a few months, which, without API structures, would have been challenging: “I’m not talking about technology, but business-wise,” he explains, “it was a quick decision-making and implementation process.”

Citi cardholders can offset purchases instantly using their reward points without needing vouchers or doing redemptions at another website, resulting in a much-improved shopping experience. “That’s a win-win loop, which we try to evaluate in any relationship,” says Seth.

Developing in an early-stage ecosystem

Industry insiders have long considered Japan to lag behind other developed markets in terms of its fintech ecosystem. A 2017 consumer survey by EY found that just 14% of Japanese consumers are regular users of a fintech product, compared to 56% in China and 32% in Hong Kong.⁵ The Japanese government, intent on closing the gap, has launched a range of initiatives to foster



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Frank Tong
Head of Innovation and Strategic Investment
HSBC

ecosystem development and participation by banks into payments and open banking innovation.

One of these is the June 2018 update to Japan's Banking Act, which is aimed at promoting APIs. This is generating a lot of discussion in the financial services industry about data privacy, security and the potential risk of disintermediation, says Tomofumi Watanabe, joint general manager at **Sumitomo Mitsui Financial Group (SMFG)**. Yet at the same time, banks are “aware of the increasing obligation to release APIs and open up financial services to the benefit of end users,” he says. “We need to adopt technology and keep the customer in mind more than ever before.”

For SMFG, the wheels are already in motion. The bank has established an open-innovation center named hoops link tokyo in central Shibuya as a place to work with fintechs and other start-ups. To nurture the fintech ecosystem, hoops link tokyo has a mentoring program and a full calendar of presentations and pitching events. SMFG recently held a contest for third parties to pitch new API ideas and customer experience suggestions for the bank's website.



Key takeaways

Truly digital banking

Digitizing banking is not enough. The successful banks of tomorrow will enable fully personalized end-to-end customer journeys and proactive financial management.

Strategic consistency

Differing regulations, standards, consumer preferences and platforms make a localized approach to open banking essential. That said, leading banks are setting up centralized teams for strategy and technology development.

No time for 'watch and see'

First mover advantage counts, as banks benefit from working with regulators to define standards and shape the ecosystem.

3. The challenge at hand

For traditional banks, the challenges faced along the path to digital transformation are well documented. In terms of the technology, dealing with legacy mainframe systems, automating, digitizing and scaling are enormously complex challenges – even for a bank that has made huge strides in open banking such as Citi. “One of our biggest challenges starts with legacy mainframe systems and everything to support the technology,” says Seth. “Now,” he says, “it is moving to cloud-based infrastructure. The cost of scalability and elasticity is still something we are working on.”

Several third parties running concurrent promotional campaigns could put the system under pressure, which brings the platform to the very forefront of the business. “As a result of the digital adoption across the demographics,” Seth notes, “the platform now becomes the business. To ensure that we maintain optimum efficiency, we need to define and refine our platform, which involves refactoring and innovation across the stack.”

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Abhishek Seth
Head of Open Banking and API, APAC
and EMEA, Global Consumer Technology
Citi

Blurred lines

The speed at which the ecosystem has evolved to push bankers into a technology-driven terrain is noted as a challenge by many of the banks. At ANZ, this has resulted in a new way of working, says CIO, Gerard Florian. “We see squads of business and technology people in one team, where you can’t tell who is ‘business’ and who is ‘tech.’” This involves a cultural shift since the traditional approach whereby technology development and deployment are managed by separate teams no longer fits the purpose. “We’ve moved to a more agile way of working, using a range of frameworks to speed our ability to deliver the technology into the business,” he says.

“It’s an enormous challenge to start to change pace in the core of the organization,” says White at BBVA. The typical time to bring a product to market or to create something in a big bank is more than two years, he says. The average speed at which BBVA is creating new products and services is less than nine months. “There are people that would prefer to continue to work in a way that worked in the past, but changing the mindset, changing the way we work, it’s a challenge.” White attributes BBVA’s technically-minded Chairman and decade-long history of investing in tech talent as central to the bank’s success in digital and open banking.

At Citi, there are a number of initiatives to bring more tech-savvy talent into the business, and to educate existing staff about the developments around digital and open banking. “Most people have different interpretation and perceived value of what we are doing,” says Seth, pointing to terms such as ‘API’ that are hard for non-technical staff to grasp.

One of the initiatives launched at Standard Chartered to build awareness about open banking is the internal ‘API days’ where staff can learn and ask questions. The bank also brings in third parties to talk about API businesses.

The heat is on

With all of the banks accelerating change and looking for the most promising partnerships, time is undoubtedly of the essence. “Not reacting rapidly enough to open banking could result in another party, either a competitor bank or fintech, innovating more quickly and eroding trust or relationships,” says Tong at HSBC.

Rapid innovation also requires a balancing act. Banks have tens of millions of customers who rely on them for day-to-day financial well-being and banking is an important part of everyone’s life, argues Bates at 11:FS. “Innovation for that kind of [organization],” he says, “has to be managed very carefully because of how many people you could put at risk.”

Open banking is an exciting journey, yet how banks, fintechs and digital challengers will work together towards the big picture is still unclear. Florian at ANZ summarizes this as “everyone being in a race for as much of the relationship that we can have with our existing customers as well as the new markets that might appear.”

But the reality, he says, “is that there are not brand new things appearing in areas like very traditional banking products. It is more about the customer experience, how we bank, and how we perform daily activities that have banking services or payments embedded.”

“Not reacting rapidly enough to open banking could result in another party, either a competitor bank or fintech, innovating more quickly and eroding trust or relationships.”

Frank Tong
Head of Innovation and Strategic Investment
HSBC



Key takeaways

Platform first

Digital transformation means that the platform is becoming the business. Complexity and legacy technology risk becoming major strategic and operational constraints.

Lost in translation

Open banking needs a new lexicon. Technical language leaves many banking employees left behind.

High stakes innovation

At such scale, regulatory and reputation risks automatically lead banks to be cautious about rapid innovation. They must balance these risks carefully against their digital imperative.



4. The road ahead

Open banking will undoubtedly lead the retail banking industry into uncharted waters in the years ahead. The readiness to enter partnerships to provide a seamless and innovative user experience while managing internal challenges effectively will determine the winners and the losers.

There is an exciting future ahead, according to White at BBVA, where survival depends on reaching a digital tipping point, fast. “We view that many of them [traditional banks] will not cross the first wave of this digital disruption to what we call the digital tipping point,” he says. “In 2018, BBVA will cross the point where more than 50% of our customers are interacting with us digitally or are digital customers.”

If banks are unable to adapt in time, White predicts major consolidation occurring across the industry: “Our chairman has said there are 20,000 banks in the world and they’ll be down to hundreds and then maybe tens of banks in the future.”

Unbundling financial services could also lead to specialization by banks in different areas, says Weber at N26. “The whole trend of unbundling financial services has been going on for the last five to ten years, and it will continue. So, really moving away from the bank where you do everything, and towards specialisms. This is because in open banking, excellence becomes much more transparent.” The next question, is whether new players will emerge that re-bundle these financial services. This is part of N26’s vision, to become a player that owns the customer relationship while offering the best of traditional banks’ services, which Weber sees as the fundamental shift occurring in the banking landscape.

Can, or should?

As we look to the future of open banking and open data more broadly, there are two spectrums that are important to consider says Florian at ANZ. The first is the ‘can’ versus ‘should’ question. “There are a lot of things that we can do, but it’s important that we focus on the things that we also should do.” The second spectrum is getting the right balance

of ‘bottom up’ versus ‘top down’. “Bottom up is very much customer led,” he says. “The top down component is how do we get the right guardrails from our regulators, not just in Australia, but around the world. That is going to be an important ongoing challenge, because it’s uncharted waters.”

A common set of standards, globally?

With each market defining its own set of standards and country-specific platform requirements such as WeChat in China and Line in Thailand, APIs are developing in a localized manner. Bates at 11:FS points to the evolution of internet protocols as an example of how standards could develop in the future. “With the internet, ultimately it needed to start with something everyone agreed with, giving us the TCP/IP stack. Similarly, with APIs, there are going to be some hard, strategic decisions around that sort of stack,” he says, which may limit the emergence of some innovative APIs.



“Unbundling will continue; moving away from the bank where you do everything, and towards specialisms. In open banking, excellence becomes much more transparent.”

Alex Weber
Head of International Markets
N26

5. Conclusion

This report, open banking: The race to deliver banking as a service, has examined some of the ways in which banks are diving into the digital opportunities created by regulators, fintechs and by customer demand. The executives interviewed for this report come from banks of varying sizes across markets that hugely differ in their stage of ecosystem development, yet several common themes have emerged:

- **Retail banking executives are positive about open banking and are actively pursuing the new opportunities available.** While opening up access to all data and financial services certainly creates the potential for disintermediation, banks consider the advantages of open banking to outweigh the risks. Moreover, there is much to be gained from first mover advantage, as banks eye promising partnerships and new customer acquisitions.
- **Value-led decision making should guide API development and prioritization.** This means focusing on initiatives that offer enough scale to make sense financially, while also offering a worthy customer benefit.
- **Technology could remain a pain point.** For traditional banks, mainframe and other legacy technology could remain the bottleneck to agility and scalability. There has been pressure on banks to modernize IT for many years, which open banking will exacerbate.
- **The key to success is uniting business and technology.** With business and technology coming together at breakneck speed, staff education and culture change is a top priority for banks looking to accelerate innovation. Open banking initiatives should be internally discussed and socialized in accessible and non-technical language.

Globally as well as locally, the race for digital excellence and digital adoption is truly on. Most banks are still in the early stages of open banking adoption – developing a strategy, launching APIs, and keeping close eye on the competitive landscape in order to avoid going down the wrong path. The winners will be those that are able to balance speed and innovation with good long-term decisions that are in the best interests of the bank.

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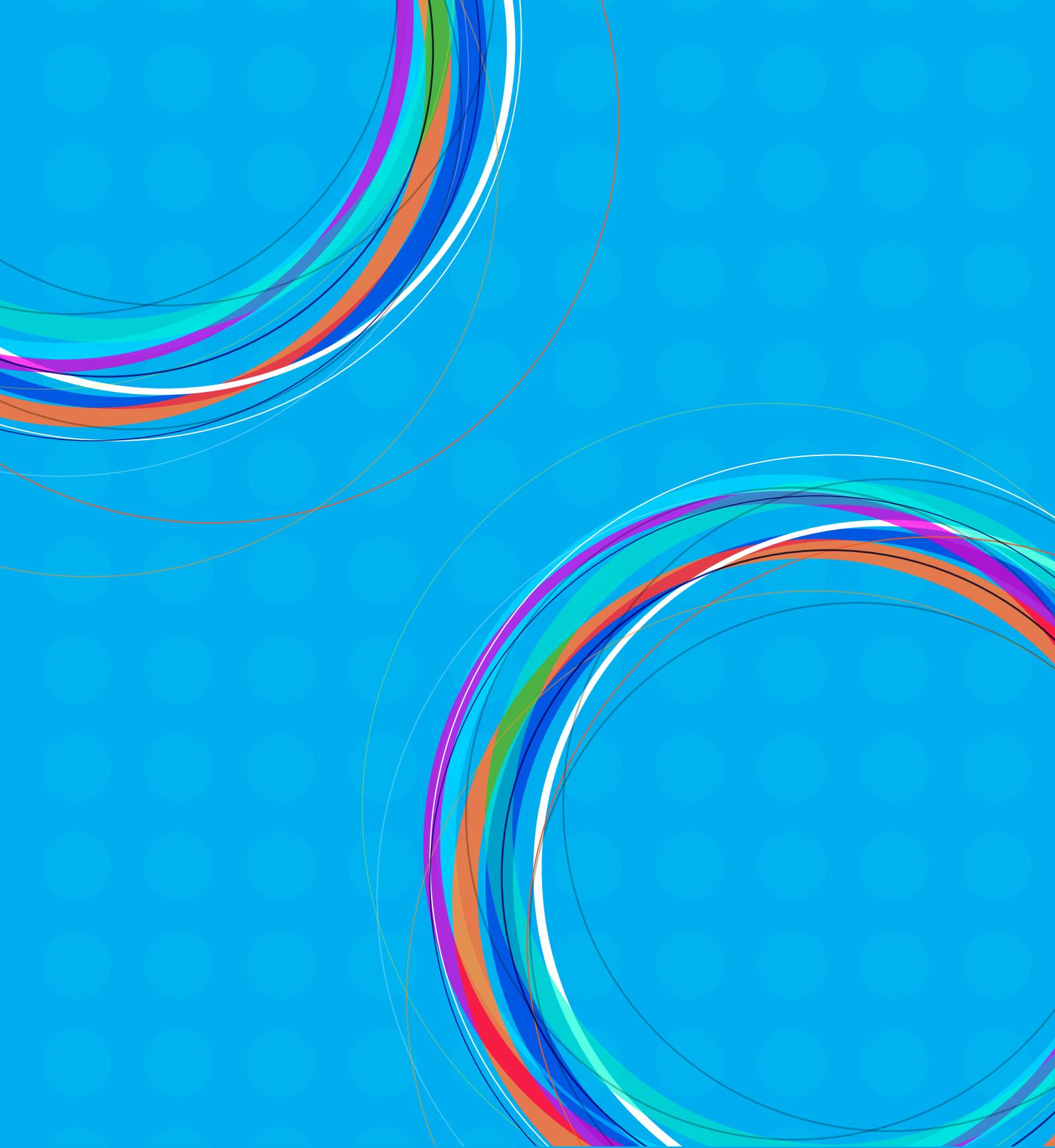
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