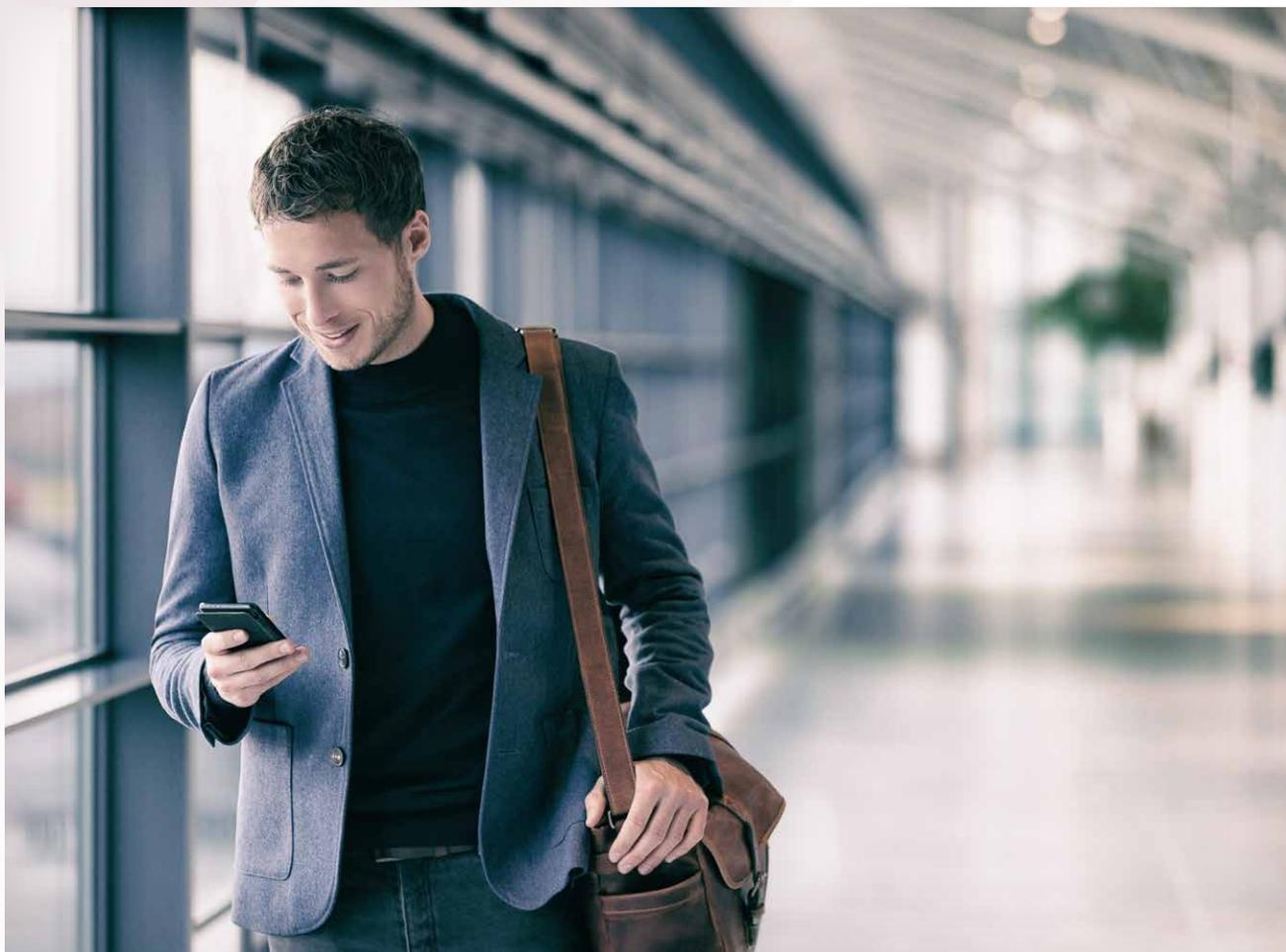# Technology Considerations for **Platform Banking**

INTRODUCTION

While open banking means threats from others having access to customer data, it also presents an opportunity for banks to improve their offerings.

The world is moving from closed to fundamentally open. The likes of Amazon, Alibaba, Google and Facebook aren't only among the world's leading organisations, they are tech-based, data-driven open platforms. These same tech giants pose one of the greatest risks to banks, with the ability, scale and responsiveness to meet escalating data requirements and the demands of omnichannel customers.

This makes it critical for banks to also adopt an open, platform-based approach in order to become leaders in a world of narrowing margins and agile, disruptive competition. While open banking presents increased threats of customer churn, the opening of data is also an opportunity to improve offerings, enhance customer experience and expand business opportunities with value added partnerships.

This is yet another driver for banks to speed up access to digitised, API-fed services. For example, by embracing blockchain, banks will open themselves up to ubiquity, immutability, and becoming part of a consortia that blockchain generates.

Yet buying in or developing your own approaches may not allow you to change quickly or cost-effectively enough to keep up.

This means partnerships. This means being open.

BANKING BUSINESS MODELS

What direction could banks move in to address the changing environment?

Platform or Marketplace

Platforms facilitate exchanges between producers and consumers.

Pros: Easiest, fastest and cheapest transition to an open world of possibilities, by dropping products and services with less added value and replacing with best-in-class ones from partners.

Cons: Implies a need to partner and admitting that others can deliver some services better. Forces them to share revenue and customer data.

Broker

Brokers do not produce or buy, making a profit on transactions with no ties to producers. Some platforms also act as brokers (Airbnb and Uber, for example).

Pros: Easy to assemble a consistent and best-in-class set of products and services to serve their market and stay relevant by adding or replacing as they see fit.

Cons: Their only value is attached to their users, therefore they are at risk of losing them to the next broker who is offering a better customer experience.

Producer

Producers create products and services of their own. They often run their own platform, and act as brokers in order to be able to offer additional services they do not produce themselves but want to provide their customers with.

Pros: Allows them to capitalise and grow on their flagship products and services by getting them served and used through a distribution network.

Cons: Potential loss of brand visibility, by offering their customers services through a partner brand.
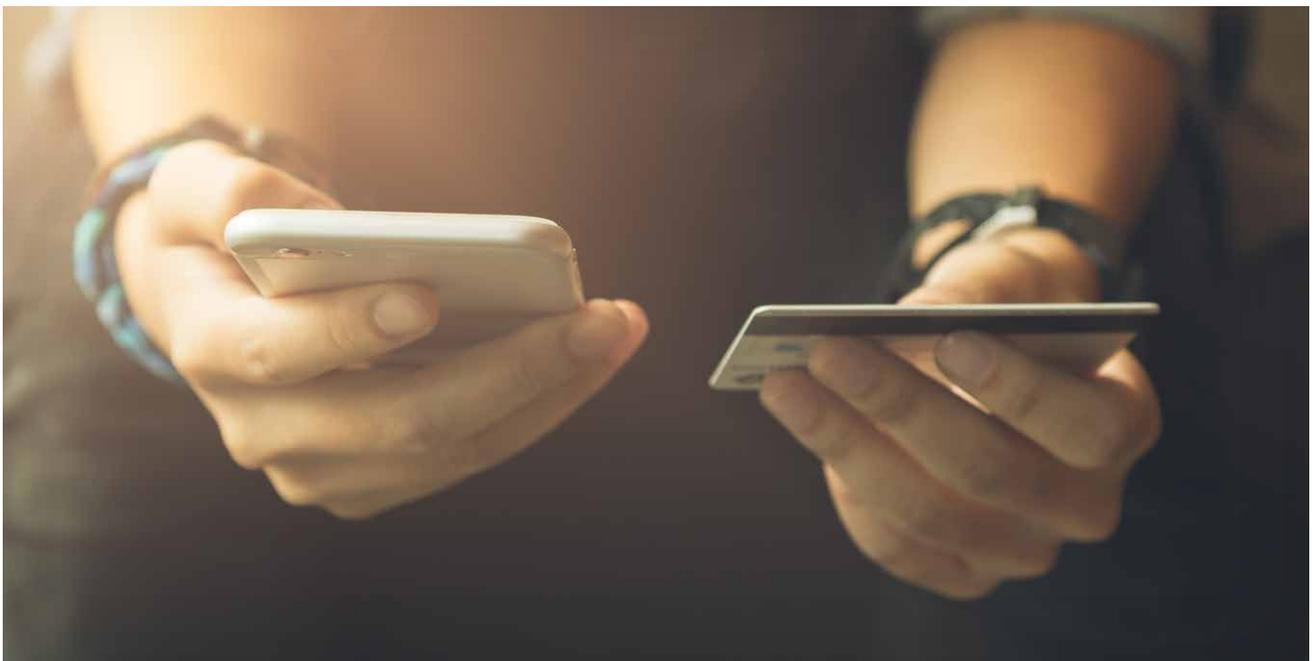
PARTNERSHIPS AS A CORE PRINCIPLE

Banks are at an inflection point. What role will they adopt; one that plays a wider part in customers' lives, aggregating and adding value with complementary services through their own and third-party channels? Should they also consider providing their services to other platforms – possibly relinquishing control of the customer in the process?

Whatever the approach, in order to be successful they will need to be open to partnerships and integration via APIs or blockchain, to enable the secure exchange of data.

Oracle capabilities to support you

- Pre-built and simplified partner system integrations with Oracle Integration Cloud

- A suite of pre-built, productised APIs

- API usage management for operations and cyber security

- Policy automation to enforce regulated and agreed policies

- Revenue and billing management with incentive to support payment transactions

- Digital innovation platform to support labs and agile experimentation for rapid test and release

- Oracle Blockchain Cloud Service for synchronisation and transparency of data and processes

- Ecosystem of fintech partners and startups

Banks need to be open to partnerships and integration via APIs and blockchain.

DATA IN THE PLATFORM ECONOMY

Expansive new ecosystems driven by open banking give banks (and others) access to a breadth and depth of data that will feed new customer engagements and experiences. The challenge for banks is how to realise the value from their vast existing data repositories while simultaneously leverage new data sources for greater insight and opportunity.

This must be accomplished in the most cost effective manner. The ability to process these ever-growing volumes demands improved data governance and management capabilities as well as robust database technologies.

Oracle capabilities to support you

- AI-empowered autonomous database for speed, volume and security of data processing

- Oracle's Data Cloud – Data as a Service – to complement existing data sources with 5bn consumer IDs, for greater depth of customer insight

- Oracle AI-enabled suite of applications for marketing, customer experience, finance, and risk and compliance

Oracle AI-enabled suite of applications for marketing, customer experience, finance, and risk and compliance.

CUSTOMER-CENTRICITY AS A GUIDING RULE

The average customer journey spans multiple touchpoints, using numerous devices, over time and location. To deliver true customer-centricity, as customers have come to expect from fintechs and big techs, banks have to provide hyper-personalised customer experiences and interactions across all these channels.

In addition, as a 'producer', the bank needs to provide the best-in-class product and service delivered at the right time with the right pricing.

Using machine learning and natural language processing, cognitive automated interactions like chatbots means companies are delivering the experiences that customers enjoy. They enjoy these experiences because they are contextually relevant. This requires data to be managed and integrated at speed, handled securely and with deep insight.

Through Oracle's autonomous data warehouse, embedded analytics and Data as a Service, we are rapidly developing an end-to-end capability that will truly support the contextual view of customers.

Oracle capabilities to support you

- Oracle autonomous data warehouse, data integration and analytics tools for a true context of the customer

- Prescriptive analytics, triggering the next best action

- Cloud-based suite of applications for customer experience, marketing and finance

- Oracle's Data Cloud – Data as a Service, to augment understanding of the customer with external sources
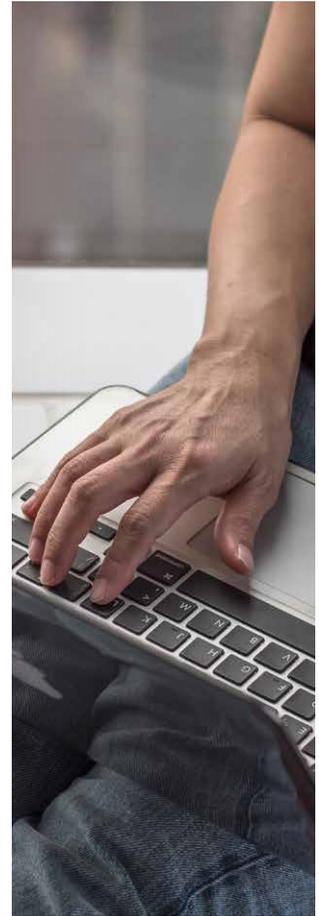
PARTNERING WITH ORACLE FOR DATA MASTERY AND CUSTOMER-CENTRIC ENGAGEMENT

By choosing the right partners and maximising the power of your data, you can achieve a more efficient, autonomous bank – one that delivers personalised, multi channel experiences for your customers, is essential to customers and is ready to prosper in the platform economy. To become a truly evolving autonomous organisation, Oracle is ready to help you take advantage of this change and realise your position as an open banking competitor.

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