

Press release

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Belgium ranks third in number of interbank ecosystems in Europe

Belgium is leading the way in collaboration, accelerating banking transformation

Brussels – 27 April 2021 - With a total of 14 initiatives in six domains, Belgium ranks third in number of interbank ecosystems, together with Portugal, reveals Deloitte's *Interbank ecosystems in Europe* report. For Belgium, the study includes initiatives such as Payconiq, Itsme and Isabel. Italy, Poland, Belgium and Portugal are the top countries, accounting for 30% of all active European interbank ecosystems. Economies of scale is the predominant reason driving banks to collaborate. But increasingly, the search for new income and the fight against Bigtech promote interbank collaboration, accelerating the transformation of the sector.

More than 200 collaborations across Europe were identified, with the interbank ecosystems categorised into 10 domains. For inclusion in the study, an ecosystem had to have been launched after 1960 in Europe, still be active, and involve three or more banks, potentially with players from other industries or with government.

Kasper Peters, Deloitte Belgium Financial Services Leader Consulting: *"We analysed the differences in interbank traditions across 30 European countries. While Italy, Poland, Belgium and Portugal rank at the top, we clearly see an acceleration of new ecosystems in all countries. Very few initiatives manage, however, to reach a European scale. This will be necessary in the future to compete with Bigtechs"*

Over 200 interbank ecosystems

While banks have a decades-long tradition of collaboration, the number of interbank ecosystems has almost doubled in Europe since 2014. Today there are more than 200 initiatives across 30 countries.

This recent, accelerated growth can be attributed to the threat of Bigtechs, especially due to their scale and access to data (cf. Apple Pay, Google Pay). But banks also see interbank ecosystems as an answer to increased compliance costs and digitisation challenges.

Deloitte's report distinguishes four waves of ecosystems that have been adding new types of collaborations since 1960: technology infrastructure, payments, regulation, and commercial fee business.

The majority of the ecosystems focus on payments and cash and this domain is still growing, as can be witnessed by the recent creation of Jofico and Batopin as new ATM networks in Belgium. Many new initiatives were added over time, such as open banking, digital identity, loyalty schemes (cf. Joyn), etc. Most of the

ecosystems involve only banks, but governments have started to play a more active role. Non-financial players, especially telcos, have also entered the ecosystems.

"We believe that there are still significant opportunities for banks to collaborate, particularly in the fields of financial crime and sustainability, but banks should also think about financial and digital inclusion," said **Peters**.

30% in four countries

Italy (19), Poland (15), Portugal (14) and Belgium (14) are home to 14 or more interbank ecosystems each. Together, they represent 30% of all observed interbank ecosystems in Europe.

Central and Eastern Europe entered late into the game of interbank ecosystems due to the Iron Curtain. However, they are catching up and further growth is expected.

The majority of interbank ecosystems are confined within domestic borders. Less than 5% scale across Europe, or beyond.

Success factors of collaboration

Creating economies of scale in non-competitive areas is traditionally the main driver (80%) for banks to start collaborating. A clear short-term business case is the best guarantee for success.

"As we analysed how ecosystems were created, we noticed that the benefits had to be more or less equally spread over the participants. Everybody needs to have a fair deal. Trust between the executives is also essential," added **Peters**.

An active role of bank associations and public authorities

Banking associations and public authorities have recently started playing a more active role in promoting interbank ecosystems. A review of 69 bank associations across Europe and the roles they played in the emergence of interbank ecosystems, highlights that their roles can be very diverse. From proactively stimulating interbank collaborations to actively supporting initiatives taken by member banks or facilitating interaction between banks (and other players) to foster consensus.

"Based on interviews with CEOs of bank associations, we expect them to take on a more active role in the creation of interbank ecosystems in the future. The associations can also form the bridge to collaborations with government," concluded **Peters**.

The *European Payment Initiative* is a prime example of how the EU is playing a more active role in areas it considers as strategic in the geostrategic landscape with the US and China.

Belgium well placed

We expect the number of interbank ecosystems to continue to grow in the future, especially in the following areas: financial crime, sustainability, digital identity and cybersecurity, financial and digital inclusion, and data services. With companies such as Belgian Mobile ID and others, Belgium has some good cards to play in Europe. However, we should also look in the areas of sustainability and data to promote new initiatives.

Bank CEOs are torn between the urge to compete and the realisation that collaboration is a necessity. But the banking sector is at a turning point, and collaboration in ecosystems is a way to accelerate the transformation.



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