The evolution of Open Banking...

Open Banking is the shift from closed to open banking models.

Bank products, services, functions and data (including customer data) are shared for use with 3rd parties to add additional value and create new business models.

CLOSED ECOSYSTEM
- LIMITED DATA ACCESS & SHARING
- MONOLITHIC BUSINESS MODEL

OPEN ECOSYSTEM
- BI-DIRECTIONAL DATA ACCESS & SHARING
- DISTRIBUTED BUSINESS MODEL
- BANKS AS PLATFORMS
- BANKING AS A SERVICE FABRIC
Emerging forces shaping the future of FSI

- Connectivity
- Regulation
- Customer Expectations
- Competitive

Unbundling of Banking Models
Open Banking: What Does The Future Hold?

Emerging forces shaping the future of FSI

1. **PAYMENT SERVICES DIRECTIVE 2 (PSD2).**
   The new EU directive requires Banks to provide third-party access to customers accounts for both account information and payment initiation via open APIs, starting 2018.

2. **COMPETITION & MARKETS AUTHORITY (CMA)**
   Its report “Making banks work harder for you” published 9th August 2016 sets out a series of findings and measures intended to help customers find and access better value services and enable them to take control of their finances. This will also enable new entrants and smaller providers to compete on a level playing field.

3. **PENSIONS DASHBOARD (ABI)**
   Pensions dashboards should let you see all of your pension pots all together - in an online place that you can choose. The UK Government’s objective is for the service to be available to consumers by 2019.
Emerging forces shaping the future of FSI

EMERGENCE OF NON-TRADITIONAL PLAYERS
The emergence of non-traditional players in the FS market, largely from the FinTech community provides a threat to existing revenue streams and loss of direct customer relationship.

EMERGENCE OF NEW SERVICE OFFERINGS
The ability to gain access to bank and customer data opens up renewed opportunity for new service offerings which provide additional value to customers, ranging from PFM solutions, product comparison and fast-switching services, online lending and cross-border payments solutions.
Emerging forces shaping the future of FSI

**HEIGHTENED EXPECTATIONS**
Modern digital & social experiences are redefining the use of technology in our everyday lives. Customers have higher expectations on what their Banking service should provide.

**MOBILE CONNECTIVITY**
Fuelled by the always-on interconnected web and ubiquity of mobile coverage, our favoured digital interactions are increasingly mobile.

**CONTEXTUAL SERVICE**
Customers increasingly expect intelligent, contextual services woven into their daily interactions. End-end services, not products.
Emerging forces shaping the future of FSI

- **Open API**
  By using APIs, organisations can rapidly assemble and launch new digital products and services by leveraging both internal and 3rd party APIs. APIs hide the complexity of underlying functions, allowing business and technology partners to focus on building value-added capabilities without being concerned with the internals.

- **Micro-Service Architectures**
  The emerging model of developing applications a suite of independently deployable, small, modular services in which each service runs as a unique process, is becoming standard within the industry and further powering the API economy.

- **Scalable Next-Gen Infrastructure**
  The proliferation of cloud infrastructure-as-a-service (IAAS) and platform-as-a-service (PAAS) offerings in addition to new offerings centred on rapid integration are further accelerating the programmable web.
**Key Impending Questions**

Combined, these forces will require a paradigm shift by traditional financial institutions to redefine their role in the financial services ecosystem.

- What will the role of our bank in the unbundled, open banking landscape?
- What will drive customers to maintain their relationship with us vs. traditional and new competitors?
- What capabilities will we own to generate differentiation from traditional and new competitors?
- How will we evolve our technical architecture to support our changing role?

---

**Open Banking : What Does The Future Hold?**

- **PRODUCT CHAMPION**
  - Niche, specialist providers (including Finch and neo-banks) offering fine-grained services & products.
  - Traditional incumbent banking model with predominantly in-house products and services offered through traditional channels to distinct customer segments.

- **PLATFORM PLAYER**
  - Transformative business model where traditional Bank services are augmented by a variety of offerings through an ecosystem of providers offering customers tailored and context-sensitive services seamlessly integrated into multiple touchpoints.
  - Builder of market-leading capabilities which are shared across multiple FIs and intermediaries.

- **SEGMENT OWNER**
  - Banks appetite for open platform transformation.

- **UTILITY PROVIDER**

**Deloitte Digital**
Banking as a platform

Banks will need additional & enhanced architectural, technical and operational capabilities to support innovation driven by emerging open banking concepts and challenger business models. This will include at a minimum **API management** capabilities integrated with the banks existing integration tier and security architecture.

“Open Banking & PSD2 are both a catalyst and accelerator in this shift towards open services, where maintaining flexibility and adaptability will be critical.”
Open Banking: What Does The Future Hold?

API Economy will require new capabilities

A variety of additional capabilities will be required, some provided by API Management vendor products whilst others will fall to organisations to architect and enable including delivery of underlying services, integration across all architectural layers and application of security protocols in accordance with emerging standards.

At Deloitte Digital we have established relationships with leading vendors in the API Management space (including Mulesoft, apigee, 3scale) and open source stacks including Zool.
Open Banking: What Does The Future Hold?

moment

by Deloitte Digital

Deloitte Digital
Moment

Moment Vision

Our vision of Banking Of The Future, centred on financial services with a human touch

Brand Promise

Money is just a part of life. Make it a part you don’t worry about.

What It Means

Little moments matter. And Money means different things to different people. We’re always thinking ahead, just like you. We use cutting-edge technology and a you-centred approach to solve as many little problems as we can.
Moment

Moment Vision
Our vision of Banking Of The Future, centred on financial services with a human touch

Moment Accelerator
A reference architecture and set of components for building the bank of the future, today
Be conversational

Be human

Learn. Constantly.

Only ever show what's useful

Empathise. Always.

Always think ahead.
Moment Accelerator Capabilities

We are building a series of accelerator components based on our Moment Reference Architecture to cover a range of capabilities, including:

- **Account Aggregation**: View all of your accounts in one place from multiple institutions. Includes deposit, savings, credit, loan, mortgage, ISA, pension.
- **Categorising**: Track your spending by category. Categorisation is applied automatically according to default rules, which can be extended and customised by the customer.
- **Goal Setting**: Manage your budget by setting and tracking your goals, whether saving for a holiday or planning your retirement.
- **Actionable Insights**: Smart, actionable insights based on your spending habits, financial position and optimised for you.
- **Conversational Assistant**: Engage with your Banking service via an intelligent agent, whether in-band within your mobile / online experience or via your preferred chat agent. Need help, just ask!
Open Banking: What Does The Future Hold?
Open Banking Readiness Approach

To help organisations get up and running with Open Banking and a response to the exploding API economy we have a range of offerings which focus on both business strategy and proposition design through to technology implementation.
Thank you