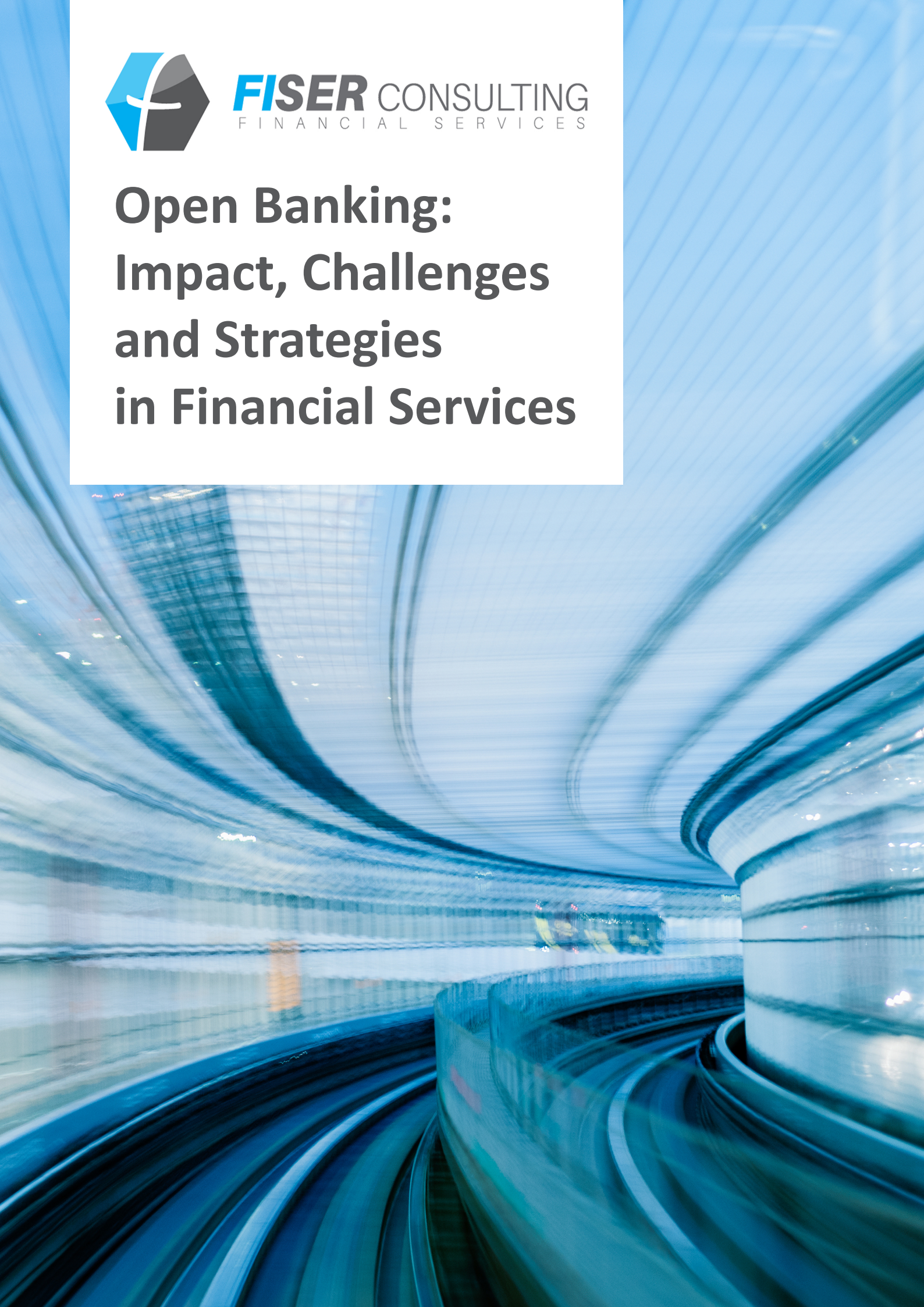




FISER CONSULTING
FINANCIAL SERVICES

Open Banking: Impact, Challenges and Strategies in Financial Services



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Introduction

The concept of 'Open Innovation' refers to transitions made by global companies to look for innovative products and practices outside their corporate boundaries. Then there is 'Closed Innovation' which refers to companies who create, manufacture and commercialise their own ideas. Companies that adopt an Open Innovation mindset commercialise and profit from external and internal ideas, while they look for sufficient technology needed for investing or partnering with promising start-ups. The enforcement of PSD2 is pushing Financial Institutions to move forward the adoption of Open Innovation frameworks despite the security, privacy, and legacy system constraints. The benefits of the Open Innovation adoption aim to improve the customer experience and to reach underserved markets.

For the Financial Service Industry, the concept of Open Innovation had created the foundations for 'Open Banking', which involves the use and development of open source Application Program Interphase (API) to improve financial offerings using a network of third party services. Open Banking has two major objectives. First, it consolidates a bank's infrastructure as a "platform leader" that allows third parties to build and generate a competitive advantage using the Bank's Infrastructure. A common example is Amazon, a company that provides the means for people to buy and sell goods instead of only trading its products. Second, Open Banking is to mine the value of intellectual property and to encourage the exchange of knowledge and technology between partners, and even competitors (financial ecosystem). These objectives represent for a Financial Institution a risk of losing information and property control, however a good understanding of the customer needs and regulatory environment would dictate the appropriate degree of "openness" that a Financial Institution should adopt.

On November 2015, the Payments Service Directive 2 (PSD2) was accepted as a regulative law. The Directive embodies three objectives. First, it aims to protect consumers when they conduct an online payment. Second, the regulation promotes the development and use of innovative online and mobile payments. Last, PSD2 empowers a safer process of making payments in Europe. The timeline of the Directive also shows that all banks should make their payments accounts available to third parties by the spring 2018 (NL). In this fashion, PSD2 can be considered as 'a push in the right direction' to financial services for adopting Open Banking innovation strategies.

PSD2 centres its efforts in the payment services which considers activities required to operate an account including the transfers of funds, credit transfers, and card payments. Commonly, a bank has two main customer segments: retail and wholesale customers. The retail segment includes all the accounts and products which belong to individual customers, as the wholesale segment covers the services between large business, corporation and other financial institutions. Each of these segments experience Open Banking in a different way.

By 2014 more than half of banking customers interact with their banks through multiple channels, also known as 'omnichannels'. Human interaction is limited to complex complaints and intricate problems. The channels entail mobile apps, online banking and call centres. Internally banks manage such channels without unique owners of customer experience. With the introduction of Open Banking, a unified customer experience is essential for having a centre of attention for both retail and wholesale segments. The future of banking will be a hybrid model that combines the best of physical and digital channels to close the financial gap with customers.

As a niche consultancy firm, FiSer Consulting finds it important to define strategies that equip financial institutions with the capabilities to solve regulatory issues but also to maximise value for the application of open banking and the implementation of PSD2.

Impact Open Banking on Financial Institutions

Platform Leadership is a business model where large organisations strategically encourage independent companies (start-ups) to generate applications on top of their technological platforms. This business model has allowed technology leaders such as Intel, Uber and Facebook to outperform the market. With the enforcement of PSD2, the financial services industry has been pushed to adopt Open Innovation, also referred to as “Open Banking”. The adoption of Open Banking will help traditional Financial Institutions to improve their customer experience, to explore non-traditional revenue streams and to expand financial services to underserved markets. Additionally, Financial Institutions will be responsible for nurturing an innovation ecosystem on financial products and applications.

There is also another side to Open Banking where Financial Institutions will most likely face issues in their current business models:

- Customer experience. - Due to Open Banking, financial institutions need to pay close attention to the customer journey of their different client segments, considering multiple touchpoints. A customer journey is an analysis which helps to understand activities, thoughts, feelings, and barriers of different customer segments across the sales funnel. Using this information, Financial Institutions will be able to identify different behaviours of customers in regards to the device, channel and player they make use of in the ecosystem. For example, once PSD2 becomes effective, a retail customer will probably interact with different companies to make a single financial transaction possible.
- Customer ownership. - Open Banking will deeply impact the concept of Customer Management. Financial Institutions will no longer “own” their customers: they will be “shared” with other entities. In this fashion, creating agreements with technology providers and marketplaces to keep the brand visible and encourage interaction with the end-user will become relevant.
- Legacy systems. - Core banking is the back-end system that manages the daily banking processes and safeguards information of the clients, accounts and other financial records. Typically, Core Banking transformation projects demand a lot of resources to ensure success. The success of Open Banking will be based on the flexibility of traditional legacy systems to adopt new service layers and interface on top.
- Return on investments. - Becoming a Platform Leader will require considerable resource investments. At the beginning, Financial Institutions need to shift their concerns of achieving profitability to generating benefits to the firms and counterparties that will interact with the Bank’s platform. Short-term strategies to gain profits from the open banking adoption may hurt the development of a future ecosystem of innovation.

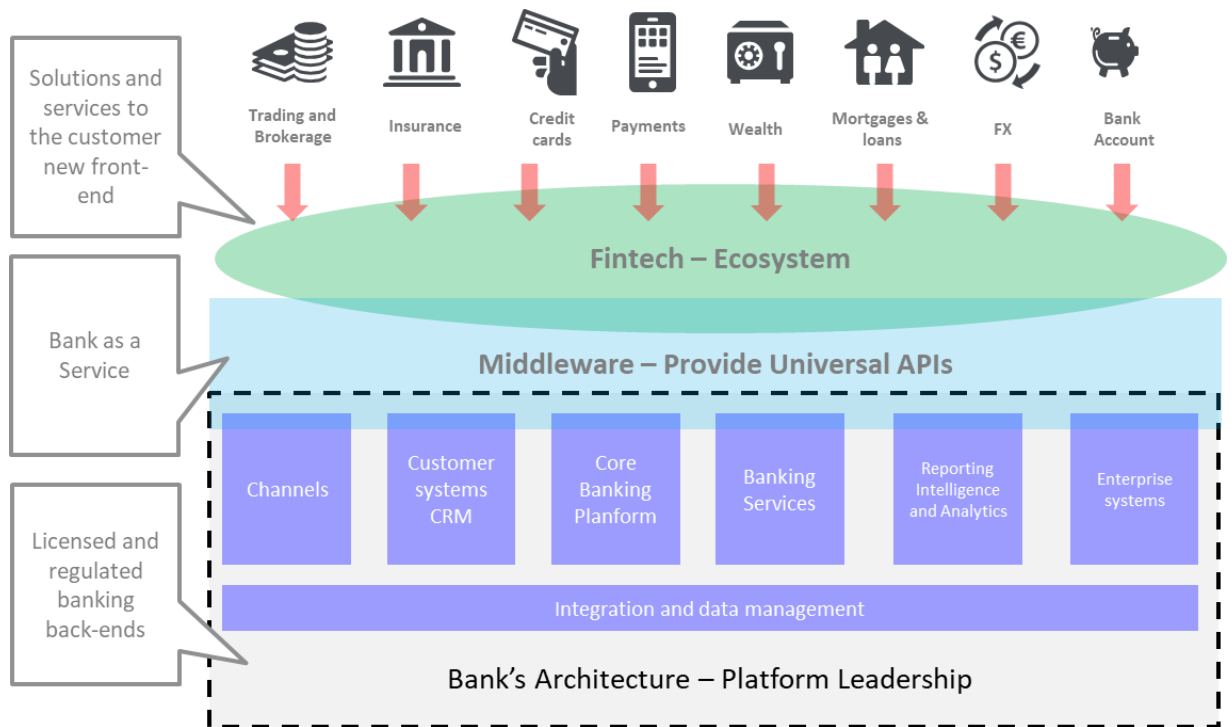


Figure 1. Open Banking – Platform Leadership

Specific impact by customer segment


As previously mentioned, a full understanding of the customer experience will allow to identify which areas of the different customer segments will be affected by the adoption of Open Banking. A customer journey analysis will allow prioritising the client's viewpoint over the internal operations issues. With this analysis, Financial Institutions will be able to identify the different interactions that the customer has with competitors, fintech companies and other financial services providers. A basic customer journey analysis will consider actions, thoughts, feeling and barriers that a customer faces throughout the sales funnel phases. The sales funnel describes the steps a customer takes to acquire and use a certain product. Typically, a sales funnel comprises of the following phases:

1. Awareness. - The customer notices the brand and is starting to consider its purchase.
2. Research. - The customer looks for the service online. First, the customer looks online for general terms and keywords. Later they limit their search to offerings that meet their needs.
3. Purchase. - At this stage, the customer "purchases" the product and agrees to its terms and conditions.
4. Advocate. - The customer speaks about the purchase experience with other people. This is mainly the reason why online reviews are of significant value.

A customer journey is aimed at a specific customer profile. This profile or ‘persona’ includes the demographic and psychographic characteristics of the client.

Table 1 is an example of a high-level customer journey for a loan purchase, which has the purpose of identifying the impacts of adopting an Open Banking strategy.

Table 1. Customer Journey Retail Loan


	Persona: John is a 33-year-old graphic designer working at a web content company. He is single and currently shares an apartment with two friends in Amsterdam. He has a smartphone and usually spends eight hours on his laptop. He is doing great at his current job and he is looking for alternatives to improve his financial position.			Product. Short-term loan					
Sales Funnel		1. Awareness		2. Research		3. Advocate		4. Purchase	
Actions		<ul style="list-style-type: none">Interested in buying new furniture and does not have sufficient cash or savings.He went to a housewarming of a colleague.		<ul style="list-style-type: none">Surfs through Google to find information about the words “loans” and “ABN credit cards”.The first result in Google for the word “loan” is “credit karma”Later, he clicks the first result that shows for “ABN credit cards” – he enters the ABN AMRO website.		<ul style="list-style-type: none">John reads the comments and review section of ABN AMRO on Facebook, and he observes that the bank has responded to some complaintsLater, he clicks on the “request now” button on the ABN AMRO credit card website		<ul style="list-style-type: none">John talks with friends about the difficulty of deciding which loan offer to pick.He asks some question.	
Thoughts		<ul style="list-style-type: none">Interested in growing his wealth and buying a house and a car seems possible.Unfamiliarity with financial products and offerings.		<ul style="list-style-type: none">This “credit karma” website offers a wide variety of personal loans. There is a lot of information, which results in an information overload.The look of the ABN AMRO website gives John the feeling that the website is secure but he still doesn’t know where to start.		<ul style="list-style-type: none">Doubts about the commission schemeJohn would like to receive more information or training about the available financial products		<ul style="list-style-type: none">John is satisfied by the overall process but he is also curios about the other loans available for “credit karma”.He is keen about receiving and using the credit cardHe would like to share his experience	
Feelings		<ul style="list-style-type: none">Anxiety for the “bad” news about the financial industry.		<ul style="list-style-type: none">Confusion due to the great offering of “credit karma”.Surprise that there are so many options available.		<ul style="list-style-type: none">Fear of taking the correct decision for requesting a credit card at ABN AMRO		<ul style="list-style-type: none">John is excited about using his ABN AMRO credit card	
Barriers		<ul style="list-style-type: none">Insufficient time to attend to a branch.		<ul style="list-style-type: none">Encounters difficulties to decide or take the next step.		<ul style="list-style-type: none">Information not clear for the specific purposes		<ul style="list-style-type: none">Insufficient information about commission schemes and additional responsibilities	
Multiple Touchpoints		<ul style="list-style-type: none">ABN AMRO, ING and Rabobank brands for sporting events.Websites ABN AMRO, ING and Rabobank.		<ul style="list-style-type: none">Credit KarmaABN AMRO credit card websiteFacebook community		<ul style="list-style-type: none">ABN AMRO websiteABN AMRO complaints review section in FacebookNews with the title “ABN AMRO credit card fraud”		<ul style="list-style-type: none">Customer serviceFacebook comments	

The most important areas that can impact the customer journey of retail clients are:

- The massive financial services offering. - Fintech companies have increased their financial services offerings and they have pushed for cheaper and more accessible products for customers. To counter this threat, Financial Institutions need to use data analytics tools to understand their customer's needs and research habits. They also need to enforce their brand and communication in the right channel.
- The unified customer experience with several touchpoints. - Financial Institutions should break organisation and technology silos to provide customers with a single customer experience. Table 1 previously showed that a customer will engage with different channels and websites before and after taking the purchase decision. That is why it is important that Financial Institutions pay attention to the above-mentioned touchpoints and go even deeper.
- Online product reviews. - Nowadays customers more than ever rely on online reviews and social media. With the implementation of Open Banking, Financial Institutions need to be aware of their digital reputation and aspire to become a leader in customer satisfaction.
- Trust and branding. - Open Banking will require Financial Institutions to enforce their branding identity and share this with their end users.

The wholesale customer segment is more complex. The customer service for wholesale clients has to combine personal and digital attention. Table 2 specifies a specific customer journey for a typical wholesale client.

Table 2. Customer Journey Wholesale Customer

	Persona: ABC Store B.V. is a medium sized online company that has six different deposit accounts (one of them is ABN AMRO) in six different countries. The company invests time consolidating and matching their cash inputs and outputs. The company is also looking to invest their excess cash.	Product. Cash Management and short term investments		
Sales Funnel	1. Awareness	2. Research	3. Advocate	4. Purchase
Actions	<ul style="list-style-type: none">The CFO of the company has heard about the Open Banking fuzz.He contacted his account representative (banker) at one of the six banks his company operates with and he requests information about investments and cash management services	<ul style="list-style-type: none">The CFO reviews the proposition submitted by the bankers.He asks his financial team to look for a solution onlineThe financial team prepares some ideas to the CFO, one of these ideas concern the utilisation of a “Deposit Dashboard API” provided by a global Fintech company	<ul style="list-style-type: none">The CFO hires the “Deposit Dashboard API” service, authorizing the use of information and transactions for the six accountsThe “Deposit Dashboard API”, gives investment adviseThe company operates cash using the new tool	<ul style="list-style-type: none">Comments the effectiveness of the new tools in social media
Thoughts	<ul style="list-style-type: none">The CFO would like to find a Bank that advises a strategy for cash management in a growing international company	<ul style="list-style-type: none">The deposit dashboard idea looks interesting; the application truly gives a holistic view of the six cash deposit accounts on a real-time basis.	<ul style="list-style-type: none">The CFO thinks that the application works very well and hopefully the start-up can support the operations of his company	<ul style="list-style-type: none">It was a good choice to look for different solutions
Feelings	<ul style="list-style-type: none">Excitement to find a different solution	<ul style="list-style-type: none">Curiosity, to use the serviceAnxiety for a professional opinionConcern about the security and privacy	<ul style="list-style-type: none">Confidence on the decision but uncertainly “Deposit Dashboard API” is a long-term response	<ul style="list-style-type: none">Comfort that the company has a holistic view of their cash position
Barriers	<ul style="list-style-type: none">The account representatives are busy and take one week to submit the information	<ul style="list-style-type: none">The account representative is not familiar with the “Deposit Dashboard API” and can’t advise the clientThe contact centre can’t guide the client	<ul style="list-style-type: none">A professional banker advise is necessary	<ul style="list-style-type: none">Typical financial institutions are not aware of the new “intermediary”
Multiple Touchpoints	<ul style="list-style-type: none">Account representatives.	<ul style="list-style-type: none">Account representativesContact Centre	<ul style="list-style-type: none">The client is doing transactions with a third party front-end	<ul style="list-style-type: none">The client is doing transactions by a third front-end party

The example in Table 2 shows how the growing offering of fintech companies and the use of APIs are creating different solutions that adapt to specific needs of a wholesale client. The most important areas that can impact the customer journey of wholesale clients are as follows:

- **Advisory role.** - A lot of Fintech companies are developing APIs that allow customers to have direct control of their transactions cutting down intermediation fees and other expenses. A major drawback of these applications is that they do not offer customers a holistic perspective, neither do they recognise the complexity that a wholesale customer faces every day. However, these solutions could impact the wholesale segment by taking out the advisory role (banker). Financial Institutions would need to keep their strategic function and not limit their role to "back office" activities of fintech companies.
- **Anti-Money Laundering controls.** - Open Banking will generate a distance between the client and the Financial Institution. This situation represents a risk because the client can be involved in illegal activities that are unknown to the API or third-party service provider. Financial Institutions should certify the customer due diligence and transaction monitoring processes of the fintech companies and ensure the sustainability of the financial ecosystem.
- **Omnichannel.** - The wholesale customer segment relies on the combination of physical and digital experiences. For some clients the account representative (banker) remains the preferred channel for interaction and advice. With Open Banking, the account representatives may lose interaction with the client which could potentially jeopardise long-term relationships.

Implementation Challenges

The road to become a Platform Leader is not easy. In the past, many technology companies (Cisco, Intel, and Microsoft) and pharmaceutical firms (Merck Serono, AstraZeneca, and LEO Pharma) have struggled and failed to achieve the wanted title. Now it's time for financial services companies to walk the same road. The Open Banking framework has several implementation challenges; some of them will require Financial Institutions to change their business models, to update their security mechanisms and to create new roles inside their organisations.

Business model transformation

Open Banking will fundamentally transform the way Financial Institutions generate revenue streams and innovation management. As a result, financial products will also have to respond to the growing pace of direct finance, which involves fewer intermediation fees and more transparency and reduced entry barriers for incumbent participants.

Managing innovation would be based on Platform Leadership business models. A successful scheme shows positive network effects, which means that Financial Institutions would need to collaborate with a top third-party and set the rules on how they can use the infrastructure. Additionally, Open Banking raises two questions: (1) how transparent should an institution be and (2) how will Financial Institutions profit from a third-party collaboration?

To answer the first question: Financial Institutions need to know that Open Innovation works better when innovation is continuous and revolutionary. That is why being transparent at the beginning is advisable. However, close innovation is a better choice when technologies are complex and interlinked. One member of the network could potentially damage the entire ecosystem, if it would prove to have created an inconsistency. An example of this scenario is Apple: the company has an integrated and consolidated range of products but preferred closed innovation to protect the quality of its trademarks.

The second question can be answered easily: Financial Institutions can profit from a third-party collaboration. They should however consider two options: (1) direct monetisation and (2) indirect monetisation. Direct monetisation means they can implement any fee scheme for using the platform (licencing, volume basis, freemium, etc.), while indirect monetisation includes schemes that gather fees for platform traffic and information exchange between third-parties and for administration services.

Customer authentication

Currently there is a handful of Financial Institutions that are still using manual (analogue technology) verification processes for identifying authentication, e.g. One Time Passwords Devices that are not integrated to a mobile phone device.

A One Time Passwords Devices can be upgraded to a “third-factor authentication” technology, which is a verification process that involves a combination of traditional methods such as a PIN or password, an external verification with a token, smartcard or mobile phone or with biometric features which uses unique characteristics of the customer. The authentication processes should be independent of each other.

PSD2 is pushing Payment Initiation Service Providers (PISPs) and Account Information Services (AIS) to adopt Strong Customer Authentication (SCA) tools.

Customer consent

Customers have the control to allow third-party providers access to their financial information. To anticipate on further developments, Financial Institutions would need to provide mechanisms to enable customers to grant such authorizations. Furthermore, a platform leadership strategy would require Financial Institutions to ask non-customer users for consent. As is stated in the PSD2 regulation, consent must be ‘freely given’ and should be ‘specific, informed and unambiguous shown either by a statement or a clear affirmative action’. In the end, it is always the customer who decides whether they want to allow third-party authorizations.

Balance between security and accessibility

A big challenge for Financial Institutions is to enforce the authentication mechanisms without limiting accessibility to conduct operations to customers and external entities. The Multi-factor authentication technology allows service providers to grant access to the account, only after successfully presenting several pieces of information. Such a technology will enforce the current token authorisation mechanism that most Financial Institutions utilise. On the other hand, Financial Institutions can choose to adopt federated identity technology, which allows linking the electronic identity across multiple systems or platforms.

Managing change

With the introduction of Open Banking, Financial Institutions would need to assign Global Process Owners (GPOs) that manage projects and operations in a cross-functional way and which take down organisational silos. The main objective of GPOs is to improve the customer journey and consolidate the platform leadership strategy. GPOs needs sufficient top-management support and empowerment to exceed expectations. Another important benefit of having GPOs is to achieve global strategic and cultural alignment inside international branches.

Smart response

Open Banking requires a combination of technology, regulations and business knowledge. It is important to consider two main challenges when defining an Open Banking strategy: disruption and weak responses. The first issue refers to a process where a company with limited resources aggressively competes with legacy systems, which causes pressure to the profitability and continuity of large organisations. This effect forces larger organisation to innovate in an unsustainable and expensive manner. The second challenge refers to companies that conduct innovation programs to counterattack disruption, which often leads to a negative generated return from such investments.

Achieving Platform Leadership in Financial Services

Case study 1: N26

N26 is the first mobile bank, which was founded in Berlin in 2013. The company soon became a fast growing player in the industry: in 2017 alone the bank had more 500.000 users in Europe only.

N26 is providing Basic and Premium (Black) accounts to their customers. A Basic account includes a current account with a Debit MasterCard, an analytical tool for expenses, a foreign currency exchange (with TransferWise) and 5 free cash withdrawals. The Premium account includes all the services of the Basic plus free ATM withdrawals in foreign currency, insurance against mobile theft, travel support and ATM protection. According to N26 website, the account opening process can be completed in 8 minutes with the help of a valid ID or passport, depending on the Eurozone country.

N26 is a good illustration of platform leadership and open innovation 'done right': it offers a great value proposition using external companies for financial products, authentication methods, payment infrastructure and communications. For example, in 2016 N26 added TransferWise (international money transfer) to their services. TransferWise enabled access to its APIs, after which N26 integrated the feature in their app within a period of 6 weeks. Interesting enough, such an approach in a close innovation mindset would take an organisation more than a month to develop the service internally.

N26 has also included different insurance services in their app. Basic insurance services are provided by Allianz, while peer money transfer services are offered by MoneyBeam and Apple Pay and investment services are processed by vaamo. In this fashion, N26 will continue to harvest interesting propositions from the fintech ecosystem.

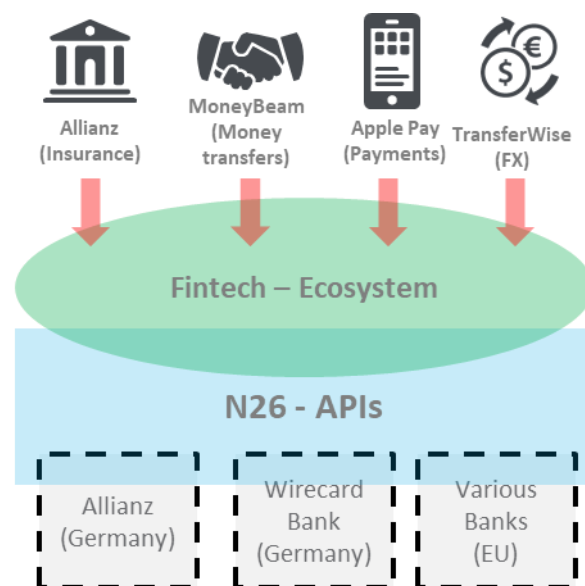


Figure 2. N26 platform leadership

Case study 2: ING

Since 2012, ING has communicated an ambition to build an open innovation ecosystem by creating a software kit with APIs to encourage the inventiveness of external third parties. To support this claim, ING has launched their "Think Forward" strategy in 2014, which aims to transform the Institutional mindset from a traditional Bank to an IT Company. ING also started a path towards a digital banking platform across its global subsidiaries with a forecasted budget of EUR 800 million.

One example of this notable transformation is the development and release of Yolt in 2016. This application allows users to view all their bank accounts and credit card information from different providers on one single digital platform. Yolt is a great example of a tool that forces the client to lose direct contact with their proprietary bank and channels.

ING has also invested in the growth of a company called Fintonic in Spain and Latin America. The application also allows customers to monitor and apply products by different financial service providers in one single platform. By 2017, the application gained over 400.000 users in Spain and Chile. With these developments and investments, ING wants to become the main relationship intermediary between customers and Financial Institutions.

Corporate Strategic Choices

Financial Institutions need to choose their position in the financial ecosystem. They have two strategies to choose from: (1) the offensive strategy or (2) the defensive strategy. A typical offensive strategy looks for processes that increase demand/supply and explore new business models. Then there is the defensive strategy that aims to improve the current state of the organisation. Successful organisations often choose offensive strategies which transform their current business, attract new customers and design new products, instead of providing a package of cost-cutting measures.

PSD2 is a regulation that forces Financial Institutions to boost their journey into Open Banking. However, setting up a solid PSD2 agenda is an important step. There are four major strategic choices that each organisation must define, (1) Innovation methods (2) Degree of openness, (3) Collaboration methods, and (4) Analysis per customer segment.

Innovation methods

Open Innovation is effective when it is used for problems that are well-defined but hard to solve. A Financial Institution should understand that different methods of innovation can be applied to solve different types of problems. A common mistake is formulate general and fixed strategies: “if all you have is a hammer, everything looks like a nail”. Organisations had available the following methods to resolve problems while building flexible innovation capabilities¹:

- Sustaining innovation. - The most common framework for innovation, it is used when organisations are looking for incremental improvements in existing products, services, channels and operations. Is conducted by internal R&D labs or by conventional M&A initiatives.
- Open innovation. - As mention previously, this method becomes more effective when explores solutions outside the frontiers of an industry. For example, the Financial Industry will look to pursue platform leadership just as Technology companies had done before.
- Disruptive innovation. - Is the process when smaller companies (incumbents) are able to challenge large organisations by offering more appropriate functionalities at a better price. Large organisations can keep their leadership position by establishing innovation policies such as the 20% rule, that allows employees to invest 20% of their time in developing innovative products. Another effective innovation practice is the “Lean Launchpad”, that involves a trial – error process to understand and deliver value to customers.
- Basic research. Related to the discovery of a new phenomenon. This the current method of innovation used in universities to propose new knowledge and techniques. Some organisations motivate their employees to create partnerships and explore the work done inside universities and research institutes.

Levels of openness

The first strategic choice that organisations need to formulate is the potentially adopted level of openness of the organisation. There are four levels described below:

1. Comply: The bank focuses on implementing the minimum requirements establish in PSD2, which opens up through APIs and thereby conforms to the Access to Account (XS2A) requirement. This is the most limited extent possible to enable Third Party Providers(TPPs) to execute payment initiation and account information services.
2. Expand. - Financial Institutions would focus on developing and exposing services through APIs. These services go beyond basic payment and account information services. The Institutions will place themselves able to seize new revenue stream opportunities by monetising. API based services leveraging account information and digital identity are interesting areas to explore, providing potential new revenue sources for banks.

¹ Satell (2017) The 4 Types of Innovation and the Problems They Solve, retrieved from <https://hbr.org/2017/06/the-4-types-of-innovation-and-the-problems-they-solve>

3. **Compete.** - Very similar to the Comply option. However, banks also add an offensive strategy by offering payment initiation and Account Information Services (AIS), leveraging the reach to other banks they will obtain by becoming a Third-Party Provider (TPP) themselves.
4. **Transform.** - This option combines all three other roads: Banks focus on pursuing a platform leadership strategy to enable third parties to build applications and services on top of the financial institution infrastructure. Banks become full digital players, competing and collaborating for customer relevance and ownership.

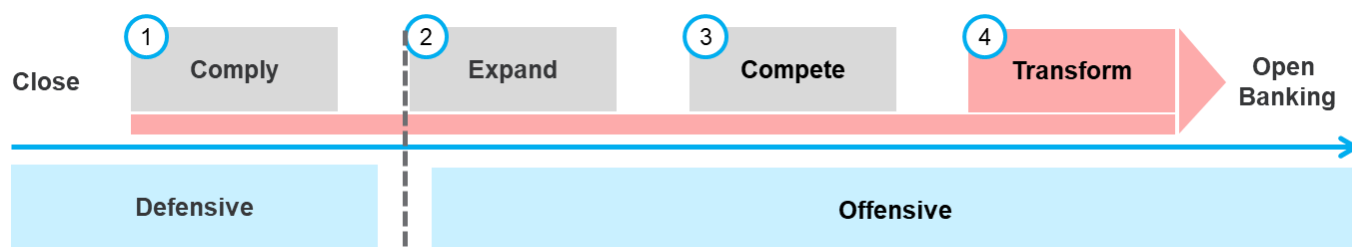


Figure 2. Levels of banking "openness"

Collaboration methods

If a Financial Institution is fully convinced in following the "Transform" road, it would need to create a sustainable and competitive ecosystem where the innovation partners create applications that surpass the expectations of the clients. Most of the attention and fuzz in Open Banking is related to the implementation and development of APIs, however, Financial Institutions should review the different models of technology partnerships that can be helpful while creating an innovation ecosystem.

1. **Cross referral agreements.** - The most informal agreement, based on the recommendation of partners and entities to collaborate and create innovation. A formal agreement (contract) can take place.
2. **White label agreements.** - This agreement refers to products or applications that can be shared and used freely by the members of the ecosystem. This type of contract is recommended for technologies that could strengthen a Bank's platform.
3. **API models.** - The Application Programming Interfaces (API) are the "waitress" that connect data between datasets. Financial Institutions need to map and decide which APIs to develop, buy or invest to improve the customer journey of customers.
4. **Investment / acquisitions.** - This step evaluates which companies would increase synergy value of buying or investing in a company.

Analysis by customer segment

As for the adoption of Open Banking and the implementation of PSD2, the focus must be in creating offensive strategies that allow the organisation to compete and take advantage of the full potential of third-party collaborations. Below in Table 3 strategic choices per customer segment are listed.

Table 3.- Strategy for Retail and Wholesale

Business Model Area	Retail	Wholesale
Value proposition	<ul style="list-style-type: none"> • Users want to have accounts that simplify payments and reduce obstacles to transactions 	<ul style="list-style-type: none"> • Ability to conduct operations in a simple and smoother manner, with fully available self-service channels and professional advice
Key Activities	<ul style="list-style-type: none"> • Plan and execute a Transformation Strategy to become Platform Leader • Establish guidelines for a successful innovation ecosystem 	<ul style="list-style-type: none"> • Comply with PSD2 and GDPR • Explore possibilities to improve the customer experience
Key Resources	<ul style="list-style-type: none"> • Current infrastructure • Client information (data mining) • Brand 	<ul style="list-style-type: none"> • Current infrastructure • Client information (data mining) • Recognition and brand • Physical branches
Customer Relationship	<ul style="list-style-type: none"> • Encourage interaction with the end customers by motivating “sentiment” marketing and loyalty programs 	<ul style="list-style-type: none"> • A mix between current Account Representative (bankers) and digital self-service channels
Channels	<ul style="list-style-type: none"> • Map the customer journey touchpoints and identify channels that have more traffic and evaluate a partnership or buyout • Identify gaps in current channels 	<ul style="list-style-type: none"> • Keep and strengthen the current channels, especially channels that involve a strategic advisor (banking)
Revenue streams	<ul style="list-style-type: none"> • Build a Platform Leadership that encourages innovation and value-added solutions to members in the ecosystem • Design direct and indirect monetisation schemes 	<ul style="list-style-type: none"> • Building strong relationships with key clients • Explore strategies for SMEs
Key Partners	<ul style="list-style-type: none"> • Fintech • Competitors • API developers • Ecommerce companies • Government 	

Our Services and how we can help

FiSer Consulting can assist you in the transformation process of the following areas:

Business Consultancy, Requirement Engineering & Business Process Engineering

Due to our exclusive focus on Financial Services, our consultants have a strong content background which covers the Payments area and Open Banking strategies. A strong background and extensive knowledge of the organisation and processes, our consultants can assist you with:

- Interpretation and approach to the new European Banking Authority (EBA) Regulatory Technical Standards (RTS)
- Strategic analysis and roadmap development
- Design of infrastructure and risk controls to support PSD2 and Open Banking
- Changes with operating models
- Assisting with developing an API plan and strategy which includes assistance with technology selection and implementation

Business Case Advisory

With a major change to your technology infrastructure as well as far reaching implications for the entire business, our consultants can formulate and develop a solid Business Case which will cover:

- A description of the business challenge
- An assessment of the potential benefits and costs of the PSD2 and Open Banking investment
- An assessment of the risks that may arise during the implementation/change program
- Recommendations on a preferred course of action
- Description of the implementation approach

Project & Program Management

The implementation of PSD2 and Open Banking covers changes that effect many stakeholders of the organisation. Significant changes in the way of dealing with customers and other market participants ask for investments supporting advanced IT infrastructure and innovative technology. Our Project & Program Management capability can help you structure and manage a variety of stakeholders across your business. Our project & program managers combine multiple years of experience with in-depth knowledge of the Payments industry.

Project Management Support

Aligned with our Project & Program Management capability, the PSD2 and Open Banking implementation requires detailed and frequent risk & issue, planning & dependency management as well as internal status reporting. Our Project Management Officers, with proven experience within the Financial Services industry, assist the organisation in these challenging activities

Next steps

For further information on Open Banking and where FiSer Consulting can assist you, please contact:



FiSer Consulting | Dirk Worm

Dirk has over 20 years of experience in Global Financial Markets, particularly in the Investment Banking and Corporate & Commercial Banking industries. Dirk's consulting skills lie in risk management, capital management, front office transaction management, the implementation of asset & liability management and treasury functions, and the implementation of regulatory processes, including Basel II, III, MiFID and EMIR.

Contact: d.worm@fiser.consulting



FiSer Consulting | Roberto Nieves

Roberto has over 5 years' of experience as management consultant, leading and promoting innovation for top financial institutions. Roberto's consulting skills are mostly in transformation management, business strategy, and compliance implementation with a deep understanding of wholesale banking.

Contact: r.nieves@fiser.consulting



FiSer Consulting | Constanza Diaz

Constanza has over 2 years' experience in Management Consulting. She has gained extensive experience working in a wide range of industries such as Financial Services, Retail, Utilities, Pulp & Paper, and Insurance, and different Finance related sectors such as Business Development, Risk Management, Project Evaluation and Strategic Planning.

Contact: c.diaz@fiser.consulting



Barbara Strozzi laan 201
Tel.: +31 20 20678386
1083 HN Amsterdam
www.fiser.consulting
The Netherlands