

Accenture Open Banking for  
Businesses Survey 2018

# IT'S NOW OPEN BANKING

**DO YOU KNOW WHAT  
YOUR COMMERCIAL  
CLIENTS WANT FROM IT?**

**WINNING IN THE DIGITAL  
ECONOMY SERIES**



**The momentum of Open Banking has been around retail banking consumers. Consumers get hyper-relevant, always-on banking experiences that they have come to expect. But what about commercial bank customers and their expectations?**

**We asked 660 commercial bank customers about using Open Banking to win in the digital economy, and they gave us an earful.**

**For example, 40 percent of large corporates and 31 percent of small businesses already participate in Open Banking ecosystem platforms. Banks have a unique, but brief, opportunity to help businesses optimize Open Banking and API innovation for an expanded ecosystem and extended reach. Banks that do can bolster these relationships and grow revenues. Before that can happen, however, banks must know—and meet—the Open Banking needs of commercial customers better than hungry competitors that want in or are even already in.**

# THINK OPEN BANKING FOR RETAIL IS BIG? COMMERCIAL WILL BE BIGGER

## **A retail shopper in Spain could finance a purchase using a loan from BBVA by clicking the loan button embedded in the retailer's checkout screen.<sup>1</sup>**

Citi cardholders in Hong Kong will soon be able to offset their online purchases immediately upon checkout at EGL Tours using their reward points without ever leaving the shopping platform.<sup>2</sup> Using the Capital One Bank Account Starter API, a wedding registry can enable its customers to open a savings account quickly, easily and securely on its site that can act as a secure repository for monetary contributions.<sup>3</sup> These are just three examples of how Open Banking, a platform-based business approach, is already reshaping the retail bank customer experience for retail consumers.

It is set to do the same—and even—more for commercial banking.

As banks become innovative data traders with third-party providers (TPPs), small- and medium-sized enterprises (SMEs) and larger corporates stand to gain Open Banking solutions that both improve the way they operate/interconnect their finances and expand their ecosystems. And corporates are already preparing for it.

We recently polled 330 small businesses, 330 large corporations and 100 global banks across 11 countries to assess their perspectives on and priorities for Open Banking in the corporate sector. Thirty-five percent of the SMEs and large corporations already participate in Open Banking ecosystem platforms, and another 42 percent plan to do so next year. Their top-two motivations: gaining access to innovative banking services (27 percent) and extending their market reach (22 percent), as shown in Figure 1.

There is no shortage of opportunities for Open Banking innovation to benefit corporates. U.S. Bank, for example, is placing its Accounts Payable Optimizer app inside the Sage Live accounting platform, providing cash flow analysis to help Sage's SME customers in the US and Canada maximize their working capital and manage their cash flow in near real-time.<sup>4</sup>

1 Business Insider, "BBVA puts its open APIs into the wild," May 25, 2017. <https://www.businessinsider.com/bbva-puts-its-open-apis-into-the-wild-2017-5>

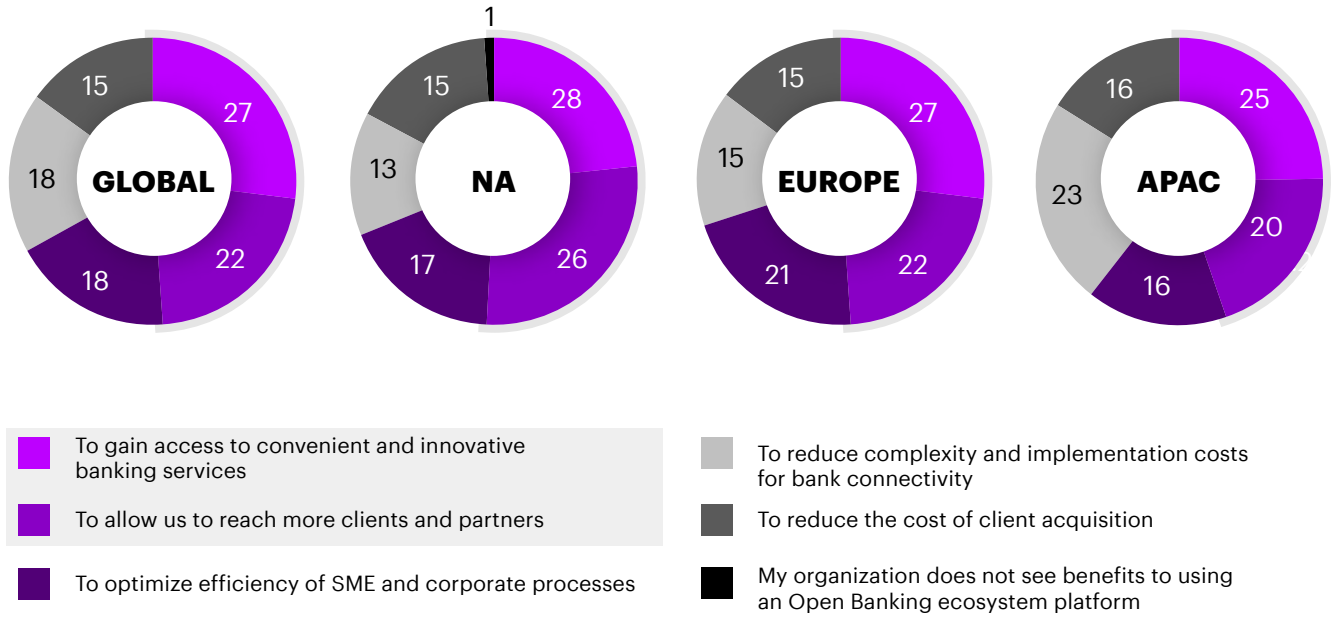
2 Citi, <https://www.citigroup.com/citi/news/2018/180508a.htm>

3 Capital One DevExchange, <https://developer.capitalone.com/products/bank-account-starter/homepage/>

4 Small Business Trends, "U.S. Bank and Sage Announce AP Optimizer to Streamline Invoice Payments," July 28, 2016. <https://smallbiztrends.com/2016/07/sage-partner-us-bank-cash-flow-statement.html>

## Figure 1. Corporates expect Open Banking to give them greater banking access and a larger reach

What are the most significant benefits to your organization of using an Open Banking Ecosystem platform? (%)



Note: N=660  
Source: Accenture Open Banking for Businesses Survey 2018

# As Open Banking gains traction, so will its use cases for commercial bank customers

Pro-competition regulation coupled with digitization is welcoming new entrants into banking and other financial services. Though Open Banking is making faster headway in the competition-friendly U.K. and PSD2 in the E.U., it is gaining traction around the globe—Asia, Australia, North America and others—and creating opportunities for businesses, initially around accounts- and payments-related functions (Figure 2). The shift is inviting new entrants and boosting cross-industry ecosystem platform plays which benefit commercial businesses’ cost efficiency and market reach.

Fundamentally, Open Banking triggers a decoupling of services distribution from production. The risk for banks is that they remain bound to the production side, providing basic functions while newcomers, like fintechs and non-bank firms, operate as over-the-top providers, looking to intercept the largest share of value. Should regulatory-driven actions allow fintechs and non-banks to take customers, say in the profitable lending and foreign exchange services business, banks risk losing their competitive advantage of being their clients’ primary partner and being reduced to the role of a commodity product provider.

**Figure 2 . Payments and accounts are key in the first wave of Open Banking globally**

TYPES OF SERVICE	OPEN BANKING UK	PSD2	NACHA*	MEXICO	HKMA**	SINGAPORE	AUSTRALIA	NEW ZEALAND
PAYMENT INITIATION	✓	✓	✓	✓	✓	✓		✓
PAYMENT STATUS	✓	✓	✓	✓	✓	✓		✓
PAYMENT ACCOUNT INFORMATION	✓	✓	✓	✓	✓	✓	✓	✓
PRODUCT INFORMATION	✓			✓	✓	✓	✓	
PRODUCT OPENING					✓		✓	
FRAUD & RISK REDUCTION			✓					
CUSTOMER INSIGHTS							✓	
CREDIT SCORING			✓			✓	✓	
OTHER DEPOSIT ACCOUNTS	✓	✓	✓	✓	✓	✓	✓	✓
LOANS	✓		✓	✓	✓	✓	✓	
INSURANCE				✓	✓	✓	✓	

Regulation and APIs existing (CMA) or in September 2019 (PSD2)

Regulation, Government- or Market Initiative to provide first APIs in 2018-2020

More traditional scope of regulations

\* NACHA API Standardization Group initially plan to publish APIs on Payments, Account Information, Account Validation / Tax Payments

\*\* HKMA Open API regulation initially plan to push for APIs on Product Information, Product Opening an later on Transactions, Account Information (bank, loan, mortgages, credit card...)

# INDUSTRY PLAYERS RECOGNIZE THE OPPORTUNITY TO ENHANCE THEIR CORPORATE RELATIONSHIPS

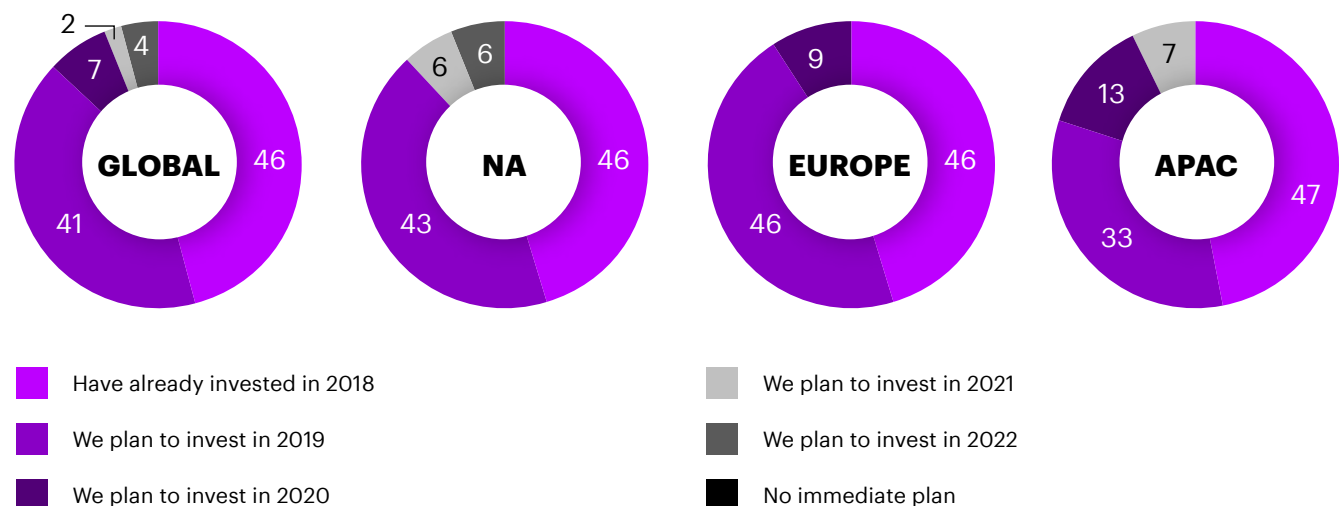
**Both incumbent banks and digital newcomers are recognizing the value of Open Banking to commercial entities and to their bottom lines.**

More than 90 percent of banks in our survey see Open Banking for SMEs and large corporations as a key strategic initiative in their digital transformation programs. More than 85 percent have already invested in Open Banking for commercial clients or

plan to do so in 2019 (Figure 3). Most plan to invest up to USD\$20 million each to undertake initiatives such as building Open Banking platforms, offering TPP services and exploring use cases. Importantly, half of banks expect five to 10 percent of their revenue growth to come from Open Banking for commercial customers (Figure 4).

**Figure 3. Banks are already investing in Open Banking for commercial customers**

When does your bank plan to make investments in Open Banking for SMEs and Corporate customers? (%)



Note: N=100  
Source: Accenture Open Banking for Businesses Survey 2018

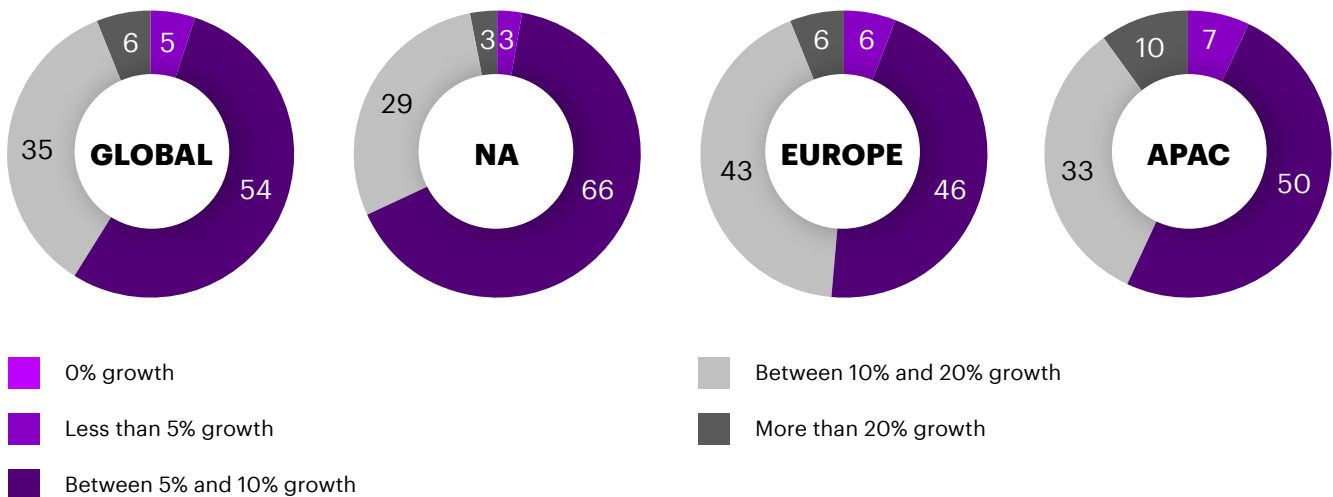
## Banks in Europe (77%), North America (72%) and Asia (61%) plan to invest up to USD\$20 million each to undertake Open Banking initiatives for commercial customers.

Banks aren't alone. Nimble digital newcomers, like LendingClub, Kabbage and Tide, are also eager to engage with the ecosystem. They are already taking advantage of Open Banking innovation to woo banking business at commercial entities. They are using real-time data to offer more customer-centric bundled solutions on seamless platform-based ecosystems that interact with banks where necessary.

Take Xero, one of the world's largest cloud-based SME bookkeeping service providers. It has more than one million clients worldwide and offers a range of platform-based services for SMEs, including view of cash flow in real-time, online invoicing of customers and near-instant reconciliation of bank accounts.<sup>5</sup>

**Figure 4. Half of banks expect Open Banking for corporates to drive five to 10 percent of their revenue growth**

What percentage of banking revenues growth does your bank expect to derive from Open Banking for SME and Corporate clients over the next 3 to 5 years? (%)



Note: N=100  
Source: Accenture Open Banking for Businesses Survey 2018

5 Xero, [www.xero.com](http://www.xero.com)

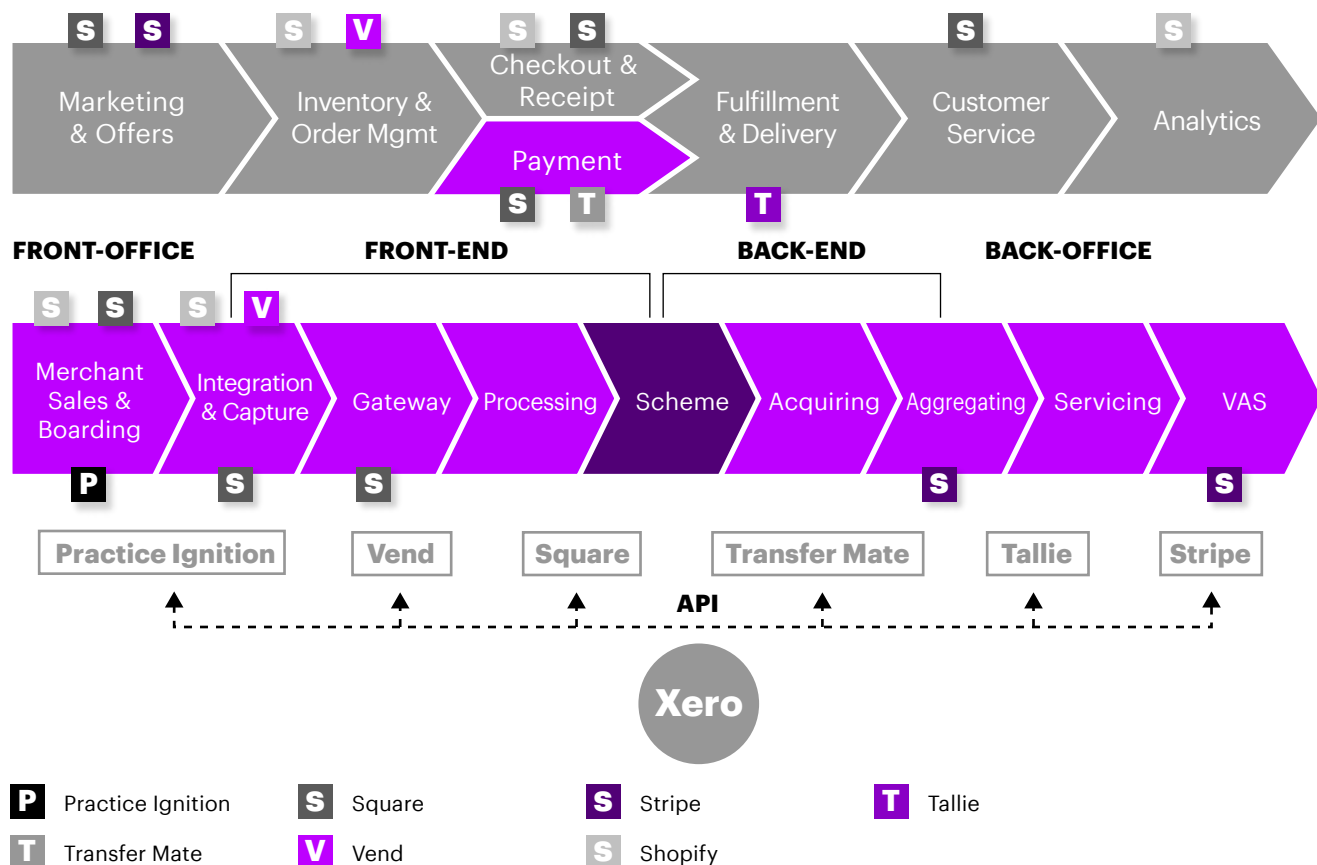
Many of these services are provided by other TPPs, such as TransferMate and Square, that operate on the Xero platform (Figure 5). With Open Banking, the competitive positions of Xero and other similar players will expand further into the commercial banking value chain.

Fintechs and ERP software providers, like Stripe for online payments processing and SAP for cash management-ERP integration, are looking to help corporates gain greater efficiencies in payments. One example is AribaPay, a payments system developed by SAP and Discover Financial Services that

operates on the SAP Ariba network and is designed to bring a consumer-like experience to B2B payments.<sup>6</sup> The advent of Open Banking will quicken this trend.

Still, banks have a distinct advantage: stronger trust bonds with their commercial customers built on a heritage of data security and privacy. In fact, 68 percent of companies globally would prefer their bank to provide them an Open Banking ecosystem (Figure 6); 55 percent (71 percent in North America) would want to partner with a payments TPP. And only 45 percent of companies are fully satisfied with their organization’s business software with regards to payments and banking.

**Figure 5. Digital newcomer Xero relies on an API-integrated ecosystem of partners to create value for SMEs**



Source: Accenture

<sup>6</sup> Ariba, <https://www.ariba.com/solutions/solutions-overview/financial-supply-chain/sap-ariba-payables/payment-capability>



Incumbents can draw on their still-preferred positioning to help corporates improve the way they manage their business (particularly working capital) by easily and quickly accessing their banking information across multiple banking relationships and initiating transactions on a real-time basis from multiple sources. Banks can then use this extra data to credit score and analyze their commercial customers more effectively, resulting in better outcomes like more accurate lending, pre-approved loan amounts and dynamic loan pricing.

Yet, often hindering banks' competitiveness is a disconnect in truly knowing what commercial bank customers want. Traditionally, banks could get away with telling corporates what they were going to sell them and when. Open Banking is stripping away this unique protection and banks must adapt.

**Figure 6. Companies prefer to join Open Banking ecosystems with their bank**

Would your organization be more interested in joining an Open Banking ecosystem platform with your bank or a non-bank? (%)



Note: N=660  
Source: Accenture

# Clear and important distinctions

The differences between small, medium and large corporates—from size and budgets to culture and capabilities—show up in what commercial bank customers expect from Open Banking and how they plan to use it to expand their ecosystems and extend their reach.

	Large Corporations	Small- and Medium-sized Enterprises
The two most significant benefits to our organization of using an Open Banking ecosystem platform:	<ul style="list-style-type: none"> <li>• Gain access to convenient and innovative banking services (30%)</li> <li>• Allow us to reach more clients and partners (19%)</li> </ul>	<ul style="list-style-type: none"> <li>• Gain access to convenient and innovative banking services (23%)</li> <li>• Allow us to reach more clients and partners (25%)</li> </ul>
We'd be more interested in joining an Open Banking ecosystem platform with banks.	72%	65%
We would prefer our bank to provide an Open Banking ecosystem.	69%	60%
The top three areas of our business that could be improved in partnership with our bank, as banks move towards Open Banking:	<ul style="list-style-type: none"> <li>• Finance (24%)</li> <li>• Payments (22%)</li> <li>• Treasury Management (18%)</li> </ul>	<ul style="list-style-type: none"> <li>• Payments (25%)</li> <li>• Cash Management (21%)</li> <li>• Finance (18%)</li> </ul>
We are satisfied with our organization's business software with regards to payments and banking.	51%	39%

Note: N=660 (Large Corporations= 330, SME=330)

Source: Accenture Open Banking for Businesses Survey 2018

# GAPS EXIST BETWEEN WHAT CORPORATES WANT AND WHAT BANKS EXPECT TO PROVIDE

**Commercial bank customers want the same thing that retail bank customers want: more innovative processes and better customer experiences with seamless, easy-to-use solutions that help them extend their ecosystem and reach.**

SMEs, for example, typically do not have their own Treasury departments as their larger counterparts do. Thus, it is valuable for them to have real-time access to their cashflow and liquidity positions—a capability that Open Banking can provide. The right Open Banking solutions can give SMEs an aggregated view of their accounts across multiple banks which translates into a real benefit in terms of better business understanding and cash-flow management. As such, SMEs want access to solutions that unify and simplify cumbersome business and administrative processes, such as accounting, bookkeeping, payments, taxation and cash management. Those we surveyed cited payments (25 percent) and cash management (21 percent) as the areas of their business that could be most improved in partnership with their bank. And many are willing to pay a reasonable premium to get the benefits. Banks have a different expectation for SMEs. The top-two value-added, Open Banking and ecosystem platform services they expect to provide for their SME customers are banking as a platform that covers all relevant needs of the SME value chain (33 percent) and finance (15 percent). Only 10 percent cited cash management and nine percent stated payments.

For larger corporates, robust cash management service is a given. Some areas within their Corporate Treasury departments specifically focus on understanding the organization's immediate cash flow and liquidity positions. It's no surprise, then, that large corporates will pay a premium for value-added services that deliver more efficient finance processes. Of the top three areas of their businesses that could be improved in partnership with their bank, large corporations cited finance (24 percent), payments (22 percent) and treasury management (18 percent). From banks' view, banking as a platform (22 percent) and payments (15 percent) top the list for large corporations. Finance (14 percent) came in third for banks, followed by treasury management (12 percent).

Though the Open Banking priority gap is more notable in the SME segment, banks will need to offer solutions that tightly align with what their commercial clients want and need if they are to retain their dominance in this segment.

# WHERE COMMERCIAL BANKING MUST GO IN THE OPEN BANKING ECONOMY

**To stay relevant to commercial customers and grow, banks must come out of their comfort zone and rethink the way they address both SMEs and large corporates.**

Bank teams that serve these business segments represent two sides of the same coin: helping businesses improve the way they operate and serve their own customers. These bank departments can learn from one another on how best to strengthen and expand their roles with these clients. We identified four ways that commercial banks can use Open Banking innovation to expand their own ecosystems and reach:

- 1 Create a 360-degree view of the client**
- 2 Monetize APIs**
- 3 Establish revenue-sharing ecosystems**
- 4 Do banking as a platform or as a service**

## **1 Use rich data to create a 360-degree view of the client**

Banks will need to shift from a traditionally narrow, product-siloed way of perceiving commercial customers to close the gap between what commercial bank customers want and what banks expect to provide. With digitization and Open Banking, financial services providers have a chance to offer more bundled services to meet the unfulfilled needs of SMEs and corporates—if they know their clients well enough to offer the personalized, value-added services enabled by Open Banking.

A key driver for creating an effective and efficient 360-degree view of the customer is richer data. Open Banking means that banks will have access to data they could not have obtained before, and with that comes much greater insight into their customers that yields value. Credit scoring, for example, can become more precise. Pricing of loans and products can be tightened and refined. Pre-approved loan amounts can be offered accurately—all because the bank better understands its commercial customer's behavior and cash flow.

## **2 Monetize APIs in three key ways**

In most cases, the first wave of regulatory-required APIs coming from banks are either free of charge or work as an additional service to retain corporate clients. Banks will need to partner with ERP providers and select fintechs to monetize APIs through joint offering developments across three areas (Figure 7):

- As a channel. CitiConnect® is a good example. It distributes an underlying service or product—in this situation, a treasury solution—that displaces the previous host2host channel.<sup>7</sup>
- As a product provided to an ecosystem of third-party platforms for a far wider reach. One example is Bunq, a Dutch mobile-based bank that offers a volumetric-driven pricing structure for API calls, such as initiating euro payments through the Single Euro Payments Area system.<sup>8</sup>
- As data, where an API delivers data points that provide value-added insights to third-party platforms. Orange Bank, for example, offers value-added data services in this way.<sup>9</sup>

### 3 Establish revenue-sharing ecosystems

Though revenue-sharing models are new to banks, incumbents will need to embrace them along with ecosystem platforms. Banks can work closely with TPPs to create revenue-sharing ecosystems that generate a network effect and cross-selling opportunities. Such an ecosystem offers an expandable, flexible network that is future-proofed and easily refreshed with new functionalities. The good news is that 89 percent of banks are ready to build an ecosystem platform with third-party services to benefit their SME and corporate customers. In doing so, however, banks must build capabilities into their revenue-sharing ecosystem models, and plan wisely to nurture and hold two of their essential advantages: owning the client relationship and keeping their clients trust. As Open Banking takes off, these will prove vital.

### 4 Do banking as a platform or as a service

SMEs will benefit more from banking as a platform (BaaP), on which value-added services can be bundled together with TPPs that will generate a network effect and bring cross-selling opportunities. For larger corporates, the goal is developing banking as a service (BaaS), starting with bespoke APIs that amplify the power of distribution and the ability to connect to multiple banks, while boosting efficiencies in treasury functions.

**BaaP for SMEs.** To exploit Open Banking for small businesses, banks can become platforms with an API-enabled network of partners complete with advisory, business management and traditional banking services. The key here is integration that allows service providers to use data to anticipate a SME client's needs and make the right offer to meet those needs. It's what non-banks and new entrants (again, think Xero) are doing and, in the process, expanding their reach into broader areas of the small business value chain (Figure 8).

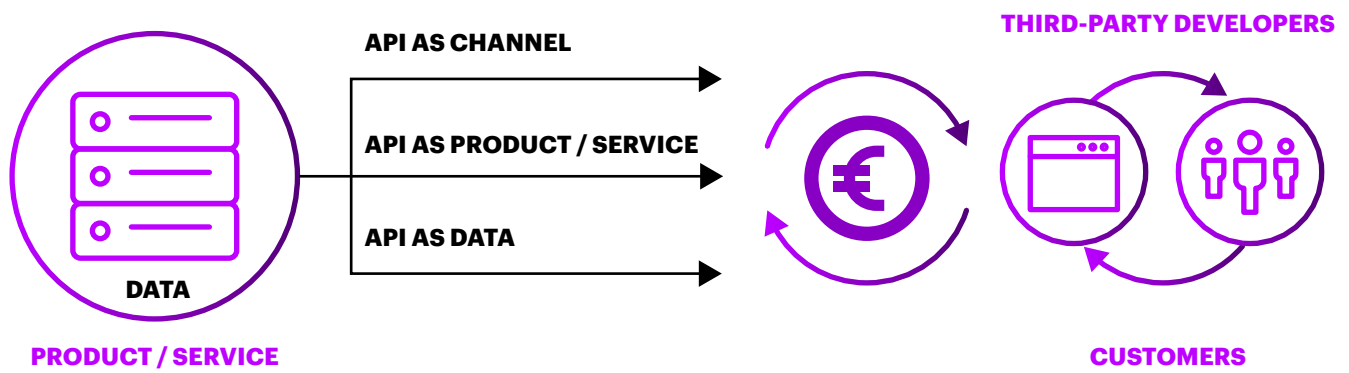
**BaaS for large corporates.** APIs are a key part of the banking as a service solution for larger corporates. While large companies already use existing interfaces for financial data transmission and transaction execution (such as EBICS in Central Europe and SWIFT internationally), modern and bespoke APIs and Open Banking amplify the power of distribution and the ability to connect to multiple banks, while boosting efficiencies. Wells Fargo and Citi are good examples of this. Still, simply offering APIs won't meet corporate needs for greater efficiency in finance, payments and collections, reconciliation or liquidity management. For these cases, banks should partner with ERP providers and select fintechs to develop joint offerings. The aim is to provide solutions, based on where the bank is now, that meet large commercial clients' needs.

7 Citi. <https://www.citibank.com/tts/solutions/channel-services/citiconnect/>

8 Bunq, <https://www.bunq.com/developer>

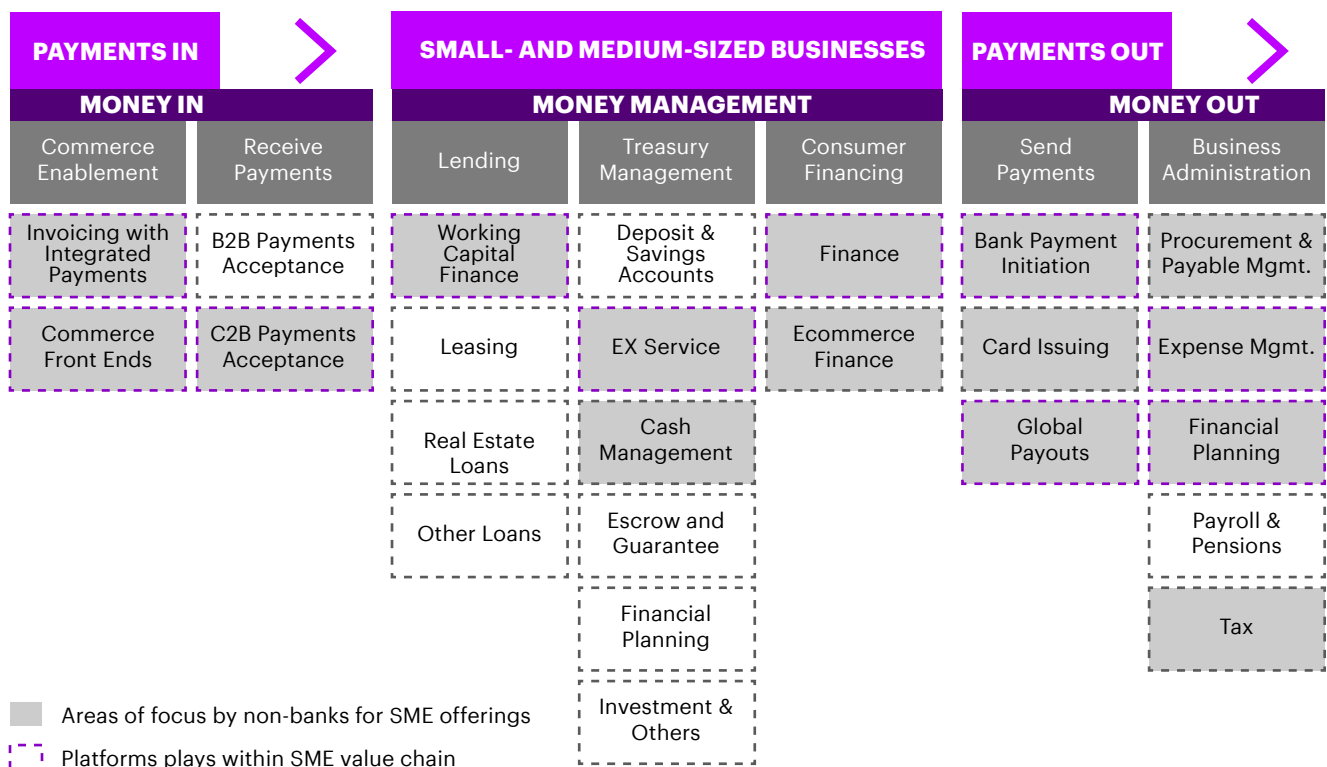
9 Orange, <https://www.orange.com/en/Group/Orange-in-the-world/countries/In-Africa-and-the-Middle-East-2017/Suite/Offrir-des-services-createurs-de-valeur>

**Figure 7. Banks can monetize APIs in three key ways**



Source: Accenture

**Figure 8. Non-banks cover more of the SME value chain through platform plays**



Source: Accenture

# WHAT COMMERCIAL BANKS MUST DO NOW: PROTECT, INVEST AND DIVERSIFY

**Figure 9. Winning banks will devise a plan over the next 24 months to move forward with their Open Banking initiatives for SMEs and large corporates**



**There are a few actions banks can take over the next 24 months to safeguard their commercial market positions and extend their ecosystems and reach.** Three tactical areas are key (Figure 9):

**Protect and retain** by identifying and developing solutions around those areas where the threat is low or where the bank is dominant (for example, B2B payment acceptance, loans, investment products, deposit and savings accounts and escrow facilities). This tactic also dictates that banks ready their architectures and organizations for Open Banking by building APIs, decoupling architectures and adapting internal functions (such as procurement, legal, and so forth).

**Invest and grow** by exploring strategic partnerships. A big part of this is making better use of bank data to more effectively team with TPPs in ways that ensure banks are the ecosystem partner of choice by providing, for example, plug-and-play API services; setting up banking solutions that integrate with their client's systems; creating tools that manage overall engagement; and providing meaningful data insights to increase client loyalty. This is about banks bolstering themselves commercially for Open Banking—monetizing APIs (as discussed earlier), launching and running developer portals, creating pertinent platforms, setting up or improving their partner management capabilities, and more. Only four percent of banks have no immediate plans to invest in Open Banking for SMEs and Corporate customers.

**Diversify** into new strategic markets or services by tapping into ecosystems to open new revenue streams in related fields such as leasing, financial planning, payroll or pensions services. Most banks expect to derive upwards of 20 percent revenue growth from Open Banking for SME and corporate clients over the next three to five years. For banks, it means embracing new growth-inducing options like participating in platforms with non-banks (such as trade, logistics or market places) and exploring new revenue streams from allowing third parties on their platforms (such as kick-back fees).

It's now time for the Open Banking momentum to swing to commercial banking. Banks that adapt their operating and business models to embrace platform ecosystems will position themselves as vital anchor points for optimizing Open Banking for SMEs and large corporates. Banks have the advantages to lead this charge, which is what their commercial customers want. And banks can gain early mover advantage by taking strategic steps, like integrating API ecosystems that are focused on data integration and services and providing the solutions that corporates want, when they want it. If they don't, others will.

Accenture has the insight, experience and capabilities to help banks come out of their comfort zone and use Open Banking innovation to reshape commercial banking in ways that expand ecosystems, extend reach and unlock value for their commercial customers and themselves.

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## RESEARCH METHODOLOGY

Accenture Research conducted an online survey of 100 global banks, 330 small businesses and 330 large corporations in 11 countries (U.S., Canada, U.K., France, Germany, Italy, Sweden, Australia, Singapore, Thailand, and Hong Kong), between September 1, 2018 and September 24, 2018. Bank executive leaders we interviewed included chief operating officers, chief information officers, chief innovation officers, chief information security officers, heads of transaction banking, directors of payments services, directors of brand marketing, heads of payments infrastructures, heads of Open Banking and heads of payments products. For large corporations and small businesses, the panel included chief operating officers, chief financial officers, heads of treasury, heads of cash management, heads of procurement and treasurers. The overall margin of error is +/- 1.55 percentage points at the midpoint of the 95 percent confidence level.

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