

# Let's talk openly.

What do people think about open banking today? And where are the opportunities for banks and others to create value?

**INSIDE:** Results of Mambu's global open banking consumer survey

Open banking hasn't delivered what it promised. There, we said it. Yes, open banking is being used, and yes, there are advantages. But has it fully delivered on the potential to optimise how consumers move, manage and make the most of their money? We're saying no. Not yet.



And that's concerning as many in the industry are already talking about the next step for open banking – 'open finance'. Open finance is the extension of data-sharing principles to enable third party providers access to customers' data across an even broader range of financial sectors and products, including savings and investments.

For banks, open banking and open finance both have the potential to build loyalty and profits, but customers are confused as to what open banking really is. To truly be customer-centric it's time to stop talking 'open banking' and show them it's simply 'smart banking'.

Open banking is perhaps one of the most misunderstood recent developments in financial services. Fears about its security and how it relates to privacy are hampering its implementation and acceptance. If these misunderstandings continue, they threaten to hold back its widespread take up. Meanwhile, banks are missing out on an opportunity to build loyalty among their customers by showing them how useful open banking can be. The **most-loved financial brands** are ones that consumers deem to be helpful and empathetic.

To get better insight into how people view and use open banking today, we asked 2,000 global banking customers.\*

Here's what we found out:

To truly be customer-centric it's  
time to stop talking 'open banking'  
and show them it's simply  
**'smart  
banking'**



\* Results based on a poll of 2000 global banking customers in March 2021.

## The big disconnect

It's been three years since open banking's first adoption, and our recent survey into what customers think of it revealed that 80 percent of the respondents are embracing what it does for them. Whether that's being able to aggregate their financial information in one place; having their invoices paid faster and more securely; receiving instant loan decisions; or using budgeting apps – they are doing it and they're liking it.

But – and it's a big but – customers still don't get the term "open banking". When asked if they like open banking, 60 per cent said they do not. Why is there this disconnect between customers saying they don't like it, but in fact embracing what it does for them? And if this disconnect could be resolved, what difference would it make?

Open banking was born in Europe, introduced by regulators as a way to open up competition and increase innovation. Whisper it, many in the industry felt it was being forced upon them. Banks went ahead without really considering what it could do for their customers or what it could do for their business. The result has been confusion and lack of clarity amongst the public.

## The numbers tell an interesting story

Indeed, the recent growth in users – up from 18 million in 2019 to 40 million in 2021, according to [Juniper Research](#) – can be traced to the global pandemic, rather than to an overnight understanding by customers of what it can do for them. As countries introduced social distancing and lockdowns, populations had to find new ways to do what they used to do in person. Many turned to technology. Our survey found that 50 percent use two or more finance apps, while only 18 per cent said they don't use any. So if 80 percent are using some form of finance apps, it all appears to look good for open banking.

But a fact-defying 61 per cent said they never use open banking and 57 per cent said they were concerned about data sharing. Furthermore, 49 per cent said their bank hadn't explained what it was and 24 per cent said they could have explained it better. It's a similar story about banks failing to reassure them it is safe, show them the benefits, or encourage them to use it and help set it up.

Results of Mambu's  
global open banking  
consumer survey

# 61%

Of respondents claim they currently don't use open banking, however only 18.49% said they don't currently use finance apps

# 54%

Of respondents are using between 1 and 3 finance apps, while nearly 20% are using 5+ apps



## Results of Mambu's global open banking consumer survey

57%

Of consumers biggest concern regarding open banking is data sharing

43%

Believe that open banking is a dangerous use of data sharing

52%

Of global respondents have not heard of 'open banking'

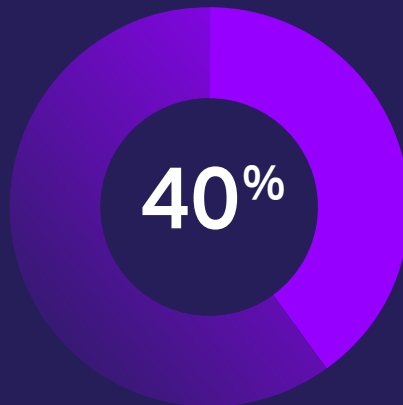
51%

Overall, half of respondents (50.52%) feel their banks dropped the ball when supporting them with open banking

49%

Believe their bank did not explain the benefits of open banking, when introduced, with 24% claiming banks could have done better with their explanation

The pandemic is undoubtedly impacting the perception and increasing adoption of open banking, demonstrating the need and opportunity for open banking:



Of respondents claim their attitude has changed since the pandemic



Of respondents are using two or more finance apps

The best conclusion to be drawn from all this is that when customers use open banking, they do it without realising what it is. So, what should banks do to move forward?

## Open banking implementation

Europe is undoubtedly leading the charge when it comes to implementation and adoption of open banking. The Open Banking Implementation Entity revealed that, as of September 2020, more than 2 million consumers in the UK alone now use open banking products, having doubled since January 2019. This represents a steady increase of around 160,000 users per month. However, it is Nordic businesses that are leading the way in European open banking, due to a combination of an advanced digital society and government support.

However, it is not just a matter of replicating the European approach in other markets, however, [as defined by Deloitte](#), the approaches fall somewhat into one of two categories: market-driven or regulatory-driven. Countries with a market-driven approach (including India, Japan, Singapore, US and South Korea) do not have a formal or compulsory system, unlike the regulatory-driven approaches taken by countries including Hong Kong and Australia. As surmised by Deloitte, these different methods make the creation of a safe and fully functioning cross-industry data sharing ecosystem an increasing challenge. All is not lost though. According to Juniper Research, the pandemic has increased 'the need for consumers to aggregate accounts and gain insight into their financial health; boosting the drive towards open banking adoption.'

Results of Mambu's  
global open banking  
consumer survey

49%

Claim banks did not encourage them to use open banking

50%

Think the bank did not explain the safety of open banking

## Change the record

If customers don't like the sound of open banking, it's time for a different tune. Instead of *talking* about open banking, show that it means *smart banking*. Our survey reveals the majority of customers don't understand what open banking is, how it works and what it means for them.

But it also reveals they do care about receiving better financial services that support their lifestyles – smart banking. Addressing this will take opening banking to the next level, helping banks build customer loyalty and provide genuinely innovative, differentiating, revenue-generating services.

By looking at what fueled growth during the pandemic, they can get an idea of how to proceed. According to our survey, 52 per cent said they wanted more control over their finances – hardly surprising given that so many people have seen their lives turned upside down and had long shadows cast over job security and prospects. At the same time, 40 per cent said the pandemic had changed their attitudes to privacy and 24 per cent to data sharing. Another boost came from the 41 per cent who said they have had more time for research.

**What customers think about their financial services**

**52%**

I have needed to take more control of my finances

**41%**

I have had the time to do my own research and understand it better

**40%**

My attitude to privacy has changed since the pandemic

**24%**

I'm less worried about sharing data

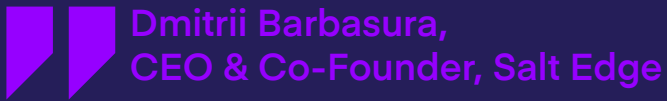
**40%**

I have had more time to set it up

These are encouraging trends. But it's important to remember that some customers will revert to previous behaviour once restrictions on social distancing are lifted. After all, our survey showed that 48 per cent of customers remain scared of open banking. It's also worth noting that people will have less time to research products and offers as the world opens back up.

Offer these doubters open banking services that will help them bank smart, and they are likely to become converts. It's a question of listening and responding. Our survey, for example, showed nearly half want instant digital money transfers; more than a third want aggregated bank balances at a glance; a third want tips on better money management and a quarter want money-saving suggestions for their bills. There are undoubtedly myriad more services yet to be thought of.

## Discovering the silver lining



**Dmitrii Barbasura,**  
CEO & Co-Founder, Salt Edge



Open banking brings a lot of benefits to customers but mostly, it is about control for customers. So, how can banks help consumers gain and keep control?

Banks must accept that open banking is still a not fully comprehended phenomenon so this is the starting point. Invest time and effort in educating customers about the new possibilities they get access to, and also inform them about their rights and the high safety level covered by open banking.

Next, banks are gatekeepers of open banking interfaces. They're in control of how easy it is for end-users to authorise certain actions, to confirm or decline third party access, to understand and leverage the available options. So ensuring a user-friendly interface is an important aspect banks should pay attention to.

Banks can also provide additional value-added services based on the data they have about their customers: depending on what services they use most, expenses they have, or apps they prefer, banks can build new offers meant to ease-up their clients' lives.

Importantly banks can and should collaborate with third parties in the open banking framework to ensure that the end-customer gets the full spectrum of services. As every customer has their own needs, banks can take care of some segments, and partner-up with third parties to cover the needs for more.

Open banking participants should educate their consumers, work for their benefit, act in their interest. Because, at the end of the day, the customers' satisfaction turns into the business's great advantage over its competitors.



**Oliver Prill,**  
CEO, Tide



The slow uptake of open banking has meant missed opportunities for both customers and companies who might have created new products and services. The fact that open banking hasn't been as popular as it could be is the result, at least in part, of foot-dragging by some of the large financial institutions, who may have perceived open banking as more of a threat than an opportunity. It was certainly an unwelcome cost to some of them.

Open banking needs to become a business opportunity, not a threat, for the large banks. We believe there is a whole level of data that the large institutions could make available to companies like Tide, for a modest fee, which would allow us and others to create a raft of new and innovative products and services for our members. Such premium services could be offered in addition to the basic free open banking access.



## Results of Mambu's global open banking consumer survey

48%

Instantly transfer money between different accounts

38%

See different account balances together at a glance

36%

Help boost my savings automatically calculating spending patterns and moving spare money into savings or investments

34%

Receive helpful hints about better money management

34%

Receive one overall monthly bank statement

26%

Allow access to banking data to receive automatic suggestions about money saving on bills and insurance

It's time banks realized that their customers don't need to know how all this happens – just that it's secure and reliable. As Sulabh Agarwal, managing director at Accenture, says:

**“A normal person doesn't know or care about open banking, but if you say to them it will fill in your tax [return] based on your banking data, they'll love it. They don't need to know that there's open banking behind it.”**

# So, what next?

## Some things to think about:

### **Think holistically.**

The survey revealed that 57% said they would be more likely to use open banking services if their bank had more successfully implemented and promoted it. They need to know their customers, crunch their data, predict what they need and offer the right help exactly when it is needed. But a bank can't do this alone. It demands working within an ecosystem of complementary partners to make sure that the bank can always offer the best-in-class, not just a proprietary product, thereby maximising its reach and attractiveness.

### **Customer first always.**

Open banking has already opened up the opportunity for banks to offer hugely valuable services to customers that help build loyalty. But they have failed to put the customer at the heart of what they are doing and actually show them how much better banking can be. Once they do that, they will get their customers onboard and will thrive. Just as they will help their customers to do the same. Open banking is smart banking. And everyone wants some of that.

### **Time for a rebrand.**

'Open banking' clearly has not been claimed by or resonated with consumers, with 52% of respondents having never heard of the term. Consumers value transparency and clear, simple language in communications. We don't have the answer, but something more along the lines of shared, smart or collaborative banking could be interesting.

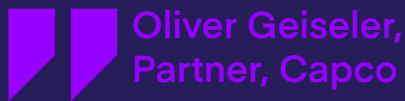
### **Add value.**

Ensuring consumer's concerns are alleviated, it's important to communicate the full value of open banking and the benefits it can bring. Align your messaging to the features that your customers value most, such as money transfer between different accounts and seeing multiple account balances together at a glance.

### **Safety first.**

Is your messaging focusing more on the simplicity that open banking provides, or is it emphasising privacy and safety? The survey showed nearly three in five customers have concerns about privacy and security when it comes to open banking, so customers need to be reassured of this from the outset.

## Creating value added services



Oliver Geiseler,  
Partner, Capco

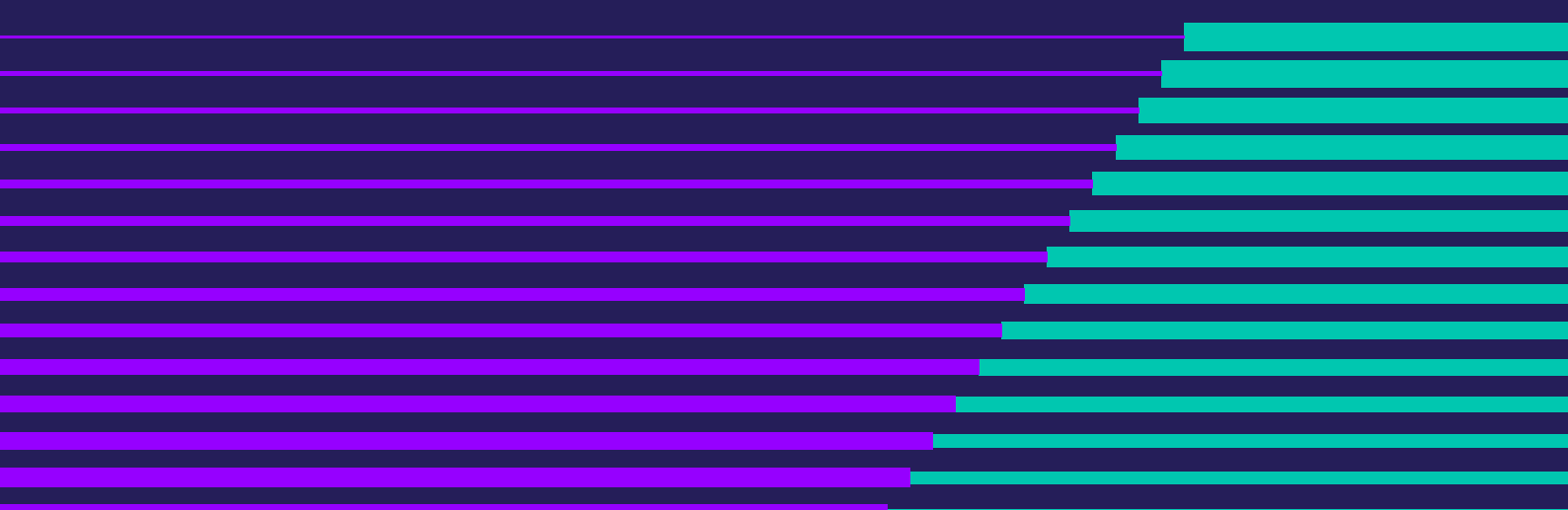
CAPCO

With open banking, regulators created the basis for easy integration of banking services into other financial as well as non-financial offerings. Using just two rather basic payments related items - account information and payment initiation - providers can create an almost unlimited number of value adding services for their clients.

This will eventually result in multiple comprehensive ecosystems focusing on customer needs rather than individual vendors' product offerings. Some perceive these ecosystems as a threat to their business model but there are a variety of business opportunities. They can:

- Act as third-party payment service providers (TPP) offering new services such as, for example, a personal finance management (PFM) online/mobile solution which would include accounts from other banks.
- Integrate non-banking services and, by doing so, generate new revenue streams (beyond banking).
- Partner with third-parties providing new services to clients and thus creating a unique selling proposition (USP) for products which may be seen as a commodity.

While open banking is definitely not the only factor to be considered, to get maximum daily interaction with their customers via digital channels, banks need to increase their service offerings to offer customers more control. Alternatively, banks risk losing 'connection' with their customers, which will ultimately result in other providers taking over and banks becoming pure product and infrastructure providers. Open banking's transparency and high margin pressures make this negative outcome for banks even more likely.



## How can we help you?

Open banking allows for innovation and customisation in scenarios that institutions cannot possibly predict yet. More opportunities to differentiate. This is the time to personalise services, it is becoming the new norm. As an API-driven SaaS platform, Mambu is uniquely positioned to support your open banking ambitions.

## About Mambu

SaaS. Cloud native. API-driven. These all describe market-leading banking and financial services platform Mambu. Launched in 2011, Mambu can fast-track the design and build of nearly any type of financial offering - bank, lender, fintech and more. A unique composable approach means that independent components, systems and connectors can be assembled in any configuration to meet business needs and end user demands. Mambu has 500 employees that support 180 customers in over 65 countries, including N26, OakNorth, Tandem, ABN AMRO, Bank Islam and Orange Bank.

[mambu.com](https://mambu.com)  
[hello@mambu.com](mailto:hello@mambu.com)



# Disruption Diaries