

# Opening the Gates: Framework for an Open Banking Strategy

Authors:

Prof. Dr. Willem Standaert, HEC Liège – Management School of the University of Liège

Prof. Dr. Steve Muylle, Vlerick Business School & Ghent University

Prof. Dr. Bjorn Cumps, Vlerick Business School

## Abstract

This paper provides decision makers in digital banking with a framework for developing their open banking strategies. Based on interviews with experts from leading banks and insurers, fintech and big tech, a large consultancy and the regulator, we have identified five strategic dimensions of open banking: product innovation, customer experience integration, ecosystem competition, datascape, and geographical scope, and mapped the relationships between them. Decision makers in financial services can assess their position on these key dimensions of open banking and set their strategic direction. Using the framework, we also illustrate how hitherto relatively closed banks with a dominant market position are starting to transform into open ecosystem players that embrace digital innovation. Likewise, we show how open banking initiatives of big tech and fintech can be mapped on the framework. In addition, the paper reviews how regulation, market, and digital technology impact open banking strategy.

Key words: open banking; regulation; digital strategy; Fintech; Big tech; digital innovation

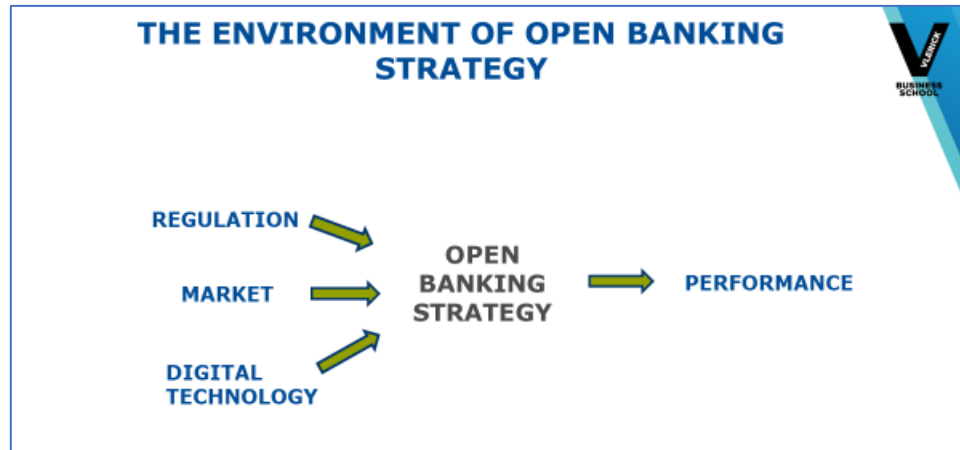
## 1. Introduction

The financial services industry is on the verge of radical change, set into effect by regulation, driven by the market, and enabled by digital technology (see **insert**: ‘The environment of open banking strategy’). As of January 2018, when the rules of the Payment Service Directive 2 (PSD2) were applied in Europe, executives at financial services firms could no longer afford to bury their heads in the sand, and they started planning and experimenting with open banking strategic initiatives. Given the 14 September 2019 deadline for complying with the Regulatory Technical Standards (RTS) of PSD2, financial services firms are now going through a spectacular metamorphosis: from relatively closed entities that view the new regulation as a threat to their dominant market positions, to ecosystem players that embrace digital innovation in financial accounts and payments.<sup>1</sup> While the

---

<sup>1</sup> Slagmulder, R., Cumps, B., & Dillen, Y. 2018, “Payments: Refurbish or rebuild,” *Journal of Digital Banking* (3:1), pp. 39-50.

regulatory changes have set the market in motion, digital innovation in the financial services industry is being further fuelled by fintech and big tech players. In response, some financial services industry players have pressed ahead and are going beyond the legal requirements, taking open banking to new heights.



### 1.1 Methodology

To better understand the radical changes brought about by open banking and to identify potential strategic responses for financial service providers, we have conducted a research study with various industry experts mostly in Belgium, including key decision makers at several big banks and insurers, big tech and fintech players, as well as a big consultancy and the regulator (see [detailed list below](#)). Each of the experts was interviewed using a semi-structured questionnaire that covered specific topics in open banking while leaving room for additional insight. Each interview took at least one hour, was transcribed, and validated with the respondent. Expert interviews are particularly useful for providing exploratory insight into and understanding of complex and uncertain, future events such as technology adoption, and allows for ambiguities to be clarified. In return for their participation, the experts were offered a feedback report.

### 1.2 Key Insights

The experts view open banking as a game changer for the industry, as they subscribe to a threefold interpretation of the ‘open’ future state of financial services:

1. Financial services provisioning is expected to *open* up, as big tech, fintech, and players from other industries integrate financial products in their offerings, while developing new customer experiences, business models and ecosystems.
2. Financial service providers face a rather *uncertain* future, as open banking gains momentum and empowers customers to more easily switch or combine providers.
3. The performance of open banking is an *open* question.

Given the significant stakes, players in the financial services industry (including incumbents, fintechs and big techs) are in search of strategic responses. From our research, we have identified 3 strategic dimensions of open banking strategy: 1. Products (what?), 2. Customers (to whom?), and 3. Ecosystems (where?). In addition, we consider how access to data (“datascape”) and geographical scope influence these dimensions. In this paper, we describe and illustrate how financial services companies in Belgium adopt different levels of “openness” for each of these strategic dimensions individually, and how they combine different levels of openness across the dimensions. The patterns that emerge from our study are not cast in stone and will most likely change as open banking evolves. While digital leaders will shape the future pattern, others will watch which open banking strategies will play out to become the dominant ones.

## 2. Antecedent Factors

Open banking strategy is impacted by 3 sets of factors: regulation, market, and digital technology. While other factors may also impinge upon open banking strategy, the experts in our research study consider these 3 factors to be key.

### 2.1 Regulation

PSD2 is a directive administered by the European Commission. It is the successor to the first Payment Services Directive (PSD1), which came into effect in December 2007. The goal of PSD1 was to enable non-financial institutions to offer IBAN (International Bank Account Number – a code that identifies the country, the bank, and the account of the holder) accounts and cards, within the European Economic Area. PSD2 entered into force on 12 January 2016 and applies since 13 January 2018. PSD2 strives to further level the playing field and stimulate competition by allowing non-banks to provide account information and/or payment initiation services. Third party service providers can obtain an AISP (Account Information Service Provider) license, which enables them to use bank account information to provide a service to their customers, and/or a PISP (Payment Initiation Service Provider) license for initiating payments on their customers’ behalf. In both cases, customer consent is required. At the same time, European banks do not need to obtain any additional licenses (beyond their banking licenses) to offer these services.

The formal procedure to obtain an AISP/PISP license takes 3 months. However, the time needed to prepare the submission – which includes providing information about the type of data needed, as well as the full details of the service offering – can be substantial, delaying the go-live date for a few months. Optionally, applicants can seek help from accountants, consultancies, or law firms specialized in the subject. The submissions are treated confidentially, yet the entities to which the licences have been granted are made public by the national authorities. The European Banking

Authority (EBA)<sup>2</sup> provides an overview (see “Payment Institutions Register” at <https://euclid.eba.europa.eu/register/pir/search>). Note that third party service providers that obtain a licence in one European country can also provide their services in other European countries.

As to the banks, 14 September 2019 is an important deadline, as this is when they need to comply with the regulatory technical standards (RTS) of PSD2. In particular, the EBA develops and supervises directives to enhance security for electronic payments and for secure communication and data exchange between banks and third parties. Important milestones leading up to this deadline were: 14 March 2019, when all banks needed to offer so-called sandboxes, in which developers could experiment with the banks’ APIs (Application Programming Interfaces – see the ‘Digital Technology’ section of this paper) in a safe environment with dummy data; and 14 June 2019, when functional APIs needed to be ready and available in production environments, enabling access to actual customer data.

According to a research report by Tink<sup>3</sup>, the banks’ perception of this regulation as a threat to them was high. However, the experts in our study also pointed to potential opportunities, resulting from regulation providing an early warning signal to incumbent banks, who have responded by accelerating their push for innovation. Although it is not restrictive, regulation is also leading to the establishment of standards in the market that spur innovation further. Moreover, proactive banks have already started leveraging their newly acquired capabilities and technologies beyond what the regulator stipulates.

In addition, the General Data Protection Regulation (GDPR) is highly relevant to the open banking context. This EU regulation, which came into effect in May 2018, applies to all businesses active in the European Economic Area, and aims to give individuals control over their personal data. The key principles of the regulation state that the processing of an individual’s data must have the individual’s informed consent, and that the individual has the “right to be forgotten.” To date, several high-profile companies (e.g., British Airways, Google, Marriott) have been fined for violating the GDPR.

## 2.2 Market

In terms of market factors, customer behaviour and the role of fintech and big tech players are key. As to customer behaviour, the experts indicated that there is a big difference between retail and corporate customers as to their awareness of, and readiness for, open banking. PSD2 regulations apply to both types of customers equally, yet corporates tend to hold accounts at more banks and the efficiency gains are higher in terms of integration with other applications, such as accounting and cash flow

---

<sup>2</sup> The EBA is part of the European System of Financial Supervision. The EBA’s mission is to supervise and improve the implementation of harmonised European regulations.

<sup>3</sup> Tink: “Open Banking 2019: Inside the Minds of Europe’s Bankers”

management. The experts indicate that, although a lot of media attention goes to open banking strategies for retail, corporate customers are ahead in the adoption process.

Fintech players consider the open banking environment to be a given, which they embrace. According to the experts, fintech players have several advantages relative to banks, such as faster decision-making and the capacity to experiment with technology with little to lose. However, some fintech players have sought to partner with local, established banks to leverage their regional and cultural knowledge and appeal to their large customer bases. In addition, some fintechs seek partnerships with international entities (e.g., Mastercard) for their trusted reputation, scale, and understanding of regulatory differences around the world.

At the same time, fintech players are not merely becoming “Tech for Fin” players (providers of technology-related innovations to incumbents) – they are launching digital platform initiatives of their own, connecting banks and developers. For instance, Klarna and Tink, both fintech companies from Sweden, try to make the lives of developers easier by inviting third parties to connect to thousands of European banks through their single API. Other fintechs benefit from the regulator opening up spaces in the market by aggregating anonymized consumer data to provide their users with market insights and statistics, as well as financial incentives. As an example, Cake, a Belgian fintech, leverages anonymized consumer data to offer its users both personal advice on their spending behaviour (e.g., benchmarks) and financial rewards for sharing their data (which is monetized by third parties).

Big tech players are considered to be a more significant threat to the banks’ market positions than fintechs are, as they possess both technology savviness and large user bases. However, the experts point out that big tech players lack the regional and cultural knowledge that is required in banking. Also, the experts agreed that big tech players may not be interested in becoming full-fledged financial service companies, given the associated regulatory requirements. Indeed, a key strategic question is whether big tech firms want to adopt the banks’ balance sheets, which implies a restricted return on their assets. Moreover, big techs are already profiting from financial services firms by providing them with important cloud services. As to the latter, regulators may even be poised to step in because of the systemic concentration of risk.<sup>4</sup>

## 2.3 Digital Technology

The financial services environment is characterized by technology convergence, meaning that an abundance of technologies is becoming available that can be combined for digital innovations. These rapidly evolving and emerging technologies include (but are not limited to) Distributed Ledgers,

---

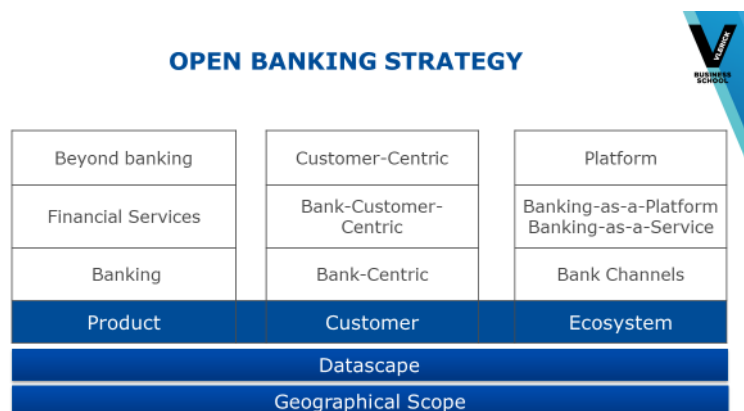
<sup>4</sup> European Banking Authority, Final Report: Recommendations on outsourcing to cloud service providers, December 2017.

Artificial Intelligence, Extended Reality, and Quantum Computing (together labelled as DARQ<sup>5</sup>), as well as more mature technologies such as social, mobile, analytics, Internet of Things and the aforementioned cloud (together labelled as SMACIT). Typically, fintech and big tech players are the first to bring the digital innovations to the financial services market.

According to the experts, the core enabling technology for open banking is an Application Programming Interface (API). An API defines the communication routines and data exchange between two programs and usually comes with documentation about how to implement and use them. For PSD2, banks are required to develop APIs that enable third party service providers to either access account information or initiate payments on a customer’s behalf, as stipulated in the RTS. In order to be neutral and future-proof, the EBA did not specify interoperability standards (i.e., specific API designs) in the RTS. However, standardization initiatives have emerged in the industry from players such as the Open Banking Implementation Entity in the UK and the Berlin Group in Germany.

### 3. Open Banking Strategy

Since the 2008 financial crisis, the banks’ most visible digital efforts have been in terms of establishing a digital presence with online and mobile banking applications to complement their physical branches and provide an omnichannel experience to their customers. Hence, the baseline for the open banking movement can be considered to be banks offering banking products to their customer bases via their own, closed, multi-channel ecosystem. With the arrival of open banking, the gates of banking are opened on all 3 fronts: products, customers, and ecosystems (see insert: Open Banking Strategy).



First, opening products refers to banks expanding their offering with other financial services, while potentially adding non-financial services in a later phase. This is also increasingly being referred to as “Beyond banking.” Second, the customer focus is changing: from bank-centric (the bank has a primary role in fulfilling a customer’s need with its banking products), to bank-customer-centric (the

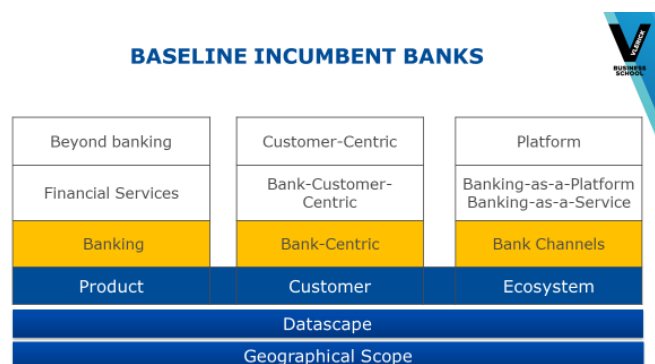
<sup>5</sup> <https://sloanreview.mit.edu/article/managing-technology-for-the-post-digital-era/>

banking products have a secondary role, but the bank supports its customers in their end-to-end journeys), to customer-centric (the bank’s role is only tertiary, as its banking products are not considered to be a key component of the customer journey). Third, opening the bank’s ecosystem involves expanding its reach from its own bank channels to delivering financial services via platforms, which can be either a third-party platform (“Banking-as-a-Service”) or the bank’s own platform that includes third-party services (“Banking-as-a-Platform”). The end-state for this dimension are general purpose platforms through which customers can orchestrate all of their digital activities.

As the gates are opening up on these 3 fronts, it is important for executives to consider 2 additional factors: access to data and geographical scope. Indeed, banks are accustomed to having access to the data about their products, customers, and channels. Opening up, however, may include forsaking that privileged access and having to share data with third parties or being reliant on third parties to obtain data. Also, while many banks have traditionally pursued different strategies in different regions, such differences could become even more pronounced, as the significance of regional knowledge and relationships with third parties amplifies.

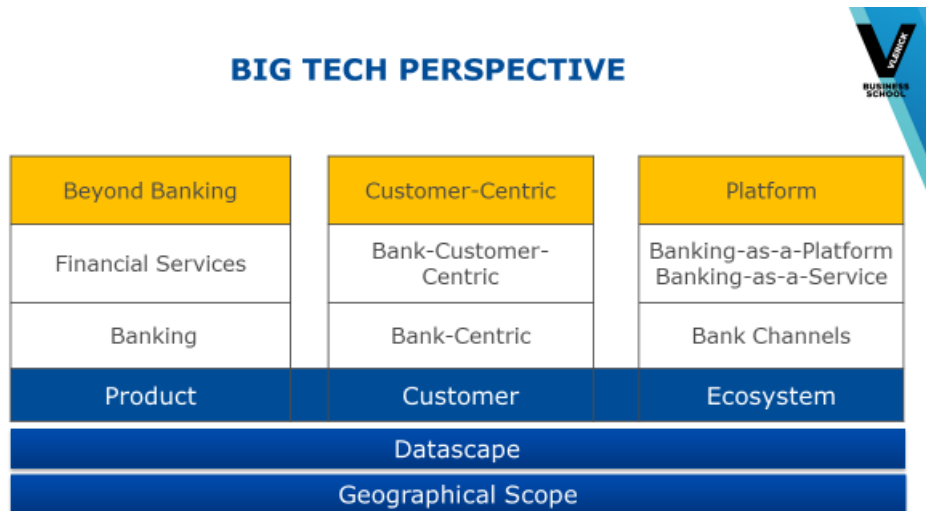
### 3.1 Starting Point for Banks, Big Tech, and Fintech

Traditionally, banks have productized financial services to their customers in standardized packages with specific features, dividing them into product (e.g., checking account, saving account, mortgage, etc.) and channel (e.g., a mobile banking app) layers. Hence, banking incumbents start from the bottom row in the framework (see **insert**). Whereas banks traditionally support both layers for their full offering and customer portfolio, recent developments related to open banking enable banks to pick and choose different combinations across products, customers, and ecosystems.



Big tech players, however, move top-down in the framework (see **insert**): they offer many types of services with a customer-centric perspective and on a general-purpose platform with partners that are loosely connected. Consequently, they introduce financial products that are close to their current offerings. For instance, Facebook recently announced that it plans to launch a digital currency in 2020

– called Libra – based on pseudo-cryptocurrency in association with 27 other companies, including Visa, Mastercard, PayPal, Vodafone, Uber, and eBay. Also, Apple recently launched its Apple Card, which comes with digital services on an iPhone, and which is backed by Goldman Sachs and the Mastercard network.



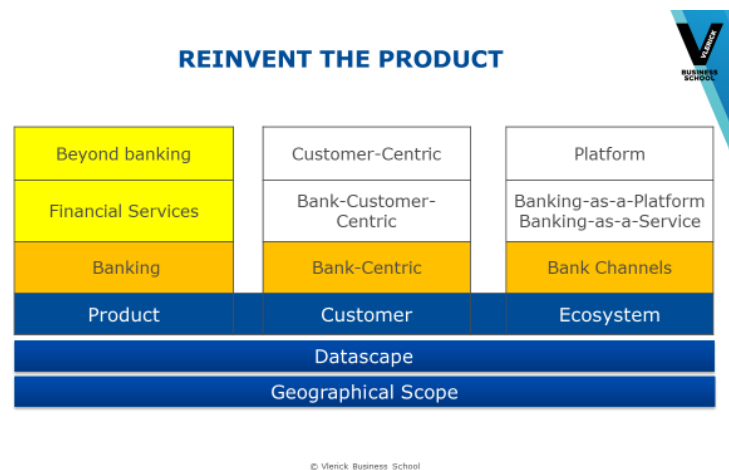
Fintech players, on the other hand, offer financial services by definition. While some succeed in establishing a large user base on their own, many partner with incumbents. For instance, Revolut seeks partnerships with local banks so that it can offer customers a local bank account. One concern raised by the experts is in terms of cyber security, as banks are essentially requested to create loopholes in their cyber-security walls. Other fintechs assume the role of intermediary within the bank-third party relationship (see Tink and Klarna discussed in the section “Antecedent Factors”).

### 3.2 Reinvent the Product

First, banks have started opening up their channels to include **third-party banking products**. A case in point is the aggregation of current accounts. According to one of the experts: *“More than 80% of Belgians have current accounts at 3 or more different banks. It goes without saying that an aggregate financial overview is very valuable for them.”* Belgian banks such as Belfius, BNP Paribas Fortis and KBC have launched applications through which users can get an overview of their current balance across accounts. Fintech companies also offer such aggregation services and have also taken this a step further, enabling users to easily switch providers. As PSD2 is confined to checking accounts and payment initiation, the current impact could be limited. However, as digital leaders push the envelope and regulators envision new PSDs, saving accounts, mortgages, and other product domains could be enveloped. For instance, Tink already enables users to switch mortgage provider in minutes in Sweden. For now, banks participate in this programme on a voluntary basis.

Second, banks can offer **third-party financial products** through their own channels, to their own customers, which they typically do to complement their own product range. In Belgium, banking and insurance products are traditionally offered by bank-insurer providers (e.g., Belfius and KBC) or players with long-standing relationships (e.g., BNP Paribas Fortis with AG Insurance). More recently, ING bank started to distribute AXA insurance products through its mobile application.<sup>6</sup>

Third, banks are going “**beyond banking**” by leveraging their customers’ frequent use of their banking apps and designing compelling customer interfaces for distributing non-financial services. For instance, KBC enables users of its mobile banking applications to buy train, bus, or parking tickets, or to rent a bike, and Belfius recently sold tickets for the 2019 European Hockey Championships in Antwerp. In the UK, mobile-only challenger bank Monzo takes this a step further, offering its customers the possibility to switch energy supplier in just a few clicks.



### 3.3 Integrate the Customer Experience

Banks are revising their role in the customer’s journey to fulfil a certain need. For some journeys, banks have a *primary* role, and interacting with a bank is the natural first step for the customer. Think of investing money or safely setting aside an amount of money on a savings account. Banks can fulfil these needs with their own products and complete the whole journey through their own channels. This is referred to as **bank-centric**.

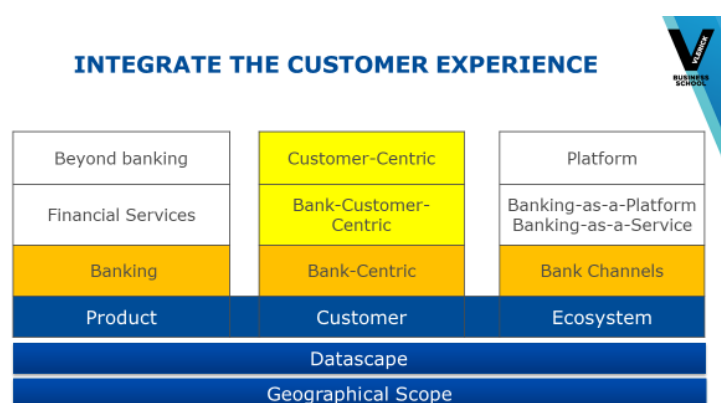
For other needs, the bank’s role is *secondary*: other parties and products are required to complete the customer journey and address the need. Consider people that want to buy a house: in addition to visiting a bank to get an understanding of the amount they could borrow and to negotiate the terms of the loan, they browse a real estate website, interact with a broker, formalize the deal at a notary, consult a moving service, as well as notify utilities and internet providers. In response to customer expectations for convenience and simplicity, banks can strategically choose to orchestrate such

<sup>6</sup> <https://www.tijd.be/nieuws/archief/ing-gaat-axa-verzekeringen-verkopen-in-mobiele-app/10021894.html>

journeys. We refer to this as **bank-customer-centric**. Consider Hello home! by Hello bank! as an example. The bank supports the customer journey in buying a house online or through mobile, by integrating financial services such as budget and cost calculation tools, mortgage simulation with gamification features to drive the interest rate down, property search, property value estimation, and insurance. Banks are making strategic decisions as to the customer journeys they want to orchestrate. According to the experts, the key customer journeys that are currently on Belgian banks' radar screens include: housing, personal financial management, mobility, health, and starting a business.

In yet other areas, the bank's role is *tertiary*, meaning that there are financial services involved at some point, but not primarily. Payment and transaction services are a prime example. Many leisure activities (e.g., dining, attending sports events, gaming, music, travel) can be considered tertiary for banks. For instance, when going on a holiday, one may want to obtain travel insurance or enable payment cards for usage abroad. As a bank, instead of the products on offer, providing an integrated experience at any time or place in a **customer-centric** way is becoming the key differentiator in this space, according to the experts.

As an example of a customer-centric service initiated by a bank, consider Didid by BNP Paribas Fortis. Didid is a digital service offered by Let's Didid that helps people articulate, plan, and realize their dreams (e.g., travel around the world or buy a large-screen smart television). The free mobile application enables users to browse the dream projects of others, describe and document their own dream projects with photos and website links, and use a tool to estimate the required monetary amount. By linking the customer's saving account to the application, the user can start saving on a fictitious "dream account" within the app (the money stays in the actual savings account), as well as invite friends and family for extra support.



© Vlerick Business School

### 3.4 Compete on Ecosystems

The experts agreed that, currently, most competition is in the ecosystems dimension, at the customer interface, as this requires less product knowledge and directly impacts the customer experience.

Several experts provided comments on the importance of ecosystems: “Banks used to compete on products, now they compete on ecosystems”; “An ecosystem is the key to success today”; “Bank accounts used to be sticky, now ecosystems are sticky.” Thus, banks need to consider what the major driver of competition is: products vs. products or ecosystem vs. ecosystem.

As discussed in the previous section, customer journey integration is becoming key and requires cross-industry collaboration. Importantly, it can be established in 2 directions: (1) the bank inserts itself in the journey of a third party’s customer (Banking-as-a-Service), or (2) the bank opens up as a platform to third parties (Banking-as-a-Platform).

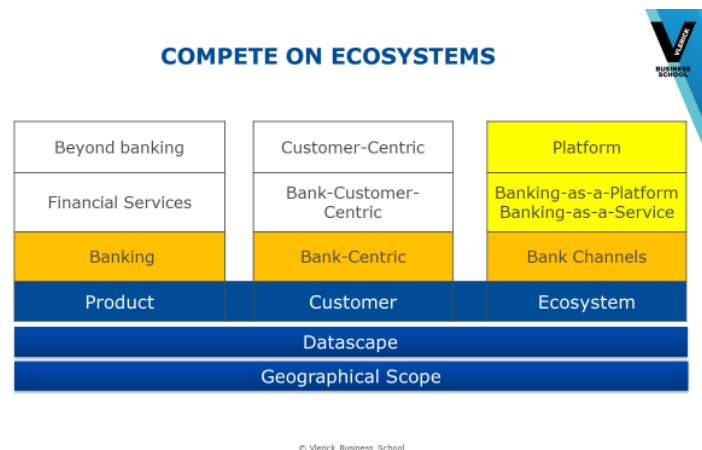
As an example of the first option (Banking-as-a-Service), several Belgian banks are leveraging their back-end systems to support payment initiatives by big techs, such as Google and Apple Pay. The key issue in these partnerships is access to the transactional data. According to the experts, the facilitating banks want to ensure they still know what payments their customers are making. Without insight into customer behaviour, the bank loses the customer relationship and insight, making it hard to serve the customer in the best way possible. In addition, back-end systems can be integrated into so-called white label solutions. For instance, one can now buy products on Amazon.com and have a loan and insurance included from a financial institution. This is commonly referred to as “embedded banking,” which means that banking becomes an invisible element of other products or services.

Likewise, a person that visits the Immovlan website can obtain a mortgage simulation from Hello home! without leaving the website (Banking-as-a-Service). Conversely, Hello bank! also offers the real estate search service by Immovlan on its website (Banking-as-a-Platform). To extend its platform functionality, it could also include services from other, competing, real estate companies, as well as complementary services, not only to its own customer base, but also to those of other banks. Consider the “Tikkie” platform, which was developed by ABN AMRO. To send a payment request, users need to use the mobile app and generate a payment link or QR code. The link can then be shared via the app or via WhatsApp or text message. The service is available to customers of all Dutch banks – after 2 years, it had 5 million users, involving 4,000 companies. It is now seeking further growth by opening up towards companies and developers. Another interesting example, in which a bank evolves towards a general-purpose platform, is UOB (United Overseas Bank, Singapore). UOB has built a utility platform (water, electricity, gas, internet & television) connecting several utility ecosystem players, which allows customers to compare, simulate and switch utility providers on the UOB platform. For UOB, this is the next logical step in helping customers with their living needs while optimizing their personal finances.

At the same time, banks need to be cautious about offering third party services in their own ecosystem, as one expert warned: *“We need to be careful not to take this too far, trying to become the*

*‘one app to rule them all.’ For instance, how would a customer feel about getting their blood analysis through a banking app?’*

For now, we have witnessed several ‘closed’ platforms, meaning that they consist of multi-lateral strategic partnerships. However, the experts indicated that traditional partnerships are too rigid for today’s digital economy and that APIs will form the basis for emerging types of open (loosely connected) and rapidly scalable general-purpose platforms. This is an area in which big tech firms are better versed than established financial services providers. A related and very important factor is having access to developers. Banks are running hackathons, in which they open up their data in a specific domain and incentivize developers to come up with innovative services. While banks may be less experienced than pure technology players, they are quite advanced relative to many other industries (such as telecom or energy) in this space. Hence, this allows them to develop capabilities that could be leveraged in the future.



### 3.5 Datascape & Geographical Scope

Two important influencing factors for opening up products, customer journeys, or ecosystems are access to data and geographical scope.

The experts were unanimous: data is becoming of utmost importance. They are convinced that banks are trusted parties when it comes to protecting customer data. Because of the turmoil that followed the announcement made by ING bank in 2014 that it would sell customer data to advertisers, banks have become very careful not to harm their trustful reputation, built over many years, and they consider privacy and digital ethics as a differentiator in the future. Nevertheless, big tech firms are now on the lookout to overtake this data custodian role through their general-purpose platforms, as data custodians are expected to govern user data beyond a single category. Furthermore, big tech players have world-class analytical and AI capabilities, as showcased, for example, in smart speakers such as Google’s Home or Amazon’s Alexa.

At the same time, regulation is helping to standardize company compliance regarding personal data privacy (e.g., GDPR). In that sense, third parties can no longer capture customer data and try to monetize it without customer notice and choice. Financial service providers need to strike a balance between leveraging the rich data that they have at their disposal to offer relevant services and the trust relationship that they have carefully nurtured over the years with regard to data privacy. One example is AXA's 'Give data back' initiative: on an AXA-branded website, visitors can find an estimate of risks and claims related to theft, water damage, and fire for a specific region, based on anonymous, aggregated data from its customer base.

As to the geographical scope, digital technology in principle allows broad reach by entering remote markets in a cost-effective manner. However, the experts indicate that local market knowledge (e.g., about the housing market for valuation and risk) is key, also in establishing partnerships. Several failures to expand services and applications to other regions (often as a white label product) were reported, with the main reasons being lack of homogeneous regulation and cultural fit. Also, while banks that are part of an international group have the kind of scale that would make them interesting partners for big tech firms, local banks are viewed as having an advantage in terms of autonomy in, and speed of, decision-making.

#### 4. Impact of Open Banking and What's Next?

The experts do not expect a big bang moment once PSD2 is in full effect. Instead, customers will first have to become aware of, and understand, the benefits. The experts believe this could take some time, especially in Belgium, which is considered to be a conservative market with very stable market shares for the banks. Nevertheless, some experts believe this could be a game changer in the industry, once useful and convenient services start convincing customers.

There was some speculation among the experts about potential new regulation: the expectation is that a new directive will also open up domains beyond payments – including saving accounts, investments, loans, and insurance. In that sense, today's open banking covers only a small scope, the end-state being that all of the data that banks have can be accessed by third parties to provide additional services to the customer. A case in point is Australian regulation, where Consumer Data Right legislation specifies a timeline which ends in 2021, by when all banks need to open up all products. In fact, that same legislation is being applied to the energy and telecom industries in Australia.<sup>7</sup>

As to mortgage loans, the experts cautioned that such decisions are not trivial and require local knowledge, making it hard to digitize or open up these products. For investment products, the experts

---

<sup>7</sup> <https://www.kwm.com/en/au/knowledge/insights/open-banking-australia-consumer-data-right-energy-telco-20180510>

raised the issue of additional regulation (cf. MiFID) that present an obstacle to digital adoption. In particular, customers need to complete a long form to prove they are sufficiently knowledgeable. But once this hurdle is taken, there are opportunities for digital innovation such as providing robo-advice. The latter is offered by BNP Paribas Fortis, for instance, both directly and via the human advisor.<sup>8</sup> Fintech is also actively exploring this space. Revolut, for instance, launched commission-free stock trading for its premium customers.<sup>9</sup> While there is a lot of digital innovation in the insurance market<sup>10</sup>, there is currently no directive, as well as the issue of lack of standardisation, making it cumbersome to provide (for instance) an aggregate view. However, the experts suggest that “open insurance” is becoming a buzz word in the industry.

In conclusion, the experts believe that open banking could change what it means to be a bank and what the core activities of a bank should be (see the open banking framework). Also, the experts warned that banks could become invisible to some extent, consistent with the statement made by Microsoft founder Bill Gates in 1994: “*Banking is necessary, banks are not.*” While the experts recognized that banks could become invisible in some domains, merely providing back-end services, they also believed that banks could become more visible when complex financial matters need to be managed. Moreover, banks could start playing an important role in domains in which they are currently absent (see *tertiary* role discussed above), devising new ways to monetize their services. The role of standardization was also considered, as commented on by one of the experts: “*Once there is a standard in the market, it becomes a winner-take-all-market. I don’t think banks will win on every terrain, but they won’t lose everything either.*” The experts indicated that, at this point, it is impossible to say who the winners in the Belgian market would be.

While the experts shared ways in which banks can broaden their products, customer journeys, and ecosystems, the resulting financial performance remains an important question to be explored. In that sense, the performance of open banking is an open question. What’s more, traditional performance metrics, such as product sales and customer lifetime value, become less relevant in an open banking context, and new measures need to be developed that take into account potential cannibalization of sales and margins through different monetization models. One expert concluded: “*That’s the beauty of these developments, it’s a voyage of discovery for everyone!*”

### Experts interviewed (listed alphabetically by surname):

- Koen Adolfs, Product Owner Open Banking, **ABN AMRO**
- Wouter Bartels, Director Transaction Banking Channels & Open Banking, **ABN AMRO**
- Charles de Froidmont, **Accenture**

---

<sup>8</sup> Muylle, S. & Standaert, W. “BNP Paribas Fortis: The ‘James’ Banking Experience,” Ivey Publishing (2017).

<sup>9</sup> <https://blog.revolut.com/trading-revolut/>

<sup>10</sup> Muylle, S., Standaert, W., Basu, A., Everaert, E., Decraene, W. “Digital Innovation in the Belgian Insurance Market” Vlerick Business School and Accenture BeLux Digital 20/20 Chair, 2018.

- Henri Dewaerheijd, General Manager Belgium & Luxembourg, **Mastercard**
- Steven Geclowicz, Country Manager Belgium, **Revolut**
- Johan Kestens, former CIO, **ING** Belgium
- Edwin Klaps, Managing Director Broker Channel & Non-Life Development, **AG Insurance**
- Paul Rohan, Head of Business Strategy – Finance, **Google**
- Frederic Romont, Senior Expert Banking Supervision, **NBB**
- Benoît Speybrouck, Director Digital Programs, **Belfius**
- Reinout Temmerman, Payments & PSD2 Expert, **NBB**
- Robert Ter Weijden, former Head of Strategy and Business Development, **Ageas**
- Gunter Uytterhoeven, Chief Customer / Data / Sustainability Officer, **AXA** Belgium
- Bart Verbeek, General Manager Strategy & Organisation BU, **KBC**
- Maarten Verboven, Director Open Banking, **BNP Paribas Fortis**