COMPETING WITH BANKING ECOSYSTEMS
Exploring significant growth opportunities in a challenging new environment

Part of the Banking as a Living Business series
1 A NEW RELATIONSHIP MODEL IN AN ERA OF OPEN BANKING 04
2 DEFINING BANKING ECOSYSTEMS 07
3 CREATING VALUE THROUGH BANKING ECOSYSTEMS 11
4 FINDING THE RIGHT OPERATING MODEL 14
   Develop separate partnership models with tactical and strategic partners 17
   Effectively manage and monitor performance 18
   Equip the ecosystem with intelligent marketing capabilities 20
   Set up an agile ecosystem management organization 21
   Move towards an API-enabled architecture 22
   Take ownership of ecosystem security 23
5 CONCLUSION 24
EXECUTIVE SUMMARY

Banks facing slower growth are on the lookout for a new relationship model. The new imperatives for banks include rebuilding trust in the era of Open Banking and transforming customer interactions into hyper-relevant, personalized experiences.

Our survey of 120 global banks shows that nine out of 10 banks are strongly interested in customer-facing ecosystems, with banks participating in a network of interlinked companies, working together to deliver value propositions to meet customers’ core needs. Banking leaders (at the Chief Digital Officer (CDO), Chief Marketing Officer (CMO) and Chief Strategy Officer (CSO) levels) have multiple options in developing and launching such ecosystems – as marketplace orchestrators, third party ecosystem participants, open banking platforms or referral platforms – with all paths leading to increasing revenues, reducing customer churn and/or expanding customer engagement.

The key to success for banks considering customer-facing ecosystems is in finding the right operating model. Before launch, banks should develop a clear strategy as to which customer segments to focus on and how value is to be delivered, as new capabilities are needed to support the ecosystem operating model. They should be aware of considerations related to three core domains: ecosystem partners, business architecture and technology. Banks that get these matters right will be well-positioned to attract and retain customers based on value, immediacy and, above all, trust.

As we have explored elsewhere in our Banking as a Living Business series, trust is central to strong banking relationships and is built through personalization, consistent service delivery, security of data and assets, and the ability to support customers at key moments in their lives.
A NEW RELATIONSHIP MODEL IN AN ERA OF OPEN BANKING
With more than $327 billion paid in fines by the 20 largest global banks for mis-selling financial products since 2012,¹ the agenda for banks is clear: finding a new relationship model to rebuild trust if they want to secure sustainable growth.

After looking at a number of digital platforms, some banks have identified customer-facing ecosystems as one possible model to rebuild trust, seeking to multiply customer interactions and transforming such interactions into hyper-relevant, personalized experiences. As seen in Figure 1, Accenture research finds that 88 percent of banks surveyed believe that ecosystems will be an important way of interacting with customers in the future, while 89 percent see customer-facing ecosystems as the main driver of future value creation in the banking industry.²

Figure 1 – Bank Executive Ecosystem Sentiment

- “Ecosystems will change the bank-customer relationship in the future” Agree + Strongly Agree
  - GLOBAL: 88%
  - NORTH AMERICA: 97%
  - EUROPE: 86%
  - ASIA PACIFIC: 86%

- “Ecosystems-related initiatives will be the main driver of future value creation in the banking industry” Agree + Strongly Agree
  - GLOBAL: 89%
  - NORTH AMERICA: 87%
  - EUROPE: 88%
  - ASIA PACIFIC: 93%

Source: 2019 Accenture Banking Ecosystems Survey
In some places, consumers are already experiencing different types of banking ecosystems. The Spanish bank BBVA has developed multiple ecosystems, such as Valora, which helps customers to understand the property market in different areas to facilitate decision-making in relation to purchasing or renting a new home. Moreover, through Valora, users can control expenses, plan for renovations and appliances renewal and access mortgage and insurance information.

In Singapore, DBS offers a one-stop online market for customers looking to purchase or sell cars through its Car Marketplace. Through the marketplace, users have access to a budget calculator to estimate the loan amount, they can search for cars based on their budget, and they can arrange a test drive online. Once the car is purchased, customers can benefit from additional services like savings on petrol and insurance. But DBS's ecosystem efforts are not limited to the mobility space—they are also targeting other life moments through marketplaces in the utilities, housing and travel spaces.

In the US, USAA has developed multiple ecosystems too. For example, it offers customers an extensive housing ecosystem through its Residential Real Estate Services. Through the network, customers can benefit from discounts when using a pre-approved real estate agent, as well as search for property listings, screen tenants, protect their homes and get discounts on things like home security, moving services and contractor services.

Banks that offer these integrated, contextualized experiences go beyond traditional financial needs and meet broader customer needs. They support their customers, not just in getting financing to buy a house, but in the whole journey to move in, becoming hyper-relevant in their customer’s everyday life. Combining financial and non-financial services through ecosystems becomes an opportunity to establish (or re-establish) trust.

The customer-facing ecosystem is an exciting frontier for banks. To help explore this frontier, we begin by defining the banking ecosystem and how banks can create value through such ecosystems.
DEFINING BANKING ECOSYSTEMS
We look at customer-facing ecosystems as a network of interlinked companies, working together to deliver value propositions to end customers.

Banking ecosystems often operate across traditional industry boundaries, with different players working in the same space to deliver to banking customers services they need and value.

As Figure 2 illustrates, banks have several different options in developing and launching ecosystems.

Source: Accenture Research
We have identified five specific models for banks, which are:

**LIFE MOMENTS ORCHESTRATOR**

Banks can orchestrate their own ecosystem or ecosystems built around specific life moments (such as buying a house or a car or becoming a parent), offering partners access to their own customer base in exchange for fees. American bank Capital One, for example, offers its AutoNavigator platform where customers can pre-qualify for lending, explore dealers and find a car to purchase. Similarly, Chase allows its customers to buy a car directly from its website, leveraging a partnership with Truecar.

**MARKETPLACE ORCHESTRATOR**

Still applying a life needs lens, banks can operate as marketplace orchestrators through white labelling or co-branding, selling non-financial products (such as home appliances, travel, or mobile phones) to their customers. For example, Singapore’s OCBC provides a marketplace for parents that serves as a one-stop portal offering everyday essentials, nursing and feeding products, medical services and, of course, the ability to open a bank account for the child.

Moreover, OCBC operates a digital home buying platform whereby customers, for example, can search for properties and get valuations, insurance and house renovation design ideas.10

**THIRD-PARTY ECOSYSTEM PARTICIPANT**

Banks can join third-party platforms to offer their own banking products to third-party customers. In Australia, ANZ has done this by partnering with Honcho, an online platform that offers users the opportunity to set up their small business in one day, as well as tools to help their business grow. Customers that apply to open an ANZ business account through Honcho get a waiver on their monthly account service fee. Another example: Silicon Valley Bank provides USD bank accounts to start-ups directly on Stripe’s website.12

**OPEN BANKING PLATFORM**

Banks can allow partners to incorporate products, data and or specific processes in their value propositions, leveraging open application programming interfaces (APIs). Spanish bank BBVA has, for example, launched an API Market allowing third parties to integrate the bank’s products and services into their own platforms.13

**REFERRAL PLATFORM**

In this model, the bank does not originate on third party platforms but directs rejected customers to other providers, such as a large bank sending a small business to a designated online finance platform. In the UK, for example, when banks such as HSBC, Barclays, Lloyds and Santander reject financing for a small business, since 2016, they offer the business a referral to a designated online credit broker such as Alternative Business Financing, Funding Options or Funding Exchange.14

In addition to choosing their preferred ecosystem model, banks have a wide array of options when it comes to which areas to focus on. Typically, banks choose to focus on a handful of different areas. As illustrated in Figure 3, the most popular areas are the ones close to banks’ core revenue sources in areas such as business services, housing and wealth management.
Figure 3 - Which of the following areas are you targeting with your ecosystem strategy? (Top three summary)

<table>
<thead>
<tr>
<th>Services</th>
<th>Example</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>BUSINESS SERVICES</strong></td>
<td>Business account, Lawyer services, Website creation, Online business promotion and marketing platform, Accounting services, E-invoicing and payment services, Reporting to authorities</td>
</tr>
<tr>
<td><strong>HOUSING</strong></td>
<td>Mortgage, House-hunting services, Home maintenance checks and discounts, Affordability assessment, Home security services, Storage services, Tenant screening, Utility provider switch facilitation</td>
</tr>
<tr>
<td><strong>WEALTH</strong></td>
<td>Budgeting, International money transfer, Energy bill comparison and utility provider switch</td>
</tr>
<tr>
<td><strong>PUBLIC SERVICES</strong></td>
<td>Pay fines, Check credit history, Tax services, Company registration</td>
</tr>
<tr>
<td><strong>RETAIL</strong></td>
<td>Consumer finance, Ecommerce platform with exclusive offers, discounts and cashback, E-gift cards</td>
</tr>
<tr>
<td><strong>MOBILITY</strong></td>
<td>Car, Financing, Insurance, Ongoing maintenance, Petrol discounts</td>
</tr>
<tr>
<td><strong>HEALTH</strong></td>
<td>Insurance, Incentive-based savings rate, Medical checks, Insurance, Spa, gym, sportswear discounts, Online doctor appointments</td>
</tr>
</tbody>
</table>

Examples

- Be Business Ready by Honcho powered by ANZ, RBC Labs Wave, Sberbank Business Online
- USAA Home Solutions, DBS Property Marketplace, BBVA Valora, OCBC Home One Advisor
- Yolt (ING), First Direct Artha, Commonbond x CitiBank
- RBC Labs Arrive, Emirates NBD Skyshopper, Tinkoff State Services
- Emirates NBD Skyshopper, Macquarie Marketplace, BBVA de Compras, Goodie by Bank Millenium
- DBS Car Marketplace, Capital One Auto Navigator, Chase Car Buying Service by TRUECar
- Emirates NBD Live Well, Emirates NBD Fitness Account, Vitality

Source: 2019 Accenture Banking Ecosystems Survey
Note: Inclusion in the list of example does not imply that the bank was part of the survey interview process. Examples drawn from organizations’ websites and annual reports
3 CREATING VALUE THROUGH BANKING ECOSYSTEMS
Typically, there are three ways that banking ecosystems create value:

- **Expanding primary relationships.** By offering hyper-relevant experiences through ecosystems, banks can increase the value of an extended relationship with other financial products, increasing cross-selling (such as adding a consumer loan for home appliances to mortgage holders). Nearly all banks we surveyed are seeking to expand the scope of primary banking relationships over the next three years through cross-selling.  

- **Generating new revenues streams.** Banks can offer ecosystem partners access to their customer base and data in exchange for fees, by orchestrating an ecosystem or by opening their infrastructure. Our research indicates that, over the next three years, most banks expect more than 10 percent of their incremental revenues to be generated by ecosystem plays.  

- **Reducing customer churn.** By orchestrating or joining third party ecosystems, banks can deliver more meaningful customer experiences and can follow customers beyond the boundaries of their traditional relationships. Banks we surveyed expect ecosystem initiatives to help reduce the churn rate by up to 10 percent over the next three years.  

Despite increased globalization and interconnectivity, banking markets remain inherently local. This means that different regions vary significantly in terms of adopting banking ecosystems. Banks in the Asia-Pacific region are more likely (at 82 percent) to consider ecosystems a top priority than European banks (63 percent), with North American banks in the middle at 74 percent. We see this as an indication that there is considerable room for European banks to grow in this area and take advantage of the opportunities presented to first movers.  

Several factors drive the push for ecosystems, affecting the readiness of different regions to adopt ecosystems. These include:

- **Customers.** Digital attitudes among customers affect demand for integrated propositions. Accenture research shows that Asia Pacific has the highest share of “Pioneers” or consumers that are tech-savvy and hungry for innovation in services and channels. North America and Europe, in contrast, account for the largest share of “Traditionalists”, consumers that lack confidence in technology and are uninterested in new products and/or services. Since 80 percent of Pioneers are interested in integrated propositions—compared to just 20 percent of Traditionalists—the customer push for ecosystem plays is strongest in Asia Pacific.  

- **Regulation.** Open banking initiatives are spreading globally, with regulators in Europe being at the forefront given regulation such as the Second Payment Services Directive (PSD2) which was introduced in 2018 and is forcing banks to open their systems to third parties, especially through APIs. Open Banking initiatives are expected to increase the speed of digital disruption by introducing new interaction models and creating new payment institutions, increasing competition, innovation and transparency in the payment market.  

12 COMPETING WITH BANKING ECOSYSTEMS
• **Banking technology.** In Europe and North America, legacy systems stand in the way of a smooth transition to a digital environment and hamper the progress of innovation. Some banks in Asia Pacific benefit from being built on more modern systems and/or having dedicated a larger share of IT investments to new infrastructure in the past few years.

• **Partners dimension.** Launching ecosystems in industries characterized by the presence of large incumbent players may help ensure that new offerings rapidly reach a wider share of customers. As such, banks operating in countries with high concentration rates across industries have larger incentives to be first movers to secure partnerships with the largest industry players and hence gain rapid customer adoption.

To measure the readiness for banking ecosystems of each region based on these four dimensions, we developed the Accenture Banking Ecosystem Index. Figure 4 illustrates how each region scores overall and along the different index dimensions.

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**Figure 4 – Banking Ecosystem Readiness Index (0-100)**

<table>
<thead>
<tr>
<th>Dimension</th>
<th>Scale</th>
<th>North America</th>
<th>Europe</th>
<th>Asia Pacific</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>CUSTOMER READINESS</strong></td>
<td>Traditionalists</td>
<td>⛔️</td>
<td>⚫</td>
<td>⚫</td>
</tr>
<tr>
<td><strong>REGULATORY APPROACH</strong></td>
<td>Innovation passive</td>
<td>⚫</td>
<td>⚫</td>
<td>⚫</td>
</tr>
<tr>
<td><strong>BANKING TECHNOLOGY</strong></td>
<td>Legacy heavy</td>
<td>⚫</td>
<td>⚫</td>
<td>⚫</td>
</tr>
<tr>
<td><strong>PARTNERS DIMENSION</strong></td>
<td>Small businesses</td>
<td>⚫</td>
<td>⚫</td>
<td>⚫</td>
</tr>
<tr>
<td><strong>BANKING ECOSYSTEM READINESS</strong></td>
<td>Low</td>
<td>⚫</td>
<td>⚫</td>
<td>⚫</td>
</tr>
</tbody>
</table>

Source: Accenture Research

As the overall index ranking illustrates, banking ecosystem readiness is relatively similar across regions. What does vary instead is the factor driving the development. To launch successful customer-facing banking ecosystems, it is crucial to understand what is driving the ecosystem push on the market you are targeting and how you can use that to your advantage, for example by leveraging the insight to decide which area to target.
FINDING THE RIGHT OPERATING MODEL
Although our research indicates that banks know what to do, they are still not sure how to do it. As shown in Figure 5, banks face barriers ranging from technology to business architecture and partner management when it comes to executing on the ecosystem opportunity. The top three challenges include technology, security and customer experience—indicating that banks are struggling to find the right operating model that ensures hyper relevancy by offering secure and personalised customer interactions.

**Figure 5 - In your opinion, what are the three biggest challenges faced by your bank to orchestrate an ecosystem? (Top 3 summary)**

<table>
<thead>
<tr>
<th>Challenge</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Developing the technology platform</td>
<td>42%</td>
</tr>
<tr>
<td>Security concerns</td>
<td>41%</td>
</tr>
<tr>
<td>Creating a consistent customer and brand experience</td>
<td>38%</td>
</tr>
<tr>
<td>Knowing which ecosystems to prioritize</td>
<td>30%</td>
</tr>
<tr>
<td>Creating an ecosystem mindset/culture</td>
<td>29%</td>
</tr>
<tr>
<td>Knowing which products/services to offer</td>
<td>28%</td>
</tr>
<tr>
<td>Managing partners</td>
<td>26%</td>
</tr>
<tr>
<td>Lack of the right capabilities</td>
<td>23%</td>
</tr>
<tr>
<td>Managing the old business while exploring the new</td>
<td>23%</td>
</tr>
</tbody>
</table>

Source: 2019 Accenture Banking Ecosystems Survey
When launching an ecosystem, banks should look in depth at how the value of hyper-relevant experiences is to be delivered, as new capabilities are needed to support the ecosystem operating model. Operating an ecosystem is different from running a bank; a banking ecosystem generates value by delivering hyper-relevant experiences—either from banking or from non-banking services. This is quite different from the traditional model of managing the maturity mismatch between deposits and loans.

To gain insights into how successful banks are tackling these challenges, we carried out interviews with banking ecosystem experts from around the world. Based on our research we identified a set of six actions, as shown in Figure 6, to consider across three core domains: ecosystem partners, business architecture and technology.

**Figure 6 – Six Actions to Orchestrate Banking Ecosystems**

- **ECOSYSTEM PARTNERS**
  1. Develop separate partnership models with strategic and tactical partners
  2. Effectively manage and monitor performance

- **BUSINESS ARCHITECTURE**
  3. Equip the ecosystem with intelligent marketing capabilities
  4. Set up an agile ecosystem management organization

- **TECHNOLOGY**
  5. Move towards an API-enabled architecture
  6. Take ownership of ecosystem security

Source: Accenture
Multiple partnership models with a special look at contractual partnerships

Managing partners is the most critical and the most time-consuming activity for banks when launching customer-facing ecosystems. There are different ways to engage with partners, including strategic investments, joint ventures, alliances and contractual partnerships. We find that contractual partnerships—as not any initial investments—generally ensure the flexibility to operate in an ever-changing ecosystem. Such partnerships are usually customized to cover all aspects of the relationship, such as service levels, remuneration, technology, commercial obligations and data sharing.

Distinguish between strategic and tactical partners

Not all partners can offer the same value, however, so standardizing agreements with small partners can make partner management easier. Some ecosystems may end up managing hundreds of partners—such as real estate agents, legal services firms and moving companies—if the market in which they operate is highly fragmented like the housing industry. However, strategic partners should be managed using a tailored approach, with dedicated staff and contractual terms specifically designed to ensure the longevity of the partnership. One bank interviewed has a dedicated team to manage 20 strategic partners and has another team responsible for more than one hundred tactical partners.

Remuneration models aren’t set in stone – be creative.

The partner remuneration model agreed should be based on the type of ecosystem and may be a percentage of the transaction value, a flat fee or a combination of both. Remuneration may also be in the form of a data exchange to provide a better customer experience. Aggregating customer data from different touch points, interactions and transactions can help lock the customer into the bank’s ecosystem. In the US, banks are entering into agreements with account integration providers such as Intuit and Yodlee to share customer data in a secure manner, offering customers greater control of their own finances.

1. Develop separate partnership models with strategic and tactical partners
Prioritize a speedy onboarding process

Once the contract agreement has been concluded, the partner is ready for onboarding, a crucial element which can enhance (or damage) the value of the partnership. Banks should take steps to accelerate the onboarding process while establishing a time limit for the onboarding of tactical partners. A bank in Asia Pacific usually takes a month to onboard partners and rejects partners requiring more than six months for onboarding because the partnership may no longer be relevant, especially for non-strategic partners. Integration cost is another important consideration. Another bank in the Asia Pacific region encourages partners to use its APIs as the easiest way to securely connect with the bank and has launched a partner portal to provide access to its private API platform. Using private APIs allows the bank to keep better control of the ecosystem in its early development phase.

Clearly define and communicate partner KPIs

Measuring partner performance—in terms of both profitability and satisfaction—is fundamental to ensuring anticipated returns from the ecosystem and to aligning marketing activities. Key performance indicators (KPIs) such as revenue per partner, along with usage statistics, should be integrated with the measurement of partner satisfaction with the bank. Leading banks share usage statistics available through their APIs or partner portals with their strategic partners but share the same information with their tactical partners only when contractually agreed. One example of a useful KPI would be the level of activity on a bank-linked credit card before, during and after the launch of an ecosystem-related promotion. Communication to and from the partner and the bank should be clearly defined to establish partners’ expectations as to the benefits of their participation in the ecosystem.

Reinforce compliance monitoring with AI tools

Compliance risk and reputational risk are also key aspects of partner management. Although partnership agreements typically contain safeguards in the form of codes of conduct, the bank also needs to establish methods to monitor the compliance of partners both small and large. Artificial intelligence (AI) is a potentially useful means of doing this; banks can use algorithms, for example, to scan partners’ news feeds to address possible conduct or reputational risk as early as possible. Our research, however, indicates that only 45% of banks have actually made robotics/automation a component of their ecosystem strategy so far.
Actively nurture the partners community

Managing an ecosystem essentially implies managing a community of partners; value is created through interactions with the orchestrator. While partner and developer portals may serve as primary interfaces to connect with partners, portals alone are not enough to nurture the partner community. The bank orchestrating the ecosystem may consider organizing conferences and events with partners to get their feedback, review new promotions, and help launch innovation initiatives such as hackathons, sprint sessions and incubators to foster creativity.
3. Equip the ecosystem with intelligent marketing capabilities

Use intelligent marketing tools to turn data into actionable insights

By combining its own proprietary data with data from a partner, one bank has been able to offer—through its mobile app—coupons and discounts to be redeemed by customers based on their proximity. This has allowed the bank to increase its attractiveness to the end customer and to position the partnership as a lifestyle ecosystem. Accenture research shows that demand for these types of services is high, with more than three-quarters of consumers willing to share the data required for benefits such as personalized offers, more efficient and intuitive services and more competitive pricing.22

Experiment with unstructured data

To develop hyper-relevant propositions, banks are combining structured data (for example, from transactions, geo-localization, and usage statistics) with unstructured data (from AI-based chatbots and phone calls) to determine the likely mood of the customer in the next ecosystem interaction. This helps ensure that customer needs and preferences are met.
4. Set up an agile ecosystem management organization

Blend product development and IT operations to achieve customer-centricity

Whether the ecosystem strategy is led by a digital arm of the bank or directly through the traditional retail structure, banking executives should break down organizational silos by blending product development and information technology (IT) operations. The goal is to realize the kind of customer-centricity found on major digital platforms like those of the “big tech” companies (Google, Amazon, Facebook, Apple, Baidu, Alibaba and Tencent).

Create multidisciplinary teams

Unlike traditional banking operations, customer-facing ecosystems require multidisciplinary teams composed of a mix of marketing specialists, product and commercial specialists, user-experience designers, risk analysts, data analysts and IT professionals, all working in a single location and focused on solving the bank’s or the partner’s needs and preferences. A leading bank in Asia Pacific combines agile squads of young digital savvy professionals with relationship managers to maintain the customer perspective in the value proposition development.

Revamp the compliance department so that it can respond to the needs of the ecosystem

Banks should be able to count on compliance departments that are nimble but rigorous. Such teams should keep pace with an ecosystem that operates on real-time data, with the confidence and independence to say no when something is not quite right.
Prioritize investment in an API-enabled architecture

As mentioned, banks’ legacy systems may find it difficult to support ecosystems. The need to manage multiple partners along with different types of interactions may be beyond the reach of IT systems built through repeated mergers and consolidations. An API-enabled architecture may not be necessary to support the ecosystem, but it is preferable. It is not surprising that nearly half (48 percent) of banks surveyed see an API-powered platform as a key component in articulating an ecosystem strategy.23

Equip developer portals with analytical tools and API getaways

An API-enabled architecture should be highly adaptable, so that it can deliver specific experiences with minimum reconfiguration. It should also be open, to be interoperable with different systems (not just the bank’s proprietary systems). And, it should be able to manage structured and unstructured data from partners, to allow marketing teams to generate better leads. A developer portal is essential to manage the relationship between the bank and its API users and should have two core elements:

• A business administration portal, providing analytical tools to understand how developers are using APIs, configuration tools for API product managers to directly change API users’ access limits, and other usage parameters; and
• An API gateway for reducing API-related risk by enforcing identity and access management (IAM) along with overall security.
6. Take ownership of ecosystem security

Broaden your horizons, as the ecosystem mindset needs to apply also to safety

Security is a central element of trust, which, in turn, is the foundation of a digital environment. Accenture research shows that the failure to safeguard data is the second biggest reason why consumers leave their financial services provider. Moreover, banks themselves recognize a trusted brand as the single most important factor in making an ecosystem attractive to the customer. Banks are responsible for what happens in their ecosystems and therefore need to take the lead role in security matters relating to the ecosystem platform. This responsibility extends beyond the activities that would take place on a simple referral platform, as banks orchestrating their own ecosystems originate business on their own platforms.

Take on a leadership role by sharing expertise

To unlock the benefits of an ecosystem strategy, banks should expand their responsibilities to ensure that their partners—especially the smaller ones—can operate as securely as possible. This means not only conducting mandatory outsourcing risk assessments on partners, but also sharing security expertise and promoting security practices (such as upgraded onboarding and reporting practices) within the ecosystem. A bank in Asia Pacific shares its security staff with strategic partners and suggests technology vendors to tactical partners to achieve higher security standards.
CONCLUSION
Retail banks are looking for new sources of profitable growth. Broadening their proposition by leveraging ecosystems is a key way to stay hyper-relevant for their customers. Banks should orchestrate ecosystems to cross-sell financial services and generate new revenue streams. They can also become partners in third-party ecosystems extending their presence into the non-banking aspects of customers’ lives.

Banks should be aware, however, of the many challenges related to creating and maintaining such ecosystems. These range from choosing and managing the right partners to resolving difficult issues related to organization, marketing, technology and security. The banks that get these matters right will be well-positioned to attract and retain customers based on value, immediacy and, above all, trust.
TECHNICAL APPENDIX
2019 Banking Ecosystem Survey

Accenture conducted an online survey of 120 global banks, in 19 countries (U.S., Canada, U.K., France, Germany, Spain, Finland, Sweden, Norway, Italy, Netherlands, Poland, United Arab Emirates, Australia, China, Singapore, Japan, South Africa, Brazil), between December 15, 2018 and January 14, 2019. Bank executive leaders we surveyed included chief strategy officer, chief innovation officer, Head of Retail Banking, Head of Small Business Banking, Head of Commercial Banking and their direct reports. The overall margin of error is +/- 1.55 percentage points at the midpoint of the 95 percent confidence level.

Expert Interviews

Accenture conducted interviews with six experts between February 15, 2019 and April 18, 2019. The experts were specifically selected to have extensive experience from working with developing and strategizing ecosystems at global and regional banks. Interviews were held with experts from North America, Europe and Asia Pacific.

2019 Banking Ecosystem Index

To create the index, we collected data on 28 different indicators in 10 countries (Australia, Canada, China, France, Germany, Italy, Japan, Spain, UK and US) along the four pillars of the index from public sources and surveys carried out by Accenture:

- **Customer Readiness:** Share of FS consumers that are Pioneers, annual population growth, working age population, share of consumers interested in end-to-end house-buying experience, share of consumers willing to share data to receive discounts on non-FS products/services, share of consumers willing to share any data for personalised offering, retail mobile commerce sales penetration, retail e-commerce sales penetration, mobile subscriptions per 100 people, interest in joining open banking ecosystem platform with bank, interest in participating in Open Banking ecosystem platforms, plans to participate in open banking ecosystem platforms, share of digital buyers.

- **Regulatory Approach:** Presence or plan for implementation of open banking regulation, adoption of real-time payments and presence or plan for fintech sandbox.

- **Banking Technology:** Core banking software sales, retail banking IT spending, share of bank IT spend dedicated to new investments and y/y growth, fintech investments in country, top banks’ investment in fintech.

- **Partners Dimension:** Banking market concentration, market share of three biggest grocery market retailers, Share of employees employed by SMEs, share of turnover of SMEs in real estate activities, share of turnover of SMEs in professional services, share of turnover of SMEs in retail trade.

Once collected, the data was normalized on a scale of 0-100 to ensure comparability among data points and across pillars. To get a single score for each pillar and the overall index, the data points were weighted equally. The regional scores were then calculated on a weighted average basis, where the weight of each individual country for each region was determined by the size of its GDP in 2017 as reported by the IMF.
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Accenture Research

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