



# A Walk in the Cloud

## Open Banking: The Secret Gateway

### **Ellen Bencard, Walk in the Cloud Host**

Ellen Bencard leads Accenture's marketing campaigns in the UK while also managing to nourish her journalistic roots as an established blogger on the arts, travel and fine dining. Her corporate work usually finds her behind the scenes, coaching her team to bring together big ideas, insightful commentators, exciting events and innovative channels in ways that inspire prospective clients. But this isn't the first time she's stepped into the limelight to show off her training as a reporter, writer and presenter. She's anchored a web-based YouTube series for BT called Top Tips for CIOs and was Northwestern University's on-site media spokesperson at the Royal Wedding of Prince Harry and fellow alumna Meghan Markle. Born and educated in the American Midwest, Ellen's lived in the UK since 1999 and is a proud dual citizen.

### **Amit Mallick, Accenture, Managing Director, Global Open Banking**

Amit is a Managing Director in Accenture and has 20 years of consulting and technology experience in Financial Services Industry with proven experience of driving results. He currently leads the Open Finance practice for Accenture globally and has strong subject matter expertise in Open Banking, Open Finance and the associated API economy and has published multiple white papers and thought leadership articles on these topics. In his current role, Amit has been engaged with the many of the top UK and global banks in addressing the Open Finance and Open API agenda and has been involved in multiple projects involving work around Strategy & Operating Model, OB program delivery, Developer Portals, API technology Enablement and API Ecosystem setup.

## **Matt Cox, Nationwide, Director of Digital and Card Payments**

Matt is a specialist in Digital and Payments with a 25-year career in Financial Services, leading business teams and major change initiatives. Currently Director of Digital Payments and Cards at Nationwide Building Society, Matt is responsible for Nationwide's API channels, including Open Banking, and the Cards business that supports c. 7m members using current accounts and credit cards.

## **Introduction:** Walk in the Cloud

**Ellen:** Hello, and welcome to the new series of Walk in the Cloud. There is no corporate-speak and no marketing waffle. In this series, we're diving deep into change, but not those little changes we live with every day, we're looking for those big ones that spark a complete transformation of everything when they start working their magic. Now, we're going to start with open banking. If you're not in finance this may be something you've never heard of. But, this is something that is having a significant effect not only on us as consumers in the financial services industry but will affect us across the board.

And today, we're walking with Matt Cox, Nationwide's director of digital and card payments and Amit Mallick who leads Accenture's global team focused on open banking. Thank you both for joining me today.

Amit, let me start with you. Open banking will be a familiar topic for our listeners in the financial services industry, but just what for those who aren't, can you give us a simple overview to start things off?

**Amit:** Simply open banking allows banks to expose their products and services, which can then be accessed by trusted third parties. This means customers, consumers, and businesses can use a service provider of their own choice to access financial services, and banking services at the point of need.

**Ellen:** Matt, I know you have been up to your elbows in this from the beginning and the UK is considered to be leading. Or it was, and there is a question about that. Give us your perspective on where we stand at the moment.

**Matt:** Yeah, sure. I've had the pleasure of leading Nationwide's response to open banking almost since the beginning of 2017. The approach that UK regulators have taken is grounded in a competition remedy. And so, the early progress that was made, that regulation almost acted as a catalyst. It's almost created the rails for open banking. I think the UK's seen as a success story in what it's done. As a representative of a 150-year-old Building Society, I must counter that. This has been extremely costly, and it's been a long journey for the Nationwide Building Society. I think we need to learn the lessons of the past, in terms of how we design the future of open banking so that we can keep the UK a world leader. And we can maximise the value of this huge initiative for the benefit of our consumers.

**Ellen:** I'm going to come back to that but let me pick up with the benefit to consumers first. What have consumers seen – if I'm a Nationwide customer how am I experiencing open banking right now?

**Matt:** Well, most consumers won't know they're experiencing open banking when they are using it and they shouldn't really. It's a technical solution to something that they're just trying to do in their daily lives so that's an important point. Within Nationwide about 10% of the 'potential members' that could use open banking do not. Those that do use it for one of three reasons. They're either aggregating their account so that they can see them all in one place. They're choosing to make payments to their secondary accounts or credit card bill. Or they're using credit assessment services that improve their credit score for example. That's the three main reasons that people are using open banking even though they may not be aware they're using it.

**Ellen:** Amit, you're looking at the whole world. What's happening outside of the UK to challenge that original market lead, are people doing interesting and innovative stuff?

**Amit:** Different markets are evolving at different paces when it comes to open banking. We see two different types of trends. There is a regulatory approach to open banking that we have seen in the UK, Europe, Australia, France, and other geographies. Then there is a market-driven approach to open banking which is what we are seeing in countries like the US and maybe Hong Kong, Singapore, and China. What we are also seeing continuously is that regulators are learning from each other, and they are trying to improve the open banking experience continuously.

For example, if I look at Australia – it was the first regulator which didn't talk about open banking. Instead, they talked about data sharing and how that would lead to open banking, open energy, open retail, open telecoms, etc. They introduced the wider concept of which open banking is the initial step.

Brazilian regulators did a fantastic job in pivoting from open banking into open finance, and I think the Brazilian regulation is one of the widest in terms of scope and reach today. A lot is happening around the world, the UK is not far behind, but we may lose our market leadership position if we don't keep pace with everything else that is happening internationally.

**Ellen:** Matt, Amit mentioned regulation there. There are good points and bad points – where do we stand in the UK on the regulation front?

**Matt:** We've just reached the end of the CMA order which has sort of framed the last five years of the nine. Mandated organisations and delivery of variable recording payment capability is the milestone for that. I think we're now on the cusp of designing what the next five to 10 years will look like. If I think about what the biggest learning points of the path will be that we can take forward into the future. Then the first is whatever we do will need to be broad-based, it needs to work for the whole of the market, and it shouldn't just be for a few regulated entities. It needs to incentivize participation. It needs to be commercially valuable for all to play with in that environment so that organisations can come together and do valuable things.

It will incentivise raising the standards of the experience, the journeys, and the performance in a way that market forces alone can do, and where regulation doesn't do that particularly well in my view. Where regulation works best and where regulatory intervention works best in my personal opinion is where it focuses on a specific outcome that needs industry to come together and support them to solve that outcome. The industry comes up with the technical solution to the outcome. In my view in future, let's focus on things like fraud, where we know that we're going to have to continually up our game. In the battle against fraud through financial transactions, we know that the rails we've created through open banking have got some potential for us to do some more sophisticated fraud controls in that space. That's where I think we should focus our collective efforts.

**Ellen:** To all of your customer's gratitude I would think because we'll all need to be watching out for that one. I opened this with the idea of open banking triggering a much broader transformation than just financial services and Amit you mentioned the Australians and the interesting term 'open sharing' – can you talk to me a little bit about how open banking is going to go into open sharing and what does it mean across multiple industries?

**Amit:** We are at that stage of evolution where the world is already talking about open finance.

Open finance simply extends the scope of open banking and uses additional data sets from credit, mortgages, savings, pensions, taxes, insurance, and investments to provide better services to the end customer. But even open finance is just an intermediate step and I'll take my final destination as open data. That means data will be available across all industries and customers will have the right to decide how best to use that data to their advantage.

**Ellen:** There's a lot of data but knowing what to do with it and having the innovation to come up with great applications is a whole other step. As we reach the end of our walk, what advice do you have for how UK business leaders can be successful in a world of open data to bring better solutions and experiences to their customers? Amit, let me start with you.

**Amit:** Yes, leaders within businesses can think about multiple things. From a technology perspective, you should start thinking about product and service componentisation which essentially means start thinking about APIs and have an API first mindset. Data management and mastery of data management are very important to be successful within this space. You also need to collaborate with new players, and new participants in the ecosystem so agile partnerships are very important. Last but not least, we need to have an emphasis on security. Referring to the fraud problem, it is going to be an increasingly complex and bigger ecosystem with a lot of threat factors so focusing on security and reducing risk for the entire ecosystem is important.

**Ellen:** Matt, reactions to that?

**Matt:** All of those things. Exactly right, Amit. I would say that the trend for 'open' is broader than open banking. It's open 'everything' and it's linked to consumer trends and broader trends for technology. It's unstoppable, this is the natural evolution of the way technology is headed. What can business leaders do? They need to understand that trend, they need to engage and work collaboratively with the regulators throughout the industry. To focus on the things that are going to be best for their businesses that add value and that they can technically execute, but they're going to need to get ready for that. As Amit says, many things are very different about the way solutions work in this kind of open environment. If you haven't been lucky enough for your organisation to make part of that journey, you'll soon have to in the coming years.

**Ellen:** Out of one seed, whole forests grow. Thank you both very much for helping us understand how something that seems like a niche topic is actually something that everybody needs to think about. We're at the end of our walk and it is time to wrap things up. Listeners if you liked that please subscribe on whatever podcast platform you prefer so that our next episode will pop automatically into your favourites. And do all that great liking and sharing, so more people can join us on our walks in the cloud. See you next time.

**Outro:** Walk in the Cloud.