

WORLD FINTECH REPORT 2019



Open X is coming. Are Banks and FinTechs ready?

The Financial Services Industry is shifting from Open Banking to Open X

Four Fundamental Shifts

- ▶ from Product to **Experience**
- ▶ from Ownership to **Shared Access**
- ▶ from Assets to **Data**
- ▶ from Building/Buying to **Partnering**



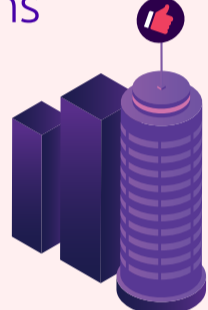
APIs are essential for success

Prevalent Models Today

- ▶ **Direct API monetization**
- ▶ **Revenue-sharing** – preferred by
 - 70% of FinTechs
 - 60% of Banks
- ▶ **API Access Fee** – preferred by
 - 55% of FinTechs
 - 46% of Banks

Important Models in the Open X Future

- ▶ **Indirect API monetization**
 - ▶ **Referred Business**
 - ▶ **Brand Uplift**
 - ▶ **Actionable Data & Insights**
- Will help firms**
- Expand distribution channels
 - Promote products
 - Improve customer experience
 - Increase personalization



Challenges preventing Open Banking implementation by Banks and FinTechs

- Data security and customer privacy concerns**
 - 76% of Bank executives
 - 50% of FinTech executives
- Fear of losing control over customer data**
 - 63% of Bank executives
- Differing cultural mindsets between the firm and partners**
 - 70% of FinTech executives
 - 66% of Bank executives
- Regulatory compliance and cyber security challenges**
 - 62% of Bank executives
- Trouble finding the right partner for collaboration**
 - Only 26% of Bank executives say they have a match
 - 43% of FinTech executives say they have a match



Banks and FinTechs must shore up their Open Banking capabilities to be ready for Open X by



Recruiting the right talent



Leveraging data and technology



Collaborating with ecosystem to modernize and optimize systems and processes

Determining Open X ecosystem roles based on primary strengths

From **Integrators** that create products and services and manage distribution to

Suppliers

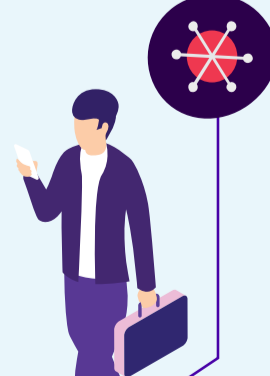
Develop products and services, leaving distribution to third party

Aggregators

Use extensive channels for distribution but leave product and service creation to third party

Orchestrators

Connect and coordinate with ecosystem partners to create maximum value



Tackling today's Open Banking challenges will prepare firms for tomorrow's Open X



For more information, download the report at www.fintechworldreport.com follow #WFTR19 or contact us at banking@capgemini.com