



Open Banking Innovation Centre

Helping people make better financial decisions

EY-Seren
July 2018

EY Open Banking Innovation Centre

We launched the EY Open Banking Innovation Centre in October 2017.

We work with our clients and their customers to design products and services that will help people live better financial lives.

We have over **5 years** worth of customer insights:

- Qualitative research with 2K customers
- Quantitative research with 2m customers

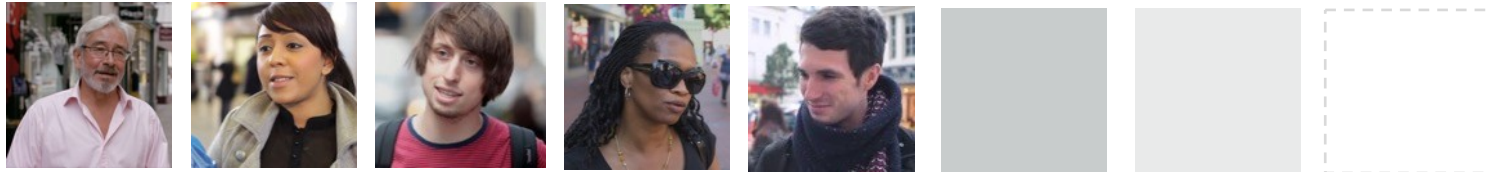
So far, we organized bespoke Open Banking workshops of over 20 institutions including Santander, Alior Bank, L&G, Vodafone, PayPal and the Bank of Russia.





Open Banking? PSD2!? Few consumers are aware of it or convinced of the benefits

The general concept of open banking, data ownership and ability to aggregate accounts in one place feels important when you talk to customers but isn't really well understood.



Many believe it will create a burden on them, as consumers, to chase the deals or be inundated with offers

Few people have used financial account aggregations services, even in their current forms



Awareness of regulation change - PSD2 initiatives - and the potential for highly customised, account aggregation services and the implications for data security and privacy are low



Open Banking? PSD2!? The benefits remain unclear

The general concept of open banking, data ownership and ability to aggregate accounts in one place feels important when you talk to customers but isn't really understood.

“ Will it help me pay off my debts?



“ What does the bank get out of it?



“ I can just change banks whenever I want? Why would I bother when they're all the same?



“ What do we need it for?



“ It won't make house prices any cheaper

“ I'll just end up with loads of sales calls. It'll be worse than today.



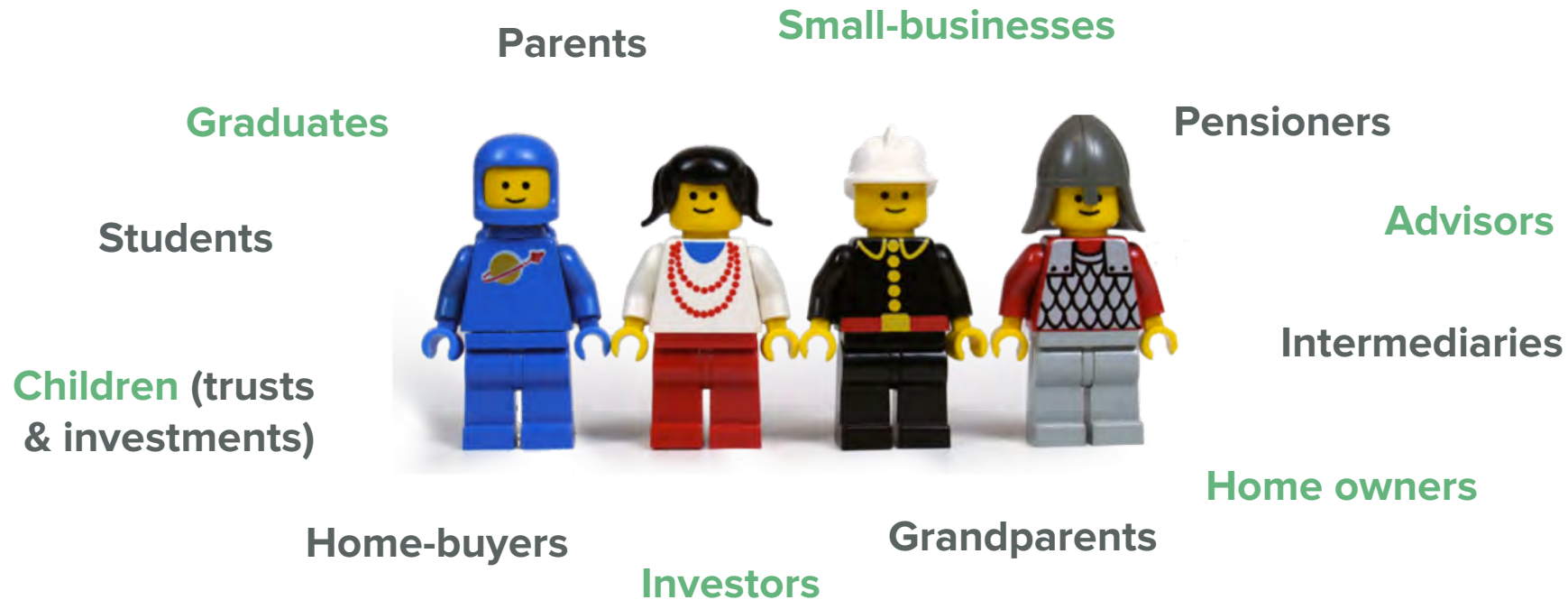
“ It'll still be a bank... somewhere where I keep my overdraft

People don't want more banks with more options. They want less confusion and clear choices. They want help: to make better, more relevant decisions. It's time to move beyond the transaction.



Who's data is it anyway? The customer owns the customer

Data ownership will provide opportunity but only if that ownership is understood by both business *and* customers. While PSD2 may provide regulated protection, it will also have to deliver on it's promise of highly personalised and customisable products and services, even when my financial needs and goals are very different from yours.



How will that data help people in meaningful ways?

‘Millennials’

Debt-focused and minimal long-term view

Move from spending & lending to saving & planning

‘Families’

Time, attention and resource poor
More immediate financial choices, improved mortgage & home ownership opportunities

‘Retirees’

Planning for dwindling cash reserves
Shift from spending to planning & optimisation

The Millennial (18-34)
Matthew | 23 'Always on'
Matthew is a digital native who's life revolves around connectivity and the immediacy it brings. Freshly employed but still living with his parents, he is seeking financial services and guidance from providers that honestly know his situation and speak his language.

Age	Status	Profession	Earnings	Debts
23	Single	Sales Executive	£20k (UK benefit)	£22k (student loan & credit cards)

Aptitude: Technical [High], Financial [Low]

Brand affinities
(products and services that set and fulfill expectations)

Interaction preferences

The Family (35-54)
Nikki | 35 'Exhausted'
Nikki is a full time mum who works part time to help make ends meet. She only uses digital services when she needs to and due to her limited means, she embraces value adding services and information sources that effectively improve her family's well-being.

Age	Status	Profession	Joint Earnings	Debts
35	Married	Teaching Assistant	£37k	£8,700 (Credit cards, car loan)

Aptitude: Technical [Medium], Financial [Medium]

Brand affinities
(products and services that set and fulfill expectations)

Interaction preferences

The Retirees (55-68)
Mary | 64 'Enjoying life'
As a retiree, Mary has attained a reasonable level of financial knowledge in her life. She is no stranger to the internet but only gravitates towards brands that she is already familiar with and those that are recommended by her family that explicitly enable her retirement goals.

Age	Status	Profession	Retirement Income
64	Married	Ex Primary School Teacher	£22k (per annum) £3k savings

Aptitude: Technical [High], Financial [High]

Brand affinities
(products and services that set and fulfill expectations)

Interaction preferences

Social banking? Personalised services, not just ‘selling’

What if Facebook, Google or Amazon started offering banking services? Or what if banks started offering financial services like an Apple or a Facebook?



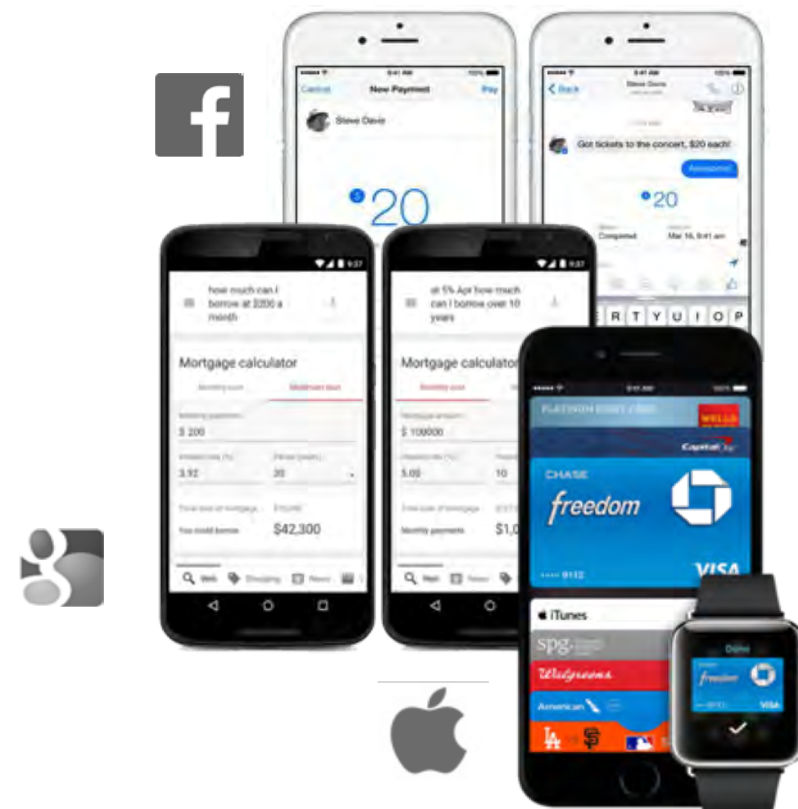
Perception is shifting and consumer behaviour is changing

More comfortable with non-financial brands in financial services

- Facebook login? Apple ID?
- One click transactions like Amazon?
- Apple Mortgage?

Needs perceived as being addressed by better digital solutions, maybe

- Pick and choose features that I want – like my iPhone apps
- Recommend products just for me
- Anticipate my needs
- Let me see how others are ‘making it’

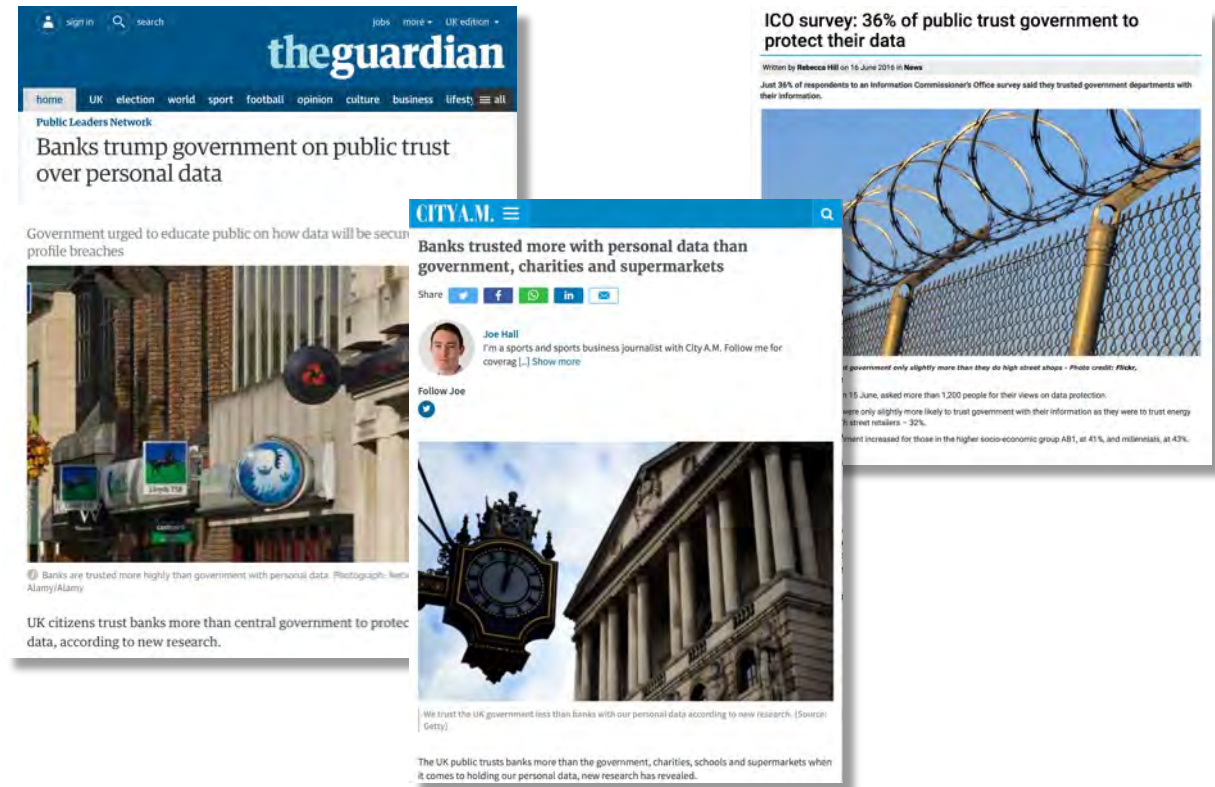


Aggregate customer insights from research conducted in 2016 and 2017

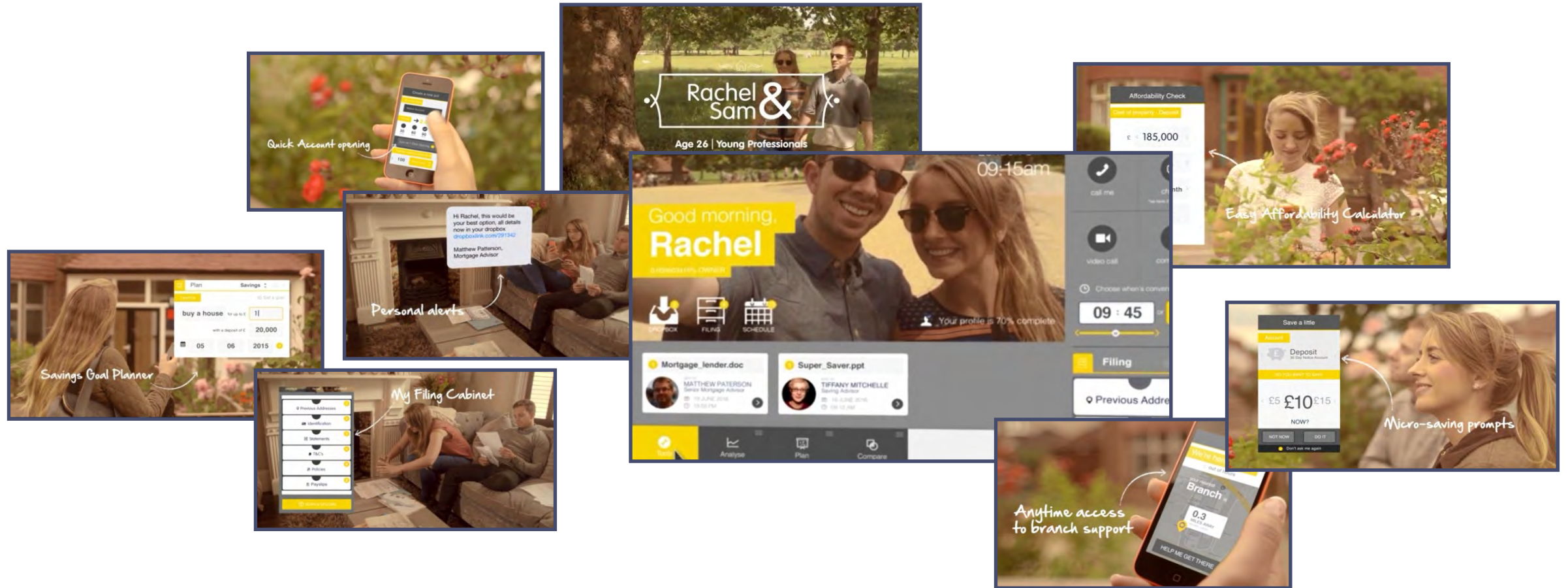
But Security, Trust, Privacy are still a concern - if only they were a bit more like a bank

Despite changing regulation, consumer behaviour, expectations – and even ‘traditional’ attitudes (Banks don’t care about me) - Banks are still uniquely positioned in the mind of consumers as the trusted custodians of financial data and trust.

- Customers have said that if their bank was somewhere they store their data, like their money, they felt it would be secure.
- This is consistent with other external research which consistently show banks are more trusted with personal data than other organisations.
- Recent history aside, perception - often based on experience - is that in the end banks are good at putting things right when they go wrong .



Show me what to do, in a language I can understand



Snapshot of UK demographics

Regardless of how well we communicate the benefits the fact remains that many people in the UK simply aren't well equipped to understand the choices we are asking them to make.

Many people struggle when confronted by complex financial choices

- Average reading age in the UK is 9 years old
- 16% of the population are functionally illiterate
- 4 in 5 adults have below GCSE Grade C maths
- 16% of the population are unable to identify the available balance on a bank account
- 1 in 10 cannot identify a better deal

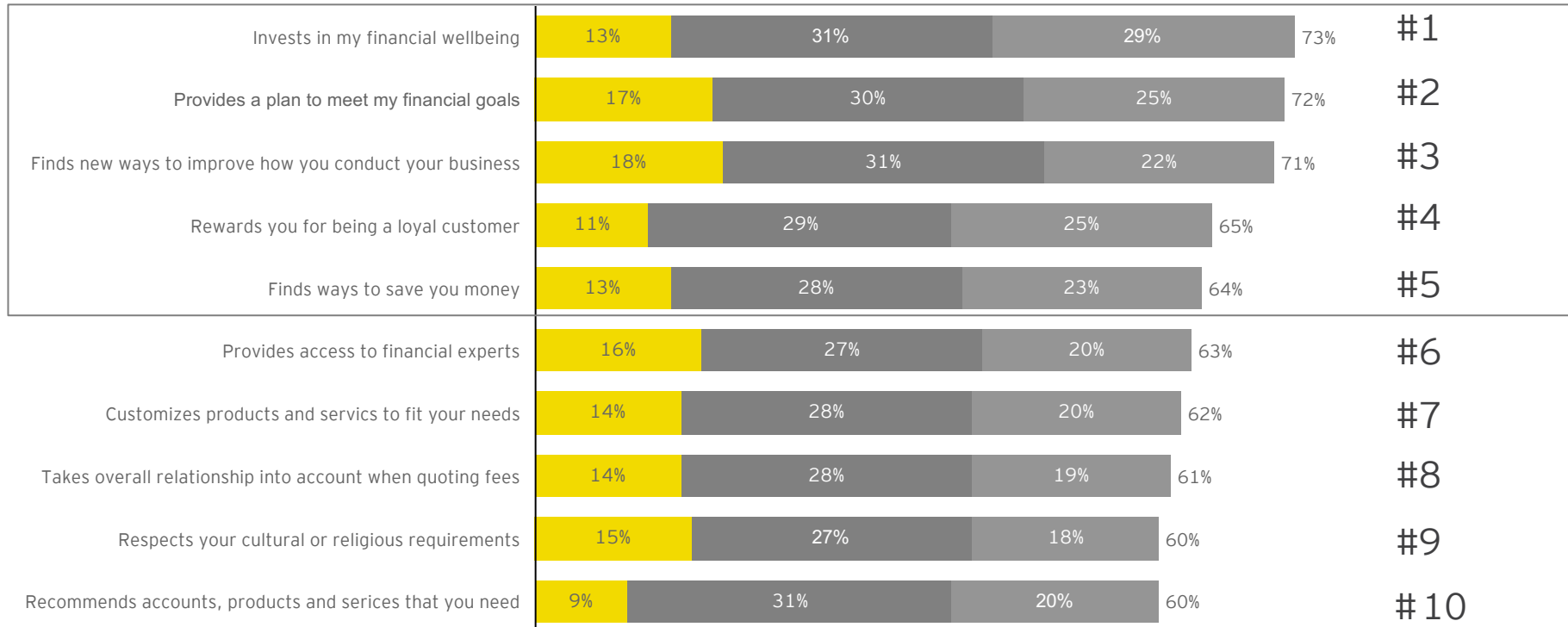


Sources: EY-Seren Research, Gov.UK

I want to work with companies that put my needs first

Customer Engagement Drivers In Financial Services

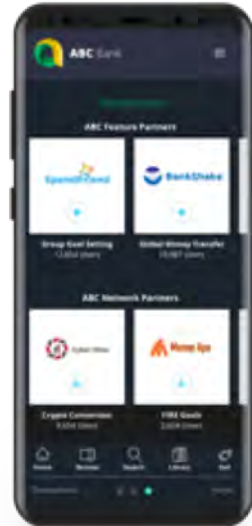
Importance Ranking



■ Pay a little more
 ■ Add more accounts / services
 ■ Increase my deposits / investments

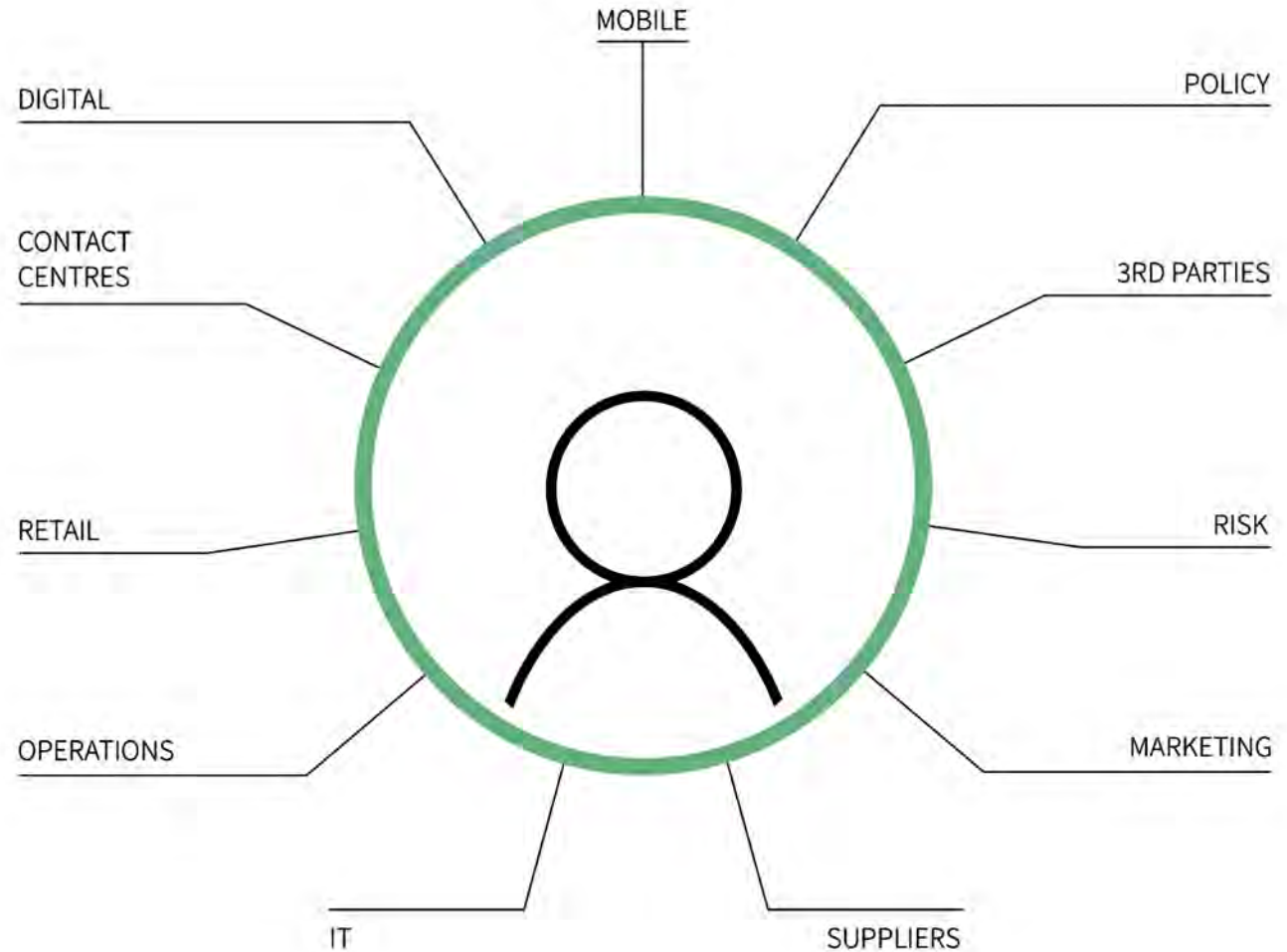
Let me interact, in my own way, at my own time.

Consumer behaviour is changing and our context for engaging with our financial lives will continue to evolve as new digital platforms enter our homes and our lives.



Our approach is Customer-centred

Identifying customer need and behaviour, co-creating the solution and building the customer-experience, operating model and technology platform to suit addressing regulatory challenges, legacy technology and cultural change along the way.



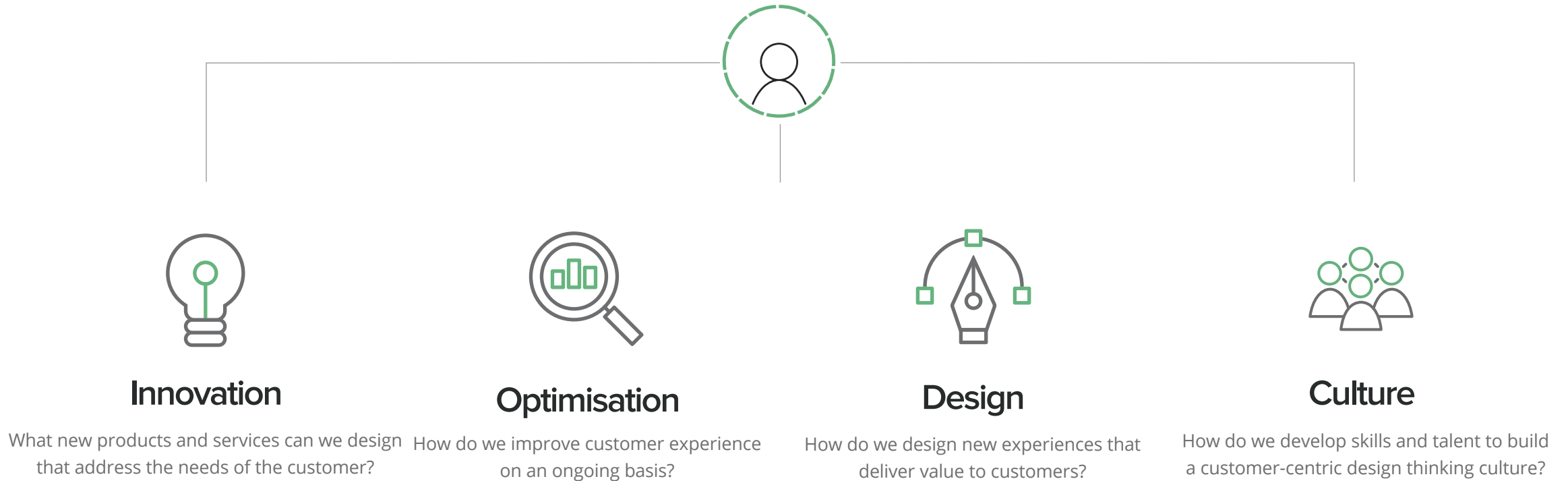
vs. Technology-centred

A spray-and-pray approach that puts channels and platforms before people and fragments customer experience.



Delivering insight-driven design and innovation

We harness customer insight to help our clients create and mature highly innovative services that create customer, reduce costs, and manage risk.

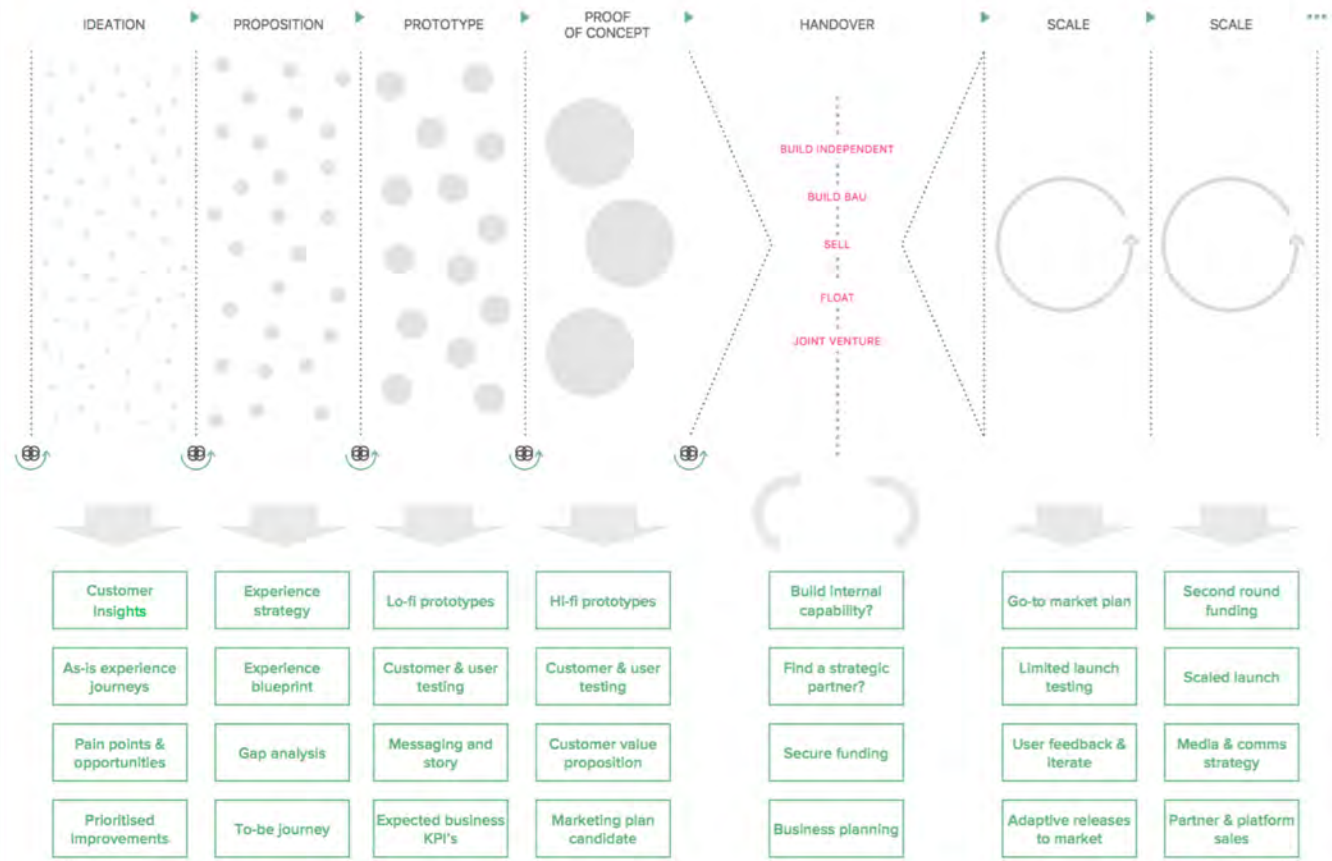


How we innovate

We used the Innovation Centre to generate hundreds of product and business ideas around Open Banking.

We used our consumer insights to identify the most promising concepts to develop further.

Our team iteratively designed each concept and developed interactive demos that were tested with consumers at key stages to ensure their needs and requirements were met.



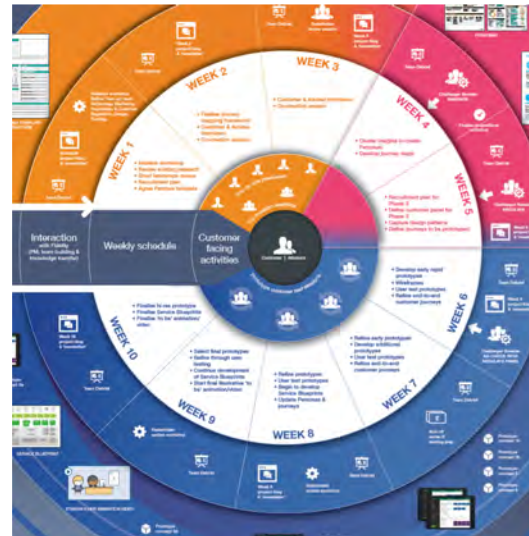
Outputs that build innovation Centre of Excellence capability

Three most frequent uses of this framework and methodology



48 hour Customer Rumble

- Nedbank
- Generalli
- Axa



10-12 week focused innovation wheel

- Nedbank
- Fidelity
- HSBC



Innovation Lab

- Barclays
- Visa Europe
- Riyad Bank

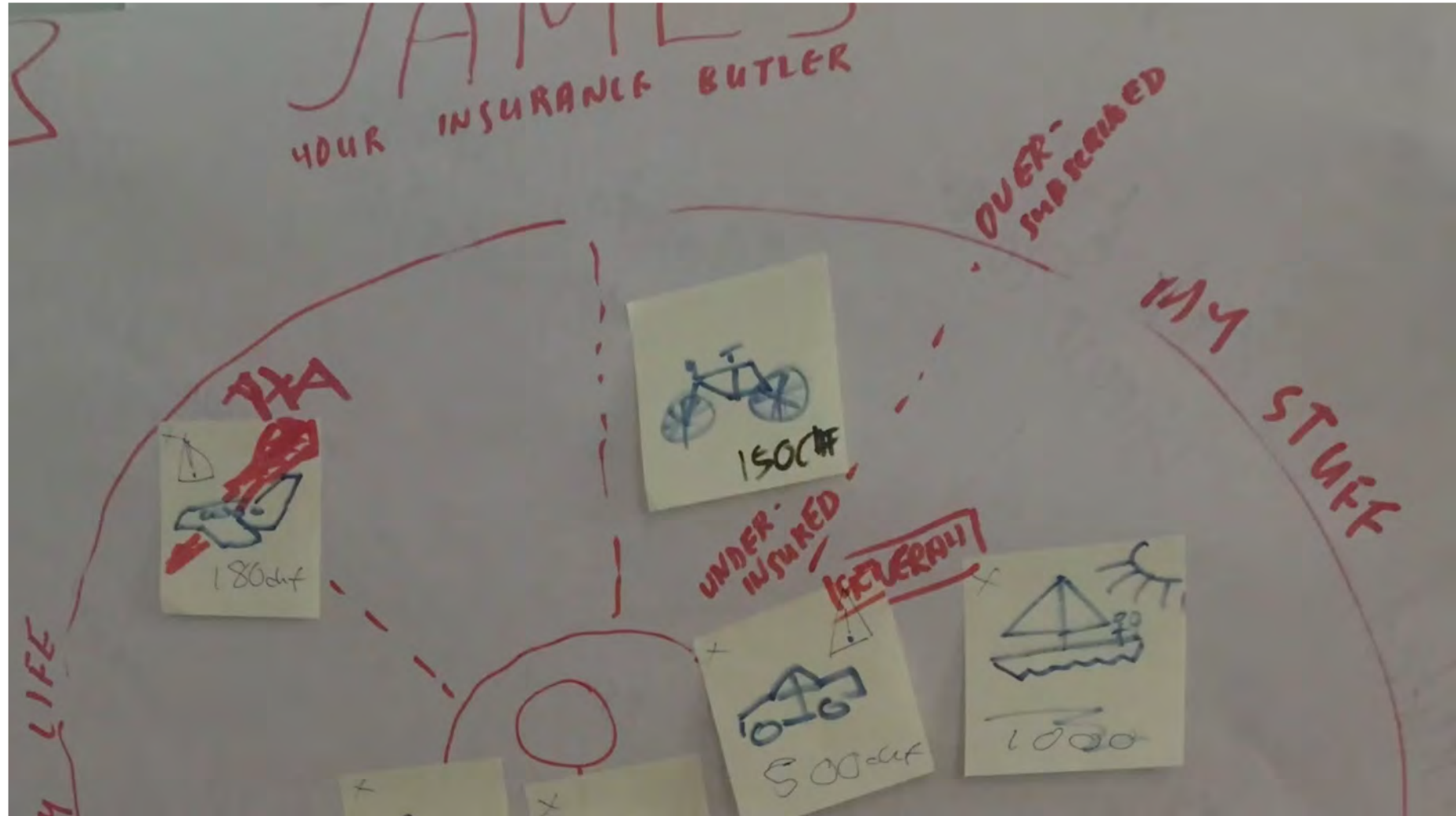
48 hour Customer Rumble

Best for generating excitement and initiating an idea log:

'What insurance options do we have around automated urban mobility?'

'How do could we utilise the Blockchain?'

'How could we engage with Generation Z?'



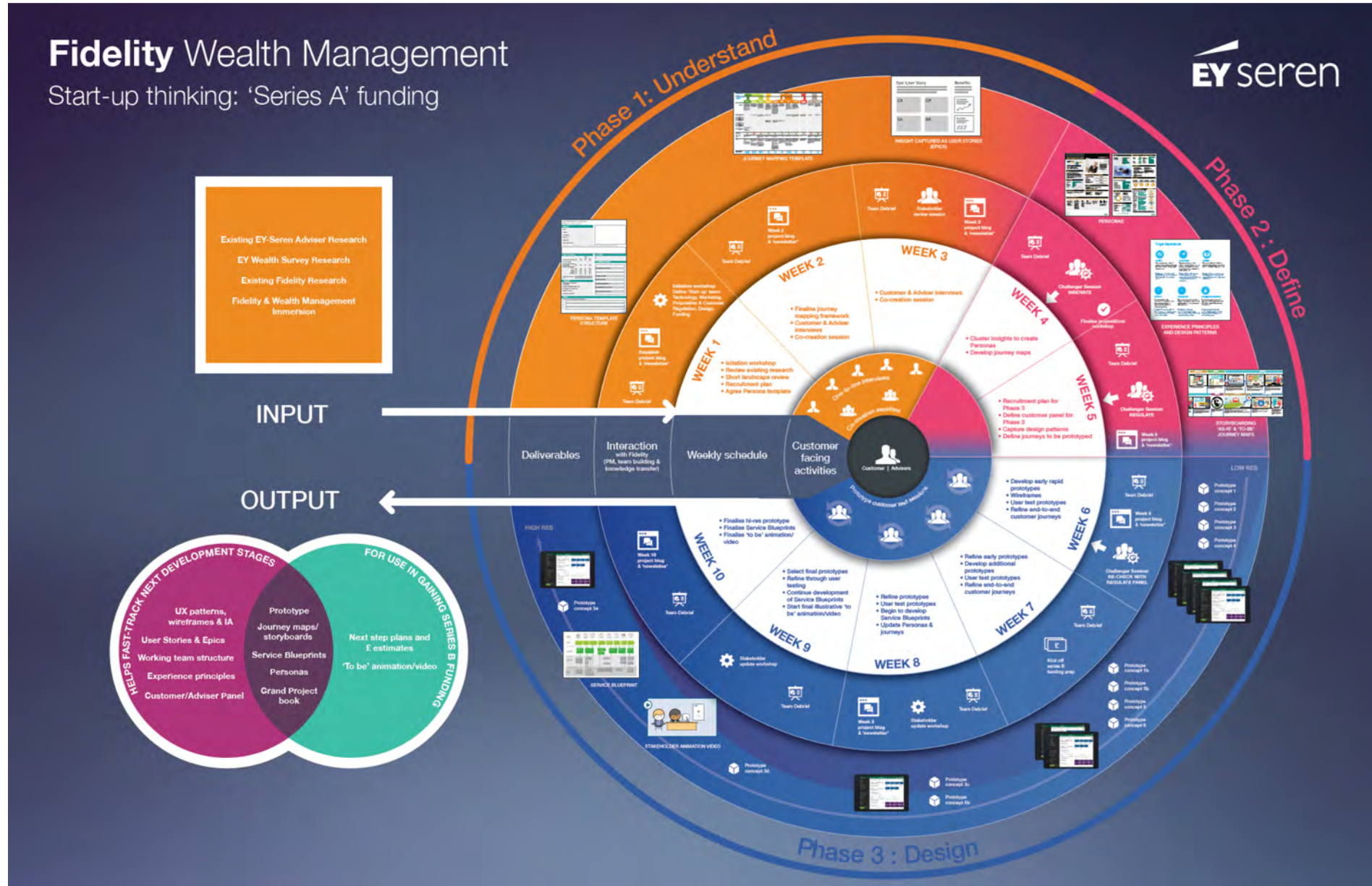
10-12 week innovation wheel

Best for answering focused questions:

‘How can we create a differentiated product for the mass affluent?’

‘How do we innovate financial management for the family?’

‘How do we service Generation Z?’



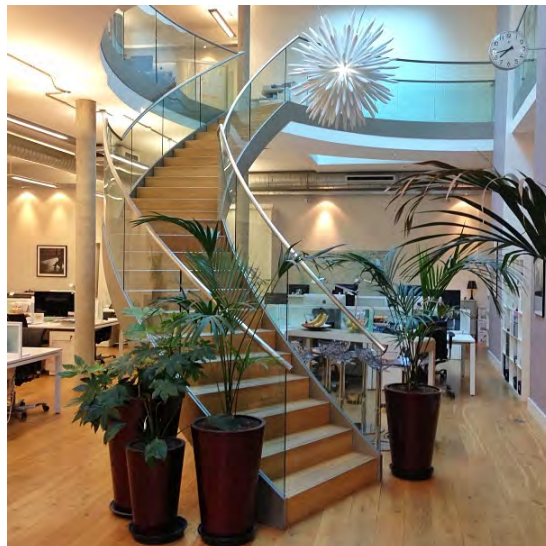
Innovation Lab

Best for changing culture and innovating around key themes:

'How do we innovate in the payment space?'



'How do we use data to transform our propositions?'



'How do we create an innovation funnel that keeps us ahead of the market?'



'How do we co-create and engage with customers on an ongoing basis?'

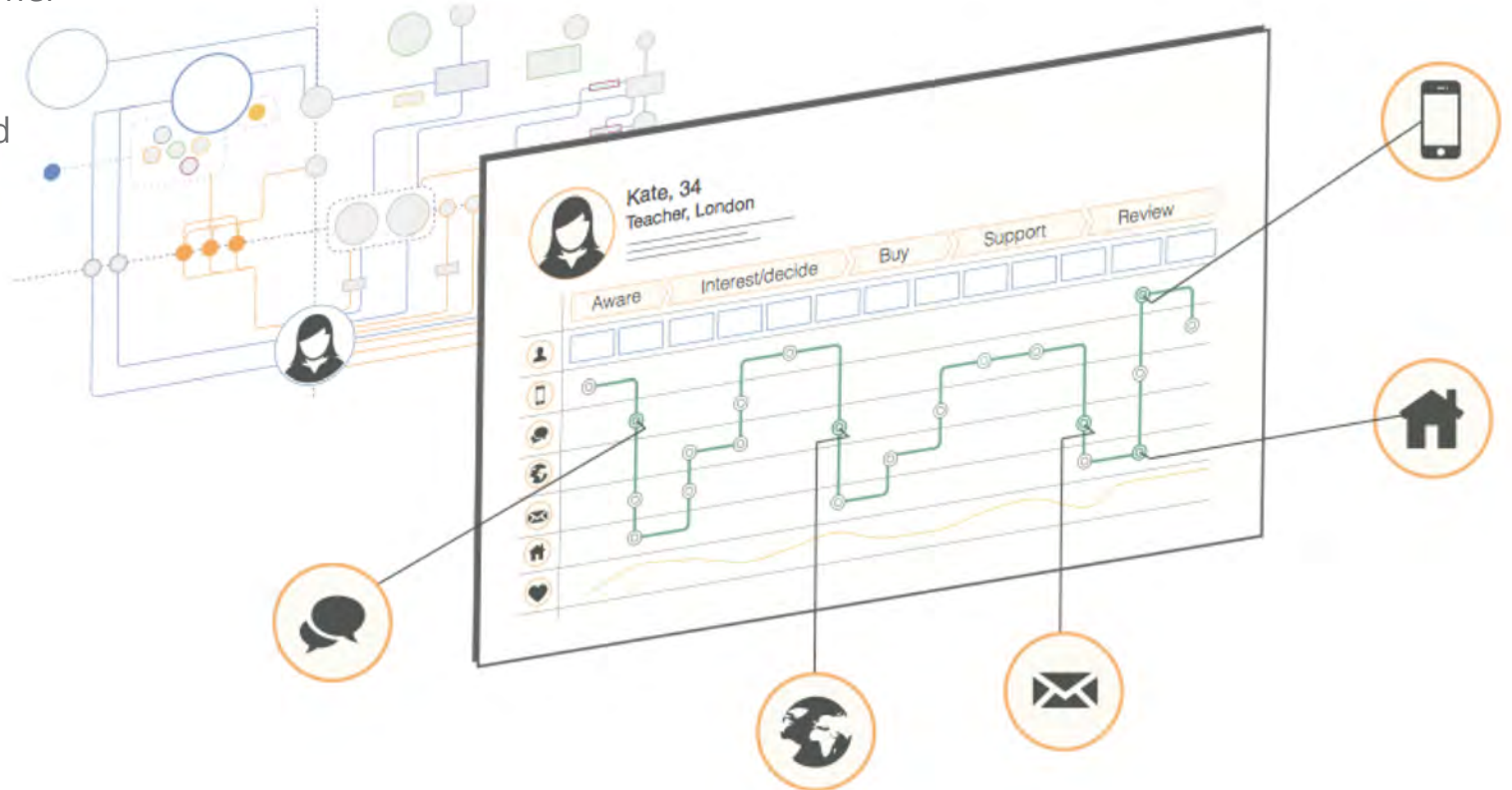


Our digital offering

We are service design experts utilising customer understanding to design exceptional customer experiences.

We provide the expertise and capability to deliver and make these future experiences a reality. We provide:

- Digital Strategy & Transformation
- Digital Innovation
- Design Test & Iteration
- Deployment
- Adoption
- Culture change
- Measurement



How are banks going to make Open Banking a reality?

The delivery of PSD2 and Open Banking is a major programme for many banks.

From the new services they may want to offer, to how they open their systems in a safe and secure way, they all need to build on their key assets to grow digitally:

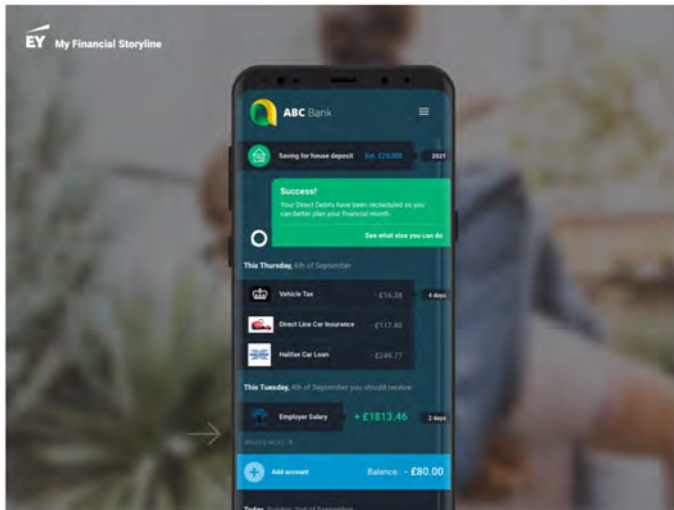
- Trust
- Reach
- Customer Data



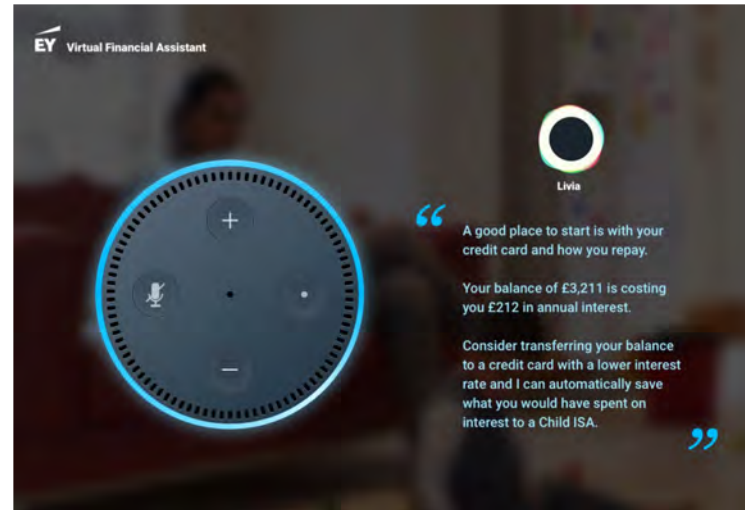
OPEN BANKING: BUILD ON BANK KEY ASSETS

Demos

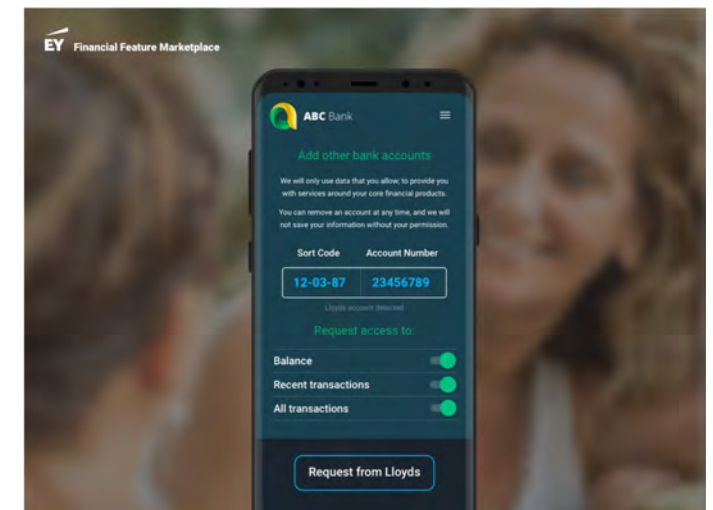
Based on the customer insights we developed 3 demos to demonstrate the benefits of Open Banking



My Financial Storyline



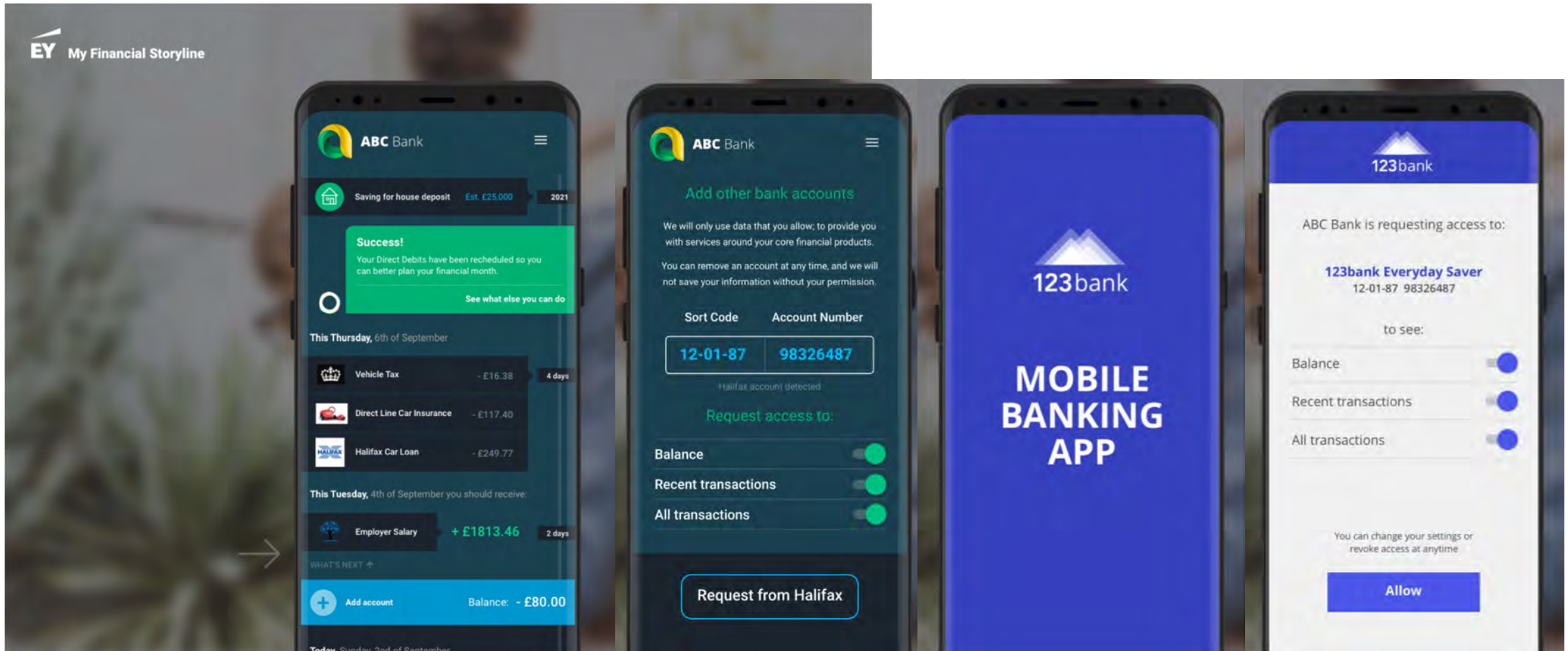
Virtual Financial Assistant



Financial Feature Marketplace

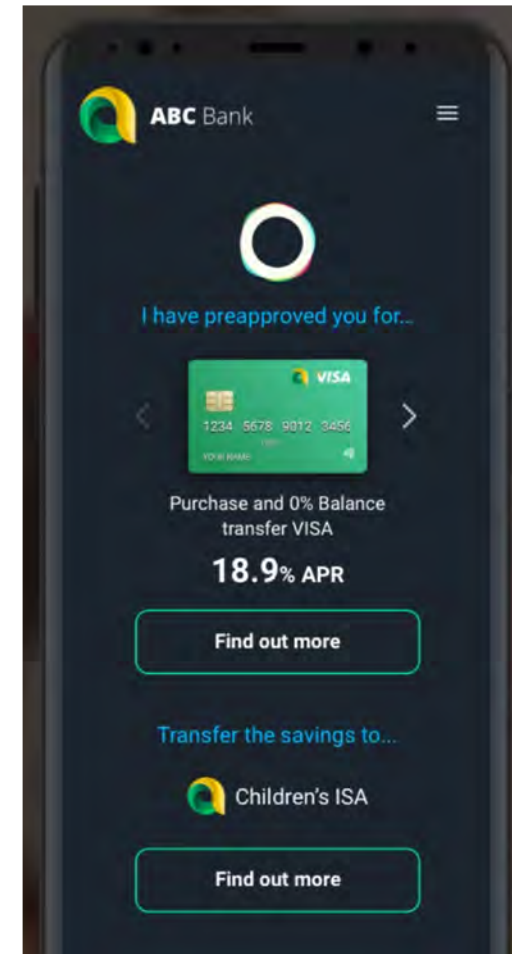
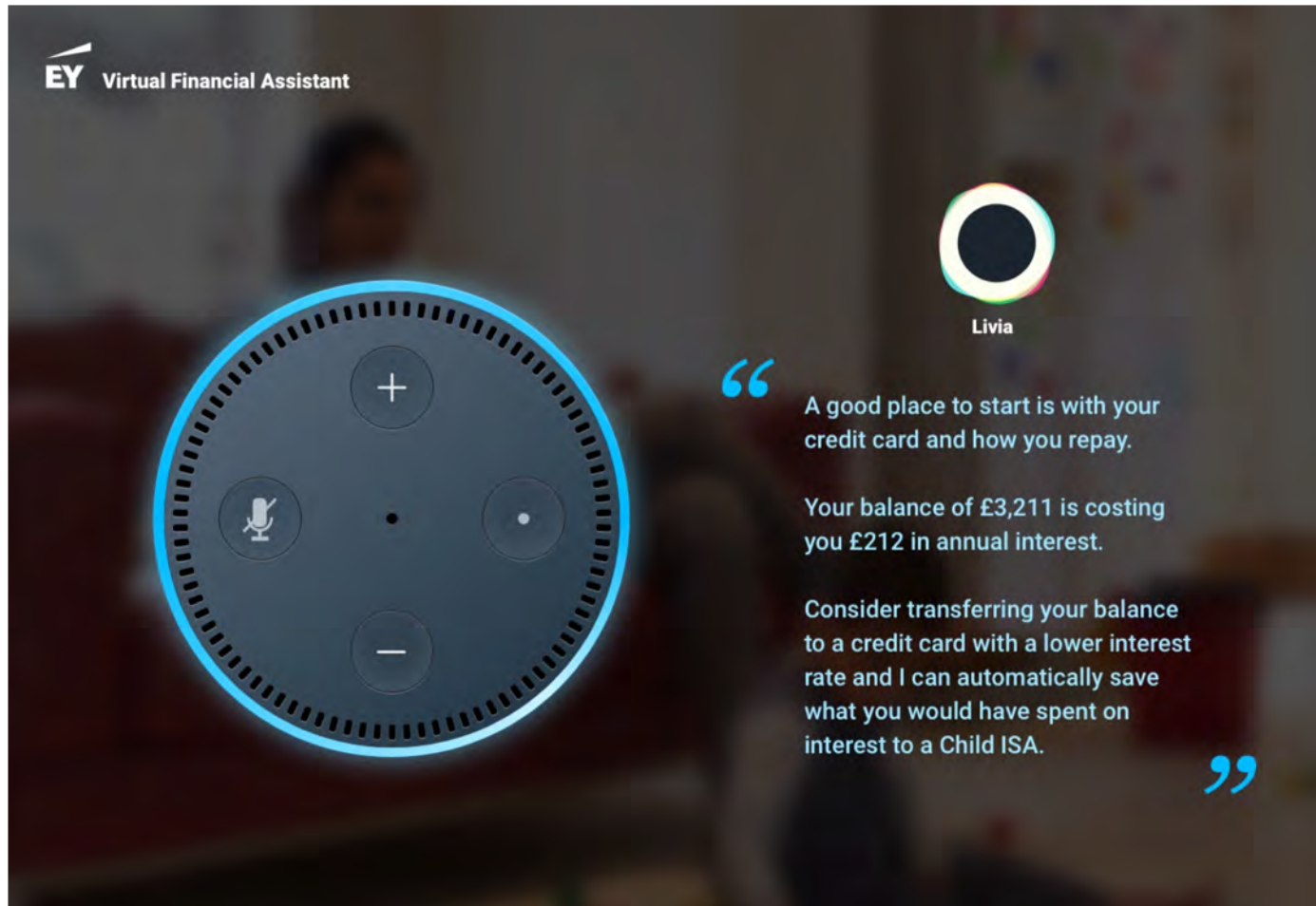
Storyline

Demo 1



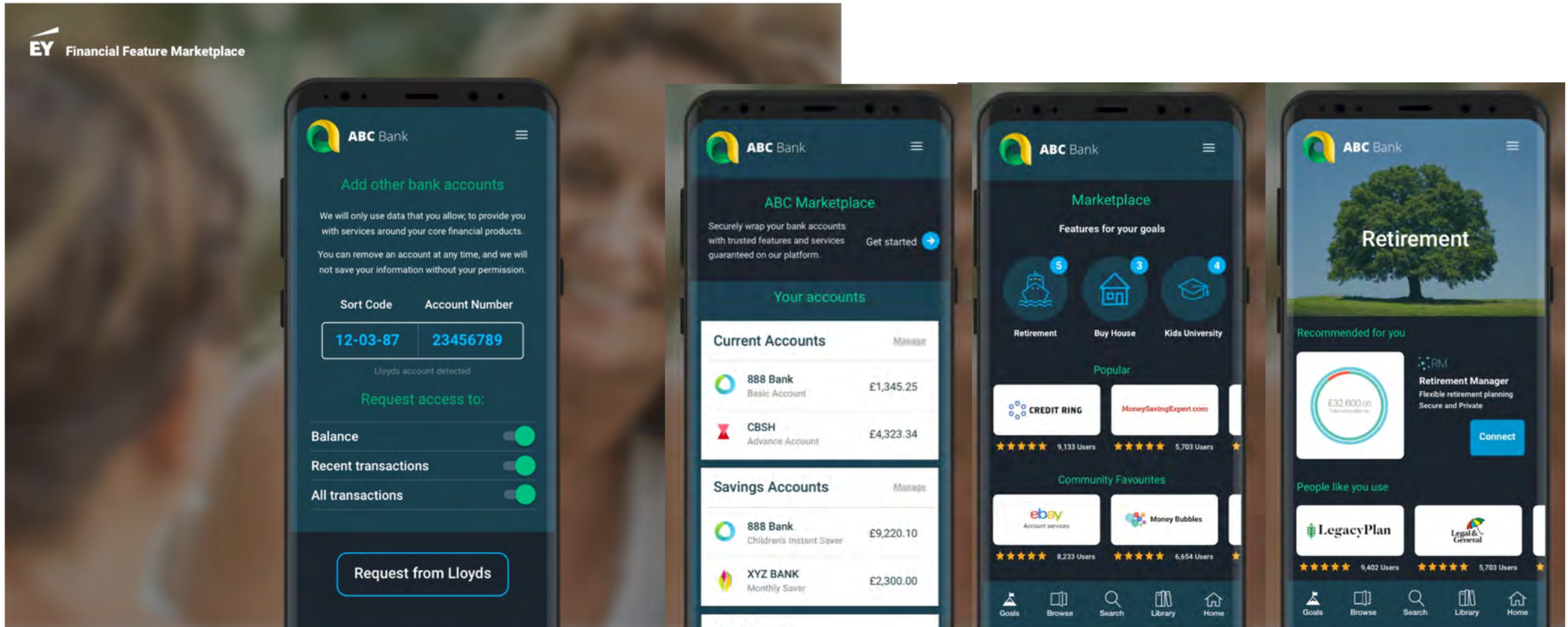
Livia

Demo 2



Marketplace

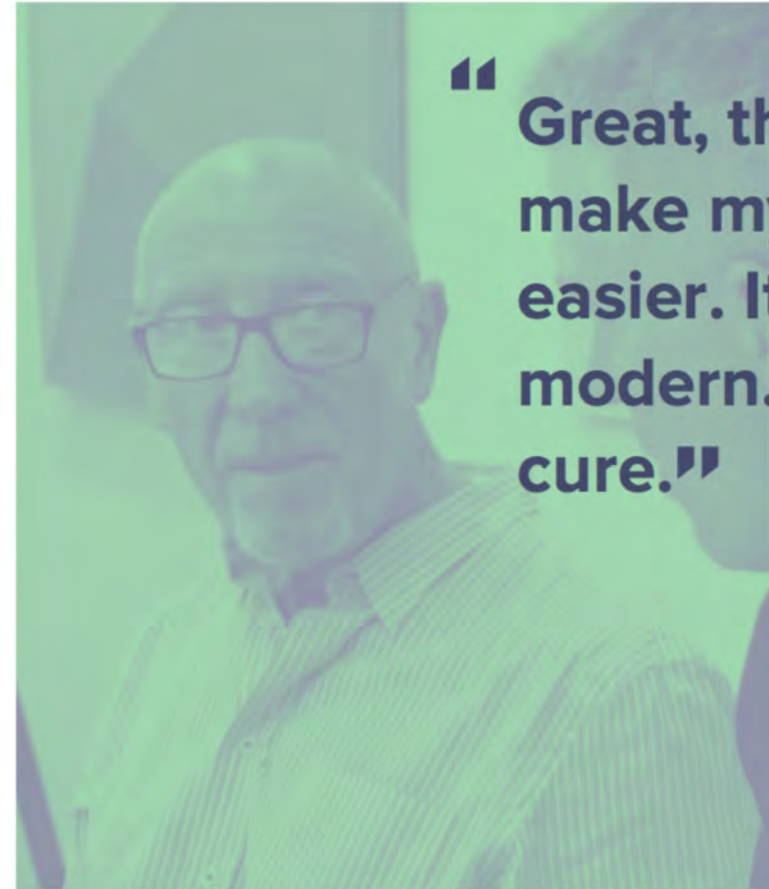
Demo 3



Consumer centred

The demos were a useful platform to open up the conversation around Open Banking and identify new products and services for consumers that can benefit their lives and financial health.

We found that once the concept of Open Banking was explained to them, consumers were likely to take advantage of the benefits of Open Banking.



“Great, this will make my life easier. It's modern. It's a cure.”

Consumer feedback

Participants were generally very impressed with the demos and the new functionality that Open Banking can unlock.

Three themes emerged throughout the customer interviews:

1. Customers need **reassurance** that Open Banking is secure and that they are in control of their data
2. Customers need to know **how they could benefit** from Open Banking
3. Customers need to know **how banks benefit** from their financial data



Last sprint testing: 12 participants

Consumer feedback

After reviewing the demos and reflecting on the opportunities that Open Banking can unlock participants voted as follows:

- **Does Open Banking add value: 8.4**
- **Adding accounts from other banks: 8.0**
- **Transacting with added accounts: 8.8**
- **Inviting people to contribute from different accounts: 7.6**
- **Banks offer recommendations I can trust: 7.1**



Last sprint testing: 12 participants

Industry examples

Welcome to a new relationship with your money

- See your accounts from different banks together in one place
- Discover where your money really goes
- No more fingers-crossed finance with Balance After Bills

Right now, the app is available to HSBC UK customers with Online Banking and an iPhone on iOS 10 or above. [Download Now >](#)

Android users and non-HSBC customers – we're working as fast as we can to get the app ready for you. Sign up below and we'll keep you updated on any exciting news.

HSBC's Connected Money app allows customers to see their accounts at up to 21 different banks in one place

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Liberis gains first small business funding application via Open Banking

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Your money's best friend.

Grow your savings. Invest in things that matter and reduce those pesky bills. Sign up on Messenger in 5 minutes.

SIGN UP NOW – IT'S FREE

★★★★★ 4.7 360+ Facebook reviews 150,000+ customers

Plum uses Open Banking to integrate challenger bank accounts

Talk to us

The Centre is a purpose-built space where we are working together with our clients and their customers to deliver transformational change that will help consumers make better financial choices.