Is Open Banking open for business?

UK entrepreneurs outline what they want from Open Banking services.
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Is Open Banking open for business?

What is Open Banking?

— Open Banking is an initiative mandated by the Competition and Markets Authority (CMA) to address the lack of competition in the banking sector for individual and SME customers.

— It launched in the UK in January 2018.

— In the wake of the General Data Protection Regulation (GDPR), it puts the onus for data ownership onto customers.

— Banks must share customer data with authorised third parties, subject to customer consent, over secure application programme interfaces (APIs).

— Authorised third parties can tailor products and services – say support with tax, payments, exports and pensions – to customers’ unique circumstances.

— It aims to prompt customers, who are notoriously resistant to change, to switch providers and enjoy better deals from some of the smaller and newer financial start-ups.

— It means traditional banks need to up their game and deliver more competitive, innovative and technology-biased products and services.

Open Banking has the ability to transform the market for banking providers that serve small and medium-sized enterprises (SMEs). New KPMG research suggests that the initiative has promise, although it is still early days. While some SMEs are receptive to Open Banking, much work is to be done to win over the sector.

The promise of Open Banking is that data sharing will enable increased innovation, greater competition and improved products and services for the banking industry’s retail and SME customers. As the first year of Open Banking draws to a close, KPMG’s research reveals that in the SME market at least, many banking customers have to be convinced of the merits of sharing their data to enable value adding services.

In August 2018, KPMG asked 1,000 small and medium-sized enterprises for their views on Open Banking. Almost half of these businesses told us they will not engage with Open Banking, while a quarter warned they will not share data under any circumstances. Smaller businesses, sole traders, domestically-focused enterprises and those owned or managed by the over-45s were particularly sceptical.
Is Open Banking open for business?

Large parts of the SME sector do not have a complete understanding of what open Banking entails and are nervous about sharing data. Many SMEs appear to believe that the downside risk of giving third parties access to their banking data outweighs the potential benefits of increased competition for their business. Moreover, they have greater trust in the ability of their existing banking providers, the large incumbent high street banks, to safeguard their data than in new entrants to the sector.

However, all is not lost. Already, 30 percent of SMEs – very often the high-growth and ambitious businesses that will expand quickest in the years ahead – are highly receptive to the objectives of Open Banking. And even among those firms that are ostensibly reluctant to change, existing behaviours, such as data sharing with accounting service providers, give rise to optimism, indicating there is hope for Open Banking.

Our research suggests better communication of the benefits of Open Banking is required. New entrants – perhaps a large technology player with established brand value and less need to build trust – could drive increased engagement. And the experience of early adopters, such as the larger and more sophisticated SMEs, will be crucial. But Open Banking remains a hugely valuable opportunity for SMEs and banking services providers alike.

Market and regulatory conditions favour Open Banking

There are three reasons why the SME financial services marketplace is ripe for disruptive innovation and competition:

1. SMEs want to extract greater value and efficiencies from financial services providers. Their top requirements include the ability to balance cash flow, make faster payments more easily and enjoy greater financial flexibility.

2. SMEs have greater and more sophisticated financial needs than retail banking customers. There is, therefore, more scope for providers to leverage data and add value.

3. A one-off market event, in the form of the RBS EU settlement, will incentivise SMEs to switch to challenger banks and see an additional £425 million invested in creating competitive capability in challenger banks and fintechs.

Moreover, further disruptive regulation, in the shape of Europe's Second Payment Services Directive (PSD2), will hasten the roll-out of Open Banking in the UK. From September 2019, new rules will require additional security authentication for online transactions exceeding €30. For organisations looking for a competitive ‘in’ into Open Banking, the answer could lie in helping SMEs with their international payments via an Open Banking platform.

... For those delivering what SMEs want

Given these drivers, we fully expect SME engagement with Open Banking to increase. However, a one-size-fits-all approach to SMEs will miss the target. In this research, we identify three distinct types of SME customer, each with different appetites for Open Banking – and each likely to be receptive to different strategies aimed at persuading them to adopt, pay for or switch supplier to access Open Banking services.

The challenge for financial services providers is to identify and implement the right tactics and business models to cater to these different customer groups – and to deliver the services, products and assurances that each segment needs. Unless they do so, Open Banking will not deliver the disruptive innovation and competition that regulators and policymakers are striving to achieve - and which SMEs so badly need.

John Hallsworth
Partner and UK Open Banking Lead
Mark Chidley, Independent SME representative to the Open Banking Implementation Entity (OBIE) comments:

“Open Banking has significant potential to transform the experience of UK Small Businesses. UK small businesses face a number of issues: low productivity, high rates of business failure, late payments, inefficient access to credit. Open Banking, by opening up secure access to current account data, can enable a whole range of tools and services, which will make small businesses more efficient, more profitable and more successful.

Many SMEs already share data today, with their accounting software provider or their accountant. Open Banking will make this easier, safer and open up new propositions and greater competition. For years, small businesses have seen limited product innovation and ineffective competition. Open Banking rewrites the rules and this report is hugely encouraging, showing that there are more than 2 million small businesses hungry for the transformation which Open Banking can bring.”
Top findings

Open Banking isn’t for everyone yet … but could be

Up to half of SMEs might engage in Open Banking with trusted financial services providers

Know your SME

Limited appetite for Open Banking

The ‘steady conservative’ makes up 42 percent of respondents. They are typically low-growth, small and simple businesses

Some appetite for Open Banking

The ‘moderate may-be’ accounts for 28 percent of respondents. These are relatively low-growth, mid-sized businesses

Good appetite for Open Banking

30 percent are ‘open for business’. These high-growth, sophisticated and larger businesses, typically in manufacturing, technology, media and telecoms (TMT) or financial services, are likely to adopt or pay for Open Banking

Will pay; won’t pay

Two-fifths (44 percent) won’t pay for any Open Banking service

24 percent will pay to make and receive payments to/from suppliers and customers more easily and quickly

22 percent will pay for a dashboard of all business financial accounts, loans, savings, assets, etc.

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Trust matters

High street banks, followed by building societies, are most trusted by SMEs and best placed to deliver Open Banking

New entrants and start-ups are least trusted, indicating a hard task ahead

Typically, just one in seven SMEs is willing to give a third party access to its data, depending on the services offered

In return for access to data, SMEs want financial savings in the region of 10 to 24 percent on existing providers’ charges

Will say ‘yes’ to Open Banking services if …

- Can make and receive payments to/from suppliers and customers easily and quickly
- Dashboard of all business financial accounts, loans, savings, assets, etc.
- Software or organisation manages and makes regular payments efficiently on SME’s behalf

Won’t share data …

1. In return for offers or discounts or services that are informed by previous expenditure
   To secure group discounts as part of a bulk-buying exercise with other companies with similar spending
2. If banking is linked with insurance offers

Would switch; won’t switch

- 25% 25 percent would switch provider for the ability to make and receive payments to/from suppliers and customers more easily and quickly
- 22% 22 percent would switch provider for a dashboard of all business financial accounts, loans, savings, assets, etc.
- 42% 42 percent would not switch provider for any Open Banking service or product
Open Banking isn’t for everyone … at least not yet

Take 1,000 SMEs …

Almost half (47 percent) of the SMEs in this research say they will not engage in Open Banking. However, this means the majority of SMEs would at least consider doing so in return for the right benefits. Clearly, there is a future for Open Banking.

The SMEs in this research share many common traits, such as greater trust in established financial services institutions than in newer e-commerce-type players, and an almost equal propensity to pay for a service as to switch provider to access it. However, it is where they diverge that enables us to identify three distinct clusters of SMEs:

1. The steady conservative
2. The moderate may-be
3. Open for business
Are SMEs confused about Open Banking?

Banks need to do more to inform customers about what Open Banking is and what it can do for them. Many survey respondents do not fully understand the mechanics or scope of Open Banking:

“It’s banking that doesn’t involve major financial institutions.”

“It’s where you agree to share your information so that you can be contacted by various financiers with the best deals they can offer to you.”

“All companies can see my most private financial information … and I have to pay for this service.”

“Open banking is banking that’s online and not through a high street bank.”

“It’s about banks sharing your details with other banks, so they can get you a better deal. I reckon that would leave the consumer open to identity theft and fraud.”
The steady conservative account for 42 percent of our SME sample; these businesses have a limited appetite for Open Banking. They are typically smaller and slower-growing businesses, turning over less than £250,000 a year. To a large extent, they are sole-trader enterprises, often run by owners or managers aged 45 or older. Most neither import nor export; they use five or fewer financial products.

While 72 percent of this group say they are unwilling to pay for Open Banking services, they are just as likely to pay to access a product or service as to switch lender. Of the 13 Open Banking services we tested with them (see page 22), the steady conservative would consider an average of just 2.5 of them.

Nor are steady conservatives likely to be already sharing data. Only 34 percent use accounting software and more than half (52 percent) have not considered it. They are, however, interested in the possibility of automatic tax payment calculations, suggesting they are inclined towards services that will ease their reporting obligations.

This group’s loyalty to traditional financial institutions is entrenched. If they need to use a financial services provider, 58 percent would choose a high street bank, while 36 percent would opt for a building society. They already choose fewer financial services providers – just 2.5 on average – to meet all their financial services and product needs.

Open Banking is intended to encourage switching, increase competition and to give customers more choice and access to better deals from some of the newer market entrants. This group is not especially interested in Open Banking benefits, suggesting that they will be tough to convert.
Which, if any, of these Open Banking services would you pay for?

None of these 44% 72%
Make and receive payments to/from your suppliers and customers 24% 9%
A dashboard of all your business financial accounts 22% 8%
Software/organisation that managed and made your regular payments efficiently 19% 4%
A very fast loan application and acceptance process 16% 5%
Automatic tax payment calculation 13% 12%
Managing your financial position and move money between accounts/debts/savings 13% 4%
A forward-looking view in managing finances such as bills, suppliers, taxes and insurance 12% 5%
Ability to improve business credit score 9% 5%

Which of these types of organisations would you consider for your organisation’s financial services and product needs?

High street banks 52% 58%
Building societies 31% 36%
E-commerce financial organisation 25% 21%
Insurance companies 23% 18%
Government/public bodies 22% 22%
Financial advisers 20% 12%
SME business member organisations 18% 16%
E-commerce retail platforms and tech companies 17% 9%
Online accounting software companies 17% 13%
Price comparison websites 15% 12%
Credit agencies and associated platforms 14% 7%
None of these 13% 23%
Specialist lenders 13% 5%
New digital start-up banks and FinTech 12% 6%
Social media 12% 7%
Online FX 11% 4%
The moderate may-be

This group, accounting for 28 percent of our sample, could be described as waiting to be persuaded by Open Banking. They would consider an average of 5.6 of the 13 Open Banking products and services we tested with them (see page 22).

The moderate may-bes are relatively low-growth, mid-sized businesses, with a higher proportion of non-UK sales (31 percent) than the other two clusters. Almost one quarter are consumer and retail business. Most of these SMEs – 63 percent – have traded for five years or more and employ fewer than 100 people.

They are more sophisticated than the steady conservatives, using between three and 11 financial products, and most use or employ an accountant. Sixty percent already use accountancy software, while a further 12 percent would consider it. Their interest in automatic tax payment calculations is above average.

Like the steady conservatives, the moderate may-bes are more comfortable with traditional banking providers – when in need of a financial product or service, 55 percent would opt for high street banks and 32 percent for building societies. And like most of the SMEs in this research, the moderate may-be is almost as likely to pay for services as to switch. For example 25 percent would switch in order to access a ‘dashboard of all business financial accounts’ while 21 percent would pay.
Which, if any, of these open banking services would you pay for?

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Which of these types of organisations would you consider for your organisation’s financial services and product needs?

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Key:
- **Average**
- **The moderate may-be**

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More than any other cluster, these SMEs are open-minded, both in terms of their propensity to buy and from whom they might buy. On average, open for business SMEs would consider 10.8 out of the 13 Open Banking products and services we tested (see page 22).

More sophisticated than the rest of our sample, the ‘open for business’ cluster comprises larger, high-growth businesses. They make up 30 percent of our sample and tend to be entrepreneur-owned and led.

Typically found in manufacturing, TMT or financial services, 94 percent of these businesses turnover more than £250,000 and 65 percent more than £1 million. More than half (54 percent) have between 21 and 40 percent non-UK sales. They are bigger employers, with 22 percent employing more than 100 people, but have traded, on average, for fewer years than the steady conservatives or moderate may-bes.

These larger SMEs have greater financial complexity, with most (92 percent) using nine or more financial products and 43 percent using more than 14. They typically employ or contract with an accountancy provider, while 86 percent also use some form of accountancy software. The ability to make automatic tax payment calculations is less important than for the other two clusters.

Again, this cluster is loyal to their existing banking partners and is almost as likely to pay for a service as to switch provider to access it. The exception is that 29 percent would switch to access ‘software/organisation that manages your financial position and moves money between accounts/debt/savings’, while only 25 percent would pay for this.

Open for business SMEs cite high street banks as their preferred providers in 40 percent of cases, in line with other clusters. But these firms are less dependent on traditional products and services. They are more likely than average to consider digital start-up banks and fintechs for their financial needs (19 vs. 12 percent) and would consider, on average, up to 3.5 providers.

Open for business enterprises are far more receptive to the idea of sharing data under Open Banking. Although they already use a variety of financial products, they also want access to cash to grow their businesses, are focused on making faster payments to suppliers and want the ability to transact in multiple currencies.
Which, if any, of these open banking services would you pay for?

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None of these: 44%, Open for business: 6%

Which of these types of organisations would you consider for your organisation’s financial services and product needs?

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Key:
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- Open for business

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What SMEs want from Open Banking services

Open Banking aims to give SMEs a better and more competitive deal from banking providers and to open up a market that has long been dominated by a handful of incumbent players.

There are signs that some SMEs are ready to turn to alternative providers for their financial needs, rather than rely on conventional banks and lenders. The Cambridge Centre for Alternative Finance, for instance, cites that by the end of 2016, SMEs had taken on €5.6 billion in alternative finance; across Europe, alternative lending grew 41 percent on the previous year¹. Asset finance, in particular, is popular with SMEs because lenders act quickly and offer the flexible terms businesses desire. The asset finance market recorded its third-highest monthly new business total in March 2018, with advances of more than £3.3 billion².

The psychology of some SMEs does not lend itself to automatic adoption of Open Banking. However, the responses to our survey provide some intelligence for financial services providers on how to structure their Open Banking propositions to encourage take-up and win over sceptics.

Make my life easier, but don’t sell to me

SMEs repeatedly told us that they would only be willing to share their data if it made their lives easier, and if it freed up time to focus on core activities. Better ways to operate their business accounts, manage invoicing or organise their tax affairs are just some of the operational efficiencies that might persuade them to adopt Open Banking.

Other benefits are less attractive. Offers and discounts informed by past spending, promises of group discounts for bulk purchases by similar businesses, or banking linked with insurance products, have little or no appeal. SMEs seek time, efficiency and cost savings but they will not tolerate being sold to.

They are most receptive to Open Banking services that allow them to:

- Monitor their overall financial position and move money between accounts, and between credit and debit balances, to get the biggest returns on savings and/or the best loan deals;
- Make and receive payments more easily and quickly, to and from suppliers and customers;
- See all their financial accounts in one place, on a dashboard;
- Calculate and manage their tax payments.

Would pay for... would switch for...

More than two-fifths (44 percent) of SMEs say they would not pay for any Open Banking service. However, the remainder are willing to pay for services that they value most – those that save them time and money. Despite their loyalty to traditional high street banks, SMEs are almost as likely to pay as to switch for the service they want, if they have to. They want:

- The means to easily and quickly make and receive payments to/from suppliers and customers – 24 percent would pay and 25 percent would switch provider to access this capability;
- A dashboard of all business financial accounts, loans, debts, savings and assets – 22 percent would pay; 22 percent of respondents would switch provider
- Software/organisation to manage and make regular payments efficiently on SMEs’ behalf – 19 percent would pay and 17 percent would switch.

The larger the company, by turnover and number of staff, the more willing they are to pay for Open Banking services. The same applies to those that trade internationally, use external finance and are digitally savvy. These firms are also more receptive to sharing data. Companies that have grown rapidly in the past year are also more inclined to pay to access services that will save them time and money.

On average, SMEs demand a high value exchange for their financial data. When asked how much respondents would want to save to allow an organisation to access their financial information, the answer was significant: they want 10 to 24 percent savings on existing providers’ charges.

22 percent would pay for a dashboard of all business financial accounts, loans, debts, savings and assets.
Winning business models for Open Banking

As both traditional financial services providers and newcomers, eCommerce providers and challenger banks, mull the best opportunities to exploit Open Banking, there will inevitably be significant barriers to overcome. Above all, they will need to address the issue of trust.

Trust matters

Open Banking requires customers to agree to share their data. It is a substantial leap of faith, particularly since third-party providers gain access.

The SMEs in this research take trust very seriously. More than half (52 percent) say they trust high street banks to keep their financial data secure and to use it in their best interests. But digital start-ups and fintechs score badly in comparison; they will have to work hard to win over SME customers.

While most SMEs have knowledge of social media organisations, they have little trust in their ability to handle and store data securely and in clients’ best interest. As users tend not to take up the financial products and services offered by social media firms, it seems likely they will have little success in the Open Banking market.

Strategies for customer conversion

In this congested SME banking market, what strategic opportunities are available to the different market participants as they seek to engage with each of the clusters identified in this research?

The financial players

- Traditional high street banks are setting up greenfield offshoots, under new brand names, to deliver Open Banking using modular rather than legacy system architecture.
- Challenger banks are relatively new to the financial market but are fast becoming established and making sophisticated offers to their customer bases.
- Fintechs specialise in digitalisation and offer functionality at low costs. They are nimble and unburdened by legacy infrastructure.
- Retail giants, like Amazon, Google and PayPal, with extensive customer reach, have potential to seriously disrupt the financial services market.

Strategies to harness value of Open Banking for the three clusters

**Open for business**
- *Acquisition play*
  - Active adoption
  - Lead with customer facing services and drive switching and revenue. Develop end-to-end process leveraging open data

**The moderate may-be**
- *Retention play*
  - Phased adoption
  - Selected customer facing services introduced on ‘fast follower’ phased basis and back/middle office enablers

**The steady conservative**
- *Efficiency play*
  - Invisible adoption
  - Open data used selectively in back and middle office to enable ‘effort intensive moments of truth’

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Winning business models across the value chain for ‘open for business’ and ‘moderate may-be’ clusters

We have identified six potentially winning business models for market players with the right capabilities, market position and ambitions.

**Front-end providers:**
At the front end of the Open Banking chain, opportunities exist for fintechs, digital banks and cloud-accounting providers, such as Xero, Sage and Intuit. Their focus will be on delivering a superior customer experience in areas such as invoicing and payments. They will deliver the time and cost efficiencies SMEs most want, in return for access to their data.

**Eco-system and app store players:**
This model will enable SMEs to find all the services they need in one easily accessible location – an Amazon Prime-style set-up. SMEs would download an app, in return for an escalating fee depending on usage, to access a range of bundled services – some of which they will use and others that they won’t. The lure of this model for providers is that users will find it difficult to extract themselves from an eco-system that offers so much in terms of convenience, speed and efficiency. Starling Bank’s Marketplace is a good example of an organisation taking this eco-system approach.

**The franchise extension model:**
Franchise-type organisations have opportunities to exploit Open Banking by offering payment services across franchise stores. This would, for instance, enable independent franchise outlets to leverage group scale to eliminate or reduce the merchant fees they currently pay. An alternative model, along the lines of Amazon, is to extend payment services to SME customers and supply chain companies.

**Flow monsters:**
Flow monsters are in command of the balance sheet. They are the ultimate backstop in the Open Banking chain, holding all the assets and liabilities that are manoeuvred around the system by Open Banking players.

Flow monsters have a banking licence to operate; they enjoy a robust credit rating and are successful managers of capital and liquidity. This position – at most there will be three or four flow monsters – is likely to be occupied by the Big Four high street banks, but newcomers in the retail banking space, such as Goldman Sachs with its start-up Marcus, or Blackstone, could also be in the running.

**Product specialists:**
Some financial services players might choose to become specialist product providers, delivering their services across existing platforms. Already, for instance, some general insurance providers specialise in pricing risk appetite for insurance aggregators.

**Sector specialists:**
Similarly, sector specialists will seek to build services that are uniquely suited to a specific sector. The Manufacturers Bank, for instance, focuses on the 15 percent of SMEs in manufacturing-type activities. The bank helps them to invest in plant over long periods and to trade internationally successfully. This type of bank will be relevant to UK Industrial policy and trading post-Brexit.
Coming … ready or not

Open Banking is happening … but our research suggests what has been achieved so far falls short of what is required to meet the needs of a large swathe of SME customers. This represents a missed opportunity for the banking industry and SMEs alike – and an open invitation to disruptive new market entrants to do better.

The challenge now is for players in this market to think more ambitiously about how to serve the 30 percent of SMEs that are already receptive to Open Banking, as well as how to convince more sceptical businesses of the value on offer to them. This will require a step-change in attitudes and actions.

Too many market participants have so far focused on Open Banking as a regulatory imperative. They have worked hard to comply with the requirements of the regulation but have not focused on how this profound change could help them to compete more effectively. Even those providers that recognise that Open Banking leaves them vulnerable to disruption are not necessarily innovating in order to secure disruptive advantage of their own.

Innovative thinking is needed in a market that is wide open and where 30 percent of high-growth SMEs, with an appetite for Open Banking, are currently underserved.

So, how advanced is your organisation in its Open Banking preparedness? Have you developed:

- Regulatory action plans – are you driving compliance aligned to all relevant regulation, including PSD2, Open Banking, GDPR, the fourth AML Directive and related developments?
- Strategic planning – have you put in place plans that reflect how Open Banking will be critical to your ongoing competitiveness and relevance?
- New World operating models – are you rethinking the structure and processes of your organisation for a data-driven marketplace in which customers are shared?
- Next generation technologies – have you thought about how to commercialise APIs and data in the context of your product strategies?
- Risk management – how are you managing the increasingly complex risks and challenges around data privacy, cyber security, fraud and financial crime?

The answers to these questions will determine the success of your organisation in the Open Banking environment. Those providers that do not inspire SMEs to embrace the benefits of Open Banking today will lose out to the disruptors of tomorrow.
Too many market participants have worked hard to comply with the requirements of the regulation but have not focused on how this profound change could help them to compete more effectively.
About this survey

In August 2018, KPMG and research organisation 3GEM, sought opinions on Open Banking from 1,000 SMEs, using an in-depth questionnaire.

The survey interviewed SMEs with an annual turnover of up to £7 million, registered or based in the UK, across a range of sectors, excluding charities, contractors, clubs and societies. All the respondents were owners, finance directors or financial decision-makers.

The survey tested SMEs’ willingness to share their data with third-party providers under Open Banking if doing so would enable them to access each of 13 different product or service improvements.

Respondent break-down by business sector (%)

- Consumer/Retail: 23.6%
- Technology, Media and Telecom: 13.8%
- Manufacturing: 8.7%
- Financial services: 7.8%
- Other: 46.1%

Respondent break-down by designation (%)

- Owner: 59.5%
- Director: 14.2%
- Managing Director: 8.0%
- CEO/C-suite: 9.2%
- Senior financial decision maker: 4.1%
- Company Director: 2.5%
- Financial Director: 2.0%
- Board member: 0.5%
### Respondent break-down by business turnover (%)

<table>
<thead>
<tr>
<th>Turnover Range</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>£0 - £100k</td>
<td>34.3%</td>
</tr>
<tr>
<td>£100k - £250k</td>
<td>15.6%</td>
</tr>
<tr>
<td>£250k - £1m</td>
<td>17.6%</td>
</tr>
<tr>
<td>£1m - £2m</td>
<td>17.2%</td>
</tr>
<tr>
<td>£2m - £7m</td>
<td>15.3%</td>
</tr>
</tbody>
</table>

### Proportion of non-UK sales (%)

<table>
<thead>
<tr>
<th>Sales Proportion</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>None</td>
<td>39.6%</td>
</tr>
<tr>
<td>Up to 5%</td>
<td>9.1%</td>
</tr>
<tr>
<td>6% - 10%</td>
<td>9.6%</td>
</tr>
<tr>
<td>11% - 20%</td>
<td>12.0%</td>
</tr>
<tr>
<td>21% - 30%</td>
<td>12.2%</td>
</tr>
<tr>
<td>31% - 40%</td>
<td>7.6%</td>
</tr>
<tr>
<td>41% - 50%</td>
<td>4.1%</td>
</tr>
<tr>
<td>&gt; 50%</td>
<td>4.9%</td>
</tr>
<tr>
<td>Don’t know</td>
<td>0.9%</td>
</tr>
</tbody>
</table>

### Respondent break-down by employee size (%)

<table>
<thead>
<tr>
<th>Employee Size</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>1 person</td>
<td>29.1%</td>
</tr>
<tr>
<td>2-10 people</td>
<td>26.3%</td>
</tr>
<tr>
<td>11-20 people</td>
<td>18.5%</td>
</tr>
<tr>
<td>21-100 people</td>
<td>16.9%</td>
</tr>
<tr>
<td>100+ people</td>
<td>9.2%</td>
</tr>
</tbody>
</table>

We asked SMEs if they would give consent and allow an organisation automated access to their company’s financial information in return for the following Open Banking services:

1. Have faster and more convenient processing of day-to-day cashflow and working capital needs
2. Provide credit worthiness to access external finance, such as a business loan
3. The ability to more easily and quickly make and receive payments
4. See all financial accounts in one place e.g. on a screen as a dashboard
5. See all payment details for all of customers and suppliers across all trading, including bank payments, credit cards and lending
6. Monitor the SME’s overall financial position and move money between accounts/ debts / savings to provide the biggest returns on savings and/or the best loan deals
7. Improve credit score by analysing spending and borrowing and suggesting changes that would improve scores
8. Allow business accounts and tax payments to be managed, including for the preparation of business accounts or the calculation and automatic payment of business taxes
9. Enable access to a marketplace of new customers and potential new markets
10. Assess the SME’s expenditure with suppliers and monitor the marketplace to help them compare and switch to a product that saves money
11. Receive offers and discounts on other helpful services, informed by previous expenditure
12. Consolidate the business with other companies with similar spending so as to create the opportunity for group discounts
13. Join banking and insurance together to improve their relevance to the business
Find out more

To find out more about how KPMG can help you to develop an Open Banking strategy that is right for you and your target customers, and to test your performance against the 13 Open Banking products and services mapped in our research, contact:

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