



Exploring Open Banking

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What is Open Banking?

Open Banking is a global *movement** that promotes customers' right to securely share their own financial information with trusted third parties

* Open Banking is not a singularly triggered regulatory event, but culmination of competitive, societal, technological, and regulatory shifts on consumers' right to control their financial data

A view into the future data landscape

It is likely that the Canadian financial services industry will operate in an more open data landscape, but through a **mix of various models** of data access

- Industry or regulatory-led data sharing framework for banking
- Expansion of screen scraping practices to fill gaps
- Continued relevance of aggregators as data processors
- Prevalence of data partnerships as a source of advantage

Why is Open Banking important?

Open Banking can enable new business models that expand generation and delivery of value *beyond a vertically-integrated value chain* to an external ecosystem, as it converges with other transformative forces

Open banking use cases

Open Banking will allow financial services providers to serve customers in a more **holistic and personalized** fashion regardless of existing banking relationships



Account Aggregation



Account Opening



Advice-as-an-Offering



Better Discovery



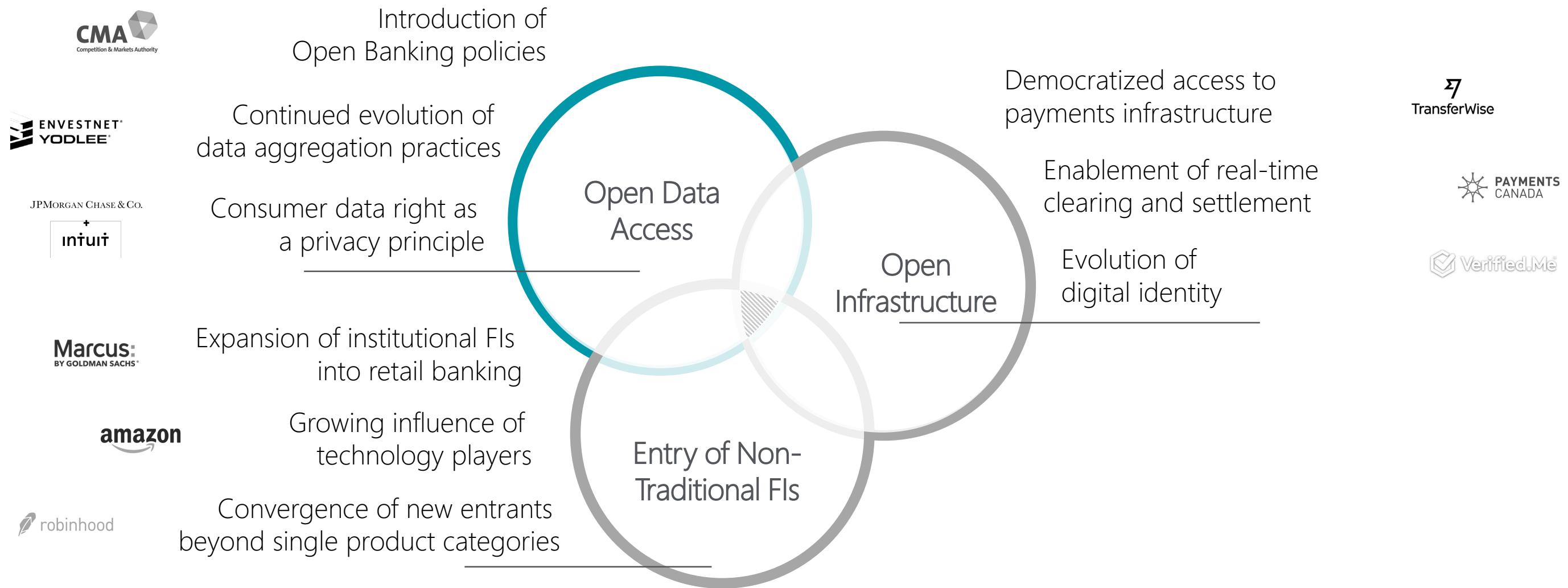
Card-less Loyalty



Improved Adjudication

Open banking in context

However, the real **transformational potential** of Open Banking will be unlocked as it converges with other industry-shaping shifts underway



Platformification of financial services

The convergence of these forces enable the emergence of **central interfaces** to financial services, potentially disaggregating manufacturers from customers



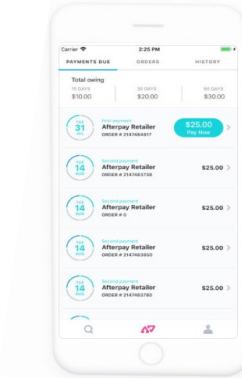
- Synchronous manufacturing and distribution
- Cross-sell and cross-subsidization
- Product-first sales and marketing
- Current account ownership is the driver of relationship

- Platformification of financial services
- Product-by-product competition
- Data-driven customization
- Central interface ownership is the driver of relationship

A view into bolder use cases

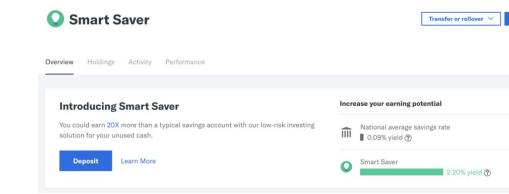
The convergence would also enable **noble applications** of open banking that can generate net new value to customers

Post-Purchase Installment Loans

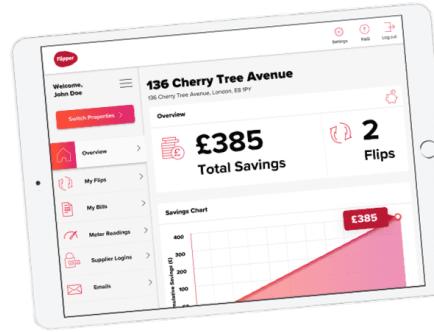


PRECURSORS

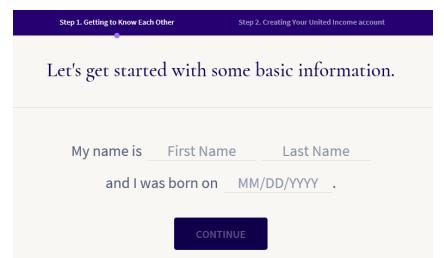
Autonomous Cash Flow Management



Continuous Product Switching



Consolidated Retirement Planning

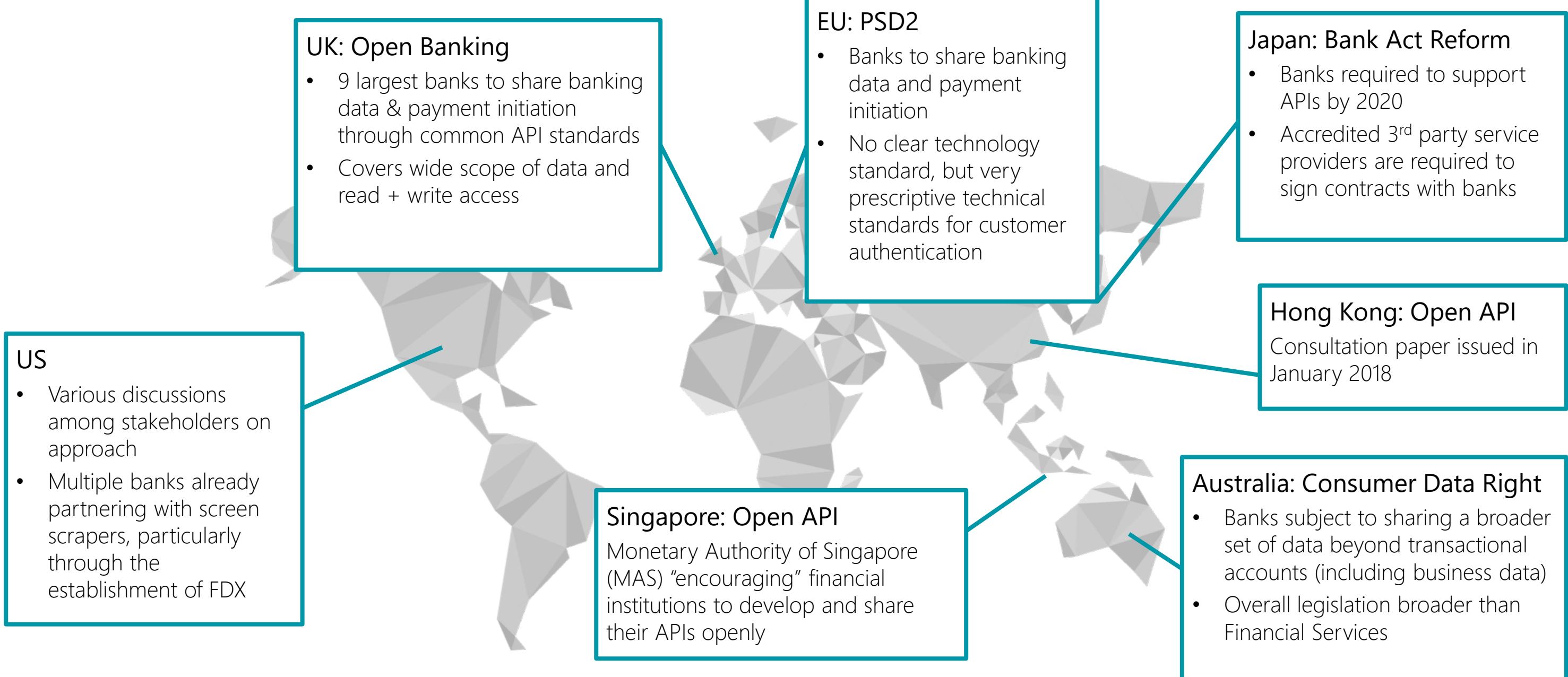


What are potential Open Banking approaches?

There is no single implementation of Open Banking around the globe; design choices made by each jurisdiction reflect its *policy intent and market characteristics*

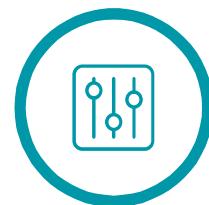
Global open banking approaches

Most global markets have legislated Open Banking policies, hoping to improve **interoperability and accessibility**



Open banking decision choices

A number of design choices for an Open Banking framework can be categorized into three key decision areas; these critical choices should be made to reflect the **objectives** of Open Banking



Scope

What accounts and entities will Open Banking mandate data access?



Standards

How prescriptive, centralized and standardized will the model be?



Liability Model

How will the costs and liabilities of Open Banking be distributed?

The centralization of **access / accreditation model** is a key area of debate in the Canadian industry today

Before we further progress...

Is “Open Banking” sufficient to drive meaningful value to consumers and provide safeguards?

Open Banking

Scope:

- Transaction account data
- Deposit taking institutions

Focus:

- Secure and open access upon consumer consent
- Creating a B2B framework

Open Data

- All consumer personal data
- Cross-sector framework
- Consistency in consumer-driven control of data
- Establishing and protecting consumers’ right to their data

Monitor **Deloitte**.

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