



# 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



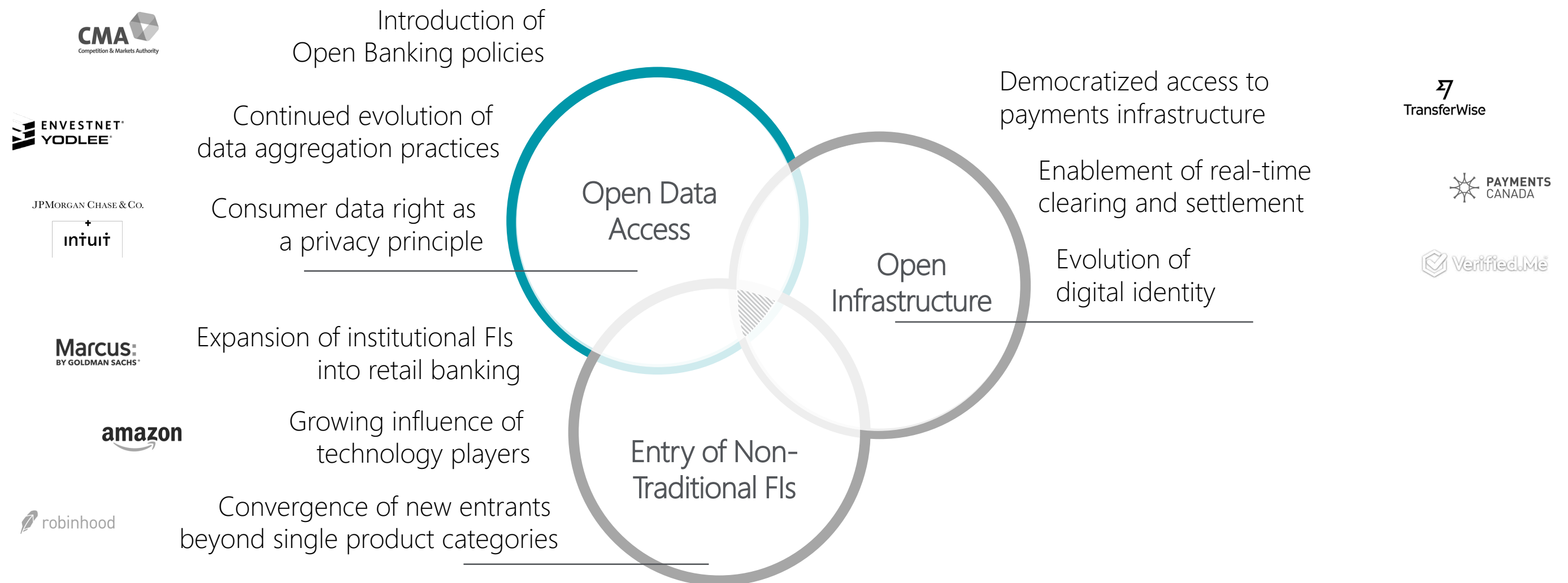
Card-less Loyalty



Improved Adjudication

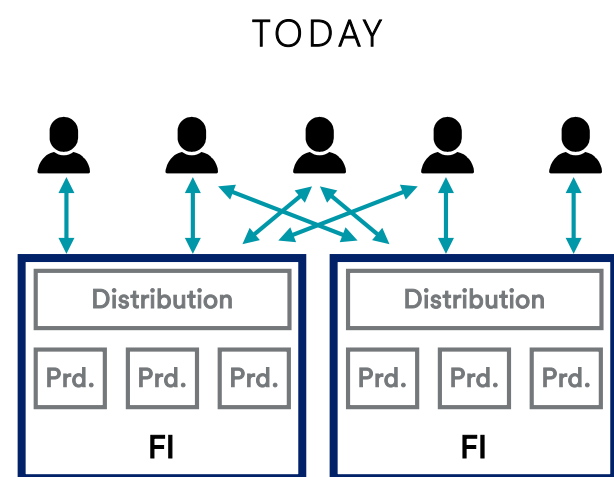
# Open banking in context

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

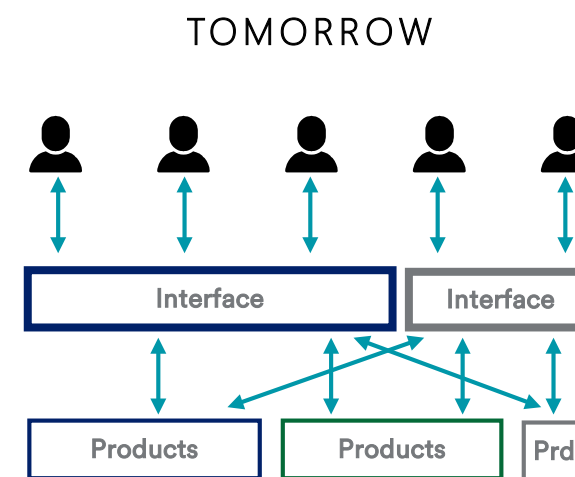


# Platformification of financial services

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



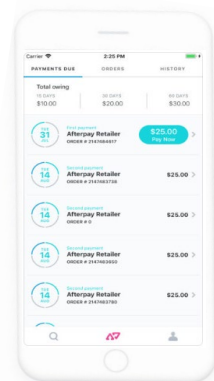
- Platformification of financial services
- Product-by-product competition
- Data-driven customization
- Central interface ownership is the driver of relationship

# A view into bolder use cases

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

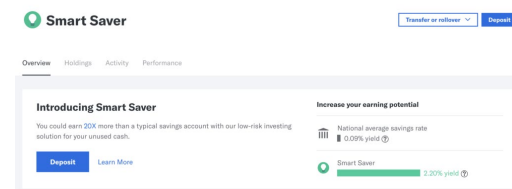
Post-Purchase  
Installment  
Loans

afterpay



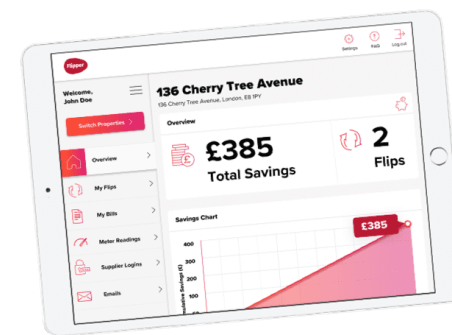
Autonomous  
Cash Flow  
Management

Betterment



Continuous  
Product  
Switching

Flipper



Consolidated  
Retirement  
Planning

united  
Income

Step 1: Getting to Know Each Other    Step 2: Creating Your United Income account

Let's get started with some basic information.

My name is    First Name    Last Name

and I was born on    MM/DD/YYYY    .

[CONTINUE](#)

PRECURSORS

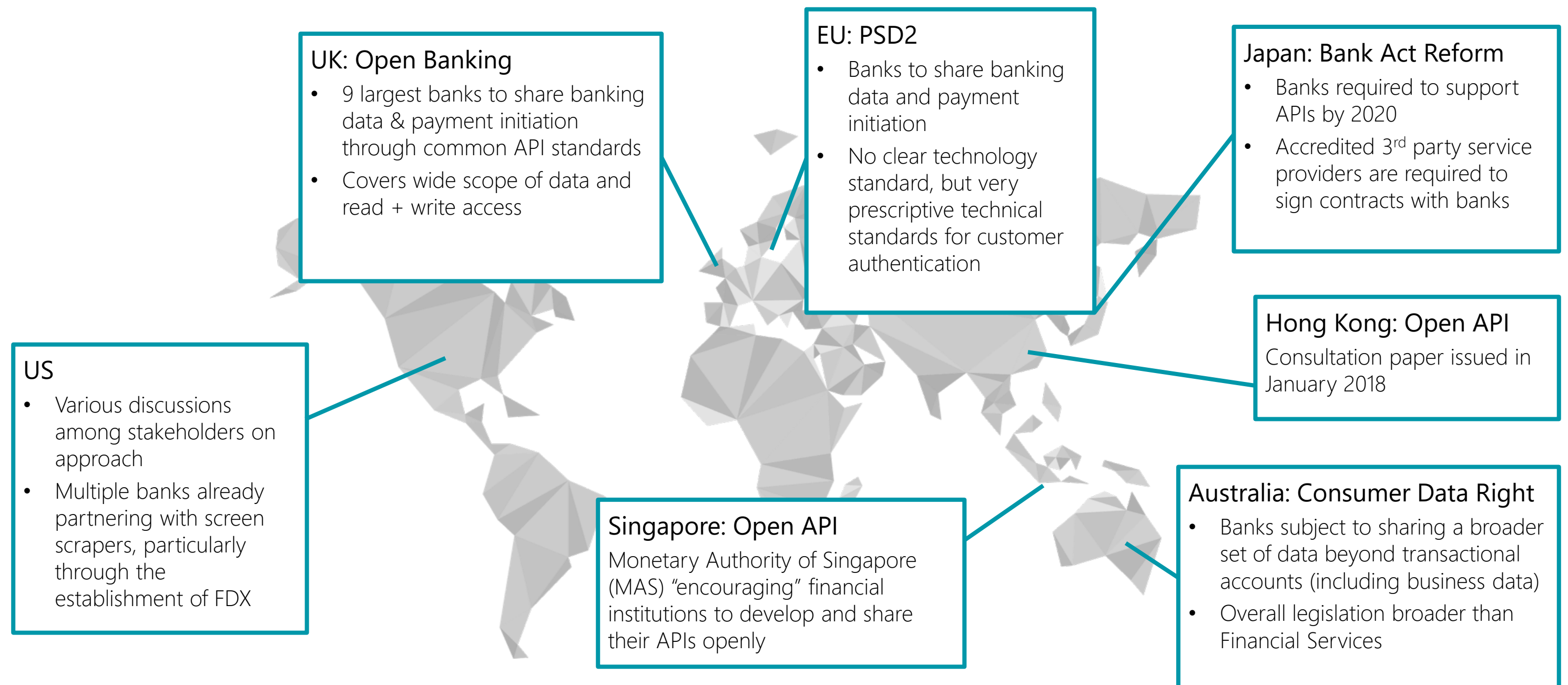


# What are potential Open Banking approaches?

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

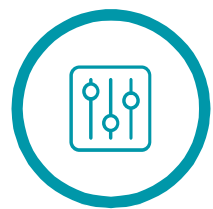
# Global open banking approaches

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

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