



OPEN BANKING

FOR CORPORATES & SMEs

June 2021

OPEN BANKING IN CORPORATE AND SME SEGMENTS ARE THE REAL REVENUE GENERATORS



accenture consulting

Accenture Open Banking for Businesses Survey

IT'S NOW OPEN BANKING

DO YOU KNOW WHAT YOUR COMMERCIAL CLIENTS WANT FROM IT?

WINNING IN THE DIGITAL ECONOMY SERIES

The graphic features a central globe with binary code (0s and 1s) overlaid on it. The text is arranged around the globe, with the main headline in large, bold, black letters and the sub-headline in smaller, bold, black letters. The Accenture logo is at the top left, and the survey title is below it. At the bottom, there is a purple box with white text.

“ 31% of small businesses already participate in Open Banking ecosystem platforms. 2/3 of SMEs and corporates wish to use Open Banking ecosystem provided by their banks”

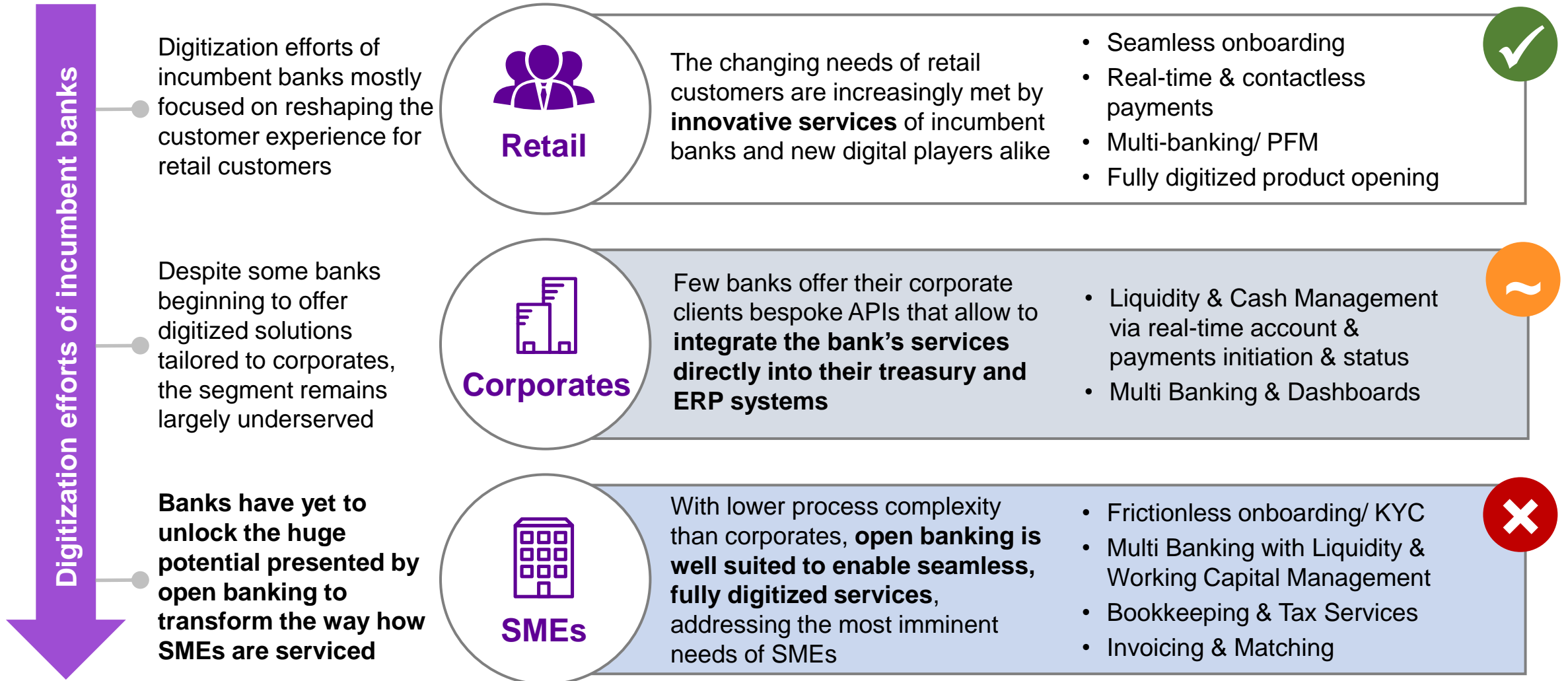
The momentum of Open Banking has been around retail banking consumers. Consumers get hyper-relevant, always-on banking experiences that they have come to expect.

But what about commercial bank customers and their expectations? Accenture asked 660 commercial bank customers about using Open Banking to win in the digital economy, and they gave us an earful. For example, only 45 percent of companies are fully satisfied with their organization’s business software in regards to payments and banking, it’s time for banks to turn Open Banking innovation to SMEs’ advantage.
















Banks have a unique, but brief, opportunity to help businesses optimize Open Banking and API innovation for an expanded ecosystem and extended reach. Banks that do can bolster these relationships and grow revenues. Before that can happen, however, banks must know—and meet—the Open Banking needs of commercial customers better than hungry competitors that want in or are even already in.

INCUMBENT BANKS HAVE BEEN FOCUSING THEIR INNOVATION EFFORTS ON RETAIL

Needs of customer segment serviced by banks today

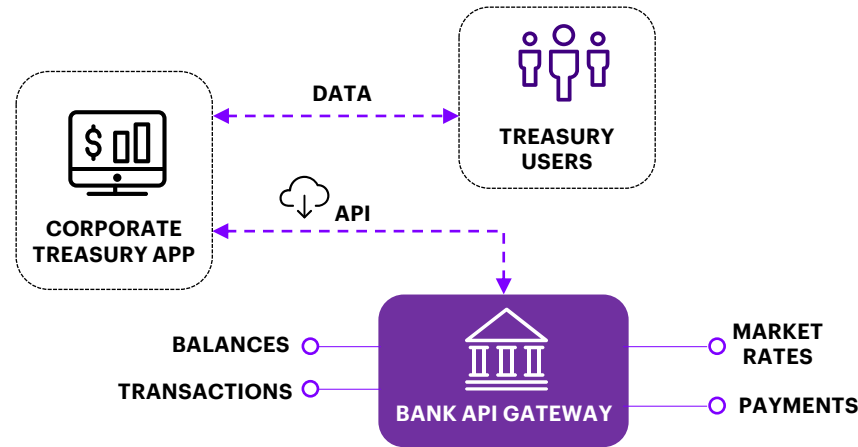


SME/COMMERCIAL BANKING PLAYERS ARE TRYING TO INNOVATE WITH NEW PRODUCT SETS

	EXAMPLE	CURRENT MATURITY
 <p>TREASURY & CASH MANAGEMENT</p> <ul style="list-style-type: none"> ○ Faster Bank integration into the TMS/ERP through APIs ○ Direct access to Bank accounts and manage payments and account information centrally from TMS/ERP ○ Intraday data for faster decision making & intraday payments 	 <p>API FOR CORPORATES</p>	
 <p>MULTIBANK ACCOUNT AGGREGATION</p> <ul style="list-style-type: none"> ○ Faster Bank integration of the API into the TMS/ERP ○ Liquidity & cash position dashboards 	 <p>MULTI-BANK ACCOUNT AGGREGATION</p>	
 <p>INSTANT PAYMENT / INSTANT LIQUIDITY</p> <ul style="list-style-type: none"> ○ Manage liquidity in near-real time with total view on account activities ○ Utilize artificial intelligence for preventative liquidity shifts ○ Reduce risk of liquidity shortage in different accounts and efficiently utilize of surpluses 	 <p>LIQUIDITY IN REAL TIME</p>	
 <p>BUSINESS LENDING & FINANCING</p> <ul style="list-style-type: none"> ○ Personalized credit decisioning or working capital options with bespoke offers and repayment terms based on transactional data history ○ Pre-agreed business loan for specific amount using data gathered to smooth cash flow 	 <p>WORKING CAPITAL</p>	
 <p>ACCOUNT & BOOK KEEPING</p> <ul style="list-style-type: none"> ○ Manage basic business activities with a multichannel solution as a mini-ERP solutions ○ Seamless data exchange with SME banks ○ More user-friendly, simple, intuitive solutions possible via APIs 	 <p>DIRECT ACCESS TO 100+ BANKS</p>	

TODAY TREASURY & CASH MANAGEMENT APIs ARE SEEN AS A “MUST HAVE” BY CORPORATE TREASURERS




In the Open Banking world, APIs are facilitating a shift from batch to real-time processing and thus offering Treasury Functions the ability to improve their operational capabilities, reduce risk and thus better serve the business.



According to Accenture Research





BANKS IN EUROPE (77%), NORTH AMERICA (72%) AND ASIA (61%) PLAN TO INVEST UPTO USD 20 MN EACH TO OFFER OPEN BANKING/API PROPOSITIONS FOR COMMERCIAL/CORPORATE CUSTOMERS.

Value is shifting to those who are able to :

-  **Automate** cash management to reduce processing costs and capture real-time liquidity
-  **Rationalise** banking relationships with diverse corporate banking needs to reduce banking fees
-  **Remodel** their payments capabilities, enabling multi-entity pooling & efficiencies in DSO



Global players have already launched external Treasury/payment APIs and benefiting from them by

-  **Growing** new revenue streams by monetising enhanced services for Corporate clients
-  **Capturing** real-time data to inspire data-driven decisions by corporate treasury or commercial sales teams
-  **Resolving** issues in reconciliation promptly to improve STP rates in payments & collections
-  **Scaling** services to improve operational efficiencies and lower internal cash management risk

AND CLOUD BASED ACCOUNTING PLATFORMS ARE EMERGING AS THE NEW COMPETITION

AS THEY OFFER INTEGRATED CASH MANAGEMENT, INVOICING & PAYMENT SERVICES TO SMEs

TODAY SMEs OFTEN USE LOCAL DESKTOP SOLUTIONS

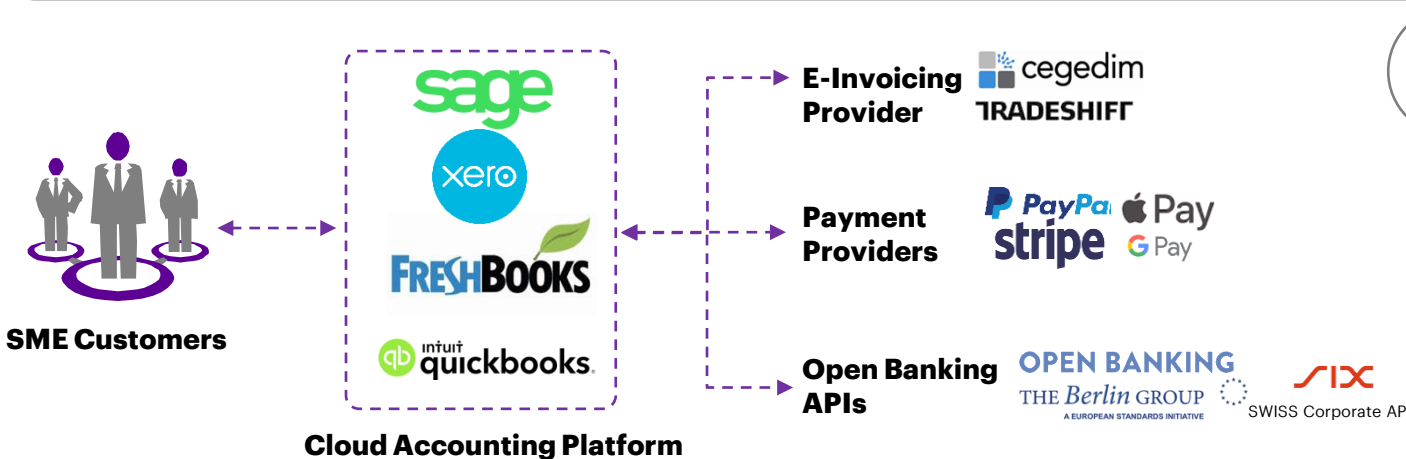
- SMEs have to perform **manual and therefore time consuming processes**, which slow down the operation. e.g. upload manually account statement and extraction of payment statements
- Local **desktop solutions** do **not allow collaborative and flexible business management** at any time anywhere
- **SMEs need to rely on traditional interfaces** such as EBICS or SWIFT which are known as expensive and/or with a cumbersome authentication process)



API Enabled Services

CLOUD & API-EMPOWERED SOLUTIONS FOR SMEs

- Bookkeeping providers can connect with the SME bank accounts held in **multiple banks** via **Open Banking APIs**
- **Convenient account onboarding**, comprehensive and more secure access to valuable account information
- Account information can be enhanced **with analytics, invoice matching**, liquidity management capabilities
- Invoices with built-in **pay-by-link functionality** for the recipient (the payer).
- **Payments can be initiated** directly to clear open invoices



KEY TAKEAWAYS

- Investigate partnering with cloud based accounting providers to retain SME business
- Connecting to multiple cloud accounting platform through APIs will help in increasing market reach. Two types of connectivity should be considered –
 - Banks providing APIs and cloud accounting providers connecting into it e.g. Barclays, NAB
 - Cloud accounting providers providing APIs and banks downloading data feeds from it e.g. CIBC