



Financial institutions conflicted but cautiously optimistic about open banking opportunity

- *According to open banking platform Tink, two fifths (39%) of European financial institutions see open banking regulation as the biggest current threat to their business model*
- *Yet there are signs of longer-term optimism as financial institutions recognise the need to innovate*
- *Over half of financial institutions (55%) are positive about the open banking movement, with 48% ready to capitalise on changes over the next five years*
- *Challenges remain - talent, tech and regulatory compliance are biggest barriers to embracing open banking*

Stockholm, Wednesday 29th May 2019: Open banking was launched to spur innovation in the financial services industry and create a better deal for consumers. But new research published today by open banking platform Tink reveals that European financial institutions still have significant concerns about its impact. Two fifths (39%) see open banking regulation as the biggest current threat to their business model, and 56% fear that consumer loyalty towards banks will be significantly reduced as a result of open banking.

Nevertheless, the report - based on a survey of 269 senior decision makers in financial institutions across Europe - suggests that financial institutions are also waking up to the importance of innovating to remain competitive in the new world order. Over two thirds (68%) recognise that financial institutions must now enhance their services to attract and retain customers, while 61% believe that financial institutions who only do the minimum required to comply with open banking regulation (PSD2) will lose out to more innovative competitors.

As a result, despite short-term concerns, the data reveals cautious optimism in the long term. Over half (55%) of European financial institutions are positive about open banking, and just under half (45%) see it as an opportunity for their business.

Barriers persist as open banking deadline approaches



With the final deadline to comply with the PSD2 Regulatory Technical Standard (RTS) fast approaching in September 2019, significant challenges still remain. Regulatory compliance (91%), and access to tech (91%) and talent (91%) top the list of barriers to embracing the open banking opportunity.

The other factors seen as moderate or major challenges associated with open banking include:

- Finding and collaborating with new partners in the fintech space (90%)
- Technology, e.g. modernising IT systems (88%)
- Overcoming resistance from internal stakeholders (87%)
- Commercialising open banking opportunities (87%)

Daniel Kjellén, co-founder and CEO, Tink, said: *“Technology has torn down the barriers to data and created an opportunity for everyone – incumbent banks, fintech challengers and developers – to build great products. PSD2 and Open Banking regulation are acting as a rubber stamp for this movement.*

“Understandably, this is causing disruption and uncertainty in the banking industry as financial institutions have had to come to terms with big changes over a short period of time. And while a majority of are starting to recognise the long-term benefits of open banking, there are still concerns and challenges that must be overcome in the race to meet the regulatory deadline.”

Seizing the opportunity to innovate through partnership

For the majority, partnerships are now seen as an important route to overcoming the challenges associated with open banking. Almost half (49%) see fintech partnerships as helping them deliver a better customer experience. Other benefits include access to the latest technology (42%); quicker time to market (40%); and access to talent and knowledge (38%).

As a result, almost a quarter (23%) of financial institutions surveyed are already in a partnership with a fintech, while 51% are planning a partnership in the next 12 months.

Daniel Kjellén, co-founder and CEO, Tink, continued: *“Encouragingly we are seeing a pioneering new generation of banking leaders rising to the open banking challenge – leapfrogging legacy tech, embracing partnerships and bypassing traditional ways of working.*



They see an opportunity to exemplify the true spirit of the open banking movement - transforming business models and creating the truly customer-centric services of the future.”

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For more information, please contact:

Julia Levander, PR manager: julia.levander@tink.com, +46 72 400 84 42

About Tink

Founded in Stockholm in 2012, Tink is a cloud-based platform that provides the infrastructure and value-adding data products that are enabling the future of financial services. Currently consisting of Account Aggregation, Payment Initiation, Personal Finance Management and Data Enrichment – Tink’s products can be used to develop standalone services or be integrated into existing banking applications. The company has 160 employees and its partners include NatWest, SEB, ABN AMRO, BNP Paribas Fortis, Nordea and Klarna. Insight Venture Partners, Sunstone, SEB, Creades, Nordea Ventures and ABN AMRO Digital Impact Fund have invested in Tink.