

# I OPEN BANKING

**The pace of innovation is accelerating at the same time as competitive boundaries are blurring.**

Traditionally banks have operated as vertically integrated enterprises. This means that they have both manufactured banking products, and also distributed them to their customers. Although this model remains valid for many banks and markets, changing technology and regulation is also encouraging the growth of institutions which specialized in providing one part of the overall banking value chain. Some of these are existing banks, but others are new banks, whether owned by existing banks or not, and some are technology companies whose services are beginning to overlap with some areas of banking.

In order to take advantage of the new opportunities which this change creates, banks need to be able to innovate not only in the products which they offer, but also in how they interact with other market participants. Open APIs enable banks to connect the various systems which they have in their technology landscape to each other but also to externally provided specialized solutions.

Recognizing the impact of these changes, we have pursued three key objectives:

- The deployment of our solutions as a series of Microservices to improve both operational scalability but also to increase the granularity at which external solutions can be integrated
- The extension of existing API capability to support published, Open APIs and the building of a supported developer community around these
- The creation of Temenos MarketPlace where a curated set of innovative fintechs are assembled and supported to ensure that our clients can find specialized solutions when they need them.

## **Opening up is unavoidable**

The effects of technology and regulation are self-reinforcing and pushing banks to much greater openness.

So many technologies are opening up the banking market: mobile phones have opened up a new distribution channel; cloud has lowered infrastructure costs and opened the market to new entrants; APIs have opened up the flow of information.

Now, regulatory forces are also pushing in the same direction. Open Banking legislation, which started in Europe, is fanning out across the globe, forcing banks to share customer data as well as share their payment infrastructure with third parties. As such, the move to Open Banking appears inevitable, whether banks like it or not.

## **A new strategic imperative**

The move to Open Banking, however, will be extremely lucrative to those banks that embrace the paradigm shift. To do so, they will need to consider abandoning older models of operating as a closed, vertically integrated enterprise, and instead open themselves to working with partners, becoming a concentration point for information flows so that they can learn faster and give the best customer experience at scale.

Banks are starting to appreciate this. A survey from Cognizant and Temenos found that a clear majority of bankers (89%) now see Open Banking as more of an opportunity than a threat with 57% of bankers saying that they would be prepared to distribute third party services over their platform.

And so the scene is now set for greater collaboration.

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Research and development continued

## THE TEMENOS MARKETPLACE



### Bringing the power of fintech to banking.

The Temenos MarketPlace was launched in 2015, when we had already recognised the value that fintech could bring to banks. Our vision was clear – to help our customers to benefit from the collective innovative power of fintech – and that vision remains true today.

We are identifying the very best in fintech solutions to add to MarketPlace, those solutions which complement our software and bring real and proven value to banks. This curation of tried and tested fintech plays a key strategic role for our customers, enabling them to readily tap into an ecosystem of innovation, to identify those solutions that make sense for their businesses, and to be able to continue to innovate and differentiate within their markets. The pre-integration of MarketPlace solutions ensures that our customers can rapidly implement the solutions they select for a quick time-to-value.

MarketPlace enables our customers to accelerate their innovation by leveraging the best in banking fintech. For our customers, the decision to buy Temenos software is just the start of a journey of continued innovation where not only will they benefit from our market leading investment in development, but also where they can continue to leverage, through the MarketPlace, the latest in fintech to complement our software.

## TEMENOS DEVELOPER COMMUNITY

### Driving innovation through the building and engaging of banking's largest collaborative Community.

In 2019, we launched our Developer Portal, which provides access to hundreds of APIs, enabling developers to discover first-hand the power our API-first architecture and to experience just how easy it is to integrate with our products and innovate around our software. The Developer Portal is a key part of engaging our growing Community of developers from across our industry, from banks to Partners, from educational establishments to fintechs and consultants. Through this open sharing of technology, alongside online forums and live events that bring the Community and Temenos experts together, we are helping developers everywhere to use our software to its full potential.

Encouraging innovation around Temenos software through the openness of our technology and the sharing of knowledge benefits our clients downstream, who are in turn able to take advantage of resulting fintech activity and solutions that are ready integrated with our products. Our API-first architecture provides the technology required to empower those banks that are pursuing a strategy of proactively encouraging and harnessing innovation across their markets through creation of their own developer portals and market places.

Through this building and engaging of banking's largest collaborative Community, we are bringing together the expertise from across our industry to share best practice, to encourage innovation, and to drive change leveraging Temenos' leading technology platform.