



Banking Industry

Embracing the ecosystem opportunity of open banking

Australia's new Open Banking regulatory environment is one of the fundamental forces defining the future of the industry. Every financial institution must be well prepared for a customer-centric future in order to thrive in the years to come.

The big four banks are slowly coming to grips with how to optimise their products and services for a deregulated environment. But as was the case in the UK, we have seen a lot of compelling innovation from smaller, more nimble fintechs and neo banks. It is their innovation

that has fuelled the rise of new banking segments in what was previously seen as a saturated market.

We have seen banks investing in the core work of transformation over recent years, and through recent economic pressures have emerged into a position of stability. Given the negative impacts across many other industries, this must be taken as an overall positive.

With a well modernised operational baseline, now the time comes to prepare



for a more agile future. To take advantage of the new opportunities and segments generated through the new open banking ecosystem, financial institutions need to take more cues from the new entrants to the sector.

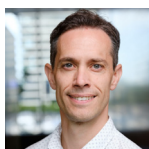
A new competitive approach requires setting aside the Command and Control culture that has been a hallmark of the traditional banking sector. Customer-centric operations cannot iterate effectively in such environments and will be overwhelmed by faster innovators who respond to customer signals at the speed of digital.

New avenues of dialogue between product teams and change managers is required. Corporate leadership must set overarching strategic objectives to guide innovation – but then make room for product teams to test, analyse and adapt to the opportunities they uncover. This requires operational alignment

across teams, and low code / no code tools hold great potential for rapid iteration while exploring new product areas.

Banks delivered admirable responsive capabilities during the pandemic, showing how quickly new processes could be adopted and adapted when there was urgency to do so. Finding a path forward that enables more of the same in future will unlock more opportunities to make fast-paced, data-driven decisions that will become the basis of new products that customers want to engage with.

As Darren Abbruzzese says in the Future-readiness of Australian banking and finance paper, the regulatory moat has been opened. We expect it will take a few more years to find out whether the big four can take the right risks and support their internal innovators to make the most of a world where that moat no longer exists.



This paper was authored by **Robert Marchiori**, ANZ Head of Markets, Cognizant. Robert has 25 years of experience in business transformation and two decades of experience in the banking sector across Europe, the US and Australia, including a decade in technology leadership at ANZ Bank. He brings deep competency in operating model and cultural transformation across large scale financial services and retail industries.



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