



Marketing solutions for open banking

The launch of Open Banking heralded a revolution in the way that transaction data would be available and open up the previously closed world of the large banks. For SMEs the benefits were obvious; they provided technology and functionality that was only usually available to the large corporates. They are now able to have loans approved far quicker, as well as linking transactional information to accounting software.

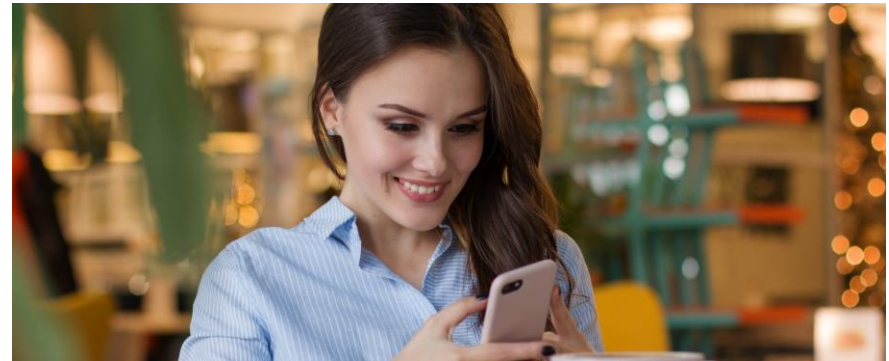
However, what are the marketing considerations for those organisations who are offering Open Banking?

The Open Banking series of reforms came into force following the 'the second Payment Services Directive' (PSD2) regulation and increased pressure from the competition watchdog the Competition and Markets Authority (CMA). The purpose was to break the perceived dominance of the traditional banking institutions and facilitate the entry of new players.

The third party providers are predominantly new entrants including companies involved with rental accommodation, personal

identification and loyalty schemes, with funding platforms, supplier payment services, credit checks and insurance following on. Most recently By Miles has received an 'open banking' licence for their insurtech product.

Most are offering services through application programme interfaces (APIs); a prime example being the travel sector who has already been transformed by its uptake and the online retailers and insurers will no doubt follow on shortly.



It is a growing market; of the 204 regulated providers there were 134 third party providers, over 60 regulated entities and 1.25bn API calls being made within the ecosystem.

For the marketing teams involved with Open Banking developing an effective marketing strategy requires careful consideration. One option is reflecting on what works well in the financial services space and replicating the approach. The key elements which make up successful financial services marketing strategies include:

Existing customer base. Selling your open banking solution into existing customers is more cost effective than continually seeking new ones; after all the cost of marketing to new customers is usually five times more. Being able to retain customers also has the benefit of increasing profits by around 25%.

Establishing a customer journey that supports self-service. Providing an API solution is part of the general move towards digitalisation and self-service. This means marketing needs to ensure the virtual customer journey enjoys a consistent level of experience. As well as looking at the

different stages, ways of entering and potential journey routes, the methods of attraction and interest also need to reflect the digital environment.

Utilisation of social media. Understanding your customer preferences mean that you can tailor the marketing of your open banking solution far more effectively. Being able to move from phone to social media can bring cost savings of up to 70%, and with 13.7m using Twitter, over 44m having a Facebook account, 23m on Instagram and 20m using LinkedIn the use of social media to interest, attract and engage with customers is an essential strand of the marketing strategy.

Effective CRM. Know your customer has its own connotations within the financial services sector. For a marketing team though having an effective CRM approach means being able to handle large volumes of big data around clients to identify who are the most appropriate to target with an open banking solution. Supporting this with automation means that tailored responses can be generated without the need for additional resource, creating team efficiencies.

Corporate stories. One of the key ways of attracting and obtaining interest within the financial services sector is through the use of narrative tales. Being able to create and articulate compelling stories across a range of formats that capture customers attention is critical. Developing an open banking storyline should form an integral part of the marketing plan.

Open banking is growing, over the past year the number of providers has increased dramatically. To be able to effectively market open banking solutions though the marketing needs to combine a strong positive customer experience with compelling marketing messages.

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