Prioritize Open Banking Use Cases With Gartner’s Open Banking Business Priority Framework

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Use cases can demonstrate the real-world value of open banking investments. Bank CIOs can take advantage of Gartner’s Open Banking Priority Framework to help their business colleagues prioritize the most appropriate, impactful open banking development projects.

Overview

Key Findings

- Many bank CIOs are committed to investing in technology that supports open banking initiatives, but many of their line of business (LOB) colleagues still view open banking as simply another run-the-bank compliance cost, rather than a strategic investment that can enable growth.

- Prioritizing further investments can be challenging, even when CIOs and LOB leaders agree to deploy open banking initiatives because of an inability to effectively explain business uses for the technology.

Recommendations

Bank CIOs who are contributing to the development of their enterprise financial services digital business and innovation strategy should:

- Help business colleagues to identify and develop opportunities for long-term, sustainable product and service propositions by demonstrating potential revenue associated with open banking technology and the business capabilities it enables.

- Rank use cases that most closely align with their enterprise’s digital banking strategy by using Gartner’s Open Banking Business Priority Framework.
Introduction

Gartner previously highlighted a number of emerging use cases focused on open banking in *Emerging Use Cases that Validate the Value of Open Banking*. We now share a complementary Open Banking Business Priority Framework (see Figure 1) that helps bank CIOs work with LOB colleagues to identify and prioritize use cases that will most closely align with the enterprise's business and strategic objectives.

Figure 1. Gartner Open Banking Business Priority Framework

![Open Banking Business Priority Framework](image)

*Note:* Figure 1 shows the *basis* of the framework. The authors have added use cases to illustrate how they may be positioned. However, the positioning of the dots does not imply an absolute measure of business ranking — it is not a formal Gartner ranking of value. The authors have generated the dots based on ongoing client discussions and engagements, and the figure should not be viewed as a formal benchmark or representation of an entire market. Consequently, the positioning of the bullets is a working estimate only.
Analysis

Open banking initiatives are developing across the globe. Some are led by banks themselves, as key components of their digital strategies to enable them to innovate and differentiate. Others are led by regulators, with more banks being mandated to provide wider customer access to their own transaction and banking data. Both kinds of initiatives drive industry change, but regulatory-led initiatives are more problematic for many participants, especially CIOs.

Too often, the business views the investment needed to address such regulatory change as a simple compliance cost. As a result, CIOs are under immense pressure to minimize the spend. While it may seem easier, initially, to obtain funding for such initiatives when they are flagged as a compliance initiative, that may be a short-term view that risks foregoing significant opportunities for innovation and differentiation.

As a regulatory/compliance-focused initiative, funding will likely focus on delivering against a minimum necessary product — the bare minimum to comply with regulations — but that approach limits technology and ultimately business capabilities. Any additional investment to support technology that might, moving forward, be leveraged to drive innovation and access new forms of revenue, will likely not be approved. This can result in a lack of innovative impetus from participants, with regulators having to encourage higher levels of collaboration. ¹

This situation presents bank CIOs with some familiar challenges. Minimum compliance will likely hinder future reuse of the open banking technology, but any CIO moves to bolster the technology stack — to make it more adaptable or reusable — will be viewed by the business as simply overengineering with no supporting business need.

Bank CIOs need to make the case for investing in this more-open technology, and convince their business colleagues of the potential that a more flexible and scalable open banking infrastructure will bring to the business. This approach aligns with financial services CEOs’ ambitions for investment in technology (see 2021 CEO Survey: Financial Services’ Goals to Emerge From the Crisis Faster and Stronger). They must make that business need clear and obvious to business colleagues who may struggle to fully understand the potential of open banking to transform both the customer demand and technology supply.
With this challenge in mind, Gartner introduced a series of potential open banking use cases in *Emerging Use Cases that Validate the Value of Open Banking* to help CIOs inform their LOB colleagues. The list of open banking use cases highlighted in that research represented an initial estimate on the type of use cases that were currently in sight. Gartner expects that the number and type of use cases will grow as the number of stakeholders in the open banking environment increases.

**Gartner’s Two-Pronged Approach to Prioritizing Open Banking Use Cases**

Building on the initial use case list in our previous research, we offer an additional tool called the Gartner Open Banking Business Priority Framework, which focuses primarily on helping users think about how to align potential use cases with their organization’s business strategy. The framework can also be used to start highlighting the type of business and technology capabilities needed to support individual use cases.

Gartner suggests a very simple way to start prioritizing open banking use cases, based on two variables mapped to the Y and X axes of the framework shown in Figure 1:

1. **Extent of digital business optimization or transformation (Y-Axis)** — Some use cases will only be relevant to enterprises that are progressing along a path to full digital business transformation, since they are supporting business models that many would consider nontraditional for many banks. Other use cases will be more focused on helping drive optimized digital outcomes, such as enhanced customer experience or more-efficient process outcomes. When focusing on optimization or transformation, users should allocate business-related scores to each potential use case. Use a scale from 1 = most focus on optimization (the process of using digital technology to improve existing operating processes and/or business models) through 10 = most focus on transformation (the process of exploiting digital technologies and supporting capabilities to create new, robust, digital business models).
2. **Complexity of the data ecosystem (X-Axis)** — This variable describes data source(s) and the stakeholders involved in producing and controlling the data. In the context of open banking, simple data ecosystems would equate to basic transaction banking data sourced from within the bank or from other banks through bank to bank APIs. More-complex data ecosystems would reflect multiple external relationships, involving both financial and nonfinancial data. Data flows will be inward and outward. The complexity may impact the way in which an enterprise chooses to engage with the ecosystem, such as by using an aggregator partner. When assessing the complexity of data ecosystems, users should allocate data-related scores to each potential use case on the basis of 1 = simple, internal banking ecosystem, with data sourced from within their own enterprise. A ranking of 10 = highly complex data ecosystems, with multiple stakeholders and likely multiple data types from internal and external sources being combined to deliver the specific product or service.

**Using the Framework**

The framework may be used individually by CIOs or members of their teams to contribute to strategy sessions or documents. Or it may be used as part of more-formal brainstorming or prioritization sessions, with more-explicit voting processes and specific enterprise rule sets applied to voting criteria. Either way, the framework is primarily a planning and brainstorming tool focused on internal preparation and preparedness. However, it may also be used as a competitive intelligence tool to map product and service offerings from competing enterprises and identify which enterprise may be able to support different use cases.

When using the framework, users should rely on criteria that would be needed to deliver the use case, rather than initially assessing the extent of their own enterprise transformation efforts or the degree to which they access or orchestrate ecosystems. Instead, the initial assessment should focus on the relative degrees of transformation and data ecosystem complexity that would be required to support each individual use case.

**Enterprise Checkpoint Position**

Individual enterprise context can be added once the use case assessment is complete. At that point, users can add an enterprise checkpoint onto the graphic by assigning a specific score for each axis, relative to their own enterprise preparedness. These scores will represent a boundary assessment for their own enterprise capabilities aligned with the other use case opportunities.
Users may use a number of approaches to establish their own checkpoint. They may choose to use one of Gartner’s IT Toolkits, such as Use IT Score to Benchmark Your Data and Analytics Program or work with an Executive Partner to complete Gartner’s Digital Execution Scorecard. The objective here, however, is not to establish an exact and absolute checkpoint. Rather, the point is to provide a high-level view on where the strategic ambitions of the enterprise fit to the overall challenges highlighted by the framework. Ultimately, this offers a graphical view of which use cases may be within the strategic reach of the enterprise itself and which would require rethinking their digital banking strategy.

Evidence

1. EBA Calls on National Authorities to Take Supervisory Actions for the Removal of Obstacles to Account Access Under the Payment Services Directive, European Banking Authority.

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