



Digital Enablers – State of Application Programming Interface (API) Adoption in Banking: The Open Banking Revolution

Banking, Financial Services & Insurance (BFSI) - Information Technology Outsourcing (ITO) Market Report – October 2017: Complimentary Abstract / Table of Contents

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Background and scope of the research

Background of this research

Technology is creating entirely new ways of serving the existing customer needs and significantly disrupting the value chain by improving the quality, speed, and price at which value is delivered



Consumers are increasingly making decisions based on the ease with which they interact with enterprises and demand customized service offerings on their fingertips



Regulators and central banks across geographies are pushing for open banking, increasing API adoption among banks



Enterprises have been investing heavily in **digital technologies** to drive superior customer experience



API is a key enabler in the open banking journey of BFS enterprises, allowing them to respond swiftly to customers' demands, develop customer-centric products and services, and open new revenue streams

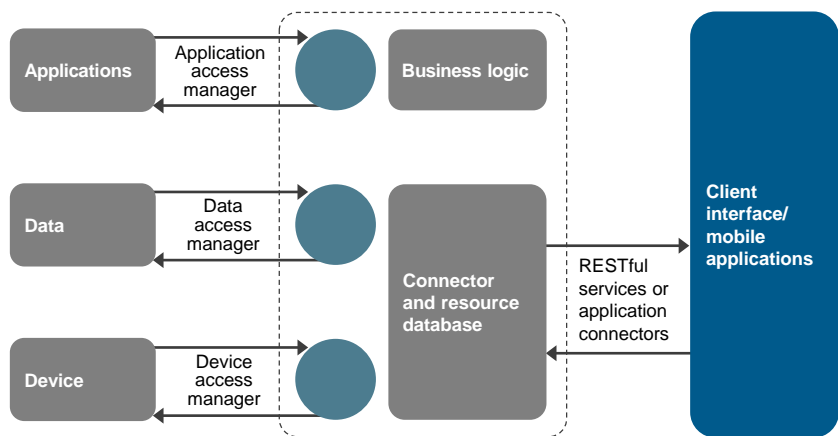
Scope of this research

- In this report, we have explained the definition and functioning of API and highlighted the evolving banking API ecosystem
- We have analyzed the state of API adoption and open banking initiatives of the top 13 BFS firms across three geographies (Europe, the United Kingdom, and the United States)
- Only **publicly-available information** has been used for the analysis in this report, which includes company filings and press releases (annual reports, investor presentations, U.S. Securities and Exchange Commission (SEC) filings, etc.)

Source: Everest Group (2017)

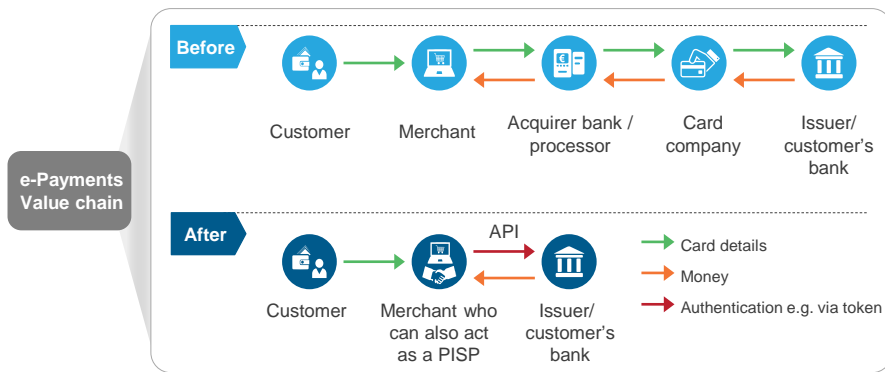
This report explains the functioning of APIs and explores the evolving banking API ecosystem

What is an Application Programming Interface (API)?

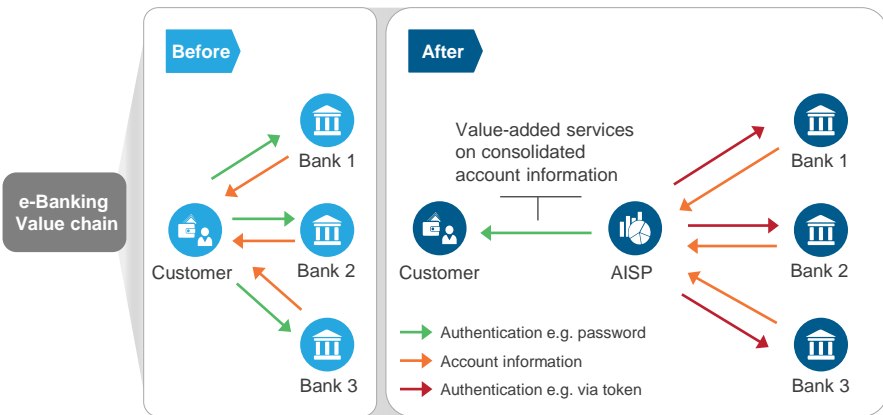


Impact of Third-Party Providers (TPPs) on e-Payments value chain

Illustrations to show how Third-Party Providers (TPPs) would change the existing interaction models



Impact of Third-Party Providers (TPPs) on e-Banking value chain



API adoption and investment characteristics of banks

API initiatives

Developer Portal:

- In Nov 2016, XX launched YYY, to efficiently connect with developers and enable developers to build innovative client solutions
- The hub works on an open architecture to facilitate collaboration and partnerships with FinTechs

Merchant partnerships:

- XX teamed up with several companies including Mastercard, Virgin Money, and Wonder to offer customers YYY

Hackathon:

- In June 2017, XX hosted "YYY" to encourage FinTechs and developers to create customer-centric mobile applications

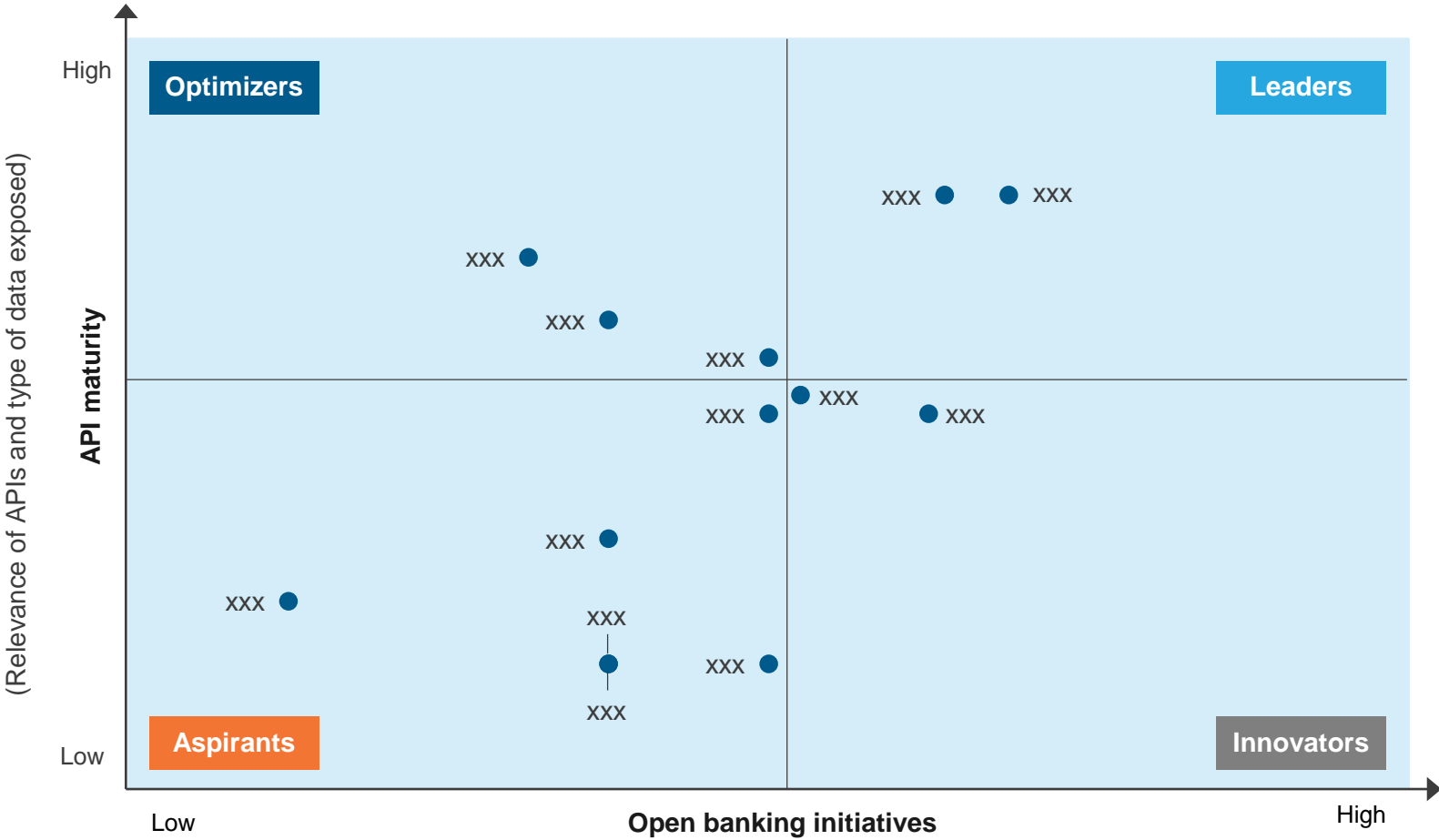
API Name	API Type	API Description
XXX	Open	Provides account and transaction data for Citi customers
XXX	Open	Provides customer information such as name, mailing address, email address, and phone numbers
XXX	Open	XXX
XXX	Open	XXX
XXX	Open	XXX
XXX	Open	XXX
XXX	Open	XXX
XXX	Open	XXX

"XXs XXX advances our open innovation approach to delivering cutting edge solutions and enabling new streams of value for clients, partners, and developers."

- YYY, YYY, YYY

Source: Everest Group (2017)

Everest Group's proprietary assessment to measure API adoption and the open banking initiatives of large global BFS enterprise



(Investments in open banking initiatives such as partnerships with industry associations, hackathons, ease of access, and timing of API initiatives)

Source: Everest Group (2017)

Research calendar – Banking, Financial Services & Insurance (BFSI) - Information Technology Outsourcing (ITO)

Published
 Planned
 Current release

Flagship BFSI ITO reports	Release date
Analytics Services in Insurance – Service Provider Landscape with PEAK Matrix™ Assessment 2016	January 2017
Mobility Services in Insurance – Service Provider Landscape with PEAK Matrix™ Assessment 2016	January 2017
Banking ITO Service Provider Landscape with PEAK™ Matrix Assessment and Profiles Compendium	June 2017
Capital Markets ITO Service Provider Landscape with PEAK™ Matrix Assessment and Profiles Compendium	June 2017
Insurance, L&P, and P&C Service Provider Landscape with PEAK Matrix™ Assessment 2017 and Profiles Compendium	September 2017
Future of banking – “Experience First” : Banking ITO Annual Report	September 2017
Simpler, Smarter, and Seamless Capital Markets – The Digital Revolution: Capital Markets ITO – Annual Report	September 2017
Insurance ITO – Annual Report: Insurer of the future	Q3 2017
One Investments to Rule All Compliance Efforts – Data: PEAK Matrix™ Assessment for IT Services in Risk and Regulatory Compliance in BFSI	Q3 2017
Digital Services in Consumer Banking – Service Provider Landscape with PEAK Matrix™ Assessment 2017	Q4 2017
Digital Services in Wealth Management – Service Provider Landscape with PEAK Matrix™ Assessment 2017	Q4 2017
Digital Services in P&C Insurance – Service Provider Landscape with PEAK Matrix™ Assessment 2017	Q4 2017

Thematic BFSI ITO reports	Release date
FinTechs in Payments – Top 40 Trailblazers	May 2017
InsurTechs Envisioning the Future of Insurance – Top 40 Trailblazers	May 2017
Digital Force Multiplier – A Cloud Adoption Story in Banking and Financial Services: Public Cloud First	August 2017
Digital Enablers – State of Application Programming Interface (API) Adoption in Banking: The Open Banking Revolution	October 2017

Note: For a list of all Banking, Financial Services & Insurance (BFSI) - Information Technology Outsourcing (ITO) reports published by us, please refer to our [website page](#)

Additional research references

The following documents are recommended for additional insight into the topic covered in this report. The recommended documents either provide additional details on the topic or complementary content that may be of interest.

1. **Digital Effectiveness in U.S. Retail Banking – APEX Matrix™ to Identify the Digital Banking Leaders 2016** ([EGR-2016-11-R-1810](#)); 2016. In this report, 26 large U.S. retail banks are mapped on Everest Group's Ability | Performance | Experience (APEX) Matrix, which is a composite index of a range of distinct metrics related to each bank's customer-facing digital investments and the associated business impact. The analysis helps to identify characteristics of leading banks on individual themes assessed on Everest Group's APEX Matrix for digital effectiveness in retail banking
2. **IT Outsourcing in Global Banking – Service Provider Landscape with PEAK Matrix™ Assessment 2017 and Profiles Compendium** ([EGR-2017-11-R-2232](#)); 2017. This report provides an overview of the Application Outsourcing (AO) market for the banking industry through an in-depth analysis of large-sized AO contracts (i.e., contracts over US\$25 million in TCV and over three years in duration). The report analyzes key trends in market size & growth, demand drivers, adoption & scope trends, emerging priorities of buyers, key investment themes, and future outlook for 2016 with regards to such large capital markets AO deals
3. **IT Outsourcing in Global Capital Market – Service Provider Landscape with PEAK Matrix™ Assessment 2017 and Profiles Compendium** ([EGR-2017-11-R-2233](#)); 2017. This report provides an overview of the Application Outsourcing (AO) market for the capital markets industry through an in-depth analysis of large-sized AO contracts (i.e., contracts over US\$25 million in TCV and over three years in duration). The report analyzes key trends in market size & growth, demand drivers, adoption & scope trends, emerging priorities of buyers, key investment themes, and future outlook for 2016 with regards to such large capital markets AO deals

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