



Open Banking IT Services: Moving Beyond Compliance to a Platform-based Operating Model of Ecosystem Orchestration and Value Creation – Services PEAK Matrix[®] Assessment 2020

Banking & Financial Services (BFS) - IT Services (ITS)

Market Report – May 2020: Complimentary Abstract / Table of Contents

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- Other | Market intelligence, service provider capabilities, technologies, contract assessment

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 - Banking & Financial Services (BFS) - IT Services (ITS)
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Our research methodology leverages proprietary datasets, primary sources of information, and diverse market touchpoints to deliver fact-based intelligence

- Proprietary database of IT services contracts of major IT service providers with open banking IT services in scope of work (updated annually)
- The database tracks the following elements of each contract:
 - Buyer details including size and signing region
 - Contract details including service provider, contract type, TCV & ACV, service provider FTEs, start & end dates, duration, and delivery locations
 - Scope details including share of individual buyer locations being served in each contract, Line of Business (LOB) served, and pricing model employed

- Proprietary database of IT service providers (updated annually)
- The database tracks the following for each service provider:
 - Revenue and number of FTEs
 - Revenue split by region
 - Number of clients
 - Location and size of delivery centers
 - FTE split by different lines of business
 - Technology solutions developed

- **Service provider briefings**
 - Vision and strategy
 - Key strengths and improvement areas
 - Annual performance and future outlook
 - Emerging areas of investment

- **Buyer reference interviews, ongoing buyer surveys, and interactions**
 - Drivers and challenges for adopting open banking IT services
 - Assessment of service provider performance
 - Emerging priorities
 - Lessons learnt and best practices

Service providers assessed¹



¹ Assessment for Deloitte, EY, Hexaware, IBM, and Tech Mahindra excludes service provider inputs, and is based on Everest Group's estimates that leverage Everest Group's proprietary Transaction Intelligence (TI) data provider public disclosures, and Everest Group's interactions with banking enterprises. For these companies, Everest Group's data for assessment may be less complete

Note: The source of all content is Everest Group unless otherwise specified

Confidentiality: Everest Group takes its confidentiality pledge very seriously. Any contract-specific information collected will only be presented back to the industry in an aggregated fashion

Background of the research

- A mix of regulatory push and market forces is driving open banking adoption across the globe, with a common aim to enhance customer experiences and reinvent product and business models. Banks, BigTechs, regulators, platform vendors, and FinTechs are critical components of the open banking ecosystem
- Banks are embracing open banking to take a partnership-driven collaborative approach for providing an ecosystem of lifestyle services to their customers and stay relevant
- Banks face challenges to generate value from open banking initiatives because of their legacy IT systems and infrastructure that offer lower agility, flexibility, and scalability
- Enterprise technology service providers are investing in capabilities for advisory services, API management, cloud and modern engineering, industry/academia collaboration, employee certifications on third-party open banking platforms to enable financial institutions to realize the full potential of open banking adoption

In this report, we studied the vision and capability of, and the market impact generated by 24 leading service providers that provide open banking IT services. These service providers were positioned on Everest Group's proprietary PEAK Matrix® to identify Leaders, Major Contenders, Aspirants and Star Performers

Scope of this report

- **Services:** Open banking IT services
- **Geography:** Global
- **Service providers:** Accenture, Aspire Systems, Capgemini, CGI, Cognizant, Deloitte, DXC Technology, EY, GFT, Happiest Minds, HCL Technologies, Hexaware, IBM, Infosys, LTI, Mphasis, NTT DATA, Softtek, Sopra Steria, TCS, Tech Mahindra, Virtusa, Wipro, and Zensar Technologies

Overview and abbreviated summary of key messages

This report examines the global 2020 open banking IT service provider landscape and its impact on the open banking IT services market. It focuses on service provider position and growth in the open banking IT services market, changing market dynamics and emerging open banking adoption trends, and assessment of service provider delivery capabilities. It also identifies the key implications of the research findings for buyers and service providers.

Some of the findings in this report, among others, are:

Implications for buyers and service providers

- BFS enterprises need to leverage experience and capabilities developed for open banking in key markets by tracking open banking activities by regulators and competitors across the globe. They should educate and engage customers on how they can access better services and improved pricing by sharing their data with banks and third parties
- Service providers need to invest in building open banking IP in a utility-based construct to reuse assets for cost reduction in multiple open banking engagements. They should establish partnerships with API aggregators and Third-Party Providers (TPPs) to enable data sharing, and help build a deeper understanding of banking customers, as well as support banking product/channel modernization initiatives

Open banking IT services market and growth

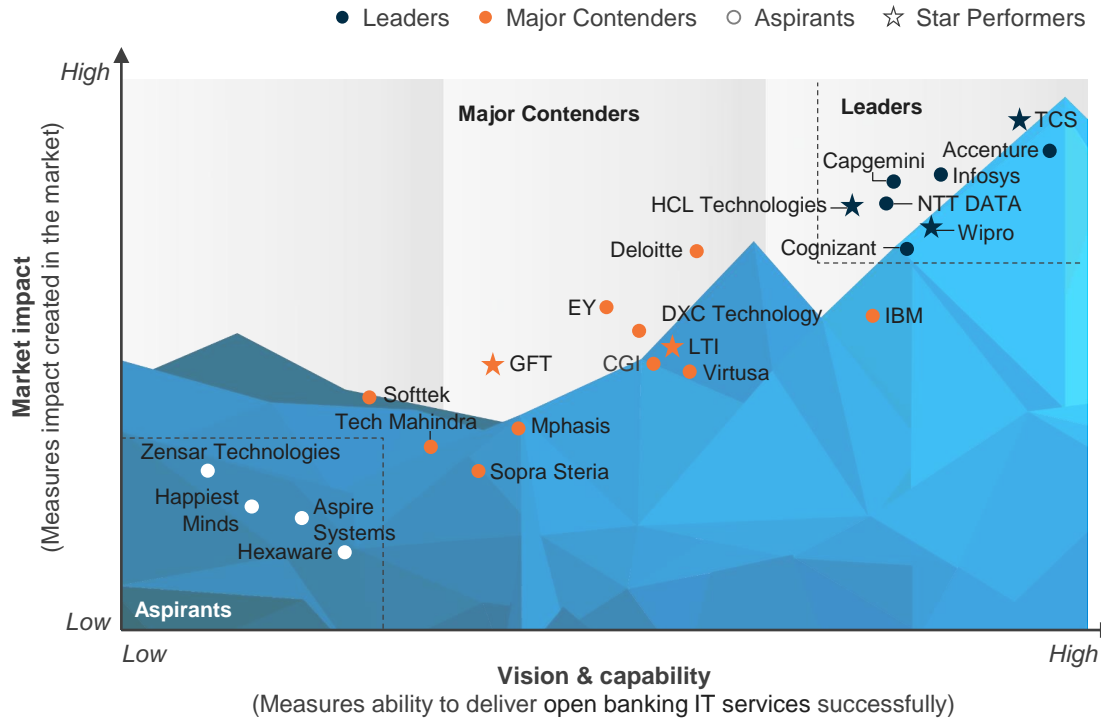
- The open banking IT services market witnessed around 14% growth in 2019 as banks perceive open banking as a compliance exercise as well as an innovation driver to meet evolving customer demand by offering an ecosystem of products and services through digital channels
- The UK and Europe command a majority share in open banking IT services, attributable to the regulatory push and rise in FinTech activity in the region; emerging markets such as South Africa and Singapore are gradually witnessing increased API-driven activity

Open banking IT services PEAK Matrix characteristics

- Open banking IT service providers can be categorized into Leaders, Major Contenders, and Aspirants
- Leaders are trusted partners in BFS enterprises' digital transformation agenda to drive open API strategy through their depth of expertise in API management, core modernization initiatives, and global delivery capabilities. They have open banking regulations-specific domain experts and are investing in IP/tools/frameworks to assist clients throughout their open banking journey
- Major Contenders have built selective Line of Business (LOB)- and geography-driven investments in IP/tools/frameworks for open banking enablement
- Aspirants, with their limited scale, have invested in a breadth of solutions for API provisioning and testing services. They are working towards building partnerships with open banking platform vendors and the FinTech ecosystem to expand their business in new regions

This study offers a deep dive into key aspects of open banking IT services market; below are three charts to illustrate the depth of the report

Everest Group Open Banking IT Services PEAK Matrix® Assessment 2020



Note 1: PEAK Matrix specific to open banking IT services for banking and financial services sector. Assessment for Deloitte, EY, Hexaware, IBM, and Tech Mahindra; excludes service provider inputs, and is based on Everest Group's estimates that leverage Everest Group's proprietary Transaction Intelligence (TI) database, service provider public disclosures, and Everest Group's interactions with banking enterprises. For these companies, Everest Group's data for assessment may be less complete

Source: Everest Group (2020)

Capability assessment

Illustrative example

Measure of capability: ● High ○ Low

Service provider	Market impact				Vision & capability				
	Market adoption	Portfolio mix	Value delivered	Overall	Vision and strategy	Scope of services offered	Innovation and investments	Delivery footprint	Overall
Service provider 1	●	○	●	●	●	○	●	○	○
Service provider 2	○	○	○	○	○	○	○	○	○
Service provider 3	○	○	○	○	○	○	○	○	○
Service provider 4	○	○	○	○	●	○	○	○	○
Service provider 5	○	○	○	○	○	○	○	○	○
Service provider 6	○	○	○	○	○	○	○	○	○
Service provider 7	○	○	○	○	○	○	○	○	○
Service provider 8	○	○	○	○	○	○	○	○	○
Service provider 9	○	○	○	○	○	○	○	○	○

Everest Group's remarks on service providers

Illustrative example

Measure of capability: ● High ○ Low

Market impact				Vision & capability				
Market adoption	Portfolio mix	Value delivered	Overall	Vision and strategy	Scope of services offered	Innovation and investments	Delivery footprint	Overall
○	○	●	○	○	○	○	○	○

Strengths

- Investments in building a comprehensive platform by utilizing open source technologies to design, develop, build, and launch a PSD2-compliant system has become a key differentiator for service provider 1 in Europe and the UK
- Training and upskilling the talent in a client proximity model has helped service provider 1 differentiate itself in open banking deals with a high digital component

Areas of improvement

- Penetration in geographies witnessing emergence of open banking adoption by financial institutions, such as Asia Pacific, Middle East, and Africa lags peers
- Invest in building thought capital for adoption of open API ecosystem by financial institutions beyond banking such as insurance providers, asset managers, and wealth managers to strengthen its market messaging as a strategic partner

Research calendar – BFS IT services

Published
 Planned
 Current release

Flagship BFS IT services reports

Release date

Application and Digital Services in Banking – Services Peak Matrix™ Assessment 2020: IT Modernization to Enable Digital	November 2019
Application and Digital Services in Capital Markets – Services PEAK Matrix™ Assessment 2020: Beating the Slowdown with Data	December 2019
Open Banking IT Services: Moving Beyond Compliance to a Platform-based Operating Model of Ecosystem Orchestration and Value Creation – Services PEAK Matrix® Assessment 2020	May 2020
Risk and Compliance IT Services in BFS – PEAK Matrix® Assessment 2020	Q2 2020
Open Banking IT Services Service Provider Compendium 2020	Q2 2020
Risk and Compliance IT Services in BFS Service Provider Compendium 2020	Q2 2020
Banking IT Services – State of the Market Report 2020	Q2 2020
Capital Markets IT Services – State of the Market Report 2020	Q3 2020
Lending Technology State of the Market Report 2020	Q3 2020
BFS IT Services – Deal Trends Report 2020	Q3 2020

Thematic BFS IT services reports

Establishing a Strategic Business Case for IT Automation in BFS	November 2019
Financial Risk Management Platforms Assessment and Vendor Profiles	March 2020
Assessing the Trade Life Cycle Management Technology Platform Landscape	March 2020
State of the Market for Third-Party Enterprise Platforms in Banking and Financial Services: Ecosystem Collaboration for Modernization at Speed and Scale	April 2020
Role of BigTechs in BFSI Industry	Q2 2020

Note: For a list of all of our published BFS ITS reports, please refer to our [website page](#)

Additional BFS IT services research references

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

1. **State of the Market for Third-Party Enterprise Platforms in Banking and Financial Services: Ecosystem Collaboration for Modernization at Speed and Scale** ([EGR-2020-31-R-3692](#)); 2020. BFS firms, burdened by obsolete legacy systems, talent shortage, and rapidly changing global and regional regulations, are adopting third-party enterprise platforms. In this research, we have analyzed third-party platform vendors and the service provider landscape across various lines of business in banking and capital markets and the overall system integration landscape.
2. **Application and Digital Services in Capital Markets – Services PEAK Matrix™ Assessment 2020: Beating the Slowdown with Data** ([EGR-2019-31-R-3459](#)); 2019. In this research, we analyzed the capabilities of 27 leading IT application service providers specific to the global capital markets sector. These providers were mapped on the Everest Group PEAK Matrix™, which is a composite index of a range of distinct metrics related to each provider's vision & capability and market impact
3. **Application and Digital Services in Banking – Services PEAK Matrix™ Assessment 2020: IT Modernization to Enable Digital** ([EGR-2019-31-R-3448](#)); 2019. In this research, we analyzed the capabilities of 27 leading IT application service providers specific to the global capital markets sector. These providers were mapped on the Everest Group PEAK Matrix™, which is a composite index of a range of distinct metrics related to each provider's vision & capability and market impact

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