

Executive Summary

Open banking and innovation – In an effort to level the playing field and foster innovation in payment services, the European Union has adopted the PSD2 regulation which mandates that European banks open up access to some of their services to third parties such as fintechs.

The resulting nascent ecosystem enabled by open banking is fascinating to observe. What potential threats and benefits can banks and consumers expect? How fintechs are going to capture value? How will technology giants react? How effective stringent state regulations can be in fostering innovation? Will the UK diverge from European standards? Will the Swiss approach based on free market be more efficient in the medium term?

Goals and motivation – I wanted to carry out this research because it mixes a lot of different topics such as technology and mobile apps, Swiss and EU laws and regulations, economics of innovation, business model innovation, strategic management and open innovation. I also wanted to separate the hype from the reality and recommend informed business decisions along with their associated risks.

Beyond the depiction of open banking dynamics and stakes for all parties, the goal of this thesis is to understand how Swissquote Bank can thrive in this environment. As the Swiss leader in online banking, the company must have a clear understanding of the landscape in order to define a sound open banking strategy.

Structure – This thesis is structured in four main sections. Section 1 is an analysis of the open banking industry trend, from the regulatory aspects and their business impacts down to the technicalities. It also discusses open banking business uptake and GAFAs interests. Section 2 shifts focus onto Swissquote and the Swiss environment. It presents the various stakeholders and their interests. Section 3 develops a strategic analysis of where Swissquote stands today and what the firm may undertake with regard to open banking, considering global and local environments, its resources and its capabilities. Section 4 presents three strategic innovation proposals for Swissquote to thrive in the open banking context.

Methodology – The methodology varies depending on the sections. The depiction of open banking in Switzerland and abroad (section 1) is based on news and journal articles, consulting firms reports, business and government websites. Information about Swissquote (section 2) is mostly based on 10 years of direct observation. The Strategic analysis (section 3) is based on classic management papers and frameworks. The innovation proposals (section 4) are based on all the previous sections. Again, I express my gratitude to the Swissquote

executives who took the time to provide me with a lot of extremely valuable insights regarding the whole content of this thesis.

Results – From an academic perspective, the main finding is that data privacy regulations such as GDPR seem to be paramount for open banking adoption, much more than the mandatory opening of banking APIs. From Swissquote perspective, the main findings are [REDACTED].

Keywords: open banking, fintech, payments, strategic management, open innovation.