A low-angle, upward-looking photograph of several modern skyscrapers with glass facades, reaching towards a clear blue sky. The sun is visible, creating a lens flare effect on one of the buildings.

The Account Information Service as consolidation factor for an Open Ecosystem in Italy: a comparison with European players

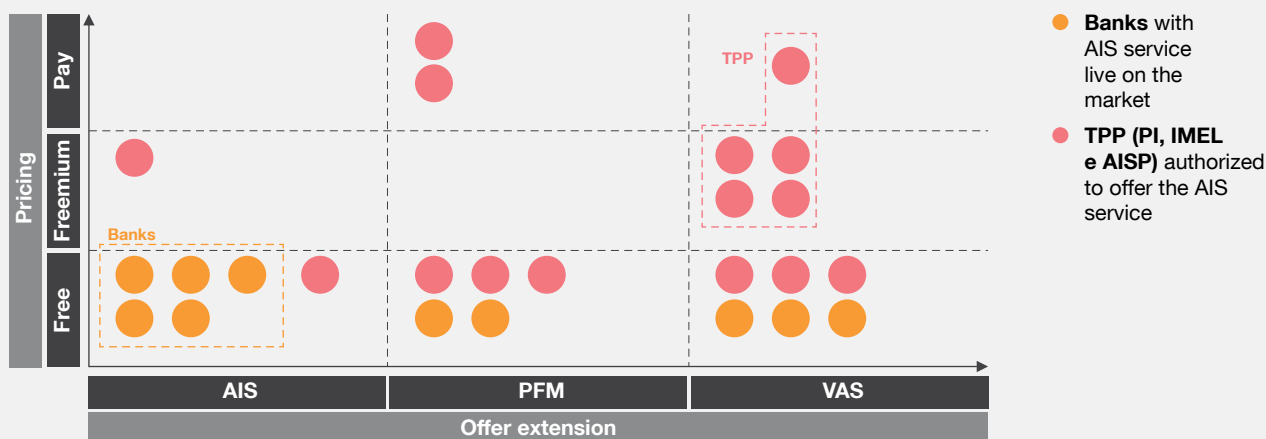
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The European payments sector is in the midst of a transformation driven by technological innovation and evolving regulation, redefining its very potential and protagonists. In this regard, the birth and consolidation of the **Open Banking** framework¹ can be attributed, on the one hand, to the widespread adoption of **Application Programming Interfaces (APIs)** and, on the other, to effectiveness of the **Payment Service Directive 2 (PSD2)**.

Among the digital services promoted by the PSD2, the **Account Information Service (AIS)**² enables the aggregation of information from various bank accounts. It is one of the most effective tools to **foster the collaborative initiatives between the Financial Services and other industries** (e.g. Energy, Utilities, TelCo). The AIS allows for the identification and development of distinctive services such as a multi-banking Personal Financial Management (PFM) function, that leverage upon its information aggregates, as well as other innovative functionalities in the credit, finance or insurance sectors (e.g. credit scoring, transaction analysis for savings and/or investments).

With regards to the pricing model, market evidence³ reveals that in 24% of cases, the *Account Information* service is **provided free of charge** (bottom left, Figure 1). Still, however, it is possible to increase the service's perceived value and generated revenues by **scaling the technological architecture** to enrich the value proposition, as demonstrated by 20% of the players analyzed (top right, Figure 1).

Figure 1 — Value proposition of the main *Account Information* services offered by Banks and Third Party Providers (PI, IMEL, and AISP)



Source: PwC analysis based on public data updated to the first semester of 2020 on a sample of 25 players operating in Europe (excluding Italy)

Nearly 400 entities in Europe have been authorized to provide *Account Information* service since the PSD2 came into effect¹.

The provision of the service was the prerogative of FinTechs until September 2019, whereas Banks – excluding a few (e.g. BBVA) - were waiting for the introduction of regulatory technical standards before entering the market. Nowadays, **the situation seems to have changed**: *Account Information* is considered a market standard by the leading European banking groups, 80% of which have developed a model based on the outsourcing of one or more stages of its value chain⁴ (Figure 2) while maintaining the user experience and front end integrated into their channels. FinTechs, in contrast, turned their **retail market experience** into profitable assets in the form of “as-a-service” solutions (e.g. Linxo, Bankin’, Fentury⁵); 40% of which also offer their white-label interface to banking entities in addition to providing an *Account Information* service to Retail customers.

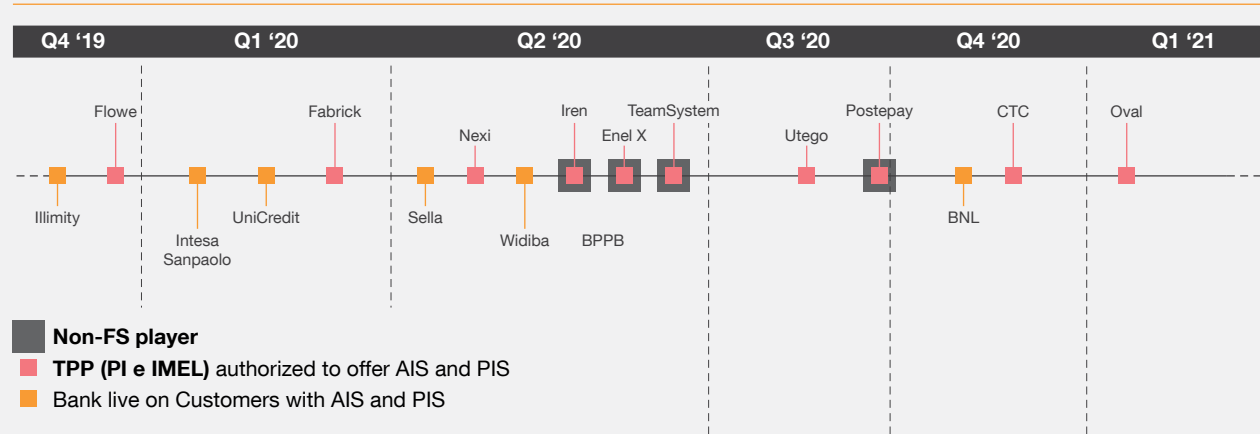
Figure 2 — Value chain of the *Account Information* service

Layer	Data Aggregation	Data Management	Data Integration	Data Elaboration	Front-end
Description	Connection with third parties (Banks and TPP) and consolidation / aggregation of payment transactions of all third parties in a single repository	Recognition, categorization and labelling of transactions according to predefined business rules	Integration and harmonization of external data with internal data sources (e.g. CRM, Master Data, Legacy systems)	Development and use of analytics models to generate consolidated information	Development of the Front End interface to show the collected and processed data to the final user
	+ Outsourcing propensity				-

Source: PwC elaboration

Even at a national level, the number of players authorized to provide the Italian market's AIS service is increasing. **Seven banks** are already offering the *Account Information* to their Customers. **Ten Payment Institutions (PI)** and **Electronic Money Institutions (IMEL)** either already provide the service or have obtained their license to enter the market by the Central Bank of Italy. Approximately 30% of the latter refer to companies not operating directly in the Financial Services sector, thereby confirming the trend and need for cross-sector integration.

Figure 3 — Account Information service offered by Banks and TPP (PI e IMEL) in Italy



Source: PwC analysis based on public data as of January 31st, 2021⁶

Despite all this, the **adoption rate of the service remains low in Italy**. In comparison, the UK market has offered *Account Information* service since 2018 and enjoys an API call traffic 60 times greater⁷ than that of Italy. Furthermore, projections from leading Italian market players⁸ confirm that there is still much room for improvement regarding both the Italian adoption rate and the market as a whole.

There are three areas to focus on to promote the success of the *Account Information* service:

- 1. Customer education:** only 6% of traditional Customers and 13% of digital Customers say they are aware of the *Account Information* service⁹. The market in its various forms should undertake targeted informational, educational, and promotional initiatives aimed at customers to create greater awareness of the service and its value;
- 2. Value proposition consolidation:** evidence shows that only 20% of players can create VAS revenue streams linked to *Account Information*¹⁰. The market will need to scale multibanking technology, along with the use and analysis of the underlying data, to enable and adopt new use cases;
- 3. Ecosystem stabilization:** analysis of the main system providers revealed a low level of standardization of data and processes, enhancing the ecosystem's overall complexity and fragmentation. It is crucial to design technological infrastructures capable of guaranteeing full interoperability among different systems in order to improve service continuity and reduce the time-to-market of new use cases.

The market presents several possibilities to further develop the offering in terms of loyalty and new lead generation. Players who intend to benefit from these opportunities will, therefore, need to balance different dimensions (e.g. time-to-market, risk outsourcing) to the detriment of the centrality of data management, which does not in itself represent the differentiating value. Efforts should therefore be concentrated on the development of new services able to meet the needs of customers, starting from the reading of new information assets.



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1. The Payment Service Directive 2 (PSD2) came into force on 14th September 2019 with the adaptation of the technical standards of dialogue between the parties and the strong authentication methods for online payments.
2. The Account Information Service (AIS) enables the aggregation into a single summary view of payment balances and transactions from the same user's bank accounts accessible online and held with different Payment Service Providers (PSPs).
3. Source: Report PwC – ABI Lab “La nuova frontiera dell'Account Aggregation”, 2020.
4. Source: Report PwC – ABI Lab “La nuova frontiera dell'Account Aggregation”, 2020.
5. Saltedge Group solution.
6. For TPPs refer to “EBA Register” - company with AIS service authorization published by January 2021; for Banks refer to Institutions' public websites: Banca Sella: <https://www.sella.it/banca-online/landing/personalbanking/helpcenter/categories/conti/aggregatore-conti.jsp> ; BNL: https://bnl.it/rsc/SupportingFiles/Canali_Diretti_Evoluti_FI.pdf , <https://bnl.it/it/Individui-e-Famiglie/Internet-e-Mobile/Collega-altre-banche>; BPPB: <https://www.bppb.it/lp/connecta-open-il-tuo-portafoglio-digitale/>; banking/open_banking.html; Illimity: <https://www.illimitybank.com/it/illimity-connect>; Intesa Sanpaolo: <https://www.intesasanpaolo.com/it/persone-e-famiglie/tutti-i-giorni/identita-digitale/collega-le-tue-banche.html>; UniCredit: <https://www.unicredit.it/it/privati/internet-e-mobile/tutti-i-servizi-internet-e-mobile/internet-e-mobile->; Widiba <https://www.widiba.it/banca/online/it/prodotti/open-widiba>.
7. Source: PwC analysis based on public data and researches.
8. Source: PwC analysis based on public data and researches.
9. Source: Report PwC – ABI Lab “Mobile e Internet Banking allo specchio”, 2020.
10. See Figure 1 - Report PwC – ABI Lab “La nuova frontiera dell'Account Aggregation”, 2020.

