



The Role of Fintechs in Open Banking

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Approach:

In this study, we examine how Open Banking is transforming the UK banking industry and how different players are responding to these changes. This regulatory change is aimed to increase competition and level the playing field as well as to bring to customers cheaper and more personalized services that are better tailored to their needs. Consequently, it provides an opportunity for innovative new entrants/start-ups to enter the market with their innovative solutions. As their entry to the market is what boosts competition and challenges the powerful positions of the incumbents, we focus on fintechs as the catalysts to industry transformation. Specifically, we aim to explore the following key questions by conducting field interviews with a number of select fintechs with a promising growth model.

Main Research Question:

How do start-ups enter an established and highly regulated market that is experiencing technological disruption/regulatory change?

Supporting Questions:

- What drives the decision to enter the market in a complementary way to existing market players vs. in direct competition with them?
- What are the drivers, pros and cons of each approach?
 - a. If complementary to existing players, what strategies do start-ups employ to join an existing platform?
 - b. If competitive, what are the strategies of these players entering with a platform business model and how do they cultivate their platform/ecosystem?
- What are the political activities these start-ups are engaged in to create a more favourable regulatory environment/to protect their interests against the incumbents?

Deliverables:

While this is academic research which will be published in academic (management) journals, we are keen to make an impact in the field. For this reason, we commit to presenting our findings to the participating organizations and running workshops with them on the opportunities and challenges with open banking in 2020, after our interviews are finalized. As we also obtain the perspectives of incumbent/challenger banks, industry experts, and regulators to understand the banking industry as an ecosystem, our research will help participating fintechs develop a broader understanding of the tensions and dilemmas experienced by these stakeholders.

Confidentiality:

All contributions are anonymized, no names of firms or participants will be revealed in any material.