



CX24

AUTHENTIC ROOTS. AMBITIOUS PURSUITS.



HOW COMMUNITY BANKS CAN BUILD, IMPLEMENT
AND MEASURE OPEN BANKING STRATEGIES

CLOSING THE LOOP IN OPEN BANKING



With more than 25 years in business and product management, Shanda currently leads CSI's Open Banking strategy. The focus of the Open Banking team is to deliver the best integration experience for banks and vendors as well as empower them to expand into BaaS and PaaS markets.

SHANDA PURCELL
Senior Director – Product
Management, CSI

AGENDA

01 – Defining Open Banking & Categories

02 – Four Fundamental Questions for Integrations

03 – Keys for Success & Assessment

DEFINING
OPEN BANKING &
CATEGORIES

DEFINING OPEN BANKING

Open Banking, in the simplest form, is the foundational layer of APIs* that enable third-party developers to:

- Safely and securely push and pull data in real time.
- Build applications and services around a financial institution.



**API – Application Programming Interface*

WHO ARE THE KEY STAKEHOLDERS?



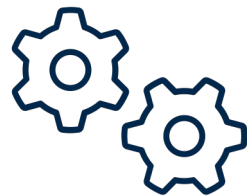
Customers

The consumers and small businesses that use the programs.



Regulators

The guardians of the public interest in safe, sound and compliant bank services.



Clients (Fintechs)

The program managers (and BaaS platforms) that integrate with the bank and market/service customers.



Banks (including the Board)

Who doesn't want their business to be profitable, growing and able to retain high-performing employees that love where they work?

CATEGORIES OF OPEN BANKING

- Business Process Integration
- Consumer Process Integration
- Addressing Hesitations
- BaaS/PaaS

FOUR BASIC FUNDAMENTAL QUESTIONS

FOR ALL CATEGORIES OF OPEN BANKING

FOUR BASIC FUNDAMENTAL QUESTIONS



Question 1

Who is moving the data/money?



Question 3

What data/money is moving and **How**?



Question 2

Where is the data/money moving from and to?



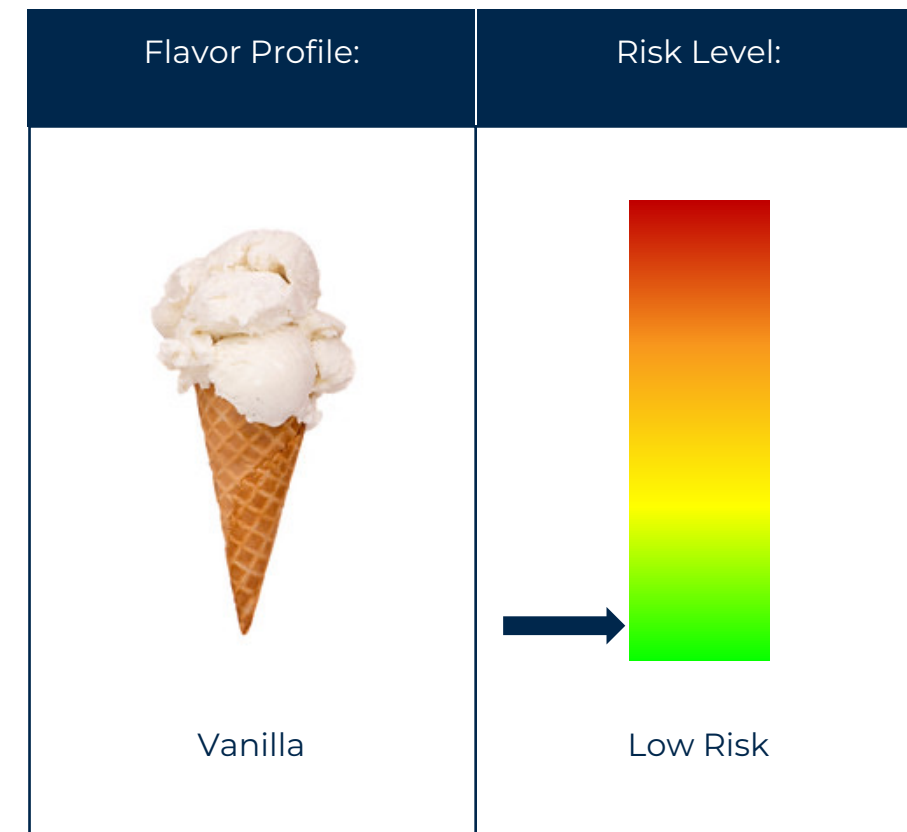
Question 4

How can you **prove it?** – CYA!

BUSINESS PROCESS INTEGRATION

Basic connection between an internal or external process workflow that uses APIs to move information between applications.

- Internal Account Opening booking to Core
- Accounts Payable solution connected to another application.
- Process Automation Workflows (RPA)



BUSINESS PROCESS INTEGRATION



Question 1

Who is moving the data/money?

- How are they authenticated?
- How are they authorized?



Question 2

Where is the data/money moving from and to?

- Who is initiating the request?
- Who is receiving the request?

BUSINESS PROCESS INTEGRATION



Question 3

What data/money is moving and How?

- Field level mapping from one app to the other
- Business Rule mapping in both apps
- Determine Source of Truth



Question 4

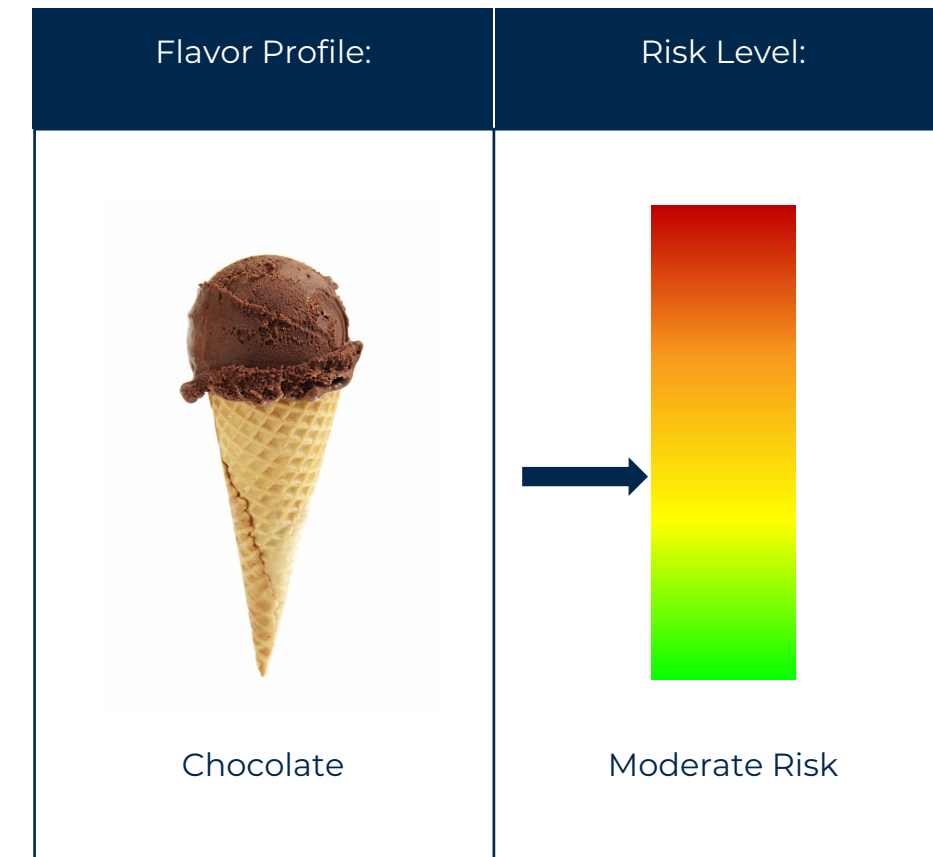
How can you prove it? – CYA!

- Financial Reporting
- Audit & Compliance Reporting

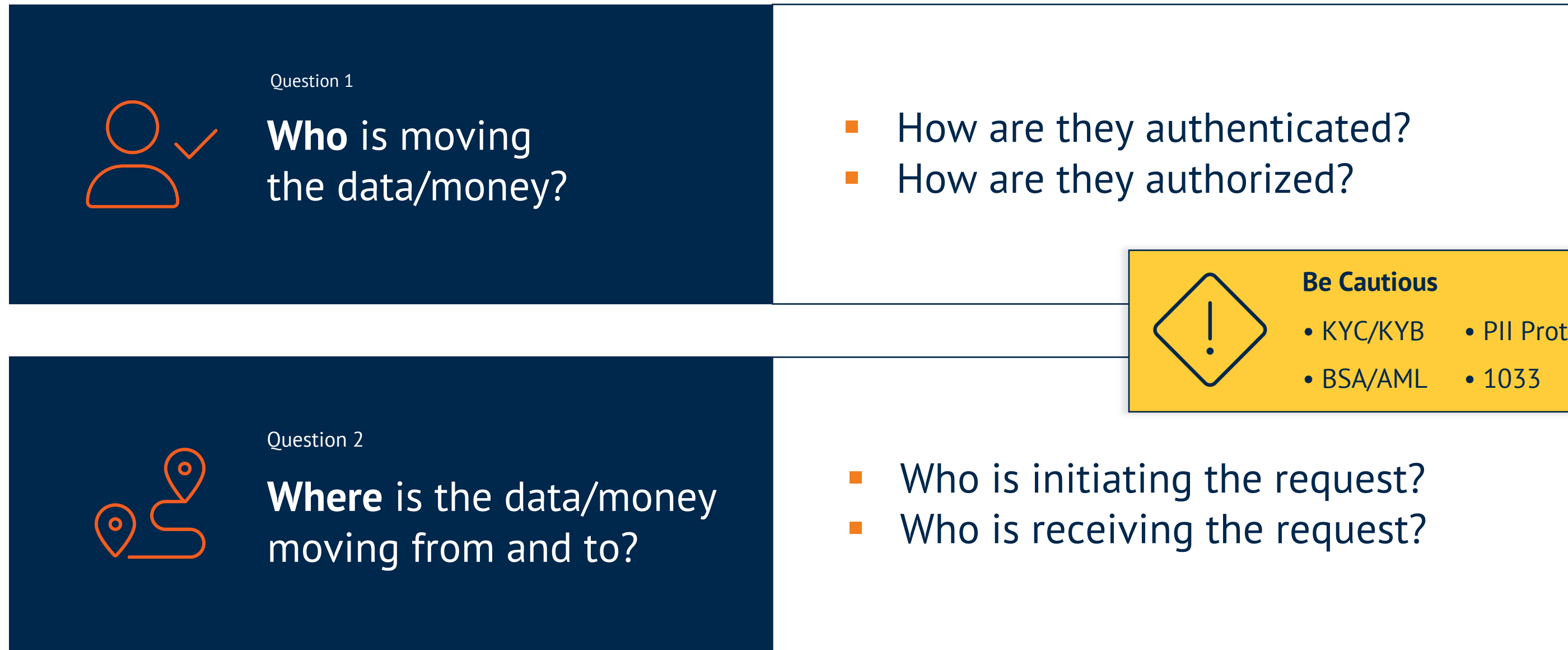
CONSUMER PROCESS INTEGRATION

Basic connection within an external consumer-facing application that uses APIs to move information between applications.

- Account-opening Applications
- Payments Applications (i.e., Loan Payments)
- Digital Banking Application



CONSUMER PROCESS INTEGRATION



CONSUMER PROCESS INTEGRATION



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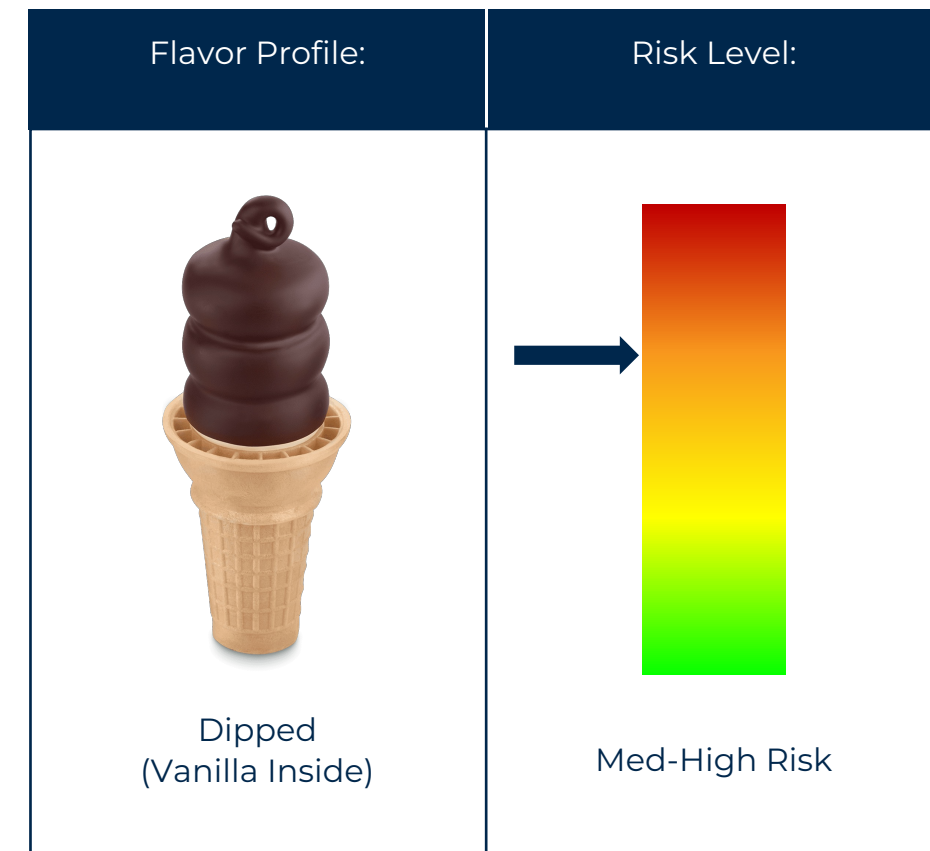
How can you prove it? – CYA!

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EMBEDDED FINTECH

The integration of fintech products and services into financial institutions' product sets, websites, mobile applications and business processes.

- Contact Platforms (Chat, Voice-over IP)
- Financial Wellness Platforms
- Embedded Account Opening
- Embedded Treasury Services



EMBEDDED FINTECH INTEGRATION



Question 1

Who is moving the data/money?

- Who is responsible and how are they authenticated?
- Who is responsible and how are they authorized?



Be Cautious

- KYC/KYB
- PII Protections
- BSA/AML
- 1033



Question 2

Where is the data/money moving from and to?

- Who is initiating the request?
- Who is receiving the request?

EMBEDDED FINTECH INTEGRATION



Question 3

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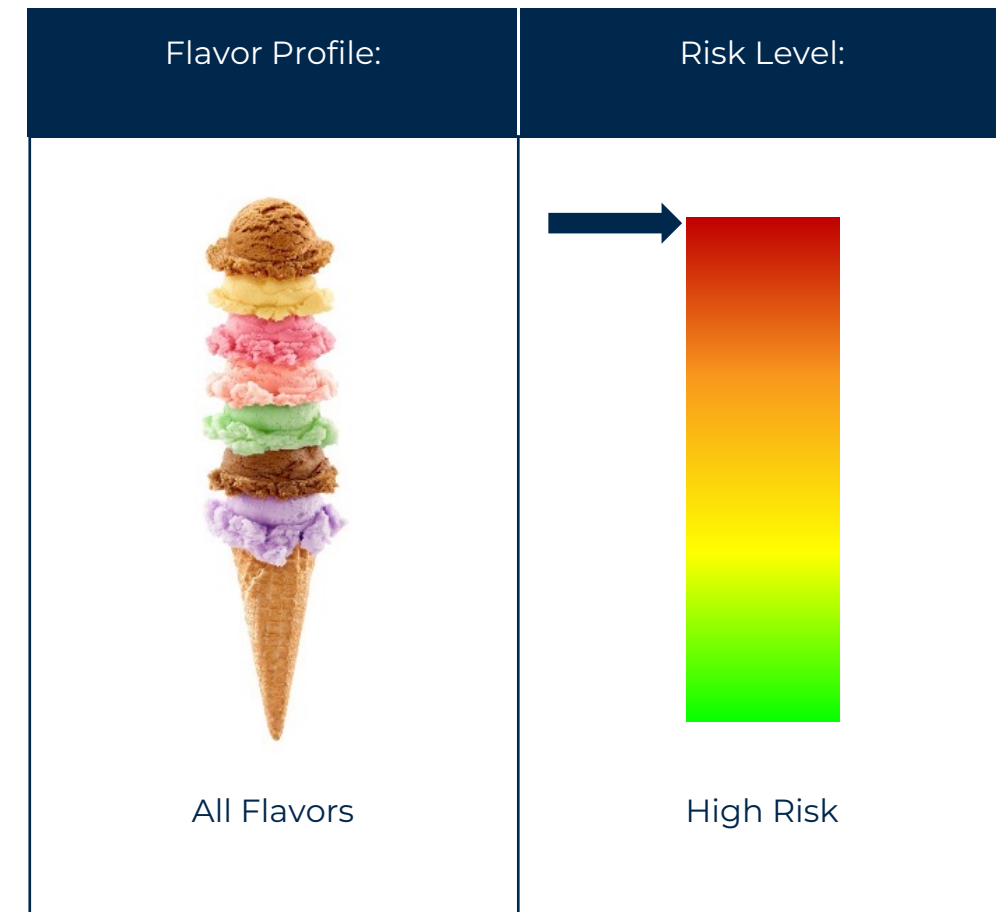
How can you prove it? – CYA!

- Financial Reporting
- Audit & Compliance Reporting

BANKING OR PAYMENTS AS A SERVICE (BaaS/PaaS)

A partnership model in which a financial institution leverages its bank charter to enable non-bank financial service companies (or Fintechs) to offer banking services directly to customers.

- Card Issuing and Acquiring
- Loans and Buy Now, Pay Later
- Investment Services
- Online Banking (non-Chartered Fintechs)



BaaS/PaaS INTEGRATION



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BaaS/PaaS INTEGRATION



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Question 4

How can you prove it? – CYA!

- Financial Reporting
- Audit & Compliance Reporting

KEYS FOR SUCCESS & ASSESSMENT

HOW TO FIND A FINTECH CLIENT

Discover through Qualified Sources

Ensure you are looking for fintech partners and applications from reputable industry sources.

Standard Due Diligence

Audit procedures should follow your FI's policies.

Adequate Testing Phase

Implement a testing phase to ensure how your FI's data is accessed and used through their apps.

Security, Audit and Reporting

Verify to ensure secure methods to access and store FI data, especially consumer related.

KEY AREAS TO BUILD OR EXPAND

Risk & Compliance

Build solid programs that take into consideration the needs of managing third parties and fintech partners.

Data Connectivity

Define and develop automation that connects data through automated workflows or a data warehouse for comprehensive oversight.

Product Development

Identify talent to find niche markets and develop expertise in nontraditional approaches to finance and banking.

Demonstrate the ability to build high-end custom products that can scale with growth.

Standardize Policies & Processes

Develop playbooks of policies, procedures and onboarding standards and utilize compliance platforms to assist in the collection and monitoring.



KEY AREAS FOR ASSESSMENT

- **Risk & Compliance**
 - Number of Exceptions
 - Regulatory Exam Findings
- **Value of the Customer**
 - Cost of Acquisition
 - Cost of Maintenance
- **Efficiency Ratios**
- **Revenue Growth**
 - New Products – Product Penetration
 - New Markets – Market Penetration

Questions?

Contact **Info**

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THANK YOU!



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