

The Digital Banking Ecosystem – when is a bank no longer a bank

Background	<p>Digital economy today: Platforms replace products, ecosystems replace value chains, growth is driven by network effects, and the client experience is key. (Platform - business model that leverages a shared open digital infrastructure to connect and enable an ecosystem of participants to promote mutual value exchange.)</p> <p>Incumbent banks deal with legacy infrastructure, slow-changing technology development practices, and extensive regulation. However, incumbent banks also have access to vast amounts of data, industry & regulatory knowledge, experience managing businesses through economic cycles, and a history of acquiring and managing customers at scale.</p> <p>Future digital economy: As technologies and customer expectations evolve, banking business models will evolve to take advantage of the power of platforms.</p> <p>Incumbent players will participate in platform models in many ways, ranging from hosting platforms to providing functional APIs for use in platforms likely run by outside entities including tech companies, startups, or clients/customers.</p>
Objective	Evaluate business opportunities for a large incumbent financial services company to thrive in a platform-centric digital economy.
Focus Areas	<p>Areas 1: Unbundling of the bank Challenge: Identify the products & services that banks tend to do well and what they don't do well. Recommend platform partnerships that we could leverage for those services that are not part of our core strengths.</p> <p>Area 2: New product & services Challenge: Think of a product or service that banks don't typically offer, but should. How could this product be delivered as part of a platform?</p> <p>Area 3: Financial services platforms Challenge: Given the definition of platform above, what role could a traditional bank play in an emerging platform model. Some focus areas: internet of things, sharing economy, freelance workforce, and blockchain.</p>
Framework	<ul style="list-style-type: none"> a. Insight b. Purpose c. Story d. Creative Capital e. Product f. Business Consideration