

Press Release

How the "Open" paradigm is transforming financial ecosystems

Results of the research carried out by The European House - Ambrosetti, Fabrick and illimity to photograph the real status of the concrete process of change imposed by Open Banking and Open Finance

- 81% of the actors interviewed in a panel of over 650 Italian and international actors consider the Open Finance paradigm the main evolution of the financial sector.
- Research shows the central role of platform models and collaboration among actors in the development of new paradigms in the financial industry.
- Milan is home to more than 10 thousand financial companies with 70 thousand employees and it is the first Italian city for the number of innovative startups and SMEs (2,688, equal to 19.2% of the total in the country).
- The results of the survey show an important level of participation of Fintech players in Open ecosystems for the development of new financial solutions (61%). Moreover, 43% of Fintechs see themselves as an integral part of a platform ecosystem in the next three years.
- Listening to stakeholders who have already adopted Open Finance solutions, it was possible to identify a number of benefits. These include the possibility of reducing transaction costs by up to 90% with benefits also in terms of compliance, improving reconciliation management with cost advantages of 80% and speeding up operations.
- The Research identifies CBDC, the creation of increasingly wide spaces and the diffusion of virtual reality as the main areas in which transformative dynamics in the financial sector can be accelerated

Milan, April 4, 2022 - Photographing the actual status to date of the concrete process of change imposed by Open Banking and Open Finance is the objective of the important work promoted by The European House - Ambrosetti and two key players in this new market, illimity, a new paradigm bank with a high technological rate, and Fabrick, a pioneer and reference ecosystem platform for Open Finance.

Last Friday, April 1st, the final results of the survey, which involved a total of 650 actors among more than 30 leading national and international banking, fintech, enterprise and start-up players, were presented. They demonstrate **the central role of platform models and collaboration among actors in the development of new paradigms in the financial industry.**

The Research, led by Prof. Salvatore Rossi, former Director General of the Bank of Italy, defined the concept of Open Finance as a model of innovation in which the ability to

exchange data between different sources and actors makes possible the creation of new products and services in the financial field according to a platform paradigm. **81% of the interviewed actors consider the Open Finance paradigm the main**

The final results show that if constant innovation is the hallmark of modern times, the financial sector cannot escape it: it must itself become an ecosystem devoted to innovation.

The research analyzed the main Open Finance ecosystems at an international level (USA, UK, European Union, Israel, China) and the main Fintech initiatives, with particular attention to the regulatory frameworks of each ecosystem, in order to derive possible indications of development for Europe and Italy.

The ecosystems at EU level have seen the birth of 19 Fintech unicorns, with a total valuation of 101.8 billion dollars. In particular, the Italian ecosystem can count on the growth of Milan as the country's main innovation hub also in the Fintech sphere, occupying 61st place in the world ranking of Fintech cities (first Italian city). Milan hosts over 10 thousand financial companies with 70 thousand employees and is the first Italian city for the number of innovative startups and SMEs (2,688, equal to 19.2% of the total in the country). Incubators, accelerators and first level districts such as Fintech District contribute to the growth of Milan's innovation hub. The Bank of Italy has also created a very important initiative in the sector, Milano Hub, an innovation center to support the digital evolution of the financial market and encourage the attraction of talent and investment. There is also the Fin+Tech initiative launched by Cassa Depositi e Prestiti together with other players: a Fintech and Insurtech accelerator that in March 2022 selected 16 promising startups (out of more than 300 applications) which were offered a 4-month acceleration path and a follow-on investment of up to 300 thousand euros.

Today, a financial company must be able to offer its clients much more than it can with the resources at its disposal. Doing so requires becoming part of platform-enabled ecosystem. Adopting such an approach is not easy for a traditional firm as it requires exploring new models of cooperation with other parties even seemingly far apart in terms of the value chain. In terms of adoption of the platform model, the survey results testify to an important level of participation of Fintech players in **Open ecosystems** for the development of new **financial solutions** (61%) and **the collaboration of banks** with Fintech players for the development of new products (36%).

Interestingly, **35% of Fintechs have a business model disintermediated** by another actor, represented by a bank (in 40% of cases), a non-financial actor (29%) or a Neobank (25%). Finally, **43% of fintechs see themselves as part of a platform ecosystem in the next three years.**

"The technological evolution we are witnessing offers huge opportunities for the development of new value ecosystems based on platform models. In the financial arena, data, APIs and artificial intelligence should be considered the tools behind new value offerings and business models," says Valerio De Molli, Managing Partner & CEO of The European House - Ambrosetti. "In this sense, the more than 650 stakeholders, involved within a unique research work, have confirmed the need to address the development of a Platform as a Bank ecosystem."

In particular, the Embedded Finance model that enables non-financial players to integrate financial services into their offerings to create new business models, in a highly

regulated and technology-intensive environment. Embedded Finance enables the three main elements underlying the creation of new value offerings to be managed differently:

- Knowledge dynamically and continuously aggregate and analyze data upon which new financial products and services can be designed by non-financial players;
- Interaction - to develop new experiences for the management of transactions between economic operators (including non-financial ones) towards an ever greater integration, for example in the retail payment, microcredit and insurance areas and in the corporate area, collections and payments, reconciliation, treasury management and tax compliance;
- Identity (of individuals and legal entities) - manage transactions with greater security, overcoming the criticality of current models. In addition, the concept of identity will have to evolve by aggregating additional sources of information useful for specific processes.

The listening activity - which has also involved ItaliaOnSite, Bene Assicurazioni, Moneyfarm, Faire.ai, CashDirector, Lokky, Directa.it, Credimi, Prestiamoci, Crea Assicurazioni, Net Insurance, Reale Group - has made it possible to identify **six key benefits**, obtained by companies thanks to the adoption of the Open Finance paradigm. In particular, the benefits referred to are: **efficiency and effectiveness, immediacy, better multichannel management, personalization, certainty and compliance, development of new business models and enlargement of the customer bases of financial products.**

For example, players have leveraged Open Finance solutions to improve the management of incoming and outgoing transfers by customers, achieving a **90% reduction in transaction costs** with benefits also in terms of compliance. In other cases, access to smart solutions for reconciliation of transactions resulted in **cost benefits of 80%**. The adoption of Open Finance solutions to speed up the execution of trading orders has made it possible to reduce the **availability of resources on the trading account to just over 10 minutes** after receipt of the transfer - in this sense, the improvement over the 24 hours required before this new service is evident.

Finally, starting from the increasing diffusion of Open Data, some important technological trends have been identified that could influence the three main elements at the basis of the creation of new value offers in the financial sphere:

- Interaction - possible evolutions related to the spread of Central Bank digital Currency (CBDC) and the diffusion of new digital and relationship paradigms between network "objects" based on blockchain;
- Knowledge - the role of financial information and financial operators within federated data models that may contribute to the materialization of digital twins;
- Identity - suggestions with respect to the extreme development of a virtual reality inspired by the Metaverse concept.

The development of these three verticals at the base of the creation of value in the Open Finance ecosystem is enabled by the platform logic: thanks to the aggregation of data and collaboration between players offering different solutions, even in different sectors, it is possible to obtain new experiences and services/products with high added value.

The platform logic allows to overcome the existing silos and to expand the databases by integrating different solutions: the players of the financial ecosystem will be able to further develop the Open models through the concepts of interaction, knowledge and

identity increasingly evolved and governed by digital, obtaining a role within the more general evolution of the Data Economy paradigm.

Paolo Zaccardi, CEO and co-founder of Fabrick: "The revolution underway, which no longer involves only the world of Open Banking but also that of payments and other financial services, has gone far beyond what was hoped for with the introduction of PSD2. The opening up of the market to new players and the consequent increase in competition has raised the level of quality of the services offered, to the advantage of end clients who can benefit from digital, immediate and more convenient services with a highly personalized customer experience. New business models, such as Embedded Finance and Banking-as-a-Service, are now well established and companies from any sector can integrate financial services into their offering. The open platform model is the key to create value and remain competitive, facilitating the co-creation of products and services. At Fabrick we have built around our Open Finance platform an open ecosystem to bring value to any company, bank or fintech that chooses to take advantage of this opportunity."

Carlo Panella, Head of Direct Banking at illimity: "The Research shows how Open Finance is the winning paradigm to address the ongoing financial and digital transformation. This is the model at the base of all the initiatives that illimity has started since its inception and that led to the creation of b-ilty, a real example of "bank as a platform". Inspired by non-financial platforms, b-ilty is a digital business store entirely dedicated to SMEs that gathers in a single ecosystem all the banking operations to support customers with customized solutions built according to the specific needs of the company. The aim is to combine all the products and services of a complete digital bank with those of selected non-banking partners. With b-ilty and beyond, we aim to redefine the frontiers of banking to create an inclusive model made of synergistic services and based on new forms of collaboration. The results of this Research confirm once again that the direction in which illimity is going is the right one".

The European House - Ambrosetti

The European House - Ambrosetti è un gruppo professionale di circa 280 professionisti attivo sin dal 1965 e cresciuto negli anni in modo significativo grazie al contributo di molti Partner, con numerose attività in Italia, in Europa e nel Mondo. Il Gruppo conta tre uffici in Italia e diversi uffici esteri, oltre ad altre partnership nel mondo. La sua forte competenza è la capacità di supportare le aziende nella gestione integrata e sinergica delle quattro dinamiche critiche dei processi di generazione di valore: Vedere, Progettare, Realizzare e Valorizzare.

Da più di 50 anni al fianco delle imprese italiane, ogni anno serviamo nella Consulenza circa 1.000 clienti realizzando più di 200 Studi e Scenari strategici indirizzati a Istituzioni e aziende nazionali ed europee e circa 120 progetti per famiglie imprenditoriali. A questi numeri si aggiungono circa 3.000 esperti nazionali ed internazionali che ogni anno vengono coinvolti nei 500 eventi realizzati per gli oltre 10.000 manager accompagnati nei loro percorsi di crescita.

Il Gruppo beneficia di un patrimonio inestimabile di relazioni internazionali ad altissimo livello nei vari settori di attività, compresi i responsabili delle principali istituzioni internazionali e dei singoli Paesi.

The European House - Ambrosetti è stata nominata anche nel 2021, per l'ottavo anno consecutivo - nella categoria "Best Private Think Tanks" - 1° Think Tank in Italia, 4° nell'Unione Europea e tra i più rispettati indipendenti al mondo su 11.175 a livello globale nell'ultima edizione del "Global Go To Think Tanks Report" dell'Università della Pennsylvania. The European House - Ambrosetti è stata riconosciuta da Top Employers Institute come una delle 112 realtà Top Employer 2021 in Italia. Per maggiori informazioni, visita il sito www.ambrosetti.eu e seguici twitter.com/Ambrosetti_

Fabrick

Fabrick è l'ecosistema finanziario aperto nato per promuovere l'Open Finance attraverso lo sviluppo di servizi innovativi digitali, basati sulle logiche dell'Open Banking. La realtà, che opera a livello internazionale, permette la collaborazione tra i diversi attori per co-creare soluzioni che rispondano alle sempre più evolute esigenze degli utenti finali. Nata a giugno 2018 per aver previsto con largo anticipo i vantaggi che la rivoluzione tecnologica e normativa avrebbero potuto portare a tutti gli attori del sistema, Fabrick supporta i propri clienti - banche, istituzioni, fintech, grandi corporate, PMI, top merchant e startup operanti in

qualunque settore - nello sviluppo di progetti Open Banking e Open Payments e fornendo consulenza. La società ha ottenuto da Banca d'Italia l'autorizzazione per operare come Istituto di Pagamento aggiungendo così un ulteriore tassello al suo ruolo di abilitatore di nuovi modelli di business, può infatti esercitare le attività di Prestatore del Servizio di informazione sui conti (AISP) e Prestatore del Servizio di disposizione di ordini di Pagamento (PISP) per proporre soluzioni "chiavi in mano" e mettere la propria licenza a disposizione dei clienti in modalità "as a service". www.fabrick.com

illimity Bank S.p.A.

illimity è il Gruppo bancario ad alto tasso tecnologico fondato e guidato da Corrado Passera, nato con l'obiettivo di rispondere a specifiche esigenze di mercato attraverso un business model innovativo e specializzato. In particolare, illimity fornisce credito a PMI ad alto potenziale, acquista crediti distressed corporate e li gestisce attraverso la propria piattaforma – neprix - offre servizi di banca diretta digitale attraverso illimitybank.com. Fa parte del Gruppo anche illimity SGR che istituisce e gestisce Fondi di Investimento Alternativi, il primo dei quali dedicato a crediti UTP. La storia del Gruppo illimity inizia nel gennaio 2018 con il lancio della Special Purpose Acquisition Company SPAXS S.p.A. che ha chiuso una raccolta record sul mercato dei capitali di 600 milioni di euro. SPAXS ha successivamente acquisito Banca Interprovinciale S.p.A. e dalla fusione tra le due società è nata formalmente "illimity Bank S.p.A." che dal 5 marzo 2019 è quotata su Borsa Italiana S.p.A. (ticker "ILTY"), prima su MTA e da settembre 2020 sul segmento STAR. Il Gruppo bancario con sede a Milano conta già oltre 700 dipendenti e ha chiuso il bilancio al 30 settembre 2021 con attivi pari a oltre 4,6 miliardi di euro.

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