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The Future of Connectivity: How the Interactions Between Corporates and Banks Are Rapidly Evolving



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Emerging digital-ready business models are shifting the connectivity requirements between corporates and banks, as new technology solutions offer the promise of a better and more seamless experience. The concepts of open banking and banking-as-a-service are important drivers of the changes taking place today. The enhanced forms of connectivity advocated by these concepts are not exactly new, but now finally taking off. Central bank regulators around the world are helping to fuel this trend as the open banking market is projected to grow 24.4 percent to a value of \$43.15 billion by 2026.

With so much change taking place across the globe, it is worth diving deeper into what the connectivity of the future will look like to banks, and how these transformational changes will likely impact how corporates carry out their business.

Criteria for new innovation: does it deliver a superior experience?

Banks and new players to the financial services marketplace are squarely focused on understanding the user preferences and evolving digital needs of corporate clients, and then developing solutions to address those needs.

This means delivering convenience through effortless onboarding, 24x7 access,

customization tailored to the unique needs of each user and complete transparency that helps ensure the greatest value.

The key to customization is understanding user preferences, accomplished through an analysis of their behavior. Banks and other providers leverage data analytics to gain insights into user needs and harness this information to drive product development. Real-time telemetry is used to reveal how corporates are interfacing with banking platforms, providing invaluable journey mapping. These granular insights into individual users are vital in the development of next-level personalization and enabling data-driven decisions.

Technology is at the heart of the digital journey

Cognitive computing and data science, which look at user behavior patterns to enable the creation of a customized journey, are central to the transformation taking place in the industry.

Cloud computing is another area that is rapidly becoming the norm in both corporate and banking practices. The cloud offers the ability to easily scale to support expanding consumer flows, which is becoming increasingly important as more businesses embrace business-to-business-to-consumer (B2B2C) models.

In response to the 24/7 needs of global business, banks are also embracing microservices architectures and open application programming interfaces (APIs) that enable different parts of a bank's technology stack to be combined and organized in ways that adapt to corporate clients' specific needs.

Because security is of the utmost concern for corporates and banks alike, more advanced, federated security models are emerging. Federation allows security principal identities and attributes to be shared across trust boundaries according to established policies, enabling banking applications to be used safely from anywhere.

As corporates and banks place a greater

reliance on data to achieve critical efficiencies and automation in treasury processes, the need for more computing power is paramount. Quantum computing offers a vital answer to this growing need, as this advanced, faster technology becomes more widely available and more affordable.

Emerging connectivity models: the future is here today

All of the trends mentioned thus far have led to several emerging connectivity models from banks. The first is the bank-as-a-service model, where bank services are, for example, embedded within a corporate's treasury management system, allowing for seamless access to information such as account balances without having to leave the platform.

The second is the bank-as-a-platform model, where banks open their platforms to both internal and external partners, who are encouraged to bring innovative solutions that leverage the platform and help corporates on their connected journey.

The third is banking as a utility. As more B2B flows become B2B2C flows, corporate expectations will be around scale and the bank's ability to process millions of transactions easily and rapidly.

And the fourth where some banks will focus their banking services exclusively on a particular customer segment and offering customized solutions for those businesses.

By harnessing the latest innovations, corporates can meet their critical growth objectives today and position themselves for continued success into the future.

¹ Source: Forbes *Open Banking Is Now Essential Banking: A New Decade's Global Pressures and Best Responses, Part One* (Padua, 2021)