Savanta:

Open Business Banking in Northern Ireland
– Hit or Flop

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What was the rationale behind Open Banking?

In 2016, the Competition and Markets Authority (CMA) completed a major investigation of the UK retail banking market and one of the overall conclusions was that older, larger banks do not have to compete hard enough to gain or retain customers.

Open Banking was launched in 2018 to help tackle this issue, as a direct result of the CMA's recommendations. It enables customers to share their current account information securely with other banks and third parties, allowing them to compare banking products on the basis of their own requirements and to manage their accounts without having to use their bank.

Since then, however, the jury has been out re whether the huge investment in the API infrastructure has been a success or failure and last year, Starling Bank's CEO, Anne Boden branded Open Banking a flop, a view seemingly shared by Monzo founder Tom Blomfield and Tide's Oliver Prill.

Savanta's MarketVue Business Banking data certainly shows that Open Banking has not had any impact on account switching behaviour.

Switching levels are very low and have remained stable over the past decade. In Northern Ireland only 1% switched their main business bank account in the last year (based on year ending Q3 2022 data for start-up and established businesses with a turnover of £0-1bn) even lower than GB with 3% switching.
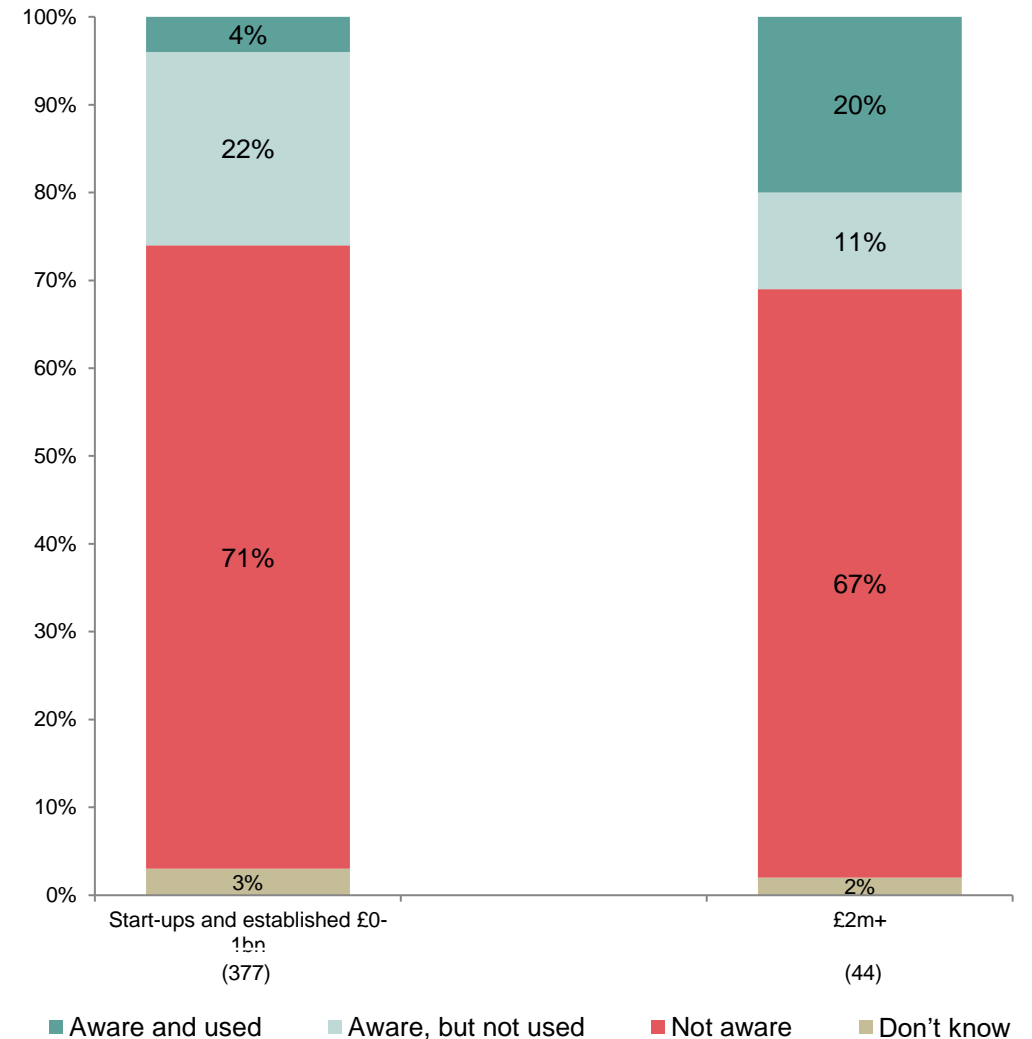
In 2022, Savanta investigated both awareness and usage of Open Banking amongst Northern Irish businesses and also evaluated the appeal of 5 specific Open Banking features (amongst start-up and established businesses with a turnover of £0-1bn).

Almost three-quarters of businesses are not aware of Open Banking, and only 4% are using

Overall, in Q3 2022, only 26% of NI businesses said they were aware of Open Banking (compared to 33% for GB). Awareness was higher amongst larger businesses with turnovers of over £2m (31%).

Only 4% have used Open Banking in NI (compared to 9% for GB) but again this is higher amongst £2m+ (20%).

Open Banking awareness and usage

	Start-ups and established £0-1bn (377)	£2m+ (44)
Aware and used	4%	20%
Aware, but not used	22%	11%
Not aware	71%	67%
Don't know	3%	2%

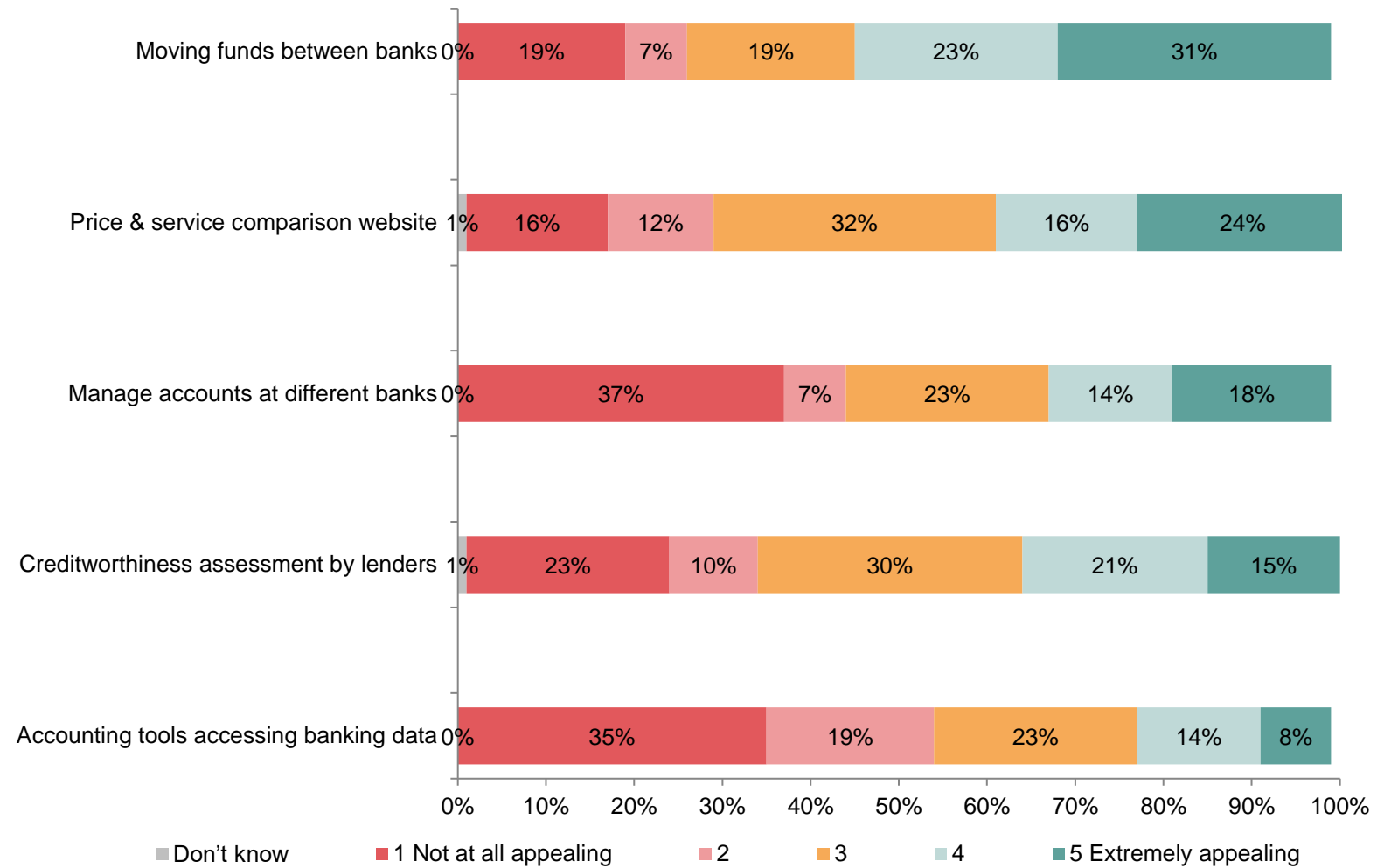■ Aware and used ■ Aware, but not used ■ Not aware ■ Don't know

Appeal outstrips usage

Whilst usage is currently only 4%, appeal is still higher for most Open Banking features. Even the least popular feature is extremely appealing to 8% of NI businesses and a further 14% give an appeal rating of 4 out of 5.

Over half (54%) of NI businesses rated the appeal of being able to authorise the movement of funds between different banks as either 4 or 5 out of 5, with nearly one-third (31%) rating as extremely appealing. Nevertheless almost one-fifth of businesses reject this feature.

Appeal of Open Banking features

Feature	Don't know	1 Not at all appealing	2	3	4	5 Extremely appealing
Moving funds between banks	0%	19%	7%	19%	23%	31%
Price & service comparison website	1%	16%	12%	32%	16%	24%
Manage accounts at different banks	0%	37%	7%	23%	14%	18%
Creditworthiness assessment by lenders	1%	23%	10%	30%	21%	15%
Accounting tools accessing banking data	0%	35%	19%	23%	14%	8%

Legend: ■ Don't know ■ 1 Not at all appealing ■ 2 ■ 3 ■ 4 ■ 5 Extremely appealing

Base size n=332

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A price and service comparison website, using your actual banking usage patterns to make simple and reliable price and service quality comparisons, has a strong level of appeal, with 4 out of 10 business rating as 4 or 5 out of 5 and the lowest level of outright rejection (16%).

Being able to manage accounts at different banks via a single app has the most polarised ratings. Almost one-third (32%) rate as 4 or 5 out of 5 and yet over one third (37%) reject outright (the highest rejection level amongst all features).

Allowing potential lenders to be able to use a business's banking transaction history to assess their creditworthiness is rated 4 or 5 out of 5 by over one-third of businesses (36%) and is rejected by just under one-quarter of businesses (23%).

And finally, allowing banks and third-party financial service providers (such as budgeting apps, cashflow management tools and accounting software for businesses) secure access to banking and other financial data has the lowest appeal, with over one-third (35%) rejecting outright and only 22% rating as 4 or 5.

Has Open Banking delivered?

The introduction of Open Banking in 2018 was hailed as one of the biggest shake-ups in the banking world in recent times. However, five years on, industry opinion is divided as to whether it has been a hit or a flop.

Awareness in Northern Ireland is low (26%) and each feature is rated as not appealing at all by at least 16% of businesses. More importantly, the introduction of Open Banking has not led to any shift in switching behaviour and whilst the last two years has seen a rapid growth in new digital banks such as Starling and Tide, there is no evidence that their appeal has been linked to any specific Open Banking features.

Nevertheless, it is important to remember that Open Banking is still evolving and adoption levels are starting to creep up, with 4% of businesses now using. With appeal currently outstripping awareness by a considerable margin, perhaps all that is needed to boost usage is better communication to make sure businesses understand what's on offer and what they are missing out on.

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Savanta's MarketVue Business Banking

Based on a continuous survey of 15,000 financial decision makers in UK businesses and 10 years of historical data, MarketVue Business Banking is a highly **reliable and detailed monitor of how banks are perceived by business customers**.

It is designed as a **complete market overview** covering market share, trends, brand health and customer experience to inform business strategy and provide tactical feedback for action planning. Interviewing is conducted continuously among a UK representative sample from start-ups, SMEs up to major corporates throughout the year and data/insight is delivered to clients on a quarterly basis.

Savanta is a fast-growing data, market research and advisory company. With five global offices and 500+ staff, we inform and inspire our clients through powerful data, empowering technology and high-impact consulting. All designed to help our clients make better decisions and achieve faster progress.

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Data collection and analysis – access to consumer, business, wealth & youth respondents globally through a proprietary technology platform

Research and Insight – tailored solutions built using specialists from Savanta's Industry and Methodology Practices

Proprietary tech & products – instantly access digital intelligence about markets, brands and customers. It's our own technology. And it's fast and flexible.

Meet the team

Stephen Palmer

EVP, Financial Services

Stephen has 25 years' research experience across financial services and tech and leads the financial services team at Savanta. Prior to Savanta, Stephen was Head of Insight at Kantar Financial Services & Technology and responsible for delivering customer experience, brand and segmentation research. Stephen is a certified member of the MRS and has sat on the standards board.

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Craig Tandy

Account Director, Financial Services

Craig has worked in a variety of roles across the financial services sector, including working directly with SMEs at Close Brothers Bank. More recently Craig worked for IBISWorld supporting banks across their credit approval process and relationship management capabilities, before moving to Savanta to support the wider financial services research team.

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Philippa Whitham

Senior Director, Financial Services

Philippa has more than 20 years' research experience gained agency side and has worked in the MarketVue Business Banking team for the past 6 years. Philippa has considerable experience in managing large, complex continuous research programmes, with particular expertise in customer satisfaction.

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Rima Aryandani

Senior Consultant, Financial Services

Rima joined Savanta when Wealth-X Custom Research was acquired in 2019. She has worked predominantly on quantitative projects in the finance and wealth space and has particular expertise in project logistics. Rima has a Master's degree in International Tourism from the University of Lugano, Switzerland and a Bachelor's degree in Economics from the University of Indonesia.

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