

## Finastra survey shows growing appetite for Open Banking and finance in Germany, yet institutions remain cautious

- Over a third (34%) of German financial institutions regard open finance as a 'must have', up from 24% in 2021; 79% agree it's making financial services more collaborative
- Collaboration is a big driver of success for 9 in 10 (90%) institutions; legacy systems are the largest barrier for collaboration (41%), up from 31% in 2021 and higher than the other regions surveyed

**Frankfurt, Germany – December 6, 2022** - Finastra research reveals strong growth in appetite for Open Banking in Germany, with 51% of respondents considering it a 'must have', up from 43% last year. This sentiment is higher than in France where 44% agree, although lower than the UK (61%). Its extension, open finance, is seen as a 'must have' by over a third of German institutions (34%) in the context of data sharing, a big uptick from 24% last year yet lower than France (42%) and the UK (47%).

However, the 'Financial Services: State of the Nation Survey 2022' shows that German institutions recognize the benefits of open finance, with 86% agreeing it has the potential to support a fairer and more equal financial services industry, higher than France (79%) and the UK (84%). More than 4 in 5 (82%) say it provides a wealth of opportunities for the ecosystem, while 79% state it's driving more collaboration and having a positive impact. This suggests that German firms value the opportunities open finance brings, yet many are currently focusing on other factors such as upgrading legacy systems and cloud adoption.

The research was conducted amongst 758 professionals at financial institutions and banks from August to September 2022 across France, Germany, Hong Kong, Singapore, the UAE, the UK and the US. It explores the Open Banking and finance landscape, the technology and initiatives set to make an impact in financial services over the next year, and the growing importance of ESG.

Other insights include:

- **Legacy systems are restricting collaboration** – 9 in 10 (90%) German institutions note that collaboration is a big driver of success, up from 85% last year. However, legacy systems are seen as the biggest barrier for collaboration (41%) – suggesting this is the case for open finance too – which is a substantial jump from 32% last year and higher than any other market surveyed.
- **Cloud adoption is rapidly growing** – 42% of German respondents have all or most of their software stack on cloud-based solutions, with a further 33% splitting equally between cloud and on-premises solutions. Over a third (34%) are looking to improve or deploy cloud solutions in the next 12 months, up from 22% last year and the second highest of all regions surveyed.
- **Economic uncertainty is restricting technology investment** – over 3 in 4 (78%) German respondents feel their technology investments are constrained, slightly higher than in France (74%) yet lower than the UK (81%). However, institutions are optimistic, with 71% believing that

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investments will resume in full by the end of H1 2023, which is similar to France (72%) and higher than the UK (69%).

- **Operational efficiencies are driving technology investments:**
  - Nearly 3 in 4 (74%) German firms note that BaaS and embedded finance are expected or demanded by customers and nearly two thirds (64%) think it will be the next big disruptor of financial services. However, only 30% of respondents say that preparing for it is driving their adoption of technology. All three figures are the lowest of all regions surveyed.
  - The region's priority for investment is to improve efficiencies and reduce costs. This, combined with a growing appetite for cloud adoption, suggests many German institutions are focusing on streamlining their operations before embracing concepts such as open finance and BaaS.
- **Support for ESG remains strong** – similar to 2021, over 4 in 5 (83%) German respondents think it's important for financial services to support environmental, social and governance initiatives and 84% think improving financial literacy and supporting vulnerable audiences should be a key focus.

“Finastra has always championed open finance as the key to unlocking the potential of people, businesses and communities everywhere,” said Simon Paris, Chief Executive Officer at Finastra. “Over the years that we have conducted this survey, we have seen open finance grow from an emerging idea to a clear priority for institutions across the world, enabling, as it does, business model shifts such as embedded banking, as well as financial inclusion and equality.”

Germany is showing real progress in these areas; however, many institutions remain cautious, prioritizing driving cloud adoption and operational efficiency instead. As these come to fruition and regulators continue to mandate initiatives that fuel open finance, such as the EU's instant payments draft regulation, innovation in the region will flourish.”

Access the full report and findings [here](#).

### Survey Methodology

- 758 professionals (at managerial level) at financial institutions and banks across France, Germany, Hong Kong, Singapore, the UAE, the UK and the US, were surveyed. These financial institutions represent a gross total of just over USD\$28 billion in turnover over the last 12 months, employ approximately 1.9m staff and have approximately 147 million client/customer/member relationships.
- As a result of rounding up percentage results, the answers to some questions might not always add up exactly to 100%. Respondents were also able to select more than one answer for some questions.
- Comparative analysis was made from results of similar surveys run by Finastra in March 2021 and January 2020 which were also conducted online amongst financial institutions and banks across the same markets.
- Research was conducted by Savanta via an online panel (end of August to early September 2022).

- ENDS -

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Finastra is a global provider of financial software applications and marketplaces, and launched the leading open platform for innovation, FusionFabric.cloud, in 2017. It serves institutions of all sizes, providing award-winning solutions and services across Lending, Payments, Treasury & Capital Markets and Universal Banking (Retail, Digital and Commercial Banking) for banks to support direct banking relationships and grow through indirect channels, such as embedded finance and Banking as a Service. Its pioneering approach and commitment to open finance and collaboration is why it is trusted by ~8,600 institutions, including 90 of the world's top 100 banks. For more information, [visit \[finastra.com\]\(https://finastra.com\)](https://finastra.com).

