

## Finastra global survey shows appetite for open finance in Singapore against backdrop of constrained investment

- Global financial centers share Singapore's view that Open Banking and open finance are a 'must have'
- 84% in Singapore say current economic situation has constrained technology and digital banking investments, but 77% expect full investments to resume by H2 2023

**Singapore – December 7, 2022** - Finastra research reveals that Open Banking is now universally and unequivocally regarded as a key part of a bank's landscape, with 99% of respondents in Singapore considering it either a 'must have' or 'important', up from 97% last year. The proportion of Singapore professionals that consider it a 'must have' has risen to 64%, a notable increase from 2021 (56%).

The 'Financial Services: State of the Nation Survey 2022' finds that global views on open finance are also maturing. In 2021, Singapore led other markets with agreement from 95% that open finance was important (91% global average), 47% of whom thought it was a 'must have' (38% global average). This year, sentiment in Singapore remains high with 44% agreeing it's a 'must have', whilst the global average of 48% shows that many other markets have caught up, and that the sector globally is actively investigating products and services that would benefit from an ecosystem model.

It's not hard to see why, as 85% of professionals in Singapore agree that open finance is giving consumers access to a greater range of financial services. Additionally, three quarters (76%) agree that open finance has the potential to bring about fairer and more equal financial services, whilst 90% agree that open finance is already having a positive impact on the industry and making it more collaborative.

The research was conducted amongst 758 professionals at financial institutions and banks from August to September 2022 across Singapore, Hong Kong, France, Germany, 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:

- **Banking as a Service (BaaS) and Embedded Finance have become an industry norm** – 85% in Singapore agree that BaaS and embedded finance are already expected/demanded by customers. More than a third (38%) said their organizations have improved or deployed BaaS in the past year. Two in five (41%) said their organizations have deployed embedded finance in the last year, more than any other market.
- **Leading drivers for technological adoption reveal shift in outlook**
  - Business growth continues to be a top three driver of technological adoption, as it was in 2021 (45% in 2022, 48% in 2021). However, the other top drivers in 2021 – cutting costs and adapting to changes brought about by the pandemic – have been replaced by more forward-looking drivers – preparing for opportunities arising from BaaS and embedded finance and meeting current and future customer expectations.

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- **However, the current economic situation has led to further investment constraint**
  - In 2021, 81% of respondents in Singapore said their technology and digital banking investments had been constrained by cost pressures. This year, 84% said the current economic situation has tightened spending. This is demonstrated by the fact that 44% said in 2021 that they were planning to improve or deploy BaaS in next 12 months, whereas just 38% in this year's survey said their organizations had actually done so. Despite the current economic uncertainty and wider cost pressures, more than three quarters (77%) expect their full investments to resume by the end of H1 2023.
- **Positive but cautious approach to cloud**
  - The survey findings revealed a unique paradox in Singapore's cloud adoption. For all other markets, where cloud adoption was higher than average ("all or most" software hosted on cloud solutions), these markets also revealed lower than average use of on-premises solutions, and vice versa. However, Singapore had a far higher than average number (43%, vs 32% global average) that said their software stack is split equally between cloud and on-premises solutions.
  - These findings may be indicative of the banking landscape in Singapore, which is dominated by incumbent banks. Whereas digital players tend to be cloud-native, large incumbents have complex systems that are difficult to migrate fully off on-premises solutions.
- **Support for ESG is widespread** – Singapore shows the largest support for ESG apart from the UAE, with 90% of professionals (96% in UAE, 87% globally) agreeing that it's important for the financial services and banking sector to support ESG initiatives, and 88% (94% in UAE, 82% globally) recognizing green lending as an opportunity for growth and revenue generation.

"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."

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).

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**About Finastra**

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).

