



## A New Open Banking Solution

by [Steve Brown](#) Topics: [technology](#), [business customers](#)

**Summary:** HSBC and Goldman Sachs have invested in a fintech platform which allows banks to offer products from their rivals. This may sound counterintuitive, but could it help your bank and your customers?

The word *bud* can mean many things to many people. It is shorthand for Buddy, a well-known beer, part of a plant, slang for marijuana and even something that can be nipped.

For banks though, Bud is a London-based fintech start-up that Goldman Sachs and HSBC have invested in, that will allow banks to offer products from their rivals. It is an open banking platform and it is already working with 85 third-party financial services providers and fintechs.

We point this out because more banks are working with more providers to get more products and services to offer customers. Rather than building everything from scratch, many banks are choosing to go the route of plugging into different ecosystems or platforms using application programming interfaces (APIs). Doing so opens up new banking options and services that can in turn be offered to customers and prospects.

To better understand how this works, the Bud platform is structured so that banks using it gain the ability to enable their own apps in order to provide customers with access to financial services offerings from competitors.

That may seem crazy on its face, but customers want options and ease of access, which is what this provides. For customers, this is appealing because they will have the ability to search for products based on costs and have more information about the options available to support more informed choices. For banks, product and service offerings can be expanded without having to build everything from the ground up.

While the idea of providing information about competitor product offerings may seem counterintuitive, there are advantages in doing so. For one, as people continue to embrace mobile and online banking, they are looking for products that make their financial lives as easy as possible, with everything in one place. By fostering such ease, community banks can ensure that they become competitive with larger players, which have sophisticated technology offerings. Having everything in one place also reduces the risk of potentially having a customer's personal data or financial information compromised in multiple places. Lastly, providing greater transparency demonstrates to customers that a bank has their best interests at heart and isn't solely interested in generating profits.

Such open banking platforms can also be helpful to community banks, because of their ability to track the spending patterns and product choices of customers. That data can then be used to better tailor product offerings and services to customers. Perhaps more importantly, such platforms allow community banks to expand their reach well beyond the geographic areas where they operate and all without the overhead costs involved.

There are other platforms around. But, given the investment by such major banks as HSBC and Goldman Sachs in Bud, we will keep a special eye on them to discern any new trends, so we can report them back to you.

# ECONOMY & RATES

Rates As Of: 06/25/2019 11:23AM (PDT)

Treasury	Yields	MTD Chg	YTD Chg
3M	2.12	-0.22	-0.24
6M	2.09	-0.25	-0.38
1Y	1.93	-0.27	-0.67
2Y	1.73	-0.19	-0.76
5Y	1.73	-0.18	-0.78
10Y	1.99	-0.13	-0.69
30Y	2.53	-0.04	-0.49
FF Market	FF Target	Fed Disc	
2.38	2.50	3.00	
SOFR	Prime	Unemp	
2.39	5.50	3.60	

[More Market Rates](#)

## BANK NEWS

### Truly Mobile

For years banks have scrambled to provide quality mobile banking to customers through smartphones and other digital channels. But, now China is taking things to another level entirely. Its two largest mobile payments networks, Ant Financial Services and Tencent Holdings, are now [installing facial recognition screens](#) all over the country to speed up retail sales and payments. If this takes hold, it would support consumers skipping using smartphones entirely, as payments could be made just by looking into a screen.

### Cyber Regulation

US regulators are reportedly working on a cross-agency approach that would pool resources to review cyber defenses at banks, according to the Financial Times. A proposed system could be in place as early as the end of this year and would hopefully streamline the process for banks too.

### AML Warning

Credit rating agency Fitch says weak controls around financial crime and AML are more likely to negatively impact a bank's credit rating than almost any other nonfinancial issue. Regulators are constantly out there probing banks and looking for weak controls. So, be sure your controls are solid, even if you don't have a credit rating to avoid trouble.

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