



the payments association



Open Banking Use Case Interview: Minna Technologies



Joakim
CEO & Founder
Minna Technologies



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Interviewer: Please introduce yourself

My name's Joakim. I am, one of the three co-founders of Minna. We have been running this company now for 7 years – so even before PSD2 and Open Banking was the theme. Within the company I am the CEO and work with everything that is external to the company. So, things like partnerships with Visa and retail banks across Europe.

Please can you give us an overview of what Minna are about?

We started this business in 2014. The reason why we engaged in this universe was that we witnessed what is today known as the subscription economy – the fact that consumers started to buy more on a subscription model rather than a transactional model. For example, consumers don't buy CDs and DVDs. Rather they started to subscribe to Spotify and Netflix. Car purchases are increasingly by subscription. During 2020 this trend increased with the subscriptions to groceries. That trend is skyrocketing and that comes both with benefits and challenges for the consumers and the financial institutions.

Can you talk us through your product use case in a little more detail? Specifically for managing Subscriptions, what does the end user benefit look like and how do you use Open Banking to facilitate that?

We started as a B2C proposition in 2016. One year in we were

approached by a major Nordic bank who wanted us to integrate our functionality with theirs so that they could offer it to their customers. This meant we changed our direction and become a provider to retail banks rather than the consumer. So, say you have an account with Lloyds Bank. Your banking app will show you all your subscriptions and recurring payments. If you wish to cancel one, we will conduct the cancellation on your behalf. This is the big IP behind Minna.

What are the key benefits to the Bank or other Financial Institution with your solution?

Well, I think it's worth spending some time here. Almost all of the world is going into a subscription-based behaviour because it is more valued by the market. And average subscriptions per annum per consumer have increased from 2 in 2007 to 11 in 2020 and we expect 17 by 2025 per consumer. The answer to your question comes in two parts. Dispute volumes and call centre volumes. The more subscriptions a consumer has the more frequently they call the bank. If they were an app that enabled the consumer to manage their subscriptions themselves, they don't need to call their bank. That's a very big benefit. The same goes for dispute volumes.

What markets are you live in today?

Well, subscriptions growth is a global trend. So we look for areas that have high card usage as these tend to have a lot of disputes.

What has been the greatest challenge?

One very obvious thing is the maturity of banks to buy from younger companies. Banks have very high demands on their vendors when it comes to security. So, the level of diligence we are required in order to provide services to them is extremely high. And we still need to pay salaries and other costs for maybe 18 months whilst that due diligence is completed – so cashflow becomes a major challenge.

Are you starting to look outside of Europe?

We have just completed a funding round to enable us to look at the US as part of our expansion.

Does the diversity of the US banking system present unique challenges?

In Europe you basically have 2 tiers of banks. You have mega banks and then you have the small banks. In the US you have a few mega banks but then you have a big middle tier – state banks, community banks, credit unions. Now that middle layer is heavily dependent on a third-party technology provider, so in order to work in the US we need to work with those institutions

How do you see open banking developing over the next 2 – 5 years?

From a customer centric point of view 20 years ago it was very centralised. Then suddenly it was subject to competition and so your salary account might be in one place, your mortgage in another, and the car loan somewhere else.

But from a consumer perspective it is much more convenient to have it consolidated into one universe. The consumer will also get a better experience if shopping activity is coupled with embedded finance or Fintech. So, when buying a new car or home, it is a very good experience for me to apply for the credit on the website where I am searching for the car. The bank is completely disintermediated – it is just providing the credit. I think there will be two types of banks.

One bank that retains the customer interaction and interface, and one bank that will become more of a backbone and provide a product. We want to work with the first segment that wants to retain its customer engagement. Incumbent banks largely do not have systems designed in the 70s and 80s, their innovation and development is slower by design and so they will struggle to compete with the new challenger banks. How can they hope to compete? Their only way is to collaborate with others.

What opportunities do you believe this creates for your company?

The answer is in two parts. Short term we have the opportunity to help retail banks become more relevant in the 21st century. Long term, the global trend - which is the subscription economy – will mean that you won't need credit to finance your car. This will have a major impact on the whole financial industry when the consumer doesn't need credit to consume. That is the area we are heading into long term. So, we want to be part of this transaction - the rails between the merchant and the consumer.

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