Banks Go Beyond Banking:
The Expansion Towards Non-Banking Services

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Abstract. *Banks are traditionally seen as providers of financial services such as deposit-taking, lending, and payment services. In recent years, banks expand their range of services to include non-banking services far beyond that to encompass an ever-widening scope of conveniences for the customer. Certain banks are gradually going beyond traditional banking engaging in services related to everyday lifestyle activities, mobility, entertainment, dining, and e-commerce, stepping on the opportunities provided by the digitalization and in collaboration with third parties.*

The observed trend is driven by banks' ambitions to attract and engage customers in a comprehensive way and to create stickiness to their digital platforms. This strategy is an answer to the raising competition from fintech companies, which disrupt the traditional way of doing banking incorporating a holistic approach towards the customer needs.

This article gives an overview of selected examples of banks which have gone "beyond banking" and underlines this competitive strategy as one of the factors for their market performance. Those examples are used to define a high-level benchmark framework and to prove the main research hypothesis that the provision of non-traditional banking services by banks and their participation in ecosystem partnerships represents an effective business development strategy to remain competitive and to attract and retain customers.

The article reviews the current state of deployment of the "going beyond banking" strategy by traditional banks on the Bulgarian banking market and demonstrates clearly that the biggest banks on the market are those with the highest level of GBB deployment strategy.

Keywords: banking strategy, going beyond banking, non-traditional banking services, digital transformation, open banking, ecosystems

Introduction

Banks have long been primarily associated with providing financial services, such as accepting deposits and lending money. However, in recent years, banks have expanded their scope of activities beyond traditional banking services and have started offering a range of non-banking services to their customers. This trend has been driven by regulatory changes, technological advancements, changing customer preferences, and increasing competition in the financial services industry.

The purpose of this article is to demonstrate that a potentially successful business development strategy of traditional banking organizations to remain competitive and to attract and retain customers, is the provision of client propositions with a holistic customer experience, bundling both pure banking with non-traditional banking services in selected customer journeys via partnerships with third party providers and through engagement in ecosystems. Selected examples of banks (both traditional and digital only) deploying "going beyond banking" (GBB) strategy and ecosystem approach in different regions in the world are presented with the aim to formulate a benchmark framework of GBB strategy and its main elements to serve as a basis for comparison with the trend evolution on the Bulgarian banking market.

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The focus of the research is the Bulgarian banking market and the number and type of non-traditional banking services provided by Bulgarian traditional banks through their mobile banking applications, where it is identified that the traditional banks that are the most advanced into GBB strategy deployment on local market are the market leaders.

The literature review suggests that there are several reasons why banks are expanding into non-banking services. The main reason for this development is the desire of banks to further strengthen the engagement with their customers, enhancing the interaction and loyalty at the same time. Another major reason is the need to diversify revenue streams. By offering a wider range of services, banks reduce their reliance on traditional banking services and capture a larger share of customer spending. A main driving force of GBB by banks is the increasing competition from fintech companies and their new and disruptive way of providing financial services by implementing GBB strategy. By expanding into non-banking services, traditional banks can foster their relationship with clients and remain competitive.

Historically, one of the first non-traditional services provided by banks is insurance and wealth management. Today many banks offer insurance products such as life insurance, health insurance, travel insurance and car insurances. The bank insurance model is a strategic direction for development of the banking business of many banks in Europe (BNP Paribas, KBC Bank and others). Nowadays, banks go much beyond that. The technological developments and the successful example of some fintech players gave banks the courage to engage into non-traditional banking services and incorporate in their digital platforms functionalities that encompass e-commerce activities, personal finance analytics, newsfeed, weather forecast and even soccer championship results follow up. In this endeavor banks collaborate with large ecosystems and create partnerships with third parties to provide non-traditional banking services.

Literature review

This literature review examines the expansion of banks towards non-banking services and cooperation in ecosystems as well as the factors driving this trend.

The main reason for banks to go in this direction is to offer superior customer experience and holistic cross-industry and integrated client propositions to create stickiness to their digital platforms. “The rise of super apps reflects the reality that consumers want seamless integration of financial services within their lives and across multiple providers.” (Bellens et al, 2021) Same authors stress that banks “build new business models capable of satisfying today’s consumer needs, and evolving and scaling to meet future needs and market developments.” Based on the EY Next Wave Global Consumer Banking Survey (2021) the authors highlight that customers have “strong preference for integration among different providers and services.” The results of the survey also confirm that “ecosystem business models are essential for banks to maintain their customer relationships and chart a viable path to growth.”[1]

“The industry as a whole, and many new fintech start-ups are looking for new pathways to successful business models, the creation of enhanced customer experience, and new approaches that result in services transformation.” (Comber et al, 2018) This approach is seen “as a response to the offence from high-tech companies, incumbent banks can take advantage of their central position in the financial system and try to build similar platforms offering a variety of services from third-party providers.”(Murinde et al, 2022)

[1] https://www.ey.com/en_be/banking-capital-markets/how-can-banks-transform-for-a-new-generation-of-customers#methodology

Changing consumer preferences lead banks to expand into non-banking services to remain competitive. “In the next era, banks can realign to compete in new arenas, organized around distinct customer needs. These arenas will expand far beyond the current definition of financial services, and they will also be hotly contested by a wide range of tech giants, tech start-ups, and other nonbanks” (Czimer et al, 2022). Same authors deliberate that “to compete, most banks will have to embrace cross-industrial platforms. These new platforms dismantle the barriers between traditional industries, reshaping customer behavior and turning formerly linear value chains into ecosystems that fulfill customer needs in new ways.”

“Banks and other players are constantly exploring collaborative initiatives and investing in innovative services that go beyond the traditional banking sector, marking a transition from open banking towards open finance.” (Passi, 2022). Schneider (2023) summarizes that the “open banking is an evolving topic that will change the financial industry and help financial institutions to better serve customer needs. It will enable many business opportunities for banks and other financial companies. Open banking, in which data is exchanged in a standardized and secure manner to offer customers better products and services, is enhanced in digital ecosystems, which create added value for customers and business relationships with overarching goals through the cooperation of many stakeholders to serve customers and help them meet customer goals.”

“Banks become part of the ecosystems and some of them initiate their creation, seeing in this business model an opportunity for their development.” “(Matkovskaya et al, 2022). In their research the same authors conclude that “the hypothesis that banking ecosystems are progressive for banks and contribute to the growth of competitiveness and profitability of banks both in the industry and in the cross-industry context” is being confirmed.

“Advances in technology, changes in regulations, new competitors and increasing customer demands are altering how financial institutions (FIs) interact with customers, partners, competitors and regulators.” (EY, 2020). In the same article the current megatrends encouraging the ecosystems creation by banks are defined (Figure 1). The cooperation and interaction of banks and technological companies in ecosystems affect positively the quality of the provided services and impacts the overall customer satisfaction. (Dutta et al, 2023).

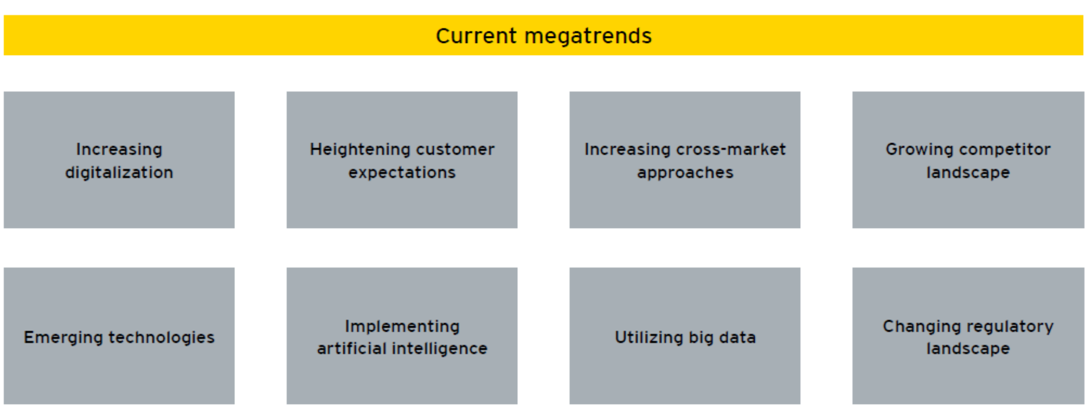

Figure 1. Current trends encouraging ecosystems creation

Source: ey.com/financialservices.

In the article of BCG (Ampenberger et al, 2023), the authors state that “by 2030, digital ecosystems could account for a significant share of the banking revenue pool.” The authors also define the “platform-based ecosystems” as such that “offer products and services that are created and distributed in partnership with others. And they confer powerful advantages, allowing organizations to enter new markets, create new services, and acquire new customers faster and more affordably than with traditional product development and go-to-market models.”

Turuev and Shashkina, (2022) raise the problem of the emerging ecosystems and provision of non-financial services by the largest Russian banks. The study is aimed to determine the factors stimulating the creation of ecosystems of non-financial services by banks, as well as the importance of multifunctional platforms for a single bank and the entire economy. Authors formulate that the response to new competing traditional banks is the creation of investment (for example, Sberbank) or partner (for example, Tinkoff) ecosystems of non-financial services.

Bertin and Schaeffer (2022) argue that “partnerships between incumbents and digital technology entrepreneurs are prone to develop innovative solutions needed by the coming 'new normal' society”. The authors “focus on the banking sector, which is currently facing huge challenges related to open innovation and digitalization.” The findings of the authors confirm “the crucial complementary roles of both external and internal innovation intermediaries in enabling digital technology partnerships and developing incumbents' relational capabilities”. This is proving that “traditional, highly structured organizations such as banks can regenerate their dynamic capabilities by being strongly engaged in their open innovation ecosystem and connected to a variety of actors from their ecosystem, especially open innovation intermediaries.”

The literature overview suggests that a competitive strategy of incumbent (traditional) banks to remain relevant in an evolving industry context and improve customer retention with increased quality of service could be expanding towards non-banking services and engaging into ecosystems partnerships to respond to clients’ expectations to provide seamless integrated customer journeys and thus create stickiness to their digital platforms. Furthermore, offering non-banking services can have a positive impact on banks' financial performance, including additional revenue streams.

Methodology

The main research hypothesis is that the provision of non-traditional banking services (GBB) in integrated holistic customer journeys by banking organizations through partnerships and ecosystems collaborations is a potentially effective business development strategy to remain competitive and to attract and retain customers, benefiting from the technological enablers for digitalization of service offerings and cross-company connectivity in a situation of higher customer expectations created by the raising popularity of client propositions of fintech companies based on the principles of “super app” and “one-stop-shop” propositions.

The objectives of the research is to highlight the GBB strategy successful implementation of selected banks in different world regions in their local market context in order to define a high level reference framework to benchmark the Bulgarian banking market players. The focus of the research is the Bulgarian banking market for which the research question is whether the local banking players are embracing the GBB strategy and what is its level of deployment compared to the presented world examples with well deployed GBB business development strategy. The research focuses on identifying the existence and the type of non-traditional banking services, provided through the mobile banking applications of top banks on the Bulgarian market.

The research method used is descriptive analysis based on searches in public sources of information (official websites and app stores) and observation of app usage by different users.

The scope of the research is set to embrace examples of banks (traditional and neobanks) with non-traditional banking propositions on the Western European, Asian, Russian and Bulgarian banking market.

Results and discussions

Adopters of the strategy "Going beyond banking"

Short case studies of GBB adoption in different world markets are provided below. The goal is to demonstrate the level of deployment of GBB strategy in successful banking organizations (traditional and neobanks) as a basis for benchmarking the Bulgarian banks.

"*One app for all services and for everybody*!"

KBC Bank has emerged as a leader in the banking industry, not only for its traditional banking services but also for its innovative approach to non-banking services. With its mobile banking app, KBC Bank has successfully implemented a strategy of diversification by offering a broad range of non-banking services (Table 1). A main finding of a study of the National Bank of Belgium (NBB) on the trends, developments, opportunities, risks, and threats related to digitization in the Belgian banking sector (2020), is that "in general, mobile banking apps are under continuous evolution, incorporating more and more features in an effort to match the standards set by mobile only and challenger banks but also other incumbents in terms of features."[2]

KBC Bank's mobile app is well received by customers, with 1.95 million Belgian users and more than 3 million customer contacts per business day. The app has also won numerous awards for its innovative design and functionality. KBC Mobile was named best mobile banking app in Belgium for the third time in a row by independent international research agency Sia Partners. According to Sia, KBC Mobile has the most advanced Open and Beyond Banking offering worldwide. This provides a whole range of services, including Kate Deals, public transport offers, home and energy services, news, telecoms, payment solutions, and many more. Thanks to its intuitive interface, the app is user-friendly and quick to navigate – and KBC Mobile outperforms other banks' apps. The top 3 additional services used are parking with 4411 (1 million users in 2023), purchase tickets NMBS (600,000) purchase tickets from De Lijn (300,000). [3]

In the setup of those functionalities, KBC Bank is partnering with a range of fintech, telco's and other service companies in the quest of superior service to its customers. (Table 2)

Table 1. Types of non-banking services provided by KBC Bank Belgium via its mobile application

Type of non-banking service	Description
Mobile top-ups	recharge prepaid mobile phones
Utility bills	pay for utility bills - electricity, water, and gas
Public transportation tickets	purchase tickets for public transportation, including buses and trains
Parking	Pay for parking in select cities
Travel conveniences	fast lanes and lounge passes at Brussels airport
Other mobility services	Book shared car, bike, make refuels, manage your lease car or bike (incl. report breakdowns)
Goal alerts	Watch footage of the goals and highlights from matches involving the teams in the Jupiler Pro League

[2] bfw-digitaal-editie2-2022-03-artikel-begassededhaem-mention-romont.pdf (financialforum.be)
[3] Newsroom KBC, 2023

Type of non-banking service	Description
Litter collection	Collect litter, scan or photograph it to pick rewards
Cinema tickets	purchase tickets for movies at select cinemas
Vouchers	Check eco and gift vouchers balance and pay with ease
Financial news	Read economic articles from De Tijd, VRT NWS and KBC Brussels experts
Housing	Find the ideal home to buy or rent, check your property's value, find the best energy contract, monitor your energy consumption, work out the cost of your renovation, get your home isolated, install solar panels
Health services	Check your medical data
Digital storage of documents and data exchange	Store important information and documents like passwords, credit card numbers, warranties, diplomas and more; Keep and manage your government documents digitally
Insurance	purchase various insurance products, including travel, car, and home insurance
Investments	invest in a variety of investment products, including funds and bonds
Personal finance management	Track spending and manage finances through the app's personal finance management tools
Services for business clients	Look up company data, submitting expenses, manage invoicing, recover unpaid invoices, find staff
Note: As of February 2024	

Source: Authors' own research.[4]

Table 2. Partnering companies of KBC Bank in the provision of non-banking services

Type of non-banking service*	Description
Insurance products	KBC Insurance
Investment products	KBC Securities
Shopping deals	Kate Deals (KBC)
Mobile top-ups	Orange, Proximus, Base
Train tickets	NMBS/SNCB
Public transportation tickets	MoBIB by STIB-MIVB, SNCB, De Lijn
Refuels	Q8
Parking services	Q Park, 4411
Movie tickets	Kinepolis
Electronic vouchers	Pluxee, Monizze
Rent a shared bike	Blue-Bike, Velo Antwerpen or Mobit shared bikes
Collect litter and get reward	The Click
Housing	Immoscoop, Immoscope, MIJN energie, Setle, Impact
Health services	Helena
Manage documents digitally	eBox, IPEX
Serve the business clients	Craydon, Billit, Go Solid, NOWJOBS
Loyalty cards wallet	Join
***Note**: As of February 2024	

Source: Authors' own research.[5]

Sberbank (Russia)

Sberbank is one of the largest Russian banking and financial services operators which is a major tech player (with its own generative AI and other digital technology and data analytics) providing a wide range of non-banking services via its app and created a wide ecosystem adding value to its customers. (Table 3) "Sberbank is transforming from the model of a "classical bank" into a universal digital company that aggregates producers and consumers." (Godin and Terekhova,

[4] Sources of data is official bank website www.kbc.com and other public sources of information, incl. app stores (Google Play, Apple store and AppGallery)

[5] Sources of data: www.kbc.com and other public sources

2019). “The aim is to become no less than an e-commerce goliath — “one of Russia’s top-three online retailers by 2023,” said German Gref, Sberbank CEO”[6]. In their paper (Kokh et al, 2020) the authors “assess the competitive position of banks in comparison with fintech companies”. Same authors claim that “banking leaders are becoming leaders among all financial market players. This is especially noticeable in Russia, where the largest bank, the Savings Bank of Russia, has officially announced a change in its business model”, creating the Sber ecosystem.The authors “prove that “universal banks remain the leaders in the Russian financial market both in terms of product line and digital technologies, Russian banks began to develop the non-banking services sector and create integrated ecosystems.”

Up to 2021 Sberbank with assets above $448 billion has spent around $2 billion, or 3% of its capital, on expanding into non-core businesses which range from cyber security to online cinema and food delivery.[7] Sberbank increased its customer base by attracting users who may not have otherwise used traditional banking services. This ecosystem approach allowed Sberbank to diversify its revenue streams and become less dependent on traditional banking services. (Figure 1)

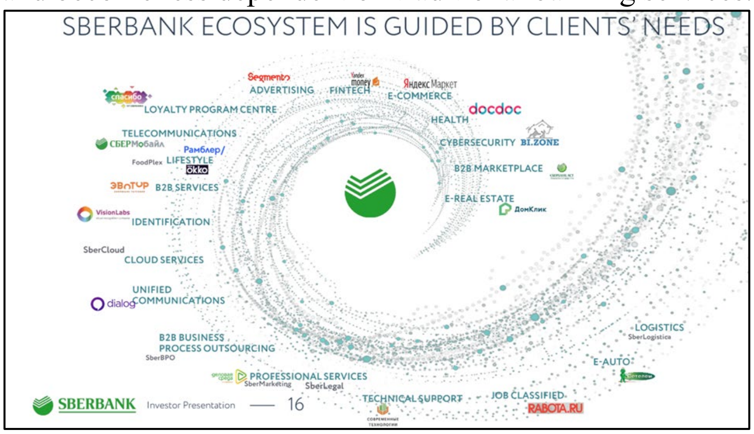

Figure 1. Sberbank ecosystem overview

Source: https://seekingalpha.com/article/4282126-sberbank-adding-to-position-in-this-profitable-and-undervalued-bank.

Sberbank's participation in ecosystems represents a successful and innovative business model in the banking industry. Since 2013, the number of online and mobile users grew roughly by nearly 11 times, reaching 106.7 million active online and mobile banking users by 2022. [8]

Yet, non-banking services and state control could further jeopardize human rights as there is little evidence of how personal information of users is handled. Further, the heavy and continuous sanctions on Sberbank as part of the Russian power system would limit its development.

Table 3. List of non-banking services offered by Sberbank

Service category *	Service offering
Retail	Online shopping platform, discounts and special offers, loyalty program, e-wallet
Lifestyle	Travel bookings, movie ticket bookings, restaurant reservations, event tickets, online games
Health	Health and wellness services, online pharmacy, medical consultations
Education	Online courses and training, language learning

[6] The Moscow Times, 2022, December 2

[7] Reuters, 2021, March 03

[8] Data derived from Statista Research department, Sberbank - statistics & facts | Statista and Digital banking users Sberbank Russia 2022 | Statistata

Service category *	Service offering
Real Estate	Property search and listings, mortgage and loan services
Automotive	Car rentals, insurance and financing, vehicle purchases
Home Services	Home appliance and electronics purchases, repairs and installation services
Beauty and Fashion	Online fashion and beauty store, style consultations, beauty services
Entertainment	Music streaming, e-books and audiobooks, online games and gaming platform, live sports streaming
Technology	Online marketplace for gadgets and accessories, software and hardware support, cloud services
Business	Financial management and planning tools, invoicing and payment processing, online store platform
***Note:** Information is based on publicly available information as of end of 2023	

Source: Authors' own research.[9]

Simple by OTP Bank in Hungary

OTP Bank Group is the largest commercial bank of Hungary and one of the largest independent financial service providers in Central and Eastern Europe.

Back in 2018 OTP Bank in Hungary had already a clearly defined competitive strategy. "OTP Bank has also expanded its offering beyond classical banking products with the launch of Simple, a digital ecosystem integrating multiple financial and non-financial services as well as a payment platform for the purchase of movie tickets, books, food, taxi services and parking, the facility also offers services such as loyalty card management. This solution helps OTP to attract young customers and increase the wallet share of the bank. It acts as one-stop interface for clients, which allows us to become the owner of the client relationship."[10]

The Simple by OTP is a true lifestyle mobile application that offers a range of practical solutions through a single platform (Figure 2). Although a product of a bank, it can be used with cards issued from other banks. With nearly 1.8 million users, the success of Simple is based on continuous renewal and expansion of services.[11]

Simple is unique also in terms that it is a separate application (not built-in the mobile banking application itself). This approach has its advantages and disadvantages, however, the end goal is to attract new clients as well as to create new revenue streams.

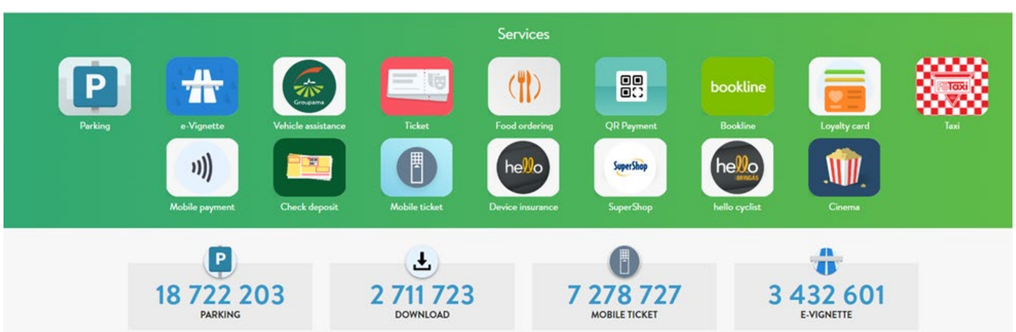

Figure 2. Simple by OTP, Hungary – overview of services

Source: www.simple.hu.

[9] Data from Sberbank website www.sberbank.com and other public sources
[10] Euromoney (2018), Digital transformation and M&A give OTP Bank the edge in emerging Europe | Euromoney
[11] Source: The Simple App - a successful example

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Webank (China)

After decades of centralized state ownership, China began diversifying its banking system in the early 1980s. In addition to traditional banks, China's regulatory authorities officially permitted digital-only banks to operate in 2014. These banks, such as WeBank and MYbank, provide online services without any physical branches. "A competitive advantage for digital banks backed by existing super apps such as WeBank (Tencent), MYbank (Alibaba) and kakaobank (Kakao) is a broad and highly interconnected ecosystem of global business and content platforms."

WeBank embeds its financial services across an ecosystem of platforms

Figure 2. **Business and content ecosystems of Tencent, Alibaba and Kakao**

		Monthly Active Users (2019)	Communication and Social	Advertising	Retail and Commerce	Mobility and Transportation	Healthcare	Logistics	Fintech	Cloud Services	AI/Blockchain	Gaming	Web Literature	Entertainment	IP Business
Tencent 腾讯	Tencent	1.2 Bn*	✓	✓	✓	✓			✓	✓	✓	✓	✓	✓	✓
Alibaba.com	Alibaba	654 Mn*	✓	✓	✓	✓	✓		✓	✓	✓	✓	✓	✓	✓
kakao	Kakao	45 Mn*	✓	✓	✓		✓	✓	✓	✓	✓	✓	✓	✓	✓

Note: Kakao MAU = Kakao Talk; Tencent = Weixin and Weibo; Alibaba = retail marketplaces
Source: Asian Banker Research

Figure 3. WeBank's ecosystem

Source: https://www.theasianbanker.com/updates-and-articles/webank-wins-best-digital-bank-in-asia-pacific-for-strong-financial-performance-and-inclusive-ecosystem.

WeBank, founded in 2014 and backed by Chinese tech giant Tencent, is China's first privately-owned and online-only bank. WeBank is named as the "World's Leading Digital bank" by Forrester in 2019. The bank serves more than 340 million individual customers and almost 2.8 million SMEs on their digital platforms. (Mckinsey, 2022).

WeBank's ecosystem orientation is a key part of its business model. (Figure 3) This approach allows the bank to differentiate from the traditional banks that typically only offer basic banking services. WeBank connects a range of internet companies and financial institutions to jointly create an inclusive finance ecosystem enabled by digital and fintech capabilities. In 2017, the bank introduced a 'collaborative business model', a type of production relationship formed between multiple parties on the basis of mutual economic benefits and status among participants.[12]

"Another outshoot of what WeBank is doing is to support embedded banking across the customer journey. The focus is to enable embedded banking in order to provide better customer experience for both their customer base and organizations that the customer frequents.." (Marous J., 2022)

Overall, WeBank's business model represents a major disruption to the traditional banking industry. By leveraging technology, offering a range of non-banking services, building an ecosystem of third-party partners and opening up for embedded banking, WeBank is able to provide a very efficient and customer-focused innovative banking experience.

[12] The Asian Banker, March 2024

Revolut
“One app, all things money”
From easy money management, to travel perks and investments. Open your account in a flash” [13]

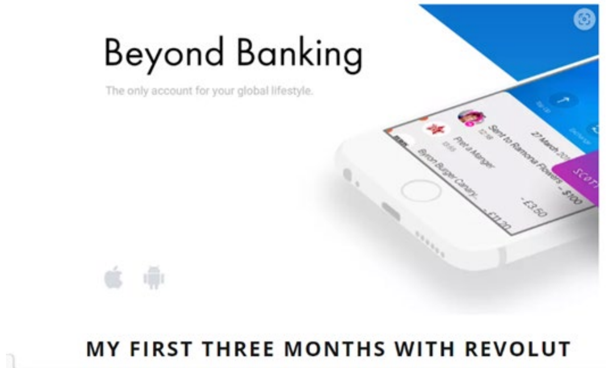

Figure 4. Beyond Banking in Revolut’s branding

Source:www.revolut.com

Revolut is an UK-based digital only banking platform that offers one-stop-shop for financial and non-banking services to its customers, including personal and business accounts, money transfer and exchange, savings, investments, insurance, and other services (Table 4). It has over 30 million registered users and it is available in 37 countries, including all EU/EEA countries.[14] Revolut competitive strategy focuses on integrated customer journeys in selected market niches and targets mainly young customers, frequent travelers and online shoppers.

In the severe competition among neobanks in Europe (digital only banks) for highest market share and presence, Revolut is dwarfing its main competitors - N26 and Monzo, and marks highest number of users and revenue. Its ambitious growth plans are paying off and Revolut is paving its way to huge markets, including the US. [15]

Table 4. List of services provided by Revolut and their respective provider/partnering company

Service *	Provider/Partnering Company
Cryptocurrency exchange	Bitstamp, Coinbase, Kraken, etc.
Stock trading in the US	DriveWealth
Commodities/Gold trading	London Bullion Market Association
ETF and European stock trading in Europe	Upvest
Disposable virtual cards, Budgeting tools, Bill splitting, Currency exchange	Revolut
Open/payments	Stripe, Tink, Sabre
Insurances (incl. claims handling)	Chubb European Group SE, Qover, Wakam, AIG, Allianz
Donations/Charity	Oxfam, RSPCA, WWF, The Trussell Trust, British Red Cross,Comic Relief, Game4Ukraine, etc.
Accommodation booking	Stays
Lifestyle services (news, fitness, meditation, food ordering, etc.)	ClassPass, Deliveroo, Financial Times, Freeletics, Headspace, Picsart, Sleep Cycle, Tinder, etc.
Shopping discounts/cash backs	Revolut Shopper/ Amazon, ASOS, Nike, Co-op, Charlotte Tilbury, etc.

[13] www.revolut.com
[14] Data retrieved from Business of Apps, 2024
[15] https://www.paymentgenes.com/all-about-payments-videos/revoluts-growth-strategy-explained

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Service *	Provider/Partnering Company
eSIM data plans	1Global
Business clients (payments, analytics, online invoicing and marketing, etc.)	Clear Books, Adzooma, InvoiceXpress, etc.
***Note**: Revolut's partnerships can vary by country, and the list of providers/partners is not exhaustive. Data as of Feb 2024	

Source: Authors' own research.[16]

Going Beyond banking on the Bulgarian banking market

The paper explores six of the market leaders and forerunners among Bulgarian banks in the development of GBB strategy through the mobile banking platforms.

UBB (United Bulgarian Bank) and DSK Bank are the largest banks in terms of assets[17], both owned by large international banking groups - KBC and OTP, respectively. Both groups deploy successfully GBB on their home country markets (KBC Mobile app, Belgium and Simple by OTP, Hungary). Unicredit - Bulgaria, Postbank (Eurobank) and Fibank (First Investment Bank) are the followers in terms of assets and TBI ranks 10th on the Bulgarian banking market.

Both UBB and DSK are introducing non-traditional mobile banking services (Table 6), although their GBB strategy adoption (by number and type of non-banking services incorporated in their mobile apps) is relatively slower compared to their mother banks in Europe (presented above in previous section in Table 1 and Figure 2) as well as benchmarked against the other examples of traditional banks (Sberbank, Table 3) and neobanks (WeBank – Figure 3 and Revolut – Table 4). One important reason for this slower pace is the need to catch up with the digitalization of core banking products before stepping into the new market of non-banking services and cooperation in ecosystems. Another factor is the lower digital maturity on the market and the overall digital adoption of the customer base, which is the reason for banks to direct their efforts towards different priorities.

The comparative analysis of the collected data shows that UBB, Unicredit, DSK and Fibank are leading in GBB deployment on the Bulgarian banking market, where UBB is ahead in terms of number of non-banking functionalities mainly due to its focus on bank insurance functionalities.

DSK Bank and the rest of the stack under the radar are also investing in beyond banking services incorporated in their mobile application with a focus on the payment conveniences and analytical tools currently. Additionally, DSK Bank is making serious steps into developing an ecosystem strategy deployment in their own online channels in the domains of housing and mobility (Dskhome.bg and NovaKola.bg). Fibank is clearly focused on providing a large number of mobility non-banking services in their mobile application (e-vignette purchase, check for fines, routes) and thus shows its dedication to ensure regular interactions with its current customer base.

Customer behavior and expectations are rapidly changing and increasing and the first on the market banks with well-developed GBB strategy will definitely take advantage and materialize the huge benefits of the concept deployment, namely increased interactions with the customers, enhanced customer loyalty, additional revenue streams and others supplementary effects.

[16] Data sources are www.revolut.com, www.partnerbase.com, official app stores (Google Play, Apple store and AppGallery) and other publice sources
[17] Data retrieved from Bulgarian National Bank as of 31 December 2023

Table 6. Beyond banking functionalities in the mobile applications of major banks in Bulgaria

Beyond banking services & functionalities in Mobile banking apps	UBB	DSK	Unicredit Bulgaria	Postbank	FiBank	TBI Bulgaria
Buy travel insurance	✓					
Buy MTPL insurance	✓					
Buy Property insurance	✓					
Buy Life insurance (linked to consumer loan)	✓					
Submit a claim on insurance	In pilot					
Leasing request			✓			
Investment plan (buying fund)	✓		✓			
Pension Funds	✓	✓				
Multibanking		✓			✓	
Instant payments	✓	✓	✓	✓	✓	✓
Transfer to a phone number (P2P)	✓	✓	✓		✓	✓
Apple Pay	✓	✓	✓	✓	✓	
Google pay	✓	✓	✓		✓	✓
Bank's own digital wallet			✓	✓	✓	✓
Utility Bills payment	✓	✓	✓	✓	✓	✓
E-vignette buying	✓				✓	
Check routes and pay fines (mobility)					✓	
OCR scanning	✓					✓
Currency calculator	✓	✓	✓	✓		✓
Chart vizualization of income and expenses	✓*			✓	✓	
Personal Financial Management		✓				
Digital personal assistant	✓			✓		✓
Option to save other loyalty cards in the app (ex. Billa, Ikea, Lilly…)				✓		
News and in-App messages		✓	✓	✓	✓	✓
Bank branches locaton info	✓	✓	✓	✓	✓	✓
Total number of functionalities	18	**11**	**11**	**10**	**12**	10
**info on request and provided by digital assistant Kate*						
Note: Based on data as of February 2024						

Source: Authors' own research.[18]

Conclusion

The paper demonstrates the trend of diversification of the core banking business through GBB strategy deployment of successful traditional and digital only banks around the world with examples from the European market (KBC Bank Belgium, Revolut and OTP Hungary), the Asian market (WeBank, China), the Russian market (Sberbank) and the Bulgarian banking market with its major players.

The diversification of the core banking business is achieved through provision of non-typical banking services in holistic customer journeys, enabled by streamlined digital platforms with API capabilities for partners, thus creating and/or participating in an ecosystem environment

[18] Data derived from official websites of researched banks, official app stores (Google Play, Apple store and AppGallery) as well as info collected from users of the mobile banking applications

with mutual benefits for all participants. The ultimate goal of the GBB strategy is creating exclusive offerings to the customers and enhancing stickiness to their digital platforms.

KBC Bank and Sberbank seem to offer the widest range of non-traditional banking services. Revolut and WeBank offer a more specialized range of non-banking services, with a focus on advisory (analytical & budgeting tools), investment services (financial instruments, cold & crypto) and travel conveniences (Revolut). *The Simple* app by OTP Bank is primarily focused on lifestyle services.

The trend of banks going beyond traditional banking is also witnessed on the Bulgarian banking market among its market leaders. UBB and DSK Bank, owned by KBC and OTP Group respectively, have already made steps in the deployment of GBB strategy similarly to their mother companies on the home markets but with slower adoption rate. Same strategy is, however, followed by the other top banks on the local market.

The range of non-banking services offered by traditional banks suggests a shift towards a more comprehensive approach to differentiation of financial services and value added to the customers. These developments are driven by a variety of factors, including changes in consumer behavior, technological advancements, the desire to tap into growing markets, and in specific countries – to exercise higher state control. Additionally, offering non-banking services can have a positive impact on a bank's financial performance by increasing customer loyalty and providing additional revenue streams. An open question remains the quantification in terms of additional revenue of the GBB deployment strategy.

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