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Fintech And Open Source: From Consumption To Leadership

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Ann Schlemmer, CEO at Percona.



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The finance sector has an interesting relationship with open source. For many years, open source was not trusted, with concerns about security due to the fact that everyone can see the code involved. At the start, the emphasis was firmly on how to use free software like Linux to reduce the cost of running applications and infrastructure. Over time, banks and financial institutions welcomed more open-source products and projects into their technology.

The banking sector has expanded its approach to open source, from implementing new rules on how to use data with open banking to contributing to full open-source banking platforms. According to the most recent Fintech Open Source Foundation (FINOS) report, the number of contributions by fintech and banking contributors to open-source projects has from 429,258 contributions in 2021 to 595,860 contributions in 2023.

Neobanks like Monzo have **built** complete technology stacks on open source so they can take advantage of the new software, delivery and innovation opportunities to better compete. This approach has allowed these banks to scale up faster, build software more efficiently and compete with established traditional banks.

At the heart of this shift, the leadership teams worked through how open source is not just about saving on costs, even though this is a significant byproduct of the open approach. Instead, open-source development aims to make innovation and speed of development faster. This can have a huge economic impact—OpenUK estimates that open-source software is directly and indirectly responsible for **around 27%** of the U.K.'s economic output around technology.

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The reason for this impact is simple. Rather than relying on your own team alone to solve a problem, why not build a community around that problem and solve it together?

Harvard Business School estimates that it would cost **3.5 times more** to build the software that companies run, if open source did not exist, adding up to \$8.8 trillion in costs worldwide. While the cost for each team is lower, the sheer amount of brain power that can be brought to address that issue is higher, too. The cost for maintenance and fixes is spread across more organizations, making it easier as well.

The Rise Of The OSPO

As banks have invested more in open source, both in monetary terms and staff time, they have had to evolve how they manage their work internally and with external communities. This has led to a big increase in **open source program offices (OSPOs)** in banks. More than half of financial organizations now have an OSPO, according to the FINOS report. OSPOs are responsible for the decisions made around open source in an organization, covering a wide range of issues from legal and compliance decisions to how staff time and resources are committed.

Today, OSPOs in banks are expanding even more. From starting as users of open-source software to getting involved in community decisions and contributing to those projects, banks today are launching their own open-source projects.

For example, Goldman Sachs **released** its data management and governance project, Legend. The participants in the Common Domain Model (CDM) around financial product trading **released the CMD** under an open-source license. FINOS has launched special interest groups to bring banks, fintech organizations and technology providers together in areas such as **AI Readiness** and **Common Cloud Controls**. Lloyds Bank is **collaborating with Red Hat** on how to apply open source principles to its own software development through InnerSourcing through its own OSPO.

Guiding Innovation Around Open Source And Banking

As banks have moved from being open-source users to leading and releasing their own projects, the role of the OSPO has shifted. In the past, these groups were primarily focused on preventing the use of projects with the wrong licenses and protecting the business against any potential risks around open source.

Today, OSPOs now have to direct efforts and resources to make the most impact, guide their internal teams around open-source software choices, and manage any release of software as open-source if the bank thinks there is a strategic advantage in doing so. These are big, long-term commitments that need real expertise.

These teams can affect the future of open source in general through their choices. As fintechs and banks invest in their own open-source projects, they can innovate faster and guide how the overall industry develops. This includes supporting projects like Kubernetes, the open-source container orchestration tool managed by the Cloud Native Computing Foundation, which celebrated its 10-year anniversary in June 2024. Over that period, Kubernetes has gone from one of several container management tools to being the operating system for the cloud and the second-largest open-source project globally.

From my perspective, there will be new and nascent projects that have similar levels of potential to affect how we build and run technology. For banks and fintechs, seeing these projects early and adopting them can make the job of developing new and innovative systems easier. It can also lead to certain projects winning in the market due to the community support and adoption that banking OSPOs can represent.

Banking OSPOs have the potential to influence the future success of open source in general based on the scale of spending, skills and talent that they represent.

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