

# Open Banking/ Open Finance Business models & Use cases Q3 2022

Data and Trends Overview  
August 2022



Open banking and open finance ecosystems are becoming the world's digital financial infrastructure. To avoid the marginalisation that was generated in traditional banking systems, stakeholders in digital financial services ecosystems can look at areas of unmet need and develop products for underserved target markets.

Platformable's series of trends reports aim to provide an overview of the current state of development in the open banking and open finance ecosystems worldwide and help identify:

- Where these open ecosystems excel,
- Where there is room for improvement, and
- Where there are opportunities to collaborate, cooperate, compete or co-create to benefit all ecosystem participants.

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# The open banking landscape

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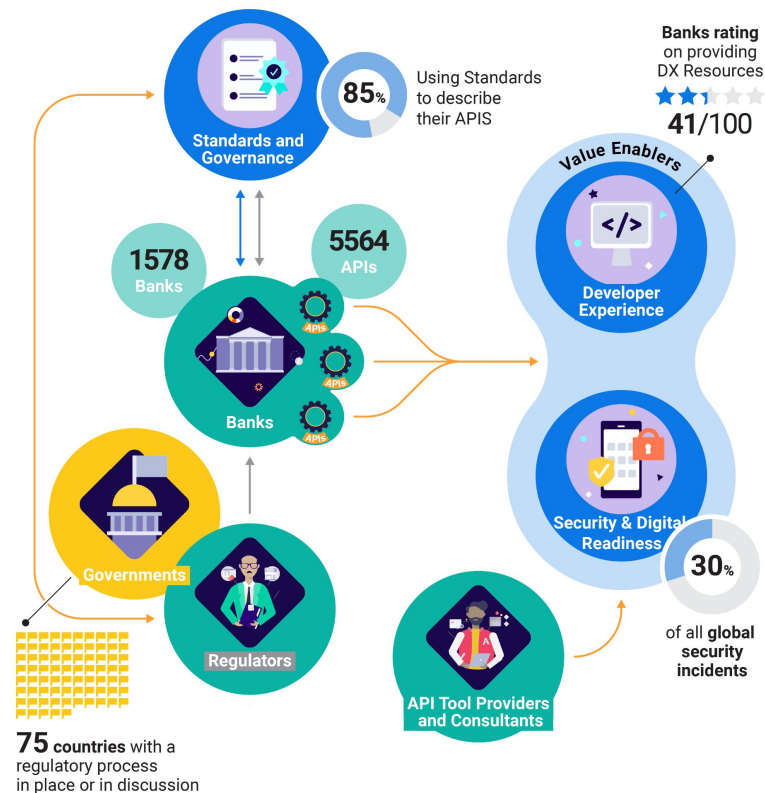
**A summary of key trends and activities  
covering Q2 2022**

# Open banking is expanding with annual growth of 8%

## Supply-side characteristics include:

- **Regulations:** We have identified 80 countries where open banking regulations are already or in process of being introduced. 75 are near or in implementation stages.
- **Standards:** Globally, 85% of bank platforms using OpenAPI Specification to describe APIs. This helps facilitate adoption as APIs can be easily understood.
- **Availability:** We count 1,578 banking platforms making APIs available as at end Q2 2022 (an 8% annual growth). Collectively, these bank platforms make 5,564 open banking API products available (up from 4,831 in Q1 2022).
- **Ease of use:** Banks can still make it easier to use their APIs. We estimate a 41/100 average developer experience (DX) score, globally.
- **Security risks:** 9 security incidents involved banks and fintech in Q2, 30% of all sector security breaches.

*NOTE: Given the invasion and war crimes by Russia in Ukraine, we have excluded Russia from our trends coverage.*

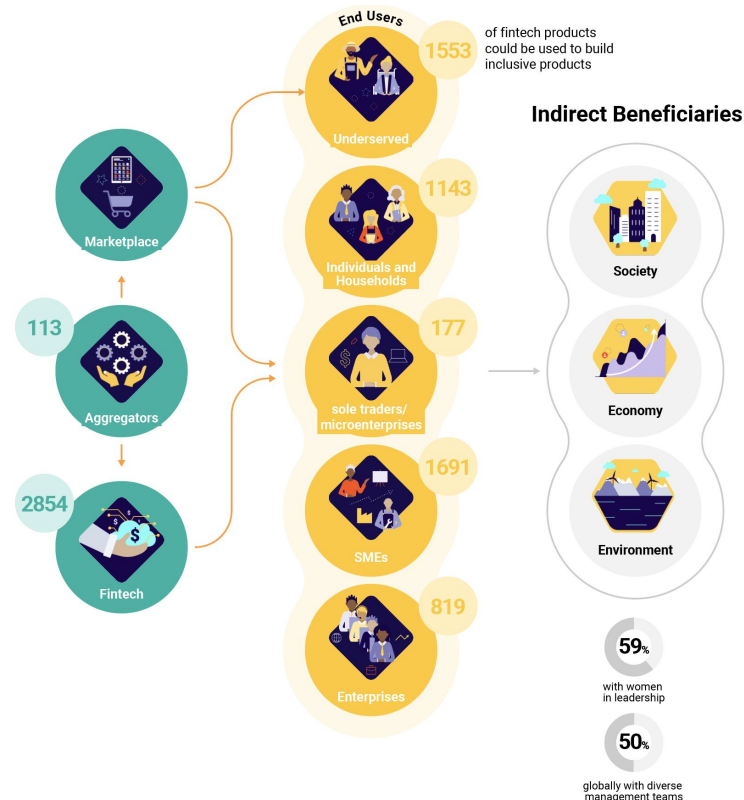


# How we see open banking generating value for everyone

## Demand-side characteristics include:

- **Fintech:** We currently track 2,854 fintech that make use of open banking APIs or that are fintech platforms in their own right.
- **Aggregators:** Of these 2,854, 113 are API aggregators specialising in harmonising fintech and bank APIs in order to speed up product development.
- **Marketplaces:** With the surge in embedded finance, it will be essential to start mapping how finance APIs are used in marketplaces.
- **End Users:** The bulk (59%) of fintech built on banking and finance APIs focuses on the small and medium enterprise (SME) market.
- **Indirect Beneficiaries:** From a societal perspective, fintech could play a part in reducing exclusion, but to date only 59% of fintech appear to have women in leadership positions while only 50% have diverse management teams.

*NOTE: Given the invasion and war crimes by Russia in Ukraine, we have excluded Russia from our trends coverage.*



## Increasing API product diversification, led by few individual banks

Globally, API products grew 15% on Q2 2021 levels, tracking the platform deployment:

- Highest growth from Latin America (56%), followed by US & Canada (35%), UK (27%) and Asia Pacific (24%).
- Competition drives product growth in the US, while regulations remain a key enabler to for other regions.

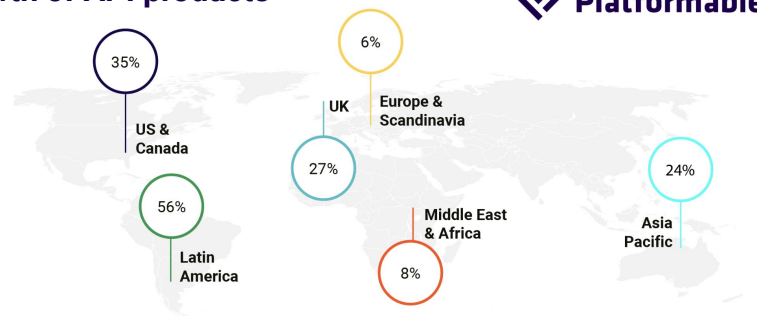
Most of open banking APIs are payments, accounts, and bank products (mandated), but the rest is growing faster.

- Mandated APIs accounted for 68% globally, 74% in the UK and 82% in Europe.
- Non-mandated APIs grew 15.5% on Q1 2022 alone versus mandated APIs at 5.3%. Top innovation includes KYC/identity (all), credit services (Asia Pacific, Latin America), and trading (US, Middle East).

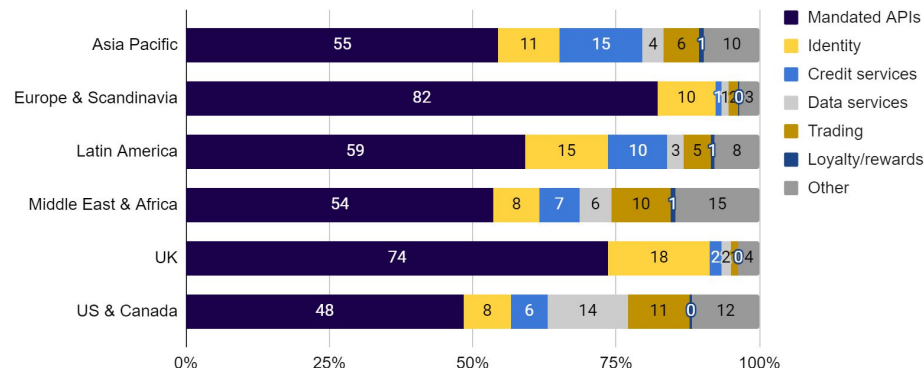
Share of non-core capabilities in US & Canada is still higher than other regions (52% versus between 18-46%)

- US banks are leveraging their corporate banking assets to offer embedded finance.
- In other regions, many banks are starting to diversify capabilities they offer alongside the regulatory scope expansion. However, only few banks truly leverage this diversification as an opportunity to identify viable use cases to enhance their services and client base.

## Annual growth of API products Q2 2022



## Bank API Products by Category and Region Q2 2022 (N = 5,564)



**Methodology:** Platformable tracks all banks globally and tallies those that have established an open API platform. We then review how many API products are made available by each bank and tally them according to category, and measure other API characteristics such as standards and specifications used, developer experience strategies employed, and business model/monetisation approaches. We review each bank at least once every three months.



# Open Banking platforms starting to explore new business models

**Banks' willingness to experiment with new business models using APIs can indicate open banking maturity. There are several routes to monetise an API program:**

- Generating revenues by offering capabilities through a partnership program - partner API integration and revenue sharing implied - or as paid premium APIs.
- Offering funding and mentorship to early stage startups or acquiring existing fintech to rapidly build out capabilities.
- Lending third party providers (TPPs) banking license and secured banking capabilities to offer white label financial services (BaaS) to the partners' end-users. Globally, we track 44 banks that have explicitly commented on a BaaS strategy.
- Fully embracing an open ecosystem approach by offering marketplaces like [UK's Starling Bank](#) and [Singapore's DBS Bank](#).

**Banks often start an API program offering open APIs free of charge.** However, by opening up, indirect values can be generated (e.g. higher customer acquisition and retention).

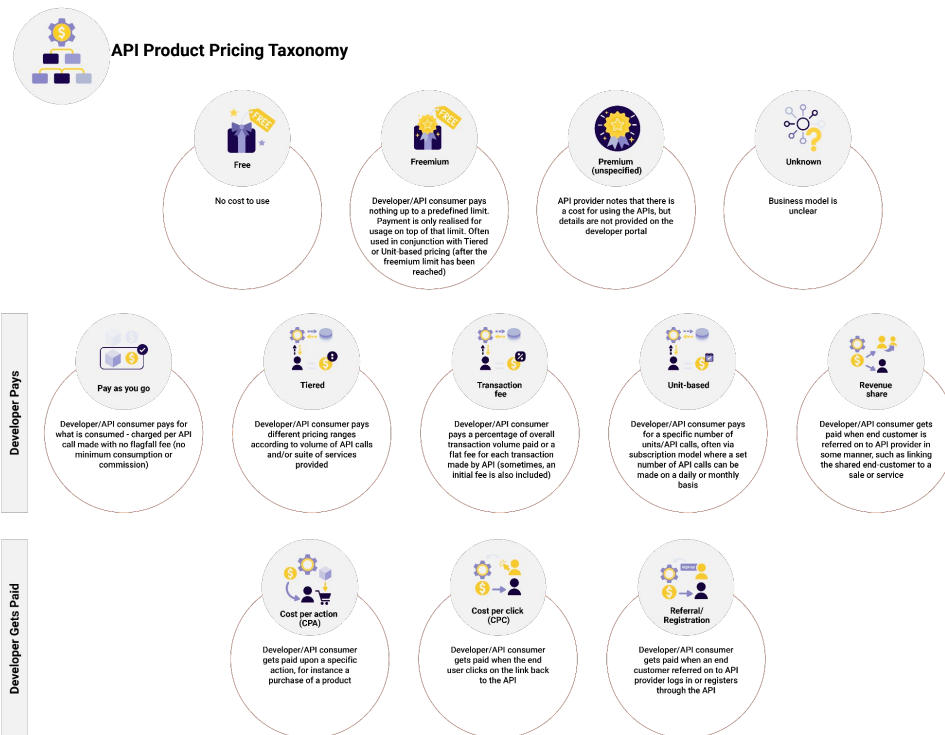




# API Product Pricing Models

We have drawn on industry standards and our own tracking of the global open banking/open finance development to formulate an API product pricing taxonomy. This draws on two industry approaches:

- Pricing can be defined as Direct, revenue-share, and indirect pricing. The **direct pricing** strategies such as pay-as-you-go or united-based subscriptions require the developer to pay the API provider, while **revenue-share** strategies like CPA or CPC allow the developer to get paid. **Indirect pricing** model, on the other hand, does not involve a charge for the usage of APIs, but the API providers can expect additional revenues coming from higher customer acquisition enabled by offering these APIs to third parties.
- A key model presented by John Musser specifically groups different API monetization strategies into: **Free, developer pays** (i.e. direct), **developer gets paid** (revenue-share), and **indirect**.
- Our directory of API product pricing examples** is subject to regular update as we continue to follow the global open banking/open finance ecosystems.



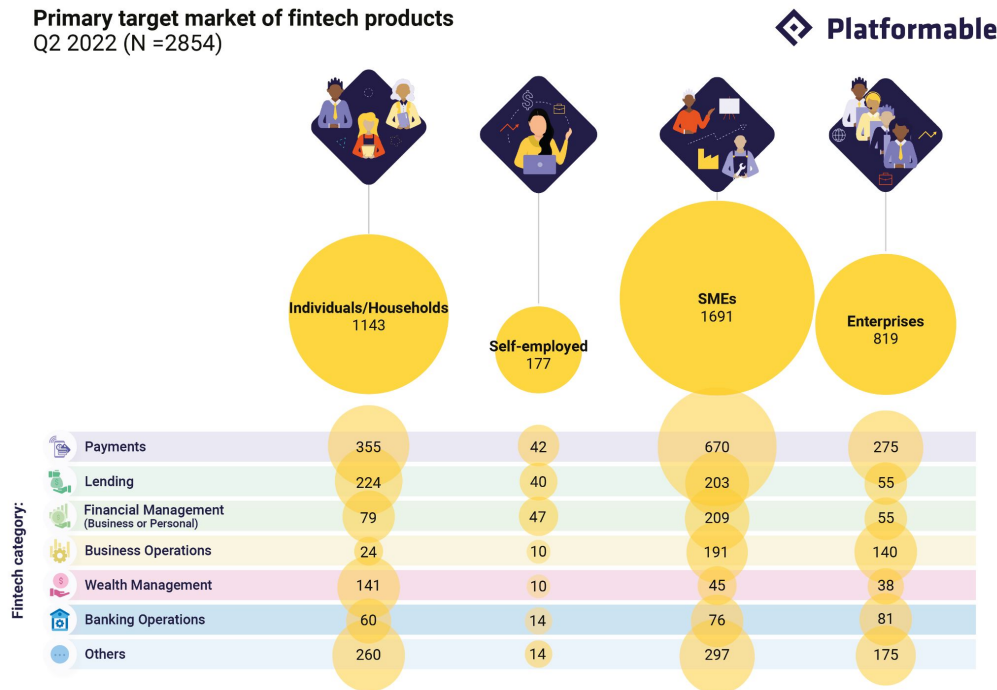
## SMEs and individuals remain the top two target markets for API-enabled fintech

**SMEs and individuals/households** account for around 59% and 40% of all open banking and open finance-enabled fintech globally. The most popular products are payment, financial management solutions, and lending services that enable SMEs to streamline banking and transaction processes, individuals and households to have better control of their financial health, and both have better access to finance.

**The majority of these products are still fairly generic in nature.** And we see a huge opportunity gap to create more API-enabled fintech to address specific customer segment needs like the digital banking app for Latino community in the US [Viva First](#), the credit scoring platform for inclusion among the Filipino workforce [Smile](#), and the UK loyalty cards provider for expats [Yonder](#). The range of fintech products specifically **targeting women's financial needs**, for instance, remains limited.

**Positively, we are also seeing more business operations and data analytics products** provided to support SMEs to leverage financial data and fintech digital transformation in their businesses.

Primary target market of fintech products  
Q2 2022 (N =2854)



**Methodology:** Platformable tracks all fintech globally that are accredited or known to use bank APIs. We then review what products they are making available and tally them according to category, and we measure other characteristics such as their target customer segments and business model/monetisation approaches. We review each fintech at least once every three months.

# Key industry profiles

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**Bank platforms**  
**Fintech building with open banking APIs**

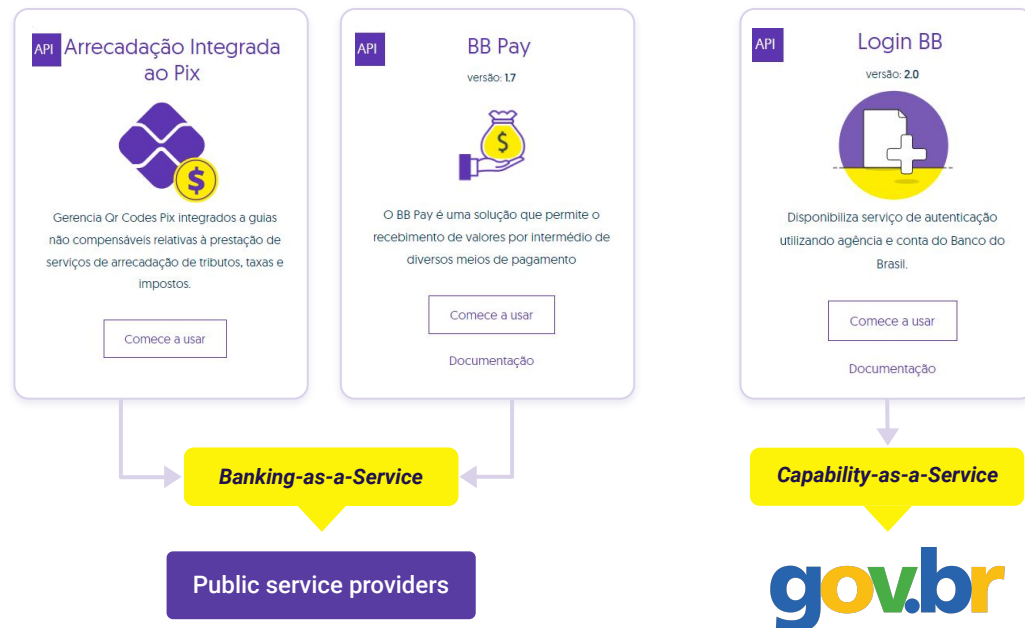
## Banco do Brasil

### From open finance to open economy: Use cases in Digital Government

Some of Banco do Brasil (BB)'s APIs are specifically aimed at (or can potentially enable) digital government solutions:

- [PIX-Tax Collection API](#) enables seamless payments for public services, taxes, other public fees and contributions through PIX.
- [BB Pay API](#), recently added to their [API catalogue](#), is a checkout solution that allows various payment methods. This can also be used for public services.
- [Login BB API \(OAuth\)](#), another recent addition, allows BB's clients to use their bank credentials to log in to other apps such as [gov.br](#), the government's digital platform providing public services to citizens.

BB's API offerings reflect the bank's understanding of opportunities in embedded finance and data consumption in the wider open economy.



Source: [Banco do Brasil](#)

***"...Providing banking services wherever customers want is the main drive to this strategy. We've been using APIs to provide core banking services and capabilities to other platforms since 2017. Our API portfolio has been growing year over year, based on what the market needs and in order to be part of relevant ecosystems, with an embedded finance approach"***

Fausto Ribeiro, CEO of Banco do Brasil



## fena

### Transparent pricing helps user adoption

fena adopts a tiered pricing model to ensure wider user adoption regardless of organisation size, financial position and level of open banking awareness.

- **Intro plan** is free for monthly transactions up to GBP500 just to encourage trial usage. The conversion rate to more premium plans is almost 100%.
- **Basic plan** charges 0.3% on monthly transactions up to GBP100,000. Targeted merchants typically have heard of open banking and are concerned about hidden costs of payments services, to which fena's seamless payment solutions and its transparent pricing are clear positives. The 0.3% equates to the minimum charges for card processing to break even.
- **Enterprise plan** is targeted at businesses with a typical transaction of over GBP100,000 per month. These users tend to have some understanding of open banking. The bespoke pricing is typically offered as a fixed fee as opposed to a percentage of transaction.

Some of fena's merchant partners incentivise customers with a 5% discount on using open banking payments.

### Always know **how much** you'll pay.

Fena offers pricing that suits your needs.

INTRO

**0%**

Starter In-Store and ecommerce

- Up to £500 total value of transactions per month
- Self-managed account
- Online registration – the standard T&Cs apply

CHOOSE PLAN

BASE

**0.3%**

Scale-up In-Store and ecommerce

- 0.3% of transaction value
- Total monthly transaction value up to £100,000
- Self-managed account
- Online registration – the standard T&Cs apply

CHOOSE PLAN

ENTERPRISE

**Bespoke**

Contact us for a quote

- Dedicated account management
- Total monthly transaction value above £100,000
- Bespoke contract

CHOOSE PLAN

Source: [FENA](#)

***"It's not rocket science, just by benchmarking against the lowest levels of traditional transaction costs and talking with the merchants to identify their pain points, typical transaction and affordability levels"***

Gosia Furmanik, CEO/Founder of FENA











## Finansystech

### A solution provider supporting open banking (finance) growth

**Finansystech** (which have announced they are the first fintech in the world to get the [FAPI Relying Parties certification](#)) is currently focused on supporting Brazilian fintechs and banks to advance on open finance opportunities. Some of this new generation of Brazilian open finance driven banks include:

- Credit union **SICOOB**, which initially relied on Finansystech for Open Banking Brasil certification, now makes use of Finansystech's technology to create digital products that provide financial management solutions for customers in the farming and agricultural industries.
- A leading BaaS provider in Brazil, **BMP Money Plus** uses Finansystech to offer better products in their solution, including the use of the customer data and payment initiation
- A financial inclusion prototype project in **Indiaroba city** where Finansystech works with **FENASBAC** to enable the city's 15,000 inhabitants to make transactions with a state-sponsored CDBC-like token.

Known clients of Finansystech	Client's developer platforms	Offering BaaS?
	<a href="https://developers.sicoob.com.br/#/">https://developers.sicoob.com.br/#/</a>	
	<a href="https://www.xpi.com.br/">https://www.xpi.com.br/</a>	
	<a href="https://cashway.io">https://cashway.io</a>	Yes
	<a href="https://fiduciasecm.com.br">https://fiduciasecm.com.br</a>	Yes
	<a href="https://www.hubfintech.com.br">https://www.hubfintech.com.br</a>	Yes
	<a href="https://moneyp.com.br">https://moneyp.com.br</a>	Yes
	<a href="https://sumup.com">https://sumup.com</a>	
	<a href="https://moVA.vc/produtosp2p">https://moVA.vc/produtosp2p</a>	Yes

Source: [Finansystech](#), other fintech corporate websites, and Platformable fintech taxonomy

# Methodology



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**Brief description of our value models and taxonomies**

# Methodology

At Platformable, we have:

**Defined the open banking value flow.** Drawing on industry and academic research, as well as our own datasets and analytics techniques, we have documented how value flows to various stakeholders in an open banking ecosystem.

**Researched and defined taxonomies for key data model elements including:** regulatory goals, API specifications, API standards, security tech, value stakeholders, value generated, bank types, bank platform business models, API product categories, API product pricing models, and fintech categories.

**Identified primary and supplementary metrics for ongoing measurement.** For each node in the ecosystem, we have defined primary indicators/metrics and secondary data points. These assist with measuring impact of the ecosystem elements overall on generating and distributing value. We are also testing scores for key components of the open banking ecosystem so that we can create scorecards and rankings of where open banking maturity is progressing.

**Created a regular data collection system.** We now have processes in place to continually collect and monitor how value flows in the global open banking ecosystem.

**Regular data collection.** We use alerts, scraping bots, data subscriptions, regulatory datasets, and manual data collection processes to identify banking platforms and API-enabled fintech. On a rolling weekly basis, we update aspects of our datasets and conduct global scans in the month prior to each trends report release to review any potential gaps or new entries our alerts, etc may not have picked up.

*We will be creating mechanisms to invite greater community and industry consultation on our data models and methodologies over 2022.* Please contact [phuong@platformable.com](mailto:phuong@platformable.com) to be involved in upcoming consultations.

Particular aspects of our data model and data collection can be improved to address shortcomings:

**Tally of use of API standards.** We draw on API documentation from each banking platform in order to identify how many bank platforms make use of each API standard. However, this can under-represent some standard usage. For example, in the US, the FDX standard is used by middleware platform providers that assist banks to expose APIs internally and to partners, which is not clearly documented on bank developer portals. As such, we estimate that FDX usage is under-reported in our model. We have decided instead to count the number of bank members of FDX as a better (but still conservative) indicator of the use of FDX by banks.

**Calculation of financial inclusion.** Drawing on our fintech taxonomy, we have identified 23 subcategories of fintech products that we believe could play a role in increasing financial inclusion. These fintech categories focus on the potential to impact end users, that is, unbanked and underbanked individuals/households, sole traders and microenterprises and small businesses. However, when calculating the proportion of products for financial inclusion we have calculated on the total subset rather than those that are end-user facing, and will update our models in future to more accurately reflect proportions of products.

**Recognition of API-enabled fintech.** Our model seeks to focus only on those fintech that are part of the open banking/open finance ecosystem. We seek to list fintech that are accredited to use bank APIs (in markets like Europe, UK, Singapore, Mexico and Brazil where this is regulated), or where we are able to identify that fintech make use of bank or fintech APIs beyond using a payment gateway to charge customers for their services.





# About Platformable



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**Our team, our product offerings, and contact details**

## Our Team



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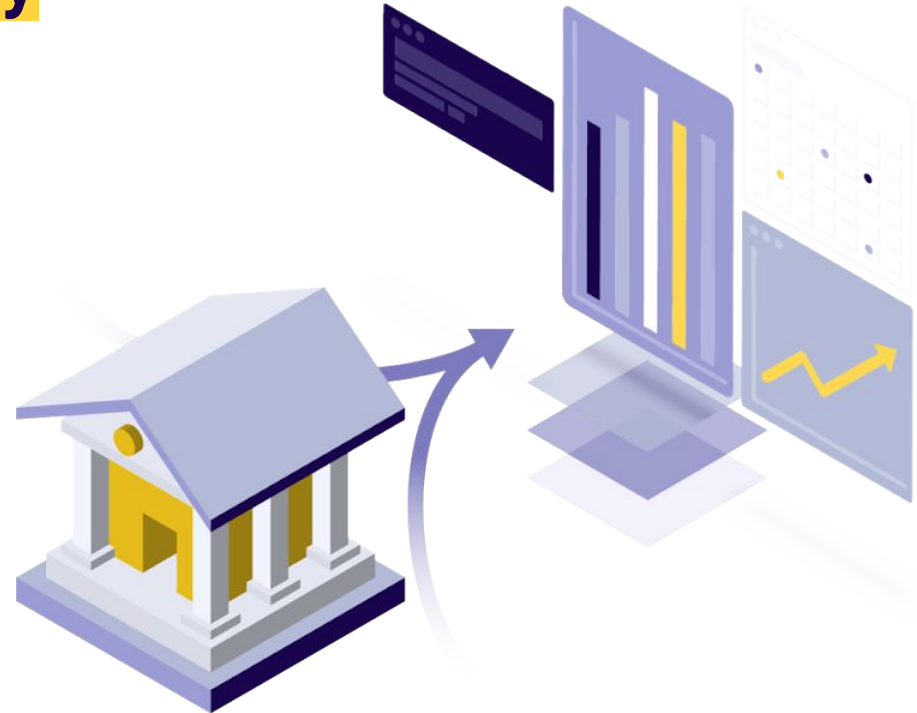
Self Paced



Workshop  
oriented

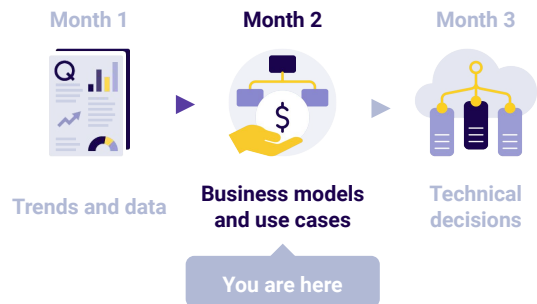


Subject-  
based



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