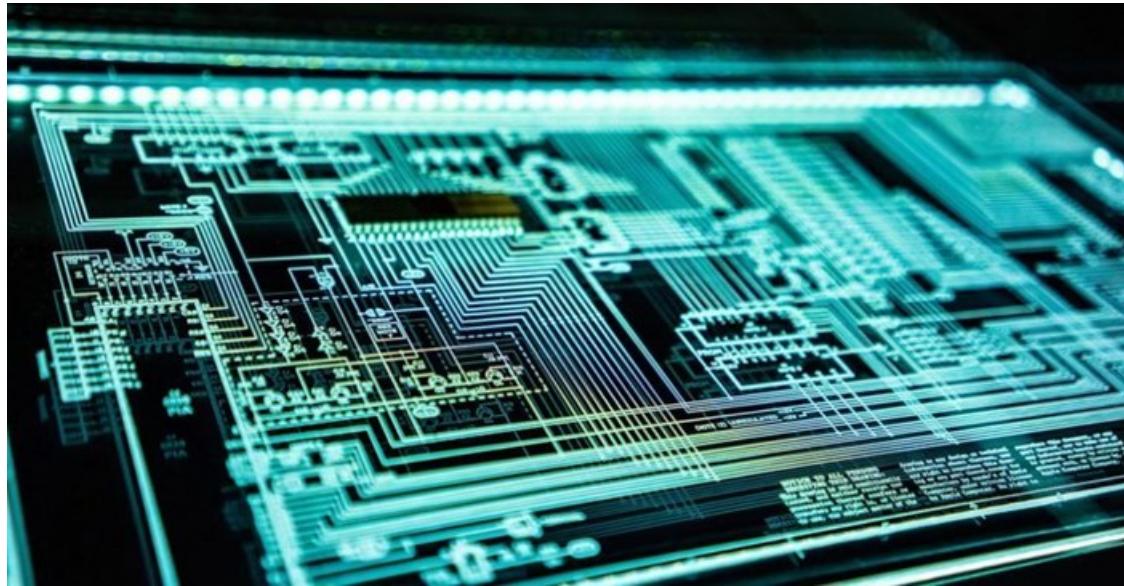


Global open banking use to grow 470% by 2027

Open banking usage is set to grow by 470% over the next four years, with the total number of Application Programming Interface (API) calls generated by means of open banking to exceed 580 billion by 2027, from only 102 billion in 2023.



Source: Florence School of Business and Banking.

This is according to a new study from Juniper Research.

Strong interest in new open banking-based services, such as Personal Financial Management (PFM) tools and account access for underwriting for loans and credit, is driving this growth, as users seek to gain better control of their finances across different accounts, exacerbated by the impact of the cost-of-living crisis.

The study found that, given open banking's low consumer awareness, infrastructure vendors must work with the wider ecosystem to fully educate users and ensure they understand the benefits that sharing data can bring.

Europe leading open banking deployments

Europe's share of API calls are predicted to be 70% of the global total in 2027. To this end, Europe has the best-established set of API connections of any region, having deployed open banking rails as part of the revised EU-regulated payment services directive, PSD2.

Deployments are now becoming more advanced and covering a greater number of banking services than ever before, such as credit cards or mortgages, creating significant opportunities for vendors to explore.

Research co-author Nick Maynard explained: “Europe has led the way on open banking, and is an example of how regulator-led approaches can stimulate innovation. As a well-established market, Europe’s growth rate will dip compared to others, but it will still serve as an innovation hub for open banking development.”

Latin America represents massive growth opportunity

Latin America’s number of API calls is set to grow by over 1,270% between 2023 and 2027; generating significant opportunities. Broader access to APIs and stronger consumer awareness will drive growth, as well as additional roll-outs, such as within Colombia.

Juniper Research recommends that vendors get involved in the earliest stages of open banking roll-outs in new countries, to maximise their early-mover advantage.

For more, visit: <https://www.bizcommunity.com>