

Yalantis

OPEN BANKING FOR BUSINESSES IN 2024

BEST USE CASES AND IMPLEMENTATION SCENARIOS
FOR BANKS AND THIRD-PARTY PROVIDERS

Open banking enables more personalized financial services, simplified payments and money management, as well as streamlined accounting across banking, e-commerce, wealth management, and other platforms.

Considering starting your open banking journey? There are two primary options:

- Selecting among open banking API solutions
- Building an open banking module from scratch

Find out the best use cases and the most suitable implementation for these types of businesses:

- Banks and financial institutions
- E-commerce platforms
- Personal finance management (PFM) apps
- Wealth management platforms
- Accounting and invoicing platforms

BEST OPEN BANKING USE CASES AND SOLUTIONS FOR BANKS AND THIRD-PARTY PROVIDERS

Here’s how banks, e-commerce companies, personal finance management (PFM) apps, wealth management platforms, and accounting and invoicing platforms can get started with open banking.

BANKS & FINANCIAL INSTITUTIONS

Top use cases

- **Offering co-branded banking services** by enabling innovative products from partners through open APIs
- **Powering personalized customer experiences** by allowing secure authorized data access to third-party apps
- **Expanding payment processing** by enabling payments via third-party apps and bank transfers
- **Automatically granting loans** based on financial history received from other financial and credit institutions to expedite approvals
- **Identifying income sources** for affordability assessments and credit decisions
- **Providing merchants with the ability to instantly transfer funds** online as payment for goods and services from any account of any bank for faster settlement
- **Providing end users with access to a bank’s financial products** using third-party providers as a distribution channel to reach more customers
- **Introducing digital onboarding**, account origination, and lifecycle management via third-party platforms

Recommended approach

- Build custom open banking capabilities

Key rationale

- As licensed and regulated financial institutions, banks must comply with strict security, privacy, and risk management requirements regarding the sharing of customers’ financial data and transactions via open banking APIs. Creating their own ways to connect and share data instead of using outside APIs provides tighter governance as per internal policies and regulatory expectations.

Will ready-made APIs work?

- Smaller banks with limited technology resources can quickly set up basic open banking access using safe developer tools for things like reading account data. But as they grow in their use of open banking, depending too much on outside parties can cause governance problems. In this case, a strategic roadmap to transition towards greater control via custom builds is advisable.

E-COMMERCE PLATFORMS

Top use cases	<ul style="list-style-type: none">■ Integrating bank payments at checkout for higher conversion rates■ Unlocking loyalty & rewards programs by using transaction data for personalized offers to incentivize customer spending■ Introducing new ways to pay like installments, buy now pay later (BNPL), QR codes, and commercial cards to provide flexible payment options■ Issuing branded credit lines to provide consumers with instant purchasing power
Recommended approach	<ul style="list-style-type: none">■ Integration with open banking API providers
Key rationale	<ul style="list-style-type: none">■ Out-of-the-box APIs enable faster integration and time to market for most e-commerce use cases, such as supporting payments at checkout, offering buy now pay later (BNPL), enabling installment options, introducing loyalty programs, and more.
Will custom build work?	<ul style="list-style-type: none">■ Large e-commerce players with massive scale in payment volumes and complex order flows across geographies may benefit from custom payment integrations tailored to their needs, ranging from support for cross-border payment methods to proprietary anti-fraud checks to settlement reconciliation with a sophisticated enterprise resource planning (ERP) system.

PERSONAL FINANCE MANAGEMENT (PFM) APPS

Top use cases	<ul style="list-style-type: none">■ Sending highly targeted offers by promoting financial products based on user spending interests to provide personalized recommendations■ Categorizing everyday transactions by tagging expenses from bank transaction data to analyze spending patterns■ Providing spending insights like charts on monthly expenditures by category to help users budget and save■ Sending account balance alerts/notifications to help avoid overdrafts or penalties■ Enabling peer-to-peer (P2P) transactions among connected accounts for easier money transfers
Recommended approach	<ul style="list-style-type: none">■ Mix of readily available APIs and custom modules
Key rationale	<ul style="list-style-type: none">■ PFM apps can rely on third-party banking APIs for data aggregation and basic insights. Meanwhile, building the open banking capability from scratch allows for better customization of transaction categorization, peer transactions, etc. A mix of readily available APIs and custom modules is best suited.
Will custom build only work?	<ul style="list-style-type: none">■ A fully custom open banking module allows for deeper transaction categorization but entails more resources.
Will ready-made APIs only work?	<ul style="list-style-type: none">■ Reliance on third-party open banking APIs could limit a business’s ability to offer innovative experiences and respond to changing user needs.

WEALTH MANAGEMENT PLATFORMS

Top use cases

- **Improving forecasting and cash flow projections** to better plan for future goals
 - **Providing a 360-degree view of assets** by aggregating investment accounts and properties for consolidated reporting
 - **Analyzing spending** to recommend savings/investments aligned to financial plans
 - **Streamlining portfolio reporting** by automatically reconciling external account activity into a single dashboard
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Recommended approach

- Custom-built open banking capabilities
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Key rationale

- Wealth management platforms aggregate extensive financial relationships, from bank accounts to investment portfolios. Having control over this extensive data connectivity via a custom open banking module provides unified governance and ensures stability for time-sensitive operations like trading.
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Will ready-made APIs work?

- Third-party APIs may play a supplementary role, but core open banking capabilities should be owned and controlled internally.
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ACCOUNTING & INVOICING PLATFORMS

Top use cases	<ul style="list-style-type: none">■ Automatically reconciling transactions by matching them with invoices for accuracy■ Supporting bank payments to receive invoice settlements directly■ Automating payables and receivables reporting by leveraging bank transaction data■ Identifying revenue trends by analyzing bank transactions over time
Recommended approach	<ul style="list-style-type: none">■ Custom build capabilities
Key rationale	<ul style="list-style-type: none">■ Accounting platforms require tight synchronization between bank transactions and invoices for accurate reporting. Custom integrations with financial institutions allow for tailoring this mapping as needed.
Will ready-made APIs work?	<ul style="list-style-type: none">■ They can fulfill supplementary data needs for non-critical connectivity. However, relying solely on third-party APIs poses the risk of fragmented and less customizable experiences.

CONSULT YALANTIS EXPERTS TO FIND THE BEST OPEN BANKING SOLUTION FOR YOUR BUSINESS

With expertise in building secure and scalable FinTech solutions, we can:

- navigate complex regulations
- recommend the most secure and reliable infrastructure
- design infrastructure that suits your performance and growth needs
- help with security measures like access control, encryption, and fraud monitoring
- speed up product launches within your timelines

We can bring both implementation scenarios to life:

- identify and integrate the best banking API provider, training your teams for stable performance and risk management

or...

- develop a custom open banking module from scratch tailored to your business requirements



ENLIST THE [SUPPORT OF YALANTIS EXPERTS](#) TO GET STARTED WITH OPEN BANKING.