

14 March 2025

# Ubiquitous Open Banking: Select Global Markets

Open banking enables secure data sharing between banks and third parties, facilitating payments and information access. Beyond UK/Europe (initial markets), we now see other regions at the cusp of open banking adoption, driven by both regulatory and market forces.



# Open banking allows third parties to access banking data (through consumer consent) via APIs - powering innovative use cases in payments and information aggregation.



## What Is Open Banking?

### WHAT IS OPEN BANKING?

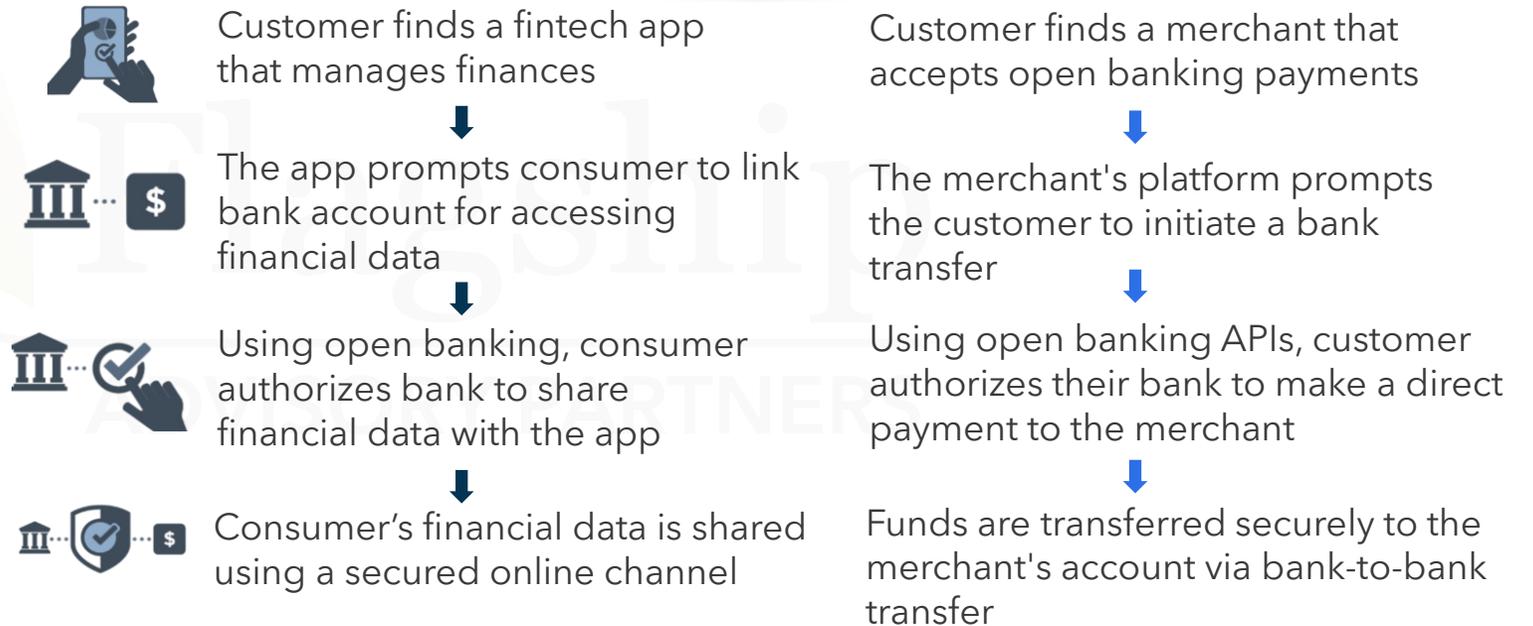


Open banking system allows consumers to share their financial data between financial institutions and accredited third party service providers through use of API's.

### INFORMATION ACCESS (App Access Example)

### PAYMENTS USE CASE

### HOW IT WORKS

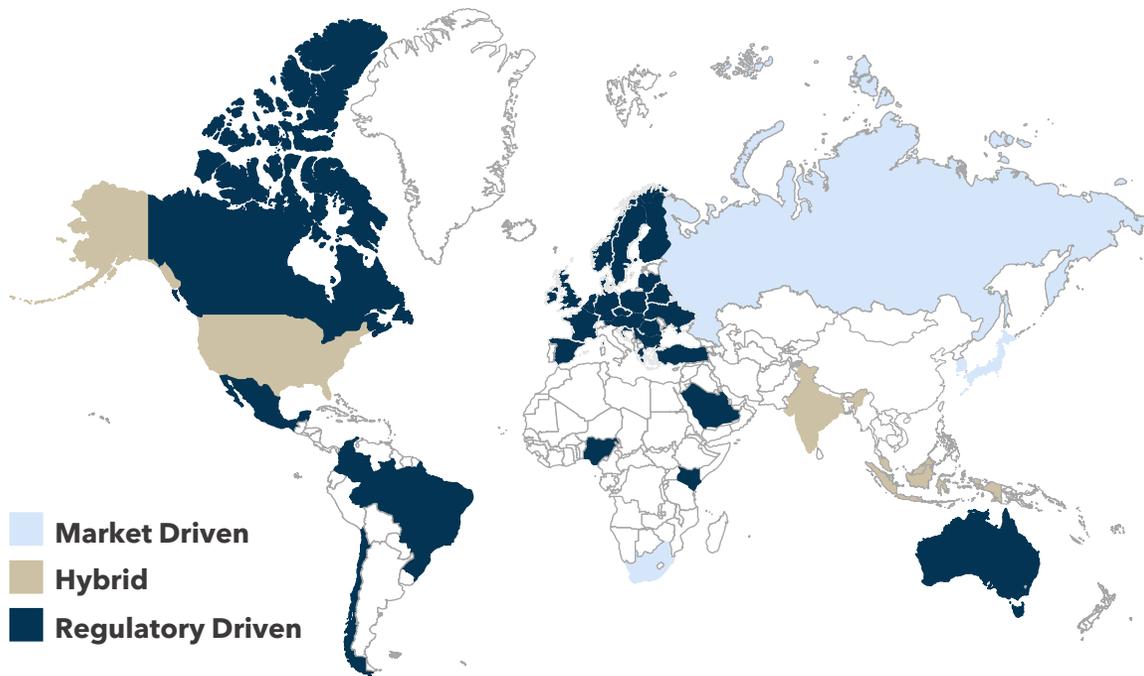


Sources: Flagship market observations and analysis March 2025

Open banking adoption is driven by a mix of regulatory and market forces. UK & Europe were one of the first regions to adopt. N. America and APAC are emerging markets where open banking adoption is picking up.



### Global: Market vs. Regulatory Driven by Geography



MARKET	REGULATORY VS. HYBRID VS MARKET DRIVEN	IMPLEMENTED SINCE	CLARITY OF REGULATORY GUIDELINES	CLARITY ON TECHNICAL STANDARDS	INFO. ACCESS SUCCESS	PAYMENTS SUCCESS
	<b>Regulatory</b>	2018	✓	✓		
	<b>Regulatory</b>	2010	✓	✓		
	<b>Regulatory</b>	2018	✓	✗		
	<b>Regulatory</b>	2020	✓	✓		
	<b>Hybrid</b>	Not yet	✓	✗	N/A	N/A
	<b>Regulatory</b>	Not yet	✓	N/A	N/A	N/A

Sources: Flagship market observations and analysis March 2025

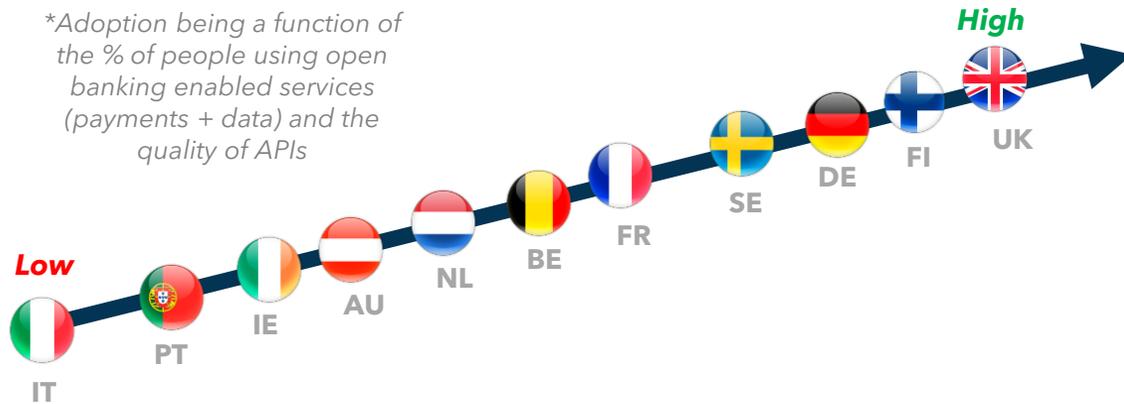
# Open banking evolved rapidly in the UK. Adoption in Europe continues to be fragmented. Information access use cases have experienced the highest adoption.



## PSD2/Open Banking Adoption & Use Cases

### Open Banking Adoption\* by Market (illustrative)

\*Adoption being a function of the % of people using open banking enabled services (payments + data) and the quality of APIs



Region	API Approach	Ownership	# of Banks	Go-live
 UNITED KINGDOM	<b>Top Down</b> Common API standard and supporting infrastructure	Open Banking Implementation Entity (OBIE)	9 (initially)	Open Banking live in UK on 13 Jan 2018
 EUROPE	<b>Bottom Up</b> No set technical standard for banks to follow	National Competent Authorities regulate the banks in their national markets	>6k across Europe	September 2019, many banks took longer

### Maturity

	<b>Onboarding KYC</b>
	<b>Personal Financial Mgmt.</b>
	<b>B2B Payments Reconciliation/ SME Finances</b>
	<b>Lending Decisioning</b>

### Information Access Use Cases

Streamlines customer onboarding by automating identity verification, significantly reducing manual KYC processes.
Consumers can aggregate multiple accounts into a single view, allowing for real-time tracking of spending patterns and automated budgeting recommendations, enhancing overall financial management.
Open banking simplifies payment reconciliation for SMEs by automating the synchronization of transactions with accounting systems, providing real-time cash flow insights.
Lenders can access comprehensive financial data for more accurate credit assessments, enabling personalized lending decisions and promoting inclusivity for underserved individuals and businesses.

### Select Information Access Fintechs

Onboarding KYC	Personal Financial Mgmt.	B2B Payments Reconciliation/ SME Finances	Lending Decisioning	Other

Sources: Company websites, Flagship market observations and analysis March 2025

# Open banking payments are yet to be a commercial success in mainstream e-commerce (UK, Europe), although the supplier fintech landscape remains competitive.



## Open Banking Payments: Fintech Landscape

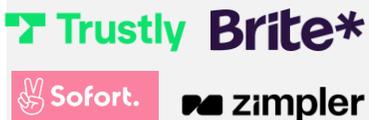
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### Branded A2A Payment Methods, May Run On Open Banking

#### Definition

Payment schemes that are **privately owned that leverage both historical access to bank accounts for A2A and open-banking rails** (often use screen scraping but are modernizing their rails via open banking)

#### Market Examples



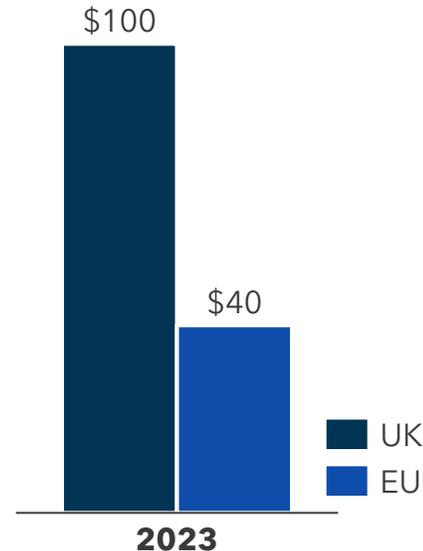
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### Unbranded A2A Payment Methods Running On Open Banking Rails

Payment infrastructure service providers that **offer the infrastructure to enable open banking payment initiation on both a white-label (unbranded) and branded basis**

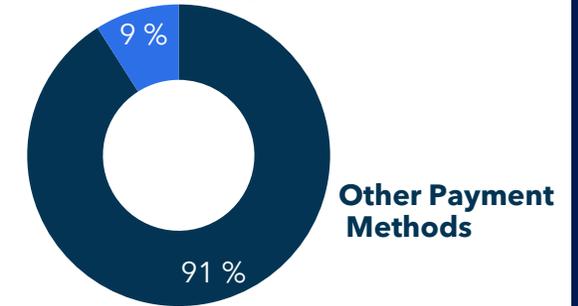


### Open Banking Payments Volume (2024 est., € bil.)



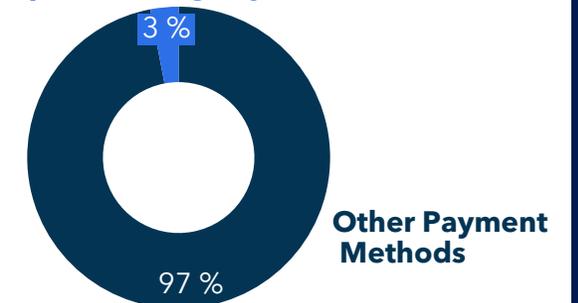
### UK Open Banking Penetration (2024 est. based on % of UK eCommerce Volume, € bil.)

#### Open Banking Payments



### EU Open Banking Penetration (FAP 2024 est. based on % of EU eCommerce Volume, € bil.)

#### Open Banking Payments

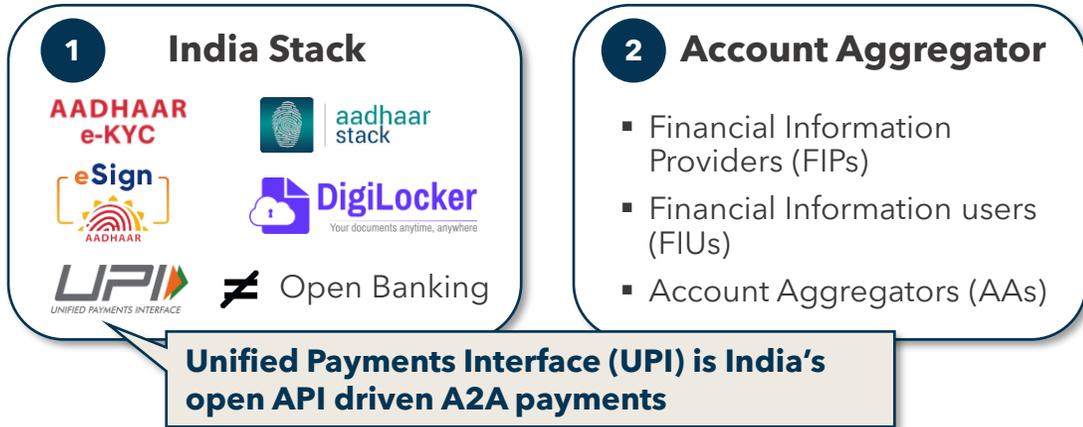


Sources: Company websites, flagship advisory partners market observations and research March 2025

# India's regulatory approach to open banking is working, with the mass adoption of Unified Payments Interface (UPI) paving the way for additional use cases.



## India Open Banking Overview



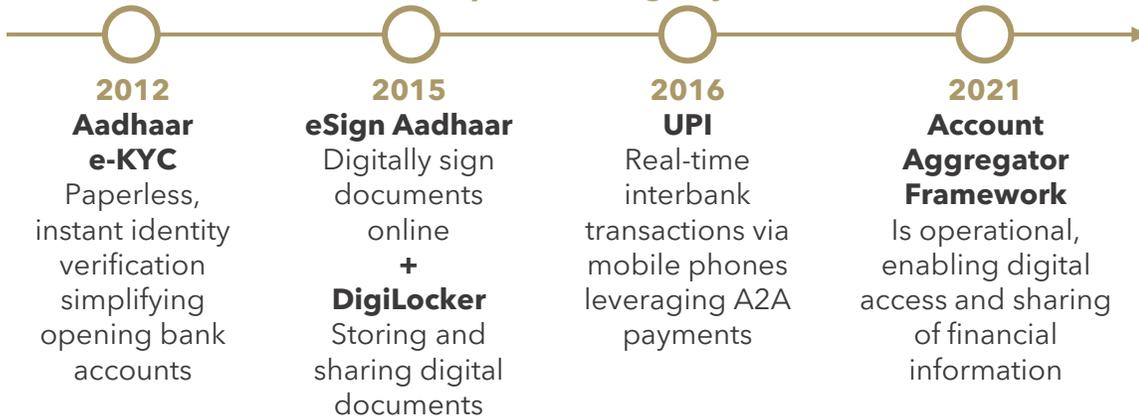
## What is Unified Payments Interface (UPI)?

- UPI** is a real time A2A payments network that works on open banking API technology. UPI is part of the "India Stack" (open APIs)
- Owned by:** **NPCI** (National Payments Corporation of India). A non-profit organization under the Reserve Bank of India
- Functionality:** Facilitate instant inter-bank transactions via mobile devices.

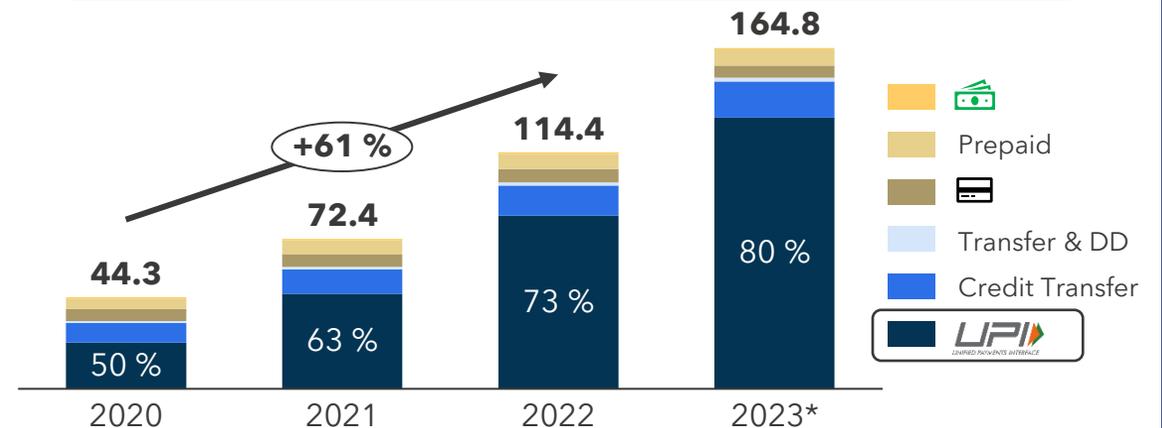
### Payment Use Cases

- Peer-to-Peer Transfers
- Peer-to-Merchant Payments
- Bill Payments
- E-commerce Transactions
- QR Code Payments

### India Open Banking Key Events



## India UPI Retail Payment Volume (bn USD)

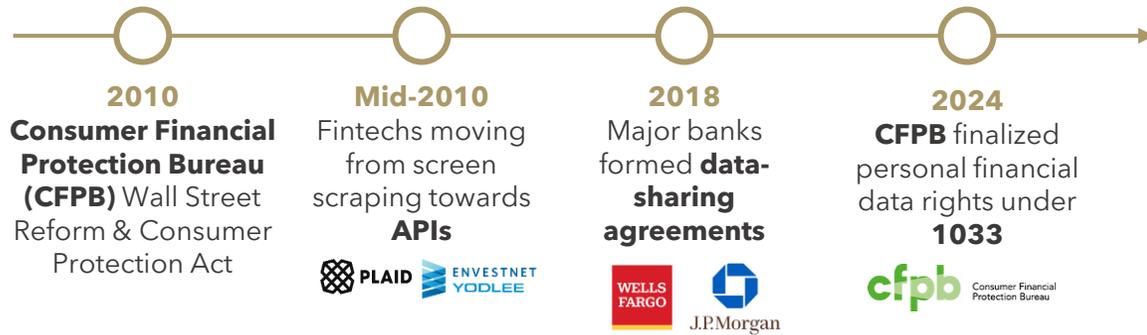


Notes \* FY 2023 contains data up to November, Sources: Flagship market observations and analysis, NPCI, RBI, March 2025

# Open banking in the U.S. has so far been market led. Information aggregation fintechs (e.g., Plaid) have enjoyed success in bank connectivity with regulations steadily taking shape.



## U.S. Open Banking Key Events & Players



## U.S. Regulatory Framework

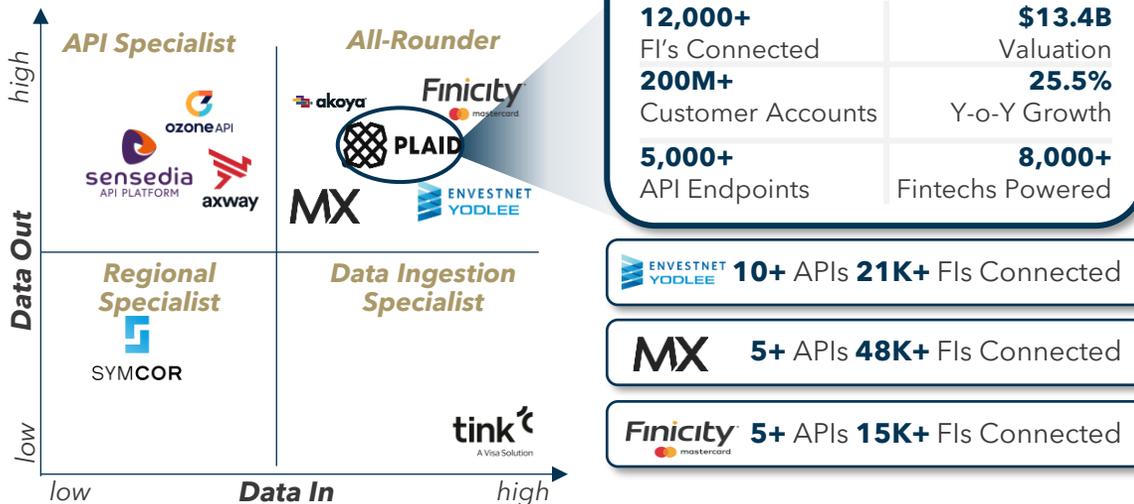
### Key Points in the Consumer Financial Protection Bureau Regulatory Framework

- **Dodd-Frank Act (2010):** Established CFPB for financial stability and transparency.
- **Section 1033:** Grants consumers the right to access and share financial data.
- **Key Milestone:** CFPB finalized rules for personal financial data rights in Oct'24

### Latest U.S. Amendments

- Regulatory Changes**
  - Tiered implementation and compliance timeline of Section 1033 for open banking standards
- Consumer Demand**
  - Consumer adoption shows mixed engagement:
    - 87% use open banking to connect accounts (Visa)
    - 20% see value, higher among younger users (Deloitte)
- Market Forces**
  - Fintech companies pushing for innovation
  - 61% of bank executives rate open banking as a top priority (Brunswick Group Survey, n=200)
- Industry Initiatives**
  - Financial Data Exchange (FDX) is responsible for facilitating safer data sharing for 94M customer accounts in USA as of Sep2024
  - Collaborations between banks and fintech companies

### Major Open Banking Players



Sources: Flagship market observations and analysis, CFPB policy documents, Statista, Crunchbase, Company websites, FedNow Reports, Forbes, CFPB policy documents, Deloitte Insights, Statista, March 2025

# There are several industry actors that can adopt open banking to disrupt existing rails, crystalize new value creation opportunities.



## Key Disruptors in Open Banking

Players	Representative Companies	Open Banking Payments	Open Banking Information Access	Markets	Commentary
<b>B2B Payments Fintechs, Office of CFO SaaS</b>		HIGH 	HIGH 		<ul style="list-style-type: none"> <li>Opportunity to embed open banking payments with CFO workflow automation solutions; Disrupt paper checks</li> <li>Information access can enrich existing products (e.g., improved reconciliation)</li> </ul>
<b>Big Tech Companies</b>		HIGH 	MEDIUM 		<ul style="list-style-type: none"> <li>Play a meaningful role in developing front-end C2B payments apps/wallets that operate on open banking technology</li> <li>Use information access to strengthen core IP/data</li> </ul>
<b>Processors / Merchant Payments</b>		LOW-MEDIUM 	MEDIUM 		<ul style="list-style-type: none"> <li>Value in enriching merchant payment solutions with information access</li> <li>Offer open banking payments for select verticals and use cases</li> <li>Proximity with banking access, gross margin expansion</li> </ul>
<b>Alternative Payment Providers (e.g., A2A)</b>		HIGH 	MEDIUM 		<ul style="list-style-type: none"> <li>Competes with cards (e.g., in the US), position in underserved verticals</li> <li>Serves specific verticalized needs (e.g., financial services, i-gaming)</li> <li>Opportunities for margin expansion via information access</li> </ul>
<b>Fraud platforms /Digital identity Fintech</b>		LOW 	HIGH 		<ul style="list-style-type: none"> <li>Obvious product synergies with open banking information access</li> <li>Ability to layer new products on top of existing (e.g., confirmation of payee)</li> </ul>
<b>Mega-Retailers</b>		HIGH 	LOW 		<ul style="list-style-type: none"> <li>Can create own branded payment wallets for consumers that run on A2A</li> <li>Challenge cards, by layering consumer incentives, value-added-services</li> </ul>
<b>Credit Unions / Tier II Banks / Bank Consortiums</b>		LOW 	HIGH 		<ul style="list-style-type: none"> <li>Can monetize information access for credit scoring, affordability checks</li> <li>Play a critical role in distributing information access (e.g., via Open APIs)</li> </ul>

Sources: Flagship market observations and analysis, March 2025

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**UNIQUE SKILLS** Unique combination of strategy, delivery, vendor/partnership, and M&A support



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**Anupam Majumdar**

Partner

[Anupam@FlagshipAP.com](mailto:Anupam@FlagshipAP.com)



**Tajjasi Sharma**

Senior Analyst

[Tajjasi@FlagshipAP.com](mailto:Tajjasi@FlagshipAP.com)



**Pavle Stamenic**

Analyst

[Pavle@FlagshipAP.com](mailto:Pavle@FlagshipAP.com)



**Ashita Sahu**

Analyst

[Ashita@FlagshipAP.com](mailto:Ashita@FlagshipAP.com)

