

Open Banking Report 2021

Open Finance and the Race for Relevance and New Business Models in Banking



Endorsement partners:



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Konsentus

Two Years of PSD2 Open Banking. How Far Have We Come?



Mike's leadership career spans retail, banking, and technology. He was an Executive Director at Natwest Bank and RBS heading up a group of 1,000 colleagues. Previously, he was Founder and CEO at Aconite, a global payments technology software company.

Mike Woods ■ CEO ■ Konsentus

September 2021 marked two years since the implementation of PSD2 Open Banking in Europe.

What started as a European initiative has now become a global movement, with many jurisdictions leapfrogging Europe and implementing Open Finance.

It has been quite a journey for both banks and TPPs, from negative reactions towards the regulation to full PSD2 compliance.

What do the numbers tell us? Volumes and values

It is hard to measure true activity, due to the distributed nature of APIs, but the trend is certainly upwards. An estimate is that, in the EEA, we have reached over 500 million transactions per month, as published in the **Konsentus Q2 TPP Tracker**.

By mid-September 2021, there were approximately 300 TPPs in the EEA, but this only provides part of the picture. When we consider the 1200+ payment institutions acting in the capacity of third parties, we see how far we have come in just 24 months.

Account information services (AIS) currently make up the majority of transactions, but as account-to-account access becomes more prevalent, payment initiation (PIS) volumes will undoubtedly increase.

The limited number of use cases that were first foreseen has exponentially changed. Many services that weren't initially realised are now readily available. Consumers are offered the ability to verify account ownership in real-time, use Open Banking data for KYC checking, use Open Banking data to forecast cashflow or automate savings, as well as the 'standard' account aggregation services, which were available in 2019.

A barometer of change and perhaps an indication of the future direction of travel in the EEA is to look at the UK. Almost 4 million people are utilising Open Banking services frequently and the market is experiencing over 800 million Open Banking API calls per month. Although the CMA order (which came into effect before PSD2 was implemented) effectively gave the UK an 18 months' head start on the EEA, the gap is narrowing.

Fragmentation or diversity?

The Open Banking adoption rate across the EEA differs from country to country. Although we talk about Open Banking as a whole, in practice this is 30 different nations with different payment methods chosen by consumers.

The number of registered TPPs also varies widely. Portugal, Malta, and Iceland have no domestic TPPs, while Lithuania has 26 and Sweden 36. Germany has the most TPPs, with 37. →

The TPP community is also more dynamic than many imagined. A TPP can have its licence withdrawn, can change its roles, can change the countries it passports into, or cease trading. Over 100 databases and registers hold the key to what's really happening, and the data sources constantly change. Keeping on top of the data is paramount in a world where trust takes years to build up but is very quickly destroyed.

So how far have we come?

While Open Banking, as defined by PSD2, is not perfect, it has provided innovative services across half a billion citizens and 6,000 financial institutions. It has opened minds as to what may be possible not just for banking, but for finance and data. It has led to Open Banking and Open Finance around the world and the journey continues. There is an increasing expectation about the rollout of Open Finance, with further direction expected from the European Commission in 2022.

Thanks to passporting, all countries have many TPPs. The country with the lowest number is Iceland, and four countries (France, Germany, Netherlands, Sweden) have more than a hundred regulated TPPs.

While larger countries have more volume, there also appear to be clusters of higher volumes in countries with a high online presence.

Is a lack of standardisation stalling growth?

Critics of European Open Banking would point to the complexity of integration to the APIs. There is indeed a lack of standardisation across the EEA at multiple levels.

Competent authorities in each country do not always agree about scope. There are a few different standard organisations, and most standards allow a high level of optionality, so individual implementations vary considerably.

Taken together, this makes it hard for fintechs to connect with multiple banks which has given rise to data aggregators, reducing the burden for TPPs.

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Konsentus is an infrastructure platform enabling financial institutions to transact safely and securely within the Open Banking and Open Finance ecosystems. Our award-winning SaaS solution, Konsentus Verify, provides confidence and trust by performing real-time identity & regulatory checking services ensuring that account access is never given to fraudulent third parties.




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Company	Konsentus
Active since	2018
Head office	UK
Founder(s)	Mike Woods and Brendan Jones
Funding rounds and investors	Mastercard and VC
Service provider type	<p>Open Banking enablers</p> <p>TPP checking & repository</p> <p>Fraud/risk/security: Transaction monitoring</p> <p>Konsentus Verify checks a third party's (TPP) legitimacy and regulatory status each time it attempts to access a financial institution's Open Banking API. The information is sourced in real-time directly from a multitude of databases and registers across the EEA so financial institutions can make informed risk management decisions.</p>
How it works	<p>Konsentus Verify checks a third party's (TPP) legitimacy and regulatory status each time it attempts to access a financial institution's Open Banking API. The information is sourced in real-time directly from a multitude of databases and registers across the EEA so financial institutions can make informed risk management decisions.</p>
What problem does the company solve?	<p>Konsentus provides confidence in the Open Banking ecosystem by enabling financial institutions to make informed risk management decisions. We help financial institutions ensure they only ever give account access to legitimate and regulated third parties and never put their customers' data or funds at risk.</p>
Types of supported APIs / API standard supported	SaaS APIs. RESTful and secure
Industries / target markets	Financial institutions (ASPSPs): Credit Institutions, EMIs, and PIs
Geographical coverage (operational area)	EEA and UK (Konsentus). The Konsentus Group as a whole has global operations
Business model / pricing	For more information please contact us at info@konsentus.com
Technology	Cloud Native
Software language	JavaScript, Python
Software development tools	NodeJS
When was the core technology developed?	Between 2018 and 2021



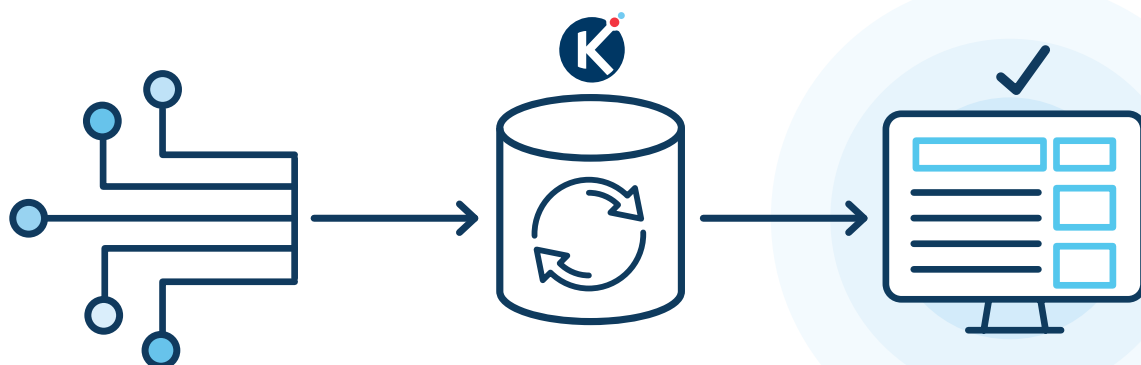
Partners	25+ distribution partners across the EEA
Customers / Case studies	500+ of the largest financial institutions across the EEA
Awards	Winner: 2021 Juniper Research Awards, 2020 Card and Payments Awards Shortlisted: 2021 Emerging Payments Awards, 2021 Banking Tech Awards
Business revenue	Not Disclosed
Contact	info@konsentus.com
Website	www.konsentus.com

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Transparency Directory

A single source of standardised data
for the open banking ecosystem

The Konsentus Transparency Directory provides visibility of all open banking participants by bringing together disparate data into a single, searchable service, easily accessible to the open banking community. The Directory contains the legal, commercial, and operational contact details of third party providers (TPPs) regulated in the EEA, in addition to bank data which is easy to search and can be sorted by group or country. Our service helps our customers better understand the organisations they can connect with and how to engage with them quickly and easily.



Market Insight



Our centralised data enables you see how PSD2 open banking is being applied across the industry and to be at the forefront of the open banking movement.

Reduce cost



Standardised terminology and straightforward data categorisation mean that complex and disparate information is easy to understand, saving valuable time and resource costs.

Mitigate Risk



Transparent and trusted data enables you to easily connect with third parties, see where they are regulated, and the services they are authorised to perform reducing your exposure to risk.

For more information and to find out how to get started, contact info@konsentus.com