



Be More OPEN

OPEN BANKING SURVEY 2021

As Open Banking continues to accelerate, we surveyed 100 clients with the aim of better understanding the needs and priorities of organisations.

About the survey



(* Incl. Payments, Consumer Finance, Fintech, Buy Now Pay Later (BNPL), Marketplaces.

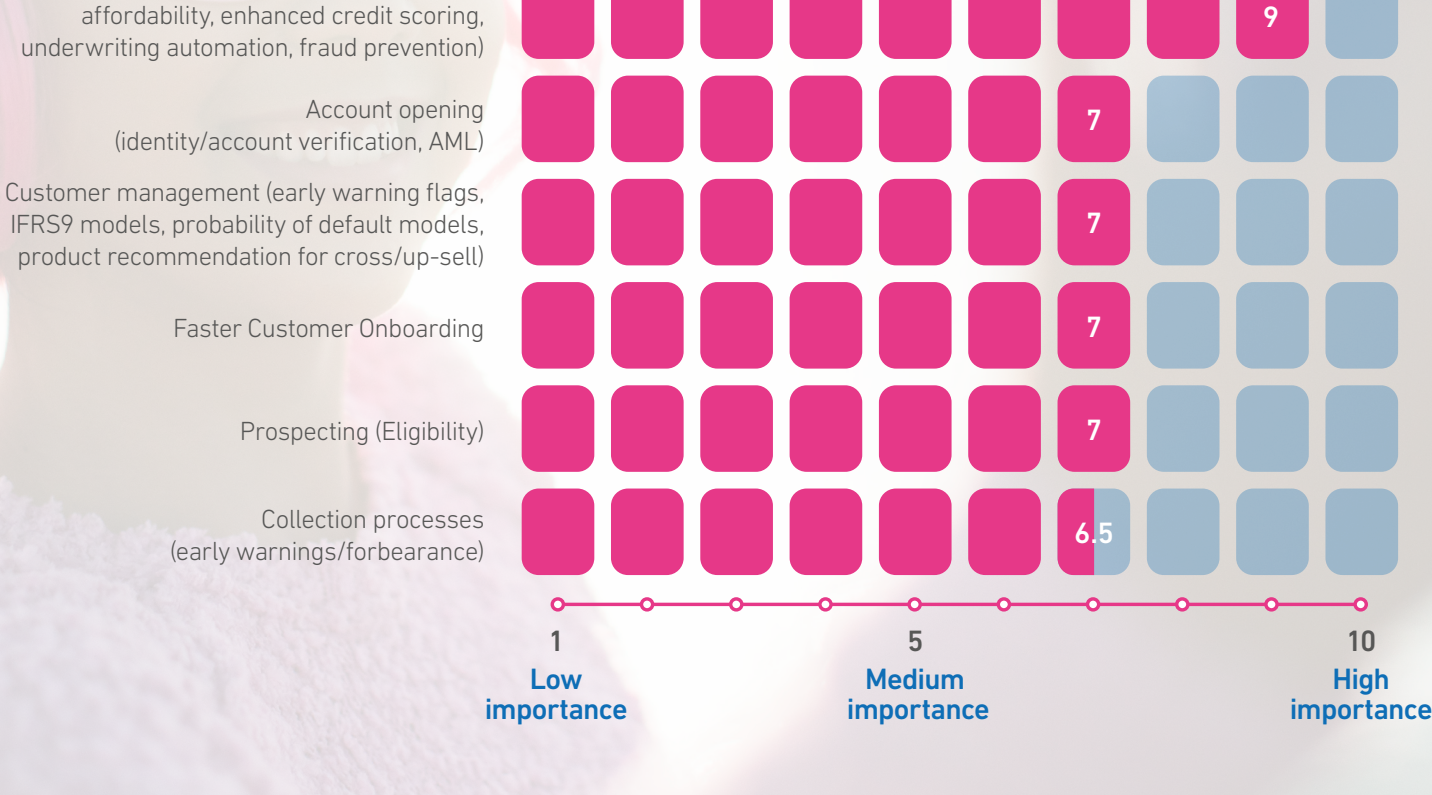
Open Banking focus

Businesses are looking at how transactional data can unlock opportunities to improve performance within credit lending.

The use of Open Banking is being prioritised in originations – where credit scoring, affordability, income verification are completed

when onboarding an applicant. This is where transactional data can have possibly the biggest advantage – by providing more depth and near real-time data to improve the accuracy and predictivity of models and scores.

Please assess the importance of PSD2 (Open Banking) data for improving or implementing each of the following processes in your business

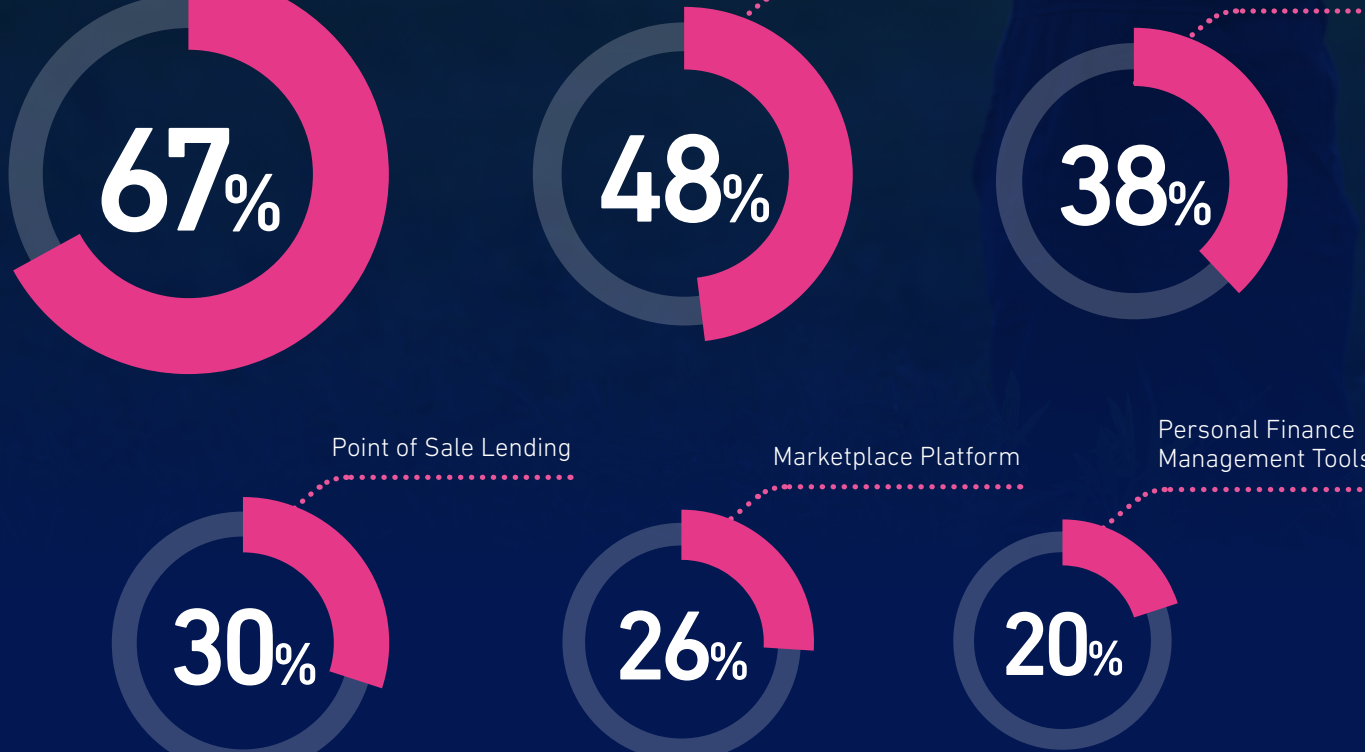


Proposition/product prioritisation

From a product perspective, businesses are looking to use Open Banking for unsecured loans, followed by credit cards and car finance.

These products are available to consumers in an increasingly competitive and crowded online marketplace, so any advantage that individual businesses can unlock could have a big impact on commercial performance.

The most important thing from a lender perspective is accuracy/predictivity and speed of decision. Transactional data can help in both these areas, so it is no surprise that respondents have chosen this as the biggest opportunity for Open Banking. The product focus are those areas where a fast and effective onboarding process is critical – loans and credit cards.



Perceived benefits

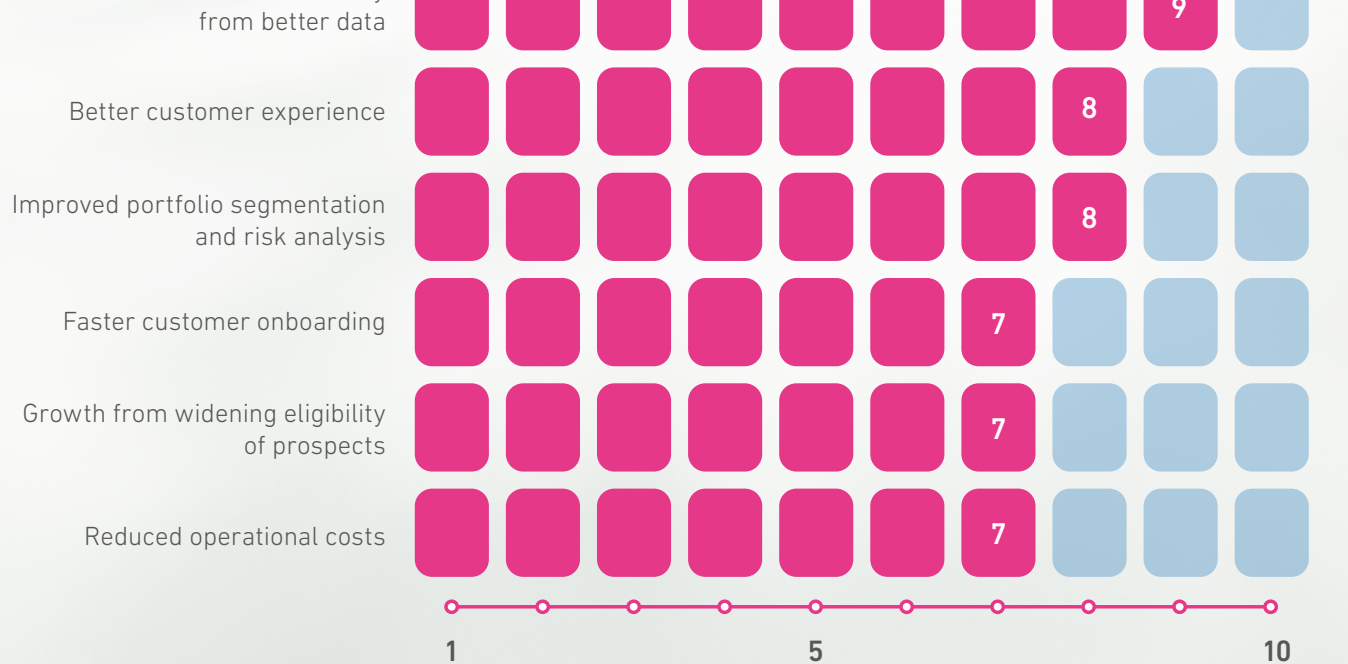
Increased decision accuracy is seen as the biggest benefit for businesses. Many plan to use transactional data to improve the accuracy of affordability/cashflow models and probability of default scores.

From a commercial perspective transactional data enables the strengthening of cut off policies

with the ability to increase acceptance rates without impacting existing risk appetite.

Better customer experience was also highlighted as a key benefit, with less customer effort required at application. Businesses are clearly looking at how Open Banking can help accelerate the digitalization of the customer experience.

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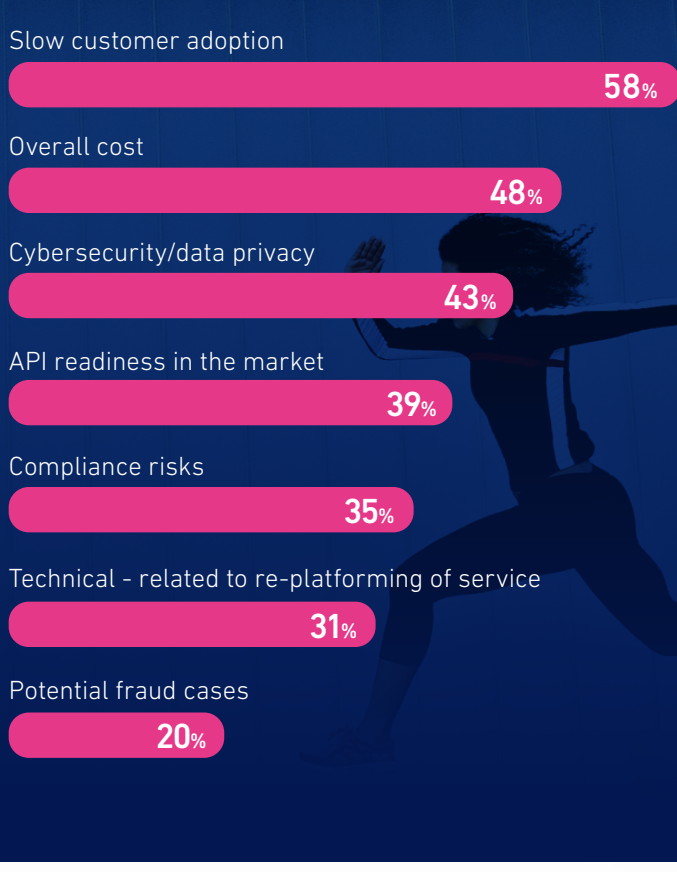


Adoption uncertainty

What are the major considerations that could deter your decision when investing in/implementing PSD2 (Open Banking) Account Information Services?

Slow customer adoption is the most pressing concern for businesses when it comes to implementation of PSD2 (Open Banking) services. However, 91% of the businesses surveyed either have or plan to invest in Open Banking services, so they are confident that the market will continue to mature and with it customer adoption. Currently, the level of maturity differs greatly between countries within the region.

There is reason to be optimistic. Consumer Banking is growing and the use of Open Banking has been accelerated by the pandemic, driven by the convenience of a digital experience with physical branches and stores closed. At Experian, in the UK alone the number of people choosing to share their data through open banking has tripled to 188 million data sharing requests in February 2021 – up from 47 million in February 2020. This adoption will continue to gather pace in the UK and other European markets.



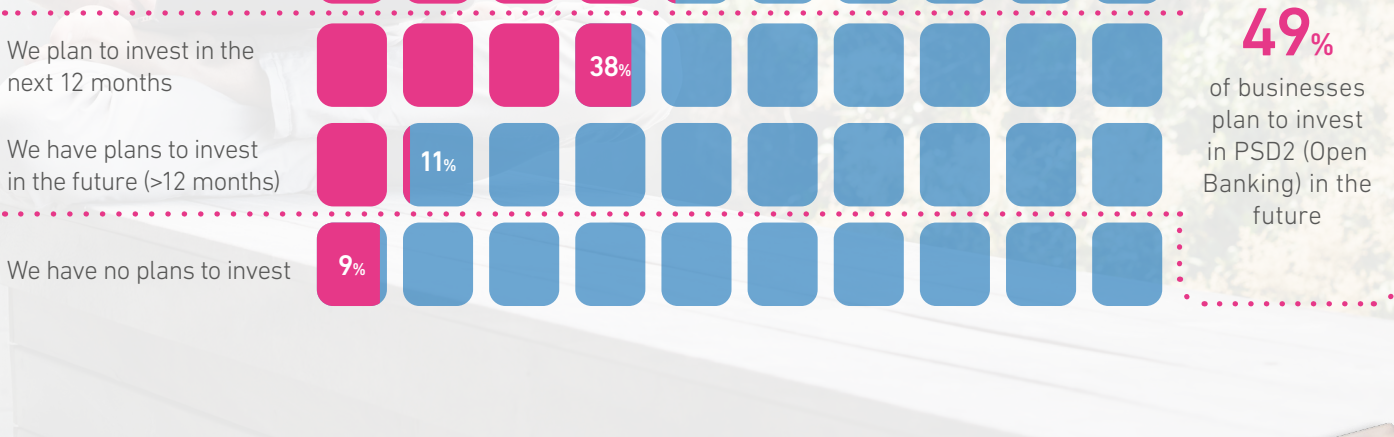
Investment plans

Most businesses have invested or plan to invest in Open Banking. That investment will be spread across the various elements of the value chain from consent and connectivity to categorisation and analytical modelling.

With initial focus on origination lending, businesses will also look to see how transactional data can improve effectiveness

across the lifecycle. In most cases, businesses plan to develop capabilities in partnership with external providers in a hybrid model. For example, 48% will use partner expertise to support their teams in the enhancement of analytics and scoring. The support will be welcome in helping to improve the performance of existing models and scores.

What are your business investment plans for PSD2 (Open Banking)?



Download the full report with much more insights on the opportunities and challenges of Open Banking for businesses.

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