

## DECEMBER HIGHLIGHTS

2021

### Ecosystem numbers:



**124** regulated entities with at least one proposition live with customers

### Powered by open banking

#### 70 per cent of lenders expected to use open banking within two years

A **report** by Credit Kudos found that the proportion of lenders using open banking is set to jump from 26 per cent to 70 per cent within the next 24 months, while nearly half (47 per cent) of those surveyed think open banking could help their organisation save time and cut the cost of credit decision making in the future. The data suggests that open banking technology is helping lenders to move beyond the limitations of traditional credit data and provide better financial behavioural data, all of which creates more rounded assessments, increased acceptances, and reduced defaults.

#### Iwoca expands revenue-based loan to support post-pandemic recovery

Small business lender Iwoca has expanded its merchant cash advance product to all SME's who accept card payments in the UK. The revenue-based loan allows firms in any industry sector to repay their loans in line with the seasonal flow of their businesses, particularly those in retail and hospitality sectors, who have been especially affected by the pandemic. This expansion follows a successful integration with FundingXchange, launched in September, which offered revenue-based finance loans between £1,000 - £50,000 to online sellers on eBay.

#### Tink research reveals almost half of Europe's financial institutions have increased their budgets for open banking

New **research** published by open banking platform Tink revealed that 2021 investments were fuelled by the shift to digital. A breakdown of the data shows how open banking investments increased during 2021, with wealth management firms experiencing the strongest increase in budgets (58%), followed by wholesale banks (55%), credit providers (51%) and challenger banks (50%). Specifically, 72% of financial institutions saw payment initiation services as the most important use case to their business. The study suggests that to keep a competitive edge, firms should consider working with partners to create open banking solutions that can drive value across all areas of financial services.

### Key Highlights

#### 2nd December – Huge value of open banking explored at Accounting-Web Live Expo

The OBIE's Stakeholder Engagement Specialist Constanza Castro Feijoo spoke on a panel, also featuring Sam O'Connor, CEO of Coconut, Richard McCall, founder and CEO of Armalytix and Kevin Hart, Chairman of BASDA, that explored how open banking technology can reduce the countless hours it takes for financial institutions and professional services to collect financial information from their clients each year. Other topics including how to make open banking relevant to accountants, the open banking solutions available that can improve productivity and profitability, plus the latest trends in client usage for 2022.

#### 9th December – Payment Systems Regulator (PSR) publishes its regulatory framework

This followed a consultation earlier in the year, which looked at how to **reduce risks to competition and innovation** once the New Payments Architecture (NPA), which will be one of the biggest changes affecting UK payments, is operational. Whether paying employee wages, or transferring money to a friend using online banking, interbank payments are a key part of everyday life for businesses and consumers alike. Delivered well, the NPA can boost competition in payment services that meet the needs of people and businesses. For this to happen, market participants need confidence that there is a level playing field and that the central infrastructure services (CIS) underpinning the NPA support competition and innovation.

#### 9th December – The OBIE welcomes Barbara Ridpath as an independent Non-Executive Director

The Open Banking Implementation Entity (OBIE) announced the appointment of Barbara Ridpath as an independent non-executive director (NED). Barbara brings a wealth of professional, financial and regulatory experience to the organisation, with previous roles at JP Morgan and the ratings agency S&P, amongst others. Barbara's appointment follows that of Jeremy Newman, who joined the OBIE board as an independent non-executive director in November.

#### 9th December - The OBIE initiates search for a new Chief Executive Officer

The OBIE Board announced plans to appoint a Chief Executive Officer to lead the executive team. The CEO will work with the Trustee, Executive Committee and Board to deliver and refine OBIE's mission, as well as have primary responsibility for leading company operations and driving its overall strategy. The CEO will also be instrumental in transitioning the OBIE's ongoing functions to the future entity (which is still to be determined).



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