

Is Open Banking working?

The UK is one of the world's leading adopters of Open Banking solutions, and yet, some of the nation's leading fintech experts openly criticise the technology as a flop. The perceived successes, or failures, of the Open Banking concept largely depend on who you ask. However, what is clear, is that the technology has reached a point of inflection, with many innovators ready to redefine its role within financial services.

Before we get to this point of evolution, let us quickly recap on the journey that Open Banking has taken us on so far. First introduced in January 2018, Open Banking forced big banks to allow third party providers access to customers' banking data. Since then, more than 2.5 million people in the UK alone have used a financial service related to Open Banking. However, from its earliest inception, some critics have had major doubts about the technology.

Who benefits the most?

When Open Banking first began, it seemed like the concept wasn't concerned about improving the financial freedom of everyday individuals. Instead, the issue represented a legislative battlefield where a proxy war between EU regulators and the continent's big banks could play out. The winner of this battle would seemingly gain control of the rules of the EU banking game, so it

was intense.

This cynical perspective quickly proved accurate, with the first iteration of Open Banking offering very little added value to consumers. Of course, some would argue that the implementation of the system enabled end-users to link multiple banks to new third party interfaces, but this process was still severely limited in its scope. Furthermore, the updated solution didn't offer any major benefits over similar services that had preceded it.

Seed for change

In short, the EU's thinly veiled power grab had changed the banking landscape in Europe, but the new terrain was no more hospitable to everyday consumers. In turn, many critics moved to write off Open Banking as a flop, or more hospitably, as a concept fated to fail in its pursuit of meeting its lofty initial expectations. However, for some of us, the Open Banking change had created an opportunity to push for real evolution.

In fact, with a few small, but difficult tweaks, the Open Banking concept could be transformed into a truly innovative system, which provided real added value to end-users. In essence, while underwhelming, the first iteration of the concept provided a key that could be used to unlock true financial service freedom further down the line. For those of us involved in that process it became obvious that Open Banking 2.0 was not just possible, but that it could offer the financial transformation first theorised when discussing the original iteration.

Open Banking 2.0

So, what exactly do we mean by Open Banking 2.0? Well, perhaps it's best if it is explained through the prism of *Monneo*, a company that's essentially been built around the concept of Open Banking 2.0. Since our inception back in 2018, when Open Banking was in its infancy, we noticed an opportunity to revamp the technology's understanding of third-party connectivity and integration.

You see, in Open Banking the client needs to 'bring' their banks with them to connect to a platform. However, at Monneo we were able to upgrade this idea, and provide multiple banks already connected to our platform. Therefore, our clients do not need to go and apply to each bank individually within our network for an account, they instead have access to multiple banks, currencies and payment methods via a single application process and agreement.

The benefits are real

In pursuing the second generation of Open Banking, companies like us have been able to deliver real, tangible benefits for end-users, in ways promised by the first iteration of the technology. With companies like Monneo, customers finally have the freedom to move between bank accounts with ease, and to access important financial services in a far more flexible and responsive manner.

That's because the system was built with these explicit goals in mind, and not instead an unwanted by product of a protracted, unnecessary, and ultimately self-serving game of political chess played between EU regulators and the continent's big banks. Thankfully, customers now have access to the choice they've always wanted. As such, it's too simplistic to say Open Banking has been an outright failure.

Open Banking is open to debate

However, the relative success, or failure, of Open Banking remains up for debate. Ultimately, this is a very nuanced subject, which will elicit strong reactions from many. At Monneo, we strongly believe that the concept has much merit, but that only through the hard work of smaller, independent companies has it really delivered true value for end-users. That's why we prefer using the term Open Banking 2.0 in our discussions.

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