SALTEDGE

Top 6 open banking use cases for forward-thinking banks

A report by Salt Edge

Table of contents

Introduction

Open banking has redefined data access and the world of payments, empowering businesses of all sizes to innovate and compete in ways that were once thought impossible.

However, with so many opportunities available, how do you identify the ones that truly enhance your business's value? You may find it challenging to see how open banking can significantly benefit your operations, and you might even be missing out on potential revenue streams.

To inspire you, we've put together 6 transformative open banking use cases that are fuelling financial innovation across the banking industry.

Usually, banks look at open banking only from the compliance perspective. Thus, they limit themselves and lose countless opportunities with tangible financial impact provided by open banking. Banks should reinvent themselves and move away from the standard set of services. They should embrace digital transformation to escape the fate of becoming an old-fashioned bank and lose their position in favour of fintechs with a full spectrum of innovative financial tools.

In this report you'll find:

- 6 open banking use cases for forward-thinking banks
- Closing thoughts
- Why choose Salt Edge for your open banking implementation?

1 Customer Onboarding & KYC

According to estimates, large banks spend **around $60 million to $500 million** annually on KYC compliance and customer onboarding processes.

Financial institutions, especially banks, are investing millions of dollars annually in inefficient client onboarding and maintenance processes.

Why so? Traditional KYC often relies on manual document checks and repetitive steps across different departments, which ironically are much riskier than digital credentials. But, fortunately, with the access to data provided by open banking, banks can:

- Access real-time financial data directly from a customer's bank account, reducing the need for manually submitted documents;
- Retrieve not just account balances but transaction histories, risk assessments, and more–for faster, more reliable decision-making in compliance with KYC regulations;
- Minimise the need for multiple compliance checks across departments by consolidating customer data in one place, lowering, at the same time, the risk of errors and fraud, which can lead to costly penalties.

Given the vital importance of onboarding to the overall customer experience, Salt Edge's solution accelerates onboarding for Paysafe and alleviates the pressure of traditional manual efforts while mitigating fraud risk.

Salt Edge's open banking-powered Account Information API offers secure access to accounts in banks across the EU and the UK, assuring Paysafe a quick way to connect and instantly verify bank accounts. Using the Salt Edge Account Information solution, Paysafe enables its EU-acquiring and digital wallet customers to confirm their bank accounts. This allows Paysafe to automatically validate bank account ownership and will eliminate the need for customers to submit documentation showing proof of bank account ownership.

The collaboration enables Paysafe to further improve the robustness of their entry point fraud controls, by ensuring the bank account details submitted are legitimate and they link to the applicant.

Read the full story here:
Salt Edge to streamline KYC and onboarding for Paysafe and its customers

2 Personal Finance Management

Now, more than ever people and businesses want to take control over their money–and personal finance management plays a crucial role in helping them with that. Through the use of account aggregation, provided by open banking, digital banks can develop or integrate open banking-powered PFM apps to provide value-added services to their customers.

By offering real-time budgeting tools, savings trackers, financial product recommendations, and personalised financial insights, banks can improve customer loyalty and engagement and receive in turn:

- Reduced customer churn and increased lifetime value of customers, as they become more reliant on the bank's financial management solutions;
- Better decisions regarding product development, pricing strategies, and marketing campaigns.

3 Multi-banking Services

Globally, many individuals hold multiple bank accounts, particularly in developed regions where financial inclusion and access to diverse banking products are more prevalent.

In regions like Europe and North America, it's common for individuals to maintain accounts at several banks to take advantage of varied financial products, better interest rates, or to separate savings from daily spending. On average, many people in these areas own between 2 and 3 bank accounts.

As financial data becomes spread across these accounts, it becomes increasingly essential for users to have all their finances consolidated in one view for improved financial well-being. Multi-banking, powered by open banking, addresses this need by allowing banks to offer customers a comprehensive overview of all their accounts (across different banks) on a single platform.

However, the true advantage of multi-banking extends beyond the convenience of consolidating various accounts on a single screen. It allows users to see their complete financial picture rather than just isolated pieces, such as:

- ✓ Informed budgeting and financial planning;
- ✓ Alerts for upcoming payments;
- ✓ Real-time notifications for suspicious or fraudulent transactions.

Erste Group uses Salt Edge's Account Information solution to enable multi-banking for its customers through the George banking app in Austria and Romania. This feature provides the award-winning app users with a comprehensive, 360-degree view of all their finances in one place, allowing them to easily connect their Erste or any other Romanian and Austrian bank accounts and view all their transactions.

In addition to retail solutions, Erste Group's corporate clients also benefit from integrating Salt Edge's solutions via their premium ErsteConnect API. This API provides a single, secure access point for managing finances across Erste Group and other banks in the CEE region. It supports both Account Information and Payment Initiation Services, allowing seamless integration into existing ERP systems or custom solutions, significantly improving operational efficiency and financial oversight for corporate clients.

Read the full story here:
Erste Group and Salt Edge unite to bring advanced multi-banking services to the CEE region

4 Frictionless Payment Initiation Services (PIS)

Another benefit enabled by open banking is payment initiation services. Banks can allow customers to initiate payments directly from their accounts, reducing dependency on card networks, lowering transaction costs, and enhancing the checkout experience for e-commerce or in-person payments. By adopting open banking-enabled PIS, banks can:

- Reduce transaction fees and enhance the speed of payments;
- Offer merchants faster settlement times and lower fees compared to traditional card payments;
- Improve security as PIS eliminates the need to share sensitive card information, reducing fraud risks.

5 Automated Lending Solutions

Modern banks are keen to streamline the digital transformation and can easily combine their lending expertise with open banking-enabled data analytics. Real-time monitoring and access to transaction data help to make informed decisions and refine loan monitoring processes based on cash flow analyses.

Open banking solutions become pivotal for instant loan monitoring based on benchmark metrics, including balance sheets, income statements, and cash flow characteristics. Transparency and insights powered by open banking ensure the lender is protected and the borrower gets the best customer experience and conditions.

By quickly identifying red flags to the borrower's financial health, banks can:

- ✓ Eliminate the credit risk;
- ✓ Analyse cash flows and provide better risk assessments based on real-time actionable insights;
- ✓ Offer lending products that make a difference.

Salt Edge data aggregation supports NIBC Bank's lending process by providing technical support for more efficient loan monitoring based on cash flow analyses.

Transaction categorisation features in the scope of the Salt Edge Data Enrichment platform enable NIBC Bank to turn the raw and bulky data into meaningful real-time actionable insights that help forecast performance capabilities and make smarter lending decisions.

Leveraging the Salt Edge data aggregation toolkit enables NIBC Bank to analyse cash flows and ultimately provide better risk assessments for their North West European customers that help to offer products that make a difference.

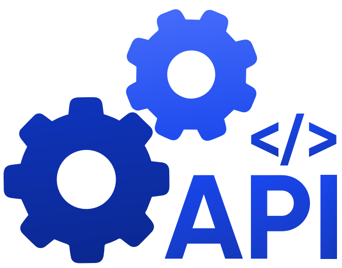
Read the full story here:
NIBC Bank to support loan monitoring using Salt Edge technology

6 Premium APIs

Banks can create new API products to discover additional ways of monetisation. Having access to account data on balances, transaction history, and payment initiation, banks can provide customisable solutions for different types of businesses, with end customers' consent, by offering API-driven payments, real-time reporting, and other extra revenue-generating features.

Premium APIs with scopes beyond PSD2 have the potential to bring business value and help banks access new revenue streams in different areas. These APIs enable extra features for wealth management and investment, including access to investment account information and trading initiation in a safe and compliant way.

Non-standard APIs can be used to easily onboard new partners, provide payment tracking data to customer service and shipping departments, integrate businesses, and launch new offerings much faster.



Closing thoughts

Open banking has become a powerful catalyst for innovation within the financial sector, offering banks unprecedented opportunities to transform their services and enhance customer experiences. However, for banks to truly harness the value of open banking, they must look beyond compliance and explore the broader strategic advantages it offers. From streamlining onboarding processes to providing holistic personal finance management, multi-banking, and automated lending solutions, open banking enables banks to stay competitive and relevant in a rapidly evolving industry.

The future of banking is undoubtedly data-driven, and those institutions that embrace open banking will not only survive but thrive in this new digital era.

By integrating solutions like Salt Edge's, banks can reduce costs, enhance security, improve customer engagement, and discover new revenue streams.

At Salt Edge, we remain committed to helping forward-thinking banks unlock the full potential of open banking, providing the tools and expertise needed to navigate this transformation smoothly and efficiently. Let us help you reimagine what's possible for your business and your customers.

Why choose Salt Edge for your open banking implementation?

Salt Edge is a financial API platform that offers PSD2 and open banking solutions for businesses of any type and size. The company is headquartered in Ottawa, Canada, with offices in London, Bucharest, Chisinau, Milan, and Israel.

Salt Edge has been involved in the fintech and open banking industry for over a decade now and has assisted over 450 financial institutions since it was founded in navigating the complex world of open banking.

The figures behind Salt Edge:

300+ happy clients	**10K+** signed-up developers
200M+ connected accounts	**10M+** total end-users
5K+ connected banks	**2B+** imported transactions

More than 300 companies around the world trust us to grow their businesses

The company has two primary focuses. Firstly, we help third-party companies access bank channels through a unified gateway. Secondly, we develop the technology required for banks to offer open APIs or comply with open banking regulations.

Currently, Salt Edge is integrated with **more than 5,000 financial institutions in almost 50 countries.**

Work with Salt Edge and get...

One API - thousands of possibilities

Any customisation you may require

Solutions tested by millions and proven to work

Integration with any bank you need, worldwide

Full compliance with any open banking standard

Highest levels of security employed - ISO27001

Dedicated team for your open banking goals

... more than a provider, you get a partner

SALTEDGE

Let's keep in touch

We'd love to help you start exceeding your financial goals with open banking

Contact us

Request a demo

Subscribe to our newsletter

sales@saltedge.com
Level 39, One Canada Square,
Canary Wharf, London E14 5AB, UK
www.saltedge.com