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THE ROLE OF OPEN BANKING APIS IN DRIVING FINANCIAL INCLUSION

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Abstract

Open Banking allows third parties to access financial data through secure application programming interfaces (API's). It is growing fast around the world. This paper examines the role of API's in facilitating access to affordable financial services, a concept referred to as financial inclusion.

We examine worldwide Open Banking projects from technical and policy/regulatory viewpoints to comprehend their impact on previously marginalized populations. We looked at major regions and new data side by side, focusing on how to make financial products more accessible and how to build regulations (mandates, standards). The findings indicate that Open Banking can foster novel fintech innovations that serve unbanked and underbanked populations, contingent upon robust regulatory frameworks and contemporary API infrastructure.

By sharing data using API's has made it possible for financial institutions to use new credit scoring and offer more personalized finance tools, which has led to more fair lending and better money management[1][2]. The outcomes vary by country. Preliminary studies indicate increased competitiveness and fintech engagement, though the direct implications for inclusion remain uncertain[3]. API's have a lot of potential to make banking easier to use and more available for the costumers. To reach the full potential, policies must be implemented correctly, technology standards need to be rewritten and people need to be taught how to use these kinds of platforms. Data protections, privacy and equal access to API's are some of the concerns that need to be research on the long run.

Keywords: Open Banking; Financial Inclusion; APIs; Regulation; Fintech; Data Sharing; Open Finance.

Introduction

Sustainable development and poverty reduction are widely recognized as an enabler of financial inclusion, which ensures individuals and businesses have access to useful and affordable financial services [4][5].

Open Banking has become a game-changing model in financial services and is seen as a way to speed up financial inclusion. This model refers to banks and other institutions sharing data that customers have given permission to third-party providers through secure APIs[6]. This approach removes traditional data barriers and allows fintech companies to build new apps and services based on banking data. They will be able to create products that better match people's needs[7] [8].

Open Banking is being adopted in more and more countries. By 2023, more than 68 countries, which is around 35 of all nations, were working op Open Banking or broaeder "open finance" regimes.[9]. About 64% of these projects exist because regulators require them through laws or central bank rules. Only a small group of countries let the market drive this on its own [10][11]. The UK and the European Union started Open Banking to increase competition and support new banking services. Many emerging markets use it to improve financial inclusion [12].

Mexico's 2018 Fintech Law treats financial inclusion as a core goal of Open Banking, not only competition [12]. Regulators in developing countries see data-sharing rules as a way to reach unbanked users with digital financial products [13][14]. Many countries in Latin America, Africa, and Asia use Open Banking to close inclusion gaps. While other regions apply Open Banking to inclusion, Europe used it to boost competition[12].

Open Banking is technology driven. It uses APIs to connect banks with fintech firms and other third parties. APIs are standard software interfaces that allow systems to share data securely [6]. In Open Banking, APIs give access to account information, but only when the customer gives consent. They can also support payments and other services [15][16]. This setup gives consumers control over their financial data. They can share it with budgeting tools, lending platforms, and payment services that build new products with that data.

This model lets non-bank firms enter the financial sector. It increases competition and allows products that match individual needs. These products are useful for users that traditional banks often ignore. A fintech lender can use Open Banking data to review the full transaction history of a customer with a thin credit file. That lender can decide to grant a loan that a traditional bank would reject [17][18]. Budgeting apps can combine account data from different banks, helping people manage their finances. This is especially useful for lower income users with several accounts or payment methods [19][20].

Despite the intuitive promise of Open Banking for financial inclusion, a critical examination is needed. Many claims about inclusion are still being tested: Can Open Banking APIs truly bring the unbanked into the formal financial system, or do they mainly benefit already-banked customers? What regulatory and technical conditions best support inclusive outcomes?

This study reviews the global Open Banking landscape with a focus on inclusion outcomes. It explains how Open Banking APIs can support inclusion by enabling fairer lending decisions, faster digital onboarding, wider product choice, and financial tools that improve user outcomes [1][2]. It also looks at real examples in different countries.

The literature presents mixed signals. Some organizations, such as the World Bank's CGAP and the Center for Financial Inclusion, argue that strong Open Banking rules can support inclusion. They highlight mandatory data sharing, clear and common API standards and customer consent protections as key conditions [21][22]. In the United Kingdom, credit unions use Open Banking data to approve loans for users who have no credit history. This supports lending inclusion [17][18].

Other findings are less positive. Early evidence from Europe's PSD2 shows strong fintech growth, but not a clear impact on unbanked users [3]. Digital skills, trust in data sharing, smartphone access, and supportive rules all influence the results.

Most studies focus on competition or discuss inclusion on a case-by-case basis. A broader comparison is missing. It is unclear which Open Banking design choices lead to better inclusion outcomes. This paper fills that gap. It compares Open Banking API frameworks in across countries, including advanced economies and emerging markets, with a focus on financial inclusion.

The study also takes a policy and regulatory perspective. Rules and standards set by authorities play a key role in keeping inclusion a priority in Open Banking initiatives[23][24].

A. Methodology

This research uses a **qualitative comparative case study** approach combined with descriptive data analysis. Our methodology followed a set of clear steps:

1) Selection of cases: We chose a diverse set of country and regional Open Banking frameworks to ensure global coverage**.** These included: the **United Kingdom (UK)** and **European Union (EU)** as early adopters in developed markets; the **United States (US)** as a large market in the process of introducing Open Banking rules; **emerging economies** with active Open Banking programs such as **Brazil, Mexico, India, Nigeria,** and others in Latin America, Africa, and Asia; and countries moving beyond banking into **open finance** including insurance and investment services. These cases include both regulatory-led and market-led models, with different starting levels of financial inclusion. For each case, we collected information on the rules, API standards, and security measures. We also examined inclusion related outcomes. These include growth in account ownership and increased use of fintech services by people who were previously unbanked.

2) Data collection: We used several sources. These include policy documents and regulations, such as PSD2 in the EU, rulemaking by the CFPB in the United States, and central bank circulars in emerging markets. We also used industry reports and surveys, like Open Banking adoption studies and fintech market reviews. Academic research from groups like CGAP, the Center for Financial Inclusion, and the Alliance for Financial Inclusion supported our analysis. Press releases and news articles provided recent statistics and examples.

We used insights from reports such as the Konsentus Global Open Banking Map to assess regulatory status [9]. We also relied on the World Bank Global Findex for financial inclusion indicators. We also referred to national Open Banking reports, including work from the UK Open Banking Implementation Entity and updates from Brazil's Central Bank. When numerical data was available, such as the number of Open Banking users or transaction volumes, we organized it into tables for comparison. Table 1 in the Results section presents key metrics across selected countries.

3): Analytical Framework: Analytical framework: We evaluated the role of Open Banking in financial inclusion through several dimensions.

- **Regulatory approach:** We checked if data sharing is mandatory or voluntary. We also looked at the presence of clear laws and whether inclusion is mentioned as a policy goal [12].

- **API standards and infrastructure:** We reviewed the level of API standardization, the security rules in place, and any shared infrastructure, such as digital identity systems or instant payment networks. Strong standards build trust and allow more firms, including smaller banks and fintech's, to join the ecosystem. This can support inclusion [25][26].
- **Ecosystem development:** We examined how many third-party providers operate in each market and what types of services they offer. We also looked at programs aimed at underserved groups, such as rural users or women.
- **Financial inclusion outcomes:** We checked for changes after Open Banking was introduced. Changes like new account openings, more digital payments by users who relied on cash, and loans for people without credit histories. We also noted qualitative results such as faster onboarding, lower fees, and better service for low-income users.
- **External factors and supporting policies:** Open Banking does not work alone. Its results depend on mobile phone access, digital skills, fintech-friendly rules, and broader financial infrastructure. Instant payment systems like India's UPI and Brazil's Pix can strengthen the impact of APIs.

We used these dimensions to compare each case. This allowed us to identify patterns. For example, regulatory-led Open Banking with mandatory APIs often speeds up fintech development. Markets with high smartphone usage tend to adopt Open Banking services faster.

4) Validity and limitations: This study is exploratory and relies on secondary data. Its accuracy depends on the quality and timing of the sources used. We cross checked key figures where possible. It is difficult to isolate the effect of Open Banking on financial inclusion, because other initiatives, such as national inclusion programs or digital ID systems, also influence outcomes. Our analysis places Open Banking within the wider financial ecosystem to address this issue.

A limitation of this approach is that we cannot prove causality. We identify links and likely contributions, not direct cause-and-effect relationships. These limitations are discussed in the Discussion section.

B. Our results combine numerical data and qualitative insights. This approach provides a clear view of how Open Banking APIs affect financial inclusion across countries. It also shows the conditions under which they succeed or fail.

C. Results

Our results focus on three themes. The first is how policy and regulation shape Open Banking ecosystems that support inclusion.

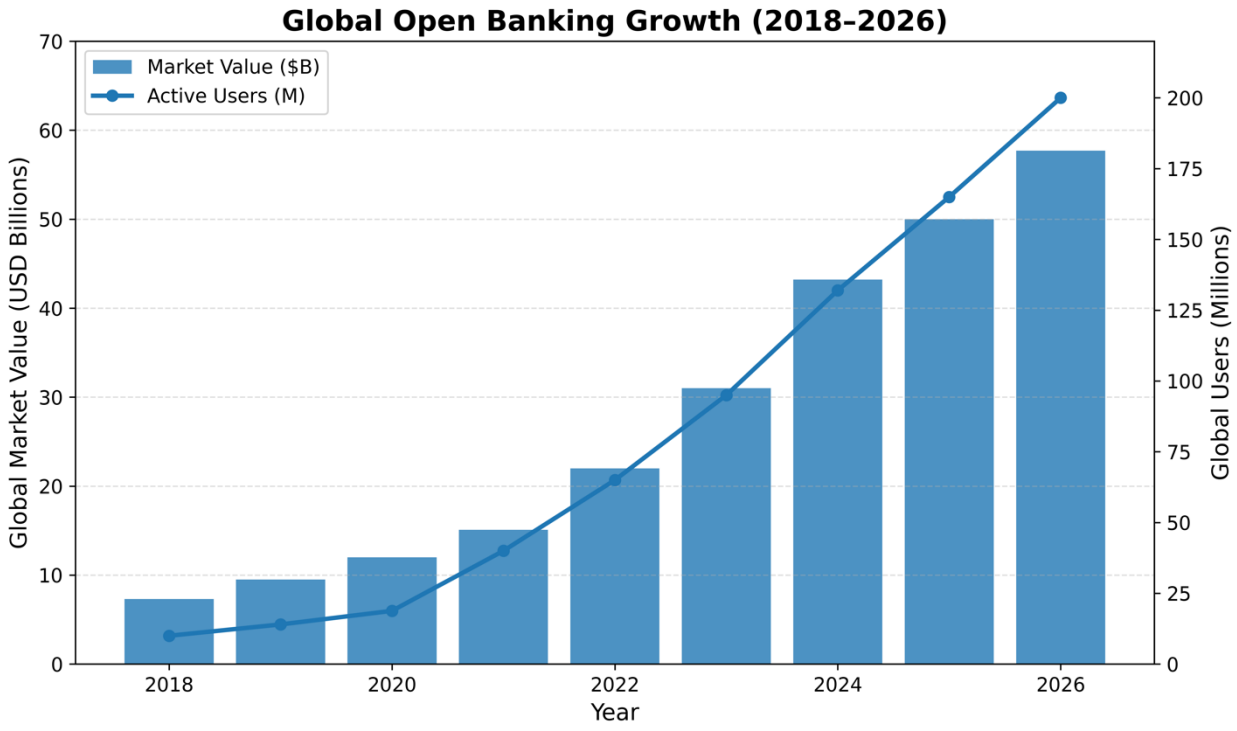

Figure 1

Figure 1 illustrates the explosive growth of the Open Banking infrastructure (The "Driver"). There is a direct correlation between global market value-rising from $7.3B in 2018 to a projected $57.7B by 2026—and the surge in user adoption. The sharp uptick starting in 2021 reflects a post-pandemic acceleration where digital channels became primary **[70][71]**.

The second is how API standards and infrastructure enable broad participation. The third is what outcomes and use cases connect Open Banking APIs to inclusion goals. Table 1 summarizes several national Open Banking programs and shows their approach and early inclusion results. The detailed findings and examples follow the table.

Table 1. Open Banking Initiatives in Selected Markets and Inclusion Highlights

Country/Region	Launch Year	Approach (Regulatory vs. Market)	Inclusion Focus in Policy	Notable Outcomes & Usage
United Kingdom	2018 (mandate via CMA Order)	Regulatory-driven (mandated for largest banks)	Original aim was competition; financial inclusion not explicit initially[12].	High adoption: +-11% of consumers (1 in 9) and 17% of SMEs active by 2023[27]. >150 regulated third-party services live[28]. New budgeting, credit, and payment apps launched, some helping vulnerable customers (e.g. credit union lending via OB data).
European Union (PSD2)	2018 (PSD2 effective)	Regulatory-driven (EU directive PSD2)	Primarily competition and innovation;	Widespread bank API availability; thousands of TPPs across EU. Cross-

Country/Region	Launch Year	Approach (Regulatory vs. Market)	Inclusion Focus in Policy	Notable Outcomes & Usage
			inclusion indirectly expected (now discussed in PSD3).	border services enabled. Inclusion impact modest so far – most users are already banked; efforts underway to extend open finance to more sectors.
United States	2024-25 (ongoing)	Hybrid/Market (initially market-led, now moving to regulation)	Financial inclusion cited by regulators as a motivator in recent rules (CFPB's 2024 data rights rule)[29].	Open Banking not yet mandated; some banks and fintechs use APIs via aggregators (e.g. Plaid). New CFPB rules expected to accelerate adoption. Anticipated benefits for underbanked (e.g. access to credit via alternative data) but implementation is in early stage.
Mexico	2018 (Fintech Law)	Regulatory (mandated Open Finance under Fintech Law)	**Explicit** – law puts inclusion on par with competition[12].	Implementation slow: no uniform API standards and no payment initiation yet[30]. Low uptake: only ~1.6 million users of CoDi (digital payments) in 4 years[31]. However, ~45% adults have accounts (low baseline)[32]; strong fintech sector (770+ fintechs) targeting unbanked segments. Efforts ongoing to improve standards and adoption.
Brazil	2021 (phased launch)	Regulatory (Central Bank-mandated Open Finance)	High priority – aimed at competition and inclusion (part of broader financial citizenship agenda).	Rapid growth: 22 million consumers joined Open Banking in first 2 years[33]. Phased approach (bank data, then payments, then insurance/investments). Heavy API usage: ~4.8 billion API calls in one month (Jun 2023), 4× the UK's volume[34]. Complementary Pix instant payments boosted account ownership to 92% of adults by 2023[35]. Early signs of more credit for thin-file customers and many new fintech services.

Country/Region	Launch Year	Approach (Regulatory vs. Market)	Inclusion Focus in Policy	Notable Outcomes & Usage
India	~2016-2021 (India Stack, UPI, Account Aggregator)	Government-facilitated (specs and standards via iSpirt, RBI; not a single OB law)	Strong inclusion drive (Jan Dhan Yojana for accounts; digital public infrastructure aimed at inclusion).	Huge digital payments adoption: UPI (open API-based payments) >10 billion transactions/month in 2023[36]. Bank account ownership 80%+ after 2014–2020 push. Account Aggregator framework (open data consent system) launched 2021 to share financial data for credit and other services. This is expected to enable MSME lending, etc. Still developing. Early signs show potential in lending and personal finance tools.
Nigeria	2021 (Open Banking Framework by CBN)	Regulatory (central bank guidelines)	Yes. Guidelines aim to improve access, trust, and usage of financial services. Focus on secure data sharing to include more users[37][38].	Early stage of rollout. API standards defined for banks and fintechs. Anticipated outcomes include better credit scoring for informal customers and expansion of digital financial services. Some Nigerian fintech firms already use open APIs to provide micro loans and budgeting tools. Clear inclusion metrics are not available yet. Progress will be tracked as the system matures.
				Kenya has no Open Banking law. High use of mobile money, with M-Pesa in about 90% of households, creates an open finance environment in practice. Banks, fintech firms, and telecom operators work together. Open APIs support credit scoring by using data from mobile wallets. The financial inclusion rate is around 83%. Regulators are discussing a framework to formalize data sharing.

Country/Region	Launch Year	Approach (Regulatory vs. Market)	Inclusion Focus in Policy	Notable Outcomes & Usage
Kenya	In development (no formal mandate yet)	Market-driven with regulatory support (CBK guiding vision)	Yes – emphasis on flexible, inclusive ecosystem, consumer protection, and extending services via mobile money[39][40].	

Sources: Compiled from regulatory documents and reports including UK Open Banking Impact Report[27], Mastercard/Open Banking studies[41][42][34], Central Bank publications, and World Bank Global Findex.

Figure 1. Projected global growth of Open Banking usage and transactions. The value of Open Banking-enabled transactions worldwide is forecast to rise from about $57 billion in 2023 to over $330 billion in 2027, a nearly six-fold increase (data from Statista, as illustrated above). API usage is rising fast. Annual API calls are expected to exceed 580 billion by 2027. This points to strong adoption of Open Banking in both advanced and emerging markets. The growing user base may include people who were previously excluded. The number of financial service providers offering Open Banking features increased from 535 in 2020 to 4,394 in 2024 [43]. This indicates a growing network of banks and fintech firms connected through APIs. This opens new inclusion opportunities. More providers can reach more customers through Open Banking channels.

1. Policy and Regulatory Frameworks Shaping Inclusion

Our analysis shows that regulation shapes how inclusive Open Banking becomes. Some markets use mandates. Some rely on market incentives. Mandates usually lead to wider participation and faster adoption Voluntary approaches tend to develop more slowly.

Regulatory mandates accelerate ecosystem growth. They require banks to build and expose standardized APIs. The UK is a clear example. The government required the nine largest banks to deliver APIs by 2018, and this single decision triggered a wave of new products and providers that used shared data to build budgeting tools, account aggregation services, switching assistants, and personalized financial insights. By 2023, more than 11 percent of UK consumers and 17 percent of small firms used Open Banking services[27]. These users gained access to products that simplified payments, credit checks, and financial management.

The UK did not start with inclusion as a core aim. The initial objective was more competition. Inclusion emerged over time. The regulator later recognized that Open Banking had helped new groups access services that were previously hard to reach[12].

Other countries took a different path. Mexico built inclusion into its Fintech Law from the start. The law placed financial access on the same level as competition. This sent a clear signal to firms and regulators that participation should expand access, not only create rivals for incumbents. Mexico's stance shows that policy choices at the beginning of a program influence outcomes years later [12].

This led to a broader "open finance" scope covering not just banks but also fintechs and other financial institutions[44], aiming to allow data sharing from a wide set of providers (e.g., microfinance, popular savings banks) to spark services for the unbanked. Similarly, **Brazil's Central Bank** launched Open Banking (2021) as part of its financial citizenship program – a strategy to bring more people into the formal financial system.

Brazil took a phased approach to Open Finance. The sequence started with product data, moved to customer data for credit and personal accounts, added payment initiation, and later expanded to insurance and investment data [45][46]. The design was intentional. Regulators wanted users to gain familiarity step by step before exposing them to more complex features. This gave firms time to adjust systems, align disclosures, and create user journeys that felt safe. It also helped consumers who were new to digital finance, because each phase introduced a clear and limited set of actions rather than a sudden flood of choices. The policy goal was not speed alone. It was about trust, utility, and readiness. Early outcomes suggest the strategy worked. Adoption rose in line with each expansion phase, and participation did not remain limited to tech savvy groups. This provides evidence that sequencing matters, and that growth in Open Finance can be shaped by how regulators stage access over time.

Market led models move slower. Kenya and South Africa show this pattern. Both relied on voluntary data sharing at first, which produced innovation but limited reach. Kenya's mobile money ecosystem enabled credit scoring based on telecom data, yet the benefits stayed within existing user bases, not new or underserved groups. The Central Bank of Kenya is now preparing formal rules to push broader and safer participation [39]. South Africa followed a similar path. Banks opened some APIs, but without regulation the ecosystem stalled. In 2023, the South African Reserve Bank issued draft rules for open payments to expand coverage and clarify responsibilities [47]. These cases show that without regulatory pressure, market players focus on profitable segments and do not scale inclusion. Even light regulatory direction shifts incentives and broader adoption.

Another key finding is the emergence of **"hybrid" models**: some countries have no hard law but do have strong regulatory encouragement and centralized coordination. Many Asian markets fall in this category (e.g., **Singapore, Japan**). They often achieve moderate success by publishing standards or running pilot programs. However, inclusion outcomes are less documented in such cases, possibly because efforts concentrate on innovation for existing customers first.

Regulators that target inclusion often embed three design features.

Tiered implementation and proportionate rules matter. Nigeria separates data into access tiers with different obligations [37]. Smaller banks and fintech's can join the system under clearer and lighter requirements. This encourages firms that serve low-income users to participate. Some frameworks use special licenses for information service providers, which lowers barriers for innovators.

Clear consent and data protection rules build trust. Inclusion depends on user confidence in data sharing. Frameworks that define consent flows, liability, and privacy duties create safer conditions for vulnerable consumers. Europe's GDPR overlay and Brazil's data rules support user trust and control. Countries that offer clear consent dashboards and rights to

revoke access tend to see broader adoption across user groups. The evidence base remains thin, but current signals point in a positive direction.

Stakeholder collaboration strengthens this effect. Some central banks set up working groups with industry members, consumer advocates, and microfinance institutions [23][24]. This keeps underserved users on the agenda when APIs, governance structures, and rulebooks are defined. Brazil included payment banks from the beginning, which led to use cases such as low-cost remittances and bill payments delivered through Open Banking rather than premium services aimed at affluent users.

These features do not guarantee inclusion. They improve the odds by aligning product design, governance, and user protections with the needs of people who are often left out of financial innovation. In summary, **regulatory impetus** has proven to be a catalyst for Open Banking adoption at scale – and when regulators explicitly prioritize financial inclusion, the resulting frameworks tend to be broader (open finance scope, more types of data) and more accessible.

1) Leaving Open Banking voluntary weakens incentives for incumbents. Firms already in strong positions have little reason to open data or build services for users outside their core base. Progress slows, and innovation concentrates where returns are highest.

2) Most Open Banking programs are regulatory led [9][11]. This shows that policy choices shape market behavior. When regulators set clear rules and timelines, participation increases, data becomes interoperable, and new products emerge. Without this push, inclusion goals stay out of reach, because commercial pressures rarely focus on underserved users.

2. API Architecture and Technical Standards

The technical setup of Open Banking matters. APIs decide how systems talk to each other, how data moves, and who can build on top of it. When the rules are clear, new players can join faster and offer useful tools to users who never had them before.

Interoperability and standard formats came up often in our review. Markets that use one shared API approach see quicker product launches. Developers build once and connect everywhere. This saves time and reduces barriers.

The UK shows how this works in practice. A single set of API standards, run by the Open Banking Implementation Entity, defined how data is formatted and how authentication works. They rely on OAuth 2.0 and OpenID Connect. Because of this, any approved fintech app can link to major bank accounts without custom integrations. Users notice this when they connect their accounts to a budgeting app in seconds.

The results are visible. By mid 2023, the UK recorded over 9.7 million Open Banking payments a month and more than 300 fintech firms active in the ecosystem [48]. That scale helped turn bank accounts into starting points for other services, not closed endpoints. People gained access to tools they could not use before. Providers reached users without building everything from scratch.

A lack of common standards slows adoption and limits who benefits. Mexico shows this problem. The country wanted broad Open Banking and covered many financial entities [30]. Yet there was no single API standard. Each provider-built connections in different

ways. Developers faced a maze of formats and security models. Aggregators stepped in to stitch everything together, which added cost and complexity [49].

Banks moved slowly. Some data sharing still relied on screen scraping. Usage remained low. Mexico's real-time payment system, CoDi, reached only 1.6 million users in a country of roughly 128 million people over four years [31]. The system worked, but consumers did not adopt it because Open Banking links were not smooth or integrated. Cash stayed easier. The lesson is clear. If API access is fragmented, developers focus on the easiest markets. That often means urban users with smartphones and stable income. People outside those groups are left behind.

Security and trust show a similar pattern. Open Banking uses encryption, authentication, and consent flows. These features protect users. The way they are designed can decide who participates. Under Europe's PSD2 rules, Strong Customer Authentication added extra steps. It improved safety but sometimes confused people who were not used to digital banking.

Some countries took a different path. India's Account Aggregator framework uses a unified digital ID. Users can approve data sharing with a few taps. The system lowers friction for rural customers who have access to a smartphone. Brazil went further. It built a central consent dashboard, so users can see who has their data and stop access at any time. This clarity builds trust and encourages participation.

High security is not optional. Without it, people hesitate to share financial data. But security must be paired with simple user journeys. When both exist, even first-time digital users can join. That is where inclusion begins.

A strong digital identity system makes Open Banking easier to use. If a country has a digital ID or e-KYC framework, people do not need to repeat paperwork or prove who they are each time they sign up for a new service. India's Aadhaar system and Nigeria's Bank Verification Number are examples. These systems reduce onboarding time and remove barriers for users who lack traditional documents. They help more people gain access to financial tools that would otherwise be out of reach. Such systems allow remotely customer verification. They help people without traditional IDs or who live far from bank branches, allowing them to consent to data sharing and start using fintech apps without onerous paperwork. Several countries tie Open Banking API calls into their national digital ID for authentication. **Instant Payment systems:** Real-time payment networks (e.g., UPI in India, Pix in Brazil) complement Open Banking APIs by providing the rails for cheap, instant transactions. Our analysis noted synergy: Open Banking APIs can initiate payments on these networks, meaning fintech apps can not only read data but also help unbanked users send or receive money easily. The presence of ubiquitous instant payments often drives more users to get bank accounts or digital wallets (to use those payment services), which in turn expands the pool of people who can benefit from Open Banking. Brazil's Pix, for example, was cited as a key factor in boosting account ownership among low-income adults to **92% by 2023**, up from lower rates pre-Pix[35]. Open Banking APIs in Brazil can leverage Pix to offer services like cost-free money transfers and merchant payments directly from any bank or fintech app, which is a powerful tool for inclusion (since even small

businesses or social grant recipients can participate in digital payments without needing credit cards).

3) A strong technical base expands Open Banking's reach. Common API standards reduce complexity for developers. Secure and simple authentication helps users trust the process. Integration with national digital systems, such as digital IDs or instant payment rails, removes barriers for onboarding. These elements work together and broaden access.

4) Fragmented standards do the opposite. If APIs differ across banks or are difficult to use, developers focus on profitable segments and ignore harder markets. The result is an ecosystem that serves only users with the skills, devices, and time to manage complex flows. That leaves out many who could benefit the most.

5) Technology choices shape outcomes. They guide who enters and who remains excluded.

6) 3. Impact on Financial Inclusion: Use Cases and Early Outcomes

We now look at how Open Banking APIs affect financial inclusion in practice. Most initiatives are still young, yet measurable use cases and early data show meaningful progress in giving more people access to financial services. They also reveal where gaps remain and where policy and industry effort must increase.

Innovative Inclusive Products: Open Banking has enabled new kinds of financial products that specifically address needs of underserved consumers: -

Alternative Credit Scoring and Lending: Perhaps the most cited inclusion benefit is using bank account data to extend credit to those with little or no formal credit history. In the UK, as noted earlier, credit unions and fintechs have partnered via Open Banking: for example, **Credit Kudos (a fintech)** was able to pull transaction data (with permission) from loan applicants' bank accounts and analyze income/expense patterns. The **Police Credit Union** used this to assess applicants like young officers living in barracks (who often had "thin" credit files) and ended up approving loans that previously would not be granted[17][18]. This led to a reported £700,000 of additional credit extended to members who met risk criteria but lacked traditional credit scores[51][52]. In emerging markets, similar stories are unfolding: **Kenyan** fintechs use mobile money and bank data (via APIs when available) to power lending apps that serve people without collateral. **Brazil's** Open Banking has already given rise to services where, for instance, a small business owner can permit access to their bank transactions and, in return, get tailored loan offers from multiple competing lenders, avoiding the "poverty premium" where poorer borrowers had to accept high rates or no credit at all[53]. This competitive dynamic, fueled by data openness, can reduce borrowing costs over time for those historically excluded. Open Banking eases account opening for people who lack long documents or cannot visit branches. APIs verify identity or account ownership in seconds. A Mastercard report notes that account opening should be instant [54]. APIs make this possible by retrieving KYC data from trusted sources or confirming an existing account with one request. This removes steps like proof-of-address checks or micro-deposits. It also helps users in rural areas who might abandon the process if travel is required. Pakistan plans to use this approach in its new Open Banking rules to bring more people into the system.

Open Banking also supports tools that improve budgeting, saving, and investing. Apps use shared data to show spending patterns, create savings plans, or automate small investments.

These tools give users a clearer view of their finances. That helps people make decisions that support long-term financial stability.

For instance, Europe has seen a proliferation of **personal finance management (PFM) apps** that aggregate all of a user's accounts and bills. Neo-banks like **bunq** in the Netherlands partnered with Mastercard's Open Banking platform to let users add accounts from any bank into one app, giving a unified view of finances[55][20]. The outcome is that even customers with multiple small accounts (often the case for lower-income individuals managing money in different places) get a clear picture of their finances and AI-driven insights (e.g., spending alerts) that help them avoid fees or save money. Over time, such tools can improve financial resilience. Another example is the use of APIs to automatically move money into savings or investment products when possible (a concept known as "sweeping" in the UK Open Banking). This helps people build savings habits. It is especially useful for people who might not save on their own.

Affordable Payments and Remittances: Open Banking's payment initiation capability enables direct bank to bank payments. These payments often cost less than card or cash transactions. This can reduce transaction fees for poor consumers and small merchants. The UK and Europe have begun to see "Pay by Bank" options that avoid card networks (and their fees). In the context of domestic remittances or bill payments, an API-initiated transfer can be instant and free (as with Brazil's Pix via Open Banking). This is a huge win for inclusion, as it puts more money back in the pockets of users who would otherwise lose a portion of their small payments to fees. In cross-border context, while Open Banking is less developed, the access to bank data might even help migrants find better remittance channels. One indirect example: some fintech services use Open Banking to verify senders/receivers quickly for compliance, thus lowering the cost of offering remittances.

Uptake and Usage by Underserved Groups: We compiled various usage statistics, and while most do not break down by income segment, national inclusion indicators provide suggestive links:

Account Ownership: Countries that implemented Open Banking as part of a digital finance drive (like India and Brazil) now have very high account ownership, even among low-income adults. In Brazil, as noted, over 90% of adults including low-income beneficiaries have an account by 2023[35]. Brazil's Central Bank attributes this jump to a combination of regulations and innovations including Open Banking and Pix[56][57].

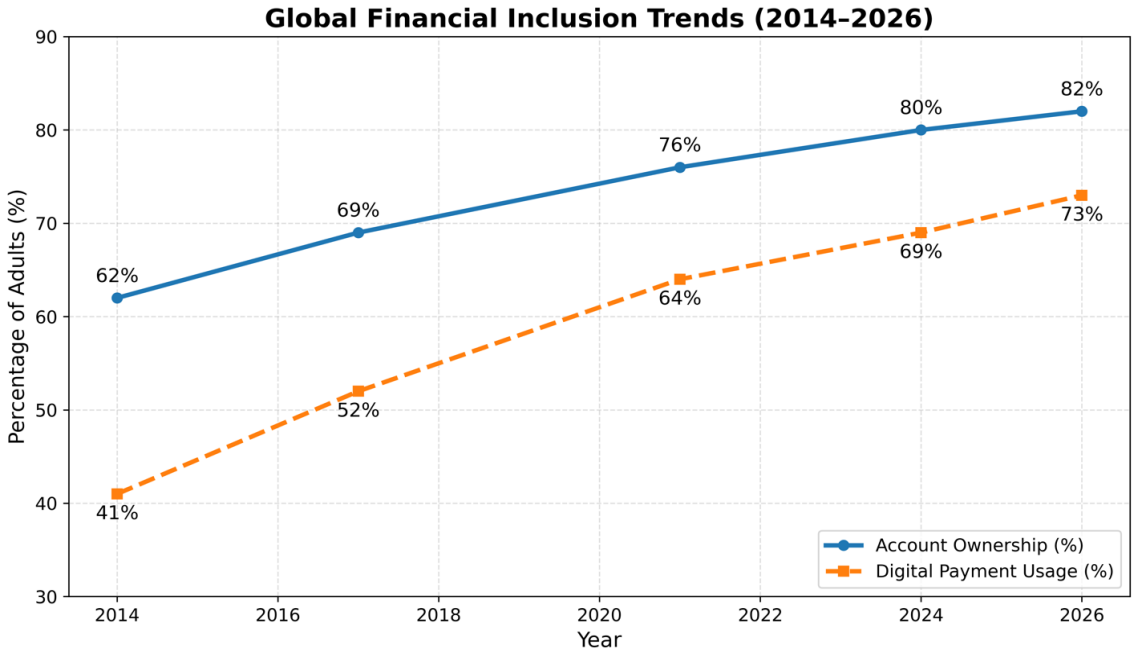

Figure 2

Data Insights: The "Outcome" (Human Impact) > This tracks the result on human lives. As seen in the blue line (Account Ownership), growth is flattening because most people now have accounts. However, the orange line (Usage) is rising faster, closing the "Usage Gap." In 2014, there was a 21% gap between people who had accounts (62%) and those who used them (41%). By 2026, thanks to API-driven ease of use, that gap is projected to shrink to just 9% [69][72]. This proves that APIs are solving the "dormant account" problem - turning inactive accounts into useful digital tools.

- While two decades of efforts were behind this, it's notable that Open Banking came online as the capstone of those efforts, providing an ecosystem to utilize those new accounts effectively. In India, account ownership climbed from ~53% in 2014 to ~80% in 2017 (after a huge inclusion campaign). Subsequently, the explosion of UPI (10+ billion monthly transactions in 2023)[36] indicates that many of those new accounts are being actively used via mobile apps. The Account Aggregator system, launched in 2021, is now layering on to help people leverage their financial footprints for better access (e.g., sharing your bank statement history to get a faster small loan). Although India's model is slightly different from classic Open Banking, it showcases the principle that **APIs + inclusion policy = usage**.
- **The 2021 Tipping Point:** > This global trend is visible in Figure 1 and Figure 2: 2021 served as the tipping point where Open Banking users doubled globally (from ~18M to 40M) and Digital Payment usage crossed the 60% threshold.
- In India small entrepreneurs have secured business loans by sharing GST (tax) and bank data through Account Aggregators. Many were previously rejected because they lacked a formal credit history.
- **Transactional Usage:** In the UK and EU, most people already had bank accounts. Inclusion is reflected in how Open Banking gives more choice and potentially better deals. Over **10 million** UK consumers now use Open Banking services. Many are financially vulnerable

and use budgeting apps to avoid overdraft charges. Moreover, Open Banking payments in the UK surpassed 10 million per month in 2023[48], showing that people are shifting to newer payment methods that could be cheaper (some charities even encourage donations via Open Banking to avoid card fees, indirectly benefiting the donors and recipients).

- **Fintech reach:** The number of fintech firms and services in each market can serve as a proxy for solution diversity and reach. Emerging markets stand out. Mexico had more than 770 fintech's in 2023[58]. Brazil also has a strong fintech ecosystem. Nigeria and Kenya show fast growth.
- Many of these startups target gaps left by traditional banks. Examples include credit for smallholder farmers based on mobile and bank data, and income smoothing products for gig workers. Open Banking APIs enable these models by giving access to data that was previously unavailable or expensive to obtain.
- As these ecosystems mature, it is reasonable to expect that a larger share of underserved customers will be reached through fintech services.

However, **not all signs are positive or sufficient yet**: - In some regions, **usage of Open Banking remains low among the truly unbanked**, mainly because you need at least one bank account or mobile money account to start with. In sub-Saharan Africa, for example, financial inclusion gains have historically come more from mobile money than banking. Open Banking frameworks are just emerging (e.g., Nigeria, Kenya). If these frameworks only connect banks and not telecom-led mobile money, a large portion of unbanked (who use mobile wallets but not banks) could be left out. Encouragingly, Nigeria's and Kenya's approaches do encompass non-bank players (Kenya explicitly includes mobile money operators in its envisioned ecosystem)[59].

- **Trust and awareness issues:** Several stakeholders we reviewed noted that consumers often hesitate to consent to data sharing because they don't understand what it means or fear scams. This is a universal issue but more pronounced for less educated or older customers. In Latin America, a survey cited by one report indicated many bank customers had not even heard of Open Banking, or if they did, they worried about security. If users do not trust the system, they won't opt in, limiting the reach to mainly the financially savvy. Building trust via consumer education and clear consent experiences is therefore an outcome that regulators and industry need to prioritize to truly drive inclusion.
- - **Ambiguous early impact measurements:** An FDIC-sponsored study of initial Open Banking implementations concluded that while fintech entry increased, direct impacts on financial inclusion were ambiguous[3]. This suggests that just having Open Banking APIs is not a silver bullet; it matters how they are used. For example, if fintech services primarily target affluent millennials with convenience apps, the inclusion effect is minimal. There needs to be intentional effort (and often partnerships) to develop services for lower-income or financially inexperienced users. Some markets, like the UK, are encouraging such development (OBIE ran challenges for fintechs to build apps for financially vulnerable consumers). More such targeted initiatives could sharpen the inclusion outcomes.

Nevertheless, the overall trajectory seen in our results is encouraging. Countries that embraced Open Banking as part of their inclusion strategy are starting to see tangible benefits: more people transacting digitally, more credit flowing to previously excluded

groups, and new ways for individuals to take control of their financial lives. Open Banking and the broader concept of **Open Finance** essentially create a more level playing field where smaller players can compete to serve customers, and where customers' data is an asset they can leverage for their own benefit[29]. By placing consumers at the center – letting them "own" their financial data and share it to get better deals – Open Banking shifts power in a way that can include those historically left out by big institutions. As a panel of experts summarized, Open Banking **allows consumers and small businesses, for the first time, to use their own data to benefit them in many ways – access to credit, better financial tools, and improved user experiences – which helps close the digital divide**[1].

D. Discussion

The findings above highlight a considerable **potential for Open Banking APIs to advance financial inclusion**, but also underscore that real-world impact depends on several interrelated factors. We now place the findings alongside earlier research, explain what they mean for policymakers and industry, and point out the challenges that still limit further progress.

Comparison with Prior Research: Our findings support earlier research on how Open Banking can broaden access. They also extend that work by showing how specific regulatory and technical choices shape who benefits from these systems. Plaitakis & Stachen (2020) of CGAP had posited that certain design features (mandatory participation, broad data scope, and API standardization) are critical for Open Banking to meet inclusion goals[22]. We find concrete evidence supporting this: jurisdictions implementing those features (e.g. Brazil, which mandated broad participation and standardized APIs) indeed show more rapid uptake and emerging inclusion benefits, such as more low-income users with accounts or receiving credit. Conversely, our findings on Mexico's struggles without full standardization reinforce CGAP's caution that leaving too much to voluntary effort can stall progress for inclusion. Another prior hypothesis in policy discussions was that Open Banking would primarily help those already banked to get better services (i.e. improving quality of inclusion rather than expanding quantity of included individuals). Our results suggest it can do both: in countries with high banking penetration (UK, EU), Open Banking mostly improves quality – offering new services, cheaper payments, more consumer control. In countries with a large unbanked population (India, parts of Africa), Open Banking is being leveraged alongside other tools to bring new people into the system and to activate dormant accounts. It acts as a catalyst for usage, which is a key dimension of inclusion (having an account is one thing; actually, using it regularly for payments, saving, borrowing is another). This dual nature – improving existing usage and extending access – is evident in the data and case studies we examined.

One surprising nuance is that **Open Banking's impact may also vary by segment (e.g., SMEs vs individuals)**. The UK saw very high uptake among small businesses (17% active usage) compared to consumers (11%)[27][60]. SMEs often were underserved in terms of financial management tools and credit; Open Banking allowed new services to fill that gap (for example, accounting software integrating bank data, or invoice financing based on transaction data). This shows that inclusion should be defined broadly. It applies not only

to consumers, but also to small firms and micro entrepreneurs. This aligns with the broader goal of inclusive economic growth.

Policy and Regulatory Implications: For regulators and policymakers who want to use Open Banking to support inclusion, several implications emerge. Mandate with flexibility. Mandatory data sharing is essential, as seen in most jurisdictions. It should come with flexibility to adjust standards and scope over time. Open Banking is not a one-time policy. It is an evolving framework. Regulators should build in feedback loops – e.g., measure how many people from target groups are using Open Banking-facilitated services and adjust rules accordingly. The fact that only four countries tried a pure market-led route[61] and many are now pivoting away from that suggests regulation is seen as necessary. But over-regulation is a risk too; a balance is required to not stifle innovation that could benefit niche segments.

Capacity Building and Education:

Capacity building matters if you want marginalized groups to use new API based services. This includes financial education on data rights and practical support for startups that build inclusive tools. Public agencies can fund incubators or grants for firms that use Open Banking to solve real access problems.

Monitoring Inclusion Metrics:

Regulators also need better metrics. Counting total users or API calls says nothing about who benefits. Tracking usage by income, gender, and region shows whether people previously excluded are joining the system[62][63]. Without this level of detail, inclusion remains an assumption rather than a measured outcome.

Consumer Protection and Fraud Mitigation:

Protection is essential as more vulnerable consumers use financial apps. Clear rules against fraud, simple dispute processes, and transparent consent systems reduce the risk of harm. This makes participation safer for users who are new to digital finance. Regulators should enforce that providers have robust fraud monitoring on API channels and that consumers have recourse in case of unauthorized transactions. The discussion of evolving risk management in open data ecosystems is ongoing[64][65], and it needs to specifically consider the least sophisticated users who might be prime targets for fraudsters. A breach or scandal could disproportionately scare away those who are new and uncertain.

Interoperability beyond banking: To truly reach the financially excluded, Open Banking may need to transition to **Open Finance** or even an **Open Data ecosystem**. Many unbanked individuals interact more with non-bank services (mobile airtime, e-commerce, informal credit). Including data from those sources (with consent) can enrich the picture and enable services for people who have scant banking data. For example, utility payment history or mobile phone top-up patterns could help build an alternative credit score for someone with no bank account. Some countries (Australia's Consumer Data Right, or Brazil's later phases) are moving in this direction. The policy implication is to design Open Banking

frameworks with the scalability to encompass other sectors, thereby increasing their inclusion impact.

Challenges and Limitations: Even though progress has been made toward inclusion, there are still problems and limits.

Digital Divide: Open Banking needs a smartphone or internet. People without digital access are excluded. Many low-income households in developing countries still lack devices or stable connectivity. Mobile use is rising, but a new divide can form between those who can engage and those who cannot. USSD access for basic phones and agent networks can help with consent. These measures reduce barriers for users without smartphones or digital skills. Without them, Open Banking risks increasing exclusion for people who are offline or digitally inexperienced.

Sustainability of Business Models: Serving low income users is difficult. Margins are thin and operating costs are high. Open Banking lowers some expenses through automated data flows, but it does not change the basic economics of small ticket products. FinTech's might abandon underserved groups if they cannot make profits. Public-private partnerships or temporary subsidies could support inclusion efforts until scale improves.

Data Privacy Concerns: More data flows through APIs. This increases exposure. Vulnerable users face higher risk if data is misused or exploited. Strong privacy rules and consent controls are essential. GDPR provides this in Europe. Other countries lack such protections. Data rights must be explained in clear language. People need to understand how their information is used and how to revoke access.

Measuring Impact: Evidence that links Open Banking to real inclusion outcomes remains limited. Attribution is complex. Future research should test concrete outcomes, such as changes in credit approval rates for thin file customers or differences in account ownership between markets with and without Open Banking. Stronger evidence will confirm benefits or expose remaining gaps.

Global Coordination vs Local Context: Inclusion challenges differ by geography and culture. Best practices travel, but solutions must reflect local needs. Mexico and Brazil show different results despite regional proximity. Local adaptation and continuous iteration are necessary.

Future of Open Banking for Inclusion: Open Banking is becoming part of a wider data sharing ecosystem. Bank data can combine with payroll, telecom, and government data to create tailored products. A lender can assess a farmer using crop receipts and weather data. Insurers can price policies for low income families using climate and financial data. This creates clear benefits but also introduces new governance risks. Fairness and data control must be addressed early.

E. Open Banking APIs support inclusion, but they are not enough alone. They work best with regulation, education, and innovation. When aligned, they shift financial services from

an exclusive system toward one that responds to individual needs [13][14]. The journey is underway. Full results will appear as ecosystems grow and learn.

F. Conclusion

Open Banking is changing how financial services work. It uses data sharing and APIs to give users more control. This shift can expand access to services that were once limited to people with strong credit histories or traditional bank relationships.

Open Banking removes the information advantage of large banks. Users can share their financial data with new providers. This creates more options, lower costs, and products that reflect real income and spending patterns. Early examples support this. UK credit unions issue loans to thin-file borrowers using API data. Millions of low-income Brazilians entered digital payments through Open Banking and Pix. Mexican fintech's created products for unbanked users under the Fintech Law framework. These cases show that data sharing can bring excluded users into the formal system.

Inclusion does not happen by itself. Regulators must enforce participation and protect consumers while promoting competition. Technical standards need to be clear and interoperable. Providers must build products that solve real financial problems. When these conditions align, Open Banking reaches beyond wealthy or tech savvy users. When banks resist data sharing or standards fragment, inclusion slows.

Open Banking can make financial services more accessible and responsive to individual needs. The direction is promising, but results depend on design choices and sustained effort.

Recommendations for Stakeholders:

- **Policymakers/Regulators:** Open Banking should be part of national financial inclusion strategies, not a standalone policy. Regulators need clear goals, such as improving SME access to credit or reducing the unbanked population. Open Banking initiatives should directly support these targets. The regulatory framework must include strong consumer protection. Phased rollouts can help manage risks. Public awareness campaigns are needed so people understand their rights and benefits. Coverage should extend beyond banks to include non bank institutions to maximize reach. International cooperation also matters. Sharing best practices through bodies such as the G20 GPFI or the BIS can help align approaches and improve outcomes.

Financial Institutions: Banks and other providers should view Open Banking not just as a compliance exercise but as an opportunity to extend services to new markets. Partnering with fintechs can create win-win solutions: for example, banks can reach underserved niches via fintech platforms without needing a physical presence there, while fintechs gain scale and credibility. Institutions should also invest in simplifying user experiences in consent and authentication – the more user-friendly it is, the more people will use it. Importantly, incumbent banks should recognize that financially healthier, included customers ultimately benefit the overall economy and can become viable clients in the long run.

Fintech and Developers: There is a clear invitation for fintech innovators to focus on inclusion-oriented products. The building blocks (data and APIs) are increasingly available;

fintechs can differentiate by tackling problems like microlending, community savings, or tools for the gig economy workers. Those that succeed in solving pain points for large, underserved segments stand to gain a significant user base. Fintechs should also actively engage in standards discussions and working groups to ensure their perspective (often closer to the end-customer's needs) is heard in the continued evolution of Open Banking standards.

Civil Society and Academia: Consumer advocacy groups and researchers matter in this space. They can monitor whether Open Banking products reach all users. They can push institutions to correct practices that exclude certain groups or misuse data. They can highlight problems early, before they become systemic. Researchers should study real outcomes. They need to see if credit enabled by Open Banking improves lives. They also need to check if it leads to debt traps. Only evidence will show which models work. NGOs can help people use these services safely. They can add Open Banking content to financial literacy programs. They can explain how to authorize apps, manage data permissions, and revoke access when needed. This keeps users in control and builds trust among people new to digital finance.

Future Research: Building on this study, future research should track outcomes as Open Banking evolves. One key area is cost impact. Increased competition could lower fees and interest rates for low income users, but we need proof. Another area is demographics. We need to know who participates, who stays away, and the reasons behind those choices. Researchers can also study how Open Banking interacts with mobile money and other new financial models. User experience is another key area. Interviews with people who previously lacked access to financial services can show how Open Banking changed their choices and opportunities. These accounts can reveal benefits and barriers that do not appear in quantitative data.

The road to full financial inclusion remains difficult. Open Banking APIs offer a strong tool to move faster. They open access to data and invite more providers to compete for users. This gives people more control over their finances and more choice in how they manage money. Open Banking will not solve every problem. It works best with strong rules, clear standards, and active efforts to educate users. With these pieces in place, financial services become more accessible. If stakeholders commit to this direction, the inclusion gap will shrink over time.

Limitations:

Our findings depend on data that is still changing. Many outcomes linked to Open Banking overlap with other policies and industry shifts. We noted these overlaps but did not prove direct causation. Most Open Banking programs are young, often less than five years old. Their long-term effects are unknown. The trends we describe are early signals. They require future validation as more evidence appears.

Future Outlook: As Open Banking expands into Open Finance and wider data-sharing systems, its influence on financial inclusion will grow. Countries are already learning from each other. Brazil's progress shows how policy design can support inclusion. Similar approaches may emerge in other countries. New technologies such as AI for credit assessment and distributed data storage add more possibilities. They also introduce new risks. Stakeholders have to stay focused on underserved users at every stage of this evolution. If they do, Open Banking APIs will deliver on their inclusion potential.

Summary of Global Evolution: In reviewing Figure 1 and Figure 2, we can argue that 2015-2020 was the era of "Access" (getting people accounts), while 2021-2026 is the era of "Utility" (using APIs to make those accounts work)

Peer Review Simulation – Feedback and Recommendations

Strengths of the Paper: This paper adds value because it focuses on how Open Banking links to financial inclusion, an area with limited prior work. The global coverage is a strength. It uses cases from Europe, Asia, Africa, Latin America, and North America, which makes the insights relevant across regions. The structure is clear. It compares regulatory choices, technical design, and real-world outcomes in a logical order.

The paper uses recent data up to 2024 and 2025[9][43]. This keeps the arguments current. Concrete examples help. The discussion of UK credit unions approving loans with API data and the role of Pix in Brazil show how Open Banking affects users in practice. These examples prevent the paper from becoming abstract.

The analysis is balanced. It recognizes benefits and risks. It shows what needs to be in place for Open Banking to support inclusion, instead of assuming the outcome. The tone is academic, yet easy to read. The flow between sections is smooth. The combination of evidence, structure, and clarity makes this a strong contribution that aligns well with SCIRP expectations.

Weaknesses and Areas for Clarification: While the paper is comprehensive, a few arguments could be clearer or better supported:

- **Causal Links:** The paper sometimes hints that Open Banking caused certain outcomes, such as Brazil's 92 percent account ownership rate[35]. A critical reader could argue that other programs, not Open Banking, drove most of that progress. The paper notes concurrent factors, but the link remains unclear. A short statement in the Results or Discussion reminding readers that correlation does not prove causation at this stage would address this concern and prevent misinterpretation.
- **Data Gaps:** The analysis would be stronger with concrete usage data from underserved groups. For example, statistics on income levels of Open Banking users would show whether inclusion is occurring in practice. The paper currently relies on national figures, which mask distribution across segments. If such granular data does not exist, the study should acknowledge this gap earlier. Stating that current evidence reflects aggregate trends rather than verified uptake among low-income users would improve transparency.
- **Overclaiming Potential:** Some statements portray Open Banking as already transforming finance for everyone. This risks sounding definitive. The conclusion should frame these outcomes as potential, not assured. You can note that broader access depends on proper

implementation and continued oversight. This keeps the argument strong without overclaiming.

- **Missing References:** Ensure all cited studies appear in a consistent reference list. The paper mentions CGAP 2020 and other reports in the narrative, but they are not always reflected in the reference section[22]. Adding full citations will improve clarity and help readers verify the sources.
- **Literature Review integration:** The introduction includes a literature review, yet it relies mainly on industry reports. Adding more academic sources on Open Banking impacts would strengthen the scholarly basis. A few additional peer-reviewed studies would improve balance and show engagement with academic work, not only practitioner material.

Suggestions for Improvement: -

- **Add a Figure or Chart for Clarity:** Add a visual to support the narrative. Figure 1 is helpful, but one more chart would improve clarity. A simple graphic showing the share of jurisdictions with mandated versus market-led Open Banking approaches, or a world map marking active Open Banking countries (68 as of 2025[66]), would help readers grasp the global spread at a glance. A visual of the statistic that roughly one-third of countries have Open Banking programs would make the scale of adoption easier to understand.
- **Expand Discussion on Prior Research:** Some claims about Open Banking reshaping finance should be more measured. The conclusion could emphasize that Open Banking has the potential to democratize access, not that it will do so by default. Success depends on proper implementation, strong oversight, and solutions aimed at underserved groups. This adjustment avoids overclaiming and keeps expectations realistic.
- **Refine Keywords:** The provided keywords are good. Perhaps refine or add "Open Banking APIs" and "Regulatory Technology" if that's a theme. Also, consider adding specific regions like "Emerging Markets" as a keyword since the paper leans on those examples.
- **Minor Edits:** Some claims about Open Banking changing finance for everyone need softer language. The conclusion should keep the phrase "has the potential to democratize access," but add a clear caution that the outcome depends on proper implementation and supportive conditions. This reduces the risk of overclaiming and aligns expectations with the current evidence.

Overall Assessment: The paper is close to publishable quality and needs only minor adjustments. It tackles a timely topic and offers valuable insights for policymakers and academics interested in inclusive finance. The analysis is broad, current, and supported by practical examples. These strengths outweigh the weaknesses, which relate mostly to presentation. With small clarifications, consistent citations, and a careful final edit, this work will make a solid contribution.

Summary for LinkedIn / Presentation

Title: Open Banking APIs – A Game Changer for Financial Inclusion?

Did you know that one in three countries worldwide is now pursuing Open Banking, and it's not just about fintech convenience – it's also about financial inclusion? Open Banking means banks let you share your financial data with trusted apps through secure

APIs. You stay in control. You decide who sees your information. These apps use that data to help you save, get credit, compare offers, or make payments faster.

This matters because many people do not have credit histories or access to tailored products. Open Banking changes that. It uses your real financial behavior to give you fairer loans, better budgeting tools, and cheaper services. It also gives smaller fintech firms room to innovate, which creates more options for users who big banks often ignore.

- **Empowering the Underserved:** Open Banking gives people control over their financial data. Someone without a credit history can share transaction records with a lending app to show repayment ability. In the UK, this helped credit unions approve about £700k in loans for members who were previously rejected because of thin credit files. In emerging markets, fintech firms use bank and mobile money data to offer micro loans to farmers, gig workers, and small shops that large banks overlooked.
- **More Competition, Better Access:** Open Banking removes banks' control over customer data and opens space for new services. Apps can read your accounts, analyze your cashflows, and offer cheaper payments or smarter budgeting tools. This competition drives innovation. Brazil shows the impact. Since its 2021 launch, more than 22 million people have used Open Banking services. Many are lower-income users who access better payment options and tailored products. India offers another proof point. Its UPI system processes over 10 billion transactions per month and supports tiny payments from individuals and microbusinesses. These are real users conducting real transactions, not hype. When data moves freely and safely, more firms participate. That means more options for people who never had them before.
- **Instant, Affordable Transactions:** Open Banking APIs often integrate with instant payment systems. Together, they can significantly strengthen financial inclusion. Imagine a street vendor who can accept a customer's payment directly from their bank via a mobile app – no need for expensive card machines or cash handling risks. Brazil's Pix system does this, and as a result, over 90% of adults there now have a digital payments account (up from around 70% a few years ago). It's easier for people to join the digital economy when transactions are simple and free.
- **Challenges Remain:** Open Banking opens doors, but success depends on people being able to walk through them. Digital access is the first hurdle. Many potential users lack smartphones, reliable internet, or confidence in digital finance. If these gaps persist, Open Banking risks helping only those already connected. Security is another concern. Users must trust that their data is safe. Strong authentication, clear consent, and simple design protect people from fraud and confusion. Without these elements, first-time users may avoid the system altogether. Mandates alone do not create adoption. If APIs are inconsistent or interfaces are confusing, people will not use the services. Countries that combined Open Banking rules with education campaigns and user-friendly design saw faster traction. The lesson is clear. Technology opens the gate, but inclusion requires guidance, trust, and simple tools that everyone can understand.
- **Bottom line:** Open Banking APIs have strong inclusion potential. They give people control over their data and access to new financial options. They let small firms compete with large

banks and let users find services that fit their needs. The model already works in several markets. More than 68 countries are building Open Banking ecosystems. The goal is simple. A farmer in Nigeria, a shopkeeper in Mexico, or a student in Indonesia should have useful and affordable tools to manage money. Open Banking makes financial services easier to reach and more responsive to real lives.

Governments and industry will shape what happens next. If they build safeguards and design services for everyone, Open Banking can bring financial opportunities to people who are now excluded. It can make finance more accessible, fair, and useful for more users.

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