



## Open Banking - What You Should Know

by [Steve Brown](#)  [technology](#) [API](#) [open banking](#)

**Summary:** Open banking is here to stay. We explain what it is and why it is important for community financial institutions.

For golf, as with other sports, this year has been different to be sure. Many golf courses closed for periods of time and The Open Championship, scheduled to be held in July in England, was canceled for the first time since WWII. Another "open" that seems to be forging ahead is closer to home - open banking.

Open banking allows financial institutions to stay competitive as they engage their customers. Bank customers are now familiar with digital banking and the seamless nature of information flow. For this reason, it is important for community financial institutions (CFIs) to understand the elements of open banking, to ensure that they can continue to provide their customers with offerings that give them the speed, value, and convenience they expect.

### What is open banking?

In its most basic form, open banking is where financial institutions (FIs) share customer data digitally with their consent with third parties to provide a more seamless customer experience. The way that data is shared is through application programming interfaces (APIs). APIs are technical interfaces that have become increasingly sophisticated, representing integral components of the [Internet of Things](#) (IoT), which includes smart devices like Google Home and Apple watches. APIs make communication between devices and third parties more convenient and efficient.

There are three main types of APIs right now, private, partner, and open/public. Private APIs share information solely within an FI to boost efficiency. Partner APIs are used with preferred third-party partners such as clearinghouses, brokerages, and custodian banks. Lastly, open or public APIs are less commonly used. Yet, an example of this type of connection is with a loan-comparison app that could engage new customers shopping for a new loan.

### Why is open banking important for CFIs?

1. **Customers expect it.** Customers expect coordinated and convenient banking interactions these days. Interfacing with third-party applications to allow access to more complete financial information for your customers allows this to happen. With more comprehensive access to their financials on your app, your customers can make better financial decisions using your tools and additional services from your institution.
2. **Levels the playing field.** APIs are actually quite cost-effective for all FIs. So, you don't need to be a big bank to deploy open banking. CFIs can add value and enhance customer experience too, which helps retain and even gain customers. Open banking levels the playing field.

Prior to the pandemic, research found that 86% of global banks were considering APIs to enable open banking capabilities in the coming 12 months. While that number and level of commitment are likely to be higher today as customers' expectations have risen, the US lags behind other countries. Still, open banking is here to stay. PCBB is using open banking with our vendor ecosystem to add value for

our customers, most recently with the Payments Exchange: Foreign Exchange Services (formerly WireXchange®: FX) platform by Fiserv. [Contact us](#) if you would like more information.

## ENHANCED STRAIGHT THROUGH PROCESSING

PCBB has integrated with Fiserv's Payments Exchange: Foreign Exchange Services (formerly WireXchange®: FX) platform and offers Fiserv customers access to sophisticated international wire services, including straight through processing. Customers can also get innovative enhancements such as Canadian check imaging, and SWIFT gpi payments and tracking. Learn more about our [Fiserv platform integration](#).

## BANK NEWS

### **Parents Supporting Adult Kids**

A new Country Financial survey has found that 21% of parents with college-aged children or older have had them move back home. Further, 50% of parents are helping their children pay day-to-day expenses such as groceries, gas, cell phone bill with 21% paying their healthcare costs and 11% helping their adult children by paying their rent or mortgage.

### **Bank Security, Service, and App Experience**

[According to the ABA, 3 out of 4 people value FDIC-insured deposit accounts](#). When deciding where to have their money, the top three criteria were: 1) FDIC-insurance; 2) Best in-person customer service; 3) Best mobile app experience

### **More Boomers Retiring**

[Pew Research reports that more baby boomers are retiring](#) these days than in years past, with the YoY increase of 3.2MM retirees in 2020. Before this year, baby boomer retirees were increasing around 2MM annually. Job losses due to the pandemic are believed to have accelerated the pace this year.

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