



Days of future past

How Are APIs transforming the Banking & fintech industries ?

Table of Content

Introduction	3
Current Scenario in Banking & Fintech Industry Landscape	4
Past, Present and Future of APIs: A Quick Overview	5
Past of APIs: Back when APIs were just a concept	5
The Present of APIs: Current Stage where APIs are making massive impact	6
The Future of APIs: Shaping the Future	6
Why is API strategy important for the Banking & Fintech Industry	7
API Strategy: An Overview	7
Type of API Strategies for Banks	8
Benefits of implementing Bank APIs	8
API Ecosystem in the Banking & Fintech Sector	9
What is API Ecosystem	9
The API ecosystem's governing trends	9
Banking & Fintech Industry Trends	10
Open Banking & Fintech Movement	10
New regulations & compliances	11
Cryptocurrency - Opportunities in Fintech	13
The Future of API Marketplace in the Banking & Fintech Industry	14
Cloud adoption	15
API Monetization	15
Banking & Fintech Industry Use cases	15
What role does DigitalAPICraft play in the API Ecosystem	18
DigitalAPICraft's One APIMarketplace for Banking & Fintech	19



Introduction

Many banks and financial institutions have recently begun to monetize APIs and standardize Open Banking. This is the path that financial institutions are taking to improve the customer and banker experience.

The banking and fintech industry landscape has changed dramatically in recent years. API banking holds the promise of fostering innovation while lowering costs.

As a result, the API Marketplace and API adoption are now ruling the banking and fintech industries, allowing third-party companies to use a whole new set of services for a bank or financial institution.



Current Scenario in Banking and Fintech Industry Landscape

The COVID-19 outbreak has resulted in digital transformations in the global banking and finance industries. The banking and fintech industries have expanded dramatically to provide better experiences and services to customers.. The Global Fintech Market was valued at USD 112.5 billion in 2021 and is expected to reach USD 332.5 billion by 2028. (Source: Businesswire).

The emergence of APIs in the banking and fintech sectors has resulted in revolutionary changes over the last ten years.

APIs make it easier for applications to exchange information and interact with each other. Due to high demand, the banking sector was able to leverage convenient collaboration and networking.

The software's communication becomes more effective and seamless. As a result, clients receive timely informational updates. Furthermore, banks provide digital support to customers 24*7, regardless of location or timing.

Past, Present and Future of APIs: A Quick Overview

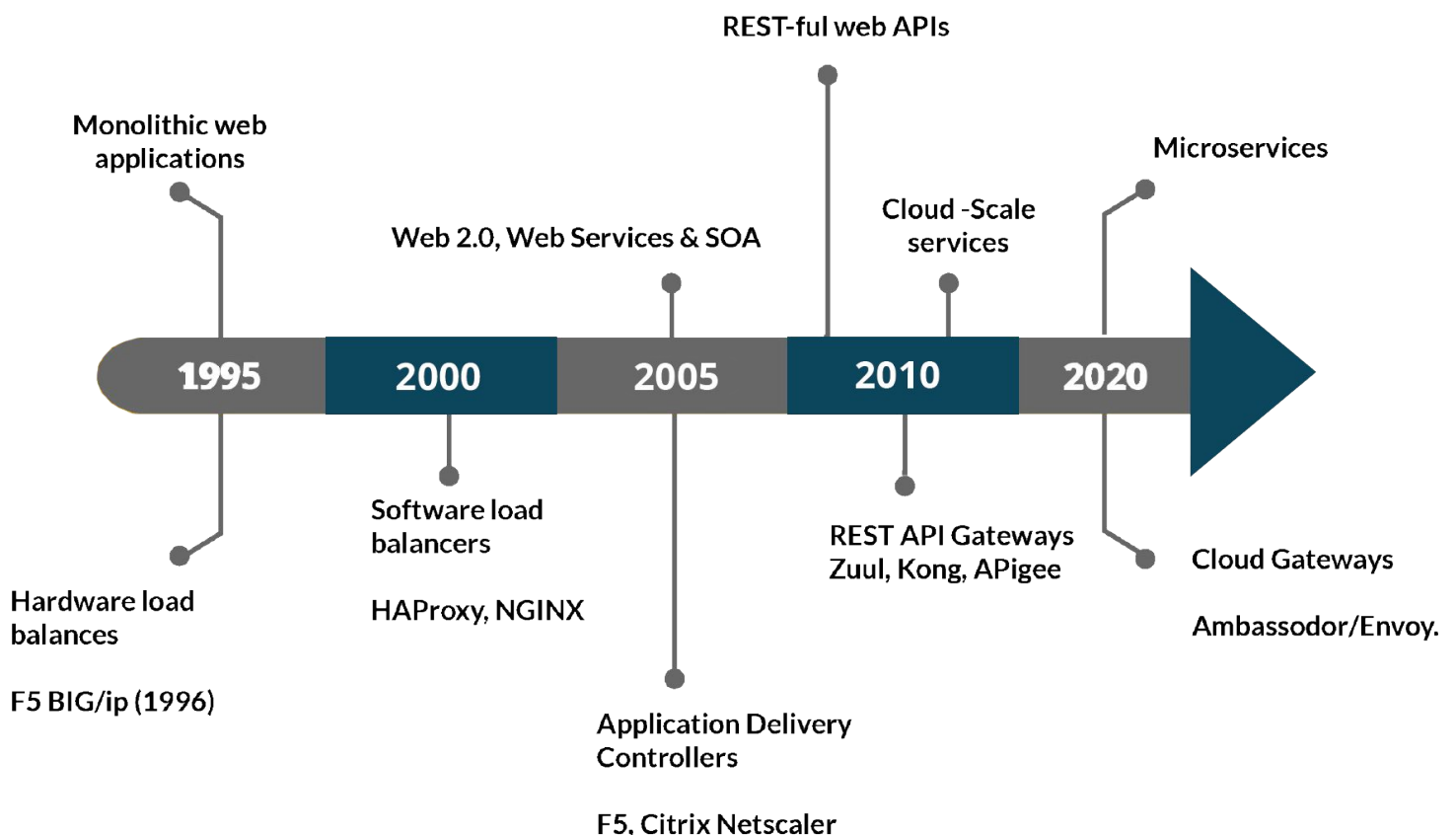
The Past of APIs: Back when APIs were just a concept

Did you know the API concept originated in the 1940s? Yes, the idea of an API is much older than the word itself. Many people are finding APIs new to the market, but they are not.

APIs have a rich history. The first API came into existence in 1995 as monolithic web applications, hardware load balancers, and then F5 Big IP in 1996.

The image below depicts the API journey, from its inception to its ongoing transformation.

Edge has evolved in response to app arch & workflow



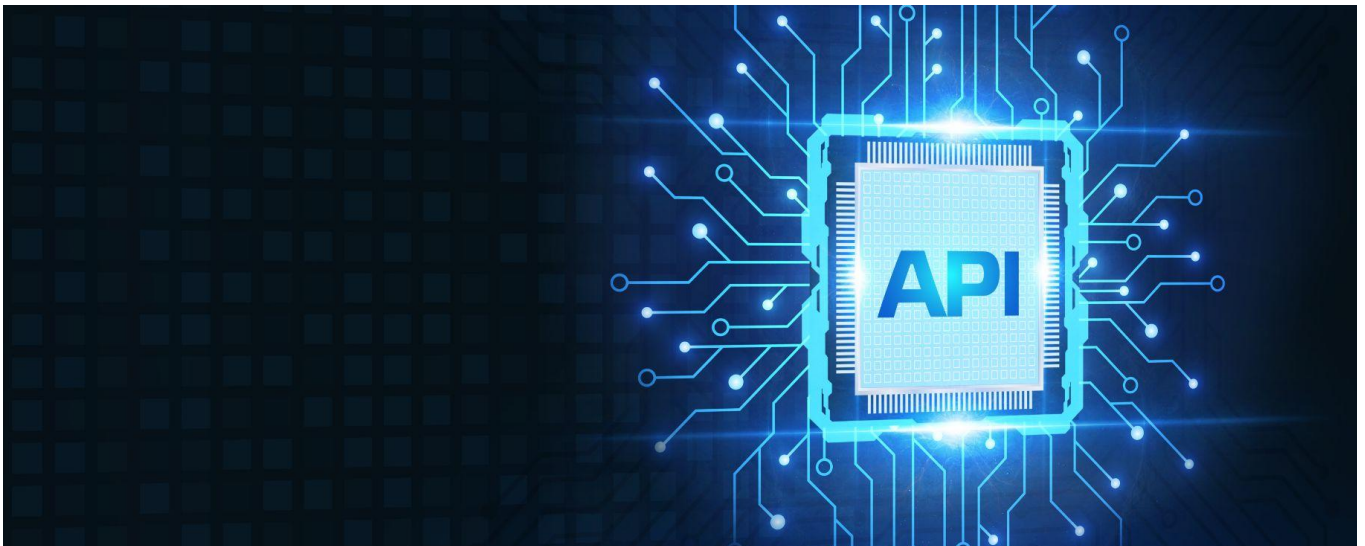
APIs in the Present: Having a significant impact.

According to a survey, more than 37,000 software developers learned the following:

Developers report that 51% of their organization's software development efforts & time are spent on APIs. That's up from 40% in 2020

API investments will continue to grow. 89% of respondents expect their organization investment in APIs to increase or remain constant over the next year.

APIs are increasingly being used by businesses to share data & provide internal services. The ability of an API to integrate with internal systems is the most important factor in deciding whether to consume or produce it.



The Future of APIs: Shaping the Future

API-enabled services will generate 65% of global infrastructure service providers' revenue by 2023, up from 15% in 2018.

Why is API Strategy important for the Banking and Fintech Industry?

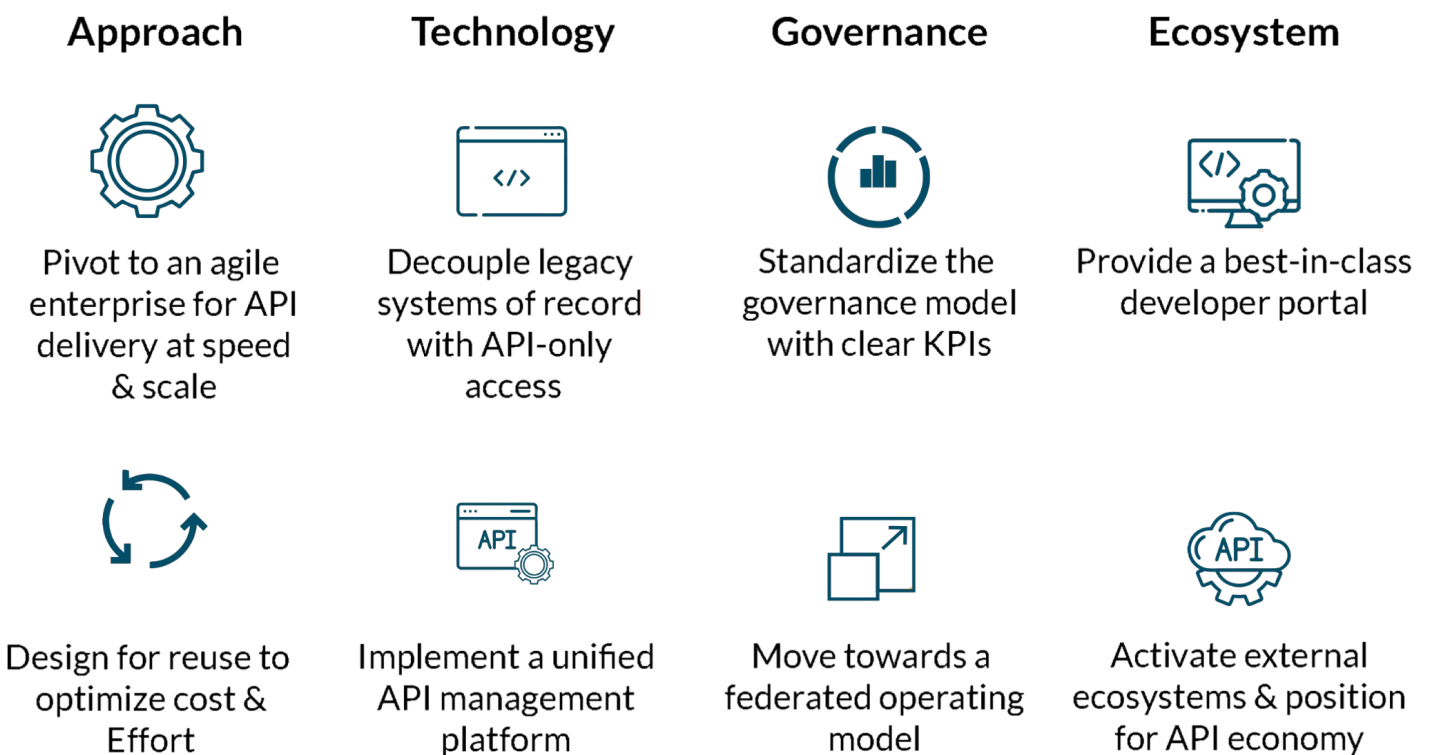
APIs have become an essential part of innovation, which results in enterprises of all sizes increasing their API efforts and implementing various strategies to manage API complexity, time, and cost.

To get the API benefits, a cohesive strategy is required. But, first and foremost, what is API strategy?

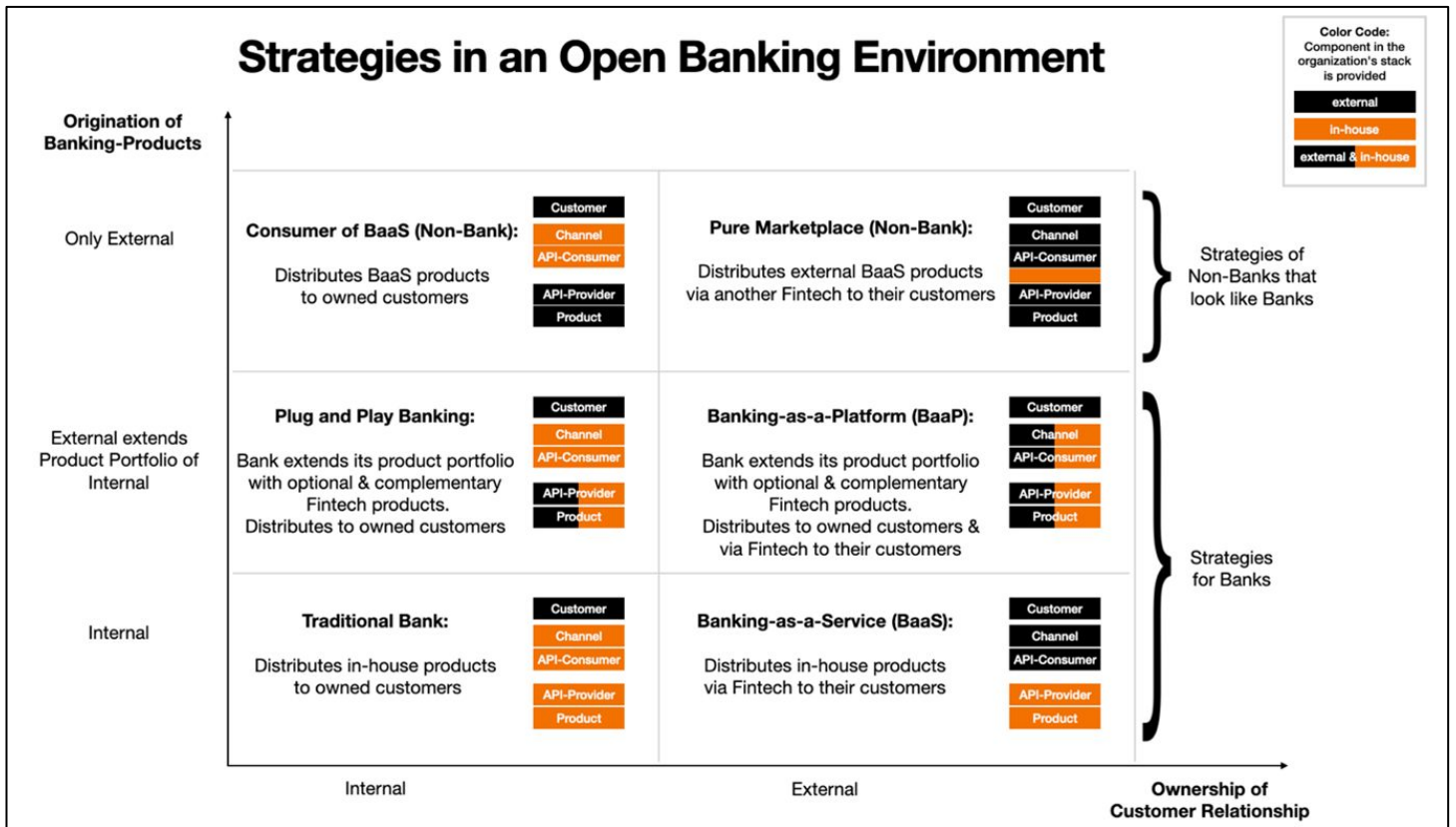
API Strategy: An Overview

An API strategy serves as your road map to success in digital-first initiatives. It outlines what your API (application programming interface) will do, who you're building it for, and how it will translate to meaningful enterprise success.

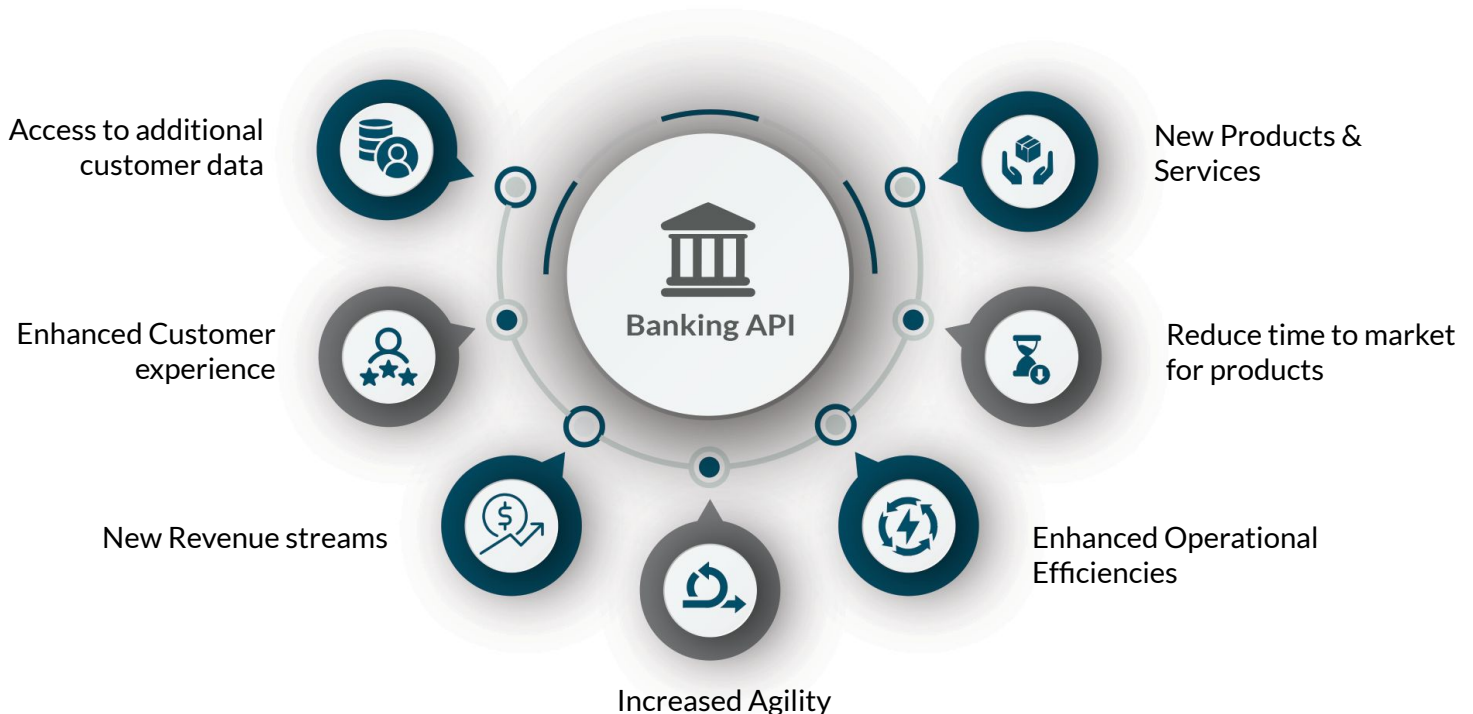
Banking API strategy Implementation Steps

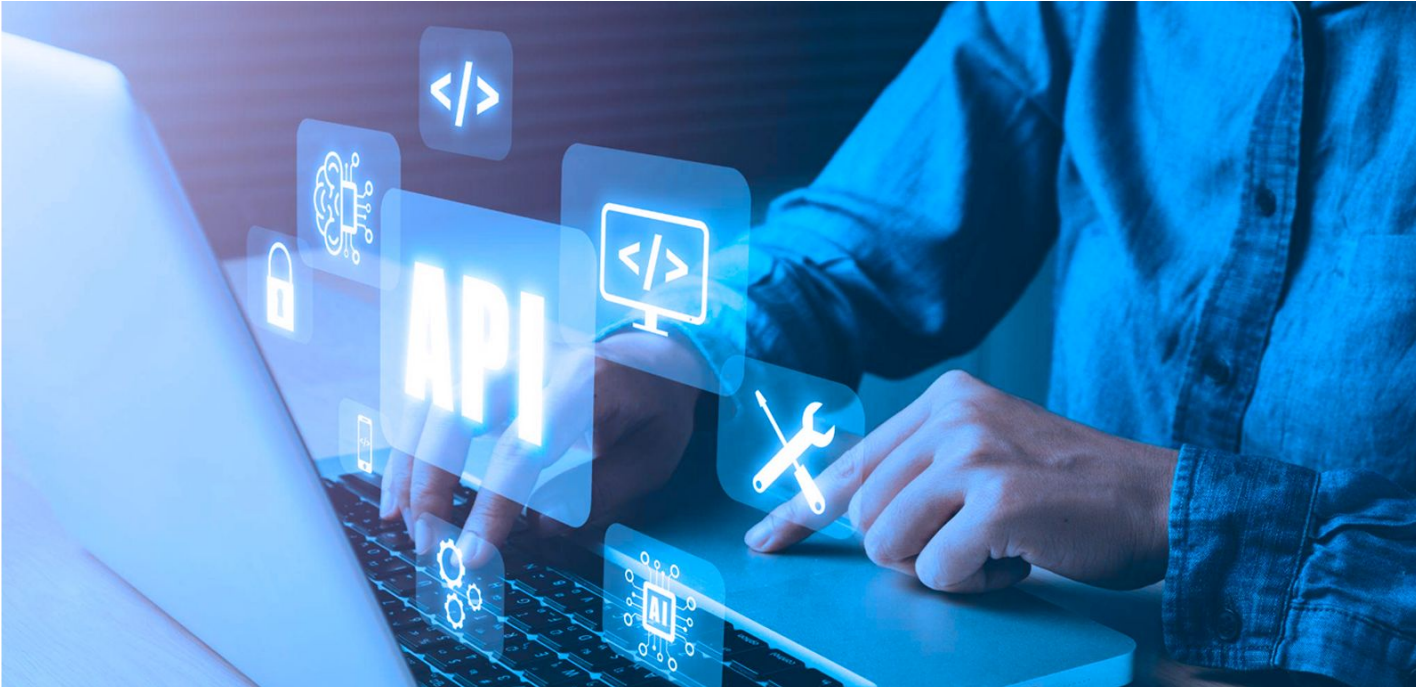


Types of API strategies for Banks



Benefits of implementing Bank APIs





API Ecosystem in the Banking and Fintech Sector

What is API Ecosystem?

It is typically a system in which banks and other financial institutions open their APIs (Application Programming Interfaces) to allow third parties access to their customers' financial data. This information is then used to create new services and applications that provide account holders with transparency options.

The API ecosystem's governing trends

Enterprises are now developing thousands of APIs, and their API ecosystems must evolve to handle the complexities of usage and consumption, collaboration, management, documentation, and publishing of thousands of APIs, as well as the management of thousands of users and developers. As a result, the predominant trend governing the API ecosystem is prioritising APIs, also known as the "**API-first approach.**"



Banking & Fintech Industry Trends

In recent years, there has been a significant increase in global innovation, investment, and interest in the banking and fintech industries. The trends listed below help the industry thrive to a large extent.

Open Banking & Fintech Movement

Open Banking and Fintech are terms used to describe financial services and technology. It refers to the use of open APIs and involves sharing customer data—with permission—with third-party applications to improve the banking experience for people. These third-party applications are securely designed and leverage financial information conveniently, thus creating a new set of financial and digital products.

New regulations & compliances

The Competition and Markets Authority (CMA) in the United Kingdom increased the demand for data access from several banks for third-party applications in 2016. At the time, these banks decided to share access to their customers' information with them. This decision was a small step toward establishing an open Banking & Fintech API ecosystem. After a few years, another innovation known as PSD2 appeared.







However, the PSD2 innovation has greatly aided in the precise development of the open Banking & Fintech API. Furthermore, the RBI (Reserve Bank of India) introduced UPI (Unified Payments Interface) payments, which played a significant role in the increased demand for Banking & Fintech APIs in India. According to Forbes, 2017 is the "Year of the API Economy!"

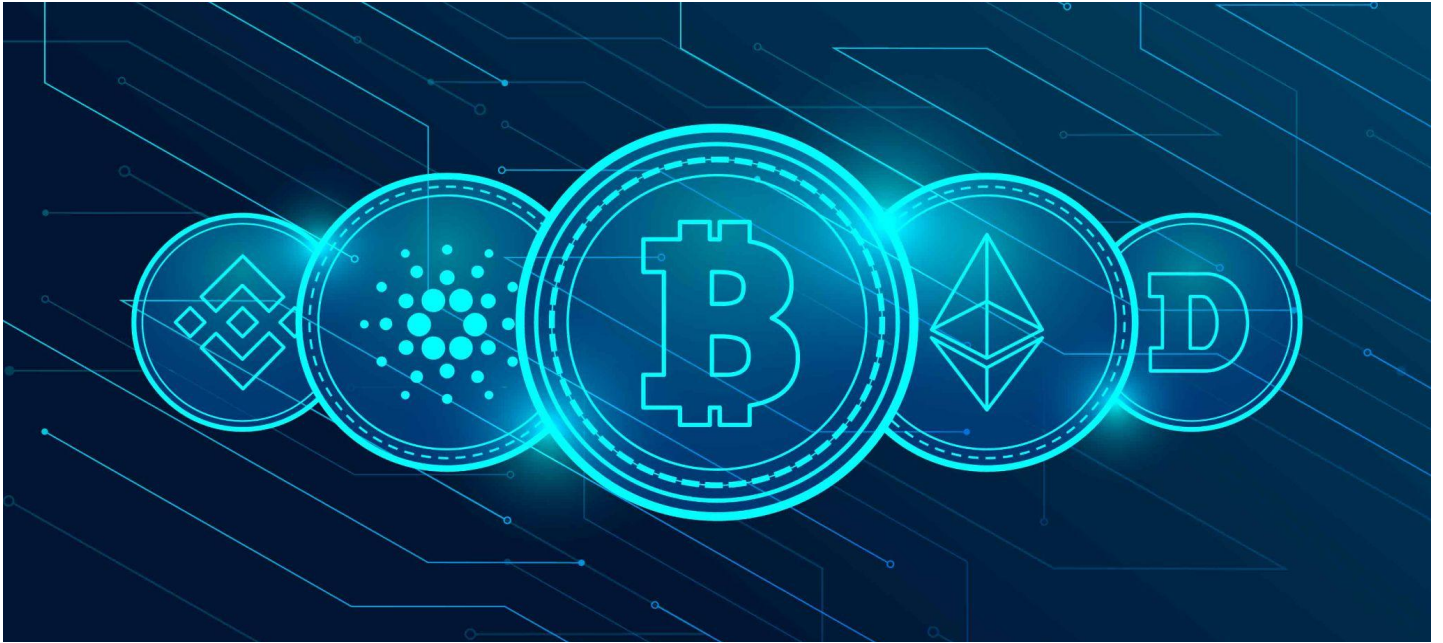
As a result, numerous new opportunities arose. Since then, there has been an increase in the demand for API providers.

The EU GDPR has established significant global standards for data transmission and protection. Despite the fact that GDPR and PSD2 both went into effect in 2018, it is clear that both policies share similar goals in terms of data security and portability.

Many countries, including Canada, Singapore, Japan, South Korea, and India, lack formal Open Banking & Fintech regulations, but policymakers are implementing measures to promote data-sharing frameworks in Banking & Fintech.

The United States has also chosen a market-led approach, with no significant government initiatives to support the development of Open Banking and Fintech products and services.

Countries	Initiatives
USA 	Banks in the United States are quite forward-thinking. The Consumer Financial Protection Bureau (CFPB) is now actively considering open Banking & Fintech, mandating banks to open up access to their data.
UK 	Four years after being mandated by the competition regulator, Open Banking & Fintech has surpassed five million UK customers. It took ten months to increase the number of users from one million to two million by 2020, but only four months to increase from four million to more than five million.
Europe 	Europe has now rolled out open banking and fintech across the continent, with 87% of countries offering some form of open banking and fintech.
Canada 	The first phase of open banking and fintech in Canada will begin in January 2023, according to a new report. For Canadian banks, now is a critical time to advance their changing agendas and refocus on winning in the market.
Australia 	<p>The Australian government was inspired by open banking and fintech in Europe, but they went one step further. The CDR was implemented by the government in 2017, giving consumers (both individuals and businesses) greater access to and control over their data.</p> <p>Open Banking & Fintech in Australia will be more akin to "open finance": savings accounts, investment accounts, pension accounts, and the like are all covered by the regulations.</p>
India 	The Indian Open Banking & Fintech ecosystem continues to thrive with active support from the government and the market. With the launch of account aggregators, API readiness of banks and NBFCs, the entry of multiple neobanks, and intense funding, India has become a role model for open banking and fintech deployments globally.



Cryptocurrency - Opportunities in Fintech

In 2021, the global cryptocurrency exchange platform market was valued at USD 32.77 billion, with the global cryptocurrency exchange platform market share expected to reach USD 347.50 billion by 2030. (Source: Global Newswire). There is also a thriving ecosystem of exchanges, wallets, miners, and stablecoin issuers.

When you look at cryptocurrency, it's a different digital asset right now because it's everywhere, but if you take a step back and understand what's going on, here are some statistics.

81% of US adults are crypto-aware, with approximately 65 percent of that 81% being crypto-curious. While some of us have purchased bitcoin or Ethereum, we discovered in our research that 70% of people would go a little bit further if their bank offered crypto, and they would consider it innovative.

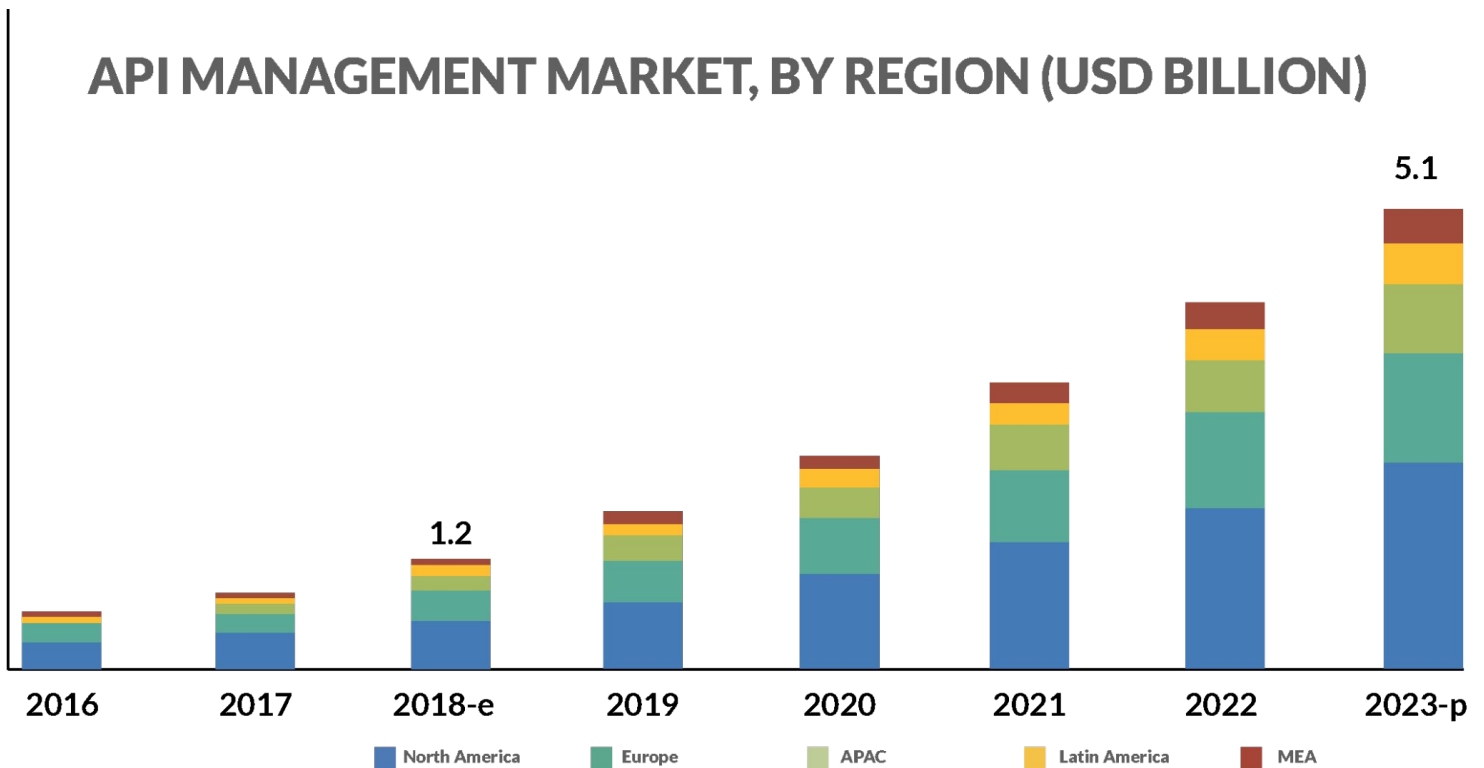
Crypto is more than just currency; it can also be used in other areas. Crypto assets open up a new world of possibilities.

- Payments are made quickly and easily.
- Cutting-edge financial services.
- Access to previously "unbanked" areas of the world.

The crypto ecosystem enables all of this.

The Future of API Marketplace in the Banking & Fintech Industry

Growing opportunities in the digital world force every enterprise to adopt an API-powered digital ecosystem, which eventually increases revenue and provides opportunities for growth.



Source: MarketandMarkets Analysis

APIs enable them to collaborate and share potential capabilities while serving as a link. Apps that do not normally work together can be linked to leverage their combined capabilities and strengths. API management ecosystems bring together consumers and API providers to provide customers with a unified experience.

Cloud adoption

Cloud-adoption in banking and fintech has skyrocketed. Adopting Cloud technology assists banks and financial services firms in meeting ever-changing regulatory reporting requirements. Banking and Fintech firms benefit from increased fault tolerance, data protection, and disaster recovery.

Banks and financial institutions benefit in a variety of ways, including cost savings and usage-based billing, business continuity, business agility, and focus, Green IT, software application access, and much more.

The global finance cloud market was valued at \$23.67 billion in 2020 and is expected to grow at a CAGR of 12.4% from 2021 to 2030, reaching \$90.1 billion by 2030. (Source: Allied Market Research)

API Monetization

The key to unlocking the value of data and creating a revenue-generating App ecosystem is to monetize APIs. Whether you've been working in Open Banking & Fintech for a while or are just starting out, getting the most out of your APIs is heavily dependent on selecting the right strategy and technology.

Financial institutions can easily monetize APIs using models such as the balance sheet model, data model, transaction model, per-call model, subscription, freemium, revenue-sharing, and rebate



Banking & Fintech Industry Use cases

Assisting a Financial Institution with a Dev Portal and a Wholesale Sandbox

The customer is a leading financial services conglomerate based in the United Kingdom that serves up to 40 million customers in over 60 countries. With easier and more secure digital Banking & Fintech, the focus was on putting the full power of the bank in every customer's pocket. DigitalAPICraft (DAC) provided one of the leading players in the Banking & Fintech sector with our product suite and achieved a massive shift in how teams work, bringing the customer one step closer to its digital transformation journey.

- Unified Portal for onboarding API Platforms such as Apigee, Azure, AWS, and Mulesoft.
- Improved developer experience through easier onboarding and documentation management.
- With complex workflows and onboarding scenarios, strong role-based access controls are required.

- Scalable and robust sandbox for wholesale and Open Banking APIs, as well as Fintech (regulatory) APIs.
- In terms of API discoverability, there is strong collaboration between various business units.

Adoption and Usability. The Open Banking and Fintech Story of a Leading Challenger Bank in the UK

The customer is a leading challenger bank in the United Kingdom, with a nationwide consolidated network of over 2,300 ATMs, 950 domestic branches, and 32 foreign branches, subsidiaries, and representative offices. The primary goal was to meet the Open Banking and Fintech regulatory standards in the United Kingdom. DAC was critical in preparing their sandbox and assisting them in meeting internal deadlines by adhering to Open Banking and Fintech standards.

- Out-of-the-box Open Banking and the Fintech Sandbox were deployed to meet their regulatory requirements.
- In less than three months, we successfully implemented and delivered our customers' Open Banking and Fintech APIs in the sandbox.
- Implementation of test cases covering end-to-end scenarios.
- An agile approach and delivery methodology were adopted throughout.
- Behavior-driven development approach for design and implementation.



What Role Does DigitalAPICraft Play in the API Ecosystem?

DAC understands the significance of developing a robust and innovative API ecosystem. Adapting the Application Programming Interface is critical for generating a good ROI and revolutionising businesses in the current digital age to outperform fierce competitors.

With our suite of products and solutions, our in-house team has solved many of the complex issues facing telecom and financial businesses across the UK and the US, assisting them in accelerating their API ecosystem.

Our Background

DigitalAPICraft, which provides products and services, assists global brands in establishing API ecologies and transforming into true experience enterprises. Our API-led approach, as a leading end-to-end digital transformation partner, enables banking, fintech, and healthcare.

DigitalAPICraft has been awarded "Delivery Partner of the Year for APAC 2017–Google Cloud" and is a premier Google–Apigee partner. DigitalAPICraft was named one of the fastest-growing technology companies in India by Deloitte in three consecutive years (2020, 2019 & 2018) and twice (2019 & 2018) in the Technology Fast 500 Asia Pacific rankings.

DigitalAPICraft's One **API** Marketplace for Banking & Fintech



Open Banking & Fintech has made bank APIs available to fintech and third parties, resulting in an expanding partner ecosystem. Banks have the opportunity to monetize their APIs and generate additional revenue streams. BaaS (Backend-as-a-service) enables third parties and fintech to connect with banks' systems via APIs in order to co-innovate and build Banking and Fintech products.

- One APIMarketplace for Banking and Fintech is an enterprise-grade unified developer portal that can connect to multiple gateways and clouds.
- 500+ APIs as a Service for Core Banking and Fintech

- API Monetization and Commerce with White Labeling, as well as API Platform Independence, are available.
- PSD2-compliant
- APIs tailored for Open Banking and Fintech API portals

One API Marketplace for Banking & Fintech -Saas

- Open Banking & Fintech/PSD3
- API catalog
- Open Banking & Fintech APIs as a Service Core Banking & Fintech, Retail, and Wholesale APIs
- Open Banking & Fintech Sandbox
- Open Banking & Fintech Developer Portal



www.digitalapicraft.com