



# What is Open Banking?

The UK's open banking system has seen periods of rapid growth in recent months – growing at a rate of one million new users every six months, according to the Open Banking Implementation Entity (OBIE). So, what is open banking and how can it help you?

Put simply, open banking is a procedure that enables banks and third-party providers (TPP's) such as budgeting apps to securely access your banking and other financial data. This makes it more efficient for lenders and providers and simplifies the customer journey. Open banking offers a more customer-centric experience.

In recent years, open banking has gone from strength to strength. With the rapid progression in the world of AI and with the technology becoming more readily available to businesses, open banking has become a much smoother and attractive process. There are a multitude of reasons to suggest that the UK mortgage sector can greatly benefit from the increase

in efficiency that open banking AIS (Account Information Services) can offer. Given the huge backlog of mortgage applications, caused primarily by the pandemic, an increased use of open banking can help to power through and get applications completed more quickly. Using open banking can help to streamline a large proportion of the mortgage process, making it much simpler and less time-consuming to apply and manage your mortgage.

## What are the benefits?

There are plenty of benefits to open banking. With the increased reliability of the various technologies now available to businesses, open banking has become an efficient and desirable method for many consumers. Open

banking greatly reduces any necessity to visit an actual bank. Being able to operate almost exclusively remotely – open banking allows for a huge increase in flexibility and can make so many menial tasks that would normally take an afternoon on the high-street take considerably less time from the comfort of your own home.

Another positive in regard to open banking is the absence of human error. Mortgage applications can be held up for many reasons, but open banking and the use of AIS not only eradicates the possibility of employees making honest mistakes during the mortgage process, but it can also operate at much higher speeds than any human employee could possibly manage.

The term open banking may even sound invasive to some, but it is a secure way of making banking easier. Of course, as a consumer, there are many considerations to make when banking – especially when it is for something as important as a mortgage – but massively streamlining the consumer experience is something that shouldn't be ignored. With open banking expected to surge even further into the mainstream, it is definitely worth considering if it could be right for you.



If you'd like to discuss the options available to you, contact your adviser today.