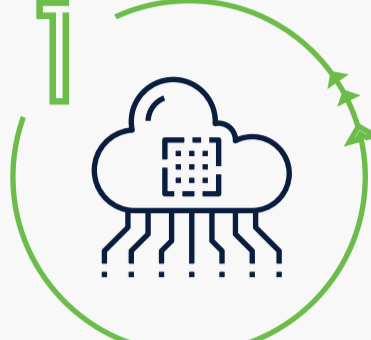


OPEN FINANCE:

THE FUTURE AND CHALLENGE OF DATA SHARING

The role of data is collaborative, both internally and beyond company walls. The vision is for banks and fintech companies to come together in creating open finance, where both parties can provide the other with secure access to financial data. Here's what the concept of open finance looks like in a practical sense and why it's the future of data sharing.



What is Open Finance?

Open finance can be defined as the use of APIs to connect banks and other financial institutions with third parties. The idea is that banks can offer additional products and services from fintechs that augment the power and convenience of traditional banking.

For example, BBVA's Open Platform uses APIs to third parties to offer additional financial products without a full suite of services. HSBC's Connected Money app allows its customers to view loans, bank accounts, and credit cards in one place. These collaborative initiatives stand to create a positive effect in how financial data is shared, secured, and used.



Open Finance: The Future of Data Sharing

Data is one of the world's most valuable commodities, offering infinite uses and insight into a company's users. In turn, data helps companies to develop products and services for the markets they serve.

However, financial customers are persistently reluctant to share sensitive data. In fact, a [Harris poll](#) found that only 20% completely trust organizations with their data.

The open finance concept can serve as the gateway to data sharing. Through open finance, financial institutions can use consent-based agreements with their customers in which a limited amount of privacy is waived for commercial purposes.



The Opportunities in Open Finance

By creating a network of financial data partners, financial providers and their customers can benefit from a greater level of convenience and transparency.

For lenders, better transparency can lead to faster decision-making and fewer resources used to audit each customer's finances.

For customers, the convenience of open finance can help them optimize their financial position, receive faster decisions from lenders, and get a complete picture of their personal finances. This can also mean greater access to better financial services and products.



Risks Facing Open Finance Models

Open finance is regarded as the future of data sharing, but its pieces are already being put into place by financial institutions. Initial priorities focus on overcoming challenges associated with data security, compliance, and platform integration.

Reducing friction across platforms will be key to creating a seamless ecosystem that caters to all participants. Also, as the size and value of data sharing grows, so will the need for robust security to defend against hackers and breaches. Fraudsters may see greater incentive to launch their attacks, which in turn may affect more institutions and consumers in a single attack. Last but not least, quickly evolving regulations regarding fintech lead to complex compliance requirements. All stakeholders must keep a finger on the compliance pulse to avoid potential financial or reputational harm.



Tips for Approaching an Open Finance Model

Here are some ways to move toward an open finance model:

1) Use a hyper-scalable Infrastructure to facilitate inbound data-sharing, outbound data-sharing, and collaborative data-sharing via API.

Technologies like AI, machine learning, digital blockchain, and smart contracts can enable greater transparency and scalability for financial institutions and their third-party partners.

2) Aggregate savings and investment data to create holistic financial oversight.

Two sets of financial data that once existed in separate silos can be united to create a more realistic picture of a customer's personal finances.

3) Allow banks to re-use their financial data in helpful and innovative ways.

For example, account data can be used as a form of identity verification, while electronic documents can replace the need for paper documents when applying for a financial product.

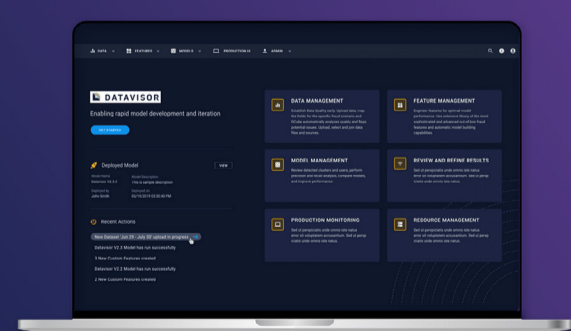
DataVisor's comprehensive AI-powered fraud and risk platform supports easy consolidation and enrichment of data. It scales infinitely and analyzes multiple financial data points in real time for faster decision making across a variety of use cases.

See how DataVisor supports open finance.

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About DataVisor

DataVisor is the world's leading AI-powered Fraud and Risk Platform that delivers the best overall detection coverage in industry. With an open SaaS platform that supports easy consolidation and enrichment of any data, DataVisor's solution scales infinitely, enabling organizations to act on fast-evolving fraud and money laundering activities as they happen in real time. Its advanced device intelligence, powerful decision engine and investigation tools, provides guaranteed performance lift from day one.

For more information on DataVisor:

info@datavisor.com

www.datavisor.com

967 N. Shoreline Blvd. | Mountain View | CA 94043