

Open Banking Report 2021

Open Finance and the Race for Relevance and New Business Models in Banking



Endorsement partners:



Key media partner:



Plaid's Head of Product in Europe, Albert Malikov shares how Open Banking revolutionises payments, with large merchants starting to explore the alternative to traditional payment instruments



Albert Malikov is Head of Europe Product at Plaid where he leads strategy and development for Plaid's products in the UK and Europe. He joined Plaid from Uber where he led the development of products at Uber Money. Before Uber, Albert co-founded InShopper. Albert holds an MBA from MIT.

Albert Malikov ■ Head of Europe Product ■ Plaid

How do you see Open Banking playing out in Europe, specifically in terms of adoption and product innovation?

Consumers across the EU are responding to new payment options like PIS - our volume is seeing month-on-month growth. We think it's due to a few reasons:

- Keeping the end-user in the driver's seat - payments can only occur when the user consents to a connection and authorises a payment transaction;
- An integrated offering, offering a one-stop experience - users can initiate payments from within their ecommerce environment, with flows automatically redirecting users to where they need to be to authorise and effect the payment instruction;
- Merchant wins - PIS allows a seamless payment experience that's embedded within the merchant's environment, which leads to fewer drop-offs... and more sales. It's important to mention though that this is where banks and PISPs need to work together. If banks add too many screens or superfluous clicks in what's called their part of the payment flow, known as the 'step-out' component in a PIS transaction - drop-offs will still occur.

“The Open Banking payments revolution is just beginning to take shape: we expect that adoption will continue growing, penetrating new segments.

Could you provide a key example of Open Banking payments application?

Paysend works with Plaid to provide their 3.4 million customers with simple Open Banking payments that enable fast, low-cost international money transfers. Rather than typing out card numbers or doing manual bank transfers, Paysend has enabled a smooth 'click, confirm, and carry on' experience using Plaid's Open Banking platform. As a result, Plaid's instant Payment Initiation Service results in an 80% reduction in the time and clicks it takes to authorise a transfer.

In your opinion, what are consumers and merchants' attitudes to Open Banking? Are they willing to use Open Banking solutions?

Open Banking is growing at an exciting rate. According to **Open Banking Limited**, the number of API calls in the UK increased from 66.8 million in 2018 to almost 5.8 billion in 2020. Cumulatively, API call volumes reached over 7 billion between 2018 and 2020. 320,000 Open Banking payments were made in 2018, this has subsequently risen to over 4 million in 2020.

In our latest report with The Harris Poll, we found that fintech use and adoption has reached mass scale in the UK, with an 86% consumer adoption rate. →

From the use of QR codes to digital banking, the COVID-19 pandemic has accelerated consumer adoption of fintech, particularly in the realm of payments. Our research shows that UK consumers on average use 2.8 fintech products and services, with the average UK user managing 67% of their finances online. When asked, current users expect to increase the number of apps and services they use to 3.5 over the next six months, signalling digital finance adoption will continue to grow.

Overall, we found that Open Banking has made a positive impact on consumers' financial lives; 76% of Brits now feel confident using technology to manage their finances. In addition, UK consumers reported that using fintech had helped them benefit by saving time (59%) and money (42%), as well as greater stress reduction (36%).

What is the future of the Open Banking payments industry in the UK and Europe? And what are Plaid's plans for 2021 and beyond?

The Open Banking payments revolution is just beginning to take shape: we expect that adoption will continue growing, penetrating new segments. Since 2020, we've seen interest in Open Banking payments coming mostly from more innovative and nimble fintech players. Now, many large merchants are exploring alternatives to the payment journeys they've historically offered. Adoption won't happen overnight, but the trend toward account-to-account payments is taking shape.

We currently operate in North America and eight countries in Europe, with many more to come. We are not only adding new countries to our coverage but also investing in deepening bank coverage in each of the markets we already operate in.

From a payments capabilities perspective, we are helping our customers to get out of the box solutions for Open Banking payments, including pay-ins and KYC. We're continuously improving our products and building out new features that help our customers better serve their end-users.

At Plaid we're playing a leading role in bringing to the market Variable Recurring Payments. Variable Recurring Payments (VRPs) allow customers to safely connect authorised payments providers (PISPs) to their bank account so they can make payments on the customer's behalf. VRPs offer more control and transparency than existing alternatives such as direct debits and card payments. As a result, VRPs are poised to create a huge new wave of payment innovation that challenges traditional card on file and Direct Debit solutions and enables new types of financial services for consumers.

[View company profile in online database](#)



plaid.com

Plaid is a world-leading Open Banking platform. We use our global network and local expertise, so your customers can see their financial data and make payments from your app. We have a single API. But we don't believe in one-size-fits-all. We bring together the technology so you can create the payments journey your business needs.



Plaid is a world-leading open banking platform. We use our global network and local expertise, so your customers can see their financial data and make payments from your app. We have a single API. But we don't believe in one-size-fits-all. We bring together the technology of PIS (Payment Initiation Services) and AIS (Account Information Services) so you can create the payments journey your business needs.

Company	Plaid
Active since	2012
Head office	San Francisco, CA
Founder(s)	Zach Perret and William Hockey
Funding rounds and investors	USD 425 million Series D, April 2021 USD 250 million Series C, Dec. 2018; USD 44 million Series B, June 2016 USD 12.5 million Series A, Jan. 2015 USD 2.8 million Seed, Sept. 2013
Service provider type	Open Banking enablers API connectivity for payment initiation API connectivity for data retrieval & value-added services on the data Consent management Fraud/risk/security: Strong Customer Authentication in the context of Open Banking Digital core banking infrastructure/platform
How it works	Plaid is a world leading open banking platform. We use our global network and local expertise, so your customers can see their financial data and make payments from your app.
What problem does the company solve?	We bring together the technology of PIS (Payment Initiation Services) and AIS (Account Information Services) so you can create the payments journey your business needs.
Types of supported APIs / API standard supported	Plaid's network covers 11,000 financial institutions across the US, Canada, UK and Europe.
Industries / target markets	US, Canada, UK, and Europe
Geographical coverage (operational area)	US, Canada, UK, and Europe
Business model / pricing	Custom
When was the core technology developed?	2012
Do you have redundancy and coverage provided by multiple integrations (APIs & Direct Access)?	Yes



How will you handle automated refunds?

Plaid will offer a full-suite of refund and payout products to make life easier for merchants and PSPs alike. Making payments simple is one of our goals—making them simple to reverse is another.

How will you mitigate the risk of bank transactions failing?

Plaid works closely with banks to monitor traffic and uptime, reporting back issues on a regular cadence. Our status webhooks makes monitoring individual transactions easy, and our payment confirmation and reconciliation products ensure that customers always know where their money is.

How will you reconcile payments efficiently?

Plaid reconciles payments and provides reconciliation functionality via API. We send webhooks when the money has landed, and programmatic references make it easy to tie individual payments to users.

Partners

Railsbank

Customers / Case studies

<https://plaid.com/blog/curve-and-plaid-team-up-to-make-money-easier/>

Awards

Plaid named a Leader in Open Banking by Forrester™ (Q1'21). "Plaid has the strongest all-around capability, footprint, and vision. Plaid has a long pedigree of data aggregation, scoring highly for flexible deployment via banking platforms and payment networks."

Business revenue

Privately held

Contact

europa@plaid.com

Website

<https://plaid.com/en-eu/>

[View company profile in online database](#)



Be ready for what's next

With our engineering team behind you—the biggest in the space—we make sure you're ready for every Open Banking and Open Finance development. We're ready to help you reach your ambitions.



CONTACT US:

europe@plaid.com

plaid.com/uk