



Early Adoption in Open Finance

Shape the future or follow the pack

Your complete guide to capturing market leadership, data advantages and ecosystem influence before your competitors.



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Introduction

This white paper combines insights from four key articles examining the landscape of early adoption in open finance. It provides a balanced view of the opportunities, challenges, business case, and global trends that financial institutions should consider when deciding whether to become early adopters of open finance initiatives.

01. Global Landscape: Countries Embracing Open Finance

Open finance is a broader concept than open banking. While open banking primarily focuses on granting third-party access to bank account data and services through APIs, open finance encompasses a wider range of financial services and products.

Open finance aims to create a more interconnected and accessible financial ecosystem by facilitating the exchange of data and services among various financial institutions, fintech companies, and other third-party providers. This includes not only banking data but also data related to investments, insurance, lending, payments, and more. Think of open finance as open banking's evolution, like upgrading from the iPhone 10 to the iPhone 16. It does everything open banking can do, but with more power, more connections, and far greater possibilities.

8 countries leading open finance adoption

Brazil – global leader in open finance

Brazil is a global leader in open finance. Since 2021, it has expanded its framework

to include insurance, pensions, investments, and foreign exchange. By early 2024, Brazil had 195 registered third-party providers, processing \$19 trillion in account-to-account transactions in 2023.

Australia – consumer data right expansion

Australia's Consumer Data Right (CDR) began with banking and has extended, beyond even open finance, to energy and telecommunications. The government is considering further expansion into open finance, including sectors like insurance and superannuation.

The current focus is extending CDR to encompass non bank lenders, bringing a whole new range of financial services into scope, for example consumer credit and buy now pay later products.

Mexico – early framework, implementation challenges

Under its 2018 Fintech Law, Mexico mandated standardized APIs for financial data sharing. Whilst Mexico moved early with a regulatory framework it has struggled to progress with any meaningful implementation. That said, with a heavy reliance on cash and financial inclusion challenges as a backdrop, the potential for open finance to stimulate the economy is significant.

United Kingdom – strategic roadmap development

The UK has been exploring open finance beyond its initial open banking framework. The FCA's 5 year strategy says they will publish a roadmap for the roll out of Open Finance by the end of the 2025 and regulatory foundations for the first scheme by the end of 2027.

South Korea – MyData initiative

South Korea's "MyData" initiative outlines standard data-sharing mechanisms across accounts, payments, and lending. The program includes regulator-defined use cases and aims to provide consumers with comprehensive financial data management.

India – India stack infrastructure

India's open banking infrastructure, known as the "India Stack," promotes the inclusion of fintech service providers and enhances competition. The Unified Payment Interface (UPI) system, part of this initiative, has significantly accelerated digital payments and is a cornerstone of India's move towards open finance.

Singapore – market-driven approach

Singapore adopts a market-driven approach to open finance. The Monetary Authority of Singapore (MAS) encourages financial institutions to develop APIs, fostering an ecosystem where banks and fintechs collaborate to offer innovative financial services.

Colombia – comprehensive regulatory framework

Colombia has issued regulations for open financial architecture, setting the foundation for open finance initiatives. In December 2024, a preliminary version of the regulatory framework decree was published, mandating open finance for over two hundred financial entities and initiating a feedback round from the market and future ecosystem participants.

This generated considerable discussion regarding the scope of open finance versus open data. While there is broad consensus that a phased approach is essential to ensure a smooth transition to an open finance environment, some participants argue that open data should be included in the framework from the outset.

Their view is that this would encourage non-financial entities, such as utilities, education, healthcare, and government institutions, to begin planning their involvement in the future open data ecosystem now. This draft decree establishes the foundation for a successful open finance ecosystem, including a centralised directory and detailed technical standards. However, a more extensive range of use cases is necessary to boost adoption and impact.

Opportunities for Early Adopters

What if you're based in one of the many countries that haven't started to look beyond open banking yet and are only just doing your research into the big move. Or maybe your country doesn't have a standard or regulation in place at all yet.

Early adoption in open finance opens a treasure trove of opportunities for forward-thinking financial institutions willing to move ahead of regulatory mandates and market maturity.

02. The Business Case for Early Adoption in Open Finance

While doing something different to those around you can be scary, it also creates a whole host of opportunities, particularly when it comes to adopting and embracing open finance early. Here are 5 points you should include in your business case for adopting open finance, regardless of what other businesses in your country are doing.

Market leadership & brand building

As the first to embrace Open Finance, you position your brand as an innovator and thought leader. Early adoption helps build trust and creates a "gold standard" image among customers and potential partners.

Strategic partnerships

Even if other banks aren't on board yet, you can team up with agile fintechs, tech vendors, and service providers from adjacent industries. These alliances can help you develop new, innovative products that make your Open Finance initiative

more attractive. For example, you might collaborate with a fintech company to build advanced credit scoring models or with a technology firm to develop AI-driven financial advisors.

Influencing the ecosystem & regulation

Being an early mover gives you a seat at the table. You have the chance to shape standards and influence the regulatory framework before it's finalized. Early adopters can provide feedback and even help draft guidelines that later benefit everyone.

You can create a sandbox environment to test and refine use cases, which can also serve as a proving ground for future regulatory compliance.

Playing a smart role in an Open Finance ecosystem is not an easy task, but doing it first will set some extra room for your experiences and trials.

Data advantage & innovative product development

With early access to a wider set of data across various sources, you can unlock insights that late adopters might miss. This data can power personalized offerings, predictive analytics, and automated financial management tools.

Use cases could extend beyond the usual ones, such as dynamic pricing models, fraud prevention mechanisms, or even customer segmentation tools that allow for hyper-targeted financial products. You define your own deadlines and priorities!

Monetization through ecosystem services

Great open APIs that power innovative fintech services can also create a new form of revenue. In fact, ahead of open banking regulation there is often more commercial "white space" to fill. Banks that move early can create new revenue streams through exposing APIs that give third parties the ability to access consent based data, payments and other services.

For market infrastructure players there is also a big opportunity through moving early. Enabling the banks in a market to move quickly with open banking APIs by delivering robust infrastructure (or even acting as a Central Market Hub) can unlock new business models. A central market maker can help banks participate, unlock new revenues and in doing so create a sustainable "network effect".

Be Proactive not reactive

Early adoption of Open Finance isn't just about keeping pace with innovation — it's about seizing the chance to lead, influence, and shape the future of financial services. By moving early, you position your organisation to build a stronger brand, forge strategic partnerships, access richer data insights, and unlock new revenue streams through ecosystem services.

Yes, there are risks in stepping out ahead of the pack, but the potential rewards far outweigh the challenges of adopting open finance early.

In a rapidly evolving landscape, standing still is not an option. Building your business case for early adoption today will ensure you're not just reacting to change tomorrow.

03. 5 Key Benefits of Early Adoption in Open Finance

Open Finance is reshaping the financial services industry, expanding the possibilities that began with open banking. For institutions willing to act early, the opportunities are significant, but they won't last forever. Early adopters of open finance can capture market share, build powerful data advantages, and even shape the very rules of the emerging ecosystem.

1. First-mover advantage

You capture market share and customer loyalty early on. When competitors eventually join, your brand is already established as the go-to innovator.

2. Data & insight leadership

Early adopters gather data that can be used to refine products, optimise customer experiences, and drive decision-making. This data advantage is critical and may be much harder to build from scratch later.

3. Influence over the ecosystem

You get to shape the rules and practices of the emerging open finance ecosystem. This influence can translate into long-term competitive advantages and stronger industry relationships.

4. Unique monetization opportunities

Financial institutions that expose great open APIs that power innovative fintech services can also create new forms of revenue. In advance of open finance regulation there is often a lot of commercial "white space" to fill. Financial institutions that move early can create new revenue streams through exposing APIs that give third parties the ability to access consent based data, payments and other services.

For some players there may also be the opportunity to set up a central hub or orchestrator platform early on that means you can establish yourself as the market enabler and drive revenue-sharing models and API monetization strategies for the ecosystem at large.

Leading the transformation

In a competitive and fast-moving financial landscape, waiting can often mean falling behind. Early adoption of open finance not only positions you as an industry leader but also unlocks lasting advantages in data, customer loyalty, ecosystem influence, and revenue generation.

Those who move first will shape the future, and reap the greatest rewards. The question isn't whether open finance will change the world, because it will, it's who will lead that transformation.

04. The 3 Hidden Challenges of Early Adoption in Open Finance

We've explored which countries are embracing open finance, what the benefits are of adopting early and the business use cases for being an early adopter, but what about the challenges that may arise. Here are the hidden challenges of early adoption in open finance.

Challenge 1: Higher initial investment & uncertainty

Being first often means bearing the brunt of the initial technology investments and adapting to evolving standards. The lack of a clear regulatory framework can increase risk and operational complexity to adapt it in the future when the regulations are defined, if the initial implementations are not future proofed. Working with a technology partner who specializes in the ever changing open finance regulations and standards can mitigate this risk however.

Challenge 2: Limited ecosystem & network effects

Early adopters might have fewer partners and lower transaction volumes initially. This isolation can make it more challenging to achieve the network effects that drive value in mature ecosystems. But being there early means you're the "go to" as innovation accelerates.

Challenge 3: Integration & adaptation risks

As global standards evolve and local regulations eventually emerge, your technology and business models might need frequent adjustments. The regulatory frameworks and standards continue to change as the ecosystem grows and matures. This is the norm, but the early efforts can strain resources and require a robust strategy for continuous innovation.

Why take the leap with open finance

Yes, the initial investment, ecosystem limitations, and the need for constant adaptation can seem daunting, but this is how true market leaders are made, by embracing challenges and turning them into opportunities. The risks are real, but the rewards of shaping the future, gaining a competitive edge, and reaping long-term benefits are too great to ignore.

05. Recommendations

Key takeaways:

- **Global Momentum:** Open finance adoption is accelerating globally, with Brazil leading at \$19 trillion in transactions and countries like the UK, Australia, and Colombia developing comprehensive frameworks.
- **Evolution Beyond Banking:** Open finance represents a significant evolution from open banking, encompassing insurance, investments, lending, and payments with far greater possibilities.
- **Strategic Imperative:** Early adoption represents a strategic imperative rather than just a compliance requirement, offering substantial business benefits even in markets without established regulations.
- **Time-Sensitive Opportunities:** The benefits of early adoption are significant but won't last forever – first-mover advantages, data leadership, and ecosystem influence are most valuable when captured early.
- **Balanced Risk-Reward:** While challenges exist around investment, ecosystem limitations, and adaptation requirements, the rewards of shaping the future and gaining competitive edge far outweigh the risks.
- **Market Leadership:** True market leaders are made by embracing challenges and turning them into opportunities – the risks are real, but the potential rewards are too great to ignore.

Recommendations for financial institutions:

- **Act Decisively:** The opportunities for early adoption are significant but time-sensitive – waiting often means falling behind in a competitive landscape.
- **Partner Strategically:** Work with technology partners who specialise in ever-changing open finance regulations and standards to mitigate implementation risks.
- **Build Comprehensive Strategy:** Develop strategies that capture all key benefits while addressing the three main challenges through proper planning and resource allocation.
- **Establish Market Position:** Position your brand as the go-to innovator before competitors join the market, leveraging the first-mover advantage.
- **Leverage Data Advantages:** Focus on gathering and utilising data that can refine products, optimize customer experiences, and drive decision-making.
- **Shape the Ecosystem:** Take advantage of opportunities to influence rules, practices, and standards in the emerging open finance ecosystem.
- **Plan for Adaptation:** Develop robust strategies for continuous innovation and adaptation as standards evolve and regulations emerge.
- **Explore Central Hub Opportunities:** Consider establishing yourself as a market enabler through central hub or orchestrator platforms that drive revenue-sharing models.
- **Embrace the Challenge:** Recognise that the initial investment, ecosystem limitations, and need for constant adaptation are the price of market leadership and long-term competitive advantage.

The question isn't whether open finance will change the world, because it will, it's who will lead that transformation and reap the greatest rewards. Financial institutions that embrace the challenges of early adoption and turn them into opportunities will be the ones that shape the future of financial services.

The risks are real, but the rewards of gaining competitive edge, building market leadership, and unlocking long-term benefits are too significant to ignore. The time to act is now.

Will you lead the change, or be left behind? Step forward, embrace open finance, and shape the future. Get in touch for expert support.



Early Adoption in Open Finance: A Comprehensive Guide

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