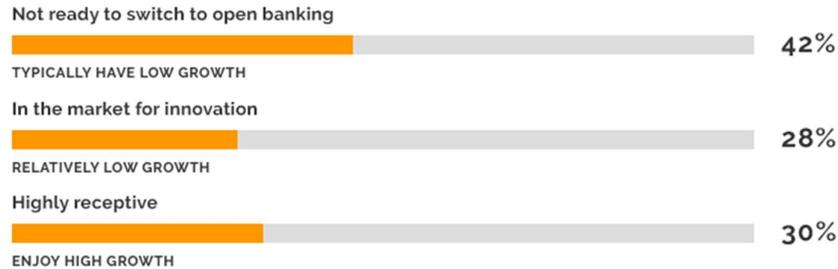


Why It's Time for CFOs To Embrace Open Banking

So far, businesses have been slow to adopt open banking...

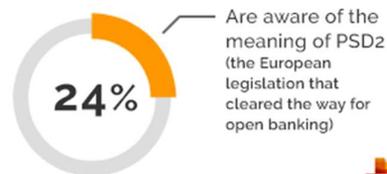
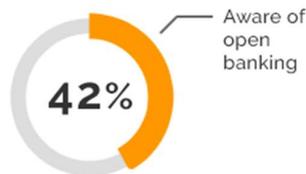
A study by KPMG found that SMEs that are



Source: KPMG

What's holding businesses back?

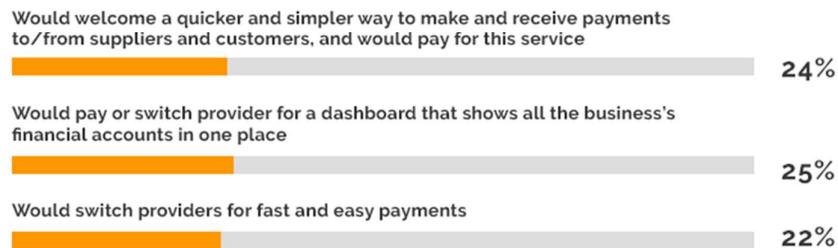
Too many businesses are still unaware of the potential of open banking to transform their accounting, according to a 2018 survey.



Source: pwc

What could you gain from open banking?

Research from Accenture shows that 71% of banks believe that open banking can give customers greater access to banking products. And businesses that are aware of open banking believe the technology could bring benefits such as more choice of financial products and cost-efficiencies.



Source: KPMG

Will your business keep up with the leaders?

71% of SMEs will have adopted open banking by **2022**

with revenue opportunities of

£7.2bn

Source: pwc

The Quiet Revolution: 7 Benefits from Open Banking in 2019

A year has passed since Open Banking officially came to town following European legislation on January 13, 2018, in the form of the Revised Payment Service Directive (PSD2).

PSD2 was introduced to shake up the banking industry, ramping up competition by opening out innovative digital financial services to customers and businesses.

With increased flexibility from open data, the ability to process instant payments, and an all-round improved banking experience designed to make cash management easier for hard-pressed CFOs, it is difficult to see why adoption of the technology is only now, a year later, beginning to pick up pace.

How is your appetite?

There is certainly appetite for change among frustrated SMEs looking for an alternative to traditional banking. KPMG has revealed that almost [a quarter of them \(24%\) would welcome faster payments processing](#) to and from customers and suppliers, and would be willing to pay for this capability.

Another 25% would either pay or switch provider if it meant they could enjoy a dashboard that kept all their finances in one place. And 22% would switch providers for fast and easy payments.

Do you know the benefits open banking could bring?

One reason behind the slow pace of adoption is a lack of awareness about open banking technology.

Some of the UK's biggest banking brands have taken a softly-softly approach to marketing open technology – they are themselves still understanding how to hand over more control to customers in the most effective way.

As a result many businesses, and CFOs, don't know is just what a boon open banking could be – especially for SMEs.

From speeding up transactions to opening up new finance options and more financial services, open banking could ignite businesses – particularly given the current economic climate and uncertainty around Brexit – and alleviate some of the burden placed upon CFOs.

7 Benefits of open banking

One of the major benefits of open banking is that it will put SMEs at the centre of solutions, rather than banking products. After all, it was introduced by the Competition and Markets Authority to help rectify the dearth of financial solutions being offered to SMEs by the Big 4 banks.

Let's look at seven other benefits of open banking.

1. Secure instant payments

The ability to receive and make faster, secure payments at lightning speed is music to the ears of finance officers. The speed at which payments are received, and goods and services paid for, can be the make or break for many SMEs. Open banking and Request to Pay could put this problem to bed for CFOs, making it a breakthrough opportunity.

2. Improved visibility & near real-time cashflow

How much simpler would life be if you could view all your cash in one place, with real-time or near real-time visibility for branch, regional and international officers – even for complex ERP-driven operations?

Improved cash visibility will help businesses make quicker decisions based on more accurate data. For example, automated cashflow forecasts with at-a-glance comparison to your organisation's own budget and rolling reforecasts enables insightful analytics for decision making.

3. More robust risk management

The additional insight and detailed cash and payee/payer analytics afforded by open banking could be key to heading off potential disaster in future. Better visibility brings improved risk management, offering new ways to manage cashflow in real-time and assess credit and risk from counterparts, plus more accurate forecasting.

4. Personalisation & more lending/financial products

Open APIs mean greater choice for finance directors, with new tools providing a comprehensive choice of services and lines of credit, as well as other financial products. This could open up new revenue streams that may not have been available, or even on your radar previously.

Additionally, the technology can provide product recommendations that are customised to the business need. For example, where a business has experienced an increase in customer credit risk (with bad debts), they may receive prompts relating to credit insurance – a product many SMEs may not realise is available at an affordable price, or even be aware of at all.

5. Efficiencies, cost-cutting and automation

Greater competition between financial services providers means more competitive products being rolled out to businesses. Increased automation and prompts around financial products enable FDs to review other, more value-added products appropriate for their stage of growth.

Execution and delivery are almost instantaneous, making it easy for businesses to adopt open banking and open data technology and reap the benefits of innovative financial solutions that then become available.

6. Easier, more insightful business planning

Annual planning and budgeting are part of every CFO's agenda. Using open data and data sciences means a leap in value-added analytics, with prompts regarding sector and company/competitor direction plus market size, right down to granular details about which prospects to approach and insights about the impact on financial decisions.

For those in trade and export planning, these sorts of tools are already available, with businesses able to view trade country corridors by size, growth and risk, as well as events, trade bodies and importers. Other benefits include prompts sent to the finance team relating to trade finance, FX and credit insurance, which apply not only to the business but also to its sector, size and market presence.

7. Flexibility

Flexibility is key for start-ups and SMEs, and open banking delivers this in spades. As the technology takes off, global transactions, the opportunity to reach more sectors, and the ability to handle flexible staff more smoothly will most certainly spell increased growth potential for fledgling businesses that thrive on agility.

In short, open banking and other innovations in open data could transform SMEs, and if you're not on-board then your firm could succumb just as so many did at the start of the digital revolution.

Billed as a 'quiet revolution', the benefits of open banking for SMEs are clear to see, and we're sure to see this technology start to really make its voice heard in the coming years. In fact, a study by PwC found that by 2022, [71% of SMEs will have adopted open banking](#).

Will yours be one of them?

[Akoni](#) cash management and trade planning products are a range of innovative financial planning tools which leverage open data and open banking, helping improve business for SMEs who are locked out of the best financial services and products. Akoni's Smart Cash Management Platform helps businesses earn more interest on their cash balances with less risk and hassle by providing a single view of all their cash and allowing access to the interest-bearing deposit accounts that are right for their firm's sector and size. Their dynamic Trade Export & Intelligence Platform uses intelligent technology to gather and curate relevant data and trade contacts and guide businesses step-by-step to create an export action plan, including access to financing options.