***Open Banking summary of White paper***

**What is open banking?**

These are third party apps like Paytm, GooglePay.etc which offer banking servies and non banking services to consumers. Data of the consumers will not be given or shared to anyone else without their consent.

Some banking domains include Accounts, Payments, Lending, Fund transfers and non banking services such as booking train and bus tickets, recharging or paying mobile bills.etc.

Open banking is a collection of standard RESTful APIs (Representational State Transfer – a JSON-based architectural style of web services).

This is very convienent for the users as they can book tickets and send money to anyone at anytime without having to worry about going to bank and depositing money.etc.

Example, taxi apps are more used than normal taxis on the road who offer rides without any app subscription.

In traditional banking, data related to the transaction and credit history of any customer is available to the parent banks only, whereas, in open banking, data is exposed, in a secure manner, to third party partners (TPPs) through public application program interfaces. In addition, these TPPs provide specialized services also.

Open banking has a simplified view, which is easy to understand and helps in reducing frauds. And is accessible at anytime, from any place.

The layered approach used in APIs for open banking has three parts, Experience, Process and the System.

Experience consists of TPP services, Process consists of the APIs and the System consists of Fraud detection, payment and lending services.etc.

TPPs can be online applications, mobile app or any other custom applications.

The process layer works as an intergration hub between experience layer and the system layer.

Open banking has more customer trust than traditional banking and everything is transparent to them.

There are many ways in which a bank can take consent from the customer, and for various reasons.

Banks define SLAs (Service License Agreement) for API consumers, which is a part of the contractual agreement between TPP and Bank.

API governance is the most important when it comes to any application using APIs as operational models develop, maintain and use the APIs. The right technology which needs to be used is also something we have to be very careful about. There are some rules and regulations when it comes to consent management and there is an implementation strategy also which needs to be followed.

Banks have to develop an ecosystem for capturing and recording each event and link it with the monetization process. Bank has to set up long and short term goals also. There has to be proper documentations of the guidelines to be followed when dealing with an API.

***DOUBTS:***

Pg 10, Pg 5, take hard copy.