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## What is an Open API?

An Open API is an application programming interface (API) that enables third-party developers to build software applications and web services. These applications and services facilitate financial transparency and support financial institutions in finding new revenue models. Open API Specification is the format typically used to define restful APIs. Open API documents can be read by humans and machines, allowing for easily comprehensible APIs. Engineers use these APIs to design servers, source code, and complete contract testing.

As open APIs can be read by both humans and machines, engineers can streamline several of their tasks utilizing a realized description of how the API functions. Open APIs can expedite documentation, build functioning mock servers to test the interface, and verify that API requests and resolutions are correctly matched. Additionally, API definition enables higher levels of community-driven collaboration amongst teams. This is demonstrated when API architects review impending interface changes and provide feedback to product managers, who can then affirm that the changes fulfill the software needs. Frontend teams can then begin customer-facing work before the backend is finalized.

An open API ecosystem can operate as a distributed economy since data can travel in every direction. While this provides the essential adaptability, it also extends the risk of cyberattacks. These attempts to steal valuable corporate assets and data can result in considerable disruption. For this reason, opening an API to the internet involves a deep knowledge of the ecosystem and appropriately extensive data encryption, allowing the business to secure all data and assets.

Open APIs are more widely accepted in this time of open banking, as it encourages competition and creates room for new and innovative banking products and services. However, banking and financial technology companies are not the only ones to benefit from this technology. It is a modern way to address compliance obligations and a new way of conducting business.

## What are the business benefits of Open APIs?

- Inspiring innovation - Knowing how to properly utilize APIs can create solutions and inspire innovation. Giving standardized interfaces to developers allows for this revolution in APIs, as previously only developers with extensive knowledge and understanding of data exchange models could use APIs.
- Streamlining processes - APIs enable streamlined operations by reducing the number of issues requiring technical proficiency. Leveraging collaboration and integration, businesses can utilize omnichannel platforms, no longer needing to operate multiple disparate services.
- Efficiency - API support allows developers to accomplish more in less time by clearly defining how software elements should be put together to create a program.
- Personalization and consumer focus - Integrating an application with a third-party platform allows for further insight into user behavior within that application. This information empowers the creation of an improved user experience throughout the application.
- Information allocation - Understanding APIs through the API documentation enables more people to learn and use your application. This flexibility allows for better collaboration, feedback, and customer relationships.