

API Banking: The Next Steps in the Future of Fintech

As the saying goes, the future is now. Banks are notoriously stubborn when it comes to adopting technology. It is time to realize the days of men going to the bank in a three-piece suit to pull out hundreds of dollars in cash are over. The future is in our pockets. The future is API banking.

What is API?

Application Processing Interface (API) is the facilitating interface between two software. It is the intermediary that lets two systems communicate. The waiter example is a famous demonstration of API. A customer ordering food through a waiter is an illustration of API. The customer reads the menu and communicates what they want to the waiter. The waiter relays that to the kitchen and brings it to the customer. The waiter acts as the API.

Now, imagine that as an application on your phone. You sift through options on the app, you click, and more information is delivered to you. API technology has been around for a while, but only recently has banking caught up. Uber uses APIs to connect to maps, for example

API Banking

API technology is a complete digital transformation in banking. The latest developments in banking have astronomically increased the scope of fintech. [Financial technology](#) is now able to provide services that otherwise would have not been possible.

Several finance companies have applications utilizing API technology. Applications like Venmo and Cash App are intermediaries between users and banks. Banks that do not utilize this financial technology risk falling behind.

Banks use API to provide access through third parties. Increased access to their services broadens their reach and accessibility. This draws more people to the bank. It keeps them loyal by making their services simple.

How Does API Banking Affect Fintech?

The latest developments in banking create unprecedented opportunities for fintech companies. Banks may not want to invest in creating their own API applications. There are plenty of established applications on the market that can create a symbiotic relationship with banks.

Banking as a Service

Fintech companies can latch onto banking as a service (BaaS) technologies to grow. All of which are possible via API. Fintech, BaaS, and banks work together to create a simple user experience. Behind the scenes, there is rigorous communication between systems through API.

An example is a fintech company using BaaS services, like customer verification, on their platform. The service is not created by the fintech company. They partner with BaaS services

that act as the intermediary. This saves money and time for new companies. They do not have to code these systems themselves.

Open Banking

API technology has led to open bank data, also known as opening banking. Open banking is a step away from centralization. Instead, banking access works through networks. Fintech companies use open banking to work with all the banks. Companies have access to the financial data of the consumer through APIs.

The possibilities are endless for fintech companies in a fully open banking environment. Fintech platforms can solve specific, individual problems for consumers. They could be offering solutions to problems of which consumers are unaware. They can make sense of the entire financial situation of a person and subsequently present it in an easily understandable way.

The Market

The market is responding positively to third-party fintech platforms. Fintech has more power than maybe they realize. The increased trust consumers have in these platforms puts pressure on banks to get involved.

The more banks are willing to provide in terms of services and access, the more potential for innovation. Innovation leads to more fintech platforms. More platforms mean more jobs and more profit.

API Banking Is Here To Stay

Fintech companies are bright-eyed and always thinking about potential. They want to innovate by changing the way consumers view banking. No one could have imagined twenty years ago that consumers would trust anyone but a bank with their finances. Fintech platforms are now a legitimate way to seek financial advice, deposit money, and send payments. It is now the bank's turn to catch up.

API technology has made it so the banks are covered. API banking has come a long way from just being a connecting layer. The modern API is standardized and thus secured and monitored. APIs now are subject to constant cycles of updates and revisions. Monitoring the systems is how we prevent outdated technology that could fail.

APIs have become widespread and are now adopted by most major financial institutions. It is an exciting time to get into fintech. API technology has grown into a game-changing technology that has opened up the world of banking. There is more freedom than ever for partnership between banks and fintech companies.

Banking is now done in sweatpants while laying in bed. The future of banking is API technology.

What is a Bridge Loan?

A bridge loan is a helpful, short-term loan. Individuals or companies can use a bridge loan to secure an investment. They are used to supplement finances while permanent financing gets finalized. Homeowners commonly use bridge loans to pay a down payment while selling their previous homes. Businesses also make use of bridge loans to cover expenses.

A bridge loan can be an effective method of quick financing if used responsibly. They are associated with higher risks, so the interest rate is higher. They are particularly effective in covering the down payment for homes in real estate. They differ from home equity and personal loan.

Bridging financing has a history in the 1960s but exploded after the 2008 financial crisis. This was the reaction of banks being more hesitant to give out loans for homes.

Bridge loans are a popular short-term financial solution, but they should be dealt with responsibly.

What is a Bridge Loan and How do they Work?

A bridge loan, also known as a bridging or swing loan, is temporary financing for individuals while they wait for permanent financing. It essentially bridges the gap between payments. Bridge loans are immediate. Customization is possible for the borrower.

Bridge loans differ from traditional loans, especially in terms of length. The average bridge loan is 6 months. However, they can be as short as 90 days and as long as 12 months. Money is secured faster through expedited application processing. Long-term financing is the end goal for those taking out swing loans.

The nature of the bridge loan ties it to significant risk for the lender. This risk results in higher interest rates and fees.

Where to get a Bridge Loan

Banks are the best place to acquire these loans. Banks have the most robust and restrictive lending policies but have the lowest interest rates. A secure financial situation with a sales agreement will increase the chances of approval at the bank. A homeowner will likely get approved by a bank that already acts as their mortgage provider.

Other lending services can give out bridge loans. Private and “b” lenders are more willing to lend the finances to riskier situations. However, the interest rates are significant.

Down Payment

In real estate, a bridge loan covers as a down payment between homes. The need for the loan is higher in seller's markets. The loan can supplement the finances so a homeowner can take

advantage of a competitive market. The homeowner does not have to take a lower offer to close faster. The bridge loan is paid back with the closing cost of their sold home. The home is the collateral.

The bridge loan allows a person to carry on two mortgages. The loan allows the borrower to take on the mortgages from both of their homes for a fixed term. This does mean two mortgage payments, so it is in the interest of the borrower to settle everything quickly.

Structure

Typically, the loan gets capped at 80% of the combined value of both homes. If the old home sells for \$800,000 and the new house is \$900,000, the calculation would be $(800,000 + 900,000) \times 0.8$. So, in this case, the maximum bridge loan would be \$1,360,000.

Some institutions will calculate the bridge loan as the value minus the mortgage. So, a person selling a home worth \$600,000 with a \$300,000 mortgage would get a maximum \$300,000 bridge loan.

Home Equity Loan

It differs from a home equity loan. A bridge loan can be taken out during the sales process. Home equity loans need to be arranged before the house gets put on the market. Home equity loans have lower interest rates and fees than bridge loans while taking longer to pay back. Both a home equity loan and a bridge loan can be a second mortgage.

The home equity line of credit is a similar idea. It differs in that loans are one-time lump sums and the line of credit is funds that are accessed according to needs.

Qualifying

Qualifying for bridge loans is comparable to qualifying for a traditional mortgage or a personal loan. The financial institution looks for good credit, proof of income, and sometimes the sales agreement. Paperwork is minimal to get a bridge loan.

A firm sale agreement on the previous house makes the approval process easier for the borrower. Without it, the risk may be considered too high for the bank. Private lenders can secure a bridge loan. Private and "b" lenders give the highest interest rates.

Business

Corporate finance and business also use bridge loans. Businesses can take out a bridge loan to cover day-to-day expenses while searching for large investments. Money from the loan can carry struggling companies for the time being. Similar to a homeowner, the bridge loan works as a financial bridge for a business.

Avoid Private Mortgage Insurance

Private mortgage insurance is something that needs to be paid with conventional mortgages. The lender gets covered by issuing this insurance as it protects them if the borrower stops paying their mortgage.

Bridge loans do not require this. These loans come with fees, but do not require the costly monthly or lump sum payments that mortgage insurance charges.

Bridge Loan Examples

A bridge loan is likely used anytime a new house closes before the old house. It is not common for a person has enough cash to secure the down payment on the house without the equity from their old home.

Homeowners

If a person bought a house that closes on Sept 1, but the house they just sold has a closing date on Oct 1, they should take out a bridge loan if they do not have massive savings to cover the down payment. The bridge loan will cover the cost as they use the sales agreement and the new house as collateral. Once their house gets sold, they can use the money gained from the sale to pay back the loan.

Businesses

A business may take out a bridge loan to cover expenses before receiving permanent financing. There are several examples where this might be the case.

If a business is in dire straits and is seeking investors, they could take out a bridge loan. The cash helps to fund business operations in the interim. In this case, the lender is taking on a significant risk.

Acquirers or investors may not rescue the business at all. Based on this risk, the interest rate would be significant. Most lenders even take an equity position.

Business and Real Estate

A company that wants to buy a building for conducting its operations can look into a bridge loan. The loan can be used to cover some of the costs. Depending on the scale of the business and the location, the price can be high. A bridge loan could never cover the entire cost of some of these transactions. Companies have the equity and cash to make these sales happen meanwhile the bridge loan covers some of the transactions.

Property Developers

Property developers use bridge loans to secure financing while logistics are being considered. Property purchasing can be a competitive environment, so developers must act quickly. A bridge loan can secure a property while arranging the permits. This is another example of a high-risk loan for the lender. The interest rate will be high, so there is still pressure to secure traditional financing to pay back the loan.

What are the benefits of a Bridge Loan?

Bridge loans are a helpful option for short-term financing. They provide that extra boost of cash flow needed in competitive real estate markets where decisions and finances need to be expeditious.

The Freedom to Act

Most people do not have the finances to secure an expensive down payment. They are in the market and have found their dream home, but they are stuck within their timeframe. Taking out the bridge loan lets them secure their new home.

The added flexibility and peace of mind is an invaluable benefits of bridge loans. Flexibility is valuable for homeowners, especially. Homeowners can start with moving and renovations before their previous house has officially closed. Property developers can acquire permits and plan construction while having already secured the property.

Having access to the funding removes the stress of having to sell the home at a price that is lower than expected.

Fast Financing

Traditional loans have a longer review and funding process. Since most bridge loans are for real estate where things move quickly, acting fast is the only way. There is no way conventional mortgage processes in time for people and businesses to secure properties against competitors.

Bridge loans can be approved within hours. The approval process is fastest when a homeowner has a secure sale on their home and all the qualities that make them a reliable borrower.

Financing can even be secured without an official sales agreement. This means that those that are not in a perfect position to receive a loan still have access to the possibility of funding.

Customization

The bridge loan is not robust. Banks are also not the only place where a loan is secured. Other financial institutions are willing to give out bridge financing to those who have struggled to get approval from a bank.

A bridge loan can work in a way that fits the borrower's needs. Financial institutions can offer first and second mortgage bridge loans. They can incorporate the interest into the loan to keep interest payments manageable during the loan term.

The length of the loan can be configured. No one wants to have to owe large amounts of money for long. If the closing dates are only a month apart, the loan can be adjusted accordingly with a short-term bridge loan. It can be arranged if a business needs a year of cash flow.

What are the Cons of Bridge Loans?

The bridge loan helps people and businesses out of tough financial situations. Understanding the whole picture of bridge financing is necessary. Otherwise, they can do more harm than good.

High-Interest Rate

Lenders offer bridge loans and take on a fair amount of risk. The risk varies on a case-to-case basis. The higher the risk, the higher the interest. Real estate is a fickle market, so it is hard to consider anything a done deal.

Despite being short-term financial assistance, the interest rates can add up. The lender does not have much time to make money on the loan, so that contributes to the inflated rates. If the lender pays back expeditiously, the interest rate is offset.

Interest can be as high as 10%.

Fees and Collateral

Fees get included in the loan to make the risk valid for the lender. The fees can be a few thousand dollars just to start. Originate fees can be included, which are around 3% of the loan amount. Other fees can be included in the loan agreement to sweeten the deal for the lender.

The borrower must be careful with using the house as a form of collateral. Putting the house up as collateral is a major risk. If not careful, the house could become the victim of foreclosure.

Risk

Both parties are taking a risk in moving forward with a bridge loan. The lender is the most protected against these risks. The borrower has fewer federal protections compared to taking out a traditional loan.

Depending on the case, the borrower is risking their home. If a sales agreement falls through, a person trying to sell one home and buy another would be on the hook for two mortgage payments. Falling behind on payments leads to being responsible for the current mortgage payment, the mortgage on the new home, and paying back the loan.

A developer must pay back the loan even if their property development does not materialize. Businesses that take out a bridge loan to tide them over have no guarantee of acquiring investors.

Conclusion

The bridge loan needs to be used with caution. There are significant risks in taking out a loan associated with immense risk and high interest. The borrower must understand these risks before they get a bridge loan. Bridge loans typically give the necessary short-term financial boost that allows people and businesses to make quick transactions. People can jump on a home they love in the competitive seller's market. Businesses can stay afloat while the company secures permanent financing.

There are many benefits of the bridge loan. It is up to the borrower to assess risks, select the right loan, and be diligent about mortgage payments to make the bridge loan work.

Making Every Dollar Count: 6 Do's and Don'ts of Budgeting for your Business

Budgeting for your business can be stressful and overwhelming. Crunching numbers and counting pennies are not the aspects of business ownership that anyone dreams about. It is hard to even begin. Thankfully, there are many resources at your disposal to help you learn about how to budget your business.

Do: Use resources to your advantage

The Internet is full of free, useful information regarding budgeting. Researching even the basics of budgeting your business will make a world of difference. Every notable business publication has an online presence. There are also many legitimate, quality resources online that are lesser-known.

Blogs and publications post informative content about budgeting all the time. They keep up to date, so you get relevant information. An example of quality business budgeting content is Divvy. <https://getdivvy.com/learn/business-budgeting-methods/>

Do: Stay dynamic

The economic world is fickle and constantly in flux. Business owners need to [stay on top of any changes](#) related to their business or their goals. Set budgeting goals and review them after a few months. Circumstances change, priorities shift. A budget should be rigid, yet flexible. Stick to it, but keep up with changes in the economy and your financial situation.

You cover your bases by revisiting your budget and its goals every few months. It allows you to evaluate the market, monitor your situation, and remain within realistic parameters.

Do: Be holistic

The budget for your business needs to include a multitude of components. It can be all too easy to get tunnel vision. The budget needs to include more than just an arbitrary figure. Include estimated revenue, costs, cash flow, profit, and taxes.

Being holistic does not exclusively refer to areas directly involving money. Include people in the process of budgeting. Hear what others have to say.

The more you include, the more you will cover.

Don't be unrealistic

You might come flying out the gate ready to stick to a tight budget. However, your business does not operate in a vacuum. There will be some unexpected hurdles along the way. You need to leave wiggle room in your budget. At the same time, you need to remain conservative.

Budgeting is a tightrope walk between being conservative and reckless. Carefully teeter this line by being realistic about your finances. Nobody knows your business better than you. Remain grounded.

Don't neglect the numbers

Too often business owners overestimate their ability to estimate their budget. You can lose a lot in the cracks when you ballpark your finances. Build your budget based on data. Use all the receipts, tax forms, and invoices you have at your disposal to base your budget on facts.

Budgeting with quantifiable figures assists in projecting your future budget as well. If you notice the cost of a supply is going up by 15%, you can budget accordingly. This aspect of budgeting is called [financial forecasting](#).

Don't stress

Worrying too much about the finances of your business can be paralyzing. The stress of taking an honest look at your financial situation should not deter you from starting a budget. Stressing about your figures will affect your decision making.

Even if you start small, you will make progress. In the long run, budgeting will remove stress. It provides the framework that will guide you and your business to prosperity.

Wrap Up

Starting a realistic budget for your business is possible. As long as you remain diligent, grounded, and inclusive, you will do great.

Do some research, [follow along with the news](#), and start operating your business stress-free.

How to Buy Bitcoin in Australia: Best Crypto Exchanges & Wallets

Cryptocurrency – all the rage, but so very confusing. I will break it all down for you, so you can hop on the bandwagon and make some money.

Cryptocurrency in Australia is legal. It is not considered money, but instead, it is viewed as [property](#). Bitcoin is the most [common form of cryptocurrency](#) in the world. Australia has largely been supportive of cryptocurrency and Bitcoin taking a non-invasive approach to the management of this sector. Without government interference, it has been able to grow in Australia.

There are regulations on the exchange and activities of cryptocurrency. Australia requires exchanges to be registered with [the Australian Transaction Reports and Analysis Centre](#) (AUSTRAC). Registering exchanges is required to validate identity and enforce annual compliance reporting.

Company Reviews

Australia has a booming crypto market facilitated by safe, legal exchanges.

CoinSpot

CoinSpot is the most popular cryptocurrency exchange with over two million users in Australia. The exchange was established in 2013 and has grown into an exchange with the widest range of coins. The platform can be accessed on a computer or through an app on your phone.

CoinSpot sports an aesthetically pleasant, easy-to-use interface. Their platform makes it easy for anyone to buy Bitcoin and hundreds of other cryptocurrencies. The company provides top-notch customer service with support agents able to help within minutes.

Reviews boast about the layout and accessibility for new crypto traders. Advanced users have great things to say about the features on the platform. CoinSpot has everything for everyone.

CoinSpot comes with all the necessary features to make it one of the top exchanges in Australia.

- 350+ coins to buy
- No deposit fees
- Staking
- Free multi-coin wallet

- Bundles to diversify your portfolio
- NFT marketplace
- Market to exchange with other CoinSpot users

Swyftx

Swyftx is the new kid on the block. It has grown rapidly since launching in 2017. Swyftx has over 300,000 users despite getting into the game late. It is now considered one of the most trusted cryptocurrency exchanges in Australia.

Swyftx users have access to all the top coins, like Bitcoin, on top of 310+ others. Their platform is user-friendly making it accessible for beginners. Beginners have the option to create a demo account to practice using the exchange. Advanced users can customise their interface.

User review Swyftx as the best trading platform in Australia. Users love the accessibility and look of the interface. The low fees are praised, as they should be. The support team is another aspect that users review positively.

Swyftx boasts features that will keep it one of the top trading platforms.

- 310+ coins
- Live support chats
- Demo mode
- Portfolio tracking
- Staking
- Bundles

Crypto Laws & Rules in Australia

Cryptocurrency in Australia is completely legal.

AUSTRAC is the regulating body in charge of a cryptocurrency exchange in Australia. These regulations require entities, like CoinSpot and Swyftx, to register as exchanges, verify users, maintain financial records, and operate under other regulations.

Consumers can rest assured that they are buying legitimate crypto thanks to additional regulations. All crypto exchanges must hold an Australian Financial Services license. These licenses are the same ones held by all other Australian financial services.

Under the [Electronic Transaction Act](#), platforms can legally operate as electronic commerce the same way paper-based transactions. This act in conjunction with the blockchain allows you to trade cryptocurrency with traditional money.

The benefit of using registered exchanges is that you are assured protection. Exchanges have to operate within the government regulations. This protects you and all your sensitive information.

Crypto Tax Laws in Australia

Cryptocurrency in Australia is not classified as money, but instead as a form of property. The tax implications depend on the purpose of owning the cryptocurrency. Platforms like CoinSpot have their cryptocurrency held as a trading stock where gains are accessible while losses are deductible.

For most of us, a cryptocurrency is a form of investment. The sale of cryptocurrency is treated as a capital gain which means it is subject to Capital Gains Tax. Australian regulations do not require cryptocurrency to get taxed under [goods and services tax](#) anymore.

Tax regulations are dynamic as the industry is still new and in flux. The Australian Tax Office has created a special task force to crack down on cryptocurrency tax evasion. In the coming years, it is expected that enforcement will get tighter.

Should You Invest in Bitcoin and Crypto in Australia?

Australia has always been at the forefront of the innovative world of cryptocurrency. The Australian government has allowed the industry to grow naturally. As cryptocurrency exploded, regulations have been put in place to protect users.

The exchanges available to you are safe and easy to use. They make it simple to deposit money and buy hundreds of coins. The fees are low and more money goes into your pocket.

Cryptocurrency is as popular as ever with the possibility of serious profit. The best time to sign up was a year ago - the second-best time is today.

Australian Crypto FAQs

There still may be a few questions you have regarding crypto in Australia.

Is it easy to buy crypto in Australia?

Yes. It has never been easier to get into cryptocurrency in Australia. Several services allow you to buy crypto from your phones such as CoinSpot and Swyftx.

Can you buy crypto using a debit or credit card?

It depends on the platform. Swyftx allows you to deposit Australian currency into their platform. CoinSpot does not, but lets you use other free deposit methods like a bank transfer.

Are there any territories in Australia where cryptocurrency is banned?

No. Cryptocurrency is legal throughout the country.

Can you buy Bitcoin anonymously in Australia?

It is possible to buy Bitcoin anonymously. Some platforms do not require personal identification. Bitcoin can also be acquired through person-to-person purchases, Bitcoin ATMs, and online marketplaces.

Can I sell my Bitcoin when I want in Australia?

Yes. You can cash out on your Bitcoin through online platforms or person-to-person exchanges.