1. **Agenda**:
   1. API and Open Banking.
2. **Question**: What is API and Open Banking?  
   Jatin 🡺 What is API Banking and Open Banking?
3. **Answer**:
   1. This is a new way of distributing financial services to consumers.
   2. It makes things standardized.
   3. It also helps to extend your services through channel partners to customers and reach out to more and more in a more friendly and much better user interface.
   4. **Opening Up the Banking System**:
      1. API and Open Banking helps a bank to open up its entire system.
      2. It means that at Software/System level, they will create microservices based concepts.
      3. For example, if you consider the entire banking as Software, then what they will do, they will pick up the issuing of card as one service/business, opening an account as another service, printing a passbook as a different service.  
         There are different services which a bank offers.  
         So, what happens in opening up a banking system is that the bank designs their system in a way so that if there is a company which says that I just want to get involved with you to open Bank Accounts to customers.   
         So, what a bank does is that it gives its API to the **Distribution Partner** and then **Distribution Partner** can open accounts on behalf of the Bank.  
         This is called **unbundling of banking services** (Read Next)
   5. **Unbundling banking Services**:
      1. Earlier, banks were bundled.
      2. **Question**: What does it (banks were bundled) mean?
      3. **Answer**: Earlier the services like opening an account, issuing credit/debit cards, transferring, were bundled in one part of the Software.  
         So it was stuck to segregate the services separately and give one service to one partner and another service to another partner (**Distribution Partner**).
      4. Now with **“API and Open Banking” & PSD2**, it has become much easier, much secured, and much standardized to unbundle and to break the banking system into smaller parts.  
         It is also called Microservice Concept (**Read Next**).
   6. **Based on Microservice Concept**:
      1. Opening Account, issuing Credit/Debit Cards, transferring funds are individual services.
      2. So, Banking is called “Entire Service” and all its parts are called “Microservice” Concept.
   7. **Who owns the Customers and Data?**
      1. **Question**: There is a case where we have a question that who owns customers and their Data?
      2. **Answer**: Let’s take an example of a medical field.
         1. When we goes to Hospital, does that mean that whatever surgical procedure that has happened on my body, that data can be used by the hospital or some research.
         2. So, the question is who owns the data?
         3. Whether the hospital should own it or I should own it as it is my data.
         4. Similarly, when I swipe my card or I have funds in my account, who should own the data. Because this is my data, so I should be able to control its use or by the bank as bank says because this is our platform.  
            Such sort of things is solved with help of **GDPR**.
   8. **Source of Revenue for Banks**:
      1. Open Banking and PSD2 API banking also work as a source of revenue for a bank where they charge a small amount of fee to give these kinds of APIs to their Partners (**Distribution Partners**).
   9. **New Distribution Channel, BaaS (Banking as a Service)**:
      1. When an API is given to a **Distribution Partner,** then that **Distribution Partner** works as a new **Distribution Channel**.  
         Then Bank will be able to offer services which are often called BaaS (**B**anking **A**s **A** **S**ervice).
      2. **Question**: What does BaaS (**B**anking **A**s **A** **S**ervice) mean?
      3. **Answer**: Baas means that the Bank will become a Software platform and any start up or any fintech company or any financial company which is regulator meeting certain criteria can use that services through an API and distribute those services to the Bank Customers and thus can earn some money and then share some revenue with the Bank with whom they are associated with.
   10. **Is it now a luxury to open up the System**?
       1. No.
       2. Initially Banks were boosting that we have API Banking. We’re sharing our APIs.  
          But now it is not become a luxury that you can show off.  
          It became a necessity as users ask for better UI and better customer service.
       3. So now it has become for banks to provide better services and if they are not able then they need to tie up with Fintech companies.
       4. **Question**: But now you may ask if we have Fintech Companies then why do we need a bank?
       5. **Answer**: As financial service is very regulatory product and bank has much understanding about regulations.  
          Being into this business for long time, they are directly regulated by the central bank of a country.
4. Hence when we started our discussion we said that bank can become the warehouse of banking services.  
   So in the warehouse you can find all the service portals