

A nighttime cityscape featuring a highway with long-exposure light trails from cars, an elevated walkway or bridge structure, and several tall buildings in the background under a dark blue sky.

Open Finance as a Model for Digital Ecosystems

Scene Setting & Introduction to Open Finance

Jeremy Gray

Why data sharing?



The four Vs of big data: **volume**, **velocity**, **veracity**, and **variety** of data

Accelerated Research and development



When data is accessible across the ecosystem, startups and MSMEs can **compete** with incumbents and **solve overlooked problems**

Democratisation of insights

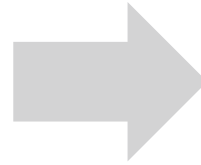
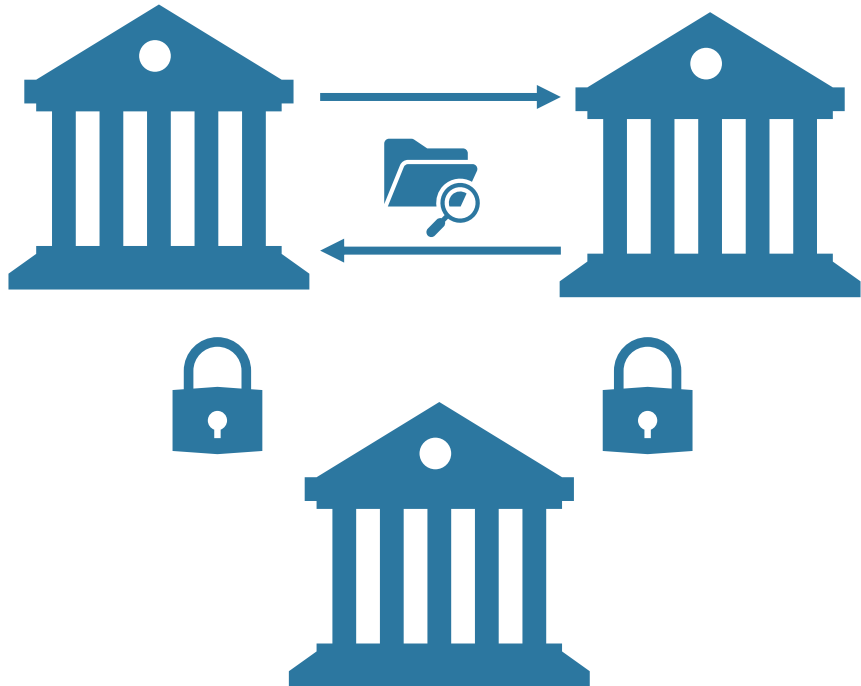


Data provides the **four Vs** required to **innovate emerging technologies** such as AI

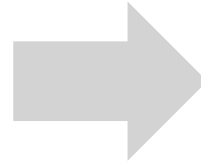
Enhanced AI and machine learning training

Data sharing is happening, but it is not *open*

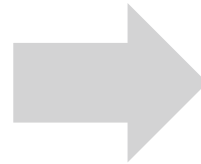
Closed ecosystem



High integration costs

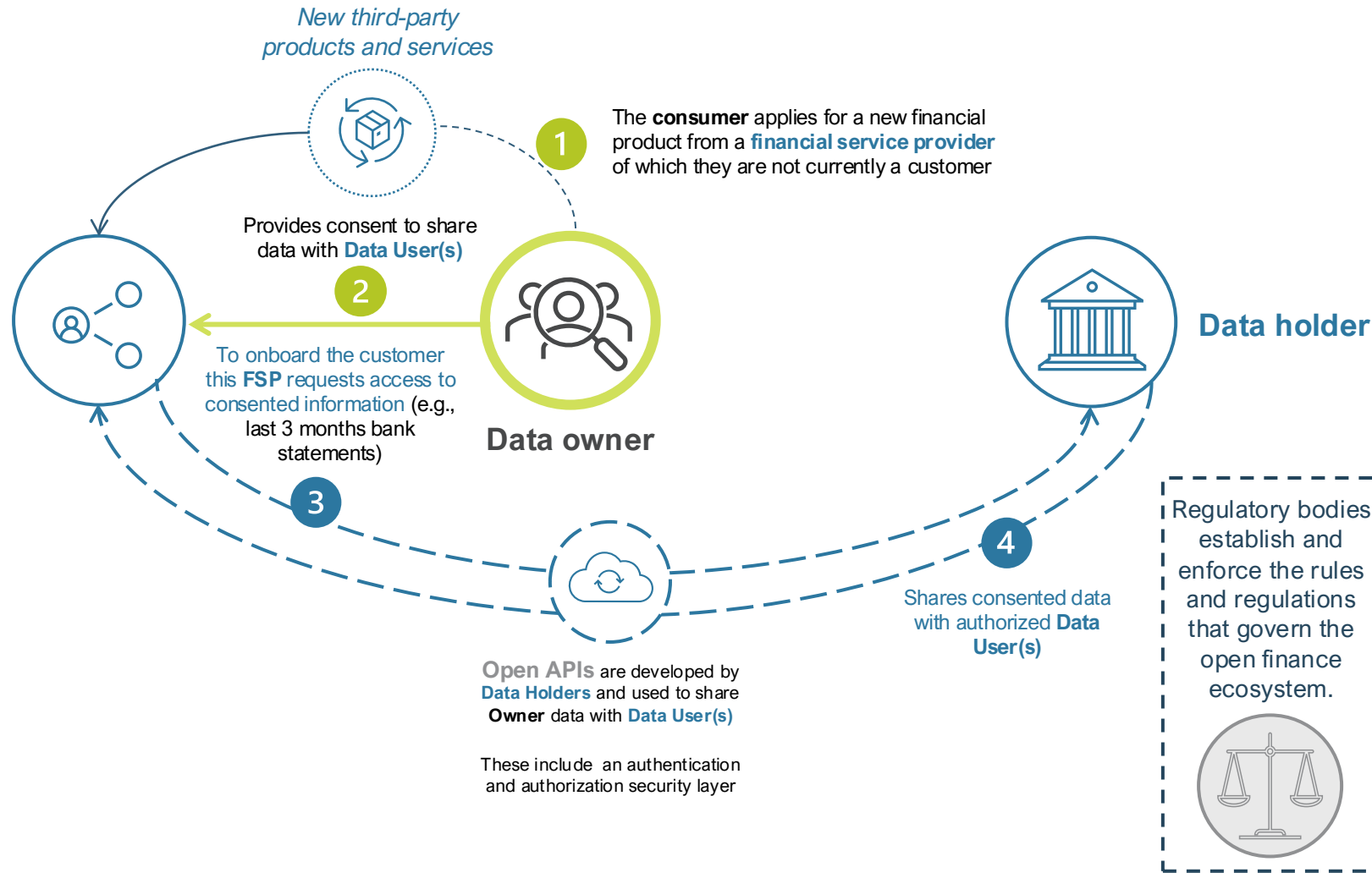


Limited consent processes



Unclear or inappropriate liability allocations

The solution: open finance



Interaction between **four** core sets of actors:



The **data owner**, who is the individual or business customer to whom the data relates.



The **data holder**, which is the financial institution that stores the customer's data.



The **data user**, a licensed third-party requesting access to the data for a specific, permitted purpose.



The **regulator**, as the public authorities responsible for setting the rules, standards and oversight



Why open finance?

National objectives that can be advanced through open finance:



Competition



Digitalisation



Financial inclusion



Customer empowerment

Common top use cases for consumers and providers

Customer onboarding	Personal financial management	Payment initiation	Alternative credit	MSME credit	Insurance underwriting	Fraud detection
Enhanced KYC, increased speed, efficiency and security by sourcing real time data	A single interface for all customer accounts for easier financial management	Direct payments from accounts with user consent, reducing reliance on 3 rd party infrastructure	Scoring, affordability analysis and alternative products or valued added services	Collecting banking and transaction data to develop novel credit products	Aggregating data sources to develop a more comprehensive customer risk profile	Improved ability to identify fraudsters based on more complete financial history

Improved efficiencies and reduction in costs for both established FSPs and fintechs, improved consumer choice and product tailoring

African consumers prefer uses cases that support credit access and personal financial management






Use case	Kenya		South Africa		Rwanda		Uganda	
	Individual	MSME	Individual	MSME	Individual	MSME	Individual	MSME
Account aggregation and personal financial management	High	High	Medium	Medium	High	High	High	Medium
Accessing loans more quickly and at a lower cost	High	High	Low	Low	High	High	Low	High
Faster and more efficient payments	Medium	Medium	Low	Low	Low	Low	Low	Low
Enabling faster insurance claim or policy evaluations	Medium	High	Low	Low	High	Low	Medium	High
More convenient and simpler tax payments	Low	Low	Low	Low	Low	High	High	High
More convenient subscription payments	Low	High	High	High	High	High	High	Low







Low resonance with the use case

High resonance with the use case

Real-world use cases show that open finance is already delivering value

Country	Use case	Inclusion Impact
 Brazil	Alternative credit scoring	<ul style="list-style-type: none">For one supplier, 30 000 SMEs gained access to new credit within one year<ul style="list-style-type: none">40% experienced revenue growth of more than 30% within 6 months66% used financing as working capital to support business operations
 India	Alternative credit scoring, and SME cashflow and revenue data sharing	<ul style="list-style-type: none">INR 140 billion (USD 1.63 billion) worth of credit disbursed by December 2023+40% of loans disbursed targeted MSMEs, reducing credit gap in the sector
 United Kingdom	Account aggregation and dashboards	<ul style="list-style-type: none">75% of open banking users are managing to keep on top of their expenditure55% of open banking users view open banking as assisting them to reduce their fees and costs

Open finance ensures that data sharing is standardised, secure, real-time, and consumer-controlled

 Standardised	Once permission is given, data from different sources flows in a consistent, comparable format.	Can integrate data more easily and build scalable services across institutions.
 Secure	Confidence that data is shared directly and safely, reducing risks of fraud or misuse.	Receives verified data from source, lowering fraud, compliance, and verification costs.
 Real-time	Access to timely services like instant credit decisions, account aggregation, and tailored recommendations.	Enables immediate product offers, risk assessment, and service personalisation.
 Consumer-centric	Consumers decide who can access their data, when, and for what purpose.	Builds trust and transparency, encouraging greater uptake and sustained usage.

Consumers are willing to share their information if their conditions for sharing are met

1 Awareness and rights



73%

Consumers in Kenya and South Africa feel that they are the owner of their financial data.

Consumers are clear on their rights and responsibilities.

88% *of Kenyans and South Africans feel that their information should not be shared without their explicit permission, and that regulators have a duty to protect their data.*

2 Who controls the data?



49%

Consumers in Kenya and South Africa feel that their financial service provider owns their data once it is held by them.

Consumers recognise that they own their data, but once it is shared with a provider, they feel ownership shifts, along with their sense of control and vision of who accesses it.

54% *of Kenyans feel that they have no control over how their data gets used.*

3 Conditions for sharing



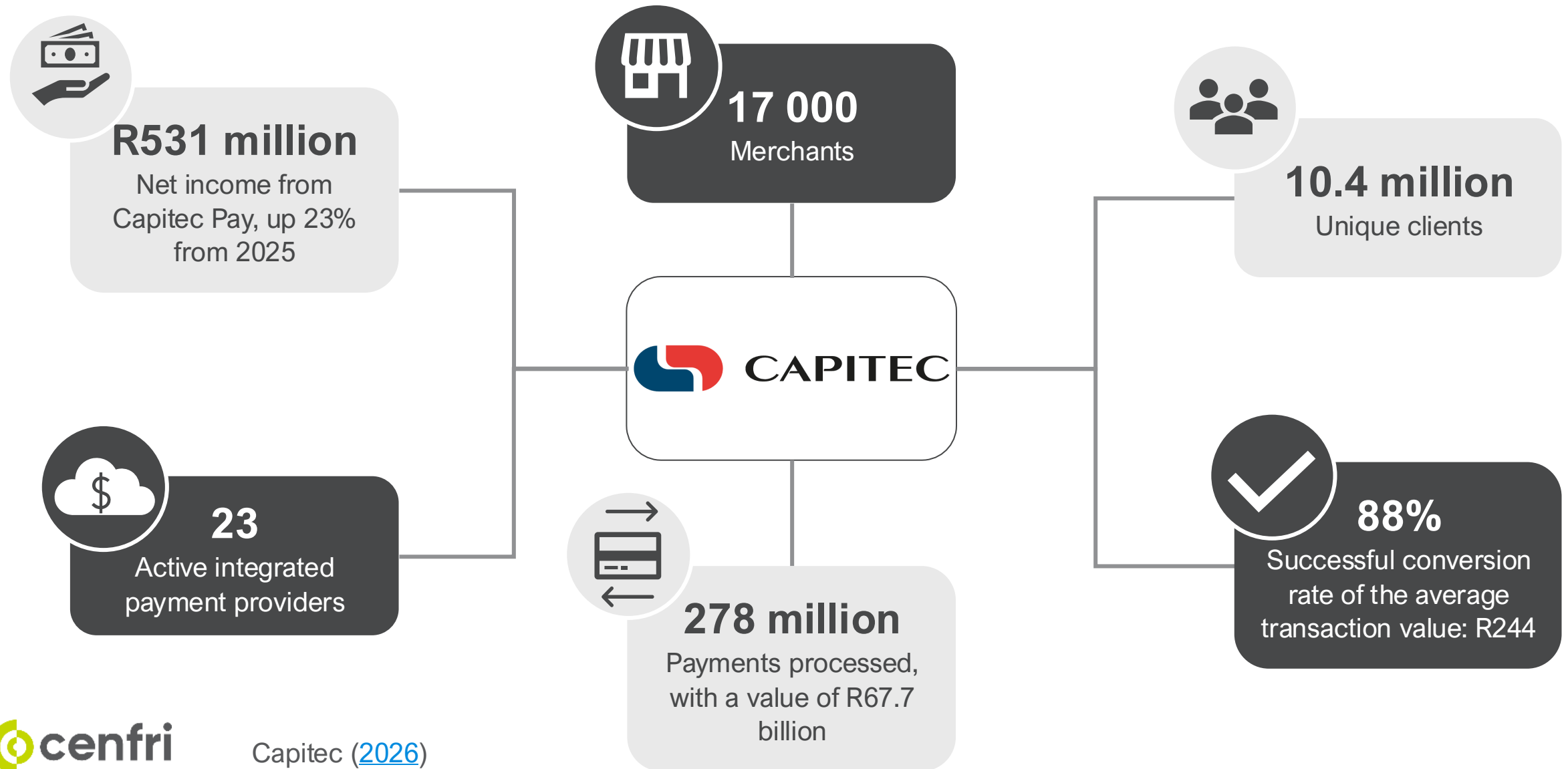
50%

Consumers in South Africa and Kenya feel that transparency, knowing who accessed what, when, and why, is the most important characteristic when sharing their data.

Consumers are most willing to share their information when they trust the data holder. This trust is first built through clear, informed consent onboarding processes and dynamic consent management systems.


77% *of South Africans feel that they should be asked to renew their consent every time their data is accessed.*

But when clear rules aren't established for open data sharing, large providers create closed ecosystems...



...And determine the conditions for sharing

PERSONAL BUSINESS M-PESA ABOUT US INVESTOR RELATIONS FRAUD AWARENESS MEDIA CAREERS CUSTOMER SERVICE

 Press Releases Terms & Conditions Frequently Asked Questions Newsroom Contact

the Interest and Fees upon any changes to taxes applicable.

19.YOUR PERSONAL INFORMATION

1. You hereby expressly consent and authorize us to disclose receive record or utilize your personal information or information or data relating to your M-PESA Account with respect to the Facilities granted under the Service and any details of your use of the Services:
 1. between NCBA and Safaricom for the purposes of this Service and other services as we shall advise you;
 2. to and from our service providers, dealers, agents or any other company that may be or become our affiliate or subsidiary or holding company for reasonable commercial purposes relating to the Services;
 3. to a Credit Reference Bureau;
 4. to independent debt-collection agencies;
 5. to our lawyers, auditors or other professional advisors or to any court or arbitration tribunal in connection with any legal or audit proceedings;
 6. for reasonable commercial purposes connected to your use of the Services, such as marketing and research related activities; and
 7. in business practices including but not limited to quality control, training and ensuring effective systems

Open finance provides principles that can guide data sharing across broader digital ecosystems

1

Start with why



2

Technology is essential, but not sufficient



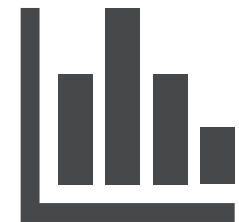
3

Legal, political and commercial concerns are real barriers



4

Data should inform decision-making



Thank you

Jeremy Gray | jeremy@cenfri.org

About Cenfri

Cenfri is a global think-tank and non-profit enterprise that bridges the gap between insights and impact in the financial sector. Cenfri's people are driven by a vision of a world where all people live their financial lives optimally to enhance welfare and grow the economy. Its core focus is on generating insights that can inform policymakers, market players and donors who seek to unlock development outcomes through inclusive financial services and the financial sector more broadly.

