

Open Banking Referencing – All You Need to Know About it



Open Banking is a new initiative and conceptual financial ideology that enables you to share your transaction data securely with third parties of your choice. This means that instead of releasing all banking information to all third-party companies, open banking allows access only to the specific services you need and want based on what you authorize and allow. This means great innovation for all consumers. But, there are some terms and things that more people need to understand. One of which is [open banking referencing](#). Here's all you need to know about that.

Open Banking Referencing – Meaning, Pros, Cons, etc.

Open banking referencing is all about the Open Banking Initiative (OBI) that aims to give you control of your

financial data by making it easy for individuals and businesses to share access with third parties. It is important because this will help you compare offers on your own, make more informed decisions on what services you want and need, and ultimately save money.

Pros of Open banking referencing are clear right from the get-go. Users get a better, more tailored product and/or service, whilst the providers can better evaluate their customers and offer what represents their best interest. Open banking referencing means exactly what it says: all transaction data should be open and shared among banks and service providers. This means great innovation for all consumers. Open banking is a way of using your transaction data in order to have the ability to compare offers from various banks and providers. Open banking means the end of having to go around to various banks and providers, filling out numerous forms in order to get new accounts (credit cards, loans, mortgages, etc). Open banking referencing will make the whole process of comparing offers super easy. You can easily switch financial accounts between banks if better rates become available elsewhere, for example.

The cons of this technology are that it's new and it lacks trust from customers. When the majority of consumers adjust to this new norm, open banking referencing and the concept, in general, should quickly revolutionize the world of consumer financing.

State of Referencing in Open Banking

Open banking is currently in its infancy, but implementing Open Banking referencing throughout the many markets is definitely the next step for this technology.

In most EU countries, this conceptual initiative is already

working very well, however, there is a dispersion between different member states and how well open banking is integrated.

The United Kingdom (albeit outside the EU), Baltic States of Lithuania and Latvia, Germany, Netherlands, Scandinavian Countries, and France seem to be the leaders of open banking adoption. At the same time, other countries in the bloc are slightly behind with innovation but still miles ahead of the rest of the world.

When fully implemented, referencing can help every one of us save hefty amounts of money every day or whenever consumers find the need to take out loans, mortgages, etc. It does this by helping find the best banking and financial products.

Conclusion

Open banking referencing aims to give you control of your financial data by making it easy for individuals and businesses to share it. People decide who they share it with and when they do it. From the business standpoint, open banking is about bringing competition into the market, therefore enabling consumers to embrace innovation and to make better decisions based on larger, more accurate amounts of information. The legislators noticed that the financial sector was stagnating and that new entrants into the market couldn't get a solid foothold, even with innovation. Hence, open banking was introduced and technology, such as open banking referencing came to be!