

# OPEN APIs IN DIGITAL FINANCE

A growing number of digital financial services providers in emerging markets are deciding to open APIs. Are open APIs right for your business? And, if so, how do you successfully implement an open API initiative? Below are some key findings from CGAP's work with providers around the world that are at various stages of their API journeys.

## 1 WHY APIs?

**Customers** need more relevant use cases to realize the benefits of financial services and drive usage. Open APIs make it easier for third parties to integrate digital financial service providers' data and capabilities into a wide range of services. As relevant use cases increase, low-income customers benefit from greater competition and choice. At the same time, providers and third parties can capture new revenue streams.

350 percent growth

### INDIA

In three years, open APIs enabled Indian fintech Eko to expand its distribution network from **15,000** to **150,000 agents**, grow transaction volume by **350 percent**, and increase revenue **4x**.

10m API calls per month

### AFRICA

Less than two years after MTN launched its open API program, there are **10,000+ developers** in its sandbox and **400+ partners** live in production across **10 countries**, making over **10 million API calls** per month.

## 2 ARE APIs RIGHT FOR MY BUSINESS?

**Under certain circumstances**, opening APIs is the best solution to enable this exponential increase in innovative customer use cases, including for low-income customers. When considering APIs, providers should look at a range of factors:



Is there a demand for our open APIs?



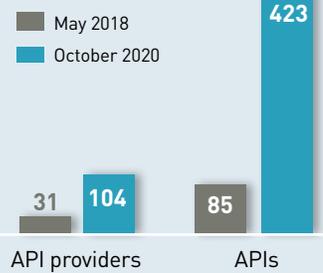
Do we have the internal capability, both in terms of people and technology?



Is the business and digital financial services ecosystem ready for APIs?

If a provider is not well positioned to open APIs directly, there may be other options, such as going through an aggregator or connecting with other platforms.

### More digital financial services providers are deciding to open APIs in emerging markets



Source: CGAP Open APIs Dashboard.

## 3 HOW TO IMPLEMENT?

For successful implementation, consider the **Three S's**



Ensure APIs connect to **Strategic** business priorities. Then align resources accordingly.



Keep it **Simple**. Start small, configure to learn, and iterate.



Aim for **Self-Service**. Make the API testing sandbox open and ensure the transition to live is as seamless as possible.

**Beware!** avoid these common pitfalls.

The "it's just a tech project" mindset.

Opening APIs is not just about finding technology solutions. It requires **new people, processes, technology and ways of working**. It is not a three-month tech project, but a multi-year organizational transformation.

The "build it and they will come" mindset.

An open APIs initiative doesn't stop once you release APIs. Develop a **plan to strategically engage your target** users to drive awareness, usage, and growth.

The "it's too risky" mindset.

There are risks involved in opening APIs, but they can be mitigated through a combination of technical, operational, and **contractual measures**.

**AN OPEN APIs PROGRAM** requires a serious commitment from a provider, but the rewards can be more than worth it, as some of CGAP's partners can attest.

"Today we are a profitable company. Significantly, we've been able to accelerate our revenue growth and our EBITDA levels at a fairly high rate once the open API strategy was implemented and adopted and practiced every day at Eko."

— Abhinav Sinha, Co-founder and COO, Eko

**Want to learn more?** Visit [www.cgap.org/OpenAPI](http://www.cgap.org/OpenAPI) for more information on the business case for open APIs along with a suite of practical tools and resources for implementing a successful open API initiative.

