

SMEB WHITEPAPER

# Open banking benefits for SMEs

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June 2024

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# Open banking benefits for SMEs

Open banking is beneficial for SMEs (small and medium-sized enterprises) for several reasons:

## **1. Access to Financial Services**

Open banking allows SMEs to easily access a wide range of financial services offered by different providers. This includes accessing loans, credit facilities, payment services, and more. SMEs can find the best financial solutions for their needs, increasing their chances of securing affordable and suitable financial products.

## **2. Better Financial Management**

Open banking enables SMEs to aggregate their financial information from multiple accounts, including bank accounts, credit cards, and e-wallets, in one place. This provides a holistic view of their financial position, making it easier to track income, expenses, and cash flow. With accurate and up-to-date information, SMEs can make better financial decisions and manage their finances more effectively.

## **3. Enhanced Access to Credit**

SMEs often face challenges in accessing credit due to limited credit history or collateral. Open banking allows SMEs to share their financial data securely with lenders, enabling lenders to assess their creditworthiness more accurately. This can increase the chances of SMEs obtaining credit at favourable terms and conditions, facilitating their growth and expansion.

## **4. Innovation and Competition**

Open banking promotes competition among financial service providers by allowing third-party providers to access customer data with their consent. This encourages innovation in financial products and services, leading to more tailored offerings for SMEs. With a wider range of options available, SMEs can choose the solutions that best meet their specific needs.

## **5. Streamlined Payments**

Open banking enables SMEs to initiate payments directly from their accounts using third-party payment providers. This simplifies the payment process,

reducing administrative burden and potentially lowering transaction costs. Additionally, open banking facilitates real-time payment notifications, improving cash flow management for SMEs.

Overall, open banking empowers SMEs by providing them with greater access to financial services, improved financial management tools, enhanced credit opportunities, and increased competition in the market. These benefits can help SMEs thrive and grow in an increasingly digital and interconnected financial landscape.

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