

Mastercard deepens push into open banking with account owner verification

Article

The news: Mastercard launched an account owner verification tool in Europe that uses open banking, [per](#) PYMNTS. The solution automates the account ownership verification process to

eliminate account opening pain points.

In tandem with this launch, Mastercard also partnered with French credit decisioning specialist **Algoan**. Algoan will use Mastercard's open banking connectivity to power its credit scoring products across Europe to deliver faster and more inclusive credit decisions.

The bigger picture: Mastercard is committed to unlocking the benefits of open banking, it said during its 2023 North American Innovation Day.

It's identified four key use cases: payments, account opening, lending, and small business service.

- 1. Payments:** Mastercard has various open-banking partnerships to facilitate account-to-account (A2A) payments, like [a tie-up with JPMorgan Payments](#) for the ACH solution Pay-by-Bank. And **Mastercard-owned Aiiia teamed up with Paytrail** to power more than 1 million open banking payments a month as of last July.
- 2. Account opening:** Mastercard launched **API-based Open Banking for Account Opening** in the US in May. It verifies consumers' identities in real time and pre-fills account and routing data to minimize errors.
- 3. Lending:** Mastercard helps credit unions improve underwriting through a tie-up with [credit union service organization Bonifii](#).
- 4. Small business services:** Mastercard added advanced analytics to its open banking platform in February to help small businesses analyze permissioned data. Open banking can also give small businesses access to more financing options and can help these businesses scale their operations.

Why it matters: Mastercard is pushing forward with its aggressive open banking push.

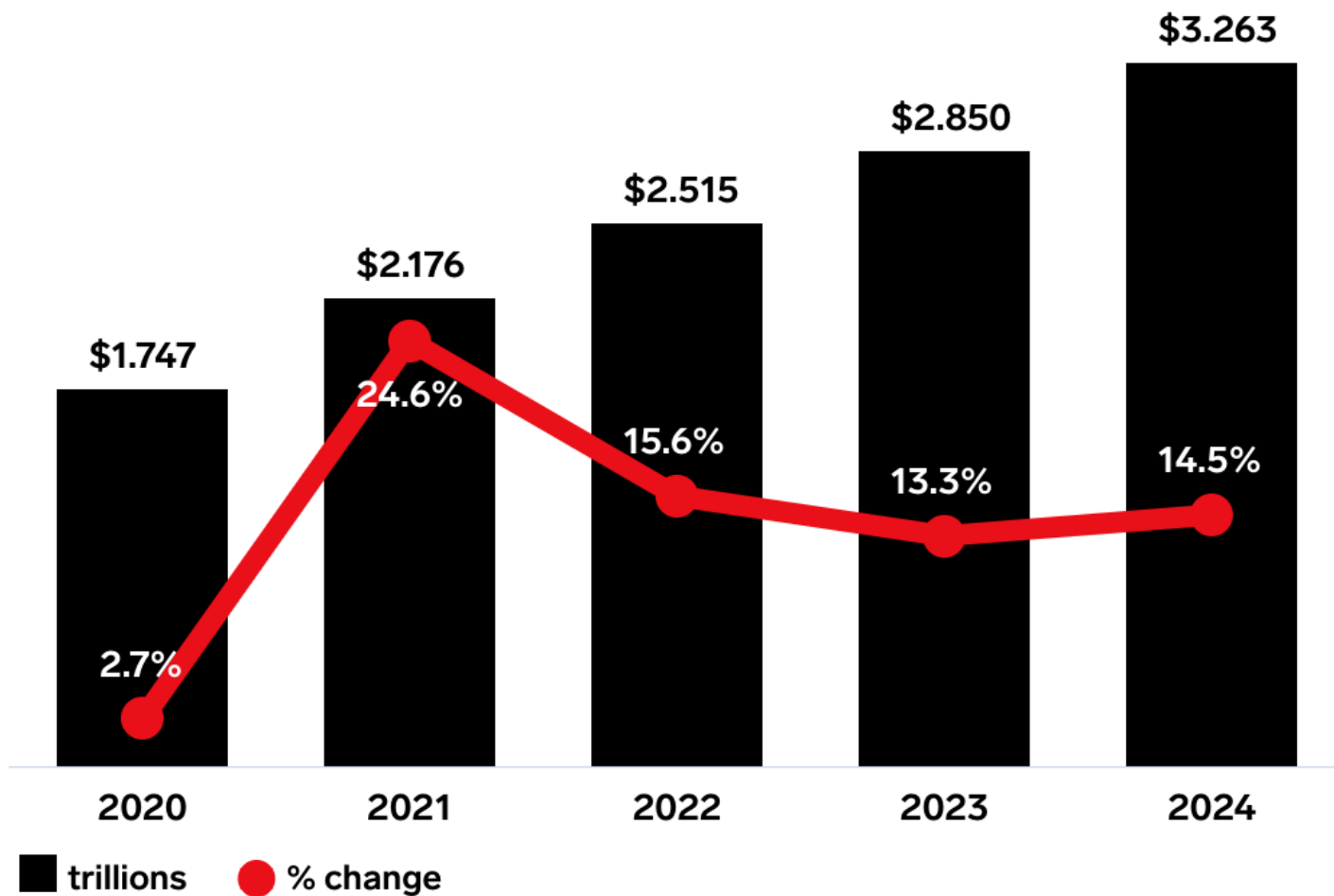
Open banking can expand Mastercard's consumer and merchant network: Account opening partnerships can make financial services available to more users, and interchange-free A2A payments can attract merchants, for example.

But privacy issues still abound, so Mastercard must manage data with transparent consent to ease regulatory, business, and customer concerns to succeed in this segment.

Dig deeper: To read more about the benefits open banking can bring to payment card networks, check out our ["US Payment Card Networks 2022"](#) report.

Mastercard Network Card Transaction Value

US, 2020-2024



Note: represents the aggregate dollar amount of purchases made with Mastercard-branded cards; debit transactions on Maestro and Cirrus-branded cards are not included; includes consumer and commercial cards; excludes returns, balance transfers, cash advances and other activity

Source: eMarketer, November 2022

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