

Apple's open banking acquisition could help fuel payments business

Article

The news: Apple acquired UK-based open banking fintech **Credit Kudos** in a deal that reportedly valued the startup at about \$150 million, people familiar with the matter told The Block. Credit Kudos' open banking tech helps lenders access consumers' financial information like spending data, which they can use to make credit decisions.

What Apple may do: There are a few ways the tech giant could use the acquisition to bolster its payments business.

- **Bring the Apple Card to the UK.** The card is only available in the US, but CEO Tim Cook has [said](#) Apple will bring the card to more countries. Apple may see the UK as a good candidate because it has high credit card penetration that could signal demand: There were **60 million credit cards in circulation** in the UK in December, [per](#) UK Finance.
- **Add financial management tools.** Apple could use Credit Kudos' open banking tech to add financial tools like credit score checks and budget alerts to the Apple Wallet and Apple Card. Integrating these value-added features could help increase engagement and potentially lead to more spending. This tactic isn't new: **PayPal**, for instance, [added](#) bill pay to its app last year so users can track, view, and pay their bills in one place.
- **Expand credit underwriting.** **Goldman Sachs** issues the Apple Card, which last year had an **estimated 6.4 million users**, [per](#) Cornerstone Advisors data cited by Forbes. But Apple may use Credit Kudos' open banking-acquired data to complement Goldman Sachs' underwriting capabilities when assessing creditworthiness. This could expand Apple Card's addressable market by helping it reach more subprime borrowers in the US (and potentially the UK), which Apple and Goldman have already been doing.

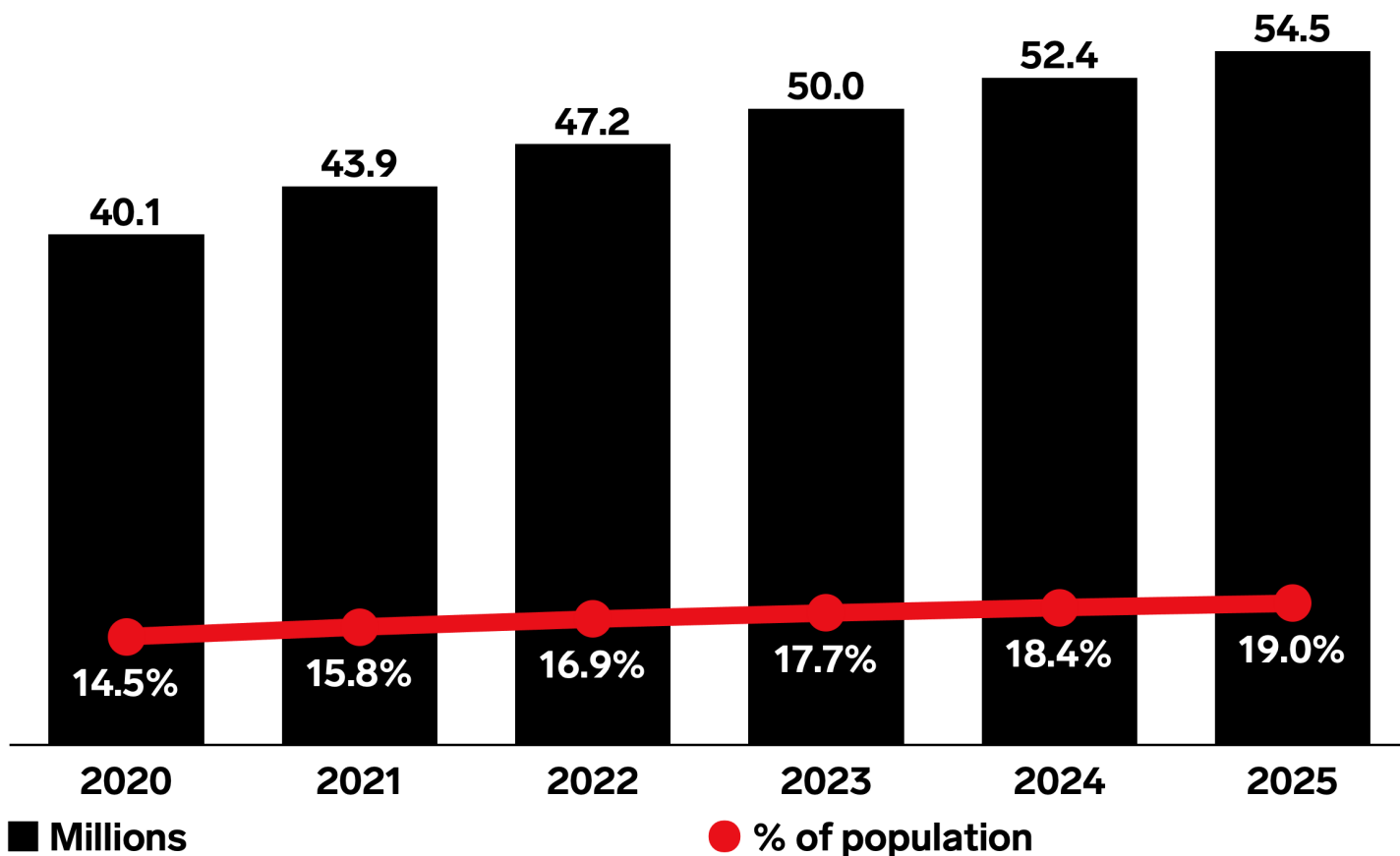
The bigger picture: Apple has pushed further into payments in recent months.

- In February, it [announced](#) Tap to Pay on iPhone, a mobile point-of-sale (mPOS) solution. Apple likely used tech from sofPOS startup **Mobeewave** (which it acquired in 2020) to develop the offering.
- The tech giant also expanded Apple Pay's capabilities, letting users store things like [driver's licenses](#) and [health insurance cards](#) in the wallet.

Apple may be trying to bolster revenues in a high-growth market: **Global payment revenues are expected to hit \$2.9 trillion** in 2030, up from \$1.5 trillion in 2021, [per](#) Boston Consulting Group.

Apple Pay Users and Penetration

US, 2020–2025



Note: ages 14+; mobile phone users who have made at least one proximity mobile payment transaction in the past 6 months using Apple Pay. A proximity mobile payment is a point-of-sale (POS) transaction made by using a mobile device as a payment method. Includes scanning, tapping, or swiping a mobile device at the POS to complete transaction; excludes purchases of digital goods on mobile devices, purchases made remotely on mobile devices that are delivered later on, and transactions made via tablets.

Source: eMarketer, March 2021

Methodology: Estimates are based on the analysis of the market presence of major mobile payment players; estimates from other research firms; and consumer smartphone, mobile payment adoption, and retail spending trends.

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