

GoCardless and Clear Books give open banking their stamp of approval

Article

The news: Open banking-powered solutions are gaining traction in the payments space.

Account-to-account payments provider GoCardless introduced Instant Bank Pay and Verified Mandates in Germany, per AltFi.

- Instant Bank Pay, which was already live in the UK, lets merchants collect one-off payments through open banking. The solution supports merchants that get the majority of their revenues through recurring payments but may not have anything in place to collect extra one-off payments.
- Verified Mandates, which GoCardless [launched](#) in the UK in March, is a fraud prevention solution that verifies customers' information without lengthening the checkout process. Customers log into their banking portal and verify their identity during checkout. Then, the merchant is notified, and the payment is completed.

UK-based accounting software provider Clear Books unveiled Instant Bank Payments to support small and medium-sized businesses (SMBs), per Fintech and Finance News. Instant Bank Payments is a standalone button on merchants' checkout pages that helps them get paid faster by letting customers make open banking-powered bank transfers. Customers can select their bank and authorize the transaction by logging in through their online banking portal or banking app.

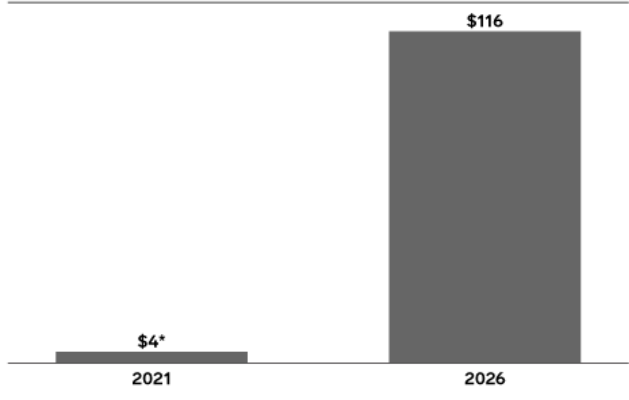
Why it's worth watching: The global value of **payments facilitated by open banking is expected to grow 2,800%** between 2021 and 2026, [according to](#) Juniper Research.

This growth may be spurred by three key trends:

- **Demand for faster payments.** Open banking payments are nearly instant and settle faster than card transactions, giving merchants a clearer picture of cash flow. They also offer a more seamless payment experience than traditional bank transfers, which can be time consuming and more prone to human error: 4 out of 5 US consumers said they were interested in using faster payments to pay businesses, [per](#) a 2022 Federal Reserve study.
- **A push for tighter payment security.** Open banking payments are inherently more secure than other digital payments because no personal payment details are shared between the customers and merchants. These payments require user authentication and can also have additional forms of authentication built into the checkout flow, depending on the payment provider. Open banking payments can help merchants **avoid card fraud losses, which increased almost 11%** annually in 2021, [per](#) Insider Intelligence forecasts.
- **Card fee tensions.** Open banking payments let merchants avoid paying interchange fees—the fees merchants pay to accept card payments, which are set by card networks like **Visa** and **Mastercard**. Both networks updated their fees in April; those changes are expected to

increase card fees by \$475 million, per CMSPI estimates. Higher interchange fee displeasure may make open banking payments more attractive to merchants.

Payment Transactions Worldwide Facilitated by
Open Banking, 2021 & 2026
billions



Note: *just under \$4 billion
Source: Juniper Research, "Open Banking-Facilitated Payments to exceed \$116 billion by 2026, as APIs threaten to end card dominance," Nov 1, 2021
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