



the payments association

**DISCOVER**  
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# Open Banking Use Case Interview: Ecospend



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**ecospend**

Read The Payment Association's Open Banking Guidebook [here](#)



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## Interviewer: Please introduce yourself

My name's James Hickman. I'm the Chief Commercial Officer of Ecospend. We are an Open Banking platform based in London. We have full capabilities for both data and payments so we're FCA authorised for AISP and PISP.

## When was the company set up?

We were set up at the beginning of 2018, but really launched commercial activities in Q4 2020. We saw PSD2 arrive and the enormous potential of Open Banking across both the data and payments landscapes, and so we focussed initially on building our engineering team and developing technology, so we absolutely focussed on building the products before we decided to take it to market.

## Can you talk us through your product use case in a little more detail?

We've done some research on this and there are about 15 steps within a typical card payment. Within an Open Banking payment it is significantly less than that because all you're doing as a consumer or a corporate bank account owner is you're initiating a payment directly from your bank account using your biometric ID if you're making the payment through your mobile or if you're making it through your desktop using sensitive password information. So, it's very secure. It's

very quick. It's built upon the faster payments network which means that funds clear instantly. And it's a fraction of the cost of cards because you have none of the interchange fees or 3D secure or card fees you would typically associate with card payment.

## What are the key benefits to the Bank or other Financial Institution with your solution?

I would say that the benefits are the reduction in costs. Card transactions can be cancelled after the event. It's hard to argue that an Open Banking payment wasn't initiated by the bank account owner. So, a reduction in costs associated with admin and fraud.

## What markets are you live in today?

We are connected to and are finalising our passporting arrangements for the key European markets where we will be delivering a comparable service. The UK is probably the most developed and advanced European market, but others are catching up. And account to account payments (A2A) will become a global phenomenon.

## What has been the greatest challenge?

Ensuring that the consumer or end customer experience is strong. All merchants are looking for a good or better conversion rate. Clearly there is no point in having a cheaper, more secure, more fraud-proof solution if it harms your

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conversion rate. It's a balancing act between ensuring that you optimise conversion and bring on a viable new payment method. It's about identifying a market where an Open Banking payment method is going to bring value to all parties.

#### **Are you starting to look outside of Europe?**

Other markets coming on stream are Latin America; Brazil seems pretty advanced. Australia is beginning to take off. The US is a bit further behind – the fragmented nature of its banking landscape - but there are signs in recent months that it is taking off; Canada is a bit further ahead. There is no reason to believe that this is not going to become a globally ubiquitous phenomenon.

#### **Is that driven largely by the ability of faster payments?**

Faster payment isn't essential. In different markets you find equivalents. But fundamentally this can be built on any payments infrastructure.

#### **How do you see open banking developing over the next 2 – 5 years?**

It's still pretty early in its life cycle. There is still a reasonably low level

of awareness. Things like the UK government adopting open banking payments through the HMRC [Her Majesty's Revenue and Customs] - a contract that we were awarded in January 2021 – helps but it requires other large organisations to adopt this and spread the word.

Over the next 3-5 years we see an increasing rate of growth, the benefits becoming ever more widespread and widely known, and new services and solutions will come on board like VRP [Variable Recurring Payments].

#### **What opportunities do you believe this creates for your company?**

We are one of the leading players. We've built the systems. Our technology is proven. We are doing very large volumes now with a number of our clients including the UK government, so it feels like we've built the foundations to take advantage of this solution. I think this is a great opportunity for UK plc and an opportunity to develop and export some of the skill sets we've developed here. I think we are all just scratching the surface at the moment. There are so many potentially ubiquitous channels through which we can build products and it is going to be exciting to be part of that.