OPENBANKPROJECT

Building a digital accelerator for financial institutions in emerging markets

The IFC's DigiLab Finance in LatAm serves as a model for initiatives across the globe

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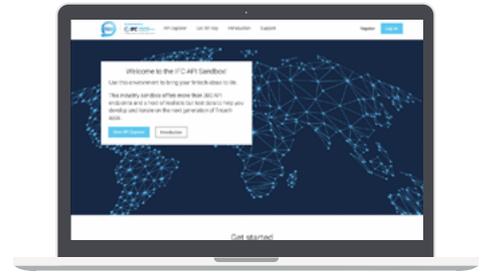
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Background

The International Finance Corporation (IFC) is a global development company and a branch of the World Bank with a mission to help financial institutions in developing markets embark on their digital transformation journeys.

Tier 1 banks are best poised to reap the benefits of Open Banking, but such opportunities are not equally accessible to Tier 2 and 3 banks. Such banks are of high importance in the development and competitiveness of financial markets, but their ability to harness digital transformation is curtailed by high barriers of access that stop them from learning, building, and growing.

In 2019, IFC chose Open Bank Project technology to launch the DigiLab Finance accelerator programme in Latin America, which would allow financial institutions to experiment with APIs and collaborate with FinTechs. Specifically, the global development company needed a platform able to reduce the cost of delivery, quickly test the market, and accelerate the Open Banking journey of hundreds of financial institutions. IFC's DigiLab Finance in LatAm is now serving as a model for initiatives in the Middle East, North Africa, and Central Asia.

> IFC DigiLab is a sandbox environment that supports financial institutions in Latin America and the Caribbean in developing a structured digital transformation programme whilst allowing them to experiment with innovative use cases.

How TESOBE Helped

The aim was to develop a platform to service Tier 2 banks to enable and empower them in their Open Banking journey by bundling the ability to:

1. **Understand and develop** the internal capacities for Open Banking.

2. Generate a tailored and independent **Open API strategy and roadmap ready** for implementation.

3. **Access to a tangible Data Sandbox** environment to test code and quickly pilot product and service prototypes.

Accordingly, TESOBE designed the sandbox business model as well as the training packages, then defined a list of KPIs and the overall strategy.

Subsequently, the team deployed an OBP instance on the cloud, creating a sandbox environment according to IFC's branding guidelines. The IFC sandbox currently uses a catalogue of over 350 APIs based on the OBP API standard, and synthetic data that reflects local context.

The operation phase involved promoting the sandbox and onboarding financial institutions in the region.

Outcomes

Despite the challenges tied to user onboarding in 2020 due to the global outbreak, the IFC has successfully onboarded two Financial institutions to the sandbox.

One of these is Tuya, a Colombian financial services company, which is trying to strengthen its Open Banking strategy in order to become a reference for Open Banking in the region.

Within the framework of this strategy, Tuya is launching a hackathon in which third parties collaborate to design solutions and have the opportunity to become Tuya's innovation partners. The challenge lasts six weeks, with participants focusing on creating digital solutions for enabling electronic payments and financing through credit cards. The TESOBE team provided a smooth onboarding session to welcome TPPs to the sandbox, along with tech support during the 6-week programme.

The second financial institution being onboarded is the Superintendencia Financiera de Colombia (SFC). The Colombian regulator aims to encourage the financial services industry to leave behind traditional ways of transmitting data and to adopt new data-sharing practices. In this case, the SFC selected 3 financial institutions to experiment with Product APIs in the DigiLab sandbox in a 4 weeks program.

IFC will follow these institutions closely in their digital transformation journey and support them with innovation workshops and mentoring.

"IFC believes that digital innovation is a cornerstone of potential development for the financial sector in Latin America and should be something granted to banks of different markets, sizes and budgets. The IFC DigiLab Sandbox aims to accelerate the adoption of open APIs models that can boost business models of Tier II banks for positioning themselves as pioneers in their markets - and TESOBE's technological infrastructure is helping us make this a reality"

Nuria Aliño, Principal Digital Finance Specialist at IFC

Overall, the DigiLab is now enabling Tier 2 banks to:

• learn by accessing quality information
• build capacity by integrating flexible, scalable and cost-efficient technology
• grow by accessing a peer ecosystem of banks, FinTechs and strategic partner

In conclusion, the IFC has succeeded in building an unparalleled accelerator to internally evangelise and build momentum around Open Banking, as well as to cultivate relationships with third party developers in Latin America and abroad.

Contact

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