

Future Opportunities and Challenges for the Development and Adoption of Open Banking and Open Finance

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About

The Cambridge Centre for Alternative Finance (CCAF), established in January 2015 at the University of Cambridge Judge Business School, is a global leader in research and capacity building focused on emerging financial technologies and systems. Its mission is to create and transfer knowledge addressing emergent gaps in the financial sector in order to support evidence-based decision-making by market participants, regulators, and related stakeholders. The Centre is supported by over 100 full-time and part-time staff, fellows, research fellows, and affiliates. CCAF collaborates with more than 5,000 FinTechs and over 250 central banks and financial authorities across more than 190 jurisdictions. It has also provided online capacity building through Cambridge Executive Education programmes to over 3,200 regulators and policymakers worldwide.

For more information, visit <https://www.jbs.cam.ac.uk/ccaf>



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The Tokyo roundtable on Open Banking and Open Finance—held as part of the GFTN Insights series during the GFTN Forum, Japan 2025—brought together regulators, industry leaders, and experts from across the Asia-Pacific region and beyond to explore the evolving landscape of data-driven finance. The discussion focused on the findings of the [APAC State of Open Banking and Open Finance Report](#), developed by the [Cambridge Centre for Alternative Finance](#) (CCAF) in collaboration with the Asian Development Bank Institute (ADBI). The report offers a data-rich snapshot of how Open Banking & Open Finance is evolving across 14 APAC jurisdictions and builds on the prior [Global Open Banking and Open Finance Report](#), covering over 95 countries.

An important finding set the scene for the discussions: 73% of APAC countries have passed some form of legislation or guidance for Open Finance, compared to just 28% globally. Yet this leadership hasn't translated into widespread adoption. The roundtable participants, drawing from diverse experiences across markets at different stages of implementation, examined why this gap exists and explored pathways to bridge it. Their insights reveal both the promise and challenges facing Open Banking initiatives across the region and globally.

The APAC Advantage: Leading Through Flexibility

APAC diverges from global trends in the development of Open Banking and Open Finance by favouring flexibility over mandates. While many regions have adopted mandated and/or standardised frameworks, a majority of APAC jurisdictions have pursued guided implementation where regulators play an active role without imposing rigid requirements.¹

In contrast to regions that introduced Open Banking and Open Finance simultaneously, APAC has taken a more gradual path — starting with Open Banking and transitioning to Open Finance over time. Despite this phased approach, APAC now leads globally in the number of jurisdictions with formal Open Finance frameworks.

This leadership is not just a matter of numbers; rather, it reflects a distinctive regulatory strategy that prioritises flexibility and regulator-led guidance. Among the 14 jurisdictions studied, this approach has enabled innovation to progress under regulatory oversight, while maintaining a balance between market growth and consumer protection. As a result, APAC's experience is increasingly seen as a reference point for jurisdictions seeking to foster data-driven financial innovation while protecting consumer interests.

At the same time, APAC's experience also highlights some of the challenges of this approach. Australia's [Consumer Data Right \(CDR\)](#), despite being underpinned by a strong regulatory framework, has seen relatively slow adoption for different reasons. These include consent provisions which appear to have had unintended consequences, the absence of payment initiation from the scope of the project and the ability of TPPs to continue using screen-scraping, to avoid the stricter regulations of CDR. This suggests that regulatory clarity alone is not sufficient, and that the success of such frameworks also depends on ecosystem readiness and the ability to generate meaningful value for users.

Two Paths to Open Banking: Finding the Right Balance

The roundtable revealed a fundamental tension in Open Banking implementation: should governments mandate data sharing or let markets evolve naturally? Singapore and the UK represent opposite ends of this spectrum, offering valuable lessons for other jurisdictions.

Singapore has deliberately avoided legislating Open Banking, with the aim to avoid the rigidity citing of legal mandates. Their market-driven approach prioritises innovation and use case development, allowing financial institutions to experiment and collaborate voluntarily. The UK, conversely, employed legislative measures through the Competition and Markets Authority to mandate data sharing among major banks, creating a standardised system.

¹ Guided Implementation lies between regulation-led and market-driven approaches. It refers to jurisdictions where authorities may issue API standards and/or best practices without enforcing strict adherence. They may also facilitate discussions, knowledge-sharing events, and create incentives—such as access to government databases—to encourage data-sharing among financial institutions. While compliance is not mandatory (not yet in some jurisdictions), regulators may observe market developments and behaviors from a distance, influencing participation through incentives.

This debate extends beyond mere implementation tactics to fundamental questions about Open Banking's nature. Should it be considered a public good, warranting state intervention and funding? Or is it better left to market forces?

Participants acknowledged that the answer varies by jurisdiction, depending on local market maturity, existing infrastructure, and, importantly, policy objectives. If the regulator's policy objective is to foster competition because the market is not well-functioning, then it would be unwise to rely on market forces to deliver the desired outcomes. While market-driven approaches may favour innovation and use case development, they can result in fragmentation and inconsistent standards or, if incumbent banks have market power, barriers to entry and expansion of new players. Regulatory approaches ensure standardisation but may stifle innovation and run the risk of unintended consequences. The relationship between Open Data and public goods requires deeper exploration, as this could have implications for how initiatives are funded and the extent to which private and public sector organisations are willing to participate and contribute.

The challenge of balancing innovation with risk management emerged as another critical theme. Japan's efforts to streamline financial service licensing and Thailand's upcoming "[Your Data](#)" initiative exemplify attempts to thread this needle. Participants noted that while regulators initially aimed to "run alongside" technological advances, the accelerating pace of innovation has made this increasingly difficult.

Real-World Applications: Where Open Banking Creates Value

Beyond regulatory frameworks and philosophical debates, the roundtable's most energising discussions centred on tangible applications. Participants agreed that compelling use cases, not just enabling infrastructure, will ultimately drive adoption.

Small and medium enterprises (SMEs) emerged as the potentially missing beneficiaries of Open Banking and Open Finance in APAC. By integrating financial data with operational, alternative, and industry-specific information, AI-enabled credit models can finally address persistent SME credit gaps. Moreover, this isn't theoretical, several jurisdictions reported early successes in SME lending powered by Open Banking APIs and are likely to be early adopters through their use of cloud accounting software. Given that SMEs comprise the majority of businesses globally yet often lack access to critical financial services, solving their data asymmetry could unlock tremendous economic value. Participants noted that the next frontier lies in targeted Open Data initiatives for SMEs.

Other compelling use cases discussed included the digitisation and exchange of trade certificates, which demonstrates how Open Data can streamline traditionally paper-heavy processes. Cross-border applications, particularly in trade finance and international Know Your Customer (KYC) processes, also showed strong potential. [Project Aperta](#), led by the Bank for International Settlements (BIS) Innovation Hub, exemplifies this ambition by working to enable cross-border data portability and interoperability through aligned technical standards, APIs, and security frameworks. With its phased approach, it highlights the importance of shared infrastructure and trust frameworks to unlock scalable use cases.

Finally, it is emerging that Government itself may be a beneficiary of open banking through the reduction of welfare fraud, the misallocation of tax payments and savings in collection of tax remittances. Examples were shared across India and UK on the potential savings that have been achieved through these efforts.

Overcoming Adoption Barriers: From Awareness to Infrastructure

Despite regulatory progress and promising use cases, significant barriers persist. The roundtable identified three primary categories of challenges that must be addressed for Open Banking to reach its potential.

Consumer Awareness and Trust are fundamental barriers. Limited public understanding creates a chasm between policy intentions and real-world impact. Despite significant progress and innovation in the sector, limited visibility among consumers and businesses continues to impede broader adoption, trust, and engagement. Participants emphasised that without meaningful consumer engagement — people actively choosing to share their data and understanding why and how — expanded access alone won't deliver financial transformation. The rise of AI-generated unverified content adds another layer of complexity, making the prioritisation and labelling of verified data crucial for maintaining consumer confidence and supporting informed decisions.

Technical and Economic Challenges include fragmented standards across jurisdictions and the substantial costs of building and maintaining Open Banking and Open Finance infrastructure. Financial institutions that have invested heavily in data systems expressed concerns about fairness in data sharing, expecting equitable reciprocity for their contributions. The question of who should bear infrastructure costs and whether Open Banking infrastructure should be treated as a publicly funded utility remains contentious and must be evaluated within each country's fiscal context. In addition, newer models of Open Banking are emerging; for example, the [United Arab Emirates](#) seem to promise faster and cheaper implementations. Efforts to share data and learnings between regulatory authorities remains important to tackle these challenges.

Institutional Barriers particularly affect the integration of valuable government data. While participants recognised government data's neutrality and potential citizen benefits, legal and institutional obstacles continue to impede effective integration. Open Data is viewed as an evolving process requiring significant time and foundational infrastructure. These barriers remain major obstacles to leveraging data effectively across the ecosystem.

Cross-Border Collaboration: Building the Future Together

The path forward requires significant cooperation across borders and sectors. Cross-border collaboration, such as

through ASEAN initiatives, along with regulatory sandboxes and pilot programs like Hong Kong's [Project Ensemble](#), demonstrate how structured experimentation can reduce risk while building stakeholder trust.

Cross-border collaboration proves especially critical for use cases that transcend national boundaries. Trade finance digitisation, international KYC processes, and SME credit assessment all require aligned standards and interoperable systems. Project Aperta's phased approach to enabling data portability offers a template: start with technical alignment, build trust frameworks, then scale to meaningful use cases in areas like SME finance, trade digitisation, and international KYC.

Participants stressed that regional alignment shouldn't mean one-size-fits-all solutions. Each jurisdiction should evaluate Open Banking and Open Finance within its unique context — fiscal constraints, market maturity, consumer readiness, and existing infrastructure all shape the optimal approach. The diversity of models across APAC, rather than being a weakness, provides a laboratory for testing different approaches and learning what works.

What's Next? From Promise to Reality

The Tokyo roundtable revealed an ecosystem at an inflection point. APAC's regulatory leadership provides the foundation but transforming that advantage into meaningful outcomes requires addressing fundamental challenges around consumer engagement, use case development, and cross-border collaboration.

Three priorities emerged from the discussions. First, jurisdictions must invest in consumer education and awareness. Without users who understand and trust Open Banking, technical infrastructure alone cannot succeed. Second, the focus must shift from enabling data sharing to developing specific, high-value applications that solve real problems, particularly for underserved segments like SMEs. Finally, continued dialogue and collaboration across borders will be essential for creating interoperable systems that can unlock Open Banking's full potential.

These key takeaways highlight the significant strides made, as well as the challenges faced, in the advancement of

Open Banking and Open Finance across Asia Pacific and beyond. They underscore the critical importance of sustained, multi-stakeholder dialogue and cross-border collaboration among regulators, industry leaders, and experts. Such engagement is essential to fostering shared understanding, addressing regulatory and operational hurdles, and shaping a more inclusive, resilient, and sustainable data-driven financial ecosystem.

Participating Organisations: Asian Development Bank Institute, Emerging Payments Association Asia, Financial Conduct Authority, DigiAlly, Otoritas Jasa Keuangan Indonesia, IMC Asia Pacific, Bank of International Settlements, Monetary Authority of Singapore, Bank of Thailand, Financial Services Agency of Japan (JFSA)

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