

Opening APIs: Integrating for inclusion

THE CHALLENGE

Application programming interfaces (APIs) enable exciting advances in financial inclusion. In simple terms, APIs allow software programs to “talk” with one another. When large providers such as financial institutions or mobile network operators allow third-party apps to communicate with their systems via open APIs, all parties involved benefit. By opening APIs, providers enable third parties to make broader use of their agent networks, gain limited access to customer data, and allow customers to conveniently make and receive payments. Open APIs bring access to financial services providers (FSPs) through significantly shorter integration periods and considerably lower integration costs than bespoke integrations. The technology creates new revenue streams for providers and also accelerates innovation, thus enabling low-income customers to benefit from greater competition, lower prices, and services that better meet their needs. The challenge remains that not enough providers have opened their APIs. Access to third parties like fintech startups is thus limited, which ultimately leads to limited offerings for low-income customers.

CGAP'S ROLE

In 2017, CGAP set out to prove to industry leaders that open APIs were a win-win innovation—a good way to promote financial inclusion and an effective way to enhance their businesses. CGAP supported five providers in developing countries in opening their APIs, documented their successes and challenges, developed [a suite of practical how-to resources](#), and convened influential funders and financial executives to share the findings.

CGAP'S IMPACT

Three CGAP partners in the open API initiative—MTN, Wave Money, and Tilt Africa—launched APIs that enabled other companies to integrate financial services into a broad array of solutions, ranging from cross-border remittances to bicycle-hailing. More than 900 third-party developers now actively use MTN's APIs in 12 countries across Africa, significantly broadening use cases for financial services. When asked whether opening APIs was worthwhile, Cedric N'guessan, MTN Group Head of Fintech and Fintech Business Development, responded with a resounding “Yes!” [Open APIs continue to help MTN with its ambitious goal](#) of reaching 60 million active mobile money customers.

In addition to having an impact on partners, this initiative has been critical in shifting the private sector's mindset toward digitizing and becoming an open player, according to an independent strategic evaluation of CGAP. The number of companies offering financial inclusion-related open APIs in developing countries grew from [virtually zero in 2018 to 178 in early 2022](#). That number continues to grow.

This influence was made possible by [CGAP's members](#): more than 30 leading development organizations.



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