

# Smart Fintech Analysis: Open Banking can reduce up to 80% of companies' accounting operations

*Smart Fintech, the first third-party provider authorized by the National Bank of Romania for Open Banking payments, launches an analysis of the Open Banking*

BUCHAREST, ROMANIA, July 25, 2023 /EINPresswire.com/ -- [Smart Fintech](#), the first third-party provider authorized by the National Bank of Romania for [Open Banking](#) payments, launches an analysis of the Open [Banking](#) evolution and adoption rate in Romania.

According to the companies interviewed, this technology can reduce up to 80% of companies' accounting operations. However, it is still in its early stages in the Romanian market, facing several challenges regarding bank openness, legislation, and the need for more financial and digital education among users.

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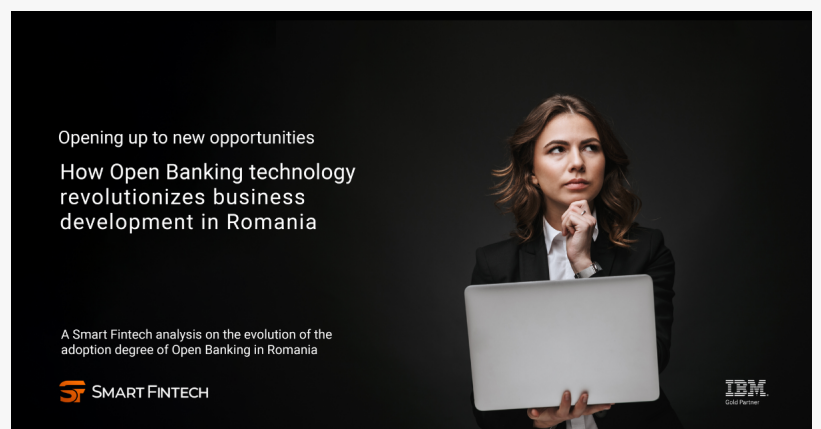
At the moment, an online banking user at a company spends an average of 3 minutes getting a single account statement from a bank's app daily.”

*Alice Anghela, Revenue Growth Smart Fintech*

Nevertheless, in the last year, the number of Smart Fintech partners increased by 142%, and the average transaction value increased from 200 to 500.000 lei.

„The adoption of Open Banking services has been slow at the European Union level, but in the last two years, these services have begun to gain traction and interest, including the banks that started to offer AIS and PIS services. We now have two providers licensed by the National Bank of Romania and a few banks that have developed such services. Still, we hope to see an evolution in the Open

Banking services adoption shortly. Recently, the European Commission launched a third Directive on payment services, aiming to promote providers that offer online banking services and to continue efforts in this regard”, states Raluca Micu, Head of Payments Oversight at the National Bank of Romania.



Smart Fintech - Open Banking in Romania

The technological revolution of recent years has generated new opportunities and business models. With the global health crisis, companies have been compelled to integrate technological solutions into their operations. In 2021, over 50% of European companies invested in digitalization solutions, according to a European Investment Bank (EIB) report. In Romania, companies' openness to process optimization is on the rise. In 2022, the proportion of Romanian companies that integrated technological solutions exceeded the European average, reaching 73%, according to the same EIB study. However, the share of enterprises engaging in information exchange and SMEs with a basic level of digital intensity, at 17% and 22%, respectively, is the lowest among European Union countries, according to the Digital Economy and Society Index (DESI), which hinders the country's economy from fully benefiting from the opportunities offered by digital solutions.



"We are witnessing an increasing number of companies adopting smarter practices by recognizing the benefits of technology, leading to dynamic changes year after year. A growing cohort of young entrepreneurs is emerging, open to new ideas, and accustomed to technology. Thus, a user-friendly solution easily accessible from their mobile phones is a natural choice for them. While more experienced entrepreneurs may be more resistant to this direction, many have successfully adapted to these changes, and their market share is growing", explains Radu Hasan, Co-founder and CEO of Smart Bill, the most widely used management and invoicing software in the Romanian market, serving over 85,000 customers ranging from freelancers and small to medium-sized companies to multinational corporations.

The low level of digital and financial education is still a challenge in Romania

The low level of digitalization in Romania attributes to the lack of digital education, poor development of public services hindering SMEs from adopting digital management of specific processes, and the absence of a legislative framework that encourages digital transition. Out of the eight companies participating in Smart Fintech qualitative study conducted through in-depth interviews, all with a sound digital component, such as Goldring, GoMag, IBM, Medeva, Omnicredit, Smart Bill, Total Soft, and Wizrom, five highlighted the lack of user education as a significant challenge.

Companies operating in the software industry observe a need for more education among small and medium-sized enterprises (SMEs) when adopting digital solutions. This is supported further by data published by the European Investment Bank, which indicates that only 50% of micro-

companies and small businesses in Romania have adopted digital solutions, compared to nearly 90% of larger companies.

"At the moment, an online banking user at a company spends an average of 3 minutes getting a single account statement from a bank's app daily. We have not considered the time allocated for other frequent interrogations required to check the account balances and decide which accounts can pay the suppliers and other third parties. Just interacting with the bank to acquire a single bank statement leads to a waste of over 12 hours per year, more than a day and a half of the total lack of productivity by engaging in repetitive activity. An average of 5 bank accounts used at the company level adds up to a week and a half per year. Thus, larger companies that collect payments in over ten bank accounts get to a total annual loss of approximately one month per person", states Alice Angheloa, Revenue Growth Smart Fintech.

Open Banking, an emerging solution with vast potential for innovation in the financial sector

Open Banking services have been introduced to address market challenges and complement companies' digital systems. It allows third-party financial service providers to access and control customers' financial data, regulated at the European Union level through the PSD2 directive. This technology streamlines companies' internal processes by enabling account-to-account payment initiations, reducing final costs and the risk of fraud. One of the areas where Open Banking solutions have a significant impact is e-commerce.

"Certain merchants have reported that by utilizing our services and implementing their technological solutions, they have recovered 78% of the time previously lost in processing. In certain cases, this time can be reduced by up to 99% by integrating our diverse automation solutions. We thoroughly explore all technology-driven options, but it's important to note that they entail associated costs. SmartPay offers a novel approach to facilitate seamless operations, with the added benefit of applying a low commission for merchants", states Cosmin Daraban, CEO & Co-founder of GoMag.

Other applications of Open Banking solutions include the ability to query accounts and provide centralized, real-time access to customers' banking data. This enables companies to track customers' payment behavior or calculate performance scores.

"Considering the needs of users who rely on our system daily and prioritize quick access to information, we have found the ideal solution in the form of Smart Accounts. The transition involves shifting from manual account queries to aggregating accounts from external banking systems, enabling automated and instant queries. This transformation represents a substantial advancement in optimizing the financial aspects of our business process management software", explains Zemy Apfelbaum, Managing Director of Wizrom.

Open Banking uses APIs to share financial data with third parties. Account interrogation services developed by Smart Fintech are based on the IBM technology in the Cloud Pak for Integration

suite. The API Connect® platform goes beyond merely creating APIs and provides additional features for bolstering security, facilitating analytics, and ensuring governance.

„Advancements in technology, like APIs and cloud computing, have played a crucial role in developing Open Finance and Embedded Finance. These innovations make it easier for financial institutions and non-financial companies to collaborate and securely share data. The development of Open Finance and Embedded Finance will likely continue expanding as more financial institutions, fintech companies, and non-financial businesses recognize the benefits of collaboration and integration. This growth will result in a wider array of financial products and services available to consumers through various platforms and channels. However, it is crucial to address challenges related to data privacy, security, and regulatory compliance to ensure the trust and protection of customers”, states Alexander Madzhirov, IBM Integration Portfolio Sales Leader in Northern and Central & Eastern Europe.

Open Banking creates a conducive space for innovation in the Romanian financial sector facilitating collaboration among traditional banking institutions, fintech companies, and third-party providers, offering various financial services tailored to their needs. However, market education and promotion efforts from all involved parties and stakeholders are crucial to increase the adoption rate.

#### About Smart Fintech

Smart Fintech is the first Romanian company authorized by the NBR to offer innovative Open Banking solutions at the convergence of the financial and technological worlds. It is a self-sustaining company, founded in 2019 by Mihaela Georgescu, Ana Maria Georgescu, Alexandru Cociu, and Andrei Dumitru, in the context of the liberalization of access to financial-banking information (Open Banking) according to the PSD2 European directive (with the recent changes that lead to the evolution to PSD3). With a combined history of over 20 years in digitization projects, its co-founders share the Open Banking enthusiasm and the innovation potential opens up in providing cheaper and safer modern digital services. Thus, Smart Fintech developed SmartPay and Smart Accounts, the first services authorized in Romania for initiating payments and account interrogation based on Open Banking concepts. The two services are available for integration to any business type aiming to accelerate receipts, simplify and automate payments and reconciliations or the processing of financial information in general, with the cost optimization generated by these activities. These services are already integrated and functional for several companies in various fields of activity (e-commerce, payments, ERP, invoicing, financial services) that are now redefining the users' experience and financial intelligence.

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