

API Banking Market Booms with 24.7% CAGR, Expected to Reach \$217.3 Billion by 2032: AMR Study

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NEW CASTLE, DELAWARE, UNITED STATES, July 31, 2024 /EINPresswire.com/ -- Allied Market Research published a report, titled, "[API Banking Market](#) by Component (Solution and Service), Deployment (On-premise and Cloud), and Enterprise Size (Large Enterprises and Small and Medium-sized Enterprises): Global Opportunity Analysis and Industry Forecast, 2022-2032". According to the report, the global API banking industry generated \$24.7 billion in 2022, and is anticipated to generate \$217.3 billion by 2032, witnessing a CAGR of 24.7% from 2023 to 2032.

Request a sample of the report: <https://www.alliedmarketresearch.com/request-sample/5025>

Application programming interface (API) banking makes use of API (XML/JSON codes) for communication between bank and client servers, making data transfer between these two systems seamless, ensuring seamless and secured integration between the customer's and bank's systems. This ability of API banking helps the customers to perform banking transactions in an easy manner without switching between the enterprise resource planning (ERP) platform and the bank.

The rapid digital transformation in the banking and financial services industry is a major driver of the API banking industry. Banks are increasingly adopting API to enable seamless integration with third-party applications, allowing them to offer innovative digital services and enhance customer experience.

Prime determinants of growth

Open banking regulations, such as the European Union's Revised Payment Services Directive (PSD2) and similar initiatives in other regions, are fueling the growth of the global API banking market. Furthermore, banks are investing heavily in digital transformation to meet evolving customer expectations and stay competitive, thus supplementing the market growth. Simultaneously, rapid advancements in technology such as cloud computing, big data analytics, and artificial intelligence (AI), have paved the way for lucrative opportunities in the industry.

Changing customer expectations and preferences have also been instrumental in driving the adoption of API banking.

Covid-19 scenario

The COVID-19 pandemic had a positive impact on the API banking market size. The pandemic accelerated digital transformation, increased reliance on remote banking, fostered open banking initiatives, improved security measures, and drove collaboration between banks and FinTech start-ups.

However, the pandemic forced banks to accelerate their digital transformation efforts to ensure business continuity and meet changing customer needs. As physical branches faced restrictions and people increasingly relied on digital channels, banks needed to enhance their digital capabilities. API played a pivotal role in enabling faster development and integration of digital services, such as mobile banking apps, payment gateways, and online account access.

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The solution segment to maintain its leadership status throughout the forecast period

Based on component, the solution segment held the highest market share in 2022, accounting for nearly two-thirds of the global API banking market revenue, and is estimated to maintain its leadership status throughout the forecast period, owing to the open banking initiatives, driven by regulatory mandates in several regions. Open banking requires banks to provide secure and standardized API, allowing authorized third-party providers to access customer data and initiate payments. This creates new opportunities for FinTech firms, start-ups, and other players to develop innovative applications and services that leverage the bank's API. However, the service segment is projected to manifest the highest CAGR of 26.7% from 2023 to 2032, as it offers consulting, integration, and customization services to banks, helping them adopt API banking solutions and implement digital transformation strategies effectively.

The on-premise segment to maintain its leadership status throughout the forecast period

Based on deployment, the on-premise segment held the highest market share in 2022, accounting for around three-fifths of the global API banking market revenue, and is estimated to maintain its leadership status throughout the forecast period, as on-premise API banking solutions offer greater customization options and flexibility compared to cloud-based alternatives. However, the cloud segment is projected to manifest the highest CAGR of 27.5% from 2023 to 2032. This is because cloud-based solutions offer scalability and flexibility, allowing banks and financial institutions to efficiently handle varying workloads and unpredictable traffic patterns. Cloud-based API banking facilitates seamless integration with third-party systems, FinTech applications, and partner platforms. API acts as a connector between different systems, allowing banks to offer a wide range of services and collaborate with external entities.

The large enterprises segment to maintain its leadership status throughout the forecast period

Based on enterprise size, the large enterprises segment held the highest market share in 2022, accounting for around two-thirds of the global API banking market revenue, and is estimated to maintain its leadership status throughout the forecast period, as large enterprises are actively embracing digital transformation to enhance their operational efficiency, improve customer experience, and gain a competitive edge. However, the small and medium-sized enterprises segment is projected to manifest the highest CAGR of 27.1% from 2023 to 2032, as API banking allows SMEs to integrate their financial systems with third-party providers, such as banks and FinTech companies. This integration enables SMEs to access a wide range of financial services easily.

North America to maintain its dominance by 2032

Based on region, North America held the highest market share in terms of revenue in 2022, accounting for nearly two-fifths of the global API banking market revenue, owing to the digitization of banking, FinTech partnerships, and an increase in customer-centric solutions. The digital transformation of the banking sector has accelerated the adoption of API banking in North America. However, the Asia-Pacific region is expected to witness the fastest CAGR of 29.0% from 2023 to 2032, and is likely to dominate the market during the forecast period. Regulatory authorities in Asia-Pacific, such as the Monetary Authority of Singapore (MAS) and the Reserve Bank of India (RBI) are taking great initiatives to promote open banking and encourage the use of API in the financial sector. These regulations have facilitated the development of API banking services and increased market adoption.

Leading Market Players: -

Infosys Limited
IBM Corporation
BankProv
FidyPay
Razorpay
Google LLC
Oracle Corporation
Salesforce, Inc.
SAP SE
Cloud Software Group, Inc.

The report provides a detailed analysis of these key players in the global API banking market. These players have adopted different strategies such as new product launches, collaborations, expansion, joint ventures, agreements, and others to increase their market share and maintain dominant shares in different regions.

API Banking Market Key Segments: <https://www.alliedmarketresearch.com/api-banking-market/purchase-options>

API Banking Market Key Segments:

By Component

Solution
Service

By Deployment

On-premise
Cloud

By Enterprise Size

Large Enterprises
Small and Medium-sized Enterprises

Request for Customization : <https://www.alliedmarketresearch.com/request-for-customization/5025>

U.S. Auto Extended Warranty Market

<https://www.alliedmarketresearch.com/us-auto-extended-warranty-market-A15995>

U.S. Insurance Third Party Administrator Market <https://www.alliedmarketresearch.com/us-insurance-third-party-administrator-market-A14535>

Advanced Authentication in Financial Services Market <https://www.alliedmarketresearch.com/advanced-authentication-in-financial-services-market-A11870>

Social Media Analytics Based Insurance Market <https://www.alliedmarketresearch.com/social-media-analytics-based-insurance-market-A14760>

Asset Liability Management Solution Market <https://www.alliedmarketresearch.com/asset-liability-management-solution-market-A15382>

Smart Lending Platform Market <https://www.alliedmarketresearch.com/smart-lending-platform-market-A15142>

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