Open API Framework for the Banking Sector: One year on

The following is issued on behalf of the Hong Kong Monetary Authority:

The Hong Kong Monetary Authority (HKMA) announced today (July 31) the implementation progress and the future plans for the Open Application Programming Interface (Open API) Framework for the Hong Kong Banking Sector (the Framework).

The HKMA introduced the Framework in July 2018, which aims to facilitate the development and wider adoption of APIs by the banking sector. The Framework adopts a four-phase (Note 1) implementation approach. Since the launch of Phase I in January 2019 as scheduled, the 20 participating retail banks have made available more than 500 Open APIs, offering access to information of a wide range of banking products and services. Websites and mobile apps are increasingly making use of these Open APIs in the provision of various services such as foreign exchange rate information, deposit rate and loan product comparison.

The 20 participating retail banks will further launch Phase II Open APIs by end of October 2019 as scheduled (Note 2) to process applications for banking products and services. However, as in Phase I, it may take time for new applications using these Open APIs to gradually emerge in the market, depending on the complexity of the API design of individual banks.

Since Phase III and IV Open APIs involve access to customer data and processing of transactions, their implementations are more complex and require stronger control measures. Having discussed with the relevant stakeholders, and taken into account the experience in the implementation of Phase I and II as well as relevant international practices, the HKMA considers it desirable to define a more detailed set of standards for Phase III and IV Open APIs to facilitate secure and efficient implementation across the industry before setting out a concrete implementation timetable. By standardising data definitions and transfer processes, accurate data aggregation can be achieved and customer trust in using the related services can be enhanced. In this connection, the HKMA will work with the industry on details of API standardisation in the next few months with a view to publishing a set of technical standards in 2020.

Meanwhile, some banks and third-party service providers are already collaborating on a bilateral basis for early adoption of Open APIs under Phase III and IV. The HKMA will continue to encourage such developments while working on the sector-wide framework and will take account of the experience of these banks during the API standardisation. The HKMA will keep abreast of market responses and international developments of Open APIs to review and refine the implementation plans as necessary.

Deputy Chief Executive of the HKMA, Mr Howard Lee said, "We are pleased to see the encouraging progress of banking Open APIs in the past year. As we move on to the next phase, with more sensitive data and complex functions covered, it is even more important to ensure security and safeguard customer interests. What the HKMA now sets for Phase III and IV will lay a solid foundation for further opening up of banking data and functions in a prudent manner while balancing the industry needs for API development. This move will help contribute to Hong Kong's development as a smart city and, in conjunction with other Smart Banking initiatives the HKMA has announced, further strengthen our status as an international financial centre and fintech hub in the region."

Note 1: The four phases of Open API are: Product information (Phase I); Customer acquisition (Phase II); Account information (Phase III); and Transactions (Phase IV).

Note 2: A summary of implementation roadmaps for Phase II was published on the [HKMA website](#) in May 2019.