

# A Definitive Guide On API Banking

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By Vipin PG | Published July 1, 2021 | Updated March 8, 2026 | Format: Analysis | 2 min read

### In brief

With the fast-changing world, the banking industry is also going through innovative changes such as Application Programming Interface (API) banking. In simple terms, it combines the functionality of your bank account with other applications with the help of API for transferring data and software.

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For instance, while shopping online, you can pay via your smartphone quickly and easily without your banking data being stored on the shopping website or application. Hence, all the necessary information is passed on with the help of API banking. Let's understand more about it in this article.

## The Advent Of API Banking In India

In 2016, The Competition and Market Authority (CMA) in the UK asked various big banking institutions such as Lloyds, Barclays, etc., to provide their core banking data's access to third-party applications. Meanwhile, Unified Payments Interface (UPI) was launched by the RBI in the same year. Both these changes were trailblazing in the conventional banking industry. Soon, a few banks opened up access to customer data via APIs, which were welcomed enthusiastically by the users. So now API banking is integral to the functioning of any bank or a financial institution.

## How API Banking Works?

Now we know that API completely changed the dynamic of modern world banking. But the question remains, how does it work? API is an interface between various software programs. Due to these interfacing capabilities, a third-party application can connect and access the tools and services provided by a bank. API banking enables third-party companies to offer banking services to their customers for hassle-free transactions. The culmination of banks and third-party applications due to API brings more value and functionality to the customer.

## Benefits of API Banking For Banks

With the help of API banking, innovation is possible in streamlining financial services for a better user experience. This is acting as a catalyst for many unique fintech products. It is no less than a revolution in the banking industry.

## Meeting Needs Of The New India

The majority of existing and potential banking customers know their way around technology and are looking for valuable digital innovations such as personalized banking. API banking helps third-party applications leverage banking tools and offer unique features for meeting the needs of digital India.

## Boosting Business Economy

API banking has transformed the way in which financial services are consumed by digital businesses. It helps bring safer and hassle-free options to the customers for indulging in online activities without the worry of cybercrimes. Hence, it boosts the business economy by supporting new digital businesses.

## **Excellent Customer Experience**

Customers not only expect state of the art features but a useful experience as well. In today's smartphone age, there must be a seamless integration between websites, applications, and information. API banking makes it possible to integrate all your banking services in one place.

## **Conclusion**

API banking has paved the way for more innovations in the financial sector. Both banks and third-party applications must utilize it to stay relevant in this fast-changing world.