

AN OPEN BANKING GUIDE FOR RENTERS

Open banking allows you to give your bank permission to share financial information digitally and securely with authorised third party providers. Why? To help you maximise the value you get beyond the basic banking services your account provider can offer.

DID YOU KNOW...

- More than 2.5 million UK consumers and businesses now use open banking-enabled products to manage their finances, access credit and make payments?
- Every month, hundreds of thousands of UK consumers and businesses become new active open banking users?
- 300 providers are now offering solutions in the UK's open banking ecosystem?

Source: openbanking.org.uk

HOW CAN OPEN BANKING HELP YOU?

Open banking can help you to better understand your finances through technology, so you can manage your money more easily. For example, budget management solutions are a popular use of open banking. When you're renting, using open banking can even help you improve your credit score with certain providers, as it can help track your regular rental and bill payments, showing your financial reliability. Even if you're renting now, you may want to purchase a property or access finance for a large purchase in the future, and a strong credit score will stand you in good stead.

HOW DOES IT WORK?

Here's the technical part. Banks can share customer information through application programming interface (API) connections, which allow the different digital services to integrate, safely and securely. API connections are used frequently in the online space. You may have booked an Uber through Google Maps in the past, without using the Uber app - that's just one example of an API connection at play.

IS OPEN BANKING SAFE?

There are always risks when using an online service, but safeguards are in place to ensure the system is as secure as when you're using online banking:

- The providers can't be just anyone. They have to go through a detailed process and get permission from the regulatory body, the Financial Conduct Authority (or European equivalent), to ensure they're above board. If in doubt, you can check they're authorised by consulting the [open banking list of regulated providers](#).
- You have to give any of these authorised companies permission before they can connect. Nothing will be shared unless you agree to it.
- You'll enter your bank's security details to connect to the new service - but that third party won't be able to see or save those details.
- Only relevant information in your bank account is shared with the provider. They are only allowed to see specific data needed for the service you've signed up to - no more, no less.
- Thanks to data protection legislation (GDPR), the company will always have to share with you what information it plans to use, how long it will keep it for, and what will happen to that data - all before you allow them to access it.
- You can opt out of any open banking connection, at any time.

WHERE CAN OPEN BANKING BE USED IN THE REFERENCING PROCESS?

Letting agents or referencing providers can use open banking to get an accurate and secure snapshot of your financial behaviour - again, only if you choose to allow the connection. The technology bases the snapshot on the information your bank holds about your income and rental payment history. You don't have to collect and share all your bank statements and proof of your income, making the whole process faster - so you can move into your new home more quickly.

Goodlord's open banking provider is Credit Kudos, a regulated provider with bank-grade security systems in place to ensure Goodlord only sees limited information based on your rent payments to make our referencing recommendations.

