

# Depositing through an API call: the first Open Banking API use case in Norway

# Rental demand soars across Europe

The proportion of people renting is on the increase. According to the latest research from the EU, three out of ten people in EU member states are renting their homes. In countries such as Germany and Austria, the ratio of renting is even higher, where close to 50% of the population rent their dwelling. However, **without an adequate service for deposit protection, both tenants and landlords are exposed to legal and financial vulnerabilities.** Thus, having a **deposit account can ensure a securely held deposit for both the landlord and tenant, which neither can withdraw funds from without the permission of the other.** This mutual security protects the landlord from damage to the property and not having rent paid, whilst the tenant is protected from the landlord unlawfully retaining the deposit at the end of the rental.



# Rental deposits in Norway are still reliant on a manual and expensive process

In **Norway** alone, 90% of rental terms last for two years or less (source: E24). This high rental turnover has led to a strong demand for deposit accounts. **Setting up a deposit account can cost up to 2,000 NOK** (approximately 200 EUR), depending on which bank you use, whether you are an existing customer and if you sign up online or in person. **Most require that both the landlord and tenant are a customers with the same bank.**

In certain cases, **some banks also request that both the landlord and tenant verify themselves at a local branch.** This process presents a clear need for digitalization. It has been reported that the number of unlawfully created deposit accounts increased by 23% in 2017 compared to the previous year (source: Huseierne). While such leeway may temporarily ease up inconvenience on the landlords' part, it is inherently putting both landlords and tenants at risk, as their rights cannot be protected under the law. There has been also an added concern for potential disputes after the contract has come to an end, regarding the release of the deposit.

Our findings suggest that the deposit-related services in Norway still rely heavily on manually-driven processes and call for improvements. According to the DESI (Digital Economy and Society Index) report, Norway is amongst the top

five countries in Europe for digital adoption. Key factors driving this include widespread usage of online banking, e-invoicing, and integration of digital technology in areas such as business and e-commerce. This serves as a good indicator that Norway's existing digital infrastructure is receptive to further innovation and improvements in areas where digitization has not been actively adopted yet, such as the property rental market.

*Challenges faced by landlords and tenants in Norway*

## Landlord

**Costly:** Deposit account creation can cost up to 2,000 NOK (ca. 200 EUR).

**Time-consuming:** Manual signage process and a visit to a bank branch.



## Tenant

**Lack of Protection:** Unlawfully created deposit accounts with no legal protection.

**Not user-friendly:** Deposit transfer and signage process need to be done separately.

# Neonomics, together with EasyBank and Idfy, launched a digital solution using Open Banking APIs

In an attempt to address the aforementioned challenges, in spring 2019, Neonomics launched a joint solution with Idfy and Easybank that offers a simpler deposit solution. The entire process of opening a deposit account, signing, transferring funds, monitoring the status and finally closing the account, is handled digitally through the one interface. **Once electronic authentication takes places using Idfy, Neonomics sends an API call to Easybank in order to create the deposit account. As we are also regulated as a PISP, the user can also make payments into the deposit account through Neonomics.**

Out of those that have created an account using this solution, 94% said they would use the solution again. Three months post-launch, already 1,300 people have used this solution, indicating a strong demand for a digital solution that offers a simple and inexpensive way of creating a deposit account. (source: E24)

*Simple and secure two-step process  
powered by Neonomics*

## Usual Process

**STEP 1:**  
Tenant signs a contract

**STEP 2:**  
Landlord opens a deposit account with fee

**STEP 3:**  
Tenant approves and signs up to be a customer of the same bank

**STEP 4:**  
Tenant pays a deposit

## Our Solution

**STEP 1:**  
Landlord opens a deposit account for free

**STEP 2:**  
Tenant digitally signs a contract and pays deposit in one go

# What this could mean for your business

The current deposit solutions available in most European countries present themselves as long and tedious. There is a clear need for a digitalized all-in-one solution that simplifies the deposit solution process for both the landlord and tenant. Our joint solution with Idfy and Easybank challenges the current process of opening a deposit account, presenting itself to be faster, simpler, and more affordable - all in one place.

If you'd like to explore the benefits that Open Banking and PSD2 can bring to your business, contact us at [sales@neonomics.io](mailto:sales@neonomics.io).

*Benefiting both landlords and tenants by entirely digitizing the process*

## » Fast

Making the process of opening a deposit account convenient and fast for both the tenant and landlord by cutting out unnecessary steps.

## 😊 Simple

Simplifying the process for both the tenant and the landlord as they can verify themselves online rather than physically at a bank branch.

## ① All in one place

The entire process of creating the deposit account, checking its status, and closing it can all be done in one place, online - saving a lot of time for both the tenant and landlord.

## ↘ Reduced-cost

Cutting costs and avoiding insecure deposit schemes through the ability to set up a free deposit account, rather than paying for a deposit account (that can cost as much as 2,000NOK).

 **Neonomics**

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