

API standardisation will help leapfrog innovation across all sectors

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The growth of application programming interfaces (APIs) continues unabated. However, as new regulations like PSD3 gather momentum, the call for API standardisation could be the next catalyst for an innovation leapfrog. And South African businesses who place designing for developers at the heart of their API projects are the ones most likely to reap the rewards.



Lorén Rose

“APIs have been around for decades, and while it was mostly banks and fintechs that leaned into the productisation of APIs, the API first approach is now adopted by companies across all sectors. APIs remain an effective way for two or more programmes to communicate with one another, and the simplest and most effective way for companies to connect and share valuable data. However, too much emphasis has been placed on designing exclusively for customer experience rather than on developer experience and, until we see more standardisation, we are cutting ourselves off from innovation gains,” explains Lorén Rose, COO at Global Kinetic.

Rose is not alone in calling for more effective standardisation when it comes to how APIs are published.

In June 2022, the European Banking Authority (EBA) published its response to the proposed updated regulations of the Payment Services Directive (PSD2).

In the draft PSD3 comments were several references to the difficulties created by API fragmentation. The EBA believes that API standardisation will help reduce the barriers to entry for FinTechs wanting to access financial account data held by banks and similar

institutions.

“Open banking and the related use of APIs has in many ways been the litmus test for how to fast-track innovation in an industry. As the banking industry discusses improvements to their regulations it would be foolish for other industries, and particularly the development community, to ignore the learnings of the sector. It has taken European financial institutions a good deal of time to overcome their hesitancy to share information, but now even some of the most traditional banks host developer portals to compliment their open APIs. Building on the success of what has already been achieved makes sense for all sectors and the call for increased standardisation is the logical next move,” says Rose.

“ System- and ecosystem-wide standardisation and internal consistency make a huge difference in efficiency, security, and interoperability. ”

– Lorén Rose

Shift in API design needed before real benefits are seen

Rose is quick to point out that it's not just about making APIs available. She says one of the challenges facing the tech

industry at the moment is that product owners have put customer experience first rather than focussing on making things as simple as possible for developers – the developer experience (DX).

Based on industry sentiment, it's clear that developer frustration is also growing, with 52% of respondents to SmartBear's latest survey saying standardisation was the most important technology challenge in the API space (40% cited security and 36% said it was scalability).

"The problem right now is that developers have to do a lot of work to unravel the APIs before integration can begin. The lack of standardisation means every API is different and has to be analysed before it can fulfil its function. Our industry has seen how standardisation is driving revenue growth and spurring innovation through the use of anything-as-a-service (XaaS) and other emerging delivery models. Applying the same logic to APIs just makes sense," Rose says.

The importance of APIs when it comes to value creation was already recognised by Gartner in 2016.

"The API economy is an enabler for turning a business or organisation into a platform," said Kristin R. Moyer, vice president and distinguished analyst at Gartner. "Platforms multiply value creation because they enable business ecosystems inside and outside of the enterprise to consummate matches among users and facilitate the creation and/or exchange of goods, services and social currency so that all participants are able to capture value."

Rose says an inconsistent approach can significantly impact the realisation of meaningful value with too few API portfolios demonstrating a consistent approach to naming, error messages, and code patterns.

"System- and ecosystem-wide standardisation and internal consistency make a huge difference in efficiency, security, and interoperability. They offer an improved onboarding process and save time in future development. Consistency also goes a long way to ensuring backward compatibility for updates. PSD2 has shown us what is possible if we make collaboration easier. Further standardisation of APIs across all sectors will help us realise rapid innovation which is exactly what the global economy needs right now," Rose says.

About Global Kinetic

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