

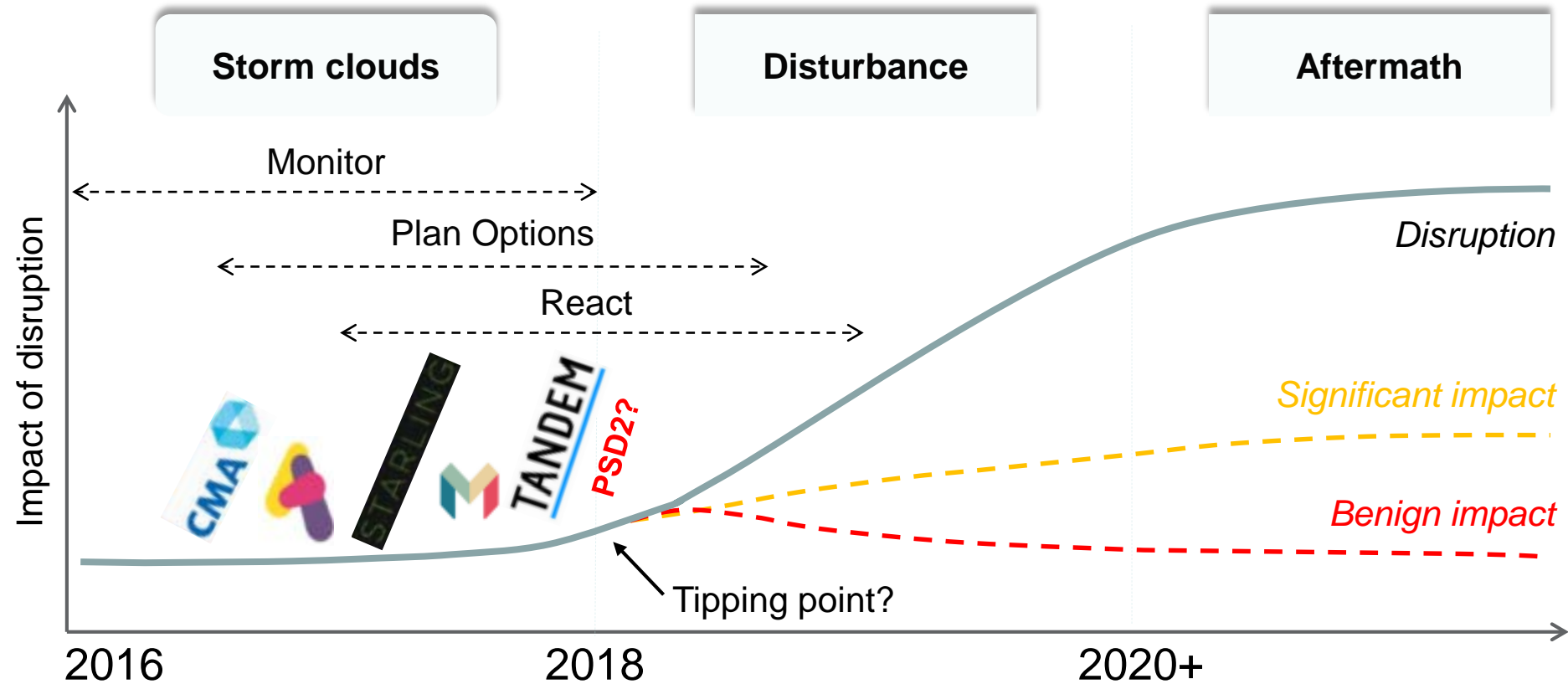
How to Make the Most of PSD2

- Richard Exton, Bank of Ireland UK
- Steve Kirsch, Token
- Christian Schaefer, Deutsche Bank
- Michael Steinbach, equensWorldline SE

Moderator: Thomas Egner, Euro Banking Association

Richard Exton, Bank of Ireland UK

PSD2 and Open Banking – How and when to react?



Steve Kirsch, Token

It's bigger and more important than you think:

1. PSD2 is the biggest change in banking ever; we can only begin to imagine ...
2. Success is all about:

Know the rules: Best platform wins. Choose your platform wisely (enables you to charge callers)

Strategy: Winners will API-enable extensively. Losers will do the minimum. Decide on pricing.

Management: Small committee to oversee: choose wisely. Give them the power to decide.

Execution: Reward “thinking outside the box.” Commit to a platform early and aggressively. How do I API-enable my biggest assets?

Christian Schäfer, Deutsche Bank – PSD2 at a glance

Main objectives of PSD2	<ul style="list-style-type: none"> ▪ The PSD2 updates and complements the EU rules which have been put in place by the Payment Services Directive. Its main objectives are: <ul style="list-style-type: none"> ▪ promoting payment innovation and adjusting legal requirements ▪ increasing the safety of payment transactions and payment services ▪ increasing consumer safety ▪ specifying scope and exemptions
Main differences between PSD and PSD2	<ul style="list-style-type: none"> ▪ It extends the scope of its predecessor Directive to payments in all currencies, and to payments where only one provider is located in the EU/EEA, ▪ It introduces strict security requirements for the initiation and processing of electronic payments, and for the protection of consumers' financial data, ▪ It introduces so-called Third Party Providers (TPPs) permitted to provide certain types of services connected to payments
Key risks	<ul style="list-style-type: none"> ▪ PSD2 regulation is not final in every detail, significant deliveries are expected from EBA (specifically with respect to TPPs) and country exceptions may materialize, when the regulation is transposed into local law. EBA is expected to deliver technical standard for the interface by January 2017, which is likely to be a guideline rather than a detailed technical standard ▪ IT enhancement defined on macro-level, details subject to ongoing consultations (esp. Third Party Interface and 2FA) ▪ The impact of the TPP Interface and its security as well as the liability of the TPPs remain unknown risk/cost factors
Regulatory timeline	<p>The regulatory timeline is presented as a horizontal sequence of chevron-shaped boxes representing years from 2015 to 2019. Below each year, key regulatory milestones are listed:</p> <ul style="list-style-type: none"> 2015: 23 Dec 2015: PSD2 Directive published in the Official Journal of the EU 2016: 12 Jan 2016: PSD2 Directive enters into force; 12 Aug – 12 Oct 2016: Consultation on regulatory technical standards (RTS) on strong customer authentication and secure communication 2017: February 2017: EBA delivered the regulatory technical standards (RTS) on strong customer authentication and secure communication to be endorsed by the European Commission planned for Q3 2017 2018: 13 Jan 2018: Compliance date - PSD2 Directive to be transposed into national laws 2019: Q1/Q2 2019: Possible likely date for RTS on strong customer authentication and secure communication to come into force (18 month after endorsement by European Commission)

Michael Steinbach, equensWorldline

- The *idea* behind PSD2 (Open Banking) is great!
- The *legislation* behind PSD2 (complexity, detail, timing) leaves room for improvement
- **Proposed way forward for market participants:**
 - Regulator: focus on *principles* (controlled opening, level playing field etc.), not on the details
 - Banks: see PSD2 not only as compliance topic, but Open Banking as a *business opportunity*
 - Industry: provide *end-end* solutions to make PSD2 work in practice, safely and at scale

P.S. : the topic of EBAday is “**towards full payments digitalisation**”, therefore we should not only talk about various electronic payments, but also ***how to reduce cash!***?

Thank you to speakers

- Thomas Egner, Secretary General, Euro Banking Association
- Richard Exton, Head of Business Capability & Change, Bank of Ireland UK
- Steve Kirsch, Founder & CEO, Token
- Christian Schaefer, Head of Payments, Product Management, Corporate Cash Management, Deutsche Bank
- Michael Steinbach, CEO, equensWorldline SE