

Open APIs/Data Access Requirements Framework

Regime/Summary of Requirements	Products in Scope	Technical standards	Implementation deadline(s)
<p>PSD2</p> <p>Requires Account Servicing PSP (AS PSP) eg banks or building society, to provide access to AISPs and PISPs to online "payment accounts" that they provide to customers.</p> <p>Customers have a right to use an AISP or PISP i.e. AS PSP T&Cs cannot restrict ability of customer to use AISP or PISP services or restrict customers from giving access to their accounts to AISPs and PISPs.</p> <p>Must ensure secure communication between payment account provider (ie AS PSP) and AISP / PISP.</p> <p>Must provide a yes or no confirmation of availability of sufficient funds to card based payment instrument issuers.</p> <p>Must enable AISP / PISP to use the authentication procedures of the payment account provider.</p> <p>Account provider cannot require AISP / PISP to enter into a commercial</p>	<p>Access to be provided to "payment accounts" with consumers or micro-enterprises (Member States free to decide whether open access provisions will apply to micro-enterprises) which are made available online. These are:</p> <ul style="list-style-type: none"> • current accounts • credit card accounts • e-money accounts unless they fall under the limited use exemption <p>Access requirements –</p> <ul style="list-style-type: none"> • can apply to <u>some</u> savings accounts, depending upon how much transactional functionality is on the account. • do not apply to loan or mortgage accounts (Note offset or "one account" mortgages might be differently treated) • do not apply to insurance. <p>It only requires AS PSP to provide access to AISPs and PISPs (as defined) and no other types of third party providers.</p>	<p>PSD2 requires EBA to produce draft Regulatory Technical Standards (RTS) on Strong Customer Authentication and Secure Communication (SCA). No guidance is given to the EBA on the level of detail of the standards.</p> <p>In relation to account access these will:</p> <ul style="list-style-type: none"> • set the framework for how banks need to approach secure authentication (this setting the parameters of authentication that AISPs / PISPs may utilise • set the standards for the manner in which an AISP / PISP will gain secure access to a customer's account details <p>EBA issued a draft RTS in Aug 2016. Consultation period ended on 12 Oct 2016. It has announced that there was opposition to the requirements it suggested, including from the EU Parliament. They may need to go back to the drawing board.</p> <p>Final RTS were required by 13 Jan 2017. However, EBA has announced that it is going to miss this deadline by a month.</p>	<p>PSD 2 comes into effect on 13 Jan 2018.</p> <p>However, the requirements contained in the RTS will only become effective 18 months from when they are agreed with the EU, which would have made it Oct 2018, but this is now likely to be delayed.</p> <p>Directive is silent in relation to obligations to provide access to PISPs and AISPs from 13 Jan 2018 until the RTS become effective. One scenario is that AS PSPs must provide access from 13 Jan, but without RTS framework in place. For UK banks in scope of the CMA's Open Banking remedy, access framework being developed as a result of OBWG recommendations likely to apply before RTS becomes effective. Aim is to align this with PSD2/RTS to ensure firms do not have to build duplicate IT infrastructure. There has been lobbying by industry to avoid this.</p> <p>For UK banks and other payment service providers not within the scope of CMA remedy, currently unclear what governance will apply to access and secure communication post January 2018 until the RTS become effective.</p>

<p>arrangement with it in order to offer services.</p> <p>Cannot discriminate against payments routed via a PISP.</p> <p>AISP/PISPs must authenticate themselves to AS PSPs and have appropriate security in place.</p>	<p>An AISP is an account information service provider. These offer an online service that provides consolidated information on one or more payment accounts held by a payment service user with a third party account provider. Commonly known as account aggregators.</p> <p>A PISP is a payment initiation service provider. The definition is wide, but it seems the intention is to cover those providers who offer to make "push payments" from a customer's account (i.e. they effectively set up a credit transfer from within the customer's account rather than initiate a pull payment using, for example, a card or direct debit mandate.</p> <p>The data, therefore, that will need to be shared is all account data that the customer is able to access about their account online.</p> <p>Only authorised AISPs or PISPs can gain access to payment accounts.</p>		
<p>CMA Retail Banking Remedies</p> <p>Requires certain reference and product information to be provided (Art 12 information), which includes reference information:</p> <ul style="list-style-type: none"> • branch locations • branch opening times • ATM locations • any other reference information reasonably required by the CMA 	<p>Applies to personal current accounts and SME business accounts, overdrafts and lending products. Note the scope can also be widened by the Implementation Entity Trustee.</p> <p>Only applies to the products offered by the following: RBS, LBG, Barclays, HSBC, Nationwide, Santander, Danske, BOI and AIB.</p> <p>Note there is a more extensive description of the product types covered.</p> <p>Note "current account" here has a meaning that is closer to the Payment Account Regulations (i.e. accounts used for everyday transactions).</p>	<p>Implementing Entity has had to be set up comprised of the 9 banks within 2 weeks of the CMA Order coming into force. The entity has already been established. Other interested parties, beyond the 9 banks, also encouraged to join Advisory Groups to assist in shaping the development and implementation of open API standards.</p> <p>It is charged with agreeing, implementing, maintaining and making widely available common banking standards for the making available of the following data:</p> <ul style="list-style-type: none"> • A public-data standard 	<p>The sharing of Art 12 data will need to be in place by March 2017</p> <p>The sharing of Art 14 data (bank account data) will need to be in place by 13 Jan 2018 (presumably to align with PSD2 transposition deadline)</p>

<p>Must also release current product information for on-sale personal current account and business current account products + business lending products, specifically:</p> <ul style="list-style-type: none"> • prices inc. credit interest • all fees and charges (inc credit and debit interest rates) • benefits, including credit interest and constituent parts of packaged accounts • MMC (max monthly charge) for overdrafts • T&Cs • customer eligibility criteria • any other product information reasonably required by the CMA <p>Requires up to date transaction/bank account data for personal and business current accounts to be released (Art 14).</p> <p>CMA remedies for Open API standard to build on work already done by Open Banking Working Group (OBWG) – see below</p>	<p>Personal credit cards, savings and e-money are not included.</p> <p>Does not apply to accounts for High Net Worth individuals.</p> <p>There is scope for banks not included in the CMA remedy to use this data (i.e. gain access to it).</p> <p>The entities that can obtain access to the data and use the APIs are not currently defined and do not need to be authorised. The Implementation Entity is responsible for potentially recommending a "whitelist" for these.</p>	<ul style="list-style-type: none"> • Write access for data that is confidential (i.e. transaction data) <p>Both of these will be based upon setting the open API standard and data, governance and security, whitelisting, and customer redress arrangements (where applicable) around them.</p> <p>Development and adoption of open API standard: commencing Q1 2017 for 12 months.</p> <p>Phased approach: banks to "release" least sensitive information first – eg information about their products and services, fees and charges, terms and conditions, location of bank branches – by the end of March 2017.</p> <p>All aspects of an open banking standard for sharing transaction data to be up and running by Jan 2018 at the latest.</p>	
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<p>Open Banking Working Group (OBWG)</p> <p>Set up in Sept 2015 at request of HMT and tasked with creating an Open Banking Standard that will make it possible for banking data to be shared and used securely.</p> <p>Comprised of experts from FinTechs, banks, building societies, consumer and industry organisations, government and regulators.</p> <p>Issued a report in 2016 containing recommendations for an Open Banking Standard which has been endorsed by the CMA.</p> <p>Following the recommendations of the OBWG, the Open Data Institute formed the Open Banking Development Group in 2016, to drive forward the work around open banking standards. This Group will work with other stakeholders, including the 9 banks who are subject to the CMA Open API remedy and the CMA Implementation Entity.</p>	<p>Focus of the OBWG has been not only on the technical aspects of an open API, but also governance, security, liability, standards, communications, regulation and legal requirements.</p> <p>Bank data, including information about products and services, should be made available as open data so that services, such as comparison tools, can be built.</p> <p>The proposals also cover a range of consumer protection measures, including the ability for consumers to switch off their permissions whenever they choose.</p>	<p>OBWG made several recommendations: bank data, including information about banks' products and services, to be made available as open data, as well as shared data about bank transactions that individuals or businesses can choose to share themselves through secure and controlled means.</p>	<p>Recommended establishment of Open Banking Implementation Entity to take forward recommendations.</p> <p>Phased approach – (a) "min viable product" for an open banking API based on open "available" data by the end of 2016; (b) migration of midata onto Open Banking API by Q1 2017 (c) personal customer transaction data on a read only basis starting from the beginning of 2018 (d) full scope of Open Banking Standard, including business, customer and transaction data to be released by 2019.</p> <p>Whilst there is nothing absolutely expressly stated on this, the understanding is that OBWG recommendations are being carried forward to implement the CMA remedy and are unlikely to be pursued separately.</p>
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