

ANNEX

A smooth transition to APIs

APIs are crucial for the success of PSD2 and, more generally, for the modernisation of payments and banking in Europe. Without APIs which are at least as performing as existing online interfaces, the competitive objectives of the PSD2 could risk not being met. Our immediate challenge is therefore to secure a smooth transition towards these dedicated interfaces which will allow the provision of third-party services and offer considerable opportunities to businesses and consumers.

I therefore welcome and fully support the commitment of Europe's leading banks to develop APIs. Clearly, that is the way to go. But it is also a transition that comes with challenges, as we heard at our meeting.

PSD2 establishes a right to use payment initiation and account information services. This right must not be undermined by limitations in the APIs. The Commission has made this clear in the Regulatory Technical Standards (RTS) on strong customer authentication and common and secure communication. Third Party Providers (TPPs) can indeed only be obliged to use APIs if these APIs offer at least the same availability and performance as the customer interface. APIs must also not create obstacles for TPPs, and ASPSPs have to provide evidence to their competent authorities to that effect.

PSD2 compliant interfaces have to be available for TPPs by 14 September, the application date of the RTS, at the latest. This leaves little time for banks and TPPs to test the APIs, including by delivering actual services to customers, and for national competent authorities to check that the APIs are fit for purpose.

Getting there in time requires close cooperation between banks and TPPs, and coordinated approaches, for instance standardised scenarios for testing. National competent authorities should closely follow this testing phase so that they will be able to take quick decisions on whether the APIs are good enough to replace the current access channels for TPPs.

I am therefore very grateful to the EBA, as I indicated at our meeting, for having set up a new forum that can build on the work of the API Evaluation Group, but involving also national competent authorities and the main API standardisation initiatives. We need a constructive dialogue between all these parties. My services will follow and support the work of this new EBA-led group whose mission is to ensure that smooth transition to API-based access to payment accounts for TPPs.

Every effort should be made to have well-functioning APIs ready and tested by 14 September. However, there is a risk that not all banks will have made sufficient progress by September for TPPs to offer good services on the basis of their APIs. I am fully committed to help finding pragmatic solutions that will prevent banks, TPPs or national competent authorities from being in breach of PSD2 and the RTS, as could be the case if unfinished APIs caused a decline in the quality of TPP services.

Finding such solutions may require some time. I therefore encourage the EBA working group on APIs to take stock of the progress made no later than end-April so that we can quickly reflect on how TPPs may continue to use the customer online banking interfaces in a way that complies with PSD2.

Safer and more convenient authentication methods

I would like to encourage industry players to shift their attention away from authentication methods that are redirecting TPP customers to the banks' webpages (or apps). This cannot be the basis for innovative and competitive European payment services. Instead, the focus should in my view be on the development of convenient and secure new authentication methods. Such new forms of authentication, which are now more and more widely used, can be linked to e-IDs, issued by public authorities or private entities as in the Nordic countries, that may be used by customers with numerous market participants.

New forms of authentication would also make strong customer authentication (SCA) much more convenient, and the convenience of SCA is a major determinant of competitiveness and consumer confidence in the area of payments. Convenient SCA also reduces the need to rely on exemptions, notably based on transaction risk analysis which would give a competitive edge to those market participants that have access to a large pool of personal and payments data.

Complementing the regulatory framework

The regulatory framework established by PSD2 and the RTS on strong customer authentication and common and secure communication is still incomplete with regard to account information services. PSD2 only applies to payment accounts, but account information service providers typically aggregate data from a much broader range of accounts, such as savings, investment and mortgage accounts.

There is no obligation for banks to provide such a broad range of information through their APIs. However, it could well be in their interest to do so, to avoid such information being obtained through online banking interfaces in an unregulated way, but also to be able to offer account information services themselves to bank customers, as many banks have started doing.

I therefore welcome the decision by the Euro Retail Payments Board (ERPB) to establish a working group to define the key elements of a potential SEPA API Access Scheme, with the legal and regulatory requirements of PSD2 constituting the “baseline”, but also going beyond such baseline to encompass value-added services that may be provided in context of ‘open banking’ as a natural evolution of PSD2 for the benefit of all participants.

At the same time, I also invite industry players to work together to find practical solutions to other problems that payment initiation service and/or account information service providers are facing. One of them is the regular renewal, every 90 days, of consent for the TPPs’ access to accounts. This consent renewal requires strong customer authentication, which would be a major inconvenience if done for each bank using conventional authentication methods and possibly redirection to the banks’ authentication pages.

As more and more banks are becoming TPPs themselves, all industry players should have a shared interest in finding solutions. However, I will also be ready to consider legislative changes should no satisfactory solutions emerge from the discussions among market players.

A broader challenge: Towards an integrated and competitive European payment system which can support a stronger international role of the euro

Today, payment systems are in many instances still operating within national borders, and we rely on a small number of global providers when making cross-border card and online payments. We pointed this out in the Commission Communication “Towards a stronger international role of the euro” adopted in December 2018, and stressed the importance of building pan-European payment solutions based on the instant payment infrastructure, providing for cross-border payment solutions which are both more competitive and convenient for customers, and more resilient against external risks. Furthermore, there is the need to maintain a level playing field between banks and other payment service providers, most notably the global technology giants.

PSD2 and instant payments create important opportunities in this respect. European payment service providers must seize these opportunities. Rather than continuing to pursue strategies that are mostly targeted at national markets and leaving cross-border payments to few large players, they should develop pan-European solutions which leverage on the potential of several hundreds of millions of people in the EU and support business and citizens as they go cross border. We must engage in a joint effort in this respect.

I would like therefore to invite you to work with me towards a common strategic objective that EU citizens and businesses have access to pan-European, efficient, safe and widely accepted means to make euro instant payments in the same way as they have traditionally used cash. I am looking forward to discussing with you how and within which timeframe we can jointly get there.

As a first step, a key challenge in that regard is to develop the necessary requirements for harmonisation, standardisation and interoperability. This will allow initiation and confirmation of instant payments at a point of interaction between a payer and a payee also in a cross-border context. I am pleased that the ERPB has established a working group on this topic and hope that it will make rapid progress. We will actively contribute to its work.