

Open banking: setting the scene

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governance, Danish FSA

4 December 2019

Why Open Bank?

1.1.2012
adeflig

EC launches competition investigation into MasterCard inter-

EU launches anti-trust probe into bank data sharing

09 October 2017 | 7456 views | 0



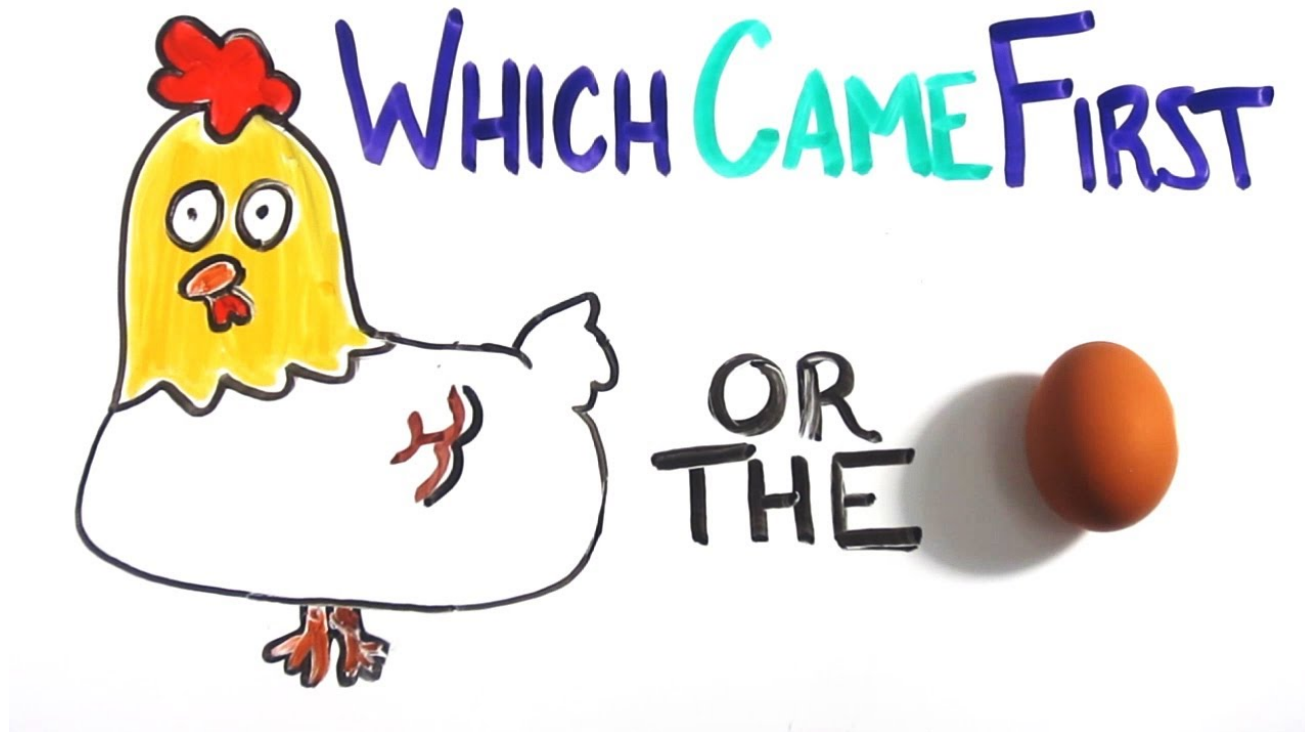
The European Commission is investigating whether banks are deliberately preventing non-bank competitors from gaining access to customer account data.

0



nmission has launched a new antitrust
er-bank fees MasterCard charges for
ctions.

Third party providers



A potential solution to a start-up problem 3

The benefits of the snail's pace



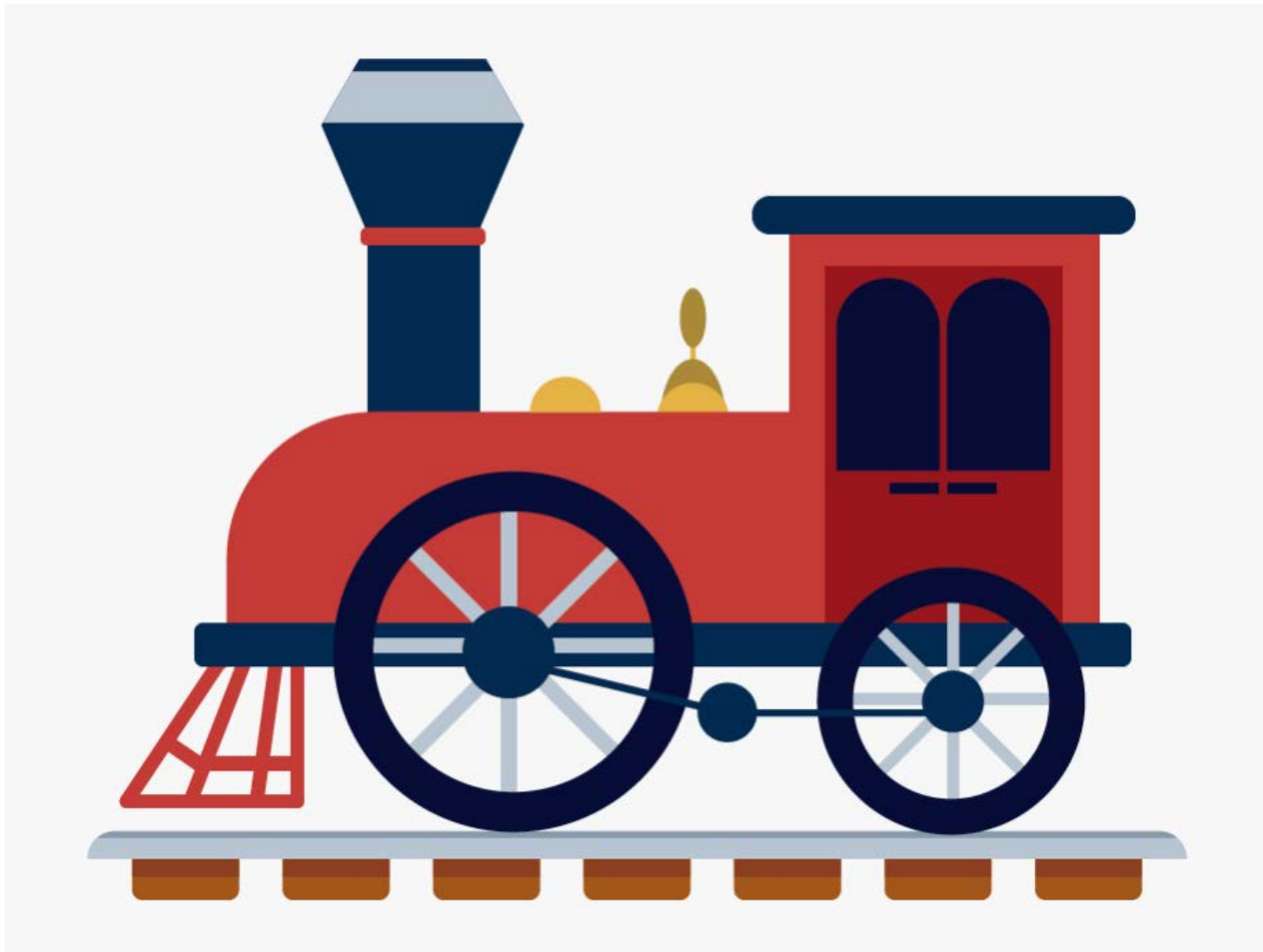
A long (but happy?) love-story



Did TPPs get more than they bargained for?

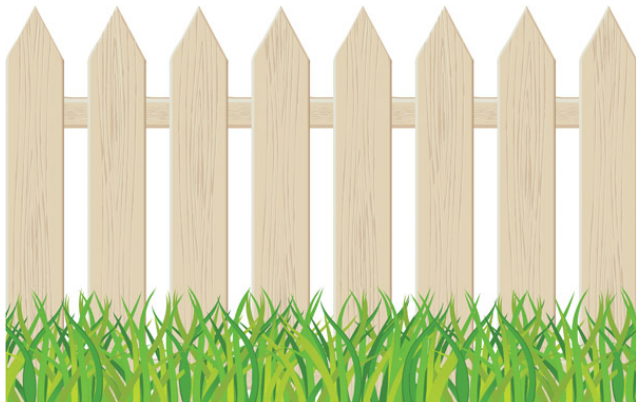
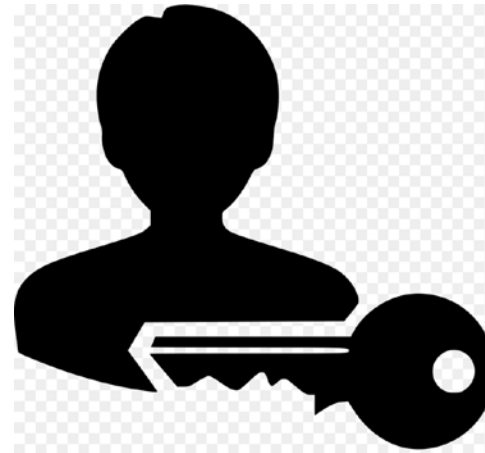


Will the tracks allow modern trains?



and how to regulate track-providers? 7

4 questions for the future





NORDIC

API GATEWAY

FRICTIONLESS FINANCIAL FUTURE FOR ALL

In 2018, we launched Nordic API Gateway



A single API for all Nordic banks to retrieve account information and perform account to account payments.

Short intro...



3 offices: Aarhus,
Copenhagen, Gdansk



Dual access API for
all Nordic accounts.



Winner of NETS Innovation
System Award 2018



50+ employees
15+ nationalities



40+ customers.
Live since 2013



DPO won Danish
Data Protection Award 2018

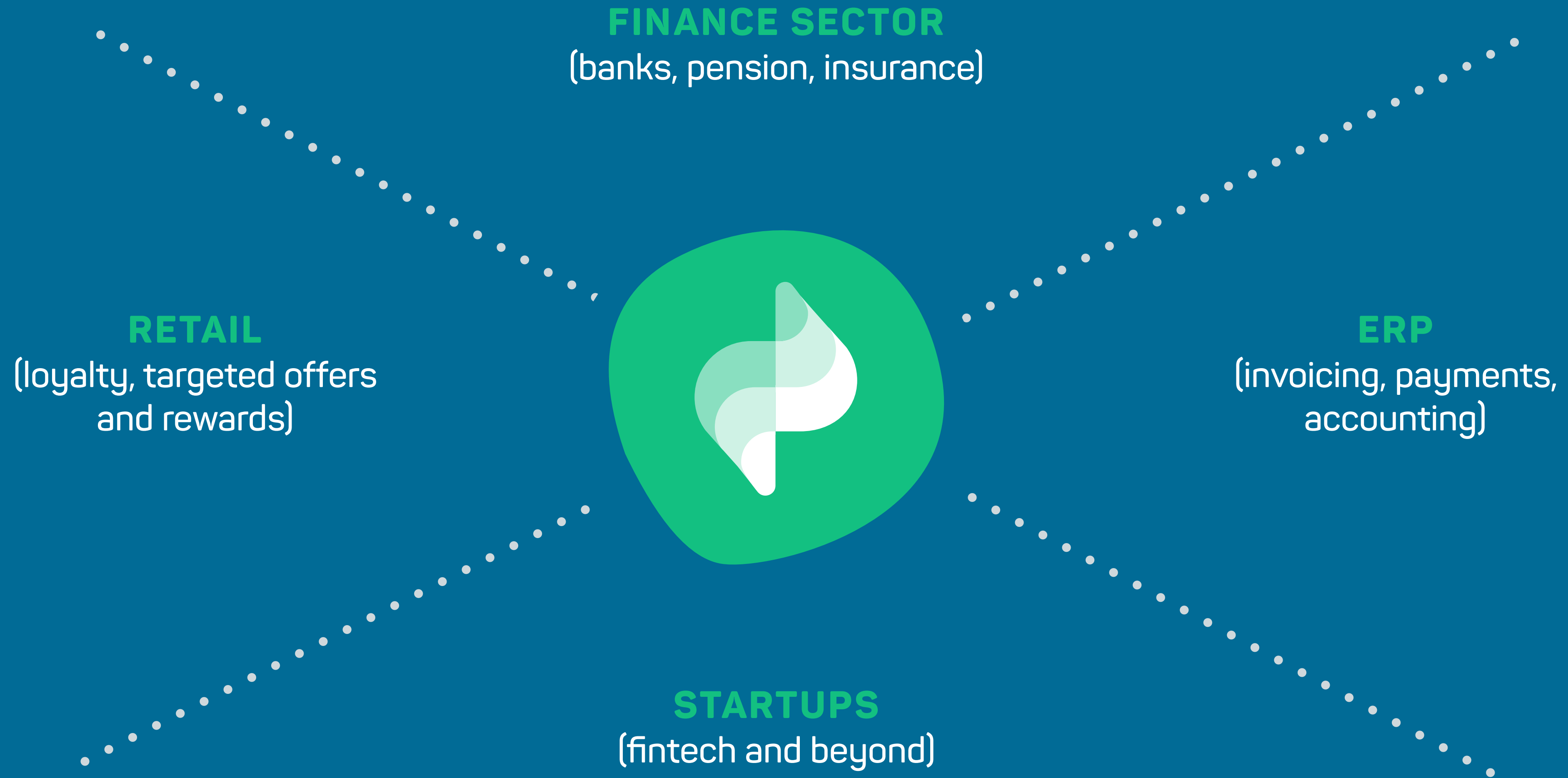


AISP + PISP licensed
Danish FSA (Finanstilsynet)



€9M in funding from
strategic investors.

Our mission is to build infrastructure



Nordic API Gateway has the best coverage of banks in the Nordics

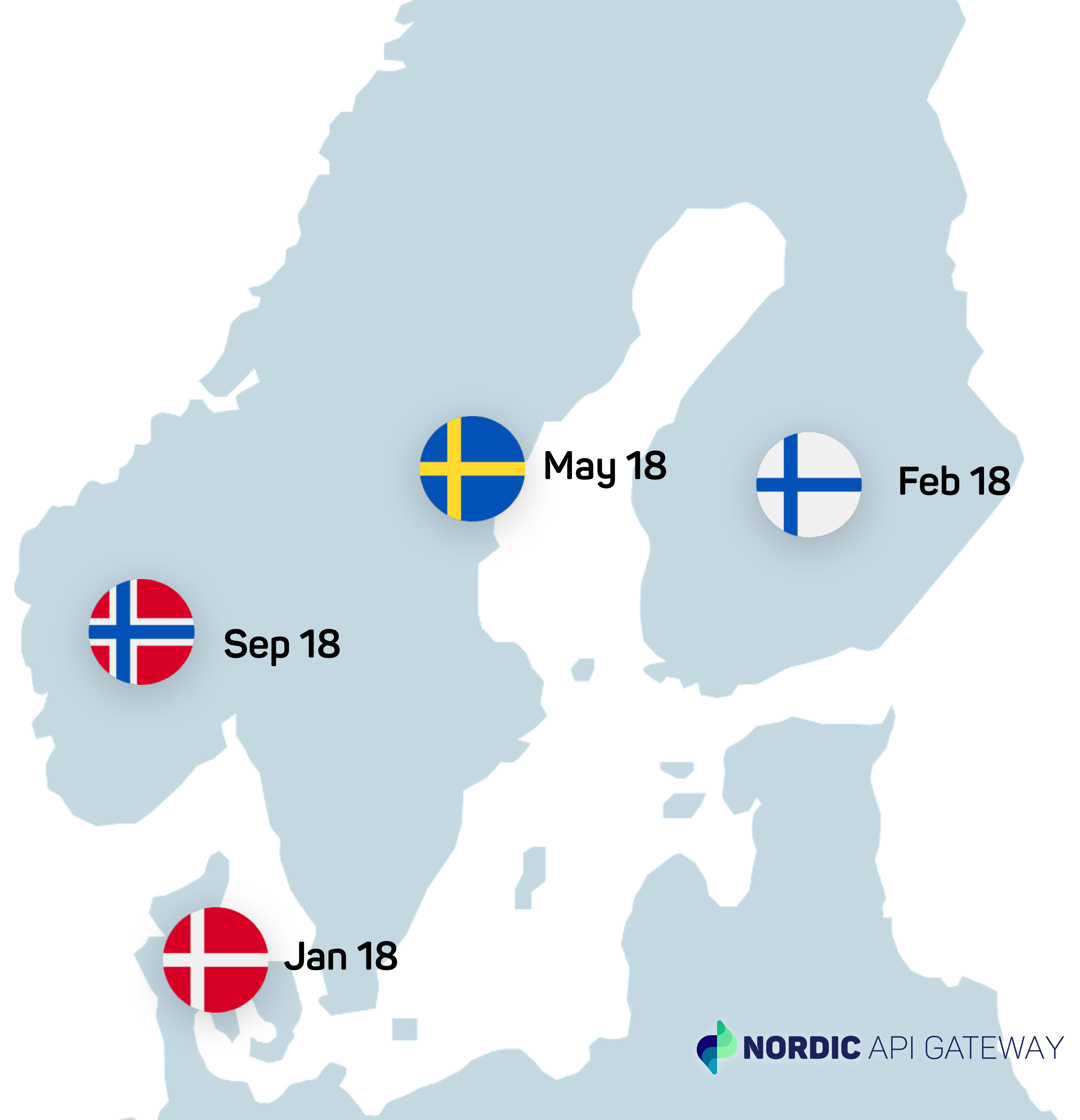
99% coverage on all markets for both personal and business accounts.

See [complete list of supported banks](#).



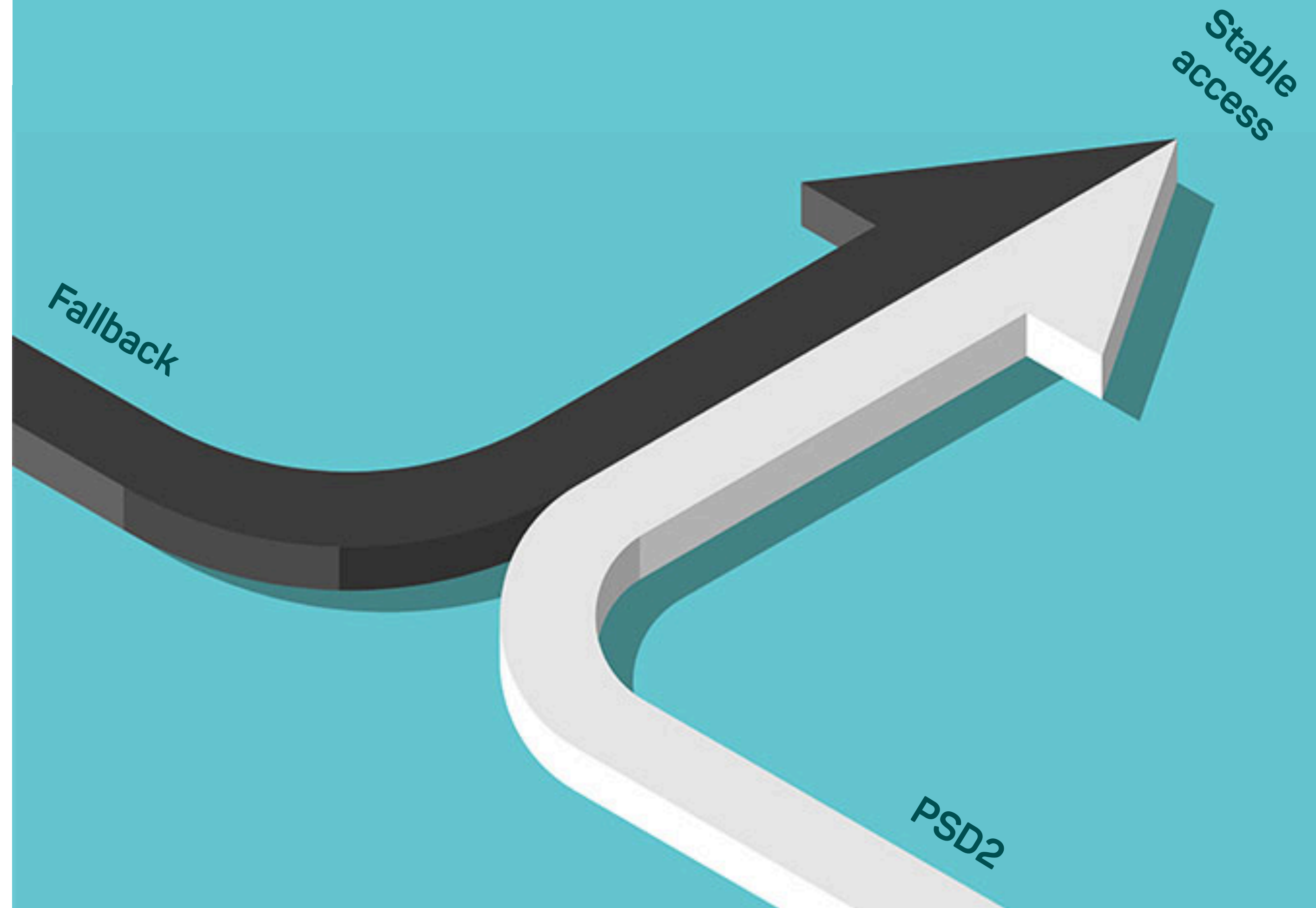
Live since 2018.

Our access to account APIs has been used by **large scale enterprise customers** in production on all nordic markets since early 2018.

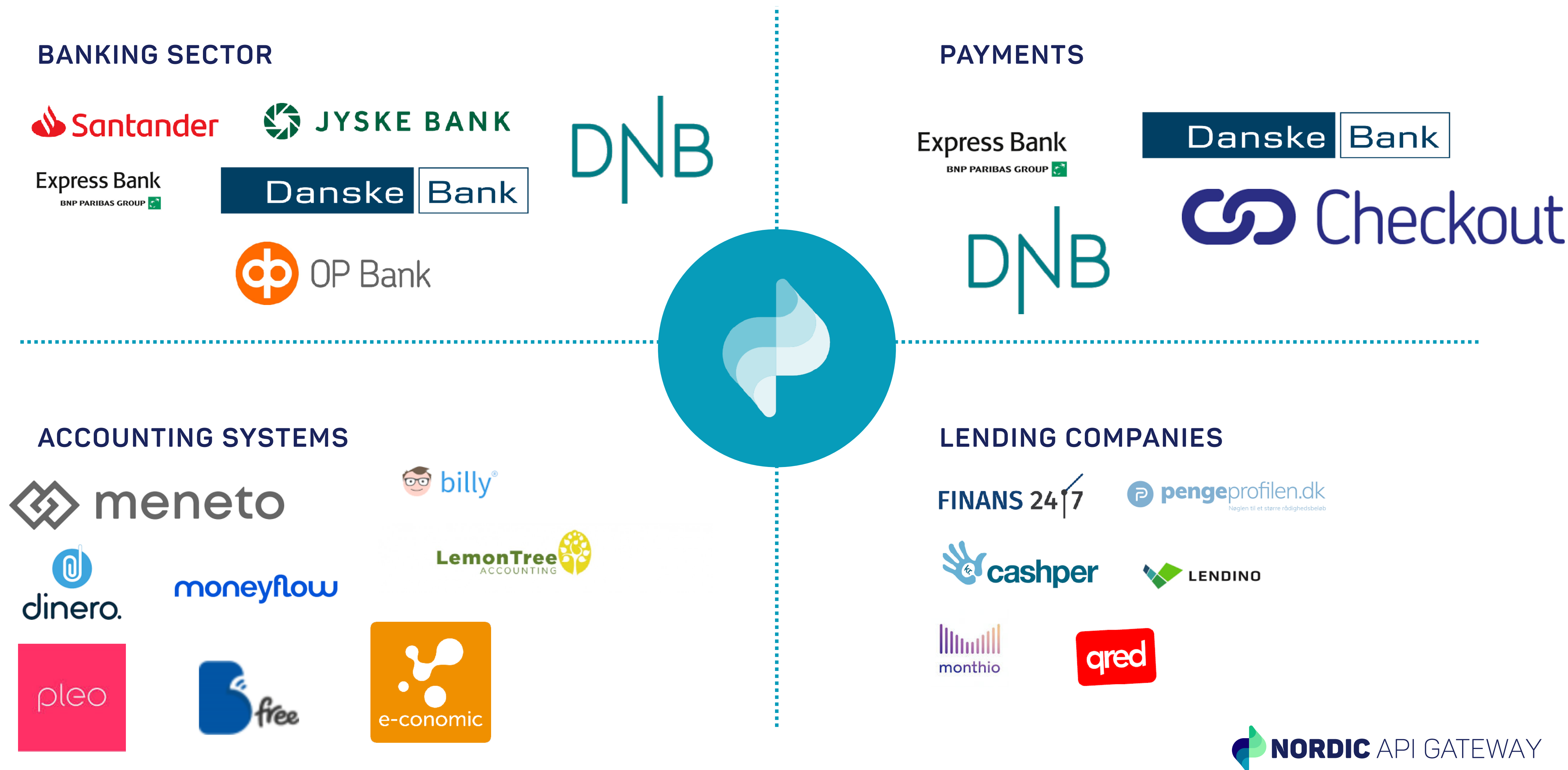


Dual approach with PSD2 and fallback access capabilities

To support our clients to launch safely and with 100% operational stability we have developed fallback and PSD2 interface access.

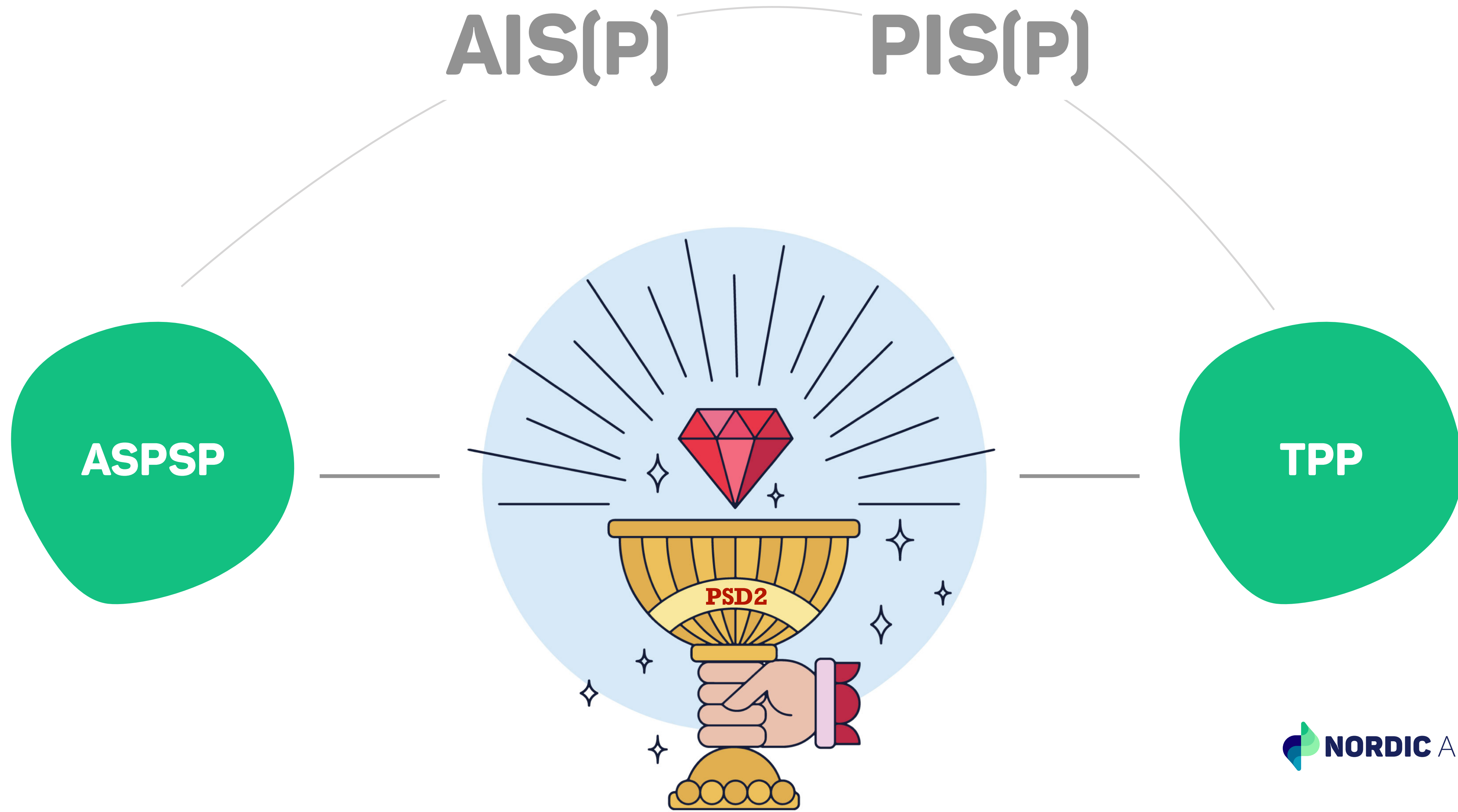


Second to none traction on building infrastructure



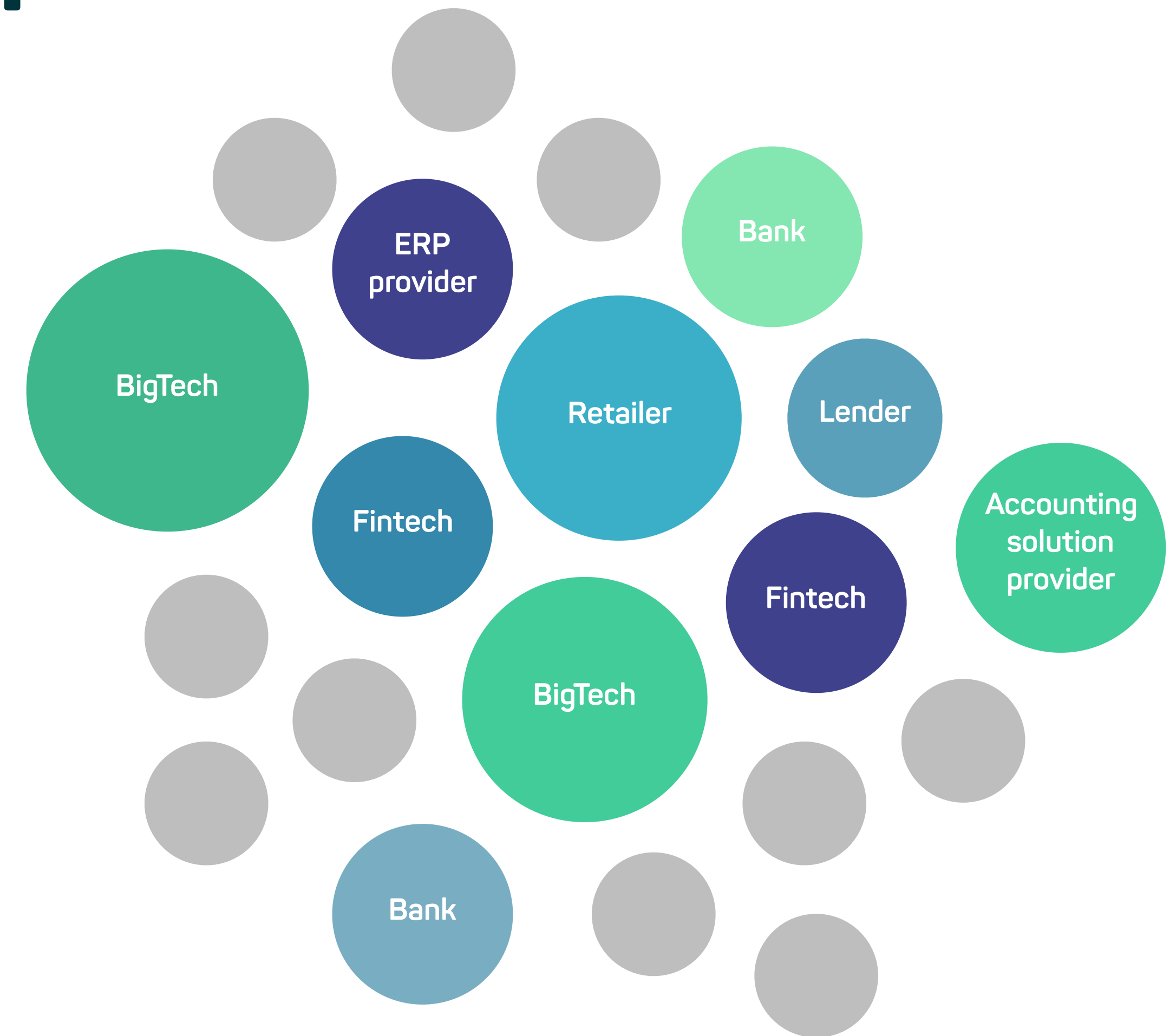
PSD2

PSD2 API Access Quickly Explained

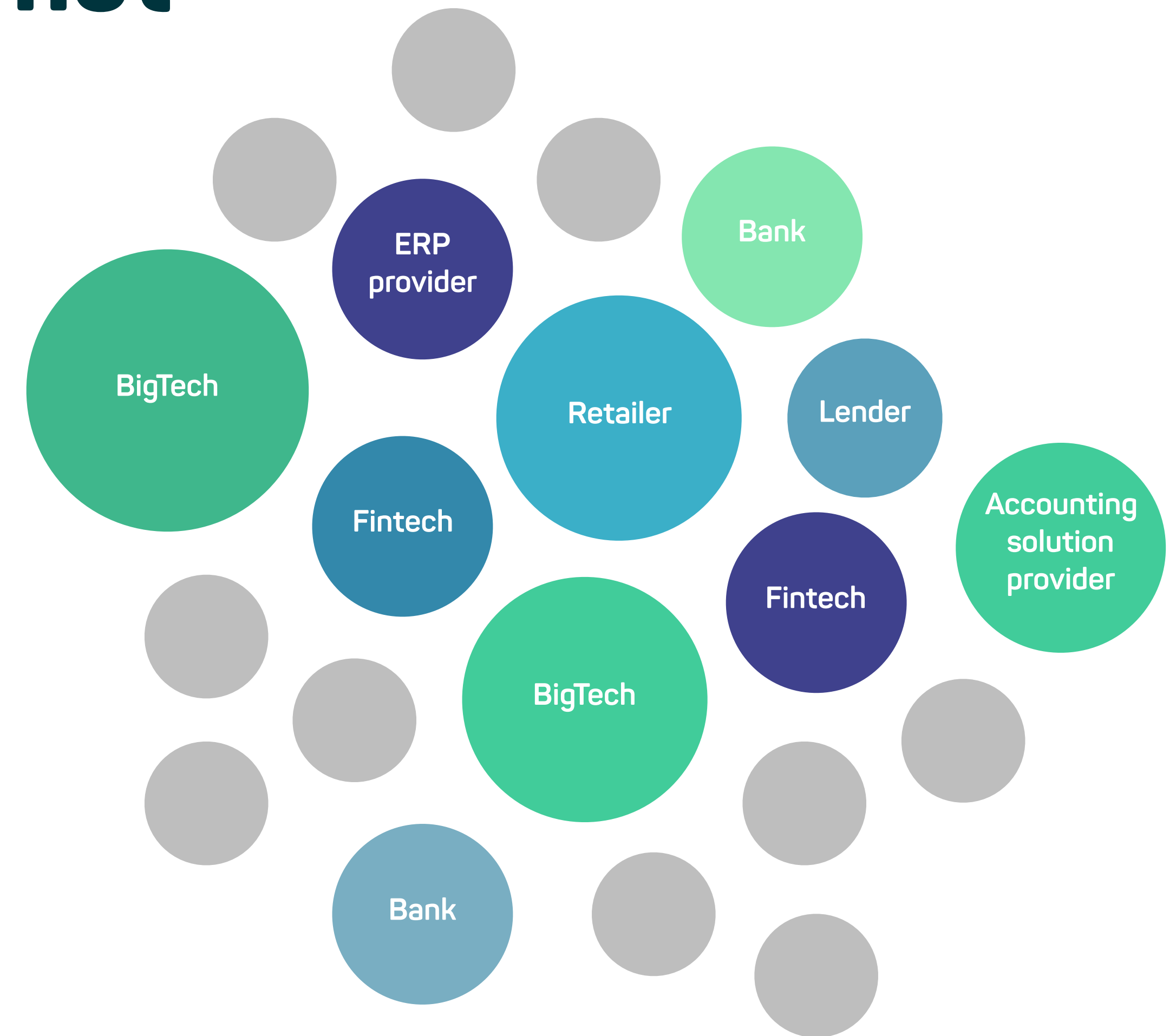
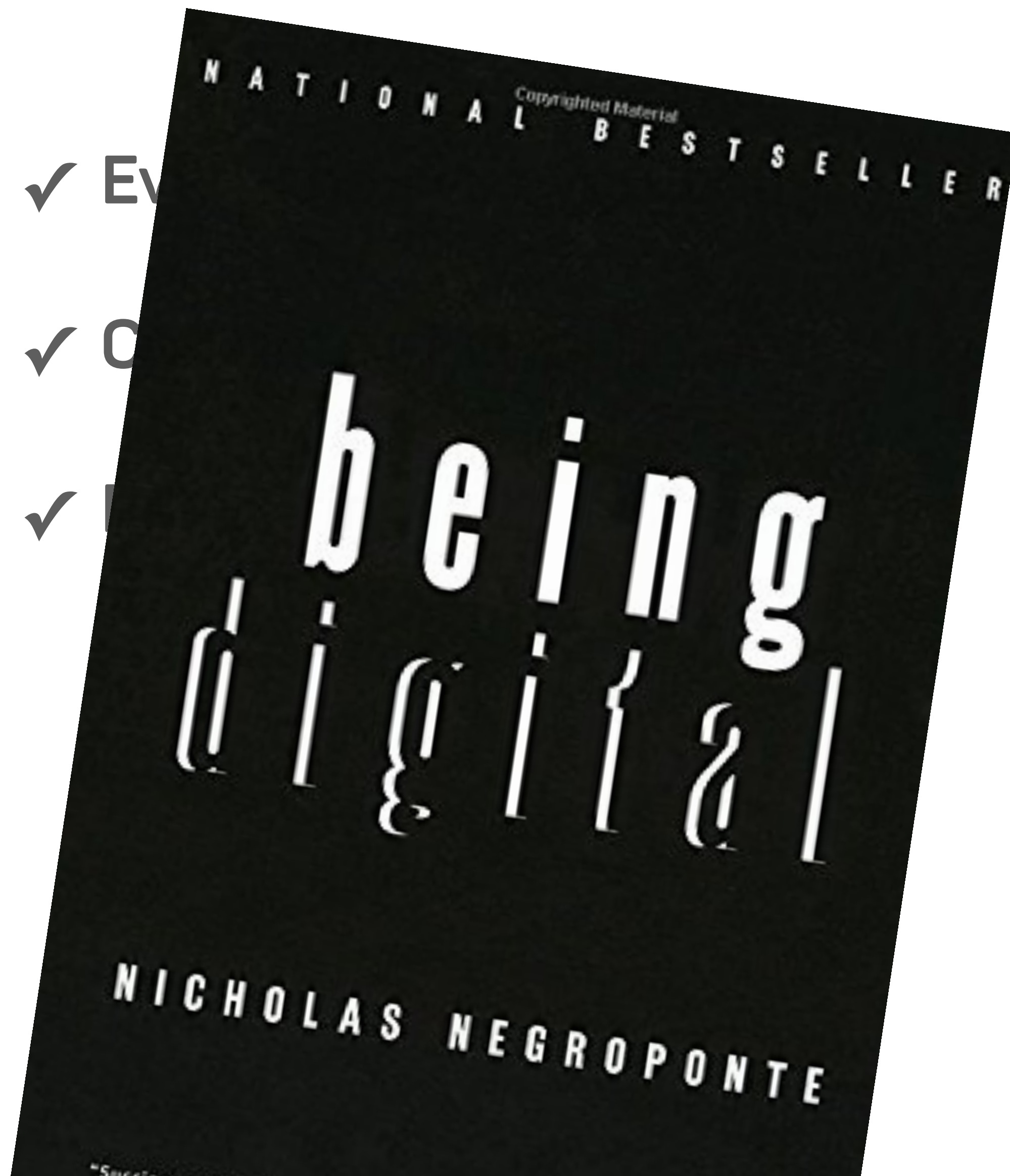


Is not about bank vs fintech

- ✓ Everybody vs everybody
- ✓ Compete at level ground
- ✓ Partnering



It is about being digital... or not



THE FUTURE OF (FINANCIAL) SERVICES IS **CONVENIENCE**

World is getting increasingly complex



NETFLIX

“we compete broadly against other sources of entertainment that our members could choose **in their moments of free time**”, *annual report 2018*

From **API to AI to I** will lead to
convenience producing platforms

These platforms will be
marketplaces for **financial
products** by providing **context**

PSD2 brings this **change to
financial services and products**



CHANGE
AHEAD

Using technology to provide the right context for your products



2016: \$1B in SME business loans in 12 months

What will be
your context?



Spiir automates the process of financial awareness

Spiir uses clever behavioural science to raise financial awareness without the user knowing it

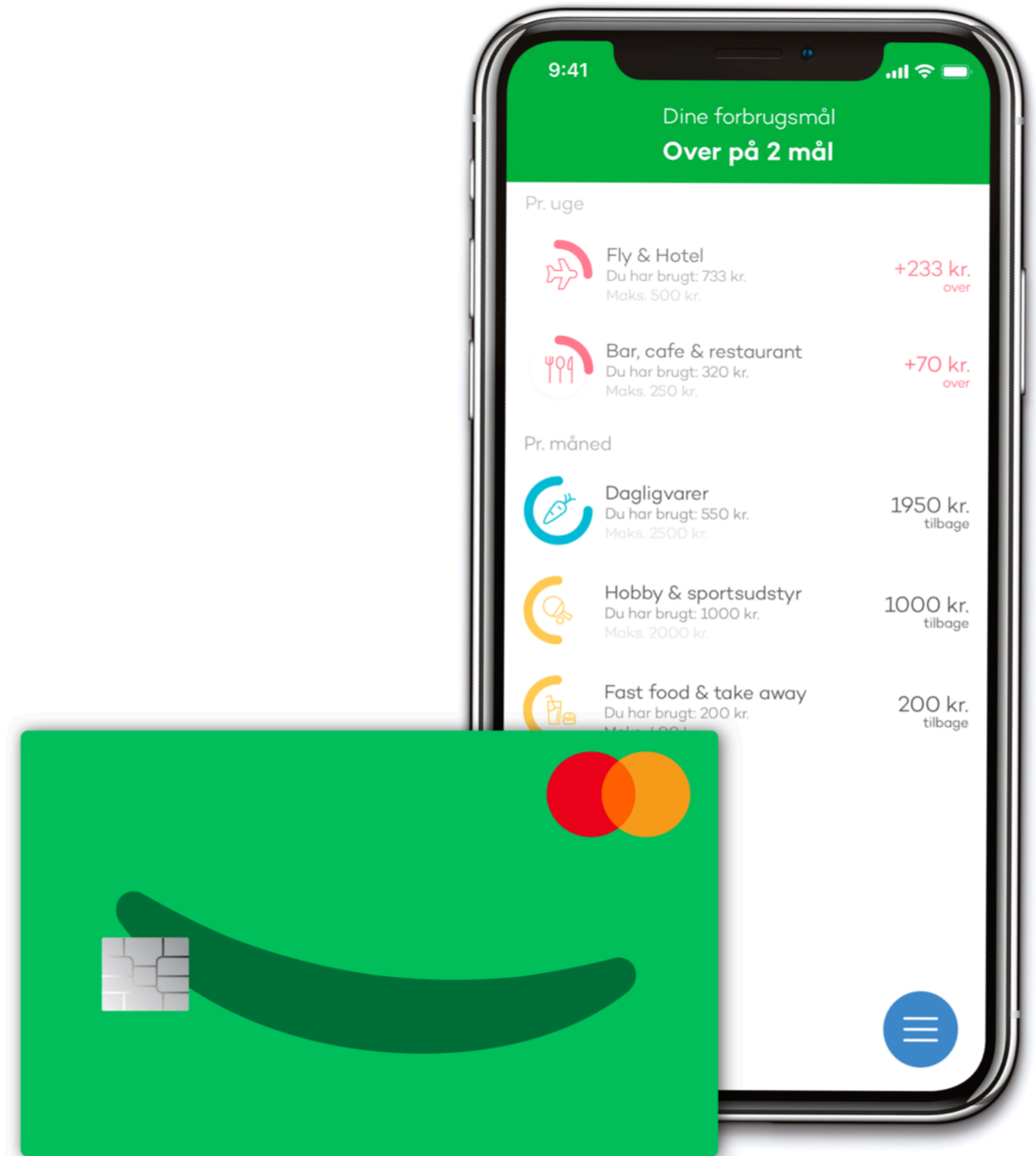
Every card is a tiny nudge towards greater insight



Using data to provide context & retention

Using our account aggregation capability to track spend from other sources than our “Smile while spending” card.

Show how much you’ve missed out on by not using our “Smile while spending” card



Remove friction - Easy onboarding and customer ownership



dinero.

Mine bankforbindelser

Sydbank - Erhvervskonto



Tilføj bankforbindelse

Sydbank

☒ Sydbank

☐ Sydbank Erhverv

LOG IND

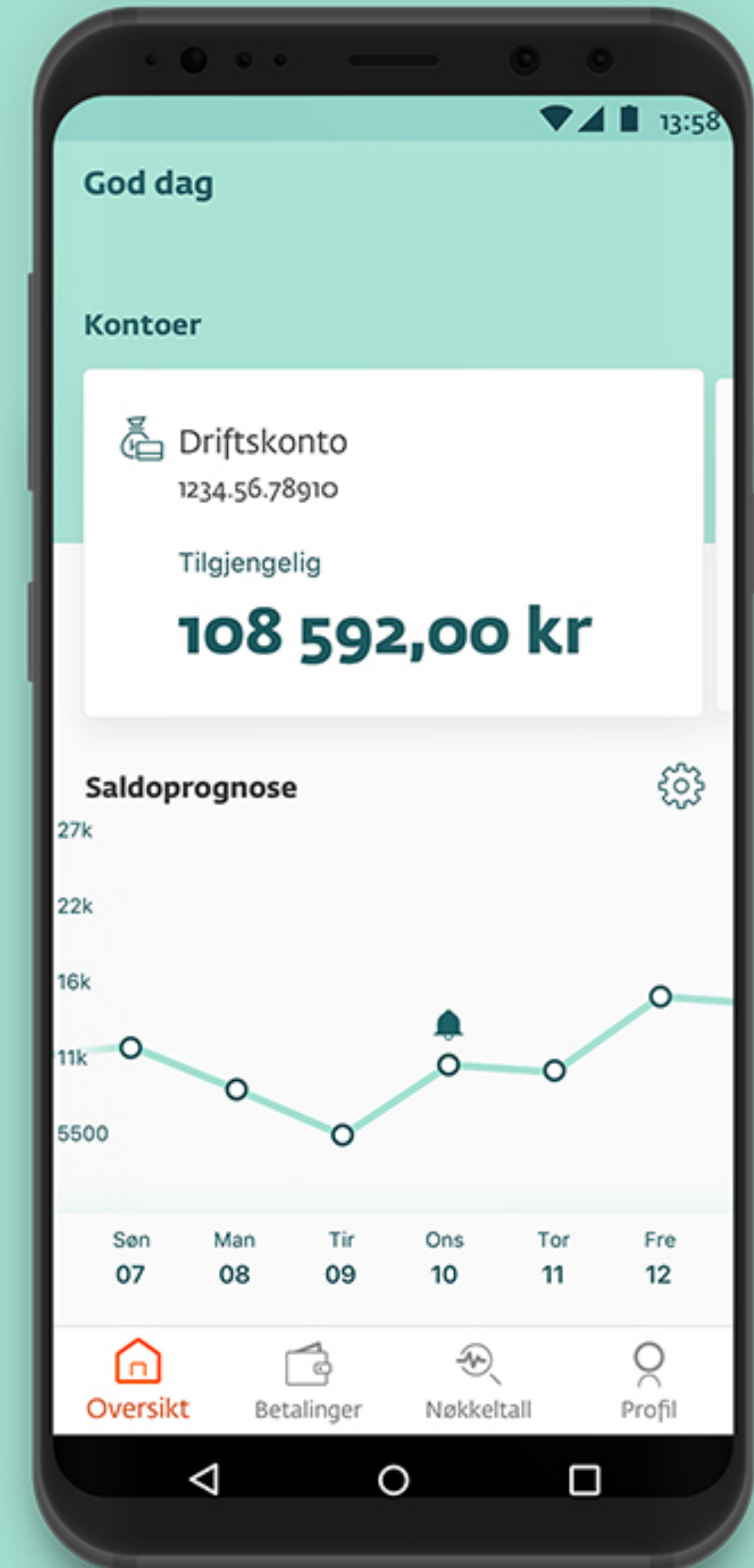
Er dette ikke din bank?



Convenience is also for banks

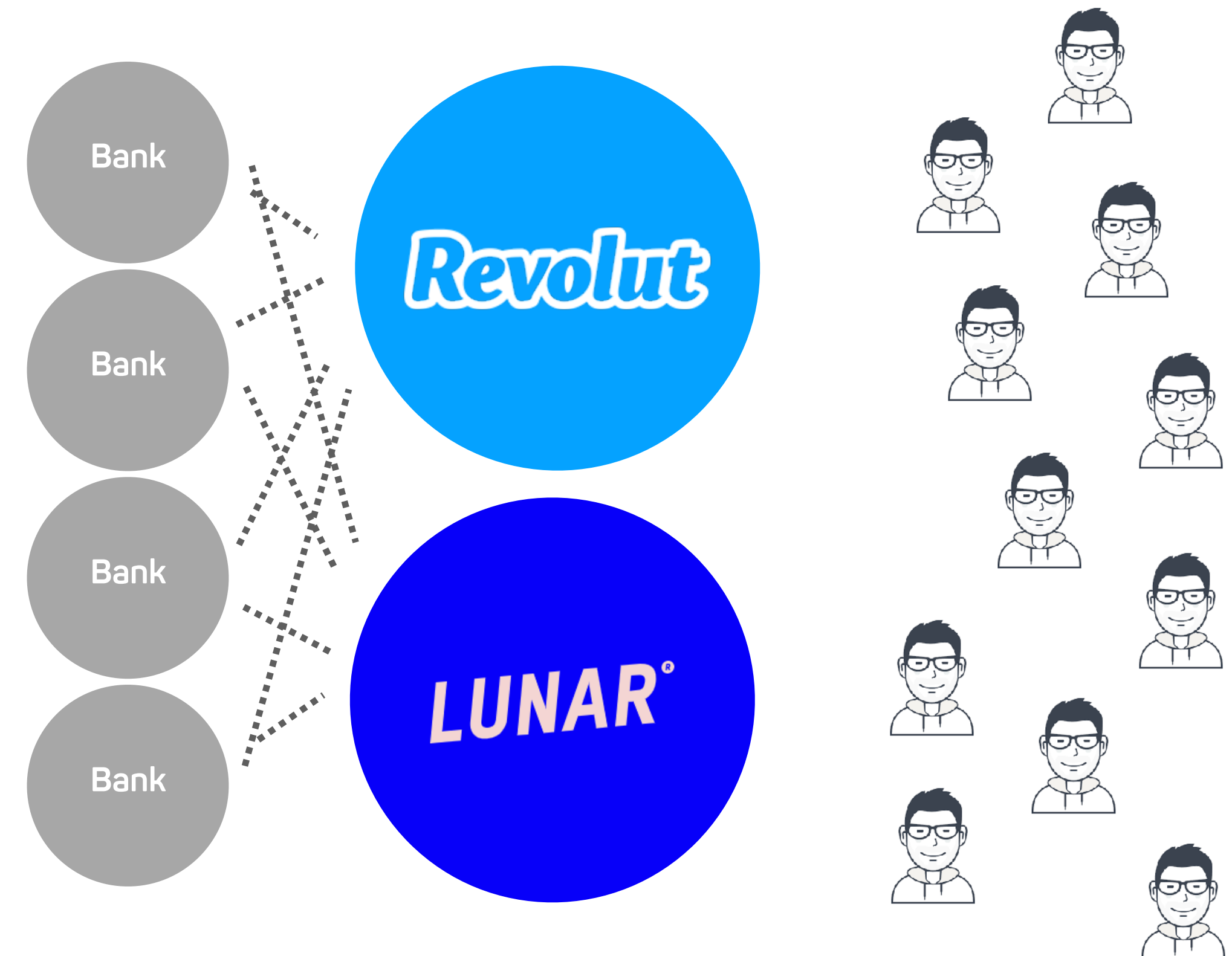
DNB Puls is using account aggregation and other API sources to create a simple overview for small business owners.

Own the relationship by offering the convenience

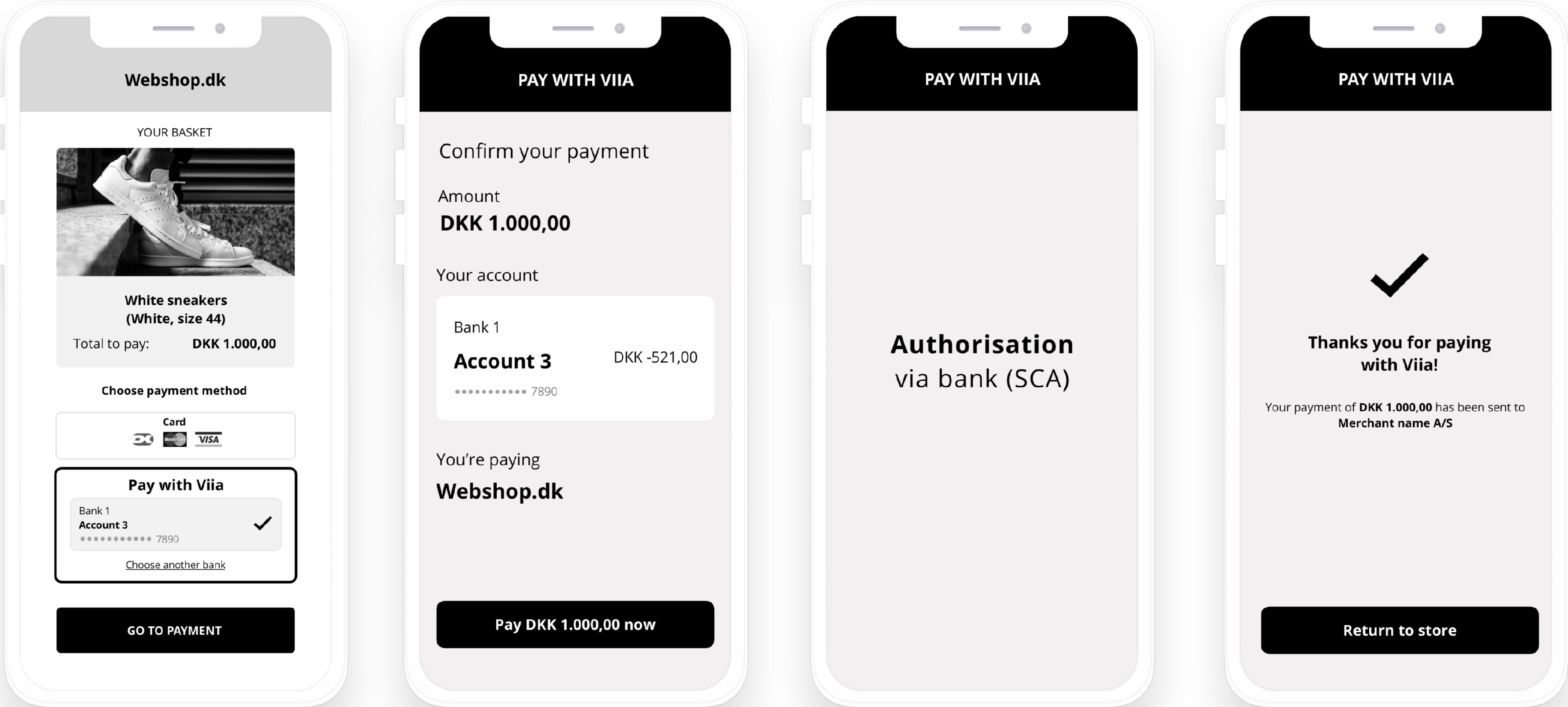


Banks & Fintech fighting to become primary interface

Banks like Lunar and fintech like Revolut seeks to become the one interface for banking using account aggregation and payment initiation to drive engagement to their own apps



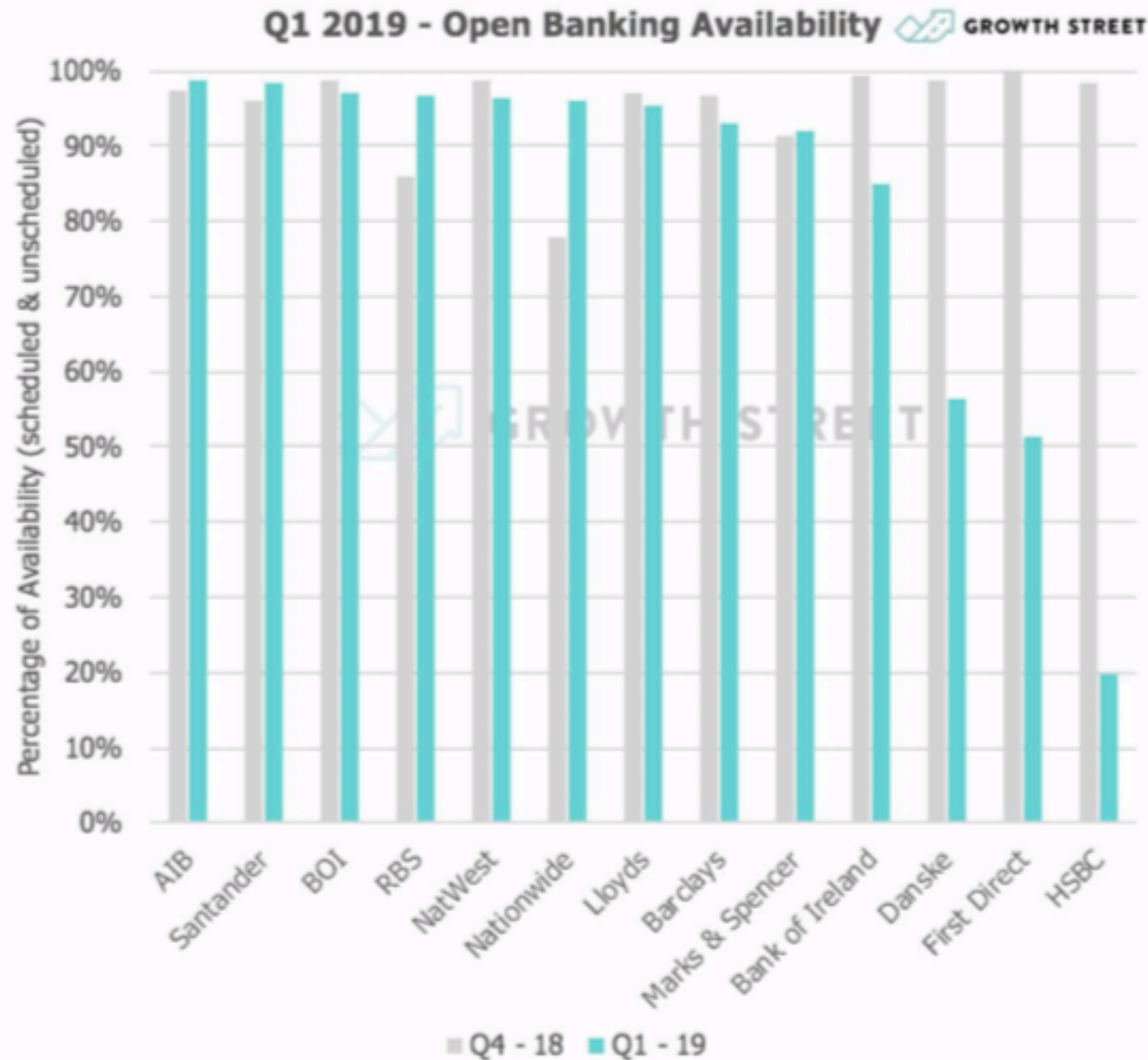
Remove friction - One click A2A payments



PSD2

FROM THE **TRENCHES**

Let's look at empirical data first....

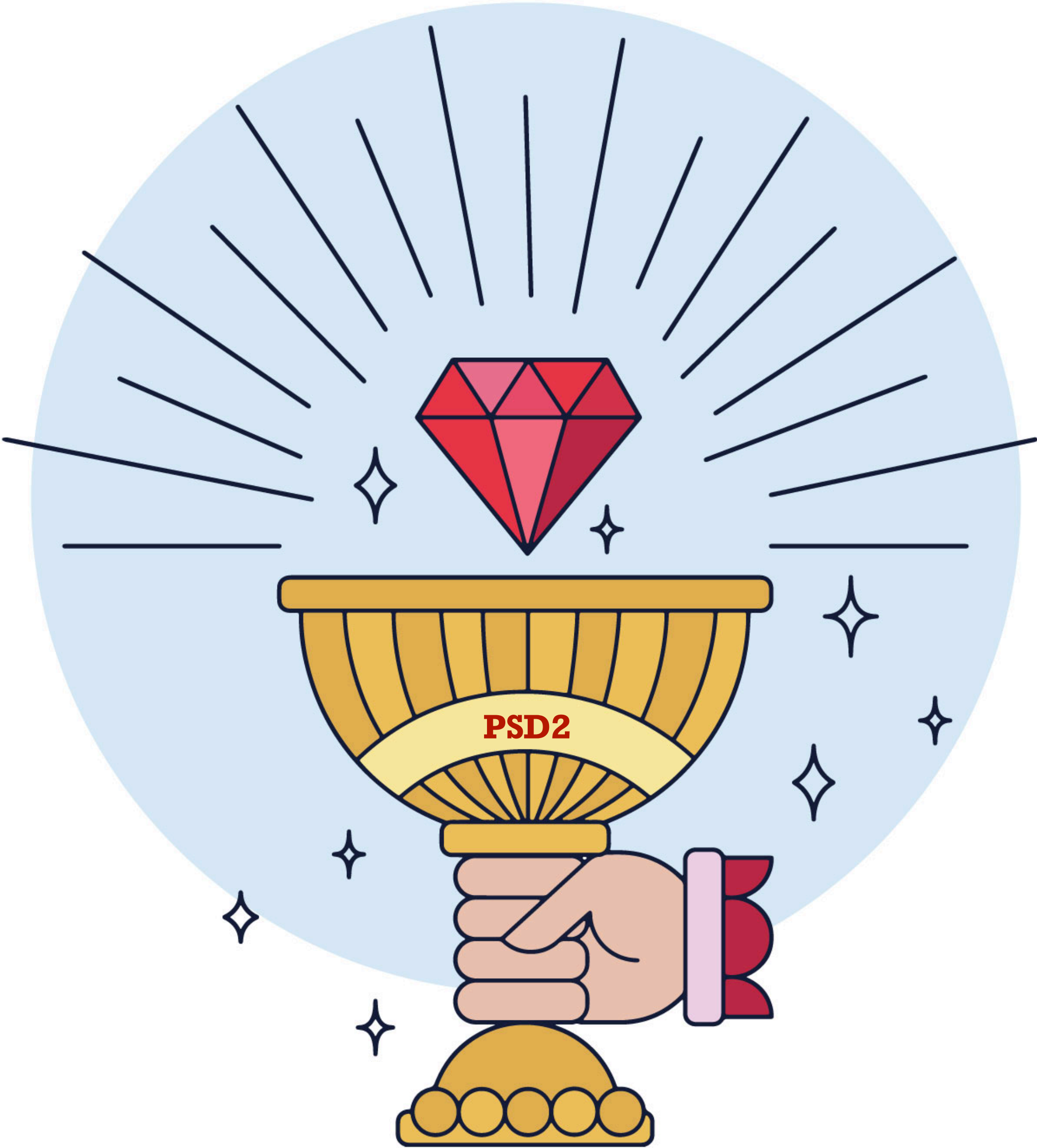


SEEK TO ENSURE THAT THESE **PLAYERS CAN COMPETE ON EQUAL TERMS**,
LEADING TO **GREATER EFFICIENCY, CHOICE AND TRANSPARENCY OF**
PAYMENT SERVICES, WHILE **STRENGTHENING CONSUMERS' TRUST** IN A
HARMONISED PAYMENTS MARKET.

PSD2 is starting signal of the transformative age of financial APIs

WHY

- Cashless
- Convenience
- Innovation



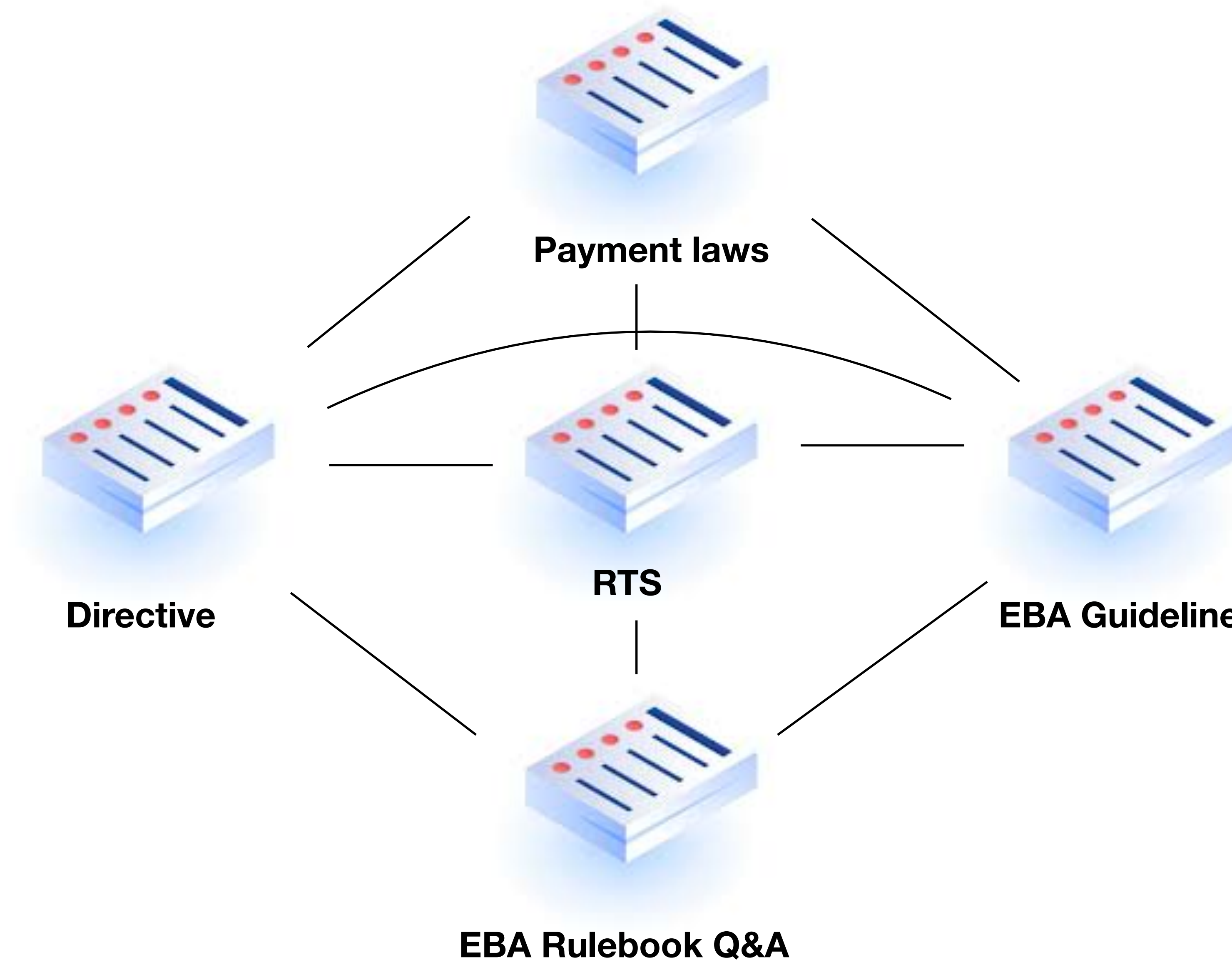
HOW

- Payment accounts
- Unregulated
- License
- Quality

The interpretation diamond

TPPs 

 ASPSPs



Our findings so far...

38

ASSESSED

168

COMPLIANCE
ISSUES

0

EXEMPTION
MATURE

- ✓ Cooperative banks
- ✓ Cooperative FSA (DK)
- ✓ Best effort
- ✓ Almost no exemptions given

- ✗ Poor data quality or lacking data
- ✗ Poor performance
- ✗ Misunderstood compliance / Obstructive user experience
- ✗ Low effort on error correction
- ✗ Sandbox and production is not the same
- ✗ Very immature & fragmented
- ✗ FSA blackbox

Our findings so far...

Services we provide for free:

- ✓ Alpha Testing
- ✓ Beta Testing
- ✓ Sandbox vs Production Testing
- ✓ Production Testing
- ✓ Data and functionality comparison
- ✓ Issue reporting & project management with 400+ banks
- ✓ Issue reporting to FSA

>1000

Mails sent

>3000

Hours tracked

80%

Tech. Issues

20%

Compliance

RTS 36 (1)

Data exchanges

Account servicing payment service providers shall comply with each of the following requirements:

they shall provide account information service providers **with the same information from designated payment accounts and associated payment transactions made available to the payment service user when directly requesting access** to the account information, provided that this information does not include sensitive payment data

d. What is the historic transaction availability in your dedicated interface (if limited to e.g. to number of transactions, number of days)?

– *90 days, this is clarified in the developer documentation*

e. What is the historic transaction availability in your other channels (if limited to e.g. to number of transactions, number of days)?

– Direct access – *Private internet bank (Private customers): 15 months*

– Direct access – *Corporate internet bank (Corporate customers): 36 months*

– By searching – *Private and corporate: This year + 10 years*

– Online history – *Private and corporate: This year + 10 years*



EBA GL 5.2(c)

other than those imposed in Articles 11, 14 and 15 of PSD2;

c. there are no additional checks by the ASPSP on the consent, as referred to in Article 32(3) of the RTS, given by the PSU to the PISP or the AISP to access the information on the payment account(s) held with the ASPSP or to initiate payments; and

d. no checks on the consent given by the PSU to the CRDII in accordance with letter (a) of

provide or confirm superfluous information.

In an AIS context, with respect to the ASPSP displaying information to the PSU following redirection from the AISP on the type of access being requested, the duration, the data and accounts, the EBA notes that it is the AISP's responsibility to obtain explicit consent for the data being accessed. ASPSPs are not required to check or confirm the terms of the consent provided by the PSU to AISP or PISPs. The presentation of this information should not be used to obtain the PSU's confirmation that they have consented to the information being shared with the TPP.

On the question of whether or not the selection of the

**92% of all banks
does check on
consent**



Quality of solution

Christian [REDACTED]

Vedr.: Prod issue ch9369: NemID error APP003

Til: [REDACTED] - Dev Support, Cc: ticket@nordicapigateway.com

Hi [REDACTED]

We have figured it out and it can be reproduced if the account type is “Danske Indlån”.

Yes, that is right, it's 2019 and it's an encoding issue.

Christian [REDACTED]

Technical Team Lead [REDACTED]

Spiir A/S

Payment initiation

PSD2 goal:

- make it **easier** and safer to use internet payment services
- better protect consumers against fraud, abuse, and **payment problems**
- **promote innovative mobile and internet payment services**
- strengthen consumer rights

Missing SCA Exemptions

Forced Account selection

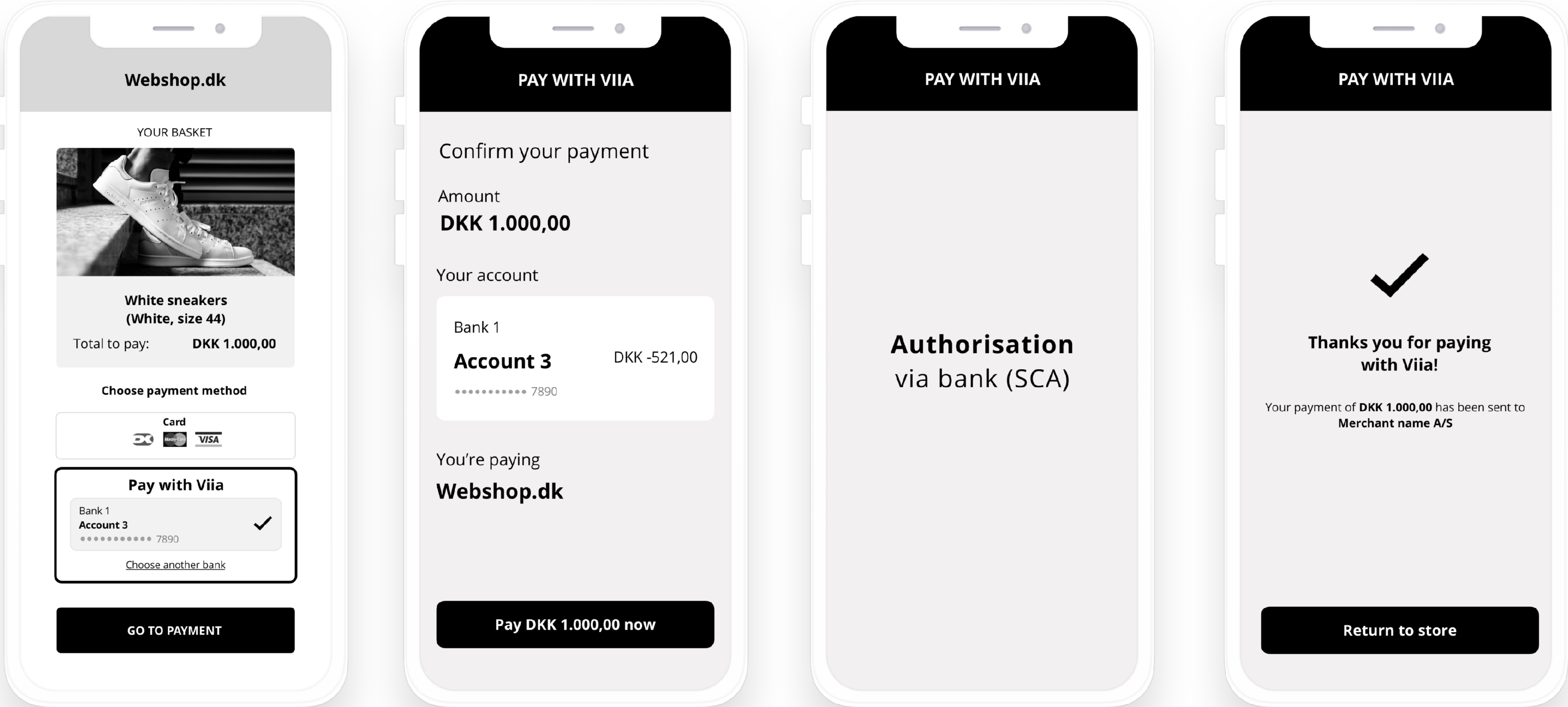
Build-in dynamic link

Unstable performance



**Non-competitive
payment product**

Remove friction - One click A2A payments



Remove friction - One click A2A payments



Remove friction - One click A2A payments



Want to hear more?

Reach out

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