

PSD2

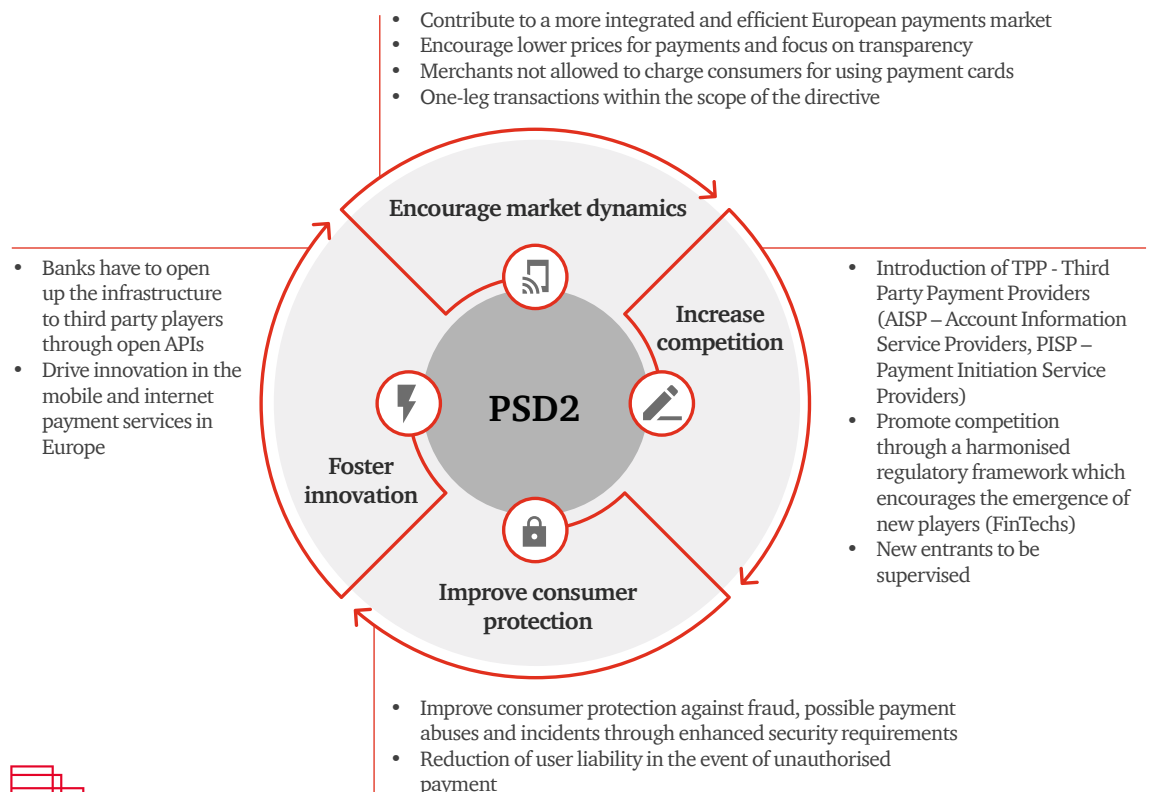
What is your ambition?

FinTech businesses are already snapping at the heels of established banks. The revised EU Directive on Payment Services (PSD2) marks the point at which FinTech can begin to move into the mainstream and confront traditional players.

PSD2 thus sets the stage for open banking across Europe. By providing standardised access to customer data and banking infrastructure, PSD2 will lower entry barriers for third-party providers and FinTechs, and it will stimulate the development of new business models and a wide range of new banking services.

In a sector that treasures customer relationships, open banking has the potential to be hugely disruptive. PwC proposes an approach that goes further than just complying. We believe in digital opportunities which will maximise your customers' experience and differentiate you from the rest. And we want to co-create your future business model, together.

The revised Payment Services Directive will change your business



How will it impact you?

Strategy

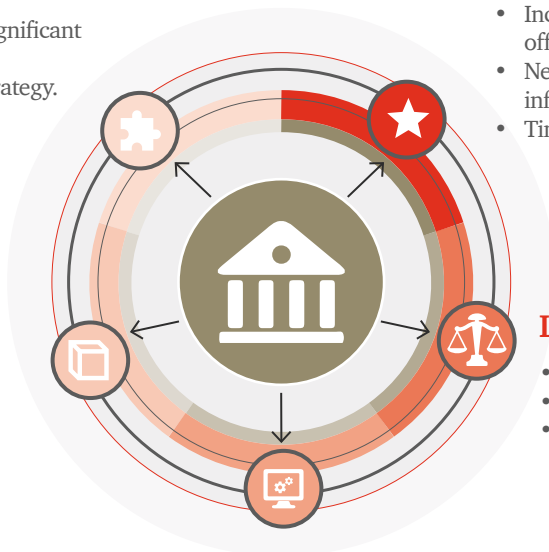


- Existing business models need to undergo significant changes due to pressure on margins
- Banks need to evaluate and position their strategy. We see four roles:
 - Compliant bank
 - Bank-as-a-platform
 - Aggregator
 - Aggregator-as-a-platform

Products and Services



- Banks might need to offer new products and services to retain their customer base
- Enhanced product offering is critical to competing with new entrants
- Economic impacts and benefits need to be assessed



Competition



- Increase in competition due to new entrants offering payment services
- New players do not have to bear the heavy infrastructure burden to comply with regulations
- Time to market will be faster

Legal & compliance



- Regulatory interpretation
- Review of legal documentation
- Review of client information and reporting

Operations & IT



- Impacts on processes and organisational structures
- Analysis of accounting procedures impacts
- Banks may need to undergo IT infrastructure changes to comply with the new requirements
- Implementation of open APIs (applications process interface) to enhanced security measures with additional reporting burden in certain cases
- Adjustment of systems/blueprints, monitoring procedures and reporting
- Management of new security standards
- Development of solutions for the connection with new providers

The final PSD2 text (Directive (EU)2015/2366) has been published in the Official Journal of the European Union on 23 December 2015 and entered into force on 12 January 2016.

EU member states must transpose it into national law by 13 January 2018. You should be compliant by that date.

Do you have a plan?

We go beyond compliance: our approach

Decide on most suitable business model based on business ambition and impact assessment

1

Exploring the field of PSD2

What do I need to do to be PSD2 compliant?

- What are my competitors doing?
Which solutions does the market offer?
Could I upgrade my business model?
- Bank-as-a-platform
 - Aggregator
 - Aggregator-as-a-platform

2

High level impact assessment

What are the impacts in terms of:

- Revenues and costs (national + EU payments)
- Client relationships
- Systems/applications/data
- Security/fraud risk
- Legal & regulatory compliance

You want to comply

You want to seize PSD2 opportunities

Which role do you want to play tomorrow?



Value-added services

Aggregator

👍 Benefits

1. Launch new products and business initiatives
2. Retain and attract clients
3. Collaborate with TPPs

⚙️ Considerations

1. Operational compliance modifications, investment in development of value-added services, integration with TPPs
2. New revenue stream

Aggregator-as-a-platform

👍 Benefits

1. Acquisition of new client base (including not strictly banking services)
1. Collaborate with TPPs to serve new clientele and drive innovation

⚙️ Considerations

1. Compliance and IT infrastructure investment
2. Enhance overall digital capabilities
3. Different possible revenue models (volume driven fee based, fixed charges, etc.)

Compliant bank

👍 Benefits

1. Fully compliant with the regulations

⚙️ Considerations

1. Operational compliance modifications (ICT, security, processes, contracts)
2. Unvaried revenue model while potentially losing out on additional revenue stream

Bank-as-a-platform

👍 Benefits

1. Acquisition of new client base who are looking for provider of technology and digital services, with processing capacity

⚙️ Considerations

1. Compliance and IT infrastructure modifications
2. Enhance technical and analytical expertise
3. Retain traditional revenue model while offering technology services to competitors

Opening and monetisation of data



Define together how the solution adapted to your needs will look like

Make it happen

3

Co-creation of the opportunity

- How can we build the best solution for my bank?
- Focus on customer experience
- Leverage internal knowledge and engage with teams
- Iterate to reach tangible solutions quickly

4

Design of the PSD2 solution

What are the tools I can use to become compliant?
Can I use my existing infrastructure?

- What will the future solution look like?
- Write detailed functional and technical specifications
- Draft target processes
- Identify potential technical solutions

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Implementation & change management

- How can I make sure I'm ready on time and on specifications?
- Implement the identified target operating model by focusing on all impacted areas (i.e. regulatory, processes, contracts, IT, etc.)
- Drive change management in the organisation to ensure strategy is applied at all levels

Our approach allows you to upgrade your PSD2 positioning at a later stage

PSD2 affects your entire business

We have the right people to help you



Strategy & operations

Business experts with:

- A deep expertise in operational processes, able to conduct an analysis of operational and organisational impacts and write functional specifications;
- A global view to catch ongoing trends in different countries and identify new commercial opportunities.



Regulatory & compliance

Regulatory experts able to:

- Analyse and interpret the regulation;
- Discuss with institutional parties;
- Support on definition and implementation of legal impact;
- Periodically monitor on EU and local regulation updates.



User experience (UX)

Our UX specialists want to help you:

- Understand and optimise your clients' journey through methodologies such as design thinking;
- Find the right solutions to change your company;
- Think out-of-the-box, innovate and differentiate from your competitors.



Technology & innovation

Technology & innovation experts who will:

- Analyse regulatory requirements and EBA Technical Standards;
- Analyse connection mode/interfaces with new TPP;
- Implement technical solutions;
- Conduct comparisons with market service providers.



Cybersecurity

A team of ethical hackers with the capability to:

- Understand your own risk exposure;
- Assess regularly your security controls;
- Assess whether and how your business partners' risks could affect you;
- Develop and test your incident response plan to enable rapid detection and efficient containment.



Transaction risk monitoring

Forensic experts used to:

- Identify unwanted or unusual activities in payment transactions;
- Prevent fraud, corruption or other breaches of compliance;
- Analyse large amounts of electronic data according to specific criteria.

Your PwC contacts



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