

Open Forum on Open Banking and Digital Transformation

Terms of Reference

Background and context

The digitalisation of the economy, or the fourth industrial revolution, has a major effect on the way industries, businesses and private individuals interact. The systemic impact, digitalisation has on the economy, is tremendous. With its speedy, non linear development, it reaches into all parts of our business and private life. As different industries get interconnected, the resulting business opportunities and value creating activities overspan the national, European and global economy. As such, new production, management and governance models become necessary and need to be discussed and developed.

In parallel, the transaction banking industry has been witnessing a period of accelerating transformation, with evolving customer needs and expectations, new technologies, new market entrants and new regulatory requirements acting as key change drivers. Together with the introduction of advanced and state-of-the-art payment instruments, such as instant or mobile payments, these drivers have profoundly impacted the service space between payment service providers (PSPs) and their customers. Additionally, the digital economy drives customer expectations with regard to agile product development and time-to-market expectations.

Particularly against the introduction of an open banking environment by the Payment Service Directive 2 (PSD2), PSPs have reviewed their internal process flows and business models with regard to an open access to customer payment accounts for Third Party Providers (TPPs). In order to make open banking a success, questions around the standardisation of how banks share their own data, but also how banks allow customers more choice and sharing of their data for use in third party applications in a secure and resilient fashion need to be solved. Open banking can thus be seen as an evolution of banking, leading to more transparency, customer choice and customer control over personal data. Open Banking might lead to new co-operations models but as well might require new models with regard to infrastructure and access policies.

Several industry groups have already kicked off work streams to evaluate and further discuss such and other considerations around the topics of open access and open banking. Examples are the Euro Banking Association's Working Group on Electronic and Alternative Payments, which has issued papers dealing with aspects of connecting the services of different providers in standardised ways. With their initiatives and working groups, the Berlin Group engages in the setting of a reliable Access to Accounts (XS2A) Framework that enables TPPs to access bank accounts under PSD2. The NISP initiative (NextGenPSD2 Implementation Support Programme) supports banks and interbank processors in implementing the Berlin Group NextGenPSD2 Framework. Also, and supported by the EPC, the ERPB (European Retail Payments Board) runs a working group to define key elements of a potential SEPA API Access Scheme. With its working group on Application Programming Interfaces under PSD2 (WG-API) the EBA (European Banking Authority) intends to identify issues that will emerge with regard to the RTS (Regulatory Technical Standard) on strong customer authentication and common and secure communication under PSD2 (RTS on SCA&CSC).

To help limit the risk of potential fragmentation, to create transparency over all the different initiatives and to drive the development of open banking and digital transformation, the Euro Banking Association proposes to facilitate a discussion on

Open Banking and digital transformation of the banking industry at a pan-European and cross-industry level. The suggested approach is to create a forum where the providers of payment services, related services and technical support services can discuss and exchange information in an open group, involving interested stakeholders on topics related to an industry-wide move towards Open Banking and digitalisation.

Mission and Workplan

Whereas Open Banking encompasses a much wider area than payment services, the Open Forum should tackle this overarching topic by looking into topics such as:

- use of future-oriented technologies such as AI, robotics or cloud technology
- questions around security such as cyber-threats or fraud risks
- New methods of customer interaction
- Implementation challenges

In detail, the open forum should provide support to the industry by:

- fostering a practitioners' dialogue amongst financial industry players at a pan-European level on relevant developments with regard to access to the account and, more generally, Open Banking;
- exchanging information on access models and Open Banking concepts pursued by the various initiatives in the EU and in relevant markets globally;
- facilitating a common understanding of the collaborative domain in Open Banking in view of defining a pan-European Open Banking ecosystem and avoiding market fragmentation;
- liaising with all relevant industry initiatives and providing input into the Open Banking discussion in Europe;
- assessing potential requirements of customers and stakeholders and facilitating a dialogue with these parties;
- analysing security as well as operational management issues (e.g. appropriate directory services);
- understanding the requirements for infrastructure services to support Open Banking;
- maintaining a dialogue with regulatory bodies on compliance requirements and expectations;
- considering possible models on governance of the ecosystem.

The Forum might decide to publish common understanding and insight on certain topics and issues to the wider market, based on an endorsement by a majority among the participants. Such communication would list the names of forum participants endorsing the position.

Composition and governance

The Forum is open to providers of payment services, related services and support services, other suppliers with a special focus on payments as well as relevant stakeholders in the European and global payments industry.

The Euro Banking Association will provide administrative and logistical support to the Forum, and will propose a Coordinator or a team of Coordinators of the Forum. The Coordinator(s) will support the forum by, inter alia, issuing calls for meetings and proposed agendas. The Coordinator(s) will prepare reports on discussions and activities of the forum as appropriate.

The Forum meets regularly (physical and/or virtual meetings), in principle on a bi-monthly basis. The frequency of meetings may however vary, depending on the market need on relevant results in order to progress to topic.

The Board of the Euro Banking Association may disband the Open Forum if it feels that the Open Forum has served its purpose and is no longer needed.

Anti-trust policy and data protection

It is the policy of the Euro Banking Association to comply with all applicable anti-trust and competition laws. Therefore, the Board of the Euro Banking Association has endorsed a policy on an anti-trust behaviour as part as the Board's commitment to the highest ethical standards and behaviour. Any other person acting in the Open Forum is expected and intended to abide by this Policy.¹

Members of the Open Forum should as a matter of principle refrain from processing any personal data accessed or obtained through their membership in the Open Forum, unless and to the extent required to fulfil their normal duties, as described in the present terms of reference.

¹ The EBA anti-trust policy can be found here:
https://www.abe-eba.eu/media/azure/production/1352/eba_antitrust_policy_20170602_final_clean.pdf