

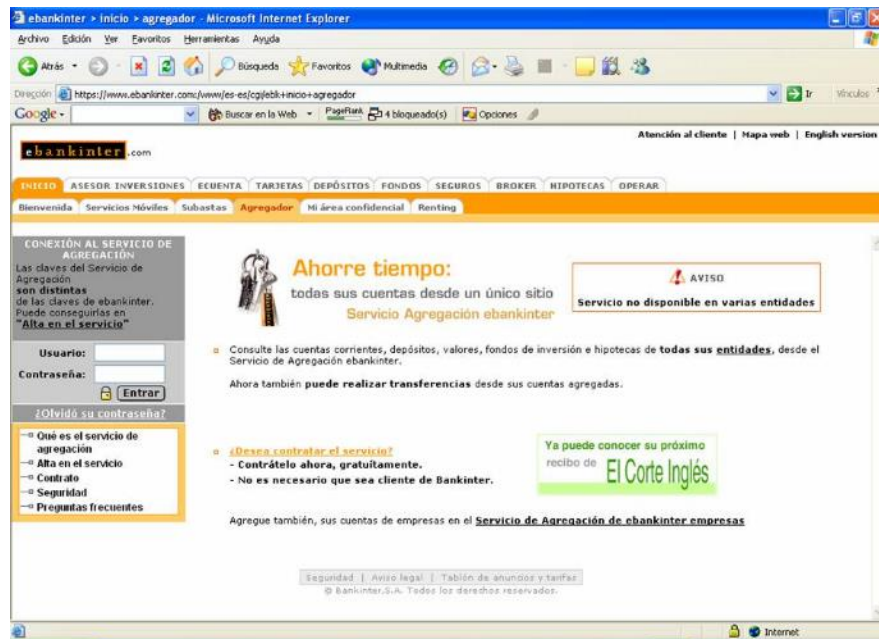
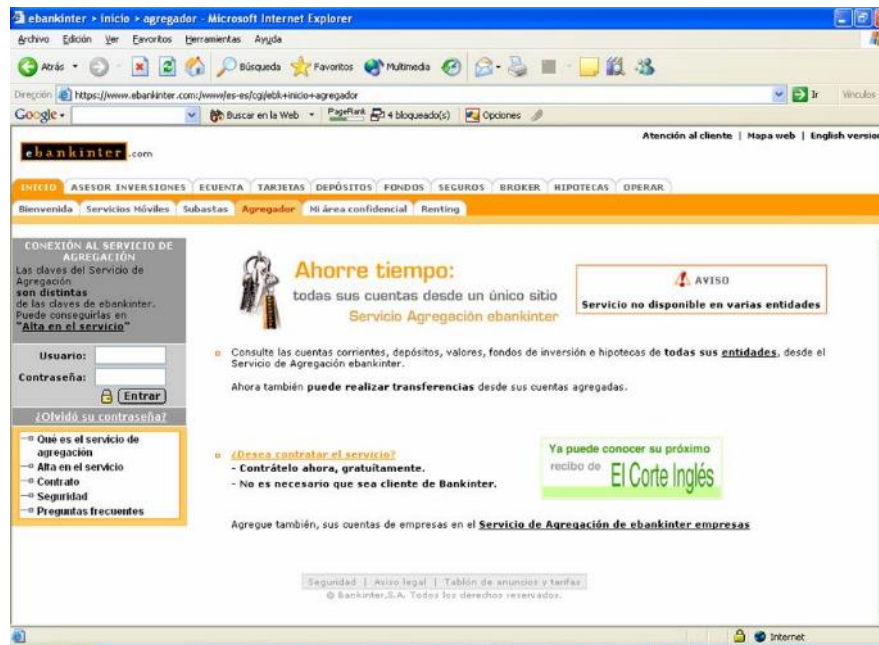
Towards a Possible PSD3

Arturo González Mac Dowell

Milano, November 25 2022

The background of the slide is a photograph of a cave wall. A large, reddish-brown bull is painted on the wall, facing right. The bull's body is a deep red color, and its head is also red with some black markings around the eye. The surrounding cave wall is a mix of ochre, tan, and brown colors, with some black lines and markings. The texture of the rock is visible.


Pre-History:
Before PSD2



2.001 Bankinter for Private Users

2008: BBVA' launches "Tu Cuentas" Flagship PFM Project

In July Francisco González President of BBVA and José Ignacio Goirigolzarri CEO of BBVA (now President of Bankia) announced their flagship product BBVA Tu Cuentas. A PFM utilizing screen scrapping to obtain information from other Banks.



BBVA launches 'BBVA tú cuentas', the most innovative personal finance

1. Instant snapshot of financial and non-financial information (global overview)

BBVA tú cuentas aggregates all types of information that are relevant to the customer. This can include financial information, not just from BBVA, but from other entities the user is a customer of, and also non-financial information such as electricity and phone consumption etc.

BBVA's latest product was announced today at a Press Conference by Francisco González, Chairman and CEO of BBVA; José Ignacio Goirigolzarri, President and COO; Manuel Castro, Director of Innovation and Corporate Development; Javier Bernal, Director of Innovation and Business Development in Spain and Francisco Martín, Chairman and CEO of Strands.

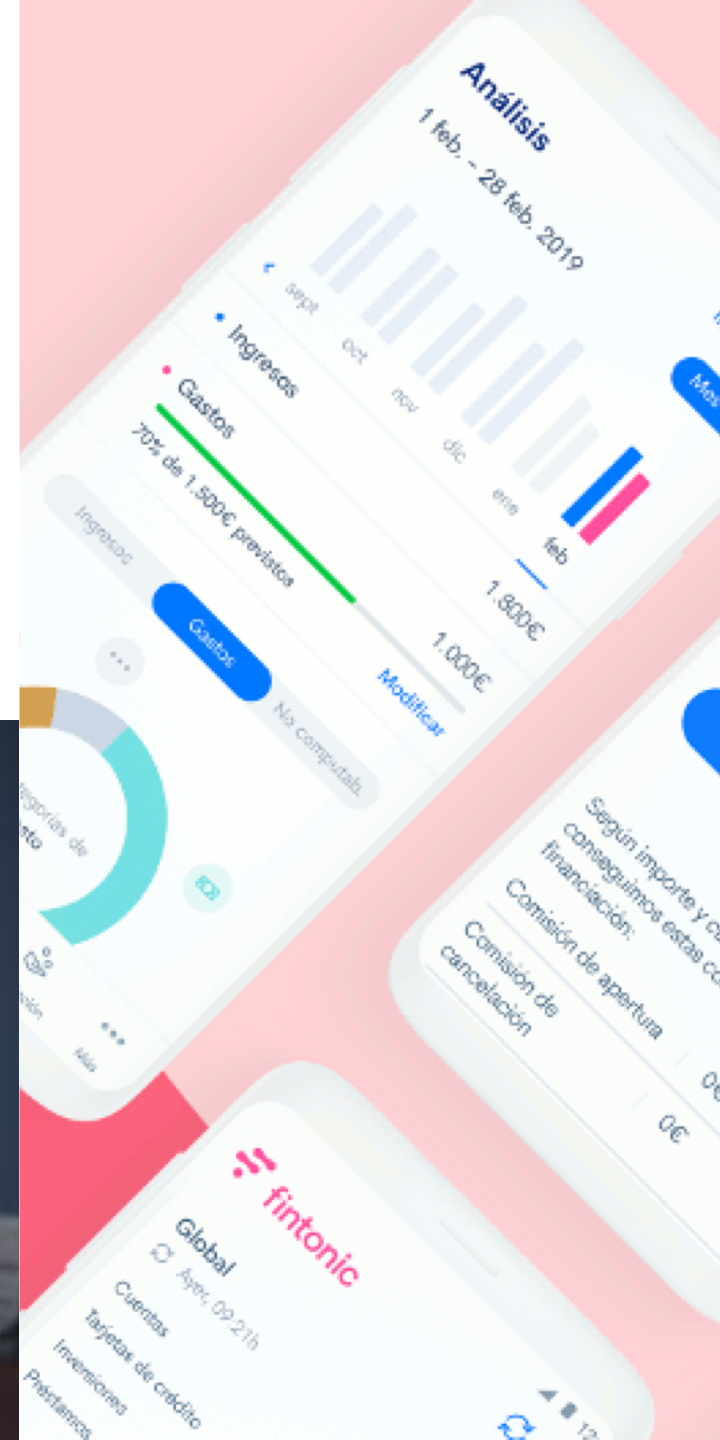


2012 Fintonic is born

Operating in
Spain, Chile and
Mexico



Sergio Busto
Óscar Badás





The image is a highly detailed, aged map of Middle-earth, featuring various regions such as Eriador, The Shire, Rivendell, Rhovanion, Enderland, Rohan, Gondor, Mordor, and Harondor. The map is rendered in a sepia tone with intricate geographical details, including rivers, mountains, and coastlines. Overlaid on the map is the title "TERRA INCOGNITO" in a large, stylized, green font with a white outline. The map also includes several text elements: "FORLINDON" in the top left, "EREBOR" in the top right, "THE SHIRE" in the upper middle, "RIVENDELL" in the upper right, "RHOVANION" in the middle right, "ENDERLAND" in the middle right, "ROHAN" in the middle right, "GONDOR" in the lower middle, "MORDOR" in the lower right, and "HARONDOR" in the bottom right. There are also smaller text elements like "Cape of Andros" and "Bay of Belpalas". In the bottom left corner, there is a small illustration of a figure holding a spear and shield. In the bottom right corner, there is a small illustration of a figure holding a staff. The map is framed by a dark, irregular border.

TERRA INCOGNITO

What the Parliament Wanted

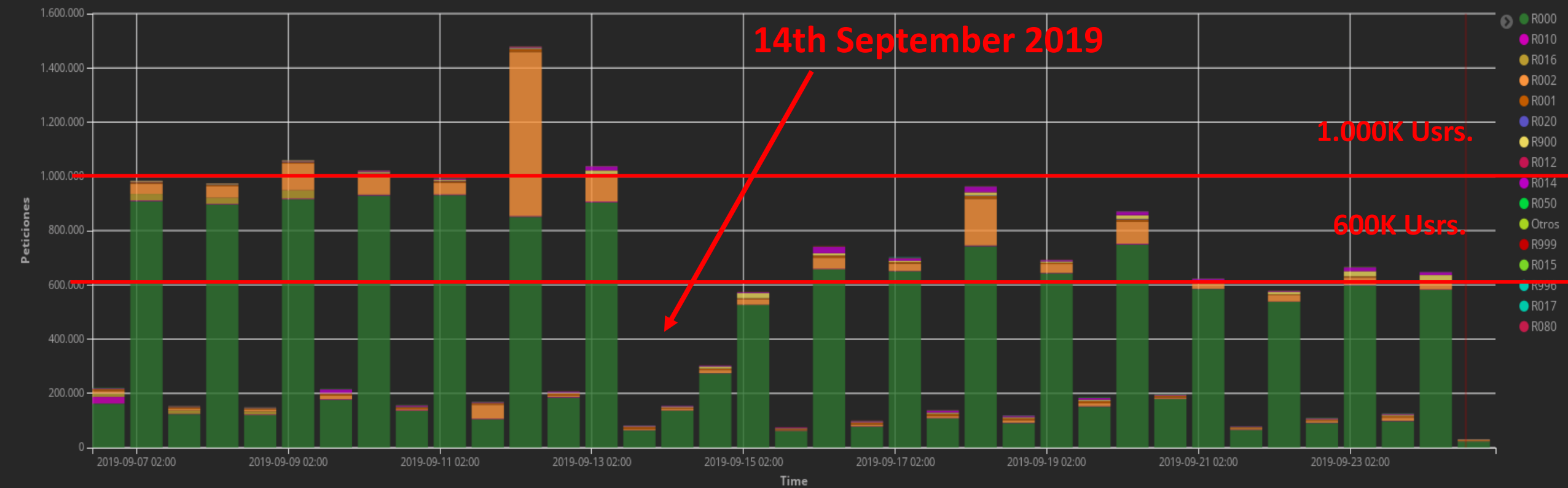
**Innovation
+
Competition**



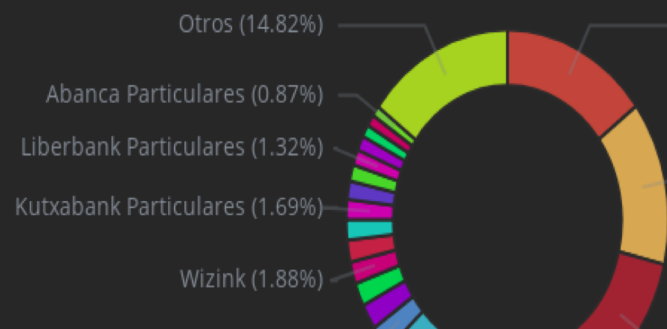
Security

What it Ultimately Got

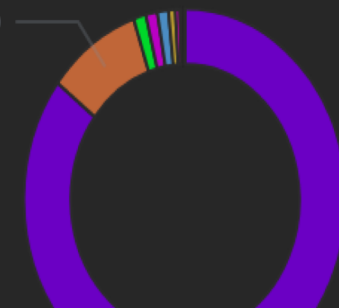




Peticiones por nombre de robot





























Peticiones por código de respuesta



The Result: Conversion rates dropped dramatically, many customers were lost, innovation stagnated

Concrete consequences of PSD2 Implementation

Outcome	Existing PISP	Existing AISP	New PISP	New AISP
High cost for API implementation				
High cost for maintaining legacy access				
Uncertainty due to complex and unclear legislation				
Increased friction due to bad redirections				
Increased payment execution risk				
Wider reach, EU access				
Licensing costs				
Unnecessary SCA				
Reduced functionality and available data				

Key Lessons Learned:

1. Right Incentives
2. Right approach to
Innovation
3. Proper Governance

Business 101 assignment:

- This is your first day at Business School
 - This is your first assignment: “You run a Business that is forced by law to give Access to your most valuable asset to your competitors for free.” What do you do?
-
- A. You allow your competitors to access your customer interface. Knowing that there is no way to limit the functionality and the information, and that there is a risk of performance degradation
 - B. You build a bullet-proof, high performance, feature rich modern API to make your competitors happy
 - C. You build an interface as a way to limit and control your competitors’ access to the asset
 - D. Make the interface with the minimum performance and reliability that will allow you to fly under the supervisor’s radar
 - E. C and D

When you
think about an
ecosystem
that thrives
with
innovation,
what comes to
your mind?



This?



Or this?



Governance:

These are the EBA's Mission and Tasks

How do they fit with innovation and competition?

- The main task of the EBA is to contribute, through the adoption of binding Technical Standards (BTS) and Guidelines, to the creation of the European **Single Rulebook in banking**. The Single Rulebook **aims at providing a single set of harmonised prudential rules** for financial institutions throughout the EU, helping create a level playing field and providing high protection to depositors, investors and consumers.
- The Authority also plays an important role in promoting convergence of supervisory practices to **ensure a harmonised application of prudential rules**. Finally, the EBA is mandated to **assess risks and vulnerabilities in the EU banking sector** through, in particular, regular risk assessment reports and pan-European stress tests.
- Other tasks set out in the EBA's mandate include:
 1. investigating alleged incorrect or insufficient application of EU law by national authorities
 2. taking decisions directed at individual competent authorities or financial institutions in emergency situations
 3. mediating to resolve disagreements between competent authorities in cross-border situations
 4. acting as an independent advisory body to the European Parliament, the Council or the Commission.
 5. taking a leading role in promoting transparency, simplicity and fairness in the market for consumer financial products or services across the internal market.

Market

Market



Core principles for OF

01.

Proportionate horizontal
regulation

02.

Customer data centric
model

03.

Tech neutrality

04.

API's first,
but not APIs only

05.

Level playing field
between OF & OD

- **Clear Legislation**
 - Principles based
 - Outcome oriented
- **That leaves a lot of headroom to the market**
 - To innovate
 - To reach agreements

For more information

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