

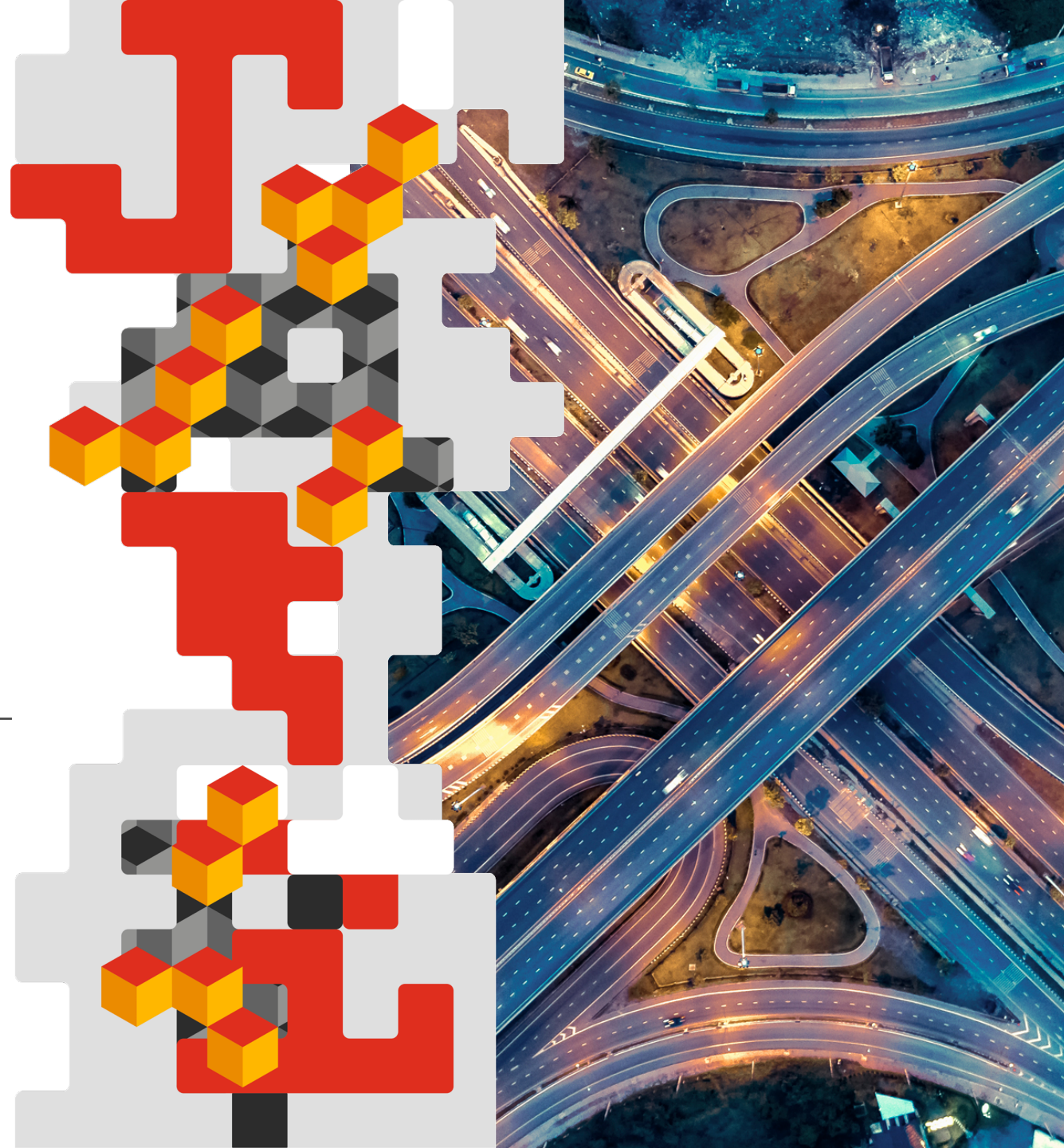
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We Make What's Next

Towards a possible PSD3

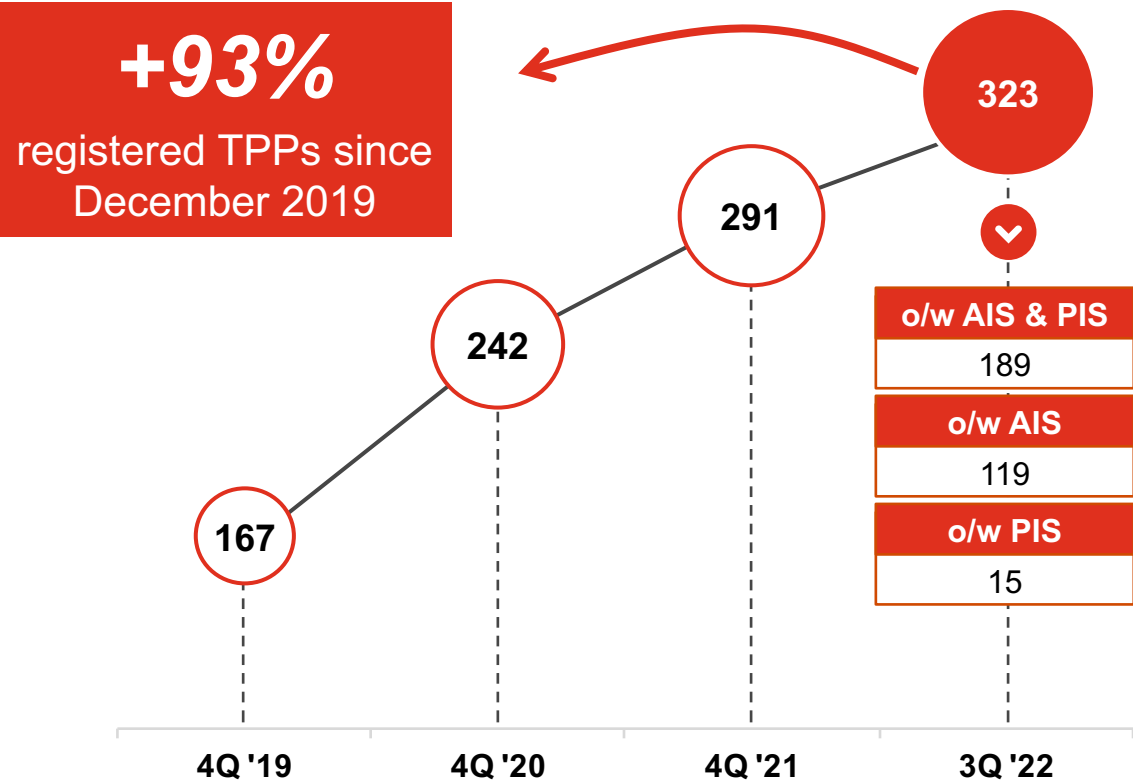
Market point of view on a potential PSD2 review

Sara Marcozzi | Director | PwC Italy | Payments Leader

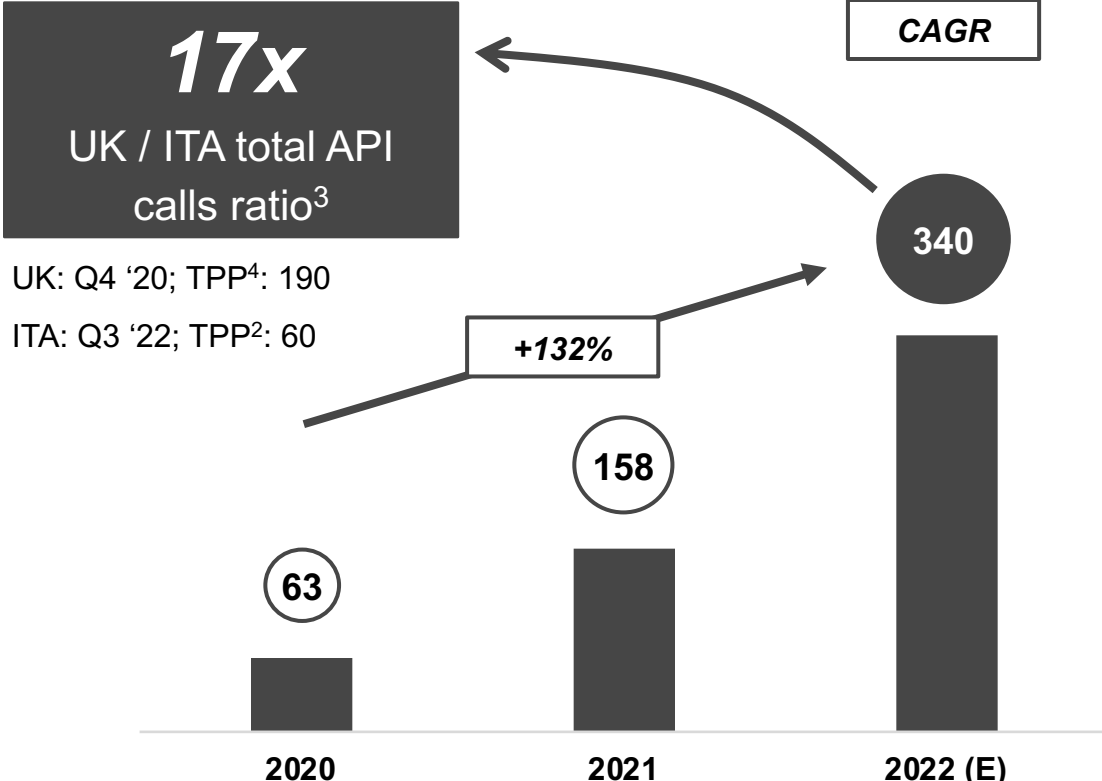


PSD2 stimulated competition in the market: TPPs are growing, Italian API calls are increasing even if are still laggard from UK

The evolution of TPPs in the EEA¹ (#)



AIS & PIS regulatory calls in Italy² (million API calls)



1) PwC analysis on EBA Register (November 2022): does not include the number of active TPPs in United Kingdom and Poland
 2) PwC internal analysis and elaboration from "CBI & PwC – Global Open Banking Report (2020)", "PSD2 e Open Banking: nuovi modelli di Business e rischi emergenti (2021)"
 3) PwC analysis and elaboration on OBIE API Performances (2022)
 4) PwC analysis and elaboration on FCA Register on Account Information and Payment Initiation Service Providers (2022)

57% of market players agree that PSD2 achieved intended results but there are few critical points still to address

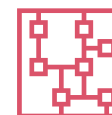
Top-3 critical points



Bank



Fintech / TPP



Tech Payments Provider

Balance between investments sustained and **revenues** generated (e.g. API Premium)

Weak UX due to **fragmented AIS & PIS** customer journey flows

SCA implementation features resulting in **complex** and **different UX**

Complexity on **technological** implementation (e.g. API, SCA) and **process integration**

Still **different national practices** (e.g. scope of payments data, authorization process)

Lack of a full standardization in **API exposure** and **communication interfaces**

Exclusion of **providers** from the **scope** of the Directive (e.g. TSP)

Weak diffusion of **cross-border** vs. domestic payments

Rising challenges in managing emerging **fraud trends**

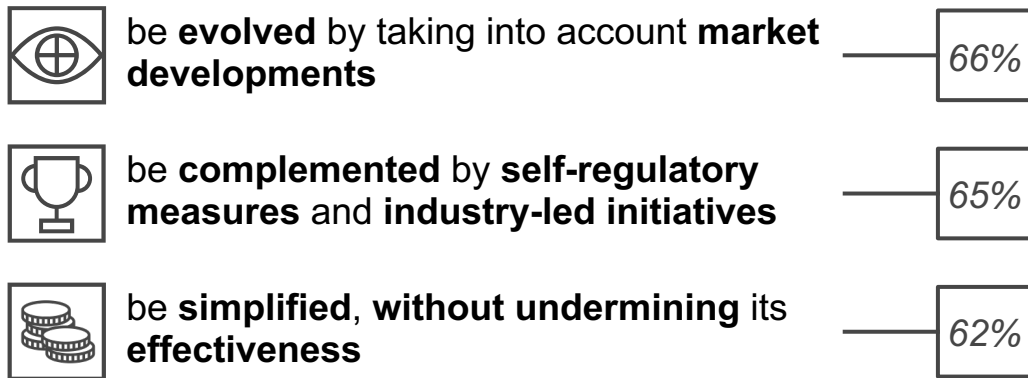
Source: PwC experts and analysis from PSD2 review responses (2022) from targeted consultation on PSD2 review from the European Commission (169 market players)

So, should the PSD2 be revised?

>50%

of market players agree on a potential PSD2 update

According to respondents, PSD2 review should...

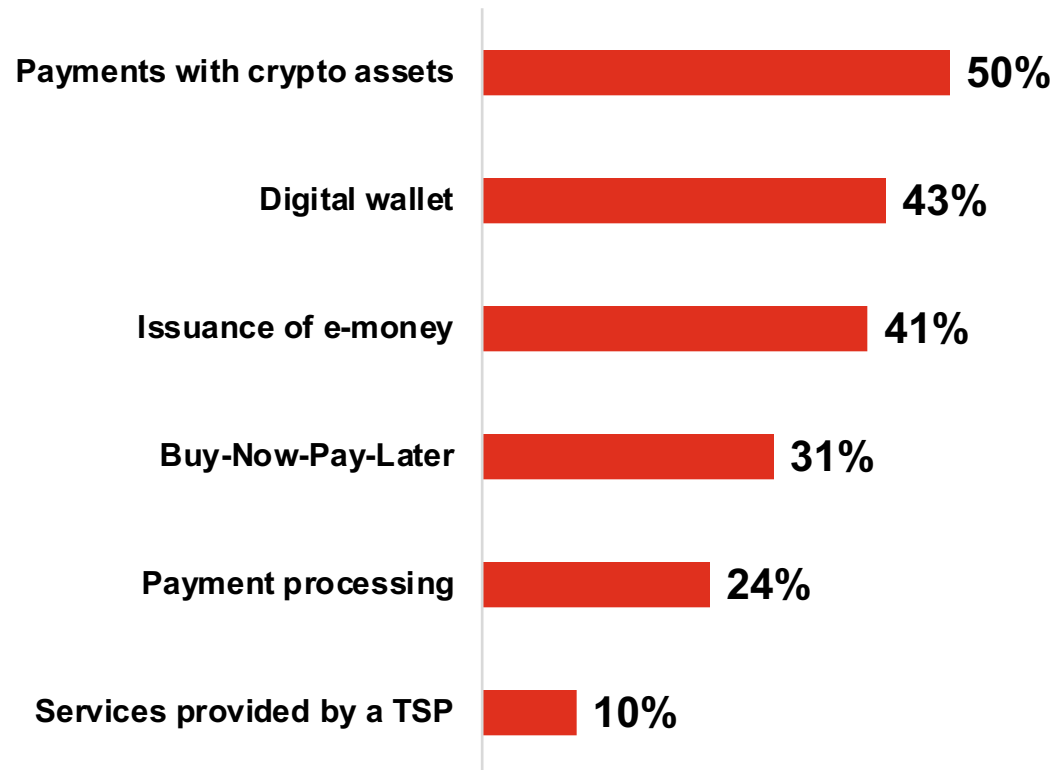


Source: PwC analysis from PSD2 review responses (2022) from targeted consultation on PSD2 review from the European Commission (169 market players)



The path forward to PSD3: potential new services from the market and key intervention areas from PwC perspective

Key new services in scope (% market players agreeing)



PwC view on intervention areas



Regulation of new “Business Models”



Review on SCA rules and applicable exemptions



Use and access of payment data in relation to new services



Strengthen roles and responsibility guidelines by Third Parties involvement, cross-border operativity and online services

Source: PwC experts and analysis from PSD2 review responses (2022) from targeted consultation on PSD2 review from the European Commission (169 market players)

Thank you

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pwc.co.uk/emea-payments-coe

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