

Analysis

State of play in response to PSD2 in Italy's banking sector

Written [FinTech Futures](#)
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The revised Payment Services Directive, well known as PSD2, is intended to define a common legal framework for the payments sector in the Eurozone. It aims at expanding the level of integration and efficiency in the market, as well as at increasing the level of consumer protection through the use of new authentication principles.

The Directive envisioned transposition into member states' national laws by 13 January 2018. However, this deadline was not met by all member states. The transposition in Italy was carried out through the enactment of Legislative Decree No. 218/2017, which came into force on 13 January 2018. The Directive introduces significant innovations within the banking sector, including the development of new tools of innovation and competition, generating a real segmentation of the payment chain.

From 14 March 2019, "traditional" retail banks are required to make their application programme interface (API) specifications and APIs available for testing to other payment service providers (PSPs) to comply with PSD2 and the associated Regulatory Technical Standards (RTS). After a testing period of six months, from 14 September 2019 onwards the



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Collaborative infrastructures are key to transforming PSD2 challenges into opportunities in Italy

account servicing payment service provider (ASPSP) must be ready to receive requests from payment initiation service providers (PISPs), account information service providers (AISPs) and card-issuing service providers (CISPs) and respond to customers' queries in a few seconds.

On the instructions of the Bank of Italy, such deadline in Italy has been brought forward to the 1 June 2019, to benefit from the so called "fallback exemption". This exemption allows ASPSPs to avoid having to provide an alternative mechanism through which third parties can access payment account information to service their customers, should the normal interface they use be down or underperforming.

Consorzio CBI, at the request of the Italian banking industry, analysed the costs of technical and operational adjustments for the banking sector, deriving from the implementation of PSD2 in the domestic market. The analysis unveiled that a shared technological solution compliant to PSD2 could allow Italy's banking sector to save up to €185 million, equal to roughly 40% of the total investment that it would otherwise have to bear to upgrade its systems individually.

For this reason, the promotion of collaborative infrastructures is the keystone to anticipate and transform PSD2's challenges into opportunities.

In light of these findings, two important projects have been implemented in the country with the help from Consorzio CBI:

1. Definition of the APIs PSD2-compliant implementation guidelines starting from the European best practices in terms of API standards – in particular the Berlin Group;
2. Development of CBI Globe — Global Open Banking Ecosystem, a collaborative platform facilitating the interconnection between banks and fintechs, while guaranteeing a high level of consumer protection.

CBI Globe allows banks to rationalise the costs to comply with PSD2 and to fully exploit the business opportunities enabled by the new competitive scenario — including the development of value-added services. In this respect, the CBI Globe platform can be defined as an ecosystem of innovation in the field of open banking, as it supports member banks in the development of competitive services at lower costs and with a faster time-to-market.

All this will benefit the end consumer, who will be able to take advantage of new services, developed by the ASPSPs (i.e. banks) and by third parties, and conveyed through a high standard solution of cybersecurity. The presence of a single access point, rather than multiple connections, will also ensure the broader reachability of the user's payment accounts and a further streamlining of the accessibility of the accounts. Furthermore, banks will be able to provide new value-added online services in savings, credit, treasury management and others fields.

In addition, the ASPSPs may themselves become providers of payment initiation or account information services and so compete with fintechs by offering their customers PSD2 payment and information services.

At this point, it is hard to imagine the full potential of the service and the fintech innovations and customers' increasingly advanced and mature business requirements for online services.

At present, almost 80% of Italian banks have already adopted CBI Globe (which went live on 1 June 2019). However, some players, such as Unicredit and Banca Sella, have instead opted to develop their own proprietary platforms.

By Liliana Fratini Passi, CEO, Consorzio CBI



(<https://www.bankingtech.com/files/2019/06/Liliana-Fratini-Passi-Consorzio-CBI.png>) Liliana Fratini Passi is the CEO of Consorzio CBI. She is also chair of the National Committee on Trade Facilitation – Financial Services Working Group; board member of the ISO 20022 Registration Management Group; delegate to the United Nations Centre for Trade Facilitation and Electronic Business (UN/CEFACT), whereof she is Finance Domain Coordinator in the “Supply Chain” Programme Development Area and Liaison Rapporteur to ISO Technical Committee 68 – Financial Services; board member of UNINFO.

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