

GET THE FACTS ABOUT PSD2 AND OPEN BANKING

WHAT IS PSD2?



Also known as the Revised Payments Services Directive, PSD2 is a European Union regulation that requires all European banks to open customer data to third parties, attain user consent for data sharing, and apply strong customer authentication methods. Banks need to introduce secure application programming interfaces (APIs) for third parties to access customer data and make payments on the customer's behalf, with the customer's explicit consent.

Open Banking is a regulation that requires the nine largest U.K. banks to open access to payments and account data for third parties via secure APIs to increase competition. Customer data can only be shared with customer consent and privacy must be respected. Open Banking is the U.K.'s response to PSD2. Fintechs and challenger banks will also look to leverage the open APIs to participate in the ecosystem.

WHAT IS OPEN BANKING?



66%

of bank executives believe that open banking will help create new revenue streams for their organisation

- Accenture Open Banking Survey 2017

WHAT'S THE POINT?

Both regulations are designed to increase innovation and give bank customers (both consumers and businesses) more freedom and protection in the way they interact with banks, third-party financial services providers, and other members of the financial ecosystem. Consumers will gain a new level of control over how their financial data is used, and by whom.



HOW ABOUT "OPEN BANKING"?

The movement of "open banking" is also gaining momentum around the world. Financial institutions are looking to use APIs to securely share customer data with third parties. The difference is there's no official legislation in place yet that standardises the APIs.

A Few of the Innovations Enabled by PSD2 and Open Banking



Direct payment from bank accounts



Loyalty programs linked to bank accounts



Intelligence driven payment systems & automation



Single view of all financial accounts in one location

WHAT DOES THIS MEAN FOR CONSUMERS?



Approved banks, fintechs, and other organisations will be able to access previously proprietary customer data via APIs to aggregate customer accounts or send payments on their behalf, with their permission.

Using standardised APIs and protocols including OAuth 2.0 and OIDC, banks and authorised third parties will be able to develop innovative products and solutions for consumers and businesses.

HOW DO THEY DO IT?



59% of banks see PSD2 as an opportunity, but there is widespread acknowledgement that PSD2 is also a potential threat, and that in order to be able to fulfill the opportunity organisations must prepare and react appropriately.

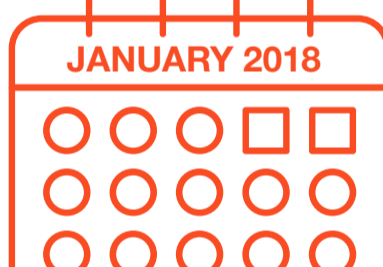
- Deloitte European PSD2 Survey 2017

59%

IT'S A NEW ERA FOR PRIVACY & CONSENT IN FINANCIAL SERVICES

Banks need to be ready for:

- Onboarding of Third Party Service Providers like fintechs to provide them with secure access to APIs
- Payment Initiation Service Providers with consent driven API-based payments initiation
- Account Information Service Providers with consent driven API-based account information sharing



PSD2/OPEN BANKING COMPLIANCE

DIGITAL IDENTITY CAN HELP BANKS NOT ONLY COMPLY WITH OPEN BANKING AND PSD2, BUT COMPETE AND INNOVATE AS WELL.

HOW CAN FORGEROCK HELP



The ForgeRock Identity Platform is a unified approach to digital identity management that can help to address compliance with both regulations. PSD2 and Open Banking are opportunities to strengthen trusted customer relationships by providing innovative new products and services. Developing PISP and AISP capabilities is easier and more secure with a fit for purpose identity platform able to scale to demand.

The ForgeRock Identity Platform:

- Integrates with threat detection and real-time fraud analytics solutions
- Includes a PII-compliant data storage solution
- Prioritizes privacy and consent with granular consent controls for customers
- Delivers financial grade security to customers with multifactor & fine-grained authentication
- Builds trusted relationships with customers
- Provides advanced API security
- Offers a range of flexible and extensible strong authentication solutions including push authentication, adaptive risk, and biometrics
- Based on open standards and compatible with OAuth, OIDC, User-Managed Access (UMA), & others, features a common REST API

PSD2 AND OPEN BANKING SOLUTIONS



AT THE FOREFRONT OF DIGITAL BANKING INNOVATION

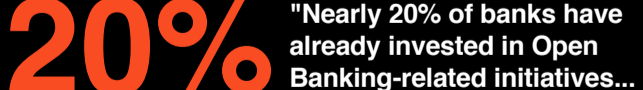
ForgeRock is an active participant in the Open Banking Working Group and powers the Reference Bank Application for Open Banking that banks and third parties use to test their products and services before deploying them in the ecosystem.

GO BEYOND COMPLIANCE

- Create new financial products and services powered by digital identity like account aggregation and direct payments
- Enable secure API access to confidential customer data for API banking
- Deliver a secure, omnichannel experience with continuous, contextual security
- Know your customer by consolidating all customer financial data into a single profile for personalization and convenience
- Quickly go to market with Open Banking and PSD2-compliant solutions with our DevOps-ready, developer friendly platform that can deploy in any environment

20%

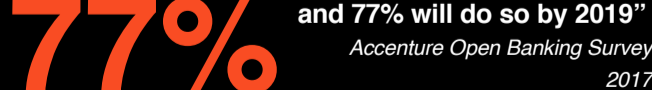
"Nearly 20% of banks have already invested in Open Banking-related initiatives..."



77%

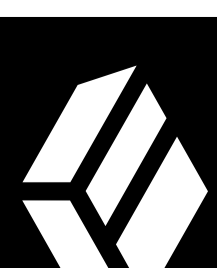
and 77% will do so by 2019"

Accenture Open Banking Survey 2017



FOR MORE INFORMATION ON HOW FORGEROCK CAN HELP YOUR PSD2 AND OPEN BANKING INITIATIVES, VISIT:

WWW.FORGEROCK.COM/IDENTITY-SOLUTIONS/FINANCIAL-SERVICES/



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