Transactional Data

Hidden Treasure or Dead Weight?
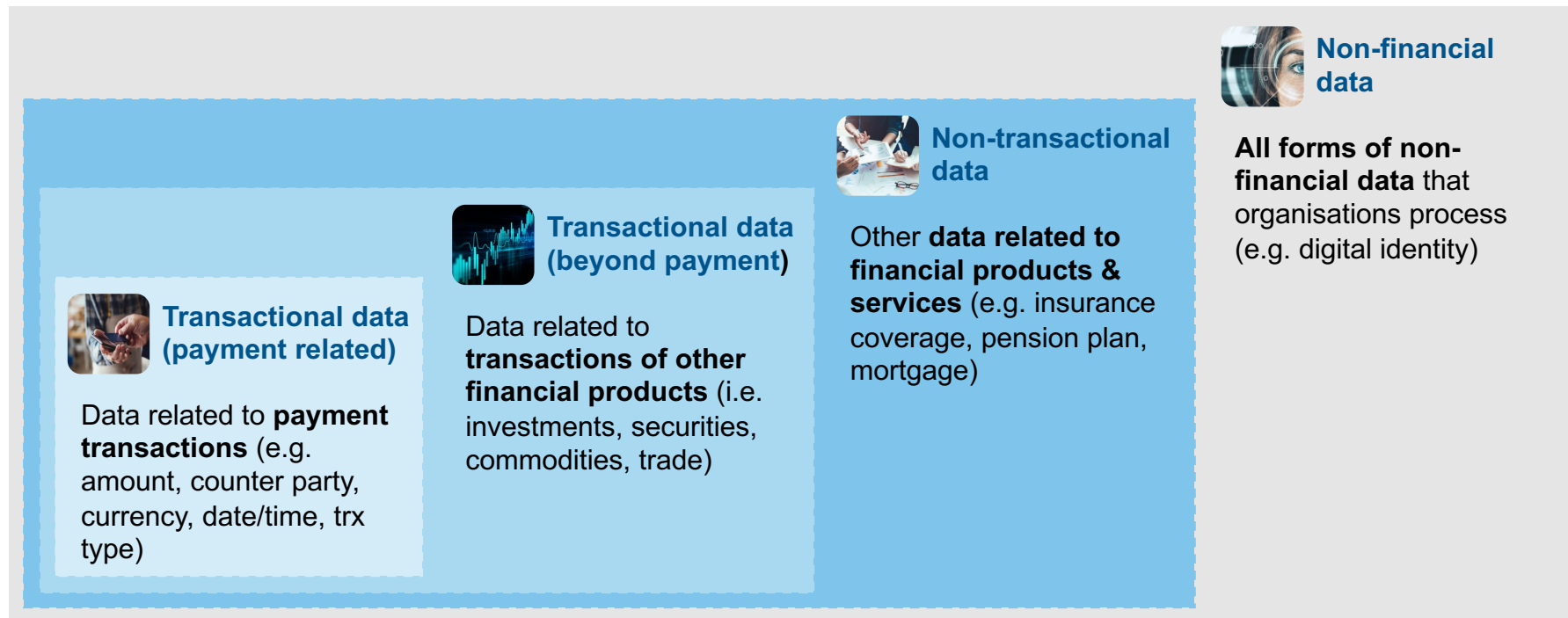

INNOPAY   Deutsche Bank

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Let's untangle the concept of data

Non-financial data

All forms of non-financial data that organisations process (e.g. digital identity)

Non-transactional data

Other **data related to financial products & services** (e.g. insurance coverage, pension plan, mortgage)

Transactional data (beyond payment)

Data related to **transactions of other financial products** (i.e. investments, securities, commodities, trade)

Transactional data (payment related)

Data related to **payment transactions** (e.g. amount, counter party, currency, date/time, trx type)

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In Europe, we're on a journey to put customers in control of their data to enable them to obtain the benefits

OVERVIEW KEY DATA RELATED REGULATIONS

	GDPR	DMA	Data Act	eIDAS2	PSD2/3 & PSR	FIDA
Regulation	**GDPR**	**DMA**	**Data Act**	**eIDAS2**	**PSD2/3 & PSR**	**FIDA**
Data scope	Protection of natural persons regarding the **processing of personal data**	Obliges platforms ("gatekeepers") to **grant access to platform data**	Obliges **access to data generated by connected devices & services (IoT)**	**Obliges EUDI wallet to store & share identity data** for **identification & authentication** purposes	3rd party **access to transactional data related to payments**	Broadens 3rd party **access to non-/transactional data beyond payments**

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PSD2 was a key driver of leveraging transactional data

2 AISP accesses the user's payment account data

3 AISP provides consolidate financial view & value added services

1 User authorises AISP to access payment data

User

AISP

Payment service providers (e.g. banks)

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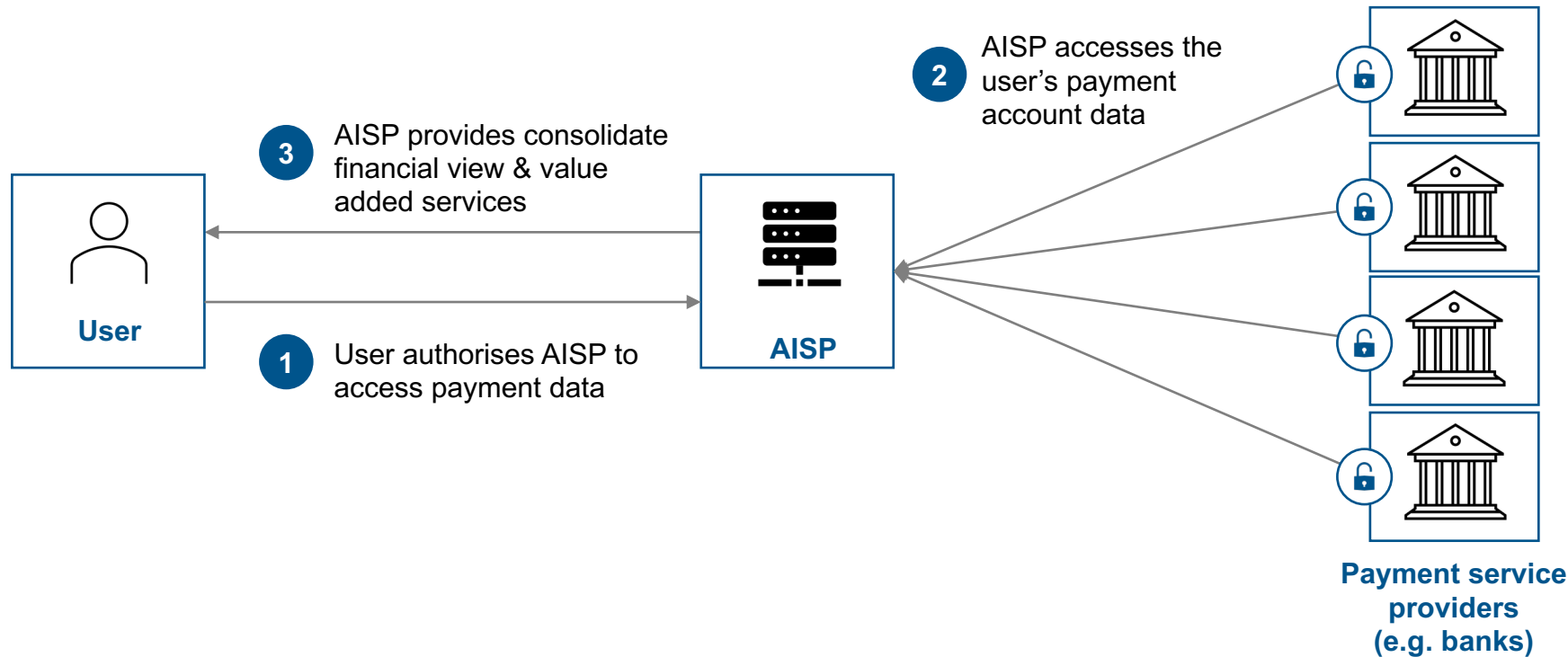
Next to compliance, there is a compelling business case for service providers by providing and/or using transactional data

Relevance & brand enhancement

- Strengthen customer relevancy via seamless and controlled data sharing in digital transactions

- Strengthen relevancy to relying parties

New revenue opportunities

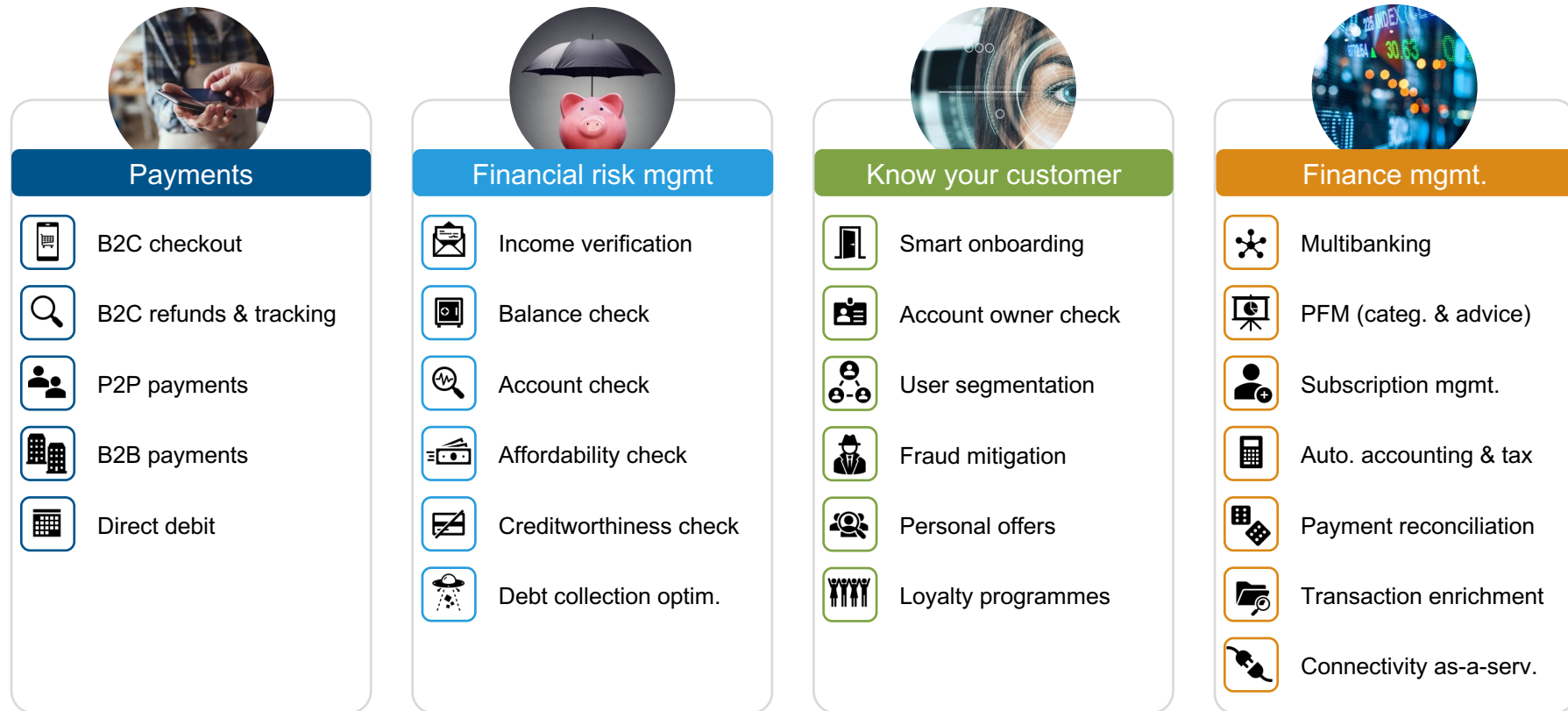- Leverage data in new products & services to unlock revenue streams

- Achieve higher service levels to customers to reduce churn

- Increase stickiness and up-sell

Efficiency & cost effectiveness

- Streamline and automate workflows and processes

- Eliminate costly information remediation processes due to inaccuracy and human error

- Improve service delivery and UX of digital transactions

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PSD2 resulted in value creation across a range of use cases

Payments
- B2C checkout
- B2C refunds & tracking
- P2P payments
- B2B payments
- Direct debit

Financial risk mgmt
- Income verification
- Balance check
- Account check
- Affordability check
- Creditworthiness check
- Debt collection optim.

Know your customer
- Smart onboarding
- Account owner check
- User segmentation
- Fraud mitigation
- Personal offers
- Loyalty programmes

Finance mgmt.
- Multibanking
- PFM (categ. & advice)
- Subscription mgmt.
- Auto. accounting & tax
- Payment reconciliation
- Transaction enrichment
- Connectivity as-a-serv.

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While PSD2 was successful in reducing payment fraud, results in terms of competition and innovation could have been better

OVERVIEW IMPACT PSD2

1 **Enhanced competition and contributed to single EU payments market**
- ➢ 400+ new non-bank players
- ➢ However, missing standardisation & no access to payment system for non-banks stifles competition

Competition

Security

PSD2

Innovation

2 **Strengthened security and customer protection**
- ➢ Best achievement: strong customer authentication (SCA)
- ➢ Fraud reduction of 40-60% for online cards payments

3 **Facilitated innovation and promoted customer convenience**
- ➢ More choice in payment options
- ➢ However, account access provided by some banks still results in obstacles

Source: INNOPAY analysis

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Key changes introduced in the Payment Services Regulation (PSR)

Non-exhaustive

1 Open Banking – New requirements & clarifications

1.A Permission dashboard
- Monitor and manage any permissions provided to AISPs on an ongoing basis in realtime

1.C Access via dedicated interface (APIs)
- PSPs with accounts accessible online obliged to offer dedicated interfaces for data exchange

1.E Minimal PIS functionality via dedicated interface
- Specifies minimal pay. services (direct debit, single SCA)
- Prior to initiation, ASPSP must share specific data
- All info on initiation / execution should be shared

1.G PSD2-as-a-service
- AISPs forwarding data – with permission - to other non-regulated parties is formally recognised in PSR/PSD3

1.B SCA
- ASPSP apply SCA only for _first access_ to account data by AISP
- AISPs subsequently applies own SCA (every 180 days)

1.D Prohibited obstacles to data access
- EBA's opinion on dedicated interfaces creating obstacles has been incorporated (non-exhaustive list)

1.F Permanent contingency mechanism (fallback)
- Permanent contingency mechanism is not required
- Access via customer interface by AISPs and PISPs only in exceptional situations
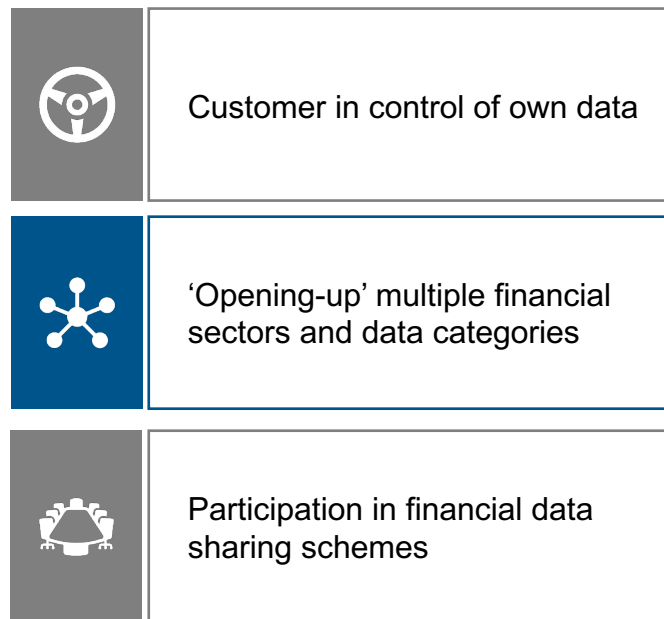
1.H Commercial model
- PSD2 data access and payment initiation still free, but premium services in the context of scheme can be charged for (e.g. SPAA scheme)

Source: INNOPAY analysis, PSR & PSD3

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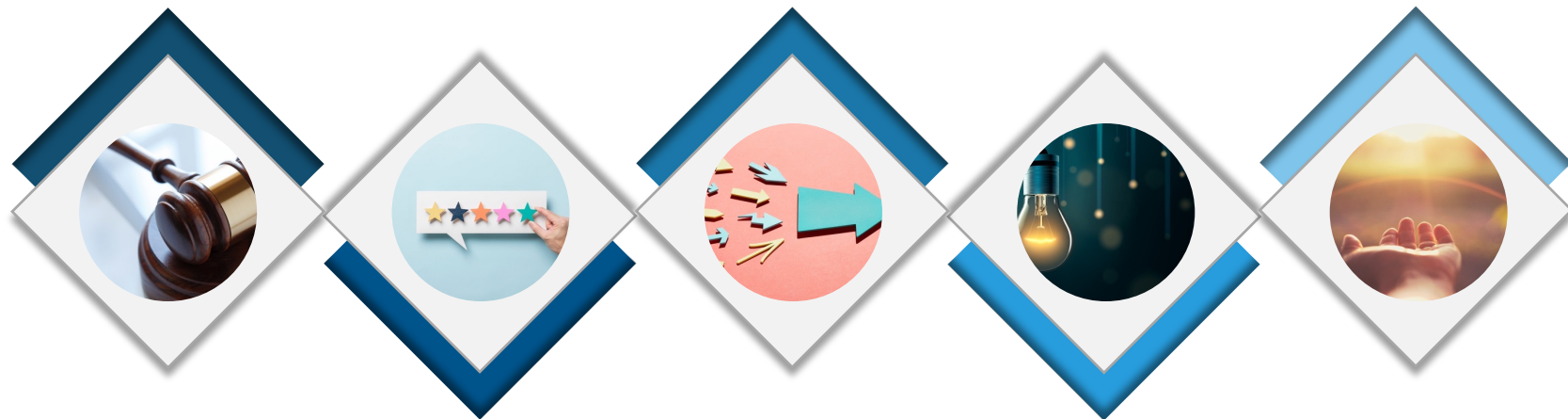# Financial Data Access (FIDA) regulation will further extend access to non-/ transactional data beyond payments

FIDA SETS OUT 3 PRINCIPLES

(steering wheel icon)	Customer in control of own data
(network icon)	'Opening-up' multiple financial sectors and data categories
(people/schemes icon)	Participation in financial data sharing schemes

EXTENDING DATA ACCESS SCOPE AND USE CASES

Mortgage

Lending

Savings

Payments

Pensions

Investment

Insurance

Legend   ⬡ PSD2/3 & PSR   ⬢ FIDA

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Five key pillars to unlock the hidden treasure in transactional data

1 Solid and **clear regulatory requirements &** expectations

2 **High quality** (financial) APIs

3 **Standardisation** (where relevant & feasible)

4 **New value propositions** that deliver value for end-users

5 **Trust from end-users** to provide data access

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