

Payment Service Directive II: key challenges and opportunities

EY industry insights

First proposed by European Commission (EC) in June 2014

- ▶ Payment Services Directive II (PSD II) proposed as a replacement to the original payment service directive

PSD II becomes official

- ▶ 8 October 2015 – adopted by European parliament
- ▶ 8 December 2015– European Banking Authority (EBA) begins industry consultation on security and strong authority
- ▶ 23 December 2015– PSD II enters official journal of EU law

2014

Detail prepared by the EC

- ▶ To take into account new methods of payment that have come to market

What do you need to know?

We believe PSD II will have a profound effect on the industry. But there are still unknowns and banks need to be asking themselves some key questions to ensure they're prepared to meet the challenges with the PSD II deadline in January 2018.

Key questions

Strategic

- ▶ How can data be leveraged as an asset class?
- ▶ What partnerships should be pursued?
- ▶ How will PSD II interact with adjacent initiatives?

Compliance

- ▶ How should regulation be interpreted?
- ▶ What operational and technological changes are required for compliance?

Security

- ▶ How can we protect new APIs from cyber attack?
- ▶ What new security vulnerabilities will the bank and its customers be exposed to?

Legal

- ▶ How should guidance on customer consent and data controller requirements be interpreted?
- ▶ How will liability be managed?

The European Banking Authority (EBA) and Regulatory Technical Standards (RTS)

- ▶ Proposed date for EC to adopt the RTS is unknown
- ▶ Minimum 18 months for it to come in to force
- ▶ EBA completes work on other RTSs

2016

PSD II effective

- ▶ 12 January 2016 – entry into force
- ▶ 8 February 2016 – deadline for EBA consultation
- ▶ Q2 – draft EBA regulatory technical standards (RTS) on security and strong authentication

2018

PSD II live

- ▶ 13 January 2018 – deadline for national governments to transpose PSD II into local legislation
- ▶ July 2018 – earliest date for EBA security and auth RTS to come into force

EY's payments, FinTech, cyber and regulatory teams have extensive experience supporting client delivery programmes to meet the complex demands of ongoing regulatory change and managing customer expectations.

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