Payment Services Directive 2
for FinTech & Payment Service Providers
Accelerate your growth journey
The introduction of the Payment Services Directive II (PSD2) will open up the payment services market by regulating the FinTech revolution currently happening on a community level. The EU-wide harmonisation of online payments is aimed at increasing the security for payment transactions and account information and creating a level playing field to enhance competition.

PSD2 invokes a major breach with the PSD1. Amongst other things, it introduces the Third Party Provider (TPP) as a definition to regulate new payment services. Two new types of TPPs are introduced, namely Account Information Service Providers (‘AISPs’) and Payment Initiation Service Providers (‘PISPs’). Banks are obligated to open up their IT infrastructure to TPPs. Through the initiation of PSD2, innovative payment services companies are enabled to compete with the banks.

Both AISPs and PISPs will have to comply with the regulatory requirements under PSD2 and perhaps also to apply for a licence under the PSD2. The PSD2 licencee is allowed to passport this licence to other EU/EEA member states (single licence regime), which allows them to provide their services in those countries. Without such licence, parties qualifying as a TPP are prohibited to offer their services as per January 13, 2018.

But it does not end with being compliant or a licence...The actual formalization of the governance and the risk management function is very relevant. A solid risk management framework needs to be designed and set up including a risk appetite statement, risk management policies and procedures, risk reporting and an internal control framework. This requires extensive strategic, risk management, compliance, IT, legal and HR knowledge and expertise.

Goals of the new payments regulations
► Create a harmonized payments system and a single payments market within the EU
► Increase transparency
► Stimulate innovation
► Improve the level playing field for payment service providers (including new players
► Ensure a high level of consumer protection and of payments security
► Encourage lower prices for payments
► Facilitate the emergence of common technical standards and interoperability

Transposition of the rules and regulations of PSD2 in national law takes place as soon as 13 January 2018
Make use of the new situation on the payment market and undertake instant action.
The new PSD2 landscape

AISP:
Account Information Service Providers will have to be given access to account information by the AS PSP when granted permission of the account holder. Information given by the AS PSP can subsequently be used by the AISP in order to render its service such as aggregating data relating to PSU (consumer) accounts held across one or many AS PSPs.

AS PSP:
Account Servicing Payment Service Providers are traditional financial institutions (e.g., banks) which provide accounts to consumers and from or to which the consumer issues payments.

PSU:
Payment Service User is the consumer or retailer who is the user of services provided by payment service providers like banks or TPPs.

PISP:
Payment Initiation Service Providers will be allowed to initiate payments issued by the account owner between the AS PSP (bank) and PSU (consumer). This allows them to use the information from AS PSPs to facilitate online banking payments.

TPP:
Third Party Payment Service Providers is the generic term for the Third Party Account Information Service Providers (AISP) and Third Party Payment Initiation Service Providers (PISP). A TPP does not hold a payment account nor does it enter into possession of the funds being transferred.
Is your company ready?

Key questions to be answered:

- What is the impact of PSD2 on my business?
- What is the best way to structure my business operations according to the PSD2 legislation?
- Are my company’s governance arrangements and risk management framework adequate?
- Are my company’s security incident procedures compliant?
- Who are the directors and persons responsible for the management of the payment institution and are they suitable for their position?
- Is my company compliant with the Anti-Money Laundering and Combatting Terrorist Financing Directive?
- Is my company legally ready to undertake business in other EU/EEA member states?
- Which activities can my company outsource?
- To what liability issues is my company exposed?
- Does my company have a duty of care towards its customers?
- Does my company comply with all the information obligations?

We can help you to navigate through all potential impact areas

- The obligation to inform consumers of their rights
- Robust and complete cyber security framework
- Adequate and effective complaint resolution procedures
- The obligation to inform consumers about all the charges and exchange rates
- Strong Authentication based on the use of two or more of the following elements – knowledge, ownership and inherence

How can EY help you with PSD2 requirements

- Licence application
- Strategy & Transformation
- Enterprise Risk Management
- Risk Regulation
- Data privacy
- Cyber security and enterprise intelligence
- Risk Appetite & Culture Appetite
Your chosen strategy will have a significant impact on your future business model and your role in the financial eco-system

Expand
► Use client’s payment data in order to offer new and advanced payment and information services
► Identify reliable collaboration and cooperation partners for technical, business and innovation purposes

Comply
► Ensure all PSD2 licence requirements are met in time
► Ensure the organization and systems are compliant with security requirements and technical standards

Transform
► Identify strategic opportunities and innovations to profit from the proposed regulatory changes
► Use existing data and new possibilities that PSD2 offers in order to develop a new and innovative business model

Compete
► Compete with banks and new third party providers by aggregate financial data from multiple Account Servicing Payment Service Providers and offering this service to clients

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Account access provider
Third party provider
How can EY help

EY / HVG Law has first-hand experience with obtaining licences for e.g., payment Institutions and significant experience in meeting regulatory requests throughout the entire licence application process.

We are used to work in close cooperation with our clients and third parties, including the regulatory authorities. We have a good relationship with the regulators, including DNB’s Supervisory Division.

Our knowledge and experience with strategy transformation journeys in combination with our understanding of the financial services industry puts us in a unique position to support you with latest market practices, developments and trends.

We are recognized as the most globally coordinated professional services firm and have a truly integrated network with skilled teams world wide. As demonstrated over the years where needed we call upon subject matter expertise across the globe e.g., finance, risk, legal, compliance, organisational design, and liability issues.

We have both in-depth as broad knowledge of developing financial, regulatory & governance processes, anti money laundering legislation, risk management, security and issues concerning liability.

The EY / HVG Law contacts to guide you through your growth journey

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