

# Meeting Minutes

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**Meeting details**

Meeting date: 30/05/2018

**Meeting name**

Implementation Entity Steering Group (IESG)

**Meeting time**

10.00 – 13.00

**Meeting location**

ETC. Venues, 8 Fenchurch Place, London

**Scribe**

Julie Mitchell

**Classification**

Public

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<i>Name</i>	<i>Role</i>	
Alan Ainsworth	OBIE – Head of Policy	Yes
Andrea Melville	Lloyds Banking Group	Apologies
Andrew Laidlaw	FCA	Yes
Andrew Slough	HSBC	Apologies
Andy Booth	Barclays	Apologies
Anne Macadam	HM Treasury	Yes
Bill Roberts	CMA	Yes
Caroline Ambrose	Barclays Bank	Yes
Chris Michael	OBIE – Technical Delivery	Yes
Daniel Ehreich	Bank of Ireland	Apologies
Daniel Jenkinson	Consumer Representative	Yes
Daniel Globerson	Royal Bank of Scotland	Yes
David Baldwin	Head of Programme Management OBIE	Apologies
Doina Nicolici	NPSO	Phone
Dora Guzeleva	Payments Systems Regulator	Phone
Ed Colley	Prog Director OBIE	Yes
Faith Reynolds	Customer Representative	Apologies – Delegate DJ
Gavin Littlejohn	Fintech Representative	Yes
Hetal Popat	HSBC	Yes
Ian Major	TPP Representative	Yes

# Meeting Minutes

Imran Gulamhuseinwala	OBIE - Chair	Yes
John Hutton	Nationwide	Yes
Kunal Jhanji	OBIE and Oliver Wyman	Phone
Mark Chidley	Consumer Representative	Yes
Mark Mullen	Atom Bank	Yes
Matthew Perks	Nationwide	Apologies
Nuala Jackson	Santander	Phone
Paul Horlock	NPSO	Yes
Phillip Mind	UK Finance	Yes
Richard Lindsay	OBIE - Comms	Yes
Richard Rous	Lloyds Banking Group	Yes
Robert White	Santander	Yes
Roy Hutton	Allied Irish Bank	Yes
Ruth Mitchell	Electronic Money Association	Phone
Stephen Smith	Lloyds	Apologies
Stephen Wright	Royal Bank of Scotland	Apologies
Thaer Sabri	Electronic Money Association	Apologies
Vickie Hassan	Danske Bank	Yes

### No. Agenda item

#### 1.a MINUTES

1.1. **IG** opened the meeting and reviewed the minutes and action log. **IG** confirmed the minutes had been circulated and comments had been received and incorporated. **The minutes were accepted as final.**

#### 1.b. ACTION LOG

#### 1.2

Action Number	Owner	Description	Status
IESG_2018_301_65	<b>KJ</b>	P2 : KJ and <b>CA</b> to liaise, gathering views and forging consensus around P2. KJ to report back with a view to restating the proposition.	CLOSED
IESG_2018_301_66	<b>EC</b>	Transition from MRO: <b>EC</b> to write up the MRO proposal into an operational document (aka Launch Support)	CLOSED
IESG_2018_301_67	<b>JM</b>	TPP Funnel slide to be circulated to members of IESG and include in Programme Update for all future packs.	CLOSED

IESG_2018_301_68	<b>EC</b>	Reference directory sandbox to be included in Programme Update at <b>May IESG</b>  <i>EC provided a verbal update during the Programme Update</i>	CLOSED
IESG_2018_301_69	<b>IG</b>	<b>IG</b> to write to the Heads of Retail of the CMA9 to arrange quarterly meetings.	CLOSED
IESG_2018_301_70	<b>EC</b>	A) PIS: <b>EC</b> to have discussion with Thae Sabri, Gavin Littlejohn, Ian Major to ascertain if there is a volunteer in the TPP community who could act as a PIS for testing purposes.  B) <b>EC</b> to also liaise with CMA1 who agreed to Option 2 and help them complete testing: One (or more) of the CMA9 provide a proving (or customer facing) application in production and on-board their software statements with other members of the CMA9 Timescales for one or more of the CMA9 to provide the application are unknown. On delivery, live proving is then anticipated to take circa two-three weeks. *In order to determine viability the CMA9 institutions are each asked which institution could provide the service and timescales for provision to the OBIE.  <i>EC provided a verbal update during the Programme Update</i>	CLOSED
IESG_2018_301_71	<b>IG</b>	P5b to be discussed at <b>May IESG</b> meeting. <b>IG</b> to look at governance perspective  <b>IG</b> advised discussions still taking place and requested to carry this action over to June 27 <sup>th</sup> meeting.	OPEN
IESG_2018_301_72	<b>AA</b>	EWGs – <b>AA</b> to provide an update at <b>May IESG</b> on EWG A and present plans for future evaluations.	CLOSED
IESG_2018_301_73	<b>RL</b>	<b>RL</b> to create an engagement strategy designed to showcase OB to potential participants (both within already active industries and across the wider economy). This will include a joint exercise with NPSO.  <i>RL confirmed the paper was included in the May pack.</i>	CLOSED
IESG_2018_301_74	<b>EC</b>	Plan on a Page Wording to change to reflect CMA or FCA requirement, once completed circulate amended material to IESG  <i>IG to circulate papers post IESG.</i>	CLOSED
IESG_2018_301_75	<b>JM</b>	Governance letter to CMA9 <b>JM</b> to write to IESG to ascertain appetite for follow up meeting on the content of the letter on Governance in response to correspondence received from the CMA9.	CLOSED
IESG_2018_301_76	<b>KJ</b>	P2 <b>KJ</b> to provide an update to IESG members via email post his meeting on 27/04/2018.	CLOSED

IESG_2018_301_77	<b>AA</b>	Credit cards/International Payments AA to liaise with PM on international payments/credit cards. Also discuss with RL incase this comes under Showcase day planning and content.  <i>AA confirmed that discussions had taken place with the credit card and payment community and the team fully understand this sector's requirements.</i>	CLOSED
IESG_2018_301_78	<b>EC</b>	<b>EC</b> to circulate the Launch Support document prior to next IESG in May. <i>It was agreed at the IESG that the document would be available on request.</i>	CLOSED
IESG_2018_301_81	<b>JM</b>	JM to incorporate amends on 28/03 from FR and <b>AL</b> into minutes and recirculate as final pack.	CLOSED

## 1.c PROGRAMME UPDATE OBIE & CMA9

**EC** provided a Programme Update, which included the following:

### *Progress on PISP*

- 1.2. **EC** confirmed that OBIE were working closely with Barclays and members of the CMA9 to initiate PISP journeys, with the aim to prove functionality and advised that OBIE were a few days away from being able to confirm success. **EC** also confirmed that a live PISP had recently signed up, which brings the total to three: Token, Yolt and True Layer and he was hopeful that a transaction would take place that week. **DG** expressed his concern that the PISPs mentioned may not have anything applicable to bring to the live market yet. **CM** confirmed that Yolt have a tangible proposition.

### *Sandbox*

- 1.3. **EC** advised that the Sandbox replaced the MIT environment, although not at that same level. Sandbox was a more basic version to support TPPs and banks. Linked to CRM it is open to anyone, once they have decided that post authorisations they can enter the production phase. It will also provide a link to the sandboxes provided by the CMA9 under RTS. The environment is in place and there is a gradual increase in terms of testing facilities and this will continue for just over a month, the MIT environment remains open until August 2018 to allow the CMA9 to test Release 2.
- 1.4. **IG** asked were there 12 active in the directory sandbox and 18 in production or was there double counting? Could the entity be in the sandbox and production at the same time? **EC** advised it could be in the future, but in this case, there was not.
- 1.5. **GL** asked if you could have access to the sandbox if you haven't been through ID&V. **EC** responded that you have to have been through the process but you don't have to have permissions from the regulator. **GL** had further queries on the graph relating to the number of entities in block four. **EC** clarified the graph in greater detail to answer GL questions.

### *TPP Funnel*

- 1.6. **EC** advised there had been a change in the reporting methods and OBIE were now in line with FCA reporting, which also includes applications for AIS or PIS journeys and it was reflected on the graph. **PM** wanted clarification on the population: TPPs 127, AIS 123 and PIS 51, Did it mean there were only four PISPs. **EC** confirmed that was the case and added that 47 were joint AIS/PIS. **EC** confirmed there were a significant number in the queue with the FCA and they were trickling through gradually. **IG** asked AL if there was an update on the authorisation process. **AL** advised there had been no change from previous updates and estimated there were 35 on the register and an approximately 40-50 in the pipeline.

- 1.7. **IG** wanted clarification on the prototyping entities and questioned how close these ASPs were to launching a product to consumers. **EC** confirmed that it would be in the next couple of months. **IG** asked if the TPPs had been open with their delivery timeframes. **EC** advised that some sectors were more secretive than others due to the nature of the product. **GL** confirmed that the more mature firms and those with longevity in the market were starting to get authorised.
- 1.8. **CA** queried the amber status on the programme update and felt it was important to look collectively on how to get the programme back to green and report back at a future IESG. **EC** agreed and suggested that PMG look at the risks to implementation, OBIE and the eco-system along with any issues that might affect Release 2 and Release 3. **IG** asked if EC was particularly referring to risks at OBIE level and not CMA9 level. **EC** felt the scope should be kept quite broad. **HP** agreed with this and agreed Release 3 was an important focus point.

***ACTION: IESG\_2018\_301\_80 – EC - Path to Green @ OBIE Level: Address actions necessary to return OBIE Amber statuses to green and, review risks to implementation for the eco-system, focussing on the effect of both Release 2 and Release 3. Paper for June IESG***

## *CMA9 Update*

- 1.9. **DJ** submitted a question to AIB on MI requirements on P5A, P6 and P10. **RH** expressed his concern about building MI requirements and then “tripping up” during the build process, as AIB had experienced this previously. **CM** responded, advising the intention of any MI requirements as a result of version 3 will go through the same DWG process for review and approval at the same time as the release candidates. **CM** added that he is intending to make sure that items included in the proposition papers are measured and that will have some impact on the MI requirements, as there may be other factors to consider other than MI. **CM** confirmed that this process would mean that by the time OBIE have got to the final, approved specification at the end of August it will have a full set of MI requirements.
- 1.10. **IG** stated his high level observations were that Release 2 is green and reflects the fairly limited additional functionality that is being rolled out. Release 1 is fairly complete and OBIE should now look at the path to blue. However Release 3 is the one causing concerns and OBIE should conduct a risk assessment.
- 1.11. **DJ** asked about a comment Nationwide had made relating to CBPIIs and if there was any chance of a deferral. What was the view held by HMT and the FCA. He advised that FR was concerned about the pressure of delivery. **AL** advised that RTS covers this.
- 1.12. **DJ** stated that FR’s view was that non-essential work should be postponed and that she felt CBPIIs fell into that category as there was not a demand in the market. **RH** stated that the issue was market acceptance and even if market acceptance was not there it still needs to be built.
- 1.13. **IG** sympathised with FRs comment, but there was a requirement to balance compliance and customer demand. **IG** felt it was important to build the standard, it is required for compliance reasons and as far as he was aware there were no work capacity issues being reported by the CMA9.
- 1.14. **EC** confirmed that conversations had taken place with people who want propositions in this space. **CA** expressed concerns that the builds would not work with the propositions. **CM** advised that there was a risk as it is a new item and there are other players due to enter the market, however it is a bit of a “chicken and egg” situation. CBPII specs are well advanced and looking to go through governance, and OBIE may be able to publish earlier than originally thought.
- 1.15. **IG** asked if the parties were active in public consultation within the OBIE. **CM** confirmed they were members of the working group and had provided feedback on the specs.
- 1.16. **IG** asked was there anything else that can be done to encourage discussions with the banks and respect their commercial confidentiality. **CM** was not sure and advised that they had spoken to the FCA. **RR** suggested it would be useful to advise them that CMA9 interests are shared and aligned with theirs. **HP**

believed that CBPII was a more attractive model than PISP as it was a safer environment for customer protection, and HSBC were keen to help them come to market.

- 1.17. **IG** asked how they could be encouraged to come to the surface, rather than discussions just coming via CM.
- 1.18. **RW** asked how the CMA9 can protect themselves from a “Betamax” scenario, where there is only one person coming forward. How would the CMA9 know the right specifications are being built. **CM** advised there is always a risk, as OBIE are building something for a market that does not yet exist, but the requirements are tightly defined in PSD2 and the regulations are prescriptive. Specs should be approved soon, with a caveat all the specs being built will not be implemented for a number of months and things will change as OBIE get into testing before going live.
- 1.19. **GL** asked if there were other specifications in Europe and were they similar in anyway. **CM** confirmed that it was a European wide requirement and that detailed comparison and refinement would be required, they are similar and the one that would be a challenge is Immediate Real Time Response.
- 1.20. **AL** advised that it is important that these parties are informed about the need for market acceptance and things should start to happen now rather than in six months’ time.
- 1.21. **RH** asked would Confirmation of Funds go live in September 2019. **CM** confirmed it was on the same timeframe as RTS.
- 1.22. **DG** commented that there is a need to recognise the timelines that have been put in place for exemption (should you wish to) for March 2019 and would be helpful to see this visually to indicate that all parties are aware. **IG** suggested that this should be reflected in the Plan on a Page.

**ACTION: IESG\_2018\_301\_93 – IG - Plan on a Page (PoaP)**

- 1) **IG to email IESG to highlight minor changes on the PoaP**
- 2) **IG to discuss with Bill Roberts**
- 3) **EC to support IG with the process.**

**2.a DMS WORKING GROUP: RFP**

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- 2.1. **IG** advised that the Dispute Management System (DMS) had been a paper based process up until now and had been going through a process to create a digital workflow around it. **IG** then asked what **EC**’s view was on the appointment of a vendor process and the governance he was proposing.
- 2.2. **EC** stated the review of the response and evaluation process will happen in the working group and then the results will be presented to IESG to obtain agreement on which party to appoint. There will then be further commercial discussions/negotiations and finally back to IESG for contract approval and project initiation.
- 2.3. **DG** asked how conflicts of interest were going to be managed as PSD2 and Open Banking are meant to compete with at least one of the chosen three. **EC** stated he would expect one or more to provide this information and would be good to encourage more than one provider of services.
- 2.4. **GL** wanted clarification on whether the entity would create it or run it. **EC** confirmed it would be both. **GL** asked why Mastercard were not viewed as having a conflict of interest. **PH** stated that OBIE need to be clear where the policy applies, especially as the market changes and companies could potentially have a conflict in the future. **RR, IG** and **HP** were not sure where the conflict arose. **IG** stated that evaluation criteria should be “Conflict of Interest” and it should be included on the RFP. OBIE should review this and see how it addresses the conflicts of interest and through the Dispute Management Working Group (DMW-WG), apply a lens to it.

2.5. **PH** stated the card schemes have a competent mechanism when dealing with dispute management. **IG** suggested to the IESG that it should be built into an evaluation criteria and if there were any further questions these should be fed through to the DMS-WG and deferred the contract negotiations to the working group too. IESG can review this further down the line.

2.6. **DJ** asked if consumers would be aware that Mastercard would be running the DMS as it could lead to confusion. **IG** advised it will all come through the RFP. **AL** stated that there could be a challenge optically to have a card scheme running the process, even though in practice they have all the experience. **RW** stated that this discussion highlighted the need for a very tight procurement process; it cannot come back to IESG with the easy option being selected.

**ACTION: IESG\_2018\_301\_87 – EC - To provide procurement evaluation paper making clear the criteria used and ensuring conflicts of interest are addressed. Paper to be submitted to June IESG**

2.7. **PM** asked about disputes and its definition. Was it any firm, conducting AIS or PISP transactions who could voluntarily sign up to DMS, regardless of the technical mechanism? **IG** and **EC** confirmed it was and advised if you are a member of DMS, then are you excluded from running it. **IG** stated this should be addressed in the principles and he required further clarification on whether it is build only or build and operate. The nature of the long term commitment needs to be understood.

2.8. **GL** asked if there was any pressure that can be added to encourage more market participants. **IG** stated there were 22 TPPs on board but was not sure why they all hadn't signed up to the DMS. **GL** asked if all the ASPSPs had signed up. **EC** confirmed that all, aside from BOI who were not live had signed up. **IG** confirmed there was a need to address this; however participants are finding it a valuable exercise. **IM** asked the OBIE to define "signed up". Is it more of an expression of commitment or is it a formal sign up process. **EC** advised that it was a registration process.

2.9. **MM** believed that to ensure effective functionality of the directory, participants should also subscribe to the use of the DMS. If they don't it could undermine the experience. **IG** held the view that it would be a requirement to sign up, but although voluntary, it would be the least worst outcome and also advised that EWG P4 will address this. **IG** stated that for an ASPSP, OBIE could make it a requirement to sign up, but for a TPP, according to PSD2, it cannot be made a requirement. **IG** asked if the T&Cs state that OBIE is going to make it a requirement to sign up to DMS and suggested to discuss during the agenda item on Outreach to Non CMA9 ASPSPs.

2.10. **MC** expressed his concern that the DMS function will cause customers to feel they are being "bounced around" and this will require careful monitoring, once it has started and there is a need to identify who will take responsibility for monitoring this. **RR** asked if it would be part of the RFP. **EC** confirmed it would.

## 2.b Propositions for Scope Recommendation (P11, P13 and P21)

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2.11. **IG** advised that all three proposition papers had been through appropriate governance and the team are now looking for consensus and for IESG to approve the scope. He believed OBIE were in a position whereby P11 and P21, which were non contentious, nor was aware that anyone had an issues with these items. **IG** advised that on P13, there was one element, whereby the Reg & Legal Working Group (RLWG) felt there was a degree of uncertainty in the interpretation of PSD2, which goes to the functional design of P13. **IG** proposed to review P11 and P21 first and asked the IESG for any clarification questions or concerns.

### *P11 (BACS, CHAPS, bulk and batch payments)*

2.12. **DJ** questioned the dependency of P11 on P9, participant feedback concluded that a batch of bulk submissions without a good status of payment data feed was almost unusable by the market. It had not been fully called out in the paper and with an August deadline; it appeared there was still a lot of work for

the Working Group. **IG** stated that this point should also be called out in P9. **CM** responded by advising that bulk and batch payments will surface in more detail in P9. **AA** stated that views of IESG will be incorporated into P9. **IG** asked when P9 was scheduled for IESG for review. **AA** confirmed September 2018. **IG** advised that it should stay scheduled for that time and that DJ/FR/MC have access to the working group where they can raise their issues.

- 2.13. **IG** asked if there were any other comments on P11. There were nil returns. **IG** stated his was minded to approve P11 and progress to specifications.

*P21 (PSD2 in-scope accounts) (multi currency)*

- 2.14. **CA** suggested an exercise on P21 (which is considered a “catch all” specification), which would make sure all payment accounts of the CMA9 are clear on what is required. **CM** advised this is in process and across all the proposition papers, the appendices contains a list of regulatory and customer requirements. OBIE has created an online database with all of the requirements and there are some overlaps in the requirements/propositions in the specifications. This will be available to all on the Programme. **IG** confirmed that this item was more of a PMG matter than IESG.
- 2.15. **MC** also asked about fees and charges, so the consumer can actually see how much the transaction is going to cost, as currently they are authorising items “blind”. **CM** responded that this is captured in two elements: there is a regulatory must and a customer must, which means the standard must enable it, although not putting a requirement on ASPSP to provide information and an online channel. **IG** stated that at the moment this is not a regulatory requirement. **MC** agreed it had not yet been mandated, but it would be good for transparency for customers, especially those with multiple accounts and services.
- 2.16. **CA** stated that she felt there may be less of a challenge because regulations have driven the granularity of transparency over the years across the industry, but was important to see if there were any gaps. **CM** advised that OBIE are intending for the specs to be useful from a customer point of view and produce guidelines that show how it would work as part of the standard, not just the technical spec. **CM** added that not all ASPSPs will support this, it could depend on their on-line journey and may surface the information elsewhere. However, as long as the standards and guidelines show “what good looks like” there is potentially some optionality. The ASPSP has to make their own regulatory assessment.
- 2.17. **MC** suggested that part of the issue came from the “Moscow” rating, whereby you have “musts” and “should” and he believed it was not very clear, a mandatory, conditional or optional is more understandable. **CM** confirmed there is a regulatory must and a customer must, which is aligned to a P19 evaluation.
- 2.18. **IG** stated that he would like to get a clear understanding of the Moscow Rating. **IG** also advised that it was important to remain respectful and not change the CMA9s current mobile app journeys, there is a need for flexibility and allow the ASPSPs to discuss their interfaces with the regulators.
- 2.19. **AL** mentioned FX transactions, advising proposals are going through at present and are focussing on point of sale, card payments and dynamic currency conversion and has been scoped in a fairly broad way.
- 2.20. **RH** observed that a TPP would not use the banks facilities for an FX transaction as there would be no financial benefit for them.
- 2.21. **IG** stated that he was comfortable that P21 had been through a good governance process and was minded to approve P21 and progress to specifications and requested that points raised were documented.

## *P13 (Multi-authorisation for SME)*

- 2.22. **IG** advised that there was a bone of contention around this item and summarised that the standard comes down to whether a TPP is informed at the beginning or end of the authorisation process. The OBIE team are looking for clarity from RLWG as to what PSD2 requires, as it doesn't make it clear which of the two it should be. **IG** confirmed that consensus has not been reached, therefore the team request to build both standards, which will allow the functionality of both approaches until clarity is received, either from the regulator or the API Evaluation Working Group.
- 2.23. **CM** explained the standards further, with the first being "multi-auth", where the PISP controls the workflow and is available now. He then referred to when the "multi-auth" workflow sits in the PSPS domain and there are two options:
- i) Fire and forget: a PISP starts the draft initiation process by the first PSU in the chain authorising, then all of the authorisations sit within the ASPSP space. The PISP will have no visibility of what is going on and no obligation by the ASPSP to inform the PISP once the order is fully authorised.
  - ii) The PISP fully initiates the payment because the PISP is notified once the payment is fully authorised and the PISP can submit a payment order. This is a second interpretation and we believe this best meets the market needs. RLWG had a split view on this and no consensus.
- 2.24. **DG** questioned whether this could be an issue with the corporate banking platforms, and their journeys would not work with the proposals. There is a need to understand how they currently work.
- 2.25. **VH** asked how option two worked, if it is still waiting for a secondary authorisation. **CM** advised that both options of the authorisation process is "as it is" i.e. it's how it works for each individual customer and their ASPSP.
- 2.26. **RR** asked **CM** if he was recommending Option 2. **CM** confirmed that was his preference. **RR** asked **CM** what the customer benefit was for Option 2. **CM** advised that the PISP will know immediately that the payment is fully authorised and effectively the PISP is driving the payment.
- 2.27. **RR** was concerned that if the TPP has agreed, is extra build required; he was not convinced it would benefit the customer. **DG** also expressed concerns around the number of platforms which could prove difficult.
- 2.28. Discussions continued around both options. **IG** then asked the IESG if there was enough consensus in the room that the specs can be built. **RR** asked if he was referring to building one or both. **IG** asked **CM** if all stakeholders that had been engaged in the process; were they happy with Option 2 (aside from RLWG). **CM** advised that a number wanted to defer to RLWG. **IG** then commented that based on **CM**'s response, no clear consensus had been reached and that Option 2 was an OBIE preference. **CM** confirmed that Option 2 was the preferred choice for a number of the CMA9, TPPs and challenger banks.
- 2.29. **IG** advised the IESG that on the basis that it would not be difficult, **OBIE should proceed to build both.**
- 2.30. **CA** suggested that the way forward might be to get a number of people together from a legal and commercial perspective to solve the issue. **CM** stated that with Option1 the liability was not clear, using the example of a supplier not being paid on time.
- 2.31. **IG** reiterated that he was getting a sense that Option 2 was a strong contender, however he was keen not to lose time before the next IESG and that the mandate was strong enough to build both. **IG** asked **CM** about the timescale required. **CM** advised that the drafts were needed by the end of June. **IG** observed that the "how to build" discussion was the beginning of the process. **EC** confirmed he will ensure this was included as part of the PMG Hot Topics discussions and include Reg & Legal. **DG** requested that legal, payments and corporate banking platform representative of each of the CMA9 be there to flesh this out. **HP** also requested that TPP representatives should also be included.

- 2.32. **IG** commented that OBIE should endeavour not to create variability in the standards which has been observed in Europe and is causing issues.

***ACTION IESG\_2018\_301\_89 – CM - Following IG approval of this item a meeting is required early w/c 4/6 to focus on the solution, followed by a one page memo to circulate to IESG on the outcome of that meeting. IG confirmed to CM that the paper is approved subject to the meetings and written update.***

- 2.33. **CM** asked what happens if once this forum is created and there are a number of people in disagreement. **RR** replied that a recommendation surface from the forum on one or other of the options and if not then it reverts to the Trustee.
- 2.34. **IG** agreed that it should be only one option, however if it is a combination of both, he needs to see feedback and if there are any banks who are in a minority and have issues, he will discuss the findings with the individual banks to see why they cannot do it.
- 2.35. **CM** clarified with **IG** that the OBIE have the mandate to progress design of Option 1 or Option 2, or both, in parallel with the meeting. **IG** advised that **CM** needs to figure out how much progress his team can make and be as effective as possible, although wasn't sure what the resource requirements in the team would be. **CM** stated it wasn't so much the resources, it was what would be the most sensible option to work on, and once workshops are engaged, pushback will be expected. **IG** stated that **CM** should work up both designs then have discussions on the way forward.
- 2.36. **DG** observed that Option 1 is very simple and not much different to what is already in place today. **RR** stated it was down to the CMA9 to advise their teams what was happening.
- 2.37. **CM** asked **IG** if the paper was approved. **IG** confirmed **yes, subject to the meetings and progress both options.**

#### *Agenda items*

***2.C – Change Requests: Non Repudiation Payments and Technical Enhancements***

***2.D – Proposition for Conformance and Certification***

***2.G – Open Data Specifications for Endorsement***

- 2.38. **IG** advised these were non-contentious process points and items E and A were a priority to discuss. **IG** asked the IESG if there were any objections or points of contention on change requests and conformance tools and FCA metrics. They had all been via PMG and TDA
- 2.39. **CA** had a question around conformance which she thought hadn't been to PMG and she will take this issue off line.
- 2.40. Given no show of hands, **IG** suggested he **was minded to approve these items for delivery** on the basis that the items: had been through the correct levels of governance; were considered by the relevant working groups and stakeholders to be uncontentious; in order to give IESG members some additional time to consider **IG** agreed to postpone formal approval for 24 hours to give any IESG members additional time to raise objections with him directly.

#### **2.e FINALISATION & RECOMMENDATION OF EWG A (P3, P4 and P19)**

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- 2.41. **IG** advised the process had progressed well and there had been plenty of consultation and stakeholder input. The documents enclosed were the executive summaries only.

- 2.42.** **AA** provided an update on the process, advising that the papers had been circulated a week prior to all the IESG members to enable them to make Stakeholder Representations. **AA** confirmed he had received comments from two of the CMA9, two TPPs and from the consumer representative along with informal comments from various IESG members.
- 2.43.** **IG** felt this was a good result and meant that the process had gone a considerable way to achieving consensus. **IG** advised he would like to discuss the feedback in more detail, hearing from those who had provided feedback in particular. He also confirmed the documents would be available for review. **AA** advised there were a couple of confidentiality issues and these would be redacted.
- 2.44.** **GL** discussed P4 which is quite tightly tied to P3. In 2015 a security flow/profile called Open Banking Standards and was published by HMT. This was the first attempt in Europe to underpin PSD2 and move away from credential sharing. The TPP community in the live market built the model for credential sharing, and we as a market volunteered to give up credential sharing. **GL** added that this required an eco-system for all parties to work in and during the process of the Open Banking delivery, the customer working group produced guidelines to recommend how the authentication flow supported that eco-system. Some of the ASPSPs built models that were close to the guidelines and others in the room built things that completely disregarded the guidelines, and built authentication flows that would have the market return to credential sharing.
- 2.45.** **IG** asked **GL** if he was supportive of the recommendations. **GL** advised he felt they were travelling in the right direction but lacked sufficient weight. The guidelines were there before, but were not adhered to and felt this was not a collaborative approach.
- 2.46.** **IG** asked **AA** if he was not recommending that the guidelines become enforceable, more of a monitoring function of the journeys. **AA** advised it was a starting point, with the aim to measure and benchmark journeys so OBIE can evidence what the different journeys should look like.
- 2.47.** **IM** spoke on behalf of the TPP stakeholders on P3, and endorsed the recommendations. He proposed that as part of the monitoring exercise, a set of milestones should follow. **IM** suggested these would include where journeys were substandard, and the rationale around the deviation from the original guidelines. He questioned what the logic behind the deviation was and was keen to learn about what the changes and corrected implementation dates might be, so the TPP community can prepare. P4 and P19 he endorsed.
- 2.48.** **DJ** provided feedback from Consumer representatives; they supported the majority of the Recommendations. However regarding P4, the two step process caused considerable concern from a consumer point of view; taking away that final step could be problematic. The consumer values it as it is the only practical way that they can see their final balance before going ahead with the transaction. If, as a merchant, it moves to a two-step process, the provision of balance and confirmation step could be removed.
- 2.49.** **IG** wanted to clarify that the recommendation was not turning a three step into a two-step, but there were certain situations where something more appropriate would be required. **RR** believes that two different issues have been rolled into one: what order does the authentication and authorisation take place and it's OK and useful to propose that they can be turned around. **RR** added that by turning it around you make it possible to do away with the final confirmation screen, as you have allowed the payment order to be completed. The separate question is: should it be required to be removed, and on this point he agreed with **DJ**. **RR** also observed that the terminology is confusing, it's the order of the process and could allow the removal of friction in some, not all, cases.
- 2.50.** **CA** advised that Barclays still have a final screen, so the customer can see their balance before committing and feels this is an important factor for the customer.

- 2.51.** **DJ** agreed with the on-going monitoring, but the concern was around how to define what good and success looks like and what the outcomes OBIE are seeking to drive towards. He also asked what OBIE were going to monitor against and felt this was not fully articulated in Recommendation 6. **DJ** also had views around “de-coupled” and felt it had limited support, the analysis didn’t cover all security and fraud concerns. **DJ** was not convinced that de-coupled was a significant improvement for consumers. Add to App was a big win for customers due to their familiarity with the application and confirmed that Add to App was one device, and decoupled was two devices.
- 2.52.** **MC** confirmed he was supportive of all three, but wanted to know how it was going to be monitored from a consumer outcome as he couldn’t see a mechanism for this in the paper. **GL** stated that a TPP is measuring on a regular basis, subjective and objective criteria and can share this with **MC**. **MC** asked if this is something OBIE or the Trustee should do and design so that it is actually monitoring real life outcomes.
- 2.53.** **BR** confirmed that the propositions were fully aligned to the CMA order, however in the process to make things better, there have to be minimum standards that need benchmarking.
- 2.54.** **RW** advised that there was a need to make sure OBIE doesn’t start trying to design how an institutions on-line service works. This report gives a picture of “does it look good”, and felt it didn’t, stating that if a customer is using the journey on a regular basis they know what to expect, but with this there was a sense of doing something blind.
- 2.55.** **GL** advised he would have like to have heard from the institutions at the time that there were going to ignore the guidelines, as it has ended up at that the TPPs consuming this have a product that that is unusable.
- 2.56.** **IG** asked **AA** as he was unclear if combined consent was for recommendation or not for the PIS / AIS journey. He also added that the recommendation regarding de-coupled, was that it should be included in the standards but not be made mandatory. **IG** believed that the obstacles in the standard and the gaps relating to PSD2 were still work in progress but once complete should close the issue. **AA** confirmed it would and regarding combined consent, the ideal scenario would be that you can have a single consent to access PIS/AIS, the difficulty is the legal view is that you cannot do that, it has to be separate. This is an action that needs to be reviewed and thought through.
- 2.57.** **IG** asked if the recommendation was that OBIE would prefer it, but you are not sure if legally it is allowed. So the recommendation is to check. **RR** stated that the law is not always that rigid and **AA** agreed, but it needs working through. **AMc** said there could be a risk if the customer only signs up to one.
- 2.58.** **CA** advised that Barclays have provided an app journey and had added another layer of complexity to the eco system due to the multi brands, multi authorisation channels and the potential of having two devices. She suggested that a small group made up of consumers, CMA9, TPPs look at how to build and deal with these complexities so that items delivered meet the scope to deliver the recommendations.
- 2.59.** **AMc** asked if OBIE were thinking in the shorter term and the people who are going to use OB first, are likely to be app based users first and not just internet. **CA** agreed, but PSD2 requirements mean that the banks need to make Open Banking accessible in the broadest sense to all digital customers.
- 2.60.** **RR** agreed with **CA** and asked what to do with a non app user as the banks have to serve everyone. He also stated that it cannot be a requirement to request a TPP to give the customer the choice of which route to take.
- 2.61.** **GL** stressed the urgency, stating that waiting for RTS compliance was not an option. It needs immediate remedial action because some of the services from the CMA9 were not workable.

2.62. **IG** believed the process had worked well and the next steps were that once the stakeholder letters were sufficiently redacted, AA to issue the letters to the IESG and include timelines.

2.63. **DG** asked **IG** about the individual representations that were sent to the CMA9. **IG** advised he believed these to be internal and for the eyes of the OBIE and CMA9 only and were not in the public domain.

**ACTION: IESG\_2018\_301\_91:**

**AA to issue IESG letters (note redactions) and pack and include timeline to enable IG to agree and conclude this item with the CMA/HMT/FCA.**

### 3. AOB ITEMS

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**IG** provided an update on the following:

#### *Engagement Strategy to Showcase OB Participants*

3.1. **RL** has prepared a paper and this is included in the pack, which refers to three events and he encouraged the IESG to liaise with **RL** directly to learn more.

#### *Heads of Terms for non-CMA9 ASPSPs*

3.2. One Pager to describe to a non CMA9 ASPSP, to give them an overview of what they are getting into when they join the directory: facts, expectations, obligations both regulatory and financial and guidelines. There are a couple of non CMA9 who want to join but are not willing to surface yet and OBIE need to be clearer.

**ACTION: IESG\_2018\_301\_92 – EC - to prepare one pager note on "Heads of Terms for non-CMA9 ASPSPs" covering facts and expectations etc. (item will become key artefact for RL outreach prog)**

#### *P2 Update*

3.3. There was a good meeting, reported in the enclosed write up and the next step is to move it into discovery post Release 3 in September. **IG** didn't believe there were any concerns, however if any arose, they should be flagged to him over the next few weeks in order to get final sign off in September.

#### *P5B Update*

3.4. There hasn't been any material progress or status change since last discussion. Meeting with the FCA scheduled for discussion and review and safe to say the emerging position is that whilst it meets the subject of the CMA order, it is not a requirement under PSD2 nor is it prohibited. There will be a memo at the next IESG and will be included on the agenda for further discussion.

**ACTION: IESG\_2018\_301\_71: IG to provide a written update at June IESG.**

#### *August IESG*

3.5. It would suit the programme mechanics for scope sign off. Therefore the meeting on 29<sup>th</sup> August is moving to 6<sup>th</sup> September.

#### *Which Review*

3.6. Which Magazine is looking to do a review of all the customer journeys of the CMA9. They are will be undertaking this on the 19th June and will write up a report. They want to do this in one go. OBIE only

aware of this recently and will support and facilitate this process. **RL** asked the CMA9 to help with test accounts. Which will not give us criteria or a checklist. **IM** felt that some TPPs may be a little “upset” because the ASPSP can test and take a route that the TPP cannot. **IG** stated there are lots of messaging around this and it’s important that this test goes well, and understands that it’s very sensitive. **RL** advised they were looking at personal accounts in the first instance. **IG** stated that any further questions should be forwarded to RL.

**3.7.** **IG** closed the meeting.