

Meeting Minutes

IESG Meeting details

Meeting date: 06/09/2018

Meeting name

Implementation Entity Steering Group (IESG)

Meeting time

10.00 – 15.00

Meeting location

Beauchamp Suite, Grange Hotel , 8-14
Coopers Row, London

Scribe

Julie Mitchell

Classification

Confidential

Name		Role	
Alan Ainsworth	AA	OBIE – Head of Policy	Yes
Andrew Laidlaw	AL	FCA	Yes
Anne Macadam	AM	HM Treasury	Yes
Bill Roberts	BR	CMA	Yes
Candy Ma	CMA	OBIE – Office of Trustee	Yes
Chris Michael	CM	OBIE – Technical Delivery	Yes
Daniel Ehreich	DE	Bank of Ireland	Yes
Daniel Jenkinson	DJ	Senior Manager for Consumer and SME Representatives, OBIE	Phone
Daniel Globerson	DG	Royal Bank of Scotland	Yes
Ed Colley	EC	Prog Director OBIE	Yes
Faith Reynolds	FR	Independent Consumer Representative	Phone
Gavin Littlejohn	GA	Fintech Representative	Yes
Hetal Popat	HP	HSBC	Yes
Ian Major	IM	TPP Representative	Yes
Imran Gulamhuseinwala	IG	OBIE - Chair	Yes
John Hutton	JH	Nationwide	Yes

Mark Chidley	MCH	Independent SME Representative	Yes
Julie Mitchell	OBIE	Secretariat	Yes
Mark Mullen	MM	Atom Bank	Yes
Paul Horlock	PH	NPSO	Yes
Phillip Mind	PM	UK Finance	Yes
Richard Lindsay	RL	OBIE - Comms	Yes
Richard Rous	RR	Lloyds Banking Group	Yes
Roy Hutton	RH	Allied Irish Bank	Yes
Stephen Wright	SW	Royal Bank of Scotland	Yes
Thaer Sabri	TS	Electronic Money Association	Yes
Vickie Hassan	VH	Danske Bank	Yes
Luke Ryder	LR	Barclays Bank	Delegate for CA
Eduardo Martinez Barros	EMB	Santander	Delegate for RW

No. Agenda item

1.A MINUTES

1.1. **IG** opened the meeting advising that this was a one off, extended session to cover a number of critical papers that had been submitted. He thanked the team at OBIE and stakeholders for the quality of the outputs.

1.2. **IG** also advised the Steering Group about recent comments at the Treasury Select Committee, made by Mark Carney and Andy Haldane “Open Banking is trail blazing, transformational and a significant leap forward...”

ACTION: IESG_2018_301_121

JM to circulate the Treasury Select Committee, BBC IPlayer link to IESG.

Post IESG Update: JM circulated the link to IESG on 7th September. Action Closed.

1.3. **IG** confirmed the minutes from 19th July could be marked as approved and finalised at which point **TS** and **RR** advised that they had a couple of very minor amendments.

ACTION: IESG_2018_301_107

JM to follow up with TS and RR and amend minutes accordingly. IG to review and approve.

1.B. ACTION LOG

1.4.

Action Number	Description	Status
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) Paper submitted in the 6 th September pack	Closed
IESG_2018_301_94	Confirmation of Payee: IG to discuss with PH and NPSO. NPSO representative to present an update at the August IESG On the agenda for 6 th September (verbal update)	Close
IESG_2018_301_97	If JW not able to join the next IESG on the 26 th September and JM to request JW produce a paper update	Open – roll to next meeting
IESG_2018_301_100	EBA guidelines: AA to conduct impact analysis action, EBA Q&A and prepare consultation response. Approach to be emailed to IESG by 01/09.	Close
IESG_2018_301_101	Programme Update: additional two pages to be included in programme update; taking an holistic view of what KPIs to track; suggestions included downtime, speed and security non-conformance. To be included in <u>Sept 6/9 IESG pack</u>	Close
IESG_2018_301_103	Overarching Strategy: IG to have discussion with FR re monitoring function and PAG. IESG to send suggestions directly to IG/FR on overarching strategy.	Open - roll to next meeting
IESG_2018_301_104	P19: AA to circulate memo by 24 th July.	Close
IESG_2018_301_105	P3 & P4: Proposition papers to be amended to reflect the Trustee's comments and email to IESG to be circulated.	Close
IESG_2018_301_106	CR for Transaction ID's: document update, requires a more practical solution and consolidated at PMG and TDA.	Open - roll to next meeting

1.C PROGRAMME UPDATE OBIE & CMA9

1.c.i Programme Update

- 1.5. **EC** provided an update on the programme; with the overall view showing a green status. The CMA9, aside from Bol have their Release 2 End Points largely ready to go and the attestations are in good order. **EC** noted partial runs of the certification tools, with some of the CMA9 requiring a brief period to close out some smaller issues. **EC** recommended that OBIE proceed with the activity to live prove the Release 3 End Points and to prove how easy it is for TPPs to move between Release 1 and Release 2 during that exercise.
- 1.6. **IG** confirmed with **EC** that go live is scheduled for the 7th September and that in his opinion, there was no reason that go live should be delayed. **EC** reiterated that he recommended OBIE go live on the 7th September. **IG** asked the Steering Group if there were any points of view on Release 2 Go Live on the 7th September. No feedback or comments were received.
- 1.7. **CM** stated that it was important that all of the CMA9 submit their certification test results even if they have not fully passed, advising that transparency on results was critical. **IG** added that the attestation is associated with the disclosure document, which enables the CMA9 to advise if they are meeting the attestation requirements 100% and if not what the gap is. It also enables the OBIE to assess material and go forward with go live. The process is working well and this point will be addressed again in the KPI update.
- 1.8. **IG** provided an overview of Release 3, advising the Steering Group that he will be arranging bi-laterals with each of the CMA9 during September to discuss their implementation plans out to Release 4 and to understand their progress and challenges around it. **IG** confirmed he will also be addressing the redirection journey improvement document, as well as app-to-app redirection. **IG** said he expected to see changes to the status report once those conversations had taken place.

1.c.ii CMA9 Update

- 1.9. **CM** advised the IESG that Version 3 of the standards was an open standard and a PSD2 solution, he believed there is was no technical reason why any of the CMA9 operations in other markets could not fully adopt Open Banking and offered to help get the message across and provide support where required.
- 1.10. **JH** commented on the red status of Nationwide, advising that the decision had not been taken lightly, but envisaged that they would be red for a while, as there was huge pressure on the organisation due to additional scope options. **JH** confirmed he would also be having discussions with the EBA next week to discuss Open Banking development of APIs etc. There will be over 50 NCA's in the room, so this will be an education piece for those in attendance.
- 1.11. **IG** suggested that at the next IESG it would be beneficial to have a discussion regarding Europe/International and regards overseas uptake as a quick win.

- 1.12. **RH** also commented on the update from AIB, confirming there was significant work and rehashing taking place; the timelines were very tight and suggested a level of realism was required and also observed that AIB would be red for the next few months.
- 1.13. **TS** advised that as per his comments in previous meetings; a European strategy was needed urgently and expressed his concern that knowledge would seep into other developing initiatives in Europe and Open Banking would remain UK based only. He believed that if Open Banking were to have a footprint in Europe then an active sales process to promote it is required. **TS** also felt that the banks appear to be doing only what they have to under compliance and are retrenching. He believes it is important to look at the strengths and benefits Open Banking has to offer and potentially view it as a start-up. **IG** reiterated that this would be looked at, during the next IESG and would appreciate it if **TS** would address this issue, observing that Brexit is a massive cloud and people are cautious to discuss.

ACTION: IESG 2018 301 118

AA to provide an update paper on Brexit in October IES.

1.c.iii TPP Funnel

- 1.14. **IG** asked if **EC** had any comments on the TPP funnel, other than wanting to see an increase in PISP numbers. **EC** agreed. **HP** asked if the figures being referred to were PISPs offering live services to customers and questioned the positioning on the charts. **EC** advised that PISPs were still proving with customers and did not have access to volumes of transactions going through the ecosystem. **IG** suggested the data should be reviewed again as the chart was helpful.
- 1.15. **RH** asked the position on Clydesdale bank. **EC** advised they are using AIS technology and were signed up as a TPP, not a bank and confirmed they were actively testing as an ASPSP. **IG** stated there was currently no sign-up mechanism for a non CMA9 ASPSPs. They have signalled their intention, however OBIE now need to give them something to sign.

1.c.iv KPI Update

- 1.16. **IG** advised that this section was a new addition to the steering pack and will be a regular feature going forward. The information is sourced from the CMA9 but is anonymised along with data from third parties and enables fact based discussions, which should address some of the TPPs questions.
- 1.17. **EC** provided further detail around the challenge process, confirming that the data comes from the CMA9 MI at the beginning of each month which is then assessed. **RR** asked if it included planned and unplanned outages. **EC** confirmed it did as this was reviewed daily. **EC** also provided detail around the review process that enables the OBIE to cross reference and look for anomalies and discuss with the relevant CMA9 member; he also advised that PMG also review the paper prior to its submission to IESG and would look to use any other public domain third party data in future. **IG** stated that in he would prefer to see OBIE commissioning work, so there would be tighter control around definitions etc.
- 1.18. **GL** felt that the data shown was similar to a “celebrity gagging order” as the market is already aware of what is going on with the CMA9 and that the data shown in the paper should be open and honest. **RH** and **VH** raised concerns around the size of the data and how that would

impact those banks with smaller numbers of customers or geographic area. **GL** observed from the data that there doesn't appear to be a huge market penetration of people using Open Banking. **RH** felt that this was because of the number of TPPs in the market.

- 1.19. **JH** asked if there was an SLA available to those that have signed up. **EC** advised there was not at present. **JH** stressed there is work to be done in this area; what is an acceptable level of availability, as it is currently down to personal interpretation. **RR** felt this was a starting point but the CMA9 obligations are to PSD2 and the CMA Order; the principle is clear that the CMA9 need to perform well and get better.
- 1.20. **IG** agreed that this was a starting point and OBIE did not want to create a hurdle as there are no benchmarks from the CMA9 and OBIE doesn't know what "good looks like" on the direct channels. **IG** advised that he would add this topic to the bi-lateral discussions. **JH** advised he didn't want a continuing scenario whereby OBIE say "jump" and Nationwide has to throw everything into getting to that level of performance, it has to be something internally that Nationwide and the market feels is acceptable. **IG** asked if the rest of the CMA9 held a similar viewpoint.
- 1.21. **SW** advised not entirely and cited the performance of the RBS digital channel on the last Friday of the month around pay day, which is quite different to 12 hours later. **JH** suggested that a framework is required so all the banks can build and continue to develop. **PH** agreed with **JH** and suggested that there should be mutual agreement on sensible standards and set benchmarks. **IG** agreed this was important but the process needs to be agreed. **BR** clarified the point made in the Order regarding "continuous" which means being aligned with PSD2 standards.
- 1.22. **HP** added that a question for the OBIE would be that for non CMA9 participants there should be the same transparency on data; it would level the playing field. **MM** stated that he didn't think there would be any objections from an ASPSP to share this information in their reporting.
- 1.23. **PH** suggested the NPSO standards team talk to EC's team to work out a proposal. **IG** was keen to get comfortable with the data and it was not required by the next IESG.

ACTION: IESG 2018 301 108

EC to liaise with PH @ NPSO to discuss the process to create the service levels for benchmarking.

- 1.24. **AL** stated that from the point of view of the FCA, all ASPSPs must make some of their data public in 2019 and advised that EBA guidelines are due shortly and the FCA consultations are due out in the next fortnight, which will hopefully bring some clarity, difficulties could come from legal requirements in comparison with the firm's own customer interface. There needs to be a best practice standard that a firm can work towards that can be worked into the exemption process. **IG** advised the IESG that some of these items will be covered in the SIR paper later in the meeting.
- 1.25. **RR** said it was clear that CMA9 are bound by PSD2 parity requirement in terms of performance and availability and asked if it was the idea that OBIE step in to enforce a level beyond that requirement. **RR** confirmed that it would be disconcerting if the CMA's "continuously available" were interpreted literally; that 100% uptime was unrealistic. **BR**

advised the CMA expectation was aligned to the PSD2 requirement, but that implied the Trustee would need to be aware of the CMA9's performance in the direct channel.

- 1.26. **HP** advised the IESG of a recent live incident at HSBC which had been escalated to its own internal ExCo and he was expecting it to improve quickly and apologised on behalf of the ecosystem.
- 1.27. **IG** asked **EC** to comment on the Conformance Certificates for Release 1 of the Conformance tool. **EC** confirmed that it had been published but no certification had been achieved on Version 2. **IG** has asked **EC** to provide more detail around what the actual status was going forward; and to think carefully about the precise terminology to use, this will be refreshed in the next version of the pack.
- 1.1. **GL** asked why the gaps. **EC** advised it was because they were not certified or if they had run the tool they had not published their results. He added that Bol had only just gone live. **SW** added that RBS had run the conformance tool and identified that their authentication platform needs upgrading to the next version.

2. ITEMS FOR DISCUSSION

2.a *NPSO Update – Confirmation of Payee (CoP)*

- 2.1. **PH** advised that it had been published onto the OBIE website at the end of June, standards and rules will be published at the end of September for the immediate group of users and then to a wider release at the end of October. There are over 20 participants that want to enter Confirmation of Payee (CoP) and this will run through until 2019. The PSR have also been advised of the timescales.
- 2.2. **TS** asked if there was any clarity on how the publication of code and implementation of reimbursement model was going. **PH** advised that the team was working with UK Finance. **TS** also asked if this was an API implementation that is separate and any entity can implement it. **PH** confirmed that was the case and the delivery process to the key institutions that were already part of the Faster Payments/drivers within the CMA9, will probably be the first to be able to do this.
- 2.3. **AL** advised the FCA had previously discussed how a PISP could implement this as part of their customer journey, there were no details on timings yet. **PH** advised that they were concentrating on maximum benefits first and confirmed that this was a collaborative exercise with Open Banking, there were members of the working group who were not part of the CMA9 and the NPSO were keen to drive adoption.
- 2.4. **IG** advised that if anyone in IESG had further questions they should connect with **PH** directly.

2.b *SME Update*

- 2.5. **MCH** provided an overview on his paper and the thoughts that the SMEs have about how Open Banking can improve small business outcomes. Many of the SME's are not familiar with Open Banking enabled propositions as it is still at an early stage. He noted that the customer experience guidelines and principles have emerged from lots of feedback and the key points were control, speed, transparency and trust. **MCH** identified that one area of

opportunity for small businesses to take advantage of was FX rates when making currency payments to suppliers. He believed there was an absence of transparency and this could be an area a TPP can make a difference and that Open Banking by enabling more control and transparency can effectively enable a “vibrant intermediary sector”. **MCH** was keen that small businesses should be able to make informed decisions on their costs and future payments so they default to their existing relationships, there are four million small businesses and are a massive component for the UK economy and will be key post March 2019. He advised that the next SME forum convenes in October.

- 2.6. **RH** believes that the currency payments will be the biggest waste of time and will not be utilised as he believes people will do sterling payments to a TPP and then to an FX.com type of business and then make a payment through their own channel.
- 2.7. **RR** stated that for customers and small businesses there is a point of trust around their data and their money, which must remain a priority, but when it comes to products and services this is where the Order comes in. **RR** held no strong view on the currency matter and observed that a TPP could advise customers on their FX deals and advise them if they are being “rinsed” and where to get better deals. **RR** also stated the LBG believe this is a competitive constraint and the functionality can and should work and that the banks should price according to the market.
- 2.8. **IG** observed that should this happen it could be the banks asking for a build for real time functionality so the TPPs can see if there is a better rate.
- 2.9. **BR** asked if it was the case that the SME’s are not getting sufficient information from the banks on their FX charges. **RR** confirmed that they do see the rate but it is post authentication and in the ASPSP domain. The discussion continued around how a TPP could provide a service on FX rates and its benefits to a small business/customer.
- 2.10. **IG** observed that the matter of FX business was not within the Open Banking remit and advised that he had spoken to Andy Haldane at the Bank of England who was interested in this. **RR** observed that regarding FX, he did not want an uneven playing field set up **HP** and **DG** were in agreement.
- 2.11. **AL** referred to the FX point and agreed with the comments that had been made about what the TPPs role would be. He advised that the FCA were also looking at rules and advertising around FX rates and the need for transparency, as it is difficult to compare before you complete the payment and discussions were still taking place, following the publication of their proposals in August.
- 2.12. **EC** asked that on page 58 it referred to **MCH** request for an evaluation. Is that still required?

ACTION: IESG 2018 301 109

JM to follow up with MCh on behalf of IG regarding request that OBIE conduct an evaluation and to understand if this would be submitted as a formal request for consideration.

Post IESG Update: JM discussed this item with MCh and AA on 17th September and it was agreed that the evaluation is no longer required as P14 covers this aspect. Action Closed.

2.c *Version 3: API Technical Spec*

- 2.13. **IG** advised that the next section related to Version 3 of the specs and the intent is to get these formally published so that the banks may start implementing against them.
- 2.14. **IG** stated this has been through multiple iterations and reviewed by four working groups, five forums and has been unanimously agreed at TDA, SFWG and discussed at PMG, DWG A & B. **IG** observed that governance around these items had been very effective.
- 2.15. **IG** asked if there were any points of clarification and was there any reason not to publish on the 7th September.
- 2.16. **RH** asked if the issues AIB raised on PSD2 in terms of Change Requests, were included and if addressed he would be supportive.
- 2.17. **CM** advised that the intent was to publish and in this particular case it had gone through a number of iterations and reviews; however there will always be things coming in after the document is published and there is a process in place for any changes. It will go through the correct governance and if it's a priority for regulatory and compliance reasons OBIE will look to address those as soon as possible, if it's a feature that will make things better, OBIE may look to include it in the next major release as there was no plan to do intermediary releases and that applies to all the artefacts that are currently being reviewed.
- 2.18. **SW** confirmed that RBS also had a query on confirmation of funds on credit cards and was still awaiting clarification.
- 2.19. **IG** advised that he would benefit from seeing the long list of change requests. **CM** confirmed that the list was posted on Confluence. **MCH** asked if notification of status multi authorisation transaction is optional. **CM** stated it was optional for both the TPP and the ASPSP and further explained in detail that there were two elements to how an ASPSP can notify at TPP.
- 2.20. **IG** asked if there were any other closing comments: No comments received.
- 2.21. **IG approved the API Technical Specification Version 3 as final and advised the OBIE team to proceed with final publication on 7th September for implementation of Release 3.**

2.d *Version 3: Security Profile*

- 2.22. **IG** provided an overview of the paper, advising that the OB profile will evolve towards a FAPI profile, which is more secure, has been agreed at TDA and all CMA9 and vendors are moving to support it. **IG** identified that the Client Initiated Backchannel Authentication (CIBA) protocol, which is required for decoupled has not yet been finalised and the specifications have been included in the specs. When it is finalised the specs will reflect that and there were no specific timings on the security profile and the current profile will be maintained until the industry is happy to move.
- 2.23. **CM** agreed with **IG** and advised that there were dependencies outside of OB control in terms of vendor adoption of the latest profile etc. It has been discussed widely and is important that OB set the direction of travel of international standards that are supported by vendors

globally. **CM** added that over the next few months there will be more clarity on the timing to depreciate the current OB security profile and suggested to bring this back to IESG at a future date.

- 2.24. **GL** stressed his concern that this doesn't become a "permanent fork in the road" and was supportive of the standards and a common approach.
- 2.25. **CM** advised that this could also form a key part in addressing **TS** point on a European strategy as there is active work taking place with other ASPSPs in Europe (including Berlin Group).
- 2.26. **IG** confirmed he was satisfied that this item had adhered to a good governance process and could not see any reason why not to approve and publish. No comments were received.
- 2.27. **IG approved the Security Profile Specification Version 3 as final and advised the OBIE team to proceed with publication on 7th September for implementation of Release 3.**
- 2.28. **TS** asked about the decoupled method of authentication and if there were any timelines on reporting that in the run up to RTS by the CMA9. Are there plans for adoption? **CM** advised that in the standard it is optional from OBIE point of view and timings have been put in, there has been no formal feedback from the CMA9. **IG** believed this was more of a question for the CMA9 and not OBIE. **RR** stated that this was up to the individual banks to decide, should it be required for strategic reasons or part of the exemption application process and was really a judgement call. **CM** advised that it may become mandatory for a mobile only bank; dependent on whether that is the only way the bank can authenticate a customer.

2.e *Version 3 MI Requirements*

- 2.29. **IG** stated these were less technical specifications and requirements, which had been consulted on widely and had gone through a prioritisation exercise to form a more rationalised set of MI requirements e.g. non sterling accounts' have been de-scoped. **IG** advised that the timing associated with the MI requirements was associated with the functionality itself being produced by an individual CMA9. He also advised that the solution does not include the delivery mechanism and there were points taken from a recent consultation, whereby using excel spreadsheets was not the most secure way of dealing with it.
- 2.30. **IG** also stated there were other points made in a recent consultation about what was actually required under PSD2 and the Order, e.g. non-BCA and non-PCA. As far as the CMA were concerned they are not a requirement, but it is an obligation that was made to HM Treasury. **SW** believed this was an important distinction, if a bank goes down the route to break the MI down into more granular product level information on accounts and other finer detail, it becomes quite a big overhead.
- 2.31. **IG** held the view that the document did not offer sufficient justice to disaggregating what is a requirement. **IG** advised that he was not looking to finalise and publish on the 7th September, he would like OBIE to revise the paper to align the requirements to categories, those categories being Order: BCA/PCA, OBIE's understanding of what falls under PSD2; and those elements that sit in neither which are called Standard Implementation Requirements (SIR) and will be discussed in the next agenda item. **IG** believes the document

needs to be helpfully clarified and will ask the OBIE team to turn it around quickly and then resubmit for final approval.

- 2.32. **GL** asked if it was not less complicated to have a universal set of MI that everybody adds to. **IG** responded that yes in one sense; however he felt it would work better if the SIR acted as a superset that all MI sits within. When something is a requirement under SIR that's fine, but there are no legal repercussions for not meeting those requirements. Within it there is a sub set which is the Order and another subset which is PSD2 and the requirement under the Order has got a real legal strength behind it, under PSD2 the strength of that sits around the exemption process and RTS. **IG** added that what this does is uses the word requirements loosely around those three areas and believes it would short-cut many discussions further down the line as to what is what, by disaggregating into those pieces.
- 2.33. **SW** and **GL** felt it was contentious. **SW** added that it was a gap, because PSD2 requirements focus on availability and performance and talks about channels and APIs, with the CMA Order focussing on what happens to BCAs and PCAs, he added there is a gap around credit cards and other account types that are in scope for PDS2, and a bank is being asked to report at product level but there is no regulatory driver for that information. To make this information useful in reporting it would be necessary to standardise products across this industry. **SW** advised RBS reports differently to other banks and that needs clarification as it is a big piece of work. **RH** agreed and this was a significant ask for AIB and a significant change from what they are doing now.
- 2.34. **IG** stated he understood that it was outside of the PCA/BCA product set. **HP** advised that it is hard to see BCA and PCA as it was encrypted data, he also agreed it was an enormous piece of work and asked why they needed to do it. **HP** advised that for HSBC it would be difficult to separate BCA and PCA MI. He also agreed it was a significant piece of work asked for consideration as to what the benefits would be. **IG** responded that partly because BCA and PCA was required under the Order and secondly as Trustee, he would lose the power to see the areas that he is required to report back to the CMA on. **IG** added that if the CMA9 were telling him that they could provide him with a superset that includes BCA and PCA that should be OK but it means you are capturing all the other products in there and I thought the complexity from the ASPSP side was including those products in there. **HP** reiterated that it would be difficult to tease out as the data is encrypted. **RR** added that it would depend on the individual bank.
- 2.35. **IG** believed that the CMA9 felt it was helpful on the matter of categorisation and the legal requirement that sits behind, however if there were specific implementations to be done, he suggested they be discussed at a bilateral level.
- 2.36. **RR** asked what was the final agreement in terms of the MI. **IG** confirmed that the plan was to continue with the excel spreadsheet but to start work on building the standard. **RR** would encourage that but would not take resources away from others areas e.g. app-to-app to work on the MI. **EMB** stated that it was important to be mindful of the complexities and priorities and a new set of standards for MI.
- 2.37. **IG** asked when **CM** can recirculate the document. **CM** confirmed the next two weeks. **IG** advised that timeframe will enable it to be reviewed beforehand, ready for sign off at the next IESG. **IG** added that it would be helpful regarding the standards point to bring to the next IESG when the standards work would start and when implementation of that might make

sense. **CM** advised that this is being looked at and will go through the workshops and the standards can be developed fairly quickly.

ACTION: IESG 2018 301 121

CM to provide updated paper on Version 3 MI Requirements specification. Paper to be submitted to IESG on 26th September for final Trustee recommendation.

- 2.38. **FR** asked how OBIE can track access by permissions to ensure matters like data minimisation is occurring in practice not just in theory, there seemed to be a gap; MI might not be the solution and it could require different MI. **FR** suggested that later in October the Office of the Trustee can help explain different areas like customer adoption by proposition; as she wasn't sure whether the Implementation Entity has had a chance to do much work on looking at how that might be done through the APIs as there could be a form of TPP use case coding.
- 2.39. **IG** stated that the point that **FR** was making was around are TPPS being appropriately frugal when requesting customer consent around the data clusters in order to meet their use cases. That has been discussed as being part of the MI. It didn't pass the test of being high complexity and low business value.
- 2.40. **IG** advised that the reason being was that the ASPSPs do not have visibility on the TPPs use case, so getting a report that tells one that all the data clusters are being used doesn't tell if it's been over used vis-à-vis the use case or not. **IG** felt that was something that sits within the TPP environment and it's a request we need to be making there. **IG** clarified that in the next agenda item (SIR) which is not just ASPSP led but also TPP and he would want to make sure that that item in particular along with other items **FR** referred to is actually brought up under Requests for Information from TPP side. They may not have the Order or PSD2 behind them but he thinks the OBIE would be able to create a good argument that TPPs should voluntarily provide that information. **IG** confirmed to **FR** that it is not off the agenda, but has to come from a different side of the equation and ecosystem and there is a need to figure out a way, over time that the information is received. **IM** asked if that was in the NCA space. **IG** advised that it could be, if the TPP is a regulated entity. **AL** advised there were principles around data minimisation but there are questions around the controls they have in place meet the principles. He questioned what sort of MI OBIE would collect and how that would feed into the FCA.
- 2.41. **TS** stated that the API Evaluation Group felt that the suggested clustering was too coarse an approach. **CM** responded that there had been many discussions around this and he feels that it is balanced about right, as a lot of work had taken place with TPPs and end users.
- 2.42. **FR** observed if most firms are asking for all data at a detailed level (transaction level), it does beg the question as to whether they are minimising data and if they are minimising data and do need all the data, do they need data clusters' **CM** suggested this could be something to look at in a years' time when there are real volumes out there and it may or may not be a problem.
- 2.43. **FR** noted that adoption cannot be easily measured if a number of AISP's registered on the Open Banking directory are actually providing services to another Fintech or are providing multiple services to Fintechs that may not need to be registered

- 2.44. **AL** advised that if a firm is doing unauthorised business they should be registered and as a regulator it would need addressing. **DG** suggested some guidance would be helpful. **AL** advised that guidance would be available in ten days.

2.f *Overview of Standards Implementation Requirements Mechanics*

- 2.45. **IG** advised that the fundamental genesis for SIR stems from wording that came out of the EBA draft guideline, which reference ASPSPs that are using standards as part of the exemption process and if they are using standards to quote them it says “whether and if so how, why an ASPSP has deviated from the standard implementation requirements of the initiative”. This made OB realise there was a good reason to aggregate the various requirements. **IG** advised that this paper was not to approve or finalise the paper, but it is what OBIE intend to do to organise themselves properly. **IG** added that the one thing that was helpful in informing this was the FCA round table discussion on SIR, which identified that the SIR categorically does not have any regulatory leverage per se but they can be helpful in facilitating the exemption process.
- 2.46. **AL** set out the detail around the exemption process and confirmed the FCA will be consulting on this mid-September and will provide guidance and forms along with the draft EBA guidelines. This will be part of aligning the different aspects of what feeds into the firms’ exemption and will help clarify the process and is a starting point. It will also be helpful in informing how the FCA treats the exemption application. **AL** hoped that the all parties see this as being constructive and positive. **IG** confirmed that behind the scenes OBIE had been working hard to align itself to the exemption process. He noted that one clear benefit of doing this for non CMA9 looking to enrol in Open Banking and was that it helped them understand the exemption process and additionally it clarified the timing and the process of approach in parallel and this is clearly not finished from an OB point of view. **IG** advised the only thing underway at the moment with any level of maturity is the conformance tool, which is associated with the technical specs and also the CEG checklist and guidelines. OBIE does not have any of the non-functional service requirements created yet, which is a piece that needs to happen but it will of course be informed by the approach document when it comes out. **IG** added that through the MI and other KPIs, it should not be difficult to create and was comfortable that the SIR’s would be ready in time for the CMA9 and any other ASPSP that wants to engage with the FCA exemption process. **IG** also advised that this isn’t just aimed at ASPSPs, it is also aimed at API users, who are not captured by anything to do with the Order so there is no legal mandate or requirement to go through the exemption process, but nonetheless OB felt to have an ecosystem that is credible and works well, standards should be raised for the TPPs and OBIE are not seeing any pushback on that.
- 2.47. **IM** asked if there was a monitoring process in place after certification to ensure TPPs adhere to the standards. **IG** advised that there was a need to be careful around terminology as the word “monitoring” was being reserved for the “Monitoring” function that sits within the Office of the Trustee and assist with reporting to the CMA that the CMA9 are meeting the requirements of the Order. The TPPs will not fall within that at all. **IG** advised that for each of the artefacts that represent the standards (technical and non-technical) there is a check list and in essence the philosophy for the checklist is that the ASPSP or TPP self-attest and then present to the OBIE. There will be a discussion around the challenge process and it will sit there as a valid Open Banking certification. If other members of the ecosystem complain about it and there is validity to those complaints a discussion needs to happen. **IG** added that he was not sure if this type of monitoring matched up to IM’s expectations.

- 2.48. **CM** asked if it would make sense to have a time limit on the certification suggesting that they maybe last for a year. **IM** responded that it would depend on what overheads were envisaged. **BR** confirmed that the CMA would require self-certification periodically. **MM** observed that the minimum contract is three years, so why would you misalign with an annual certification process. **IG** stated that the term certification was being used by both Open Banking, which is essentially nothing more than a “gold star” which goes up on the website, as well as being used for the certificates that sit within the directory itself and used for APIs. There is a question as to what an Open Banking Certification actually looks like and what it enables a company to do, in essence the working hypothesis at the moment that on the Open Banking website there would be a list of all those ecosystem participants that have met the requirements to receive certification under Open Banking. It may well be there are various versions (gold, silver, bronze), depending on what elements of the overall checklist they have subscribed to. This sits separate from the Order and PSD2 requirements.
- 2.49. **GL** advised that his community would be delighted as it mirrors the FDATA response to the EBA consultation about creating commercial certainty for the ASPSPs and TPPs. If the NCA were to recognise this, a TPP with certification would want to provide this along with their regular MI to their regulator.
- 2.50. **MCH** also provided a view from the customer’s point of view and anything that establishes an accreditation framework is very positive.
- 2.51. **HP** added that certification process for TPPs would be very helpful, as HSBC are spending a significant amount of time working on TPP queries and issues etc., which is very labour intensive. The better we can make sure each side has the correct implementation will mean less timewasting and a better customer journey.
- 2.52. **JH** queried about the FCA crediting the TPPs with only having a bronze star as an ASPSP may consider the TPP too big a risk as they hadn’t signed up with the technical specs and not received a silver star and they would only want to work with silver star TPPs. **AL** advised the FCA would have to think about this and the extent to whereby all firms are required to report back on operational and security risks on aspects of their business on an annual basis. There may be something that can demonstrate how they have met the aspects of Open Banking.
- 2.53. **RR** felt it was incumbent on all banks to advise of any problems experienced with a TPP and would hope any of the others banks would diverge this information on objective grounds. **JH** disagreed, stating that it was down to each banks own risk appetite and asked what can be done to hold people to account.
- 2.54. **GL** believed it was down to the regulator to say yes or no and not gold, silver or bronze star. They need to take into account whether they pass or fail. **JH** observed there could be a situation whereby a TPP is playing the way it should but if not how would that be managed. **AL** advised that the FCA need to be quite clear when talking about firms failing to meet special conditions, if so then consideration needs to be given as to whether they are authorised or not. The test is that if the FCA or another NCA has, it’s quite clear what the TPPs obligations on entry are. Additional assessments on top of that, whether it is a bronze or gold TPP, it feels like this territory is a little sketchy; it’s about the legal obligation under PSD2 and about raising standards and trust for customers.

- 2.55. **IG** stated that this should not be seen as an obstacle but something aspirational by the TPPs to achieve a gold, silver or bronze standard, adding that he wasn't quite sure what that looked like. It will enable them to put it on their website, in their customer documentation and the Open Banking links in their presentations where it will list all the other TPPs and ASPSPs. **DG** added that this ties in with the kite mark and code of ethics that had been discussed previously.
- 2.56. **IG** confirmed to Steering that if an ASPSP or a TPP does not want to bother or fails with the certification process but remains authorised they can still do what they want to do within Open Banking as it is an open licence.
- 2.57. **GL** added he was keen to see the TPPs go through this process and felt the NCA were not good at judging technology and would not likely raise any challenges. He stated that a soft regime that allows companies that are not technically strong enough could damage the ecosystem, so having a method of judging the quality of the connection of the APIs protects the market participants coming through by making sure the quality is there.
- 2.58. **IG** confirmed **GL** comments that this could be a post authorisation process and there ought to be some mechanism that the TPP can do this prior. **RR** stated he struggled to understand this in terms of a firm passporting in. **MM** felt there was active encouragement from the FCA for non CMA9 ASPSPs to adopt the standards; however he would not conflate grading with the authorisation process, he stated legally that you are not required to adopt it but it might be helpful as part of the exemption process. **MM** added that it should not be about what grading you have, you are either good enough or not to be included in the ecosystem. **RR** added that the view held by the banks was that the Open Banking standards must be a sufficient condition to gain exemption. Depending on the degree by which the Open Banking standard could be argued by any bank that it goes beyond the requirements for PSD2, it may not be a necessary requirement and could be a case by case discussion by the bank with the FCA. **RR** also reiterated his concerns about a TPP passporting in who are already authorised but would bypass these standards.
- 2.59. **IG** advised that in the case of passporting they would come in and ingest the API whether or not they have a certificate and at some point they may decide to join fully, as it makes sense for them to get more customers. **RR** added that a bank has no right to discriminate.
- 2.60. **MCH** commented on the gold, silver and bronze grading and didn't feel it would work. **IG** stated that the takeaway was the gold, silver and bronze was not working and it was a different concept OBIE were trying to incorporate. There are clearly some things in Open Banking that are to do with scope and any optional adoption should be reflected in certification.
- 2.61. **GL** felt that failure to have conformance is an obstacle and shouldn't be allowed. **DG** stated that on the API user's side, if they are not properly set up they will have the first loss in not attracting customers and so the TPP will want to work well. **RR** stated that it was important to see the non-functional service requirements first and they should not be burdensome. **IG** agreed that it could become a disincentive and things like the MI, and if the requirements for MI are too high for an API user then they are going to say why bother, and still access the ecosystem.

- 2.62. **AMC** asked what the downside was of not conforming. **MM** noted that the OBIE is putting the finishing touches to the directory so it is not seen as an obstacle. That being the case on a go forward basis any TPP that wants to access CMA9 or payment services will have to adopt the directory. **IG** added that there is a need to be careful and OBIE was not saying that any TPP not ticking all the boxes are banned from using the directory or Open Banking. **MM** asked how the integrity of the ecosystem would be protected.
- 2.63. **IG** stated that he felt that there was agreement and there was a need to create something aspirational and not an obstacle; a TPP can access the ecosystem as there is value to them; as well as ensure the TPP doesn't feel discriminated against. **DG** felt that the question he was hearing was should there be some sort of conformance and standards that a TPP; optionally might want to meet.
- 2.64. **IG** suggested that OBIE and the CMA9 should wait for the regulators to advise what to do, but in the absence of that, should use this as long as it's not an obstacle and non-discriminatory.
- 2.65. **AL** agreed that although the discussions had taken a different route, it's important to clarify the requirements of the exemption process.
- 2.66. **IG** observed there is value but requires further work. **BR** added this was a massive achievement and congratulated the team.

ACTION: IESG 2018 301 111

AA to update the SIR methodology and bring back to IESG on 24th October for final approval and publication.

2.g Customer Experience Guidelines (inc P3/P4)

- 2.67. **IG** advised that there had been a tremendous effort by OBIE and stakeholders into producing this ground breaking document; it will show participants in other geographies what a good standard can look like. It combines a standard and checklist, which cross references regulatory and consumer research and is very comprehensive; it has been through three rounds of consultation and the last round has brought up non contentious corrections; particularly from Nationwide who went through this with a fine tooth comb which was very helpful. **IG** confirmed that subject to the non contentious issues being corrected, which OBIE are currently working on, he would like to publish the final draft today with a list of the non contentious issues, then publish formally as the final version with the list of corrections on Wednesday the 12th September.
- 2.68. **RH** asked if Wednesday was doable as AIB wanted to formally document their comments. **IG** requested that **RH** turn around his comments by CoB on the 7th September. **CM** added that most, if not all comments, OBIE was probably aware of, but the team will cross reference to ensure all is captured.
- 2.69. **IM** asked how a TPP would disclose their permissions and how would they declare they are a regulated actor and what those declarations look like. He feels this is a tremendous conduit on how to disclose. **IG** asked for a little more clarity. **IM** stated that in the consumer space it would be what is good practice and how to complain. If that is avoided it could be that many TPPs will not disclose that information.

- 2.70. **IG** advised that for elements of this nature there is the change request process, but it should not hold up what OBIE is trying to do now. **IG** asked the view of the other TPPs. **GL** advised he was in agreement with **IM** point.
- 2.71. **CM** advised that at any stage an issue can be raised with the service desk if there is something wrong or needs changing, OBIE will then take a pragmatic view.
- 2.72. **FR** asked for more clarification in IM comments. **IM** reiterated that it was disclosure about who the regulated actor is, what their remit is, what their reference number is, how the customer can complain and guidelines for addressing that. **IG** advised that it should point to the Dispute Management Service section (DMS).
- 2.73. **RH** welcomed the document, but expressed his concern that the implementing these items will change things when we have already delivered, this will add pressure and was unsure of the impact on timelines.
- 2.74. **IG** advised that in the September bi-laterals he will be able to get under the skin of this particular point.
- 2.75. **GL** advised that the delivery of the user experience has been significantly varied and feels that some of the brands are getting traffic and some aren't. For those that are not getting the traffic it cannot wait until March to get things functioning. **RR** advised that LBG position was that there were some changes that were being worked on and were targeting March and agreed to prioritise app-to-app rather than divert resources.
- 2.76. **MCH** felt it was important to build in meaningful accreditation, so the consumer gets a good experience. **MCH** also referred to the payment journeys 4.11 – 4.13 and it was important to do more research; as customer research point 4.12; 63% showed this as the preference.
- 2.77. **IG** advised that OBIE were at a stage to refresh customer research and elements of that will get captured in the change request process going forward. This document will clearly evolve as each standard is issued. **EC** stated that it cannot just evolve there needs to be a formal process and regular reviews. **CM** stated that when this goes live, the real research will be forthcoming.
- 2.78. **JH** had feedback on 4.14: Payments, which was outside of scope of OBIE and needs looking at. **CM** added that he believed this was one of the known issues and was being looked at.
- 2.79. **GL** raised a question around the copy write symbol that appeared at the bottom of the presentations. **CM** observed that if this is to be aligned to the rest of the standards it should be under open licence. **IG** believes this is an oversight and **CM** will check with Legal to see if this is OK to remove.

ACTION: IESG 2018 301 115

AA to liaise with Markus Ezekial regarding the copyright symbol that appeared on the CEG paper. RL to liaise with Gavin Littlejohn w/c 17/09 to advise on the outcome of this discussion above.

2.80. **IG** proposed that any other corrections are fed back to the OBIE team by the 7th September and to advise in advance if there are any issues. **RH** asked if OBIE had any questions please could they come back as soon as possible.

2.81. **IG was minded to approve the Customer Experience Guidelines for Release 3.**

ACTION: IESG 2018 301 112

a) **OBIE to publish final “Draft” on 7th September with a list of known issues.**

b) **Make consistency corrections and issue Customer Experience Guidelines and Customer Experience Guidelines Checklist as approved and “Final” on 12th September for implementation on 13th March 2019.**

Post IESG Update: Items a) and b) completed. Action Closed.

2.82. **AL** advised that the EBA guidelines still need to be finalised. **IG** added that when EBA documents are finalised, OBIE will conduct an impact assessment and look at change requests. **CM** advised that timings around the change requests need to be considered.

2.h *Draft Overview Proposal for the Enrolment of Non CMA9 ASPSPs on CMA9*

2.83. **IG** advised discussions had taken place and decisions were required by IESG on what it means for non CMA9 to join. He suggested a brief discussion in the steering meeting but would also take comments off line.

2.84. **TS** felt this was a good start, but was a little light and needed something on governance. It would also be nice to have a variable participation feed that would depend on company size.

2.85. **IG** advised the tier point has been raised before; funding is not onerous nor an obstacle to them joining. **RR** observed that in the long run the CMA9 would all wish to see something along the lines of market share and should aspire to a share based contribution, but realistically, the firms that are being referred to as coming on board; it will not make much of a difference to the CMA9 P&L over a two year period.

2.86. **IG** advised that the approach was to give them some certainty and advise that it was a three year process. The figure of £50k was a comfortable figure to quote, and could be for the early adopters and there were tiering elements, but did not want to be drawn on this matter. **TS** expressed his concern that it was quite a lot.

2.87. **JH** felt that a “Pay per Play” scenario - if you get in early it could be £50K, if the following year it could be £75K for example. What does it mean in terms of competition and fairness?

2.88. **TS** believed that the fair way to pay would be market share; if a lower level of entry could be created which is accessible and could encourage companies to come in; OBIE should not be afraid to set it low and then increase it as market share increases.

2.89. **MM** asked if there was a forecast for the day to day running costs of the apparatus. The cost of building it is neither here nor there as that was part of the Order. **IG** advised that OBIE were not there yet, as the roadmap had been back-ended and still a lot to do; Deloitte will be running a rule over Open Banking and the NPSO, as part of the fact based for assessing transition and a view coming out of that will be what the running costs.

- 2.90. **IG** stated that it was important to get out into the market as soon as possible and sign up new companies. It would be good to get into a position in the next three months, whereby OBIE have 5-10 joining; suddenly it is not a CMA9 only but the beginning of an industry. **IG** confirmed this will not go on the website and will be road tested in some private, bi-lateral conversations with a small number of participants that OBIE know are interested in joining.
- 2.91. **BR** added that the CMA Order and its legal obligations were on the CMA9, however there would be commercial pressure for non CMA9 members to join, so as long as OBIE steers clear from anything that will be a barrier to adoption it should be ok and didn't feel £50k was a huge amount for a bank; however levels higher than that companies may start to think a bit more.
- 2.92. **HP** asked about the point on page 221, bullet point two relating to obligation, how does that create a standard. Are they only mandatory for the CMA9? **IG** advised that the SIRs are not fully integrated into this document yet, but it is trying to say that by joining, there is not a legal requirement for the non CMA9 to implement the full functionality and be monitored by the CMA. **CM** stated he was not aware of anything mandatory in read/write that is a PSD2 requirement. **HP** disagreed stating there was a recommendation in the paper that was. **CM** responded that if there was a specific regulatory requirement it would become mandatory.
- 2.93. **IG** stated that in the longer term, the entities that have joined on a voluntary basis will continue to maintain and implement items and be part of governance, so they would be part of that evolution of the standard. The issue on day one would be that if you want to join Open Banking you have to fulfil all the PSD2 requirements plus a few other things or you are not coming in. **IG** believed that Open Banking would not get anyone to join. It's not a perfect solution and Open Banking have no stick to order them to do it, but once they are in they can be coerced.
- 2.94. **HP** advised that this needs to be thought through very carefully, if an ASPSP doesn't conform to an SIR at what point do we not want them in the ecosystem. If they want to join they should have minimum standards by which to play. **HP** added that Open Banking should set an expectation. **IG** agreed but it needs to be subtle. The 5-10 on the OBIE list are implementing the standards, but it is a complete pick and mix, taking whatever they want and what their interpretation of PSD2 is. They are participating in the working groups, but they are not truly in the ecosystem and enrolled and OBIE are not really sure of what they are doing. By signing them up to T&Cs, OBIE can bring up the comprehensiveness of their functionality, by leaving them out it remains a CMA9 effort and OBIE has zero control of what functionality they are choosing to implement.
- 2.95. **TS** agreed with **HP** and asked if a transitional period could be set out, with an understanding that after that period everyone has to conform to the same standard.
- 2.96. **GL** referred back to the financial piece. He advised that the Open Banking is a not for profit company, observing that the more people that come into the funnel, the costs of the entity can be shared out so it breaks even and the overtime with more members, the costs should shrink. **GL** asked if anyone has a different perspective, what are the CMA9 on the hook for in terms of the future.

- 2.97. **SW** responded by advising there was no end date when RBS would stop funding the Implementation Entity and the Order, however costs associated to BCA/PCA they will fund. Anything else should be discretionary or split equally.
- 2.98. **IG** agreed, adding that OBIE are trying to leave all options open and be able to have a conversation with the non CMA9 to implement the Open Banking standards as part of their PSD2 solution. They say yes we are doing that, but it doesn't go beyond that because they are "open standards" and bringing them in and enrolling them is what OBIE is trying to achieve.
- 2.99. **MM** felt that the paper didn't describe that. It covers the regulatory and/or PSD2 compliance point of view. It should ask what are the incremental advantages, what problems will Open Banking solve for you. **IG** stated that to get into those types of conversations Open Banking needs to get past the matter of what is it going to cost me, does it mean we are covered now by the Order, give me something I can take to my ExCo or CEO/CTO.
- 2.100. **PM** asked are the entities just enrolled into the directory. **IG** advised that the £50k will get a member everything, including DMS.

2.i EWG B P7 and P9

- 2.101. **IG** advised that on P7 there was a recognition that there was a gap in terms of refunds and how to get the Single Immediate Payment (SIP) to run in reverse as well as how to get the account details to a from an APSPs to a PISP. Effectively there is currently nothing from a regulatory point of view that would stop a PISP from asking for account details, should they want a refund. Stakeholder feedback was that there should be an API standard way of doing it, but rather than build something now the intent was to let it run and then do an assessment if a PISP can use it and then conduct an impact assessment on the technical spec and take a view further down the line.
- 2.102. **AA** advised the outstanding question was when do you do the assessment? OBIE have put in a start point which is the end of 2018, which maybe a too early as there might not be enough data to complete the assessment. We concurrently do the technical assessment to understand how in alternative way get hold of that account detail through some sort of API without the customer having to use the journey whereby they put that information in the PISP domain.
- 2.103. **IG** advised that this was an evaluation paper and the next step would be for the Trustee to write a letter to the CMA. For the purpose of discussing it at this steering meeting he asked the members if there were any final representations to be shared prior to drafting the letter. **IG** stated that two had been received so far - Consumer and HSBC, and asked if that meant that everyone else agreed with the evaluation.
- 2.104. **RR** of LBG and **SW** of RBS (subject to DG agreement) agreed with HSBC's observations on the evaluation, not with the evaluation itself.
- 2.105. **GL** asked what the HSBC issue was. **HP** advised that they had questions around the timelines for evaluation and did not see the value of doing an evaluation when there was no PISP in the market and suggested to reschedule it to later in 2019. **HP** felt it was better to get past RTS, let the market develop and then see if there is a problem.

- 2.106. **IG** stated that this was always intended to be a pragmatic approach and agreed with the point around timing and the key thing being governance around timing and what would OBIE do in parallel. **IG** confirmed he would take that away and consider it.
- 2.107. **FR** added that she too had concerns about not having a refund option, especially from an ecommerce perspective. **RR** mildly disagreed as in Europe there is no automated refund facility. It could be built but the PSD2 requirements and it seems to be Europe's view that PSD2's objectives are met by access to payment rails, without mandating an automated refund scheme
- 2.108. **IG** thanked the steering members and advised that he now had what he needed and it was helpful to see the different scenarios.
- 2.109. **IG** referred to page 233 for P9 in the pack, which relates to Status of Payments. This is a critical item as it relates to getting confidence in the ecosystem and the right API. **IG** understood that the challenge the evaluation team had to go through was how far in the payment lifecycle do you actually go. They found a place that seems empirically sensible to stop, which is the post processing space as that captures the vast majority of scenarios. **IG** understood that this payment status end point is already available for single immediate payments (SIP) in Version 1 – optional in Version 1 and mandatory in Version 3. **IG** added that this is critical for multi auth. What isn't covered but recommended in this evaluation, apply it to standing orders (SO) and future dated payments (FDP).
- 2.110. **AA** advised that is was optional implementation for SO and FDP because what OBIE is trying to achieve is not going too far for mandatory for all CMA9, it is reasonable to get everyone for SIP to a level, and to go beyond that at this moment in time is not proportionate.
- 2.111. **AA** advised that a lot of issues were down to use case i.e. when you need to know an answer quickly, like a card replacement or an on line purchase when the goods are going to be despatched quickly.
- 2.112. **IG** thought the pushback for not making FDP and SO mandatory presumably came from the CMA9. **HP** advised it was not, it links back to a conversation previously that it is mandatory if required by the Order or a technical hold together or an absolute must under PDS2. He felt there was no logic doing it for SIPs and not FDP and that ecommerce was not part of the Order. There was no impact assessment done, nor did the CMA9 influence it and **HP** advised he raised this at every evaluation working group about how this supports the CMA use cases and there is no evidence of that. **HP** feels that the final report bears no reference to that and the recommendation bears no merit.
- 2.113. **IG** stated that he was not sure he agreed with **HP** anchoring on that point of principle. **IG** advised his interpretation of the Order is that there is a read and write API that services customers and promotes competition and part of the Trustee's mandate is to make sure OBIE does what is required to make that happen and the important point is the alignment to PSD2, which is to bring competition to the card space. **HP** added that the recommendation goes beyond the payment issue and into the processing steps which is not in PSD2 and added that this recommendation was not consistent with any of his governance.

- 2.114. **GL** stated that although not written in the directive it implies intent to make sure it works for the customer. **IG** asked if **HP** would enter into the spirit of the recommendation. **HP** advised that this was a slippery slope and creates something for the CMA9 only that is a requirement that is not part of the Order and HSBC strongly object on those grounds. If it's mandatory then he would expect it to apply to every other ASPSP that joins the ecosystem. If they don't then HSBC would expect them to be excluded. **RR** added under FCA auspices.
- 2.115. **IG** asked **AA** was this why he had positioned it as optional. **AA** advised that setting SIP status as mandatory was because it enabled the use cases, which are very important and he believed that they are intended use cases under PSD2. The other point to make is that this functionality is already written into the specification, so to comply with it means not very much at all as it's already in the spec.
- 2.116. **HP** disagreed, saying that it meant a huge amount to firms in terms of functionality, adding that if it is needed for PSD2 to succeed the market will demonstrate that because there will be no solutions to the ecommerce use case in the market. **HP** added that given there are no PISPs operating in the market, your argument does not hold, there are other ways to find out if you have received money.
- 2.117. **IG** felt this was a chicken and egg situation. **MCH** stated that is was not just about ecommerce but also SME. From the end users point of view there is a requirement to know that a payment has been made. **HP** responded by advising that Open Banking were not responsible for solving every issue relating to payments in the UK market. There are other industry processes and supervisors who have relevant remits. Open Banking is responsible for ensuring the CMA Remedy is fulfilled.
- 2.118. **FR** advised that there were changes coming through that advise consumers on the pattern of their payments and there will be more dialogue between the banks, likely seeing more failed payments post the point at which it has been sent. **FR** added that PSD2 had not covered every nut and bolt and the IESG is not a legal entity to make things mandatory and if an ASPSP doesn't agree with the recommendation they should take this up in their exemption process.
- 2.119. **AL** advised he did not disagree with anyone, and felt this recommendation was one of those that is down to judgement and questioned whether the recommendation moved the dial enough to be viable and helpful to a PISP.
- 2.120. **IG** asked **HP** if he was pushing back because it cost too much and not because it was not a good thing to do. **HP** advised he wasn't and there was a principle here on how OBIE are setting up the entire process, and believed this one had failed. The principle was about having a level playing field and creating standards that all participants follow. **EC** asked if it applied to every ASPSP you would be supportive, if just HSBC then you would not? **HP** agreed, noting that until RTS, it is not known what the TPP market is going to do, and he suspected it would be far more ingenious than the one TPP in the system that hasn't gone live with the APIs. **HP** also stated that before it is pre-judged and firms spend a lot of money let PSD2 take effect.
- 2.121. **IG** again used the chicken and egg analogy to express his concern.

- 2.122. **RR** agreed with **HP** observing that it was OBIEs job to deliver the Order in a way that enables the CMA9 to comply with PSD2. It is not their job to take vaguely written objectives out of PSD2 or miss elements out of PDS2. If there are such elements and they are strongly in the customer's interest they should be tackled by the FCA or NPSO or some other industry wide forum.
- 2.123. **FR** disagreed stating it must be delivered to enable the intended benefits of the legislation. The evaluation process has been tricky and was concerned around the tone that had been set. **FR** asked why the banks were pushing back on this, was it cost or is it because it's a real threat. This is worthy of proper evaluation and has been a little messy along the way and was not comfortable that a decision had been reached.
- 2.124. **IG** thanks **FR** and will draw the line on this discussion and knew where everyone stood on this item.
- 2.125. **IG** thanks the attendees and advised that eIDAS will be rolled to the next meeting.

Post IESG a follow up call was made on Wednesday 12th September with steering members to discuss this agenda item. Minutes to follow.