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Summary of the 10ᵗʰ Meeting of the API Evaluation Group

25 June 2018, 10h30-17h00 CEST
EPC, Cours Saint-Michel 30A, 1040 Brussels
(Approved by the API EG Members)

1. Welcome

The co-Chairs, J. Whittle (NPSO Ltd) and O. Berglund (Trustly Group AB) welcomed the participants to the tenth meeting of the API Evaluation Group (EG). Please see Annex I for the list of attendees.

2. Approval of the agenda (API EG 037-18)

J. Whittle informed that the meeting would primarily focus on the:

- Discussion with EBA on the recently published clarification documents.
- Impact of the EBA clarification documents on the list of recommended API functionalities and hot topics.
- Outstanding deliverables included in the API EG's terms of reference i.e. testing framework and evaluation of representative examples of the practical implementation of specific APIs.

The agenda was approved.

3. Discussion of the EBA clarification documents and correlation with the recommended API functionalities and work plan

On 13 June 2018 the EBA had published two regulatory products, an Opinion and a Consultation Paper on draft Guidelines, to clarify a number of issues identified by market participants in relation to the regulatory technical standards (RTS) on strong customer authentication and common and secure communication (SCA and CSC), which will apply from 14 September 2019.

The Opinion focuses on the implementation of the RTS, providing clarity of interpretation of the RTS requirements, while the Consultation Paper proposes a pragmatic and consistent approach to the four conditions to be met to benefit from an exemption from the fallback option envisaged under Article 33(6) of the RTS and is subject to consultation.

Draft Guidelines

The EBA informed that being an observer in the API EG had assisted the EBA to form a clearer understanding of the market facing issues and where appropriate it is sought to reflect these in a balanced manner in the Consultation Paper.

API EG members were urged to respond to the different questions posed during the public consultation (open until 13 August 2018) and to provide a clear rationale (instead of replying with yes or no). A public hearing is scheduled to take place on 25 July 2018.

A TPP representative conveyed their disappointment concerning the fact that in the Guidelines (7.2) "widely used" has been redefined to "making the interface available for wide usage" as according to them it is unhelpful in terms of the objective to see well-functioning API interfaces. They explained that it should be ensured that all account-servicing payment service providers (ASPSPs) implement a fallback option and that an exemption should only be provided once it is proven that a dedicated interface is working well. This would also be the only way to ensure that ASPSPs can make a fall-back option available within the required 2 months in case the dedicated interface fails. It would be grossly negligent if the whole fintech industry was forced onto new and unproven APIs without any fallback options readily available.

The EBA representative remarked that in some Member States there are no third-party providers (TPPs) and that this should not discourage ASPSPs from implementing dedicated interfaces. TPPs added that countries where there are no TPPs should not be prioritized over those where there are TPPs. Guaranteeing that APIs are good enough to be widely used in Member States where there are TPPs is far more relevant than granting exemptions to APIs that are not going to be used.

The European Commission (EC) representative added that it should be avoided that ASPSPs would need to invest in redundant systems and that an exemption will not be granted indefinitely. There were concerns about the practical viability in the scenario where the ASPSP would only have two months to implement the fall-back solution and TPP representatives reiterated their opposing view above. It was noted that the lack of TPPs in particular markets was also a reflection of the aggressive attitude in those markets against new entrants offering services in scope of PSD2.

The EBA acknowledged, as reflected in the consultation paper, that the market is fluid and that the Guidelines may need to evolve. The EBA queried what could practically be done if there is nobody in the market to test. According to J. Whittle this is an implementation issue as developing a 'good' API is not the same as making a dedicated interface work well, which is where testing and the next phase of the API EG can play an important role.

An ASPSP representative highlighted that ASPSPs have nothing to gain by introducing systems in the market that do not function well and that there is motivation for ASPSPs to build a 'good' API as a first step on the road towards Open Banking. The issue however is that right now no one seems to be able to say what a 'good' API looks like. A TPP representative in reply to this pointed towards the status of UK Open Banking where new "APIs" have significantly worse customer journeys and conversion rates than using direct access to the customer-facing online interfaces (also referred to as "screen scraping") and that the TPP representatives in API EG have been very clear on what a "good" API looks like.

J. Whittle remarked that the API EG is well placed to assist the market to better understand what 'good' looks like. If there are interfaces that are under development that are not good enough then the API EG can work with willing ASPSPs to help to identify improvements and provide practical leadership.

The EC representative noted that it would be unfortunate if an API would materially reduce the PSU usability of the services TPP provide today, resulting in excessively complex user journeys. APIs should result in increased security and in a greater number of markets being served. The material impact on the market in September 2019 is an important issue. The process of public consultation is a useful mechanism to highlight the issues. The EBA is supportive of working on understanding what solutions can be considered to these issues and sees an important role for the API EG in that regard.

The EBA also clarified that all the different conditions set out on the draft Guidelines need to be met in order for an ASPSP to obtain an exemption to the fallback solution. A TPP representative reminded that being widely used was one of those conditions and commented that for them the key question is whether their business will survive from 'day 1'.

J. Whittle noted that the API EG can make a difference as far as the implementation phase is concerned. He continued by saying that the API EG should focus on defining what good enough looks like for key markets. The API EG indeed needs to focus on where it has the biggest impact and take into account the role it can play as an early warning.

The ECB reiterated that the aim of the API EG is to come up with guidance for the API initiatives. The API EG should continue this work as a way to harmonise APIs.

Opinion on the implementation of the RTS on SCA and CSC

The EBA clarified that the Opinion is definitive and hence the API EG could only seek clarification of what is expressed in this document.

The discussion mainly focused on the statements in the Opinion related to redirection.

The EuroCommerce representative remarked that following the publication of the EBA clarification the market will see redirection as a closed topic as it is stated that it is not an obstacle. The EBA commented that all the previous API EG discussions on this topic had been taken into account and that in the end it was agreed (including by the EC) that redirection as such (per se) was not an obstacle. It can become an obstacle depending on the quality of the implementation and as stated in the draft guidelines the EBA is suggesting that ASPSPs should provide evidence that it was not. The EBA furthermore reiterated that national competent authorities (NCAs) can only assess what is in the legal text. They added that the legal text does not ban redirection.

TPP representatives however reiterated their views that redirection is not technology neutral, blocks innovation (e.g. cannot accommodate voice-based payments) and that it adds unnecessary extra steps by definition. As such it is seen as an obvious obstacle per se by the TPP representatives unless an embedded approach is offered in parallel.

The EC representative commented that NCAs in the context of granting an exemption to the fallback will need to consider the feedback from both the TPPs and the ASPSPs. He added that it would be helpful if TPPs could clearly document the challenges faced. The EBA agreed and asked TPPs to provide them with practical examples.

J. Whittle questioned whether the API EG could imagine saying that an implementation of a dedicated interface based on redirection would be good enough. The TPP representatives were of the opinion that this would be unlikely.

A TPP representative also commented that the embedded method is what sets them apart from ASPSPs (i.e. the business case). The EBA however remarked that it needs to provide a holistic approach for 28 markets and that the 28 EU Member States markets are diverse. They moreover stated that in some markets redirection is the only method customers currently favour and that ASPSPs cannot be asked to accommodate all different methods. TPPs commented that this is a reflection of unacceptable behaviour in such markets where customers were deprived from appreciating the advantages of the embedded method and instead forced to use the ASPSP user interface rather than the TPP's. This is not about right or wrong or good or bad. It is essential for PSUs (and therefore implicitly for TPPs) to have a choice.

In addition, according to a TPP representative the statement in the Opinion on the identification of the payment service user (PSU) is too narrow. Additional information besides name and IBAN is needed from a fraud mitigation point of view, both from an AIS point of view where otherwise the payment account data is decoupled from the identity of the payment service user, opening up a big fraud opportunity, and from a PIS point of view where otherwise systematic fraud (by letting payments fail) would emerge. This would be a typical example of where post the application of RTS existing services would be worsened and subject to worse security compared to today's situation. The EBA reiterated that the opinion solely states that any further information does not have to be provided by ASPSPs under PSD2 as they were out of the PSD2 scope.

J. Whittle noted that the API EG should focus on how implementation is done, regardless of whether there is one or multiple standards. As a next step the API EG would need to identify the biggest players in the market on both sides and invite them to work with us to demonstrate what a good dedicated interface is.

List of recommended API functionalities

Following the 8 June 2018 API EG, the subgroup involved with the conversion of the API criteria into a list of questions related to recommended API functionalities was tasked with preparing the conversion of the questions into recommended API functionalities. One of the subgroup members had created a baseline version for review by the other subgroup members. The subgroup had however not been able to reach a consensus on all the recommended functionalities.

The API EG reviewed most of the recommended functionalities and changes were made on-screen. It was agreed that the rationale column could be removed, and that further clarification should be included in the introduction section (e.g. it should be made clear that some functionalities are legally required whereas others are based on market needs and that the list is addressed to API initiatives and not to ASPSPs implementing APIs).

The dedicated subgroup was invited to further update the list of recommended functionalities taking into account the comments made during this meeting and to provide an updated version by 29 June 2018. The API EG would be invited to provide their comments on this updated version by 4 July 2018. The aim would be to publish the finalised list of recommended API functionalities by 6 July 2018 cob on the EPC website. *(Note in editing: this deadline was subsequently extended to 13 July at the request of the ASPSP representatives.)*

Hot topics (API EG 020-18)

The list of hot topics was reviewed in order to reconcile with the EBA clarification documents. J. Whittle reiterated that at the last meeting it had been agreed that for each of the topics a write-up should be prepared.

Topic 1: Authentication (SCA)

The work is completed and published on the EPC website.

Topic 2: AIS data (what data is in scope)

It was commented that this topic is covered in the list of recommended API functionalities and is therefore closed as a hot topic.

Topic 3: Access to payment account information by AISPs (4 times a day)

It was reiterated that this is rather an implementation issue

The EBA representative commented that this topic should be carefully positioned in order to avoid ambiguity and should reflect the clarity provided in the EBA opinion on legal requirements.

It was also mentioned by an ASPSP representative that a brief statement could suffice which states that as per the RTS access to payment account information by AISPs is limited to 4 times a day but that on a contractual basis the number of times could be higher.

TPP representatives reminded that this could break the level playing field of PSD2 if ASPSPs are allowed to push messages instantly. A TPP could potentially push a message to its customers up to six hours after the ASPSP has already done so.

Topic 4: Consent in scope of PSD2 in the context of the GDPR

The work is completed in view of EC clarification provided.

Topic 5: Who applies strong customer authentication (SCA)?

The work is completed in view of the published EBA clarification.

A TPP representative did not agree with the fact that this was no longer a hot topic and hence suggested to reconcile the remaining issues.

Topic 6: The "What" question

The work is completed (also included in the list of recommended API functionalities).

Topic 7: Security & fraud

Topic 7 is now a combination of two hot topics i.e. security challenges and user information needed to mitigate fraud.

Further work is needed in particular in relation to the practical aspects of eIDAS certificates.

It was furthermore agreed that this group should consist of a mix of people with the right skills in order to properly frame the problem space.

Outstanding deliverables

Representative examples of the practical implementation of specific APIs

J. Whittle suggested to invite a representative sample of ASPSPs to come and demonstrate their dedicated interface and to allow the API EG to provide guidance on what good looks like.

The ECB representative noted that care should be taken to avoid mixing up the roles of the API EG and the NCAs. J. Whittle clarified that the API EG cannot give assurances as this is indeed the task of the NCAs, but the API EG could however help ASPSPs to have a better idea of what good looks like working on the practical issues to help streamline the market approach out toward September 2019.

The EBA representative agreed that this should be carefully framed as the API EG guidance cannot replace an NCA decision but that practical market guidance is welcomed.

The EC representative wondered whether this could be organised on the level of the technical expert subgroups. In case of emerging issues these could then be discussed within the API EG. The aim would be to identify potential issues that would stop TPPs using certain APIs and to identify good APIs that could be recommended to others. J. Whittle however commented that this is likely to be a sensitive process and that bringing this to the level of the subgroups could be overly complex and risky.

The API EG concluded that inviting ASPSPs to the API EG to provide a trial-run of their dedicated interface could bring added value, on the condition that it is carefully positioned. A range of issues need to be carefully considered, such as the different types of markets, different business models (ASPSP) and implementation. The co-Chairs (with the help of the EBA) proposed to put some thoughts on paper by 16 July 2018 for the API EG to consider.

Testing framework

J. Whittle suggested to invite the technical expert subgroups to assist with this topic which is less political. As a first step views would need to be gathered on what test environments already exists or are being developed. The API EG co-Chairs proposed to frame this topic towards the subgroups and the ECSAs agreed to mobilise experts to assist.

4. Options for the API EG in terms of next steps

See item 3.

5. AOB

The EPC Director General confirmed that the EPC Board had approved the extension of the EPC secretariat support to the API EG until the end of September 2018. This was welcomed by the API EG.

6. Next meetings dates

The suggestion was made to schedule a meeting at the end of July and end of August 2018. *(Note in editing: Meetings were scheduled on 30 July 2018, 3 September 2018 and 24 September 2018.)*

7. Closure of the meeting

The co-Chairs closed the meeting at around 17h00 CEST and thanked the participants for the constructive meeting.

Annex I: List of attendees

Category	Name	Institution	Attendance
Co-Chairs	James Whittle	NPSO Ltd	Yes
	Oscar Berglund	Trustly Group AB	Yes
TPP Members	Joan Burkovic	Bankin'	Yes
	Aoife Houlihan	Klarna	Yes
	Ralf Ohlhausen	PPRO	Yes
ASPSP Members	Marieke van Berkel	EACB	Yes
	Gijs Boudewijn	Dutch Payments Association (representing EBF)	Yes
	Emil Johansson	Swedbank (representing ESBG)	Yes
PSU Members	Jean Allix	BEUC	Yes
	Just Hasselaar	Ecommerce Europe	
	Pascal Spittler	IKEA (representing EuroCommerce)	Yes
Other Members	Thaer Sabri	EMA	Yes
	Pascale Brien[1]	PayPal (representing EPIF)	Yes
Observers	Ralf Jacob	European Commission	Yes
	Philippe Pellé	European Commission	Yes
	Krzysztof Zurek	European Commission	Yes
	Nilixa Devlukia	EBA	Yes
	Helene Oger-Zaher	EBA	Yes
	Ann Börestam	ECB	Yes
Linking pin with technical experts	Arturo G. Mac Dowell	Eurobits	Yes
Guest	Lorenzo Gaston	Gemalto (Convenor ISO TC 68 / SC2 / SG1 TPP)	Apologies
Secretariat	Etienne Goosse	EPC	Yes
	Christophe Godefroi	EPC	Yes

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[1] Alternate to Krzysztof Korus

Annex II: Action points of the 10th meeting of the API EG

Item	Action	Owner	Status / Deadline
10-01	Update the list of recommended API functionalities	Dedicated subgroup	28 June 2018
10-02	Distribute the updated version of the list of recommended API functionalities to the API EG	EPC secretariat	29 June 2018
10-03	Provide final comments on the updated version of the list recommended API functionalities	API EG	4 July 2018
10-04	Prepare proposal on how to engineer and socialize the 'implementation' approach.	API EG co-Chairs /(EBA)	16 July 2018
10-05	Frame the testing topic towards the technical expert subgroups	API EG co-Chairs	In due course
10-06	Mobilise experts to work on the testing framework	ECSAs	16 July 2018

Annex III Meeting Calendar

2018	API EG Meetings
January	**29 January 2018 (11:00-16:00 CET)** EPC, Brussels
February	**22 February 2018 (10:00-12:00 CET)** Conference call
	27 February 2018 (13:30–18:00 CET) – preceded by lunch as from 12:45 CET EPC, Brussels
	28 February 2018 (9:00-10.30 CET) **28 February 2018 (11:00-16:00 CET) API Evaluation Workshop with 5 API initiatives** EBF, Brussels
March	**27 March 2018 (09:00-17:00 CEST)** Brussels – EPC
April	**12 April 2018 (10.00-11.00 CEST)** - Conference call **23 April 2018 (10.30-17.00 CEST)** - EPC, Brussels
May	**14 May 2018 (10.30-18.00 CEST)** - EPC, Brussels **24 May 2018 (11.00-12.00 CEST)** – Conference call with API initiatives
June	**8 June 2018 (10.30-17.00 CEST)** – Hotel Warwick, Brussels **25 June 2018 (10:30-17:00 CEST)** – EPC, Brussels
July*	**11 July 2018 (11:00-13:00 CEST)** – Conference call **30 July 2018 (10:30-17:00 CEST)** – EPC, Brussels
August	
September*	**3 September 2018 (10:30-17:00 CEST)** – EPC, Brussels **24 September 2018 (10:30-17:00 CEST)** – EPC, Brussels

(* Note: the July and September dates were communicated after the 25 June meeting)