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# **Summary of the 24<sup>th</sup> Meeting of the API Evaluation Group**

## **3 December 2018, 10h30-16h00 CET EPC, Cours Saint-Michel 30A, 1040 Brussels**

**(Approved by the API EG Members)**

### **1. Welcome**

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

### **2. Approval of the agenda**

The agenda was approved without any comments.

### **3. Updates as relevant from EBA and EC**

The European Commission (EC) representative reported the following in relation to the 29 November 2018 meeting with Vice President (VP) Dombrovskis:

- The intention of the meeting was to reflect on the current state of play in relation to API based access to accounts and how to ensure a smooth transition. Risks and possible mitigation measures were also discussed. The aim was also to find a way on how to maximise and materialise opportunities for all the stakeholders.
- Discussion on how the work of the API EG could be continued (via another body).
- Questions were raised about the 14 September 2019 implementation date and on how to it could be ensured that there would be no further investment requirements for account servicing payment service providers (ASPSPs).
- ECB proposal to promote API's that go beyond minimum legal requirements, via the establishment of a scheme. The discussion concerning such a scheme should take place in a different setting.
- Lunch discussion in relation to the fact that customer authentication is key and the need to move to a more convenient way of performing strong customer authentication (SCA) as some solutions are quite cumbersome.

In relation to the above, a third-party provider (TPP) representative commented that it was also discussed to move to easier or even invisible credentials (in which case the embedded solution would no longer be required).

D. Haubrich informed that in the coming months the EBA will focus on supervisory work regarding the assessment linked to the performance of API interfaces. This will include taking a closer look - together with the 28 national competent authorities (NCAs) - at the issues ASPSPs, TPPs and other stakeholders are experiencing as they are going through the testing phase.

The EBA is keen to set up a new group in the beginning of 2019 in order to be able to identify issues that will emerge as the industry is preparing for the application date of the Regulatory Technical Standards (RTS) on strong customer authentication (SCA) and common and secure communication (CSC) under PSD2. This new group would also allow external stakeholders to propose solutions on how these issues could be resolved, which NCAs and the EBA can then consider. The group will be chaired by the EBA and comprised of NCA representatives and a variety of external stakeholders (to be decided). It is expected that a call for candidates will be issued in due course. The meeting frequency has not yet been decided but will be rather issue driven. At this point in time it is also not yet decided how the EBA will disseminate information related to this group to the industry. The overall aspiration of the creation of this group is to provide clarity to the market.

A TPP representative commented that it would be in particular important to reach a consensus about the standardisation of a testing framework. The EBA representative replied that the EBA could for example help in setting boundaries (concerning what is considered to be proper testing). He added that if there are ASPSPs that would not be ready to start testing in March 2019 that this would be something the EBA would like to hear about.

The EBA reiterated that its Final Guidelines on the conditions to benefit from an exemption from the contingency mechanism are expected to be published before the end of 2018 as well as an Opinion on the use of eIDAS certificates under PSD2. Besides this the EBA will mainly communicate with the industry via its Q&A tool and does not intend to publish any other legal instruments in the period leading up to the application date of the RTS on SCA & CSC.

#### **4. Debriefing on the 29 November 2018 meeting with the Vice President of the European Commission**

See section 1 for the feedback provided by the EC.

J. Whittle had been invited to provide a short update in relation to the API EG and as such he had reported on the following topics:

- The API EG has done a great job to surface issues.
- The API EG has recently published its list of recommended functionalities (RFs).
- Not one single APIII supports all the RFs.
- Agreement that fragmentation is not good but not yet able to reconcile on what good looks like. This will however be needed for the next phase.
- The biggest risk is that APIIs do not support RFs that are legally required.
- What if the September 2019 deadline cannot be met for example due to testing taking longer than expected.

He also informed that nobody had made strong points about the need of alignment between the APIIs. Two concerns that had been conveyed are the possible changes to the RFs in view of pending EBA clarification as well as the possible lack of consistency in relation to exemption granting in different markets.

O. Berglund had attended this meeting also as TPP representative. He informed that he is in favour of the EBA proposal to chair this new group which in his view should indeed be composed of participants with technical expertise as the discussion on API implementation will be highly technical. He however expressed a concern that the ECB's

proposal to establish a scheme could lead to a situation whereby firms would become less active in the coming months in the domain of access to accounts (in anticipation of the development of a scheme).

An ECSA representative added that the e-payments landscape had also been discussed during the 29 November 2018 meeting with the EC's VP. It had been stated that on the one hand there is the need for making the September 2019 deadline work and on the other hand there is the need to look at the e-payments landscape in a wider context. Additionally, there is also the topic of going beyond PSD2 into the area of Open Banking (after September 2019).

Following a comment from a TPP representative in relation to the fact that there exist different interpretations of the EBA's Opinion, the EBA commented that the Opinion provides clarification on the implementation of the legal requirements in the RTS, that are agreed by all 28 NCAs and that it would be quite challenging to come to one harmonised view of market participants.

The EC commented that the legal framework allows for different solutions. So, if there is goodwill on all sides then the legal framework should not stop someone from finding a good solution. Regarding the aforementioned interpretation issue it should be noted that interpretation needs to be done in such a way that the goal of the Directive is met.

A TPP representative highlighted that the industry cannot wait until an API scheme has been developed as this might take two to three years. He added that it had been agreed at the 29 November 2018 meeting that 'good enough' would be determined by the fact that there would not be a deterioration of service to the (TPP's) customers. He continued by saying that minimal compliance with explicit requirements in the RTS is just not good enough as there are also RFs that are 'implicitly' legally required as otherwise obstacles to the provision of PIS/AIS in the meaning of Article 32 of the RTS would be erected. The only question would then be on how to define an obstacle in case of implicit requirements. The EBA representative informed that the anticipated Guidelines on exemptions will provide further clarity on what constitutes an obstacle.

An ECSA representative mentioned that BEUC had been very vocal during the meeting with the EC's VP in particular on the need for the payment service user (PSU) to have full control of its consent. She was hence of the view that it would make sense that BEUC would also be present in the new EBA group as well as the APIIs. The EBA informed that they are looking on how to involve the APIIs in the new group.

A TPP commented that the RF list is a minimum list and not a wish list.

J. Whittle was of the view that a minimum level of consistency is something to strive for and that in the next phase there will also be challenges due to the fact that there is no one-size-fits-all solution i.e. what is good enough in one market might not be in another. He added that one of the priorities would probably be the onboarding process. He hence questioned what role the API EG could have in order to wrap up the RF document ready for the next phase.

The EBA representative commented that the RF document is now in the public domain and the EBA together with the NCAs have started to discuss it. He congratulated the API EG with this achievement but added that group may want to consider what, if any, role it would see for itself in the next phase. In relation to market practices, he informed that the EBA has a keen interest in ensuring a balanced representation in its new group.

Moreover, the EBA also receives feedback from the 28 NCAs and hence it will consider existing market differences, where relevant. In relation to possible prioritisation of topics, the EBA expects to be guided by the industry.

The EC representative saw the following priorities:

- Short term (September 2019 deadline): ensure continued provision of TPP services in the markets where they are present.
- Long term: look at markets where TPP access to accounts is more difficult (as all markets should be open in the same way).

The EC representative was of the view that potentially the API EG could reach out to the APIIs to explain the importance of the RFs (as time is of the essence). He also added that it is not expected that there will be a public statement concerning the 29 November 2018 meeting with the VP.

J. Whittle noted that with the creation of the new group there could be a risk of creating a void due to a lack of industry collaboration. The EBA representative commented that the new group will not be able to solve all problems and as such the industry still needs to get together (but this is not necessarily a role for the EBA). In relation to the risk of APIIs ignoring the RF document the EBA was of the view that this could be addressed in case the APIIs would be involved in some way in this new group.

An ECSA representative stated that she was not in favour of creating another institutionalised industry group in view of the fact that her members will primordially focus on implementation in their respective national markets and NCAs. A Retailer representative was afraid that in case of a national focus the concerns of the retailers would be ignored and hence the risk of fragmentation would increase. The ECSA representative commented that since the plan of the new ERPB group is to discuss a scheme the focus will automatically be pan-European.

As the APIIs are the key to unlock outstanding issues J. Whittle suggested to potentially ask them to create an overarching framework to elevate the industry level conversation for the September 2019 deadline. He added that the API EG had unfortunately fell short of its goal to achieve greater harmonisation among APIIs. The EC representative reacted by saying that the main task of the API EG had been to clarify to the APIIs what they have to deliver in order to be considered 'good enough' and that this the group had successfully delivered. He however added that several APIIs go beyond what is strictly required and offer value added services. This could also be potentially a topic for the API scheme.

## 5. Feedback from API Initiatives

The input from the Slovak Banking APII, which was received after the 9 November 2018 publication of the RFs, was shared with the API EG prior to the meeting.

The API EG discussed the impact and agreed to create an updated version of the RF document in order to incorporate the input from the Slovak APII in column 7 (see Annex IV) as well as include a change history section.

The updated version will be sent for final review to the API EG prior to its publication on the EPC website. It was questioned whether the document would need to be further updated when EBA clarification has been received regarding pending topics in the list of

RFs (i.e. RFs for which “In the process of clarification by the EBA” is written in column 5). However, if the API EG does no longer exist then this would not be an option. The EBA commented that the requirements will keep on evolving and the more the API EG would act in a way as if changes will continue to be made to the RFs, the higher the risk that people will wait for input from the API EG before doing anything.

The EC representative commented that there is a need for a user-friendly document on what the API needs to deliver. This could be something to think about in the context of the new EBA group also to bring together all questions and answers related to the RF in one place (as a way to create a living document).

### 6. Decision on next steps

In order to address the gap (and associated risk) between the period of wrapping up the API EG and the kicking-off the new EBA group, J. Whittle wondered if it could make sense to create a Sherpa group consisting of API EG members to assist the EBA during the transitional period in creating its new group. This could also be a way to ensure that the API EG’s deliverables are kept up to date. An ECSA representative commented that resources are needed to keep these documents alive and that this effort would not be offset by much more clarity to the market.

The EC representative reiterated that the role of the APIEG in the transitional period could be to reach out to the APIIs to stress that it would be problematic if certain functionalities would not be supported. O. Berglund mentioned that the API EG co-Chairs had already reached out to the APIIs and that in most cases the reaction had been that they could not commit to supporting all the RFs.

The EMA representative commented that in the past the API EG had also touched on addressing risks related to fraud and inter-PSP communication and identification. He added that there could maybe still be some room for the API EG to continue on these topics until there is a new group to ensure continuity in terms of individuals participating in the API EG.

In the end it was agreed that it could be good practice for the API EG to be put in a holding spot where if needed it could still react in case of any burning issues (e.g. following publication of further EBA clarification). Moreover, there was general consensus on the added value in case the EC (instead of the API EG) would directly contact the APIIs.

The EC representative informed that he would look into the possibility of having the EC’s VP write a letter to the APIIs. Also, he will investigate whether a meeting could be planned during the transition period with the APIIs (and with the EBA and some API EG members) in order to explain the EC’s expectations in relation to the RFs. The EBA agreed with this suggestion but added that such a meeting should take place before the first meeting of the new EBA group. J. Whittle commented that there is a need for a common API standard and that the help of the EC in this regard would indeed be very welcome. As a first step the co-Chairs will also reach out to the APIIs to give them a status update of the API EG.

Next, the API EG continued its discussion on the topic of an API scheme, its scope and the motivation behind it. It was commented that the ECB’s intention is to go beyond payment accounts and move to Open Banking as a next step.

The EC representative noted that it should be clarified what it is the scheme needs to achieve. For the ECB it is mainly about standardisation, but a quick solution should also be found for another issue which is the access to other accounts.

O. Berglund said that a scheme should not be needed for TPPs to provide good services and it should be kept in mind that a scheme is a fee-based arrangement.

J. Whittle questioned whether a scheme is needed to make PSD2 work or whether it is needed to do additional things outside PSD2.

A TPP representative noted the difference in terminology between a scheme for payment access versus payment schemes. He could see the value of an API scheme but then also other regulations such as GDPR (which focuses on all type of accounts including social media accounts) should be looked at. The EBA representative commented that a change in European law would be needed in order to extend the PSD2 requirements to non-payment accounts, and that hence a first step in this direction would need to be taken by the EC. The EC on the other hand was in favour of letting market players get on with it first before starting to work on a legal framework.

An ECSA representative commented that a scheme is a way to avoid chaos in the market and to ensure harmonisation and added value towards PSUs.

A Retailer representative stressed that what is needed is a common approach on governance and business models in order to provide trust to customers to use it.

J. Whittle agreed that scheme development might be necessary at some point and wondered whether there would be things that could be injected in the scheme that are part of the legal framework (e.g. fraud). In addition, market facing rules could also be something to look at in this context.

The EC's sense is that an API scheme would be an important step as currently it is still unclear in which direction the industry needs to move. To this end, the ECB will need guidance from the market on what is important (including working methods). He informed that the idea of a scheme had initially been introduced at the 28 November 2018 Euro Retail Payment Board (ERPB) meeting (which was just one day before the EC's VP meeting). It is related to a standardisation objective and the objective of covering value added services. The EC is of the view that it would be helpful if this work could start soon and hence the EC would be interested in sitting together with the ECB, the EBA and other key players to see what can be done with the scheme idea. The EBA confirmed that they would want to be involved but that during the next nine months their main focus will be on PSD2 and the RTS implementation.

J. Whittle agreed that it would be important to clarify to the ECB that a step by step approach would be needed and that the first step could be to look at value added services that fall outside the legal perimeter of PSD2.

## 7. Summary and way forward

The updated RFs (based on input from the Slovak APII) will be distributed for final review to the API EG prior to their publication on the EPC website.

The API EG has held in principle its last meeting in view of the fact that it has fulfilled its core mandate. However, in anticipation of the creation of new EBA group on API in

early 2019, the API EG will move to a 'ready to react' mode in case any critical issues arise.

The API EG co-Chairs will provide an update on the current state of play to the APIs.

### **8. AOB**

No other business was discussed.

### **9. Closure of the meeting**

The co-Chairs closed the meeting around 15h30 CET and thanked the participants for their valuable contribution throughout the year to the API EG. The API EG equally thanked the co-Chairs and the secretariat for all their efforts.

**Annex I: List of attendees**

Category	Name	Institution	Attendance
Co-Chairs	James Whittle	Pay.UK	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
	Anni Mykkanen <sup>1</sup>	EBF	Yes
	Emil Johansson	Swedbank (representing ESBG)	Yes
PSU Members	Jean Allix	BEUC	Apologies
	Juliette Beaulaton <sup>2</sup>	Ecommerce Europe	Yes
	Pascal Spittler	IKEA (representing EuroCommerce)	Yes
Other Members	Thaer Sabri	EMA	Yes
	Pascale Brien <sup>3</sup>	PayPal (representing EPIF)	Yes
Observers	Ralf Jacob	European Commission	Yes
	Remo Croci	European Commission	Yes
	Dirk Haubrich	EBA	Yes
	Helene Oger-Zaher	EBA	Yes
	Larisa Tugui	EBA	Yes
Linking pin with technical experts	Arturo G. Mac Dowell	Eurobits	Yes
Guest	Lorenzo Gaston	Gemalto (Convenor ISO TC 68 / SC2 / SG1 TPP)	Yes
Secretariat	Etienne Goosse	EPC	Yes
	Christophe Godefroi	EPC	Yes

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<sup>1</sup> Alternate to Gijs Boudewijn

<sup>2</sup> Alternate to Just Hasselaar

<sup>3</sup> Alternate to Peter Cornforth

**Annex II: Action points of the 24<sup>th</sup> meeting of the API EG**

Item	Action	Owner	Status / Deadline
24-01	Provide an API EG status update to the APIIs	API EG co-Chairs / EPC secretariat	4 December 2018
24-02	Send an updated version of the recommended functionalities for final review to the API EG	EPC secretariat	5 December 2018
24-03	Publish the updated version of the recommended functionalities on the EPC website	EPC secretariat	10 December 2018

## Annex III Meeting Calendar

<b>2018</b>	<b>API EG Meetings</b>
<b>January</b>	<b>29 January 2018 (11:00-16:00 CET)</b> EPC, Brussels
<b>February</b>	<b>22 February 2018 (10:00-12:00 CET)</b> Conference call
	<b>27 February 2018 (13:30–18:00 CET) – preceded by lunch as from 12:45 CET</b> EPC, Brussels
	<b>28 February 2018 (9:00-10.30 CET)</b> <b>28 February 2018 (11:00-16:00 CET) API Evaluation Workshop with 5 API initiatives</b> EBF, Brussels
<b>March</b>	<b>27 March 2018 (09:00-17:00 CEST)</b> Brussels – EPC
<b>April</b>	<b>12 April 2018 (10.00-11.00 CEST) - Conference call</b> <b>23 April 2018 (10.30-17.00 CEST) - EPC, Brussels</b>
<b>May</b>	<b>14 May 2018 (10.30-18.00 CEST) - EPC, Brussels</b> <b>24 May 2018 (11.00-12.00 CEST) – Conference call with API initiatives</b>
<b>June</b>	<b>8 June 2018 (10.30-17.00 CEST) – Hotel Warwick, Brussels</b> <b>25 June 2018 (10:30-17:00 CEST) – EPC, Brussels</b>
<b>July</b>	<b>11 July 2018 (11:00-13:00 CEST) – Conference call</b> <b>18 July 2018 (11:00-13:00 CEST) – Conference call</b> <b>30 July 2018 (10:30-17:00 CEST) – EPC, Brussels</b>
<b>August</b>	<b>24 August 2018 (12:00-14:00 CEST) – Conference call</b> <b>28 August 2018 (15:00-17:00 CEST) – Conference call</b> <b>31 August 2018 (11:00-13:00 CEST) – Conference call</b>
<b>September</b>	<b>3 September 2018 (10:30-17:00 CEST) – EPC, Brussels</b> <b>18 September 2018 (15.30-17:00 CEST) – Conference call</b> <b>24 September 2018 (10:30-17:00 CEST) – EPC, Brussels</b>
<b>October</b>	<b>3 October 2018 (10:00-17:00 CEST) – EPC, Brussels</b> <b>11 October 2018 (14:00-15:30 CEST) – Conference call with API initiatives</b> <b>30 October 2018 (10:30-12:00 CET) – Conference call</b>
<b>November</b>	<b>8 November 2018 (10:00-17:00) – Sheraton Brussels Airport</b>
<b>December</b>	<b>3 December 2018 (10.30-16:00 CET) – EPC, Brussels</b>

**Annex IV: Recommended functionalities header (based on version 9 November 2018 which was published on the EPC website)**

1. EBA Opinion Table 1 Main requirements	2.Relevant articles	3. Recommended Functionality description	4. Common recommendation to be supported by API initiatives to achieve cross market consistency and harmonisation between specs (y = Yes should be supported)	5. Functionalities specific to ASPSPs seeking to meet the conditions for an exemption (Y = Yes should be implemented as explicitly legally required and as such to meet the conditions for an exemption / N = Not explicitly required to meet the conditions for an exemption but relevant to good market facing outcomes	6. Market facing commentary to inform considerations for implementing a good API for customers (specific comments attributed to ECSAs = European Credit Sector Associations (EBF, ESBG, EACB), BEUC = the European Consumer Organisation, TPPs = AISP and PISP providers, Retailers = EuroCommerce and Ecommerce Europe)	7. Coverage of recommended functionalities (RF) by API Initiatives (Berlin Group / NISP, Open Banking UK, STET, Polish API Initiative) (Note: number indicates how many out of a maximum of 4 API initiatives support the individual functionality based on their input to the API EG)
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