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**Open Finance: towards a fully open
ecosystem serving financial innovation**

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Speakers



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- Managing Director at CBI S.c.p.a
- Vice-Chair UN/CEFACT for the International Supply Chain PDA
- Italian UNINFO Delegate and UNECE Liaison Rapporteur of ISO Technical Committee 68 Financial Services and member of ISO 20022 RMG
- Opinion leader of Transaction Banking, Fintech, Electronic Payments, and Open Banking.

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About CBI



Over 20 years of history - 400 banks and other intermediaries as shareholders



Develops infrastructures, innovative services and ecosystems for the financial and banking industry in a B2B2C perspective



facilitates corporates in carrying out cash management activities



online payment of bills and public administrations payment notices



simplifies the digital dialogue between PSPs and Fintechs whilst developing open finance services



Simplifies telematic dialogue – banks, businesses and public administration



Supervised by the Bank of Italy

UN/CEFACT Finance & Payment Domain



Business processes and development of trade facilitation and electronic business solutions, focussing on finance and payment services standardization.

Using the UN/CEFACT Buy-Ship-Pay Model, the Domain looks into the payment and supply chain finance phase (Pay phase).

Recent projects:

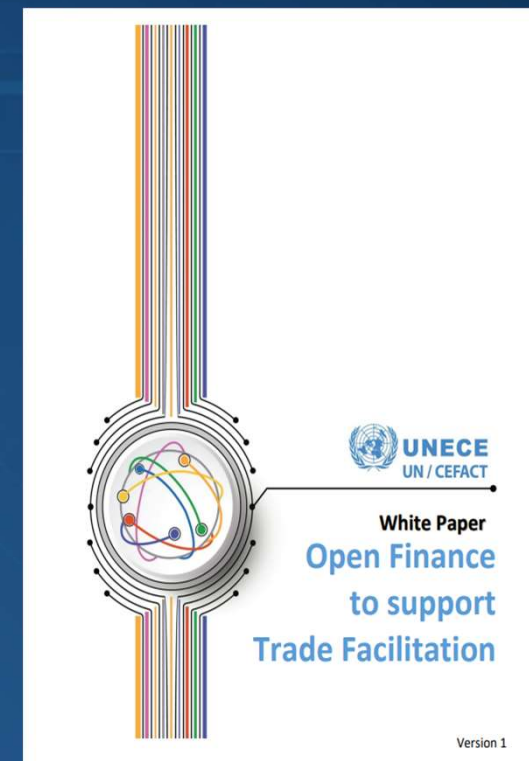
White paper on Open finance to support trade facilitation

Publication date: June 2022

Download available at: [Guidance Material | UNECE](#)

This white paper investigates the economic paradigms of open banking and open finance in order to understand how they can back trade worldwide.

It provides an overview of open banking in the European Union and in seven countries. In addition to defining fintech and open finance, the paper describes open finance use cases for trade facilitation and suggests ways forward for policy and decision-makers.



Open Finance: towards a fully open ecosystem serving financial innovation



This seminar is based on the findings of the «Global Open Finance Report», published in March 2023 by CBI and PwC.



The report is available in two versions: Italian and English.

To download the full Report click at the following link, you first need to login/ register on CBI official website:

<https://www.cbi-org.eu/Media-Events/Report-and-Research>.

Open Finance: towards a fully open ecosystem serving financial innovation



Part I - Global landscape

- The Financial Evolution: from Open Banking to Open Finance
- Open finance at a glance
- A snapshot on selected countries

Part II - Open Finance in Europe

- Regulation and multistakeholder initiatives
- Offerings, actors and trends
- The role of collaborative initiatives

Part III - Interesting use-cases to support Trade Facilitation

- CBI GO
- Name Check
- Check IBAN Cross-border

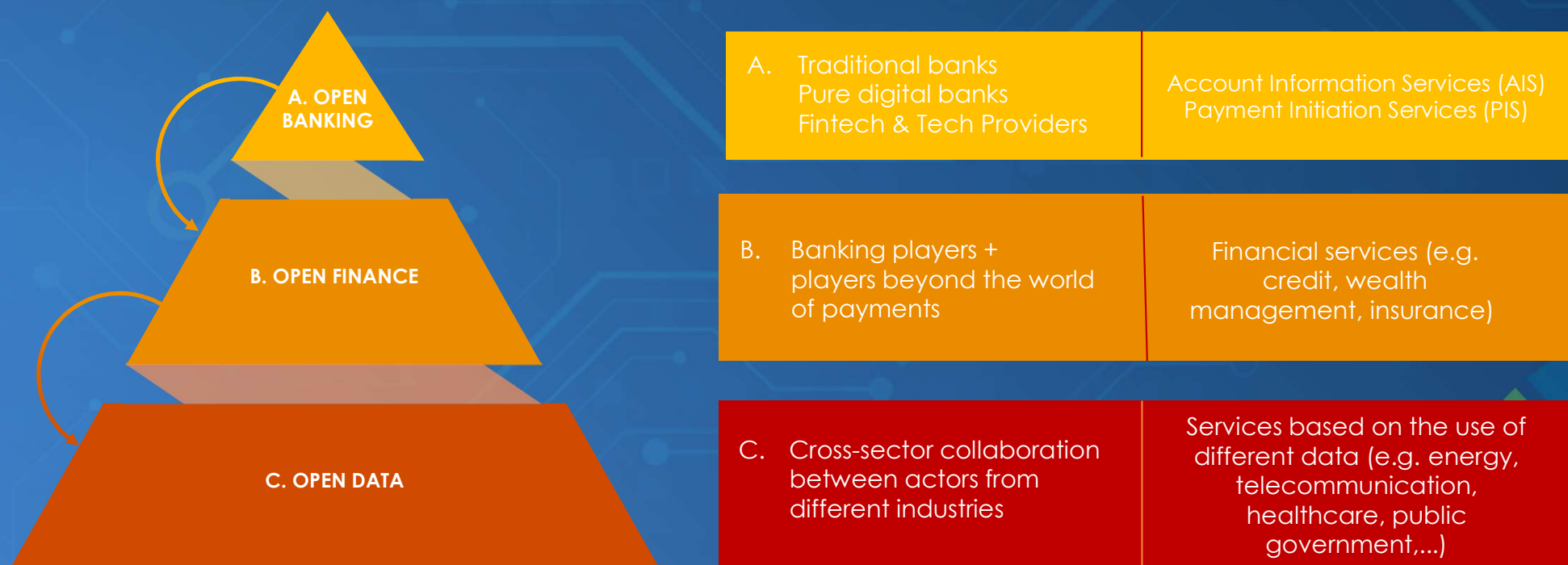
Part IV - Towards an Open Future: main challenges and food for thought

Part I - Global landscape

The Financial Evolution: from Open Banking to Open Finance



Open Finance represents the next step in the evolution of Open Banking towards a fully Open Ecosystem.



Part I - Global Landscape

Open Finance at a glance



Open Finance can be defined as the extension of Open Banking which translates into a wider sharing of financial data (no longer just payments ones) among players in Financial Services (not only banking ones), enabling third-party access to an increased range of services/products in addition to an enrichment of more complex services tailored to customer needs



Regulations are increasingly supporting “Open Finance” Framework adoption at country level..



Also leveraging on the initiatives carried out by both standardization and collaborative initiatives..



That translated into an increasing innovative degree across the financial services industry overall

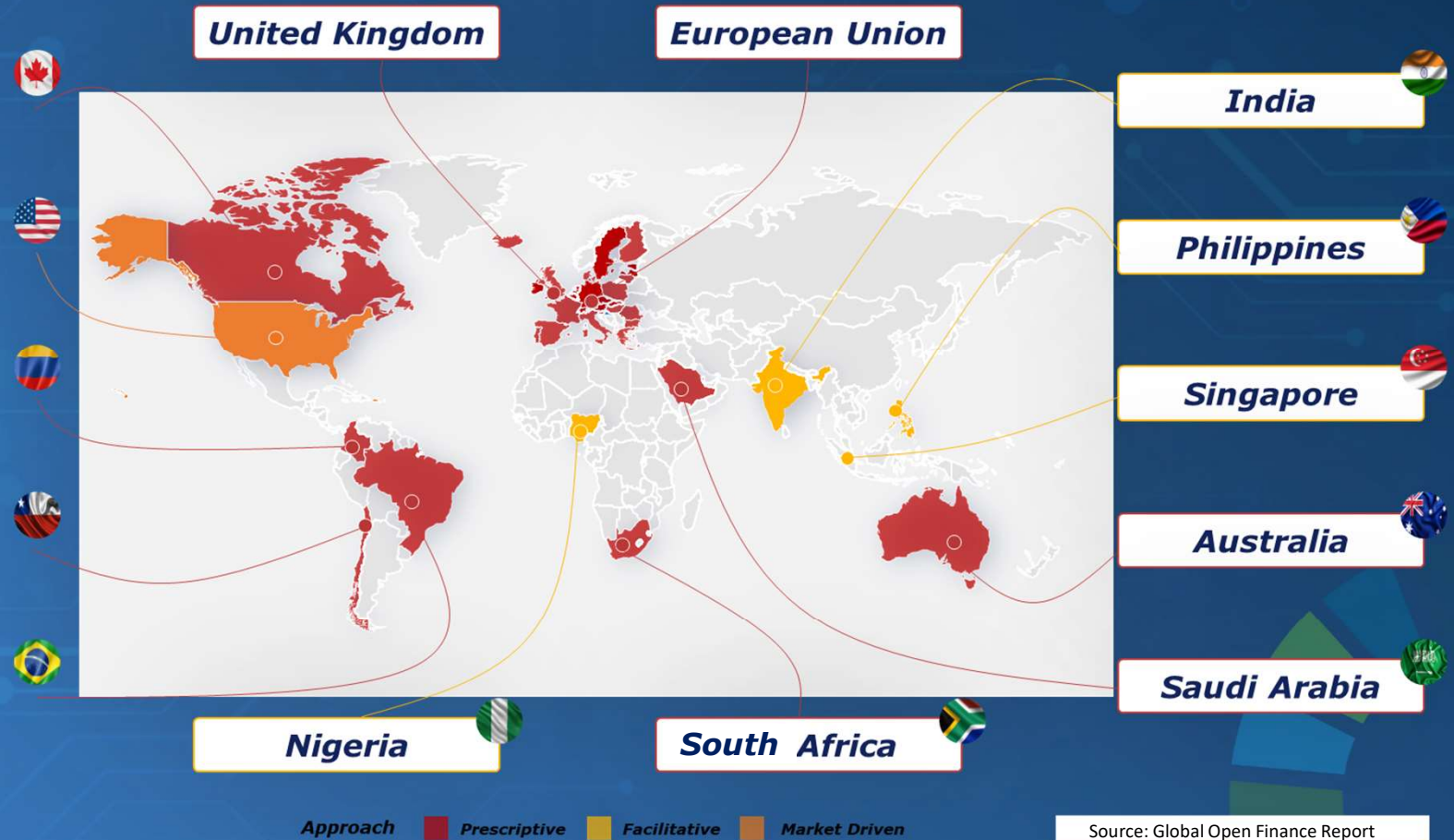
Part I - Global Landscape

A Snapshot on some countries



At a global level, three main approaches have been identified:

- Prescriptive
- Facilitative
- Market Driven



Source: Global Open Finance Report

Part I - Global Landscape



Canada

In 2021, Canadian authority published an Advisory committee's report on an Open Finance roadmap framework with an expected go live date in January 2023.



USA

Even though USA have a Market Driven approach to Open Finance, recently the Consumer Financial Protection Bureau designated it as part of its 2022 regulatory priorities.



Colombia

Following Mexico and Brazil, in July 2022 Colombia's Financial Industry Regulator issued an Open Finance regulatory framework.



Chile

In 2021, Government of Chile presented a draft of the "Fintech Bill" that is paving the way for an Open Finance Legislative Framework.



Brazil

In 2020, Brazil Central Bank established a legislative framework on Open Finance (expected to be fully in place by 2022). In 2021, the Open Insurance framework implementation has been started



Nigeria

In 2021, the Central Bank of Nigeria (CBN) established a legislative framework to support the market in developing Open Banking & Finance initiatives



South Africa

In 2020, the FSCA has expressed its position on Open Finance and the potential inclusion of Open Finance Regulatory Provisions in the Law on the Conduct of Financial Institutions



UK

UK is the first nation that have adopted Open Banking and the pioneer in innovation towards Open Finance.



Singapore

Singapore is the leading Asian Fintech hub issuing Open API standards to facilitate financial data sharing and interaction, opening Open Finance regulatory sandbox



India

The Indian government is continuously supporting Open Banking & Finance adoption through cross-sectorial initiatives (e.g. UPI, Adhaar, Open Credit Enabler)



Australia

Australia adopts a structured legislative framework from 2019 that cover both Banking and Financial products and data beyond the Banking & Financial Sector*

Part II - Open Finance in Europe

Regulation and multistakeholder initiatives

How the European Commission is approaching "Open Finance"



DIGITAL FINANCE PACKAGE

EUROPEAN DATA ACT

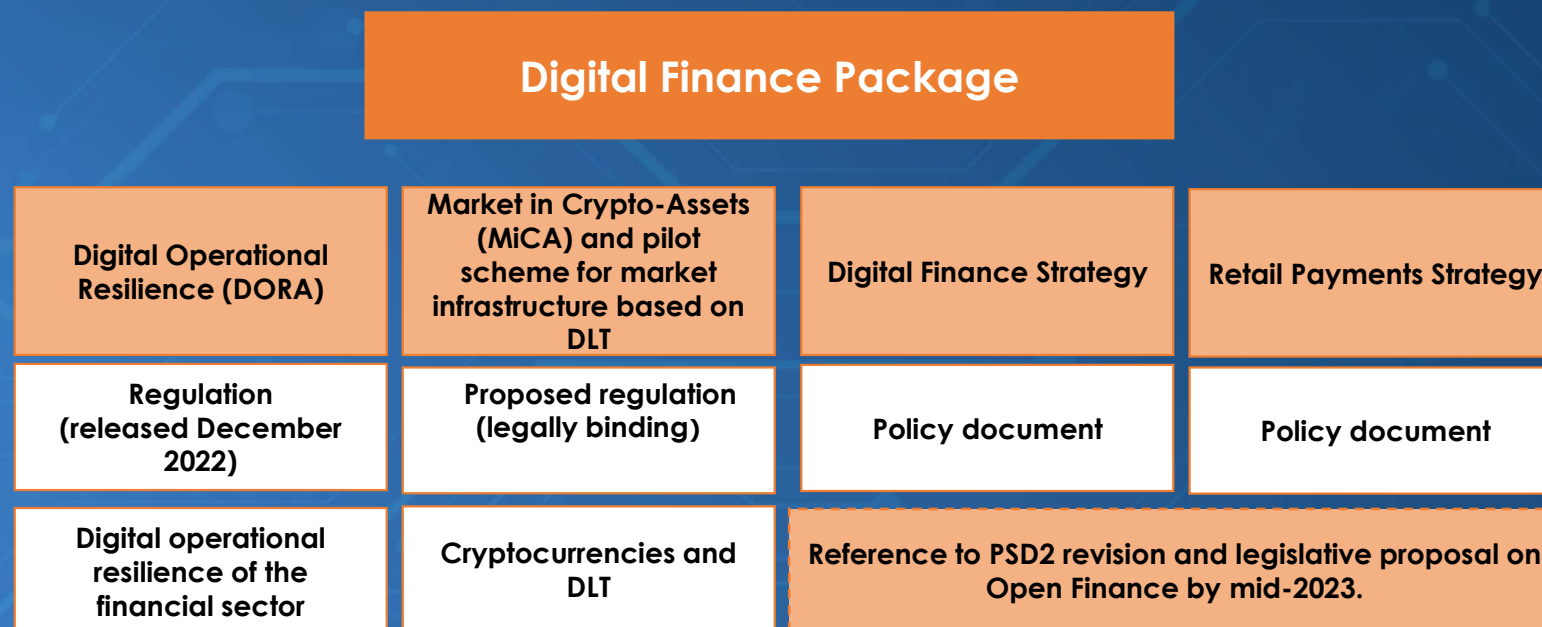
OPEN FINANCE FRAMEWORK



Part II - Open Finance in Europe

Regulation and multistakeholder initiatives

The Digital Finance Package was released by the European Commission (DG FISMA) on September 24, 2020.



Part II - Open Finance in Europe

Regulation and multistakeholder initiatives



The **European Data Act** was released by the European Commission (DG FISMA) on February 23, 2022.

Data Act Proposal

Measures to allow users of connected devices to gain access to data generated by them

New rules allowing customers to effectively switch between different cloud data-processing services providers and putting in place safeguards against unlawful data transfer.

Business and industrial players will have more data available and benefit from a competitive data market.

Measures to rebalance negotiation power for SMEs by preventing abuse of contractual imbalances in data sharing contracts.

Reviews certain aspects of the Database Directive (1990s), to protect investments in the structured presentation of data.

Aftermarkets services providers will be able to offer more personalised services, and compete on an equal footing with comparable services

Means for public sector bodies to access and use data held by the private sector

Consumers and businesses will be able to access the data of their device and use it for aftermarket and value-added services, like predictive maintenance.

In support of the European strategy for data, the Commission has also published an [overview of the common European data spaces](#)

Part II - Open Finance in Europe

Regulation and multistakeholder initiatives



The European Commission is working on a proposal of a regulation for an **Open Finance Framework**.

This initiative aims to enable data sharing and third party access for a wide range of financial sectors and products, in line with data protection and consumer protection rules. It is based on the principle that financial services customers own and control the data they supply and the data created on their behalf.

In 2022 the Commission carried out a Targeted consultation on open finance framework and data sharing in the financial sector.

On 18 October 2022, the European Commission published the Commission Work Programme 2023, where a legislative proposal on an Open finance framework is scheduled to be delivered in the **second quarter of 2023**.

Part II - Open Finance in Europe

Regulation and multistakeholder initiatives

How multistakeholder institutions are moving in the Pan-European area



ERPB
EUROPEAN RETAIL
PAYMENTS BOARD



The SEPA
Payment Account Access Scheme



Focus next slide

KEY OBJECTIVES



Improve **Customer Experience**



Enhance **Financial Inclusion**



Increase **Transparency**



Strengthen **Interoperability**



Greater **Security**



Part II - Open Finance in Europe

SEPA Payment Account Access Scheme



The SEPA Payment Account Access Scheme has been drafted in line with the recommendations issued by the **Euro Retail Payments Board (ERPB)**. The Scheme covers the set of **rules, practices** and **standards** that will allow the exchange of payment accounts related **data** and facilitate the initiation of **payment** transactions, in the context of “value added” services beyond PSD2.



- The **1.0 version** of the SPAA Scheme Rulebook has been published on the **EPC official website** and it is available for a free download¹.
- The Rulebook covers from the Scheme's scope to actors' definition, from **business conditions** to legal framework.
- The Document presents also the **business** and **operational models** (e.g. use cases, workflows, technical details and attributes).
- The forecasted SPAA Scheme adherence process is expected to be **open in September 2023**, some months before the effective entry into force of the Scheme rules.

(1) [www.europeanpaymentscouncil.eu/document-library/rulebooks/sepa-payment-account-access-spa-scheme-rulebook]

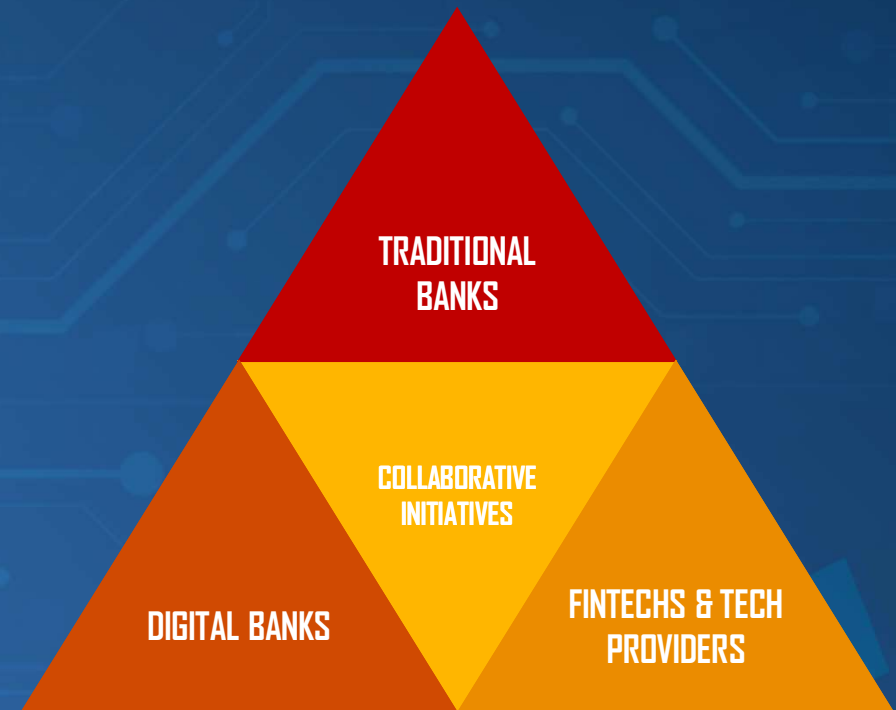
Part II - Open Finance in Europe

Offering, Actors and Trends

Application Programming Interfaces (API) can enable Open Banking & Finance players to collaborate among themselves.



- Functionalities based on APIs enable easy integrations in a «microservice» modality
- Financial institutions are now able to integrate functionalities offered by other Players
- Services are more addressed to customers' needs.



Part II - Open Finance in Europe

Offering, Actors and Trends

EU PLAYERS SAMPLE FOR "OPEN" API OFFERING

Traditional Banks



Pure Digital Banks



Fintechs & Technical Service Providers

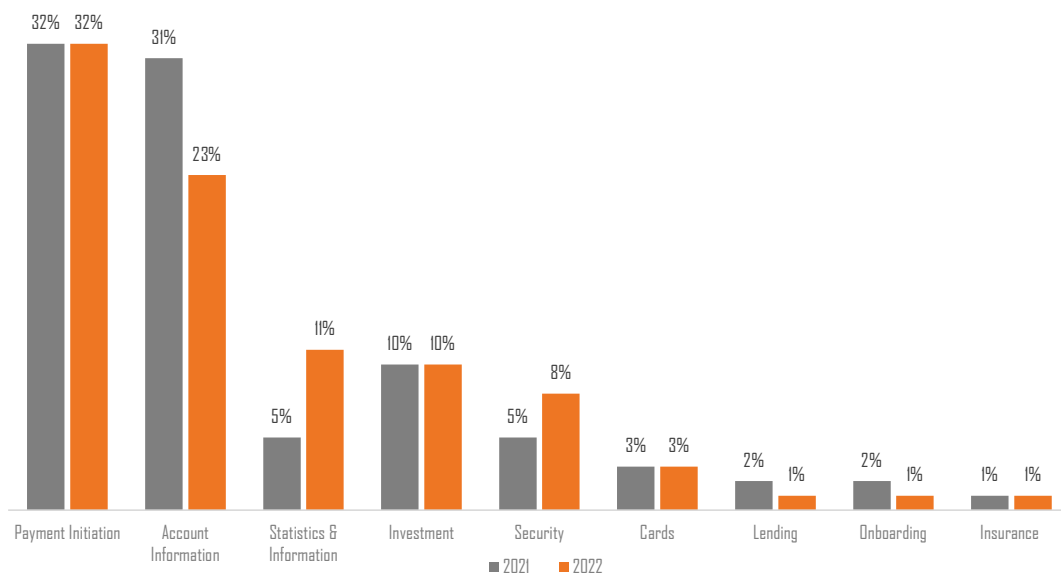


Part II - Open Finance in Europe

Offering, Actors and Trends

"Open" API offering from European market players

APIs DISTRIBUTION BY CATEGORY* (incl. regulatory APIs)



WHAT'S NEW SINCE LAST YEAR

55%
(-8%)

AIS & PIS APIs

12% (-1%)

OPEN FINANCE APIs maintain the same overall weight as of in 2021

19% (+9%)

"Premium" features related to **STATISTICS & INFORMATION** (+6%) and **SECURITY** (+3%)

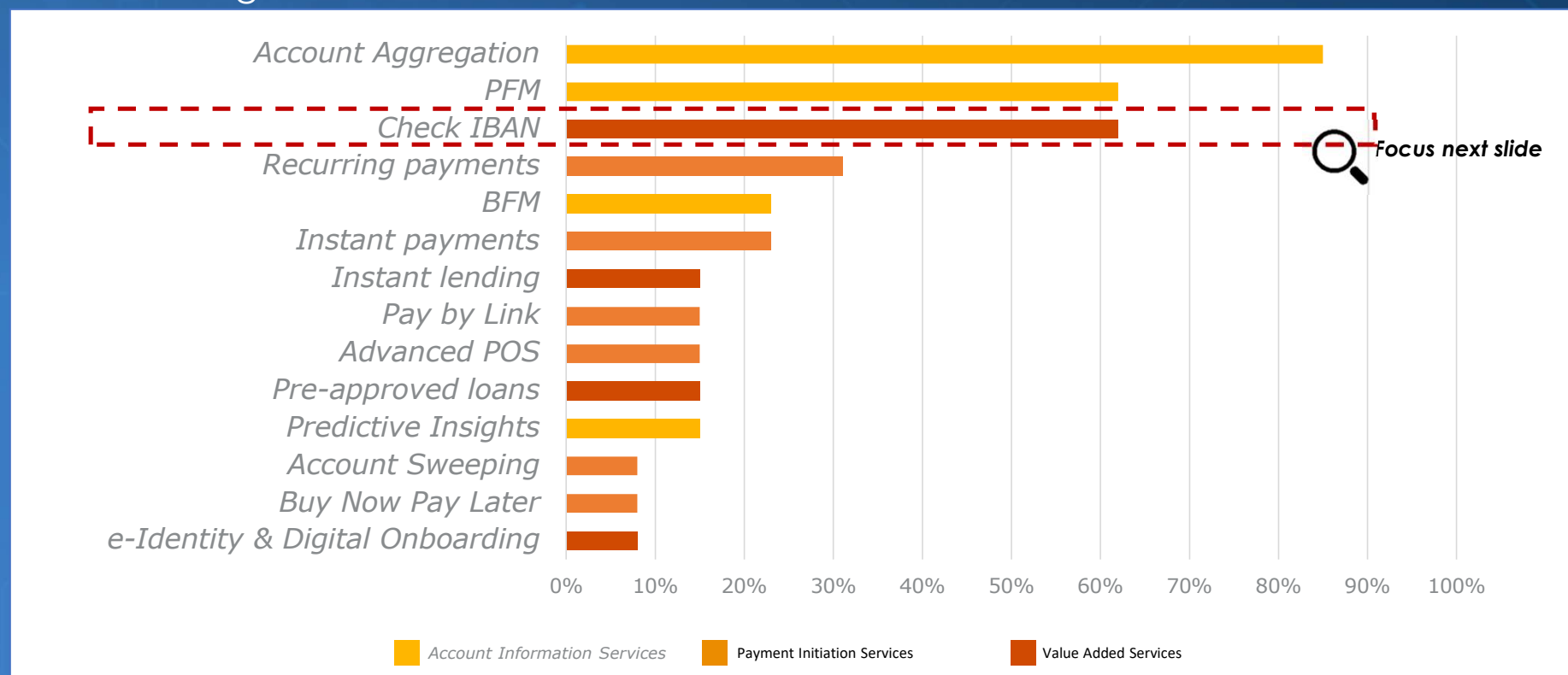
"Open" API offering from European market players

* The Figure displays only relevant APIs categories (higher than 1%), not including "minor" ones

Part II - Open Finance in Europe

Offering, Actors and Trends

In 2022, PSD2-enabled functionalities remain the most popular, while among VAS, Check-IBAN stands out together with other innovative services



Part II - Open Finance in Europe

Offering, Actors and Trends

European market players which incorporate Third Parties services within their offering

This model is widely and commonly adopted among Pure Digital Banks which integrate best of breed solutions to provide distinctive outcomes for customers.

This model allows Banks to:

- enrich their offering with banking services they do not provide directly;
- integrate their offering with non-banking services;
- own and manage customer experience;
- promote third party initiatives or joint commercials in their digital channels.



Part II - Open Finance in Europe

Offering, Actors and Trends



In October 2022¹, the European Commission has published a proposal for a Regulation focused on Instant Credit Transfer in Euro.

- Instant payments (IPs) are a form of **credit transfer** whereby funds pass from the payer's account to the payee's in a **matter of seconds**, at any time, day or night, and any day of the year;
- The significant potential benefits of IPs to **consumers** and **businesses** in the EU are however impeded by the slow rollout and low uptake of IPs. At the end of 2021, only 11% of euro credit transfers sent in the EU were IPs;
- Universal availability of euro IPs is a necessary part of updating and modernising SEPA. SEPA allows European consumers, businesses and public administrations **to make and receive cross-border payments in euro** as easily as domestic payments;

Proposed Regulation's main requirements



- PSPs that offer to their PSUs a payment service of sending and receiving credit transfers **shall offer to all their PSUs a payment service of sending and receiving instant credit transfers**;



- **charges applied** by a PSP on payers and payees in respect of sending and receiving instant credit transfer transactions in Euro **shall not be higher** than the charges applied by that PSP in respect of sending and receiving other, corresponding, credit transfer transactions in euro;



- a payer's PSP shall verify whether the payment account identifier and the name of the payee provided by the payer match. Where they do not match, that PSP shall notify the payer of any discrepancies detected and the degree of any such discrepancy (**"Confirmation of Payee"**)

(1) https://ec.europa.eu/finance/docs/law/221026-proposal-instant-payments_en.pdf

Part III - Interesting use-cases to support Trade Facilitation

CBIGO

Features

The value added of this service lies mainly on the opportunity to **speed up and simplify onboarding processes** of customers by instantly obtaining user data from the Intermediaries who hold such information, to **facilitate user experience** in the online forms and other which require end user data filling (e.g. personal documents, email address, telephone number, email, etc.)



Part III - Interesting use-cases to support Trade Facilitation CBI GO

Benefits for players

PSPs

- ✓ PSP Responding **monetizes data of its customers**, providing a response to the request invoked by the Calling Intermediary through CBI.
- ✓ **PSP Calling offers CBI GO service** to its Corporate client, by providing this in relation to the channels used for dialogue with Corporate.

CORPORATES

- ✓ **Increased user conversion rate**
- ✓ **Reduced errors** resulting from manually filling
- ✓ Reduced and **mitigated fraud risks** by receiving reliable data
- ✓ User recognition through **SCA authentication**

USERS

- ✓ Unique **seamless user experience**
- ✓ **Secure authentication** mode
- ✓ **Real time data entry** with possibility of confirmation or modification

Part III - Interesting use-cases to support Trade Facilitation

Name check (Confirmation of payee)

About the Model

This model allows real-time verification of the correct association between the account holder's call sign/name and its IBAN code.



Three different outputs:

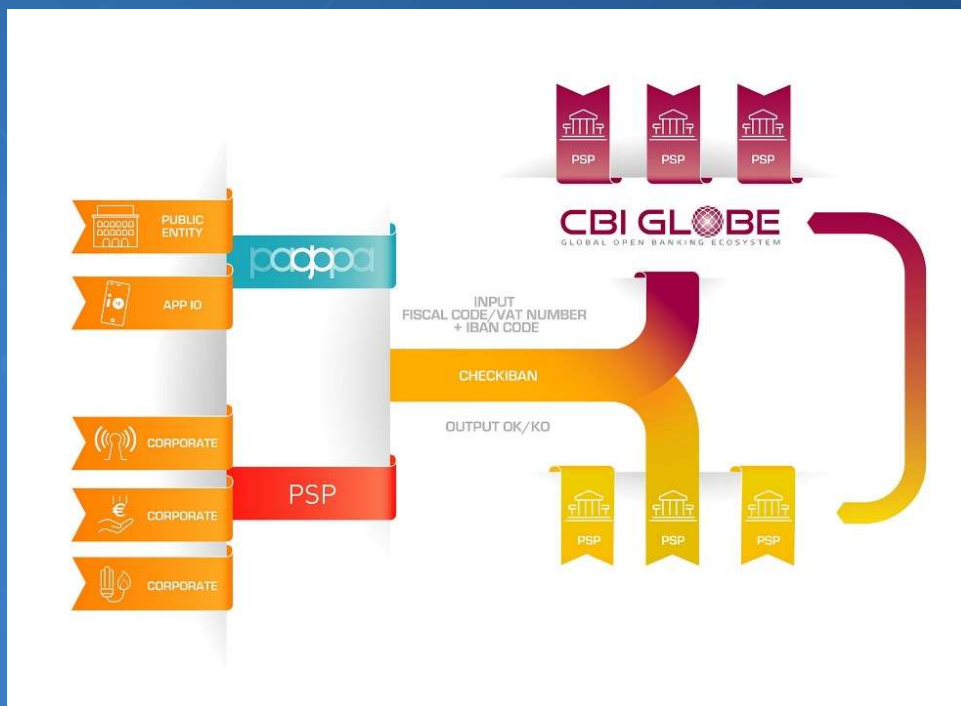
1. **Match** 100%
2. **No match**
3. **Close match**

The output of the Name Check verification **is not binding** to proceed with the initiated payment

Part III - Interesting use-cases to support Trade Facilitation

Check IBAN Cross border

Check IBAN allows the online verification between an **IBAN code** and the **fiscal code/VAT number** of a final user.



~15 Mln checks have been registered by the Platform since December 2020



>95% reachability of the **Italian banking market**. Percentage to grow in the forthcoming weeks



Check IBAN cross-border

Part III - Interesting use-cases to support Trade Facilitation

Check IBAN Cross border

During 2021, CBI implemented a new functionality of Check IBAN Service in order to allow the IBAN verification at cross border level reaching the main european countries



Check IBAN Cross Border allows to verify in real time the correct correspondence between an IBAN Code and a VAT Code, ensuring:

- The opportunity for **PSP Responding** to monetize the IBAN verification from player on the cross border industry
- The opportunity for **PSP Calling** to offer a service of IBAN verification that reaches the main countries at european level

(1) Reachable countries: Belgium, France, Germany, Netherlands, UK

Part III - Interesting use-cases to support Trade Facilitation

Check IBAN Cross border



In the upcoming weeks the UN/CEFACT Finance & Payment domain , following the publication of the White Paper on Open Finance to support Trade Facilitation ,is going to launch a new working item within the UN/CEFACT Programme of work 2023 – 2025.



Develop an ebusiness specification based on a use case of the open finance scenario

Join the Finance & Payment Domain meeting

Thursday 11 May – starting 11.00 AM

Part III - Interesting use-cases to support Trade Facilitation

CBI Safe Trade

- This service has been defined by CBI on the recommendations of the financial market and developed in Pilot with the collaboration of ASSIFACT.
- Since Q2 2022, the CBI project is live in test within the framework of the “Regulatory Sandbox”, an initiative lead by the Italian Ministry of Economy and Finance, with the Bank of Italy, the Antitrust Authority and the Insurance NCA.

**Go live
Q4 2023**

KEY BENEFITS



Ecosystem

- A single solution for the whole financial System
- Increase the performance system
- Standardization and harmonization of cross border solutions



PSP

- Increase security in credit financing
- An anti-fraud interbank system
- Increase efficiency in investments and reduce the operational costs



Corporate & SME

- Simplified and faster access to credit
- Streamlining of internal processes
- Digitalization and paperless operations

Part III - Interesting use-cases to support Trade Facilitation

CBI Safe Trade

- The service consists in the creation of a Database that collects information on advance invoices from a multi-bank and multi-channel perspective.
- The operational model enables a dialogue between Intermediaries involved in the initiative, CBI and possible third parties for the retrieval of information aimed at improving the efficiency of credit disbursement processes.

USE CASE: INVOICE ADVANCE REQUEST BY A CORPORATE/SME AND DATABASE CHECK BY INTERMEDIARIES

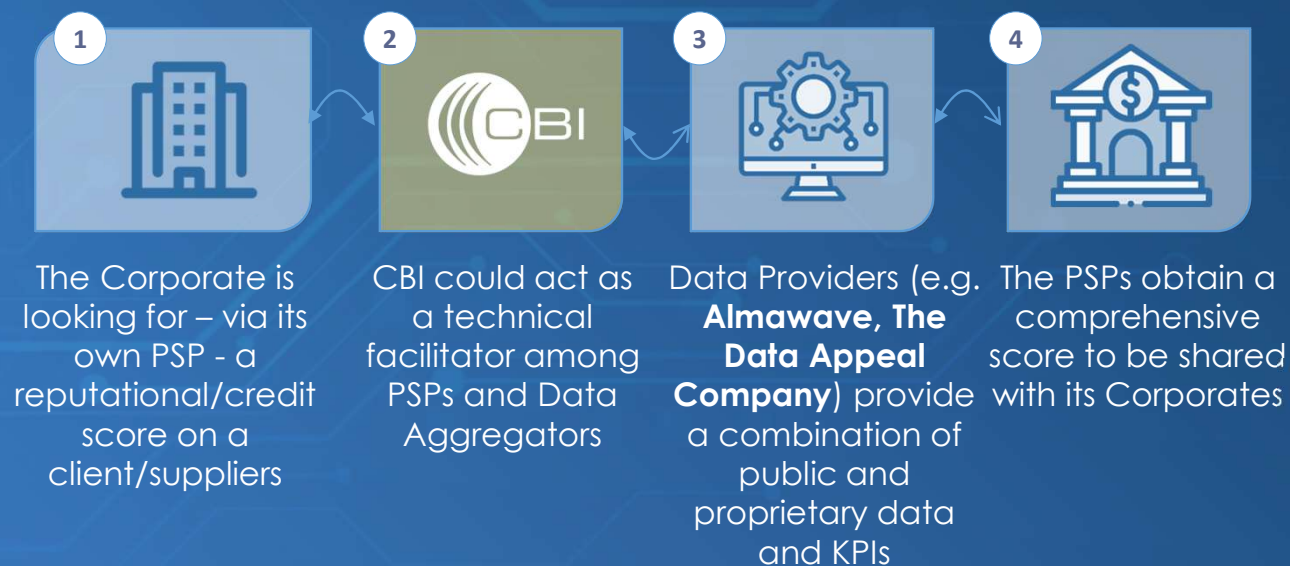


Part III – Interesting use-cases to support Trade Facilitation

Alternative Data Scoring

- Big data analysis, machine learning and artificial intelligence represent a valuable aid in the trade financing activities thanks to their predictive value in absence of pre-screened counterparties.
- Digital footprint and alternative data publicly available could be exploited to obtain comprehensive values and risk-scores related to customers, clients, suppliers with no business records (e.g.: to obtain reputational scores, business volumes, business-related-risks, corporate's feedbacks issued by their clients,...).

OPERATIONAL MODELS



Part IV - Towards an Open Future

Main challenges



OPEN FINANCE IS A GLOBAL REALITY, acknowledged and in most cases now consolidated by local authorities, according to a regulatory framework

A BROADER RANGE OF PLAYERS from different market sectors are leveraging technology and innovation with a set of disruptive solutions.

NEW BUSINESS MODELS are strengthening the need of Open Finance and speed of integration of an increasing range of financial offerings.

API-BASED OFFERINGS IN THE EU primarily focus on Open Banking services, but Open Finance ones (Investments, Lending) are also now consolidating in the market

Part IV - Towards an Open Future

Main challenges

Meanwhile, the market is further supporting the development of innovative digital offerings:



Bitcoin and other crypto assets based on DLT



Artificial Intelligence e Machine Learning



CBDCs



Digital wallets

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**Thank you for your
attention!**

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