

## Konsentus Verify

Mitigate Exposure to the Risks Identified by the EBA Opinion and Report

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Konsentus welcomes the European Banking Authority's (EBA) Opinion & Report in response to the European Commission's Call for Advice (CfA) on the review of the Payment Services Directive (PSD2).

Specific proposals to the Commission comprise:



### A MACHINE-READABLE DATABASE

A central, machine-readable database for all PSPs



### AUTOMATED UPDATES

Automated and real-time data updates



### PASSPORTING CLARITY

More information on passporting requirements

The EBA response aims to ensure risks are properly regulated and supervised, and consumer protection is enhanced.

Any changes to the current legislation are likely to take significant time to come into force and therefore cannot mitigate today's risks as identified by the EBA based on current adoption.

Our award-winning SaaS solution, Konsentus Verify, already addresses the issues and gaps identified by the EBA and is ready for financial institutions to implement today!

Find out how our centralised real-time identity and regulatory checking solution, Konsentus Verify, secures your open banking transactions and protects your customers' data and funds.

Contact us at [info@konsentus.com](mailto:info@konsentus.com)

# The EBA's Detailed Response



## A Central Machine Readable Database

“A central machine-readable database for all PSPs that are currently authorised to provide PIS and AIS.”

### Why?

Facilitation of “the verification of the current authorisation status” of Payment Services Providers (PSPs) so informed risk management decisions can be made.



**Konsentus Verify** is a single machine-readable database that continually sources the latest available information on a TPP's identity and current regulatory status from the National Competent Authority registers, the EBA Registers and QTSP databases. Consolidated information on a TPP is provided to financial institutions in real-time through a single API each time an account access request is received.



## On-Going Checking

“The need to introduce a machine-readable interface to verify the authorisation status of a PSP since qualified trust service providers issuing eIDAS certificates are not required to check on ongoing basis and to update the authorisation status of TPPs.”

### Why?

To understand if a TPP is “authorised” to carry out the services being requested, at the time of a transaction request, not simply a TPP's authorisation status at the time of certificate issuance.



**Konsentus Verify** always consolidates the information held within a TPP's eIDAS certificate with the latest available regulatory data to understand a TPP's on-going (and current) authorisation status.



## Beyond eIDAS Certificates

“Uncertainties on the use and reliance on eIDAS certificates for the purpose of identification.”

### Why?

To understand not just the identity of a TPP but its authorisation status, the services it can provide and its passporting permissions.



eIDAS certificates provide good identity verification but are not sufficient to provide the on-going authorisation status of TPPs which is why **Konsentus Verify** always checks the authorisation data from the competent authority registers at the time of access requests.



## Harmonised Data

“..discrepancies between the information contained on individual national registers and the EBA central register.”

### Why?

Access to harmonised, consistent and accurate data avoids error and misuse of personal data.



**Konsentus Verify** sources its data directly from the CA Registers so there is no issue with data quality.

**Konsentus Verify** standardises the data regardless of format and language enabling ease of understanding.



## Consistency of Data Updates

“A specific common deadline for updates of the EBA central register and the national central registers.”

If NCAs (CAs) only update the EBA Register on a daily basis, “any changes on a national register of these individual CAs will be reflected on the EBA Register on the next day.”

Currently due to multiple changes or absence of staff there may be “a delay in the submission of information to the EBA.”

### Why?

Access to the latest available updates as soon as they are made so incorrect account access decisions can be avoided.



**Konsentus Verify** picks up the latest information as soon as it changes on the CA registers – on a continual basis. There is no waiting for updates to be reflected in our central register. There is no reliance on manual processes or data being updated by staff.



## Reliability of Passporting Information

“The primary responsibility and supervisory powers in the context of passporting belong to the CA of the home Member State.”

### Why?

To make the correct risk decisions based on passporting permissions, ASPSPs must check the ‘Home’ CA register of the TPP.



**Konsentus Verify** already picks up the latest information including passporting rights of TPPs as the regulatory data is collected from the legal source of record (CAs).



## The EBA's Detailed Response



### Duty of Care

"ASPSPs are responsible under PSD2 ... and bear the liability for protecting the security of the PSU's data and funds."

#### Why?

Taking all appropriate steps to ensure customers' data and funds are protected minimises financial loss and reputational damage.



**Konsentus Verify** checks the identity of a TPP and its *current* authorisation status in real-time to ensure an ASPSP doesn't incorrectly grant access to an unauthorised TPP or deny access to an authorised TPP.



### Understanding the Complete Picture

"The lack of a single database for all PSPs authorised in the EU since the EBA central register under PSD2 covers PIs and EMI's and does not cover CIs, which are entitled to provide all payment services, including AIS and PIS, requiring an eIDAS certificate for the purpose of identification towards ASPSPs."

#### Why?

A single database to provide full visibility of all regulated fintech TPPs in addition to credit institutions authorised to act as TPPs.



**Konsentus Verify** already picks up both Credit Institution data and Payment Institution data from the CA Registers and incorporates it into a single payment service provider register.



### Clarity on Refusing Access

"Uncertainties on the use and reliance on eIDAS certificates for the purpose of identification."

#### Why?

To understand not just the identity of a TPP but its authorisation status, the services it can provide and its passporting permissions.



**Konsentus Verify** already protects financial institutions from third party fraud and error by providing automated and real-time updates from all EEA and UK Competent Authority (CA) databases.

The **Konsentus Verify** Transaction Register (Immutable Log) enables financial institutions to interrogate all disputed transactions and understand a third party's regulated status at the time of an account access request.

The EBA has identified significant issues and risks with how the identity and current regulatory permissions of TPPs are verified in real-time by financial institutions. Any legislative changes proposed will take considerable time to come into effect and leave financial institutions exposed if no immediate action is taken.

The good news is you don't have to wait. Our plug-and-play real-time solution addresses each of the issues and concerns raised by the EBA as standard. Integrate with Konsentus Verify today.

Give your customers the confidence to transact safely and securely in the open banking ecosystem knowing their data and funds are protected by getting in touch with us now at [info@konsentus.com](mailto:info@konsentus.com).

