



# PSD2 & OPEN BANKING: SEIZING THE CUSTOMER EXPERIENCE OPPORTUNITY



PSD2 & OPEN BANKING  
SOLUTION BRIEF

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## INNOVATION WITH SECURE OPEN APIS

The financial industry is evolving to meet the expectations of “digital-native” consumers—instant transfers, seamless experiences, and accessible from anywhere. Secure open APIs can help financial institutions integrate and work together in a connected API ecosystem that better meets customer needs.

PSD2, the European Union’s revised Payment Services Directive, is helping to move the financial industry in the right direction for the benefit of consumers. It requires account servicing payment service providers (ASPSPs)—financial institutions that offer payment accounts with online access, including banks, building societies, wealth management companies, investment firms and more—to expose open APIs that enable consumers to securely access their own bank accounts and information through third-party providers (TPPs). A TPP is any organization that leverages open banking APIs from one or more ASPSPs to offer an innovative service, payment option, tool or insight to financial consumers.

Open APIs create mutual opportunity for both banks and fintechs—and banks have the ability to play both roles (ASPSP and TPP). Banks can give consumers new ways to use their accounts through third-party applications, creating more satisfied, loyal customers. Fintechs benefit from the ability to integrate with major banks that customers already use, which helps drive adoption and fund further investment in innovation.

## CREATING CONSISTENCY THROUGH STANDARDS

While it was originally thought that PSD2 would define and police a rigid, interoperable standard for open APIs—which would make third-party access more consistent and easier to implement—it failed to define such a standard.

The Competition and Markets Authority (CMA), responsible for strengthening business competition in the UK, continues to expand on PSD2 with each new version of the Open Banking Standard. It defines standardized open API specifications, and details the type of customer data to be shared and the way in which it must be made available. In doing so, the CMA is trying to keep the barriers to participation low and truly effect change in the finance sector through increased competition and innovation.

Open Banking Ltd., the implementation entity set up by the CMA to deliver the standardized open API specifications, has adopted OAuth 2.0 and OpenID Connect (OIDC) as the authentication and authorization protocol standards for the open APIs. A partnership with the OpenID Financial API working group has produced additional specifications that profile OAuth for financial applications, known as FAPI.

Other countries are also exploring the idea of a standard. Germany implemented the Open Banking Project in 2010. Many American startups are working with banks to develop mutually beneficial APIs. And the Berlin Group, a pan-European payments interoperability standards and harmonization initiative, is defining open and common standards in the interbank domain.

## IAM: THE KEY TO PSD2 AND OPEN BANKING

Given the sensitive nature of the customer information accessed through open APIs, PSD2 and Open Banking stipulate tough rules for secure data protection, including verifying user identities through strong customer authentication (SCA) and allowing customers to grant consent and specify data use preferences.

Ping Identity delivers the most comprehensive identity and access management (IAM) solution to address PSD2 and the Open Banking Standard. Built on recommended standards—that we helped develop—the Ping Identity Platform’s extensive capabilities are a perfect match for the requirements of open banking. It is purpose-built to meet the rigors of financial-grade security, while providing a seamless and consistent user experience.

The Ping Identity Platform solves for open banking challenges by providing:

- **Authentication:** Implement a flexible authentication flow that supports strong customer authentication (SCA) and beyond.
- **Authorization:** Issue and manage all OAuth and OpenID Connect (OIDC) tokens, ensuring proper scoping and authenticity.
- **Consent Management:** Store identity, policy and consent data necessary to meet PSD2 and General Data Protection Regulation (GDPR) standards.
- **API Access Control:** Protect APIs with a policy-driven access security gateway.
- **API Cyberattack Protection:** Automatically detect and block threats using AI.

## ACCESS SECURITY

**PingFederate (Federated Single Sign-on):** Gives ASPSPs a hub for open banking OAuth transactions and acts as the OAuth Authorization Server issuing tokens from multiple protocol endpoints.

**PingAccess (API Access Control):** Reduces custom-developed code and improves API security by working as the OAuth Resource Server that validates access tokens and enforces policies for APIs.

**PingIntelligence for APIs (API Cyberattack Protection):** Detects anomalous behavior on APIs, as well as the data and applications exposed via APIs, and can automatically block attacks across your API environment.

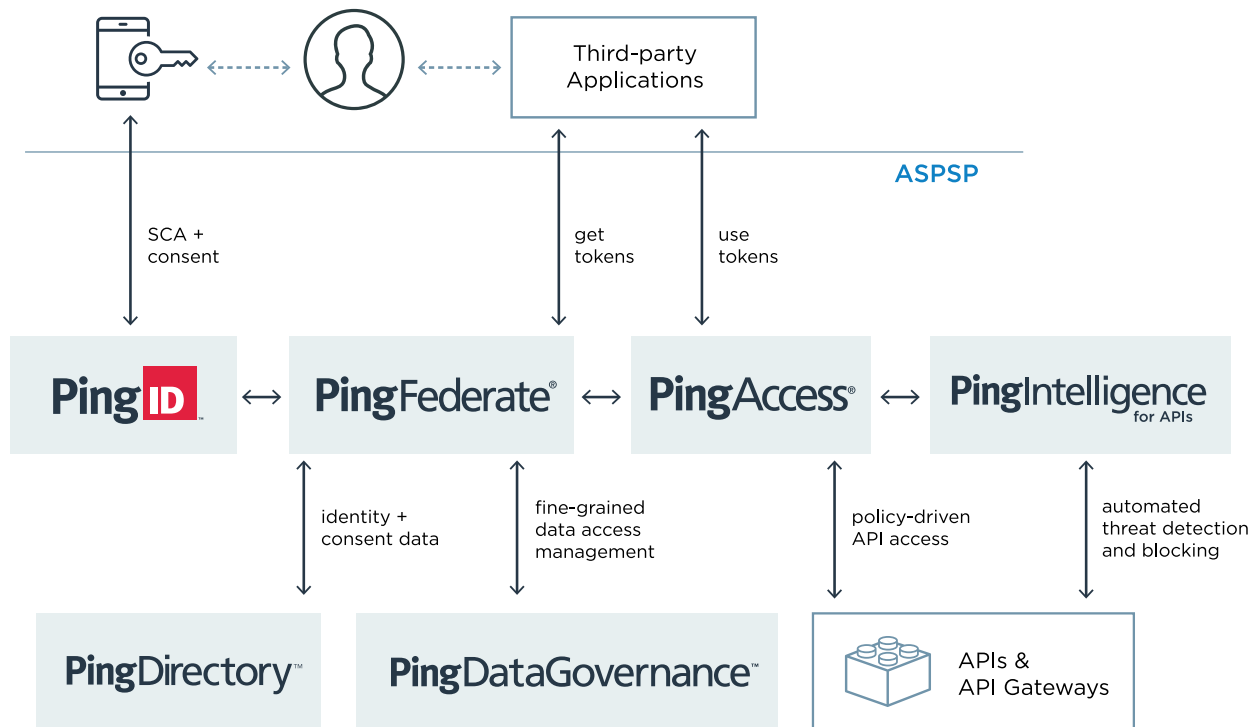
## STRONG CUSTOMER AUTHENTICATION

**PingID (Multi-factor Authentication):** A simple and powerful service that provides strong customer authentication through our cloud MFA service and utilizes trusted mobile devices for seamless customer authentication and consent.

## CONSENT MANAGEMENT

**PingDirectory:** Highly scalable and flexible data store optimized for customer credentials, as well as identity and consent data.

**PingDataGovernance:** Provides fine-grained policies for managing data access, customer consent and customer data, giving organizations the control needed for open banking and GDPR.







## BE A LEADER IN THE FINANCIAL API ECOSYSTEM

Solutions that support OAuth 2.0 and OIDC pave the way for seamless integration and compliance with multiple forms of open banking regulation around the globe. But the ultimate goal is competitive advantage, and it's earned by delivering a superior customer experience more quickly than you could by building everything in house. Financial institutions that go above and beyond what's required by regulation in order to deliver secure, frictionless and unified customer experiences will rise to the top.

The Ping Identity Platform provides the financial-grade security you require, while delivering the seamless digital experience your customers expect. For banks that want to accelerate and simplify the deployment of a fully conformant, secure environment, we've automated a Quickstart Private Sandbox for Open Banking & PSD2 so you can begin testing in your own controlled virtual machine in minutes.

To learn how Ping can help you transform the challenges of PSD2 and open banking into opportunities, visit [pingidentity.com/PSD2](https://pingidentity.com/PSD2).

## STILL SETTING UP APIS? OUR PARTNERS HELP WITH THAT.

The first step to meeting requirements for PSD2 and Open Banking is constructing open APIs for payments, transaction data and other account info. Are you still looking for help with setting up financial-grade APIs in a portal/gateway for third-party access?

Ping's world-class partner network includes dedicated, specialized financial technology companies that serve banks. Many have created platforms or provide an API layer/portal, often as a managed service. These technology companies can accelerate getting the APIs you need in place, but securing them is still an important component—and that's Ping's primary role. Rather than build security and access management from scratch, many of these types of companies are using Ping's capabilities as the security component, either white-labeled or openly powered by the Ping platform.

Please connect with an account executive today to learn more about how we can leverage the right industry partners to provide the complete solution that your bank needs to comply with PSD2 and Open Banking.



Ping Identity is the identity security company. We simplify how the world's largest organizations prevent security breaches, increase employee and partner productivity and provide personalized customer experiences. Enterprises choose Ping for our identity expertise, open standards leadership, partnership with companies like Microsoft, Amazon and Google, and collaboration with customers like Boeing, Cisco, GE, Kraft Foods, Walgreens and over half of the Fortune 100. The Ping Identity Platform allows enterprises and their users to securely access cloud, mobile and on-premises applications while managing identity and profile data at scale. Architects and developers have flexible options to enhance and extend their existing applications and environments with multi-factor authentication, single sign-on, access management, directory and data governance capabilities.

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