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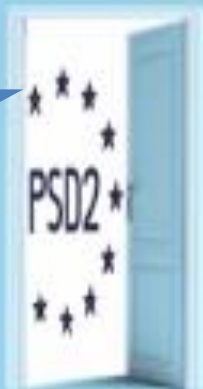
12th Conference on Payments and Market Infrastructures

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EUROSYSTEM

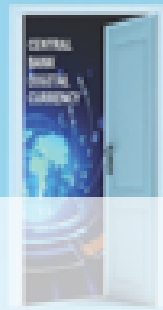
OPEN BANKING AND INNOVATION

OPEN DOORS TO THE CHANGING PAYMENTS LANDSCAPE





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Regulation

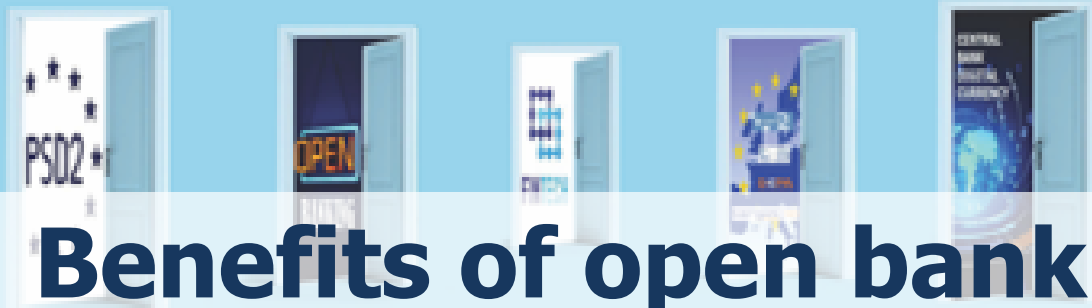
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EUROSYSTEEM

- Provisions for access to payment accounts are very narrow in Payment Account Directive, but will not necessarily limit innovation
- PSD2 created regulatory framework, but services have been around for more time
- Screen scraping, reverse engineering of mobile applications, will continue after PSD2
- These techniques should disappear in the future, maybe in PSD3? Maybe with Data Services Directive, without payments?



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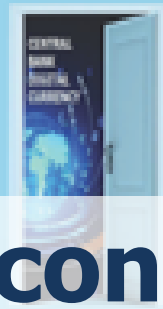
EUROSYSTEEM

Benefits of open banking

- **Supply side driven, consumers will adopt if and when it becomes available**
- **Different business models:**
 - **focus on really small business: payments will incorporate in tax**
 - **e-commerce: competition with cards and alternative way to pay with TPP credit transfer**
 - **Targeted advertising models based on AISPs**
 - **Business platform where big corporates manage their payment flows, there is option to view all banking flows**
- **Lower costs for everyone involved**



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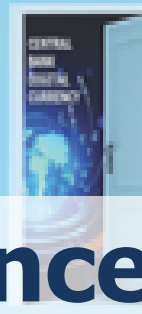
EUROSYSTEEM

Risks, obstacles and concerns

- Lack of information for consumers, resulting in lack of trust
- No competition from abroad, scale issues
- Dominance of existing banks is a barrier
- Raise awareness with consumers which risks open banking imposes



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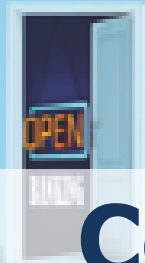
EUROSYSTEEM

Country experiences

- **North Macedonia – law on Payment Services and Payment Systems is drafted on PSD2 and PAD that will open the doors to Open Banking; OB would be included in the central bank strategy; working group, innovation hub is established in the central bank in order to adopt Fintech; regulation from non-financial institutions is also important, implementing requirements from relevant EU regulation, ex.eIDAS, Law on electronic signature; financial inclusion – task of the central bank.**
- **Serbia – instant payment system introduced last year (obligatory for all banks in the Republic of Serbia), instant payments at the point-of-sale will be introduced this year (testing phase going on at the moment), different business models, licencing, limited network, couple of shops for testing; Regulatory sandbox – FinTech companies may test their business models; work on PSD2 implementation will start by the end of the year; PAD and Interchange fee Regulation implemented last year.**
- **Turkey - financial education, how to use new services, people are open for new products, security issues are concerning. A draft of regulation including open-banking was presented by Turkish Banking Regulatory Authority to interested parties to take feedbacks from the related parties at the end of the 2018.**
- **Albania - 25 non-banking institutions, one of them is mobile payment institution, provisions from PSD2 are implemented in law. Open banking in future, we have a strategy 2018- 2023 for increase the financial inclusion to 40%-70%, to incorporate the instant payment and increase the cross border payments, and include the non-bank institutions in the RTGS system like direct participants.**



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Conclusions

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EUROSYSTEEM

- **Open banking great for society**
- **Central bank strategy for open banking**
- **Lot of work to be done**
- **Security**



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EUROSYSTEM



Thank you!

