

Interview with Alvaro Kurth, KYC and compliance expert at 4Stop

PSD2 – Revised Payment Services Directive – is to cause a disruption to Europe’s financial system. How does it affect 4Stop and the way it aggregates multiple data sources for KYC purposes?

We have seen a significant drive for competition and innovation in the financial system. PSD2 is leading to an evolution of strong customer authentication and digital identity management and control where classic banks no longer own the end-to-end value chain.

The development of PSD2 is opening the system for non-bank service providers like 4Stop, to provide solutions that optimize the way data is aggregated throughout multiple sources. Providing businesses with the ability to harmonize a myriad of data streams in real-time through one simple API. Allowing them to meet KYC & Compliance requirements that are required currently and to effortlessly activate data sources as requirements change and evolve over time. Enabling businesses to be compliant and stay compliant by future proofing their business models.

Do you think that PSD2 will result in an increase in availability of consumer transaction data?

Yes, PSD2 interrelating with other legislative and industry developments, opens up borders across the member states to have transparent transaction data, a single set of rules and lead supervisory authority. This will allow consumers to release data to 3rd party providers in a trusted manner to make a quantifiable assessment on potential indicators.

Do retail banks have reservations with regards to implementing PSD2? Is January 13th 2018 a realistic data or will we see delays and extensions?

With PSD2 comes strong customer authentication and 3rd party provider regulation. Banks and payment service providers need to consider what they will do to comply with PSD2 regulations in order to be authorized to stay in business within the EU. With the PSD2 implementation they will need to meet the technical requirements that will be imposed on them to authenticate individuals and provide API access to bank data. In addition, initiatives like open banking will foster the creation of new relationships between organizations in regards to data partnerships, help clients understand the real value from data and protect the interest of consumers - ultimately for better products and services in our modern digital age.

Adaptation of EU directives, regulations and requirements could be seen as an ongoing process with potential delays and extensions when enforced by the competent authorities. The strength of 3rd party providers like 4Stop provides the ability to easily adapt to an ever-changing global landscape and to quickly take off the pressure from banks/PSP’s providing instant real-time solutions.

General Data Protection Regulation, to be implemented on May 25th 2018, is designed to strengthen data protection procedures for individuals with the EU. Are GDPR and PSD2 on a collision course?

The European Commission envisioning the kind of 3rd party data sharing environment under PSD2 indicates that there are significant overlaps between GDPR and PSD2.

Further developments can be expected and will require technologies to stay agile and to incorporate privacy by design and by default. The concept of helping to protect the interest of consumers, enabling them to assert who they are, in a trusted manner, is in focus. GDPR and PSD2 will complement each other to maximize data authenticity and protection. Through these regulatory developments we will see further business and consumer confidence in the KYC, accuracy of data, and the protection of data to result in a substantial growth of engagement to truly advance and grow our digital financial eco-system.

About Alvaro Kurth

Alvaro is a seasoned executive expert of risk and compliance matters on a global scale. With over 15+ years in the banking, risk management and FinTech space, Alvaro has exceptional experience and knowledge to lead the 4S risk team. He is one of the core members at the forefront ensuring the 4S technology provides businesses with world-class KYC, compliance, and anti-fraud solutions to maximise their business performance. Future-proofing their business to be compliant, stay compliant, combat fraud and grow with confidence.