



Quali-Sign Ltd

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EBICS applicability to PSD2

Retail Payment Scenarios

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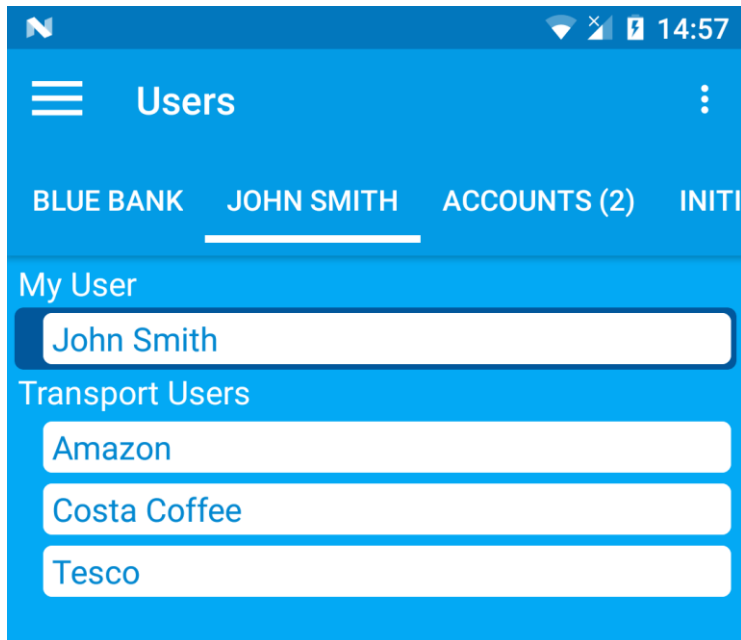
1 Purpose

The PSD2 legislation requires banks to make available a ‘Common Secure Communication’ internet API, based on an open International / European standard. One such standard is EBICS, which is used in corporate banking.

The purpose of this paper is to explore the applicability of EBICS to retail banking, focussing on both in-store and internet purchases. These are described in the scenarios that follow.

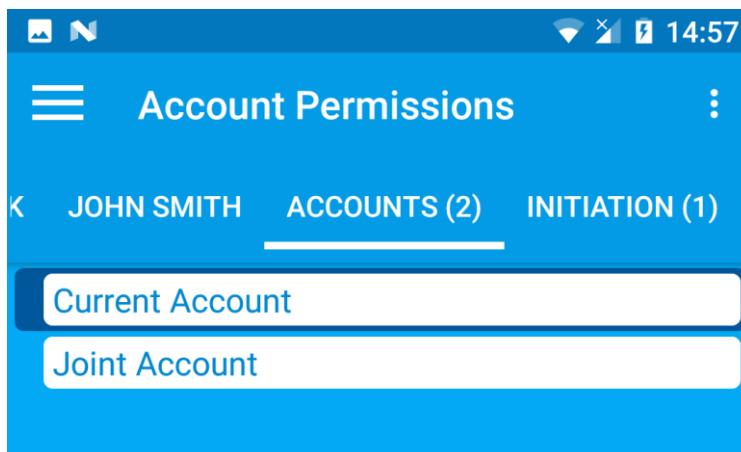
2 Users

John Smith banks with Blue Bank. He has registered three retailers (acting as Third Party Providers – TPP) to initiate payments against his accounts.



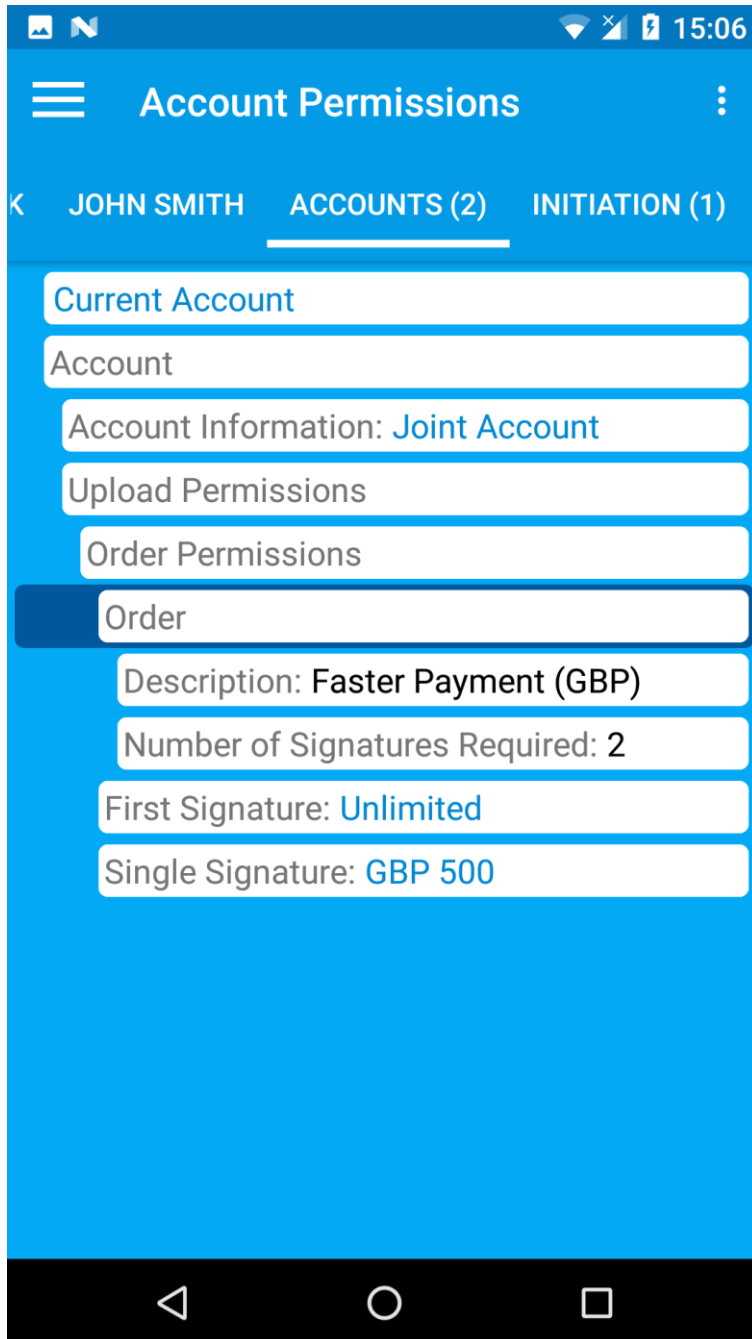
3 Accounts

John holds two accounts with Blue Bank. A personal current account and a joint account that he shares with his partner, Jane.



4 Account Permissions

With respect to their joint account, John and Jane have agreed that they can each make payments up to a daily limit of £500. Payments that exceed this value must be approved by both John and Jane.



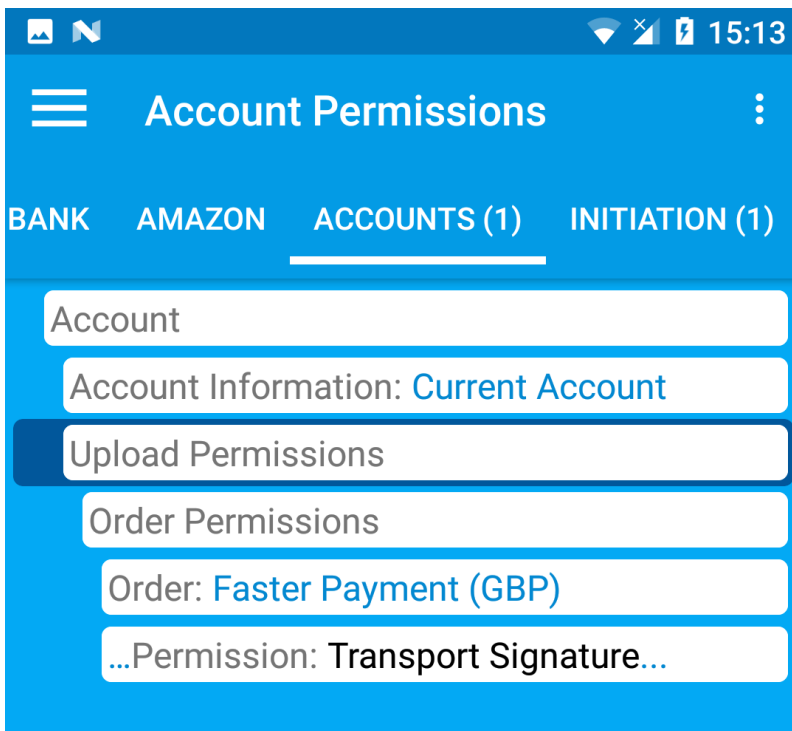
[John has visibility of his and the TPP permissions via the EBICS HKD order type]

5 Retailer Permissions

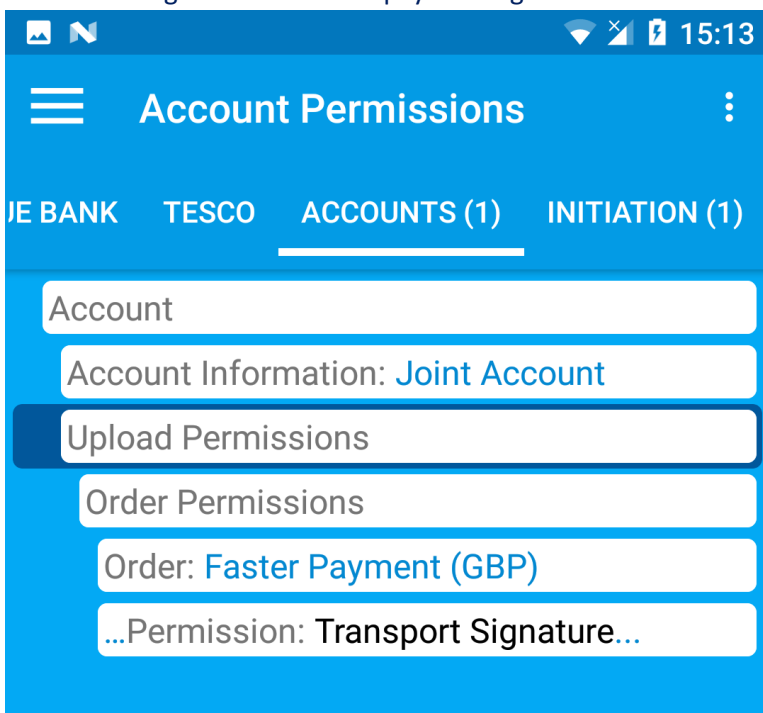
All three retailers are permitted to initiate payments as a ‘Transport’ user. I.e. they cannot sign off on payments (apply Strong Customer Authentication – SCA)

[Each retailers has visibility of their own permissions via the EBICS HTD order type]

Amazon and Costa are configured to initiate payments against John’s current Account



Tesco is configured to initiate a payment against John and Jane’s joint account



6 Retailer operating SCA Mode: Embedded

In 'Embedded' mode, the TPP manages the end to end procedure of capturing 'Strong Customer Authentication', using the credentials issued by Blue Bank. These credentials take the form of a bank issued card (smartcard).

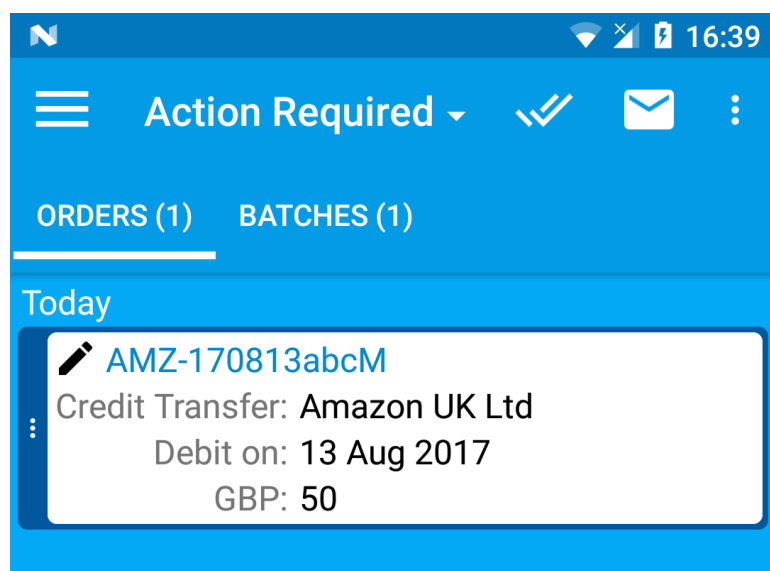
When John makes purchases at Costa Coffee, he presents his bank card. However instead of issuing a card transaction, Costa's 'electronic point of sale' terminal will initiate a faster payment against John's current account. The terminal will transmit the payment initiation request, together with evidence of John's approval (electronic signature) directly to Blue Bank. [i.e. EBICS synchronous signatures]

Blue Bank will immediately respond with an acknowledgement, giving the Costa barista comfort to hand over the coffee to John. Costa will also include a transaction reference with the payment, in order to automatically match the sale to the corresponding credit.

7 Retailer operating SCA Mode: Decoupled

In 'Decoupled' mode, the TPP is able to initiate a payment to the bank prior to John providing his approval. Blue Bank will place the payment on hold until John provides his approval, for example, via a bank supplied mobile app. [i.e. EBICS distributed signatures]

On making an internet purchase with Amazon, John receives a notification on his smartphone to approve the payment. Amazon will be notified once the payment has been approved, giving them comfort to release the goods. In the case of physical goods, they may also choose to confirm receipt of John's payment.



8 Retailer operating SCA Modes: Embedded and Decoupled

When shopping in store at Tesco, John makes payments using his bank issued card (Embedded).

When shopping online at Tesco Direct, John will approve his payments via his bank issued app (Decoupled).

Tesco can choose which mode to use, depending on whether it is practical and convenient for John to approve payments using his bank card.

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