

## Example: The EU's Open Banking Mandate

### Background:

The **Revised Payment Services Directive (PSD2)**, introduced by the European Union, mandates that banks must open their payment services and customer data—*with the customer's consent*—to licensed third-party providers via **Application Programming Interfaces (APIs)**.

### Role in Improving Customer Service:

#### 1. Increased Choice and Personalisation

Customers can access tailored financial products and services—such as budgeting tools, credit comparison apps, and investment platforms—built by fintech firms using their banking data.

#### 2. Faster and More Convenient Payments

Open Banking enables **instant account-to-account payments**, improving speed and reducing reliance on traditional card networks.

#### 3. Consolidated Financial Management

Consumers can view multiple accounts across different banks in one app, enhancing **financial visibility and control**.

#### 4. Enhanced Competition and Innovation

By breaking the monopoly of banks over customer data, Open Banking drives **innovation**, improves service quality, and often leads to **lower costs** for end users.

The EU's Open Banking framework empowers consumers with more control over their financial data and encourages banks and fintech firms to deliver more **responsive, transparent, and customer-centric services**.