

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**.