

PSD 2: What are the Concrete Benefits for Treasurers?

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The European Commission's Payment Services Directive 2 (PSD2) went live on 13 January 2018. Although hailed as the start of a new era for financial services, corporate treasurers seem to be largely underwhelmed by the changes that PSD 2 has brought about.

This is perhaps unsurprising when much of the PSD 2-related innovation to date has happened in the consumer space. But since the regulation seeks to open up the banking landscape and foster competition, allowing third parties to access and aggregate account information across different banks, there are good reasons for treasurers to pay attention to PSD 2.

As well as creating a level playing field, by allowing third-party Payment Initiation Service Providers (PISPs) into the picture, PSD 2 could help treasurers to achieve:

- More efficient multi-bank services. One of the more transformative aspects of PSD 2 is the Access to Account (XS2A) rule, whereby treasurers can allow third-parties, such as Account Information Service Providers (AISPs) to access their bank account data through open APIs. By using the aggregation services of an AISP, treasurers will be able to retrieve all of their intraday and end-of-day account balances, across their European Economic Area (EEA) banks, in once place. This could save a great deal of time and energy for those treasury teams still using Excel to aggregate data from multiple bank accounts.
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- Better data analytics and improved cash flow forecasting. In turn, having this single view of all bank account data across accounts held within the EEA should enable treasurers to spend more time on data analytics. Depending on the type of business and the nature of its financial flows, this could then be used to identify payment behaviours and spot patterns in cash flows, even linked to factors such as the weather. These findings could be used to help improve the accuracy of the company's cash flow forecast.

PSD 2 brings with it added security benefits, since the regulation has a clear focus on customer authentication and protecting financial data. The new requirements apply to banks and all third-party payment services providers and should help to reduce the risk of fraud ? which is yet another good reason why treasurers cannot afford to overlook PSD 2.

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