



Opportunities using PSD2 Access-to-Account for Insurance Companies

Access to Account (XS2A)

Insurers benefit from PSD2



The Payment Services Directive 2 (PSD2) came into effect in 2018 and was designed to lower the barriers to entry for new players into the banking and payment market. The goal is to encourage innovation and competition by opening the market to non-bank providers and to stimulate banks into developing innovative services offered outside traditional banking.

Therefore it obliges the banks to give access to their customer accounts with mainly two major services:

- Account Information Service Providers (AISP) and
- Payment Initiation Service Providers (PISP)

To be able to use this API-based access to the customer accounts, any corporate organization can apply for an appropriate license to become a Third Party Provider (TPP) whether it's a bank, insurance company, payment service provider, retailer, telecommunication provider or lender. We help you to become compliant with this new regulation and take advantage of the business opportunities arising from the PSD2's Access to Accounts (XS2A) services.

Reasons to become a Third Party Provider

Becoming a TPP can give you access to a lot of business opportunities. Insurance companies are able to develop customer-centric products by accessing customers' bank accounts and payment information. The valuable information from an account can give insights to the insurer to make personalized offers to the customer.

This includes the identification of existing insurance contracts with competitors and the search for the policies a customer holds and to what price. Using Account Information Service (AIS) makes it possible to detect changes in life circumstances (e.g. job, house, marriage, family and possessions or behavior that create an insurance opportunity, etc.), estimate the related risks and react to it with adjusted or new policies.

If this data is managed correctly, it opens up a wide array of opportunities in terms of maximizing the returns on available data to better understand customers and enter into new businesses previously considered unprofitable. As a TPP, the insurer can always be one step ahead, take a proactive approach and offer insurance right on the spot when demand emerges. For insurance providers, personalized insurance products can drive success, enhance customer acquisition and benefit customer retention.

All registered TPPs have access to data from the customer accounts only if they have obtained consent from the end-customer. Of course, this comes with the responsibility to take strict data protection measures to comply with the data protection laws in vigor.

Use cases for insurers – PSD2 Access- to-Account

There are various attractive PSD2 use cases for an insurer. The following use-cases give an idea of what is possible with the help of the new PSD2 functionalities.

Validate and verify personal information

It is most likely that the customer updates his/her address in a timely-manner at its bank – also based on the very mature and regulated Know-Your-Customer (KYC) processes of financial institutions. Insurers can benefit by checking what the latest address entry is or whether some have married recently and offer a special insurance package. These verified address information from the bank can also ease up the on-boarding process with new clients, especially during a digital onboarding to identify a person. For special data requests such as age verification for certain insurance, AIS can bring up new possibilities to retrieve this data.

New payment method

Using account-based payments based on SEPA Credit Transfer (SCT) as an alternative to card-based payments will reduce the costs for insurance companies to realize the payments for the insurance policies by their end customer. Besides offering PIS to the market this new role helps the insurance company to be more than a pure insurer. This shift towards a service provider with attractive services such as personal financial management can help to stand out from the competition and attract new customers. By Payment Initiation, the insurer can issue reminders to pay and check the account for sufficient balance before making a payment. This reduces the number of uncovered requests and the costs of debt management.

IBAN check

The manual exchange of privacy sensitive payment information such as IBAN makes the insurance buying process very uncomfortable and vulnerable. The IBAN check prevents frauds and reduces the number of corrective transfers needed due to incorrectly entered IBANs. With the IBAN check the name and IBAN of the account holder can be checked and at the same time it is an easy method to verify the customer data.



Personalized insurance advice

Account information gives insight into the financial situation of the client. Based on this, combined with the latest spending pattern new personalized financial advice can be offered, which may imply a better risk profile and thus better pricing. As an additional service, the insurer could aggregate important insurance-related information and give consumers an overview of their active policies for self-management.

Bankassurance

The so called „Bankassurance“ makes it possible to integrate the service directly into the banking insurance and work closely with the bank in order to enable consumers to buy insurance products directly from the banks. Once a bank provides financing, the bank has a number of client data that it can use for cross-selling. For example, if the client applies for a loan to buy a new notebook, this data can be used to identify the risks for the customer and to offer additional insurance for the new notebook.

Claim Management

Client data obtained through PSD2 e.g. in combination with IoT and other data sources can be used to improve the reconciliation processes and to gain better insights in possible fraud. A customer can easily prove that he owned the lost belongings by giving access to the bank account. The payment entry can be used as evidence to validate and process the claim and speed up the reimbursement of the correct amount to the customer.

Product Development

PSD2 enables insurance companies to develop a better segmentation strategy. This makes it possible to reach the target group directly, without any scatter loss. Furthermore, new personalized insurance products can be offered by identifying the potential risk of the customers' buying behavior (e.g. purchase of a car, TV or expensive device). Some trends can also be extracted from the account data, which can trigger the development of a specific insurance product.

Let us help you to explore the business opportunities that PSD2 can offer

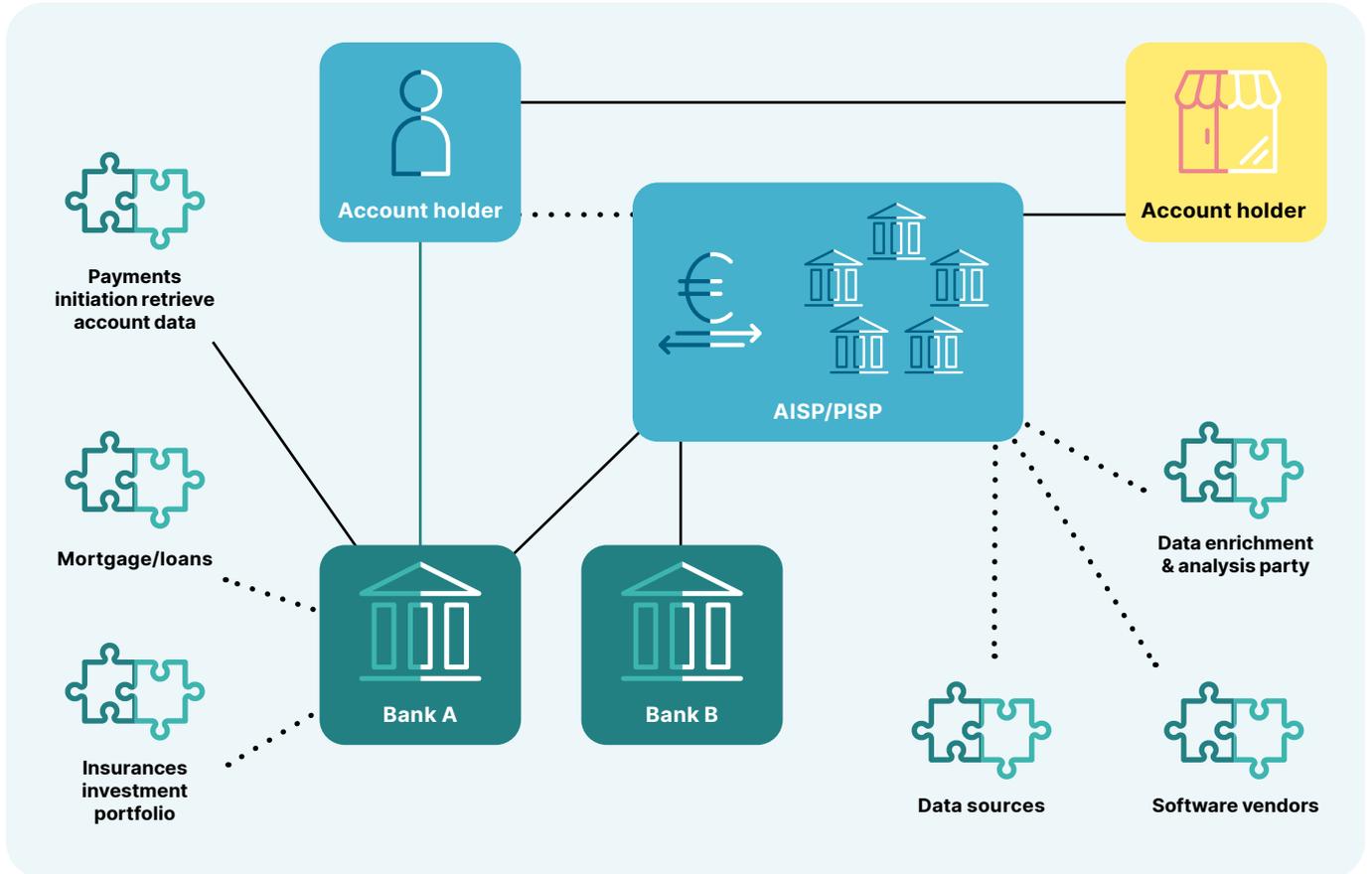
These use-cases highlight only a fraction of the opportunities that are possible for insurers. PSD2 can have a big impact on the insurance market, and by leveraging the PSD2 transaction data the insurer can easily expand its service portfolio. There will be challenges on the way to becoming a TPP such as identifying the right use-cases, choosing the right partnership and fulfilling the requirements. But this should not hinder insurers from exploring what PSD2 has to offer and cater to the ever-evolving digital ecosystem.

With our WL Access2Account TPP services your challenges will be easily met. You can rely on us to provide:

- Value-added services from within our organization or via our partnership network
- Cost-effective reach throughout Europe
- Extensive knowledge and experience of the financial industry
- The right balance between security and user experience

Our solution

Our WL Access2Account TPP Service is a technical solution covering all functionalities and fulfills all regulated requirements needed for a TPP. We take care of TPP Management and provide the Account Information Services and Payment Initiation Services with a testing facility and the supporting services to reduce the friction between the banks and TPP around the API onboarding process.



Worldline helps TPPs to become compliant providers of XS2A and reap the benefits that PSD2 brings. We offer the comprehensive reach to the European banks, create a single API to initiate the AIS and PIS requests and provide Strong Customer Authentication (SCA) solutions.

With our knowledge and experience any business can propose a compelling offer to the market with a competitive time to market. Discover with us the opportunities brought forward by PSD2 and Open Banking and get access to a unified open banking API.



About Worldline

Worldline [Euronext: WLN] is the European leader in the payments and transactional services industry and #4 player worldwide. With its global reach and its commitment to innovation, Worldline is the technology partner of choice for merchants, banks and third-party acquirers as well as public transport operators, government agencies and industrial companies in all sectors. Powered by over 20,000 employees in more than 50 countries, Worldline provides its clients with sustainable, trusted and secure solutions across the payment value chain, fostering their business growth wherever they are. Services offered by Worldline in the areas of Merchant Services; Terminals, Solutions & Services; Financial Services and Mobility & e-Transactional Services include domestic and cross-border commercial acquiring, both in-store and online, highly-secure payment transaction processing, a broad portfolio of payment terminals as well as e-ticketing and digital services in the industrial environment. In 2020 Worldline generated a proforma revenue of 4.8 billion euros.

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