

FOLLOW-UP ON RECOMMENDATIONS

Payments Services

The AdC developed a detailed follow-up of its 2018 FinTech Issues Paper. To collect the views of FinTech providers on the conditions of entry in the market, the AdC undertook a large scale survey.

The analysis and the results of the survey show that the full implementation of most [AdC's recommendations](#) for the payments services sector is still pending and new or smaller operators still face important barriers to entry and expansion.

The AdC reiterates the importance of implementing these recommendations so as to promote competition and innovation in the sector, to the benefit of consumers, in terms of prices, quality and variety. To see what consumers stand to gain from more contestability and competition in this market, check [this](#) AdC's flyer.

Identified barriers on access to SICOI:

- Delay in the banks' response to requests
- Long timeframes for implementing access
- Conflicts of interest (banks act as competitors and access providers)

Need to ensure effective FinTech's access to SICOI (via direct access or regulated indirect access)

Ensure banks have no scope to create obstacles to access to customers' banking data or consent

Key identified barriers on access to data (PSD2):

- Low APIs performance
- Hurdles in the user experience and authentication flows
- Discrimination on payment instruments made available

Key AdC's Recommendations

Initial steps towards the implementation of a regulatory sandbox have been taken, but still far from a full implementation

Accelerate a full implementation of regulatory Sandboxes that promotes innovation

Promote technology-neutral specifications in public procurement procedures

Public procurement procedures still overfocus on the local scheme and its solutions, without ensuring technology-neutral specifications

Crowdfunding

- In its FinTech Issues Paper, the AdC put forward several [recommendations](#) designed to eliminate unjustified barriers to entry and expansion faced by crowdfunding platforms.

Promote legal certainty and proportional regulatory requirements

Relevant steps towards harmonization at the EU level have been made. It is now key to streamline the full application of Regulation (EU) 2020/1503

Ensure access to the Central Credit Register (CRC)

Lending-based crowdfunding platforms still do not have access and reporting rights to the CRC

Promote financial literacy

Initial steps towards crowdfunding information on public sites, but still none on the National Plan for Financial Education's website

COMPETITION IN THE FINANCIAL SECTOR

AdC's survey to FinTech providers

in 2020, the AdC conducted a large scale survey through a questionnaire sent to **139 FinTech providers** active in Portugal and abroad (within the EU). The aim was to assess whether the barriers to entry and expansion identified in the 2018 FinTech Issues Paper remained, as well as to assess the implementation status of the recommendations issued by the AdC.

Of the 70 firms providing services in Portugal, **74% perceive the existence of barriers to entry in the market.**

64% firms providing services in Portugal refer to the position of incumbent operators and the existence of a closed ecosystem as barriers to entry.

AdC's survey

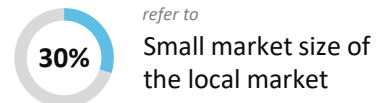
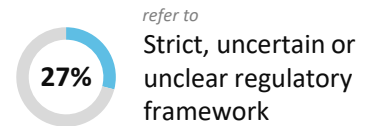
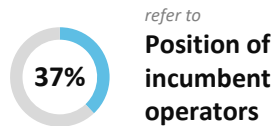


88 Responses received



70 Responses from firms that provide services in Portugal

Key barriers to entry and expansions identified



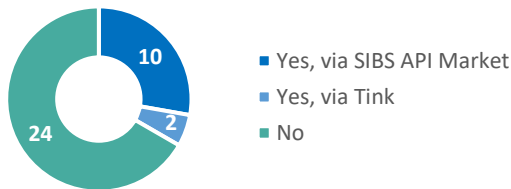
[Sample: 70 firms that provide services in Portugal]

Access to banking data using API

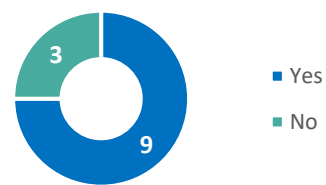
Of the 37 companies providing payment services in Portugal (within the scope of PSD2), **10 requested access to APIs** in Portugal and 2 companies reported having requested access through third parties.

Of the 12 companies that requested access, 9 companies indicated having access to data and, of those, 6 indicated having used that access to provide services.

Companies that requested access to banking data in Portugal within the scope of PSD2



Companies that already have access to banking data in Portugal within the scope of PSD2



Barriers to accessing banking data

Response time to the API access request **4**

Fees/charges for data access **2**

Additional security requirements than those required by applicable regulation **2**

Additional consent requirements than those required by applicable regulation **4**

Average API response times for data access **3**

Absence of relevant information regarding customer data **2**

Other **8**

[Sample: 7 companies providing payment services that accessed banking data in Portugal]

[Note: companies that indicated "fees/charges for data access" did not access data as a TPP]

Barriers to accessing banking infrastructure (SICOI)

- Delay in the banks' response to requests for representation.
- Long time frames for implementing access.
- Fear that access to SICOI is hindered as a result of the conflict of interests inherent to the banks acting as an entity on which their competitors are dependent for access to essential input.