

BAB

جمعية مصارف البحرين
Bahrain Association
of Banks

Open Banking Operations: Bahrain's Insights

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Chairman of Digitalization and Cybersecurity Committee

Bahrain Association of Banks

Arab Regional Fintech Working Group

Second Meeting Agenda

23rd – 24th June 2019



About Bahrain Association of Banks

The Bahrain Association of Banks (BAB) was established by a Ministerial decree in 1979, and registered under the central bank of Bahrain in 2010.

BAB brings together banking institution of all sizes and charters in kingdom of Bahrain and works towards enhancing Bahrain image as the financial hub of the Middle East.



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Senior Vice President – Head of IT
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Chairman of Digital & Cybersecurity Committee
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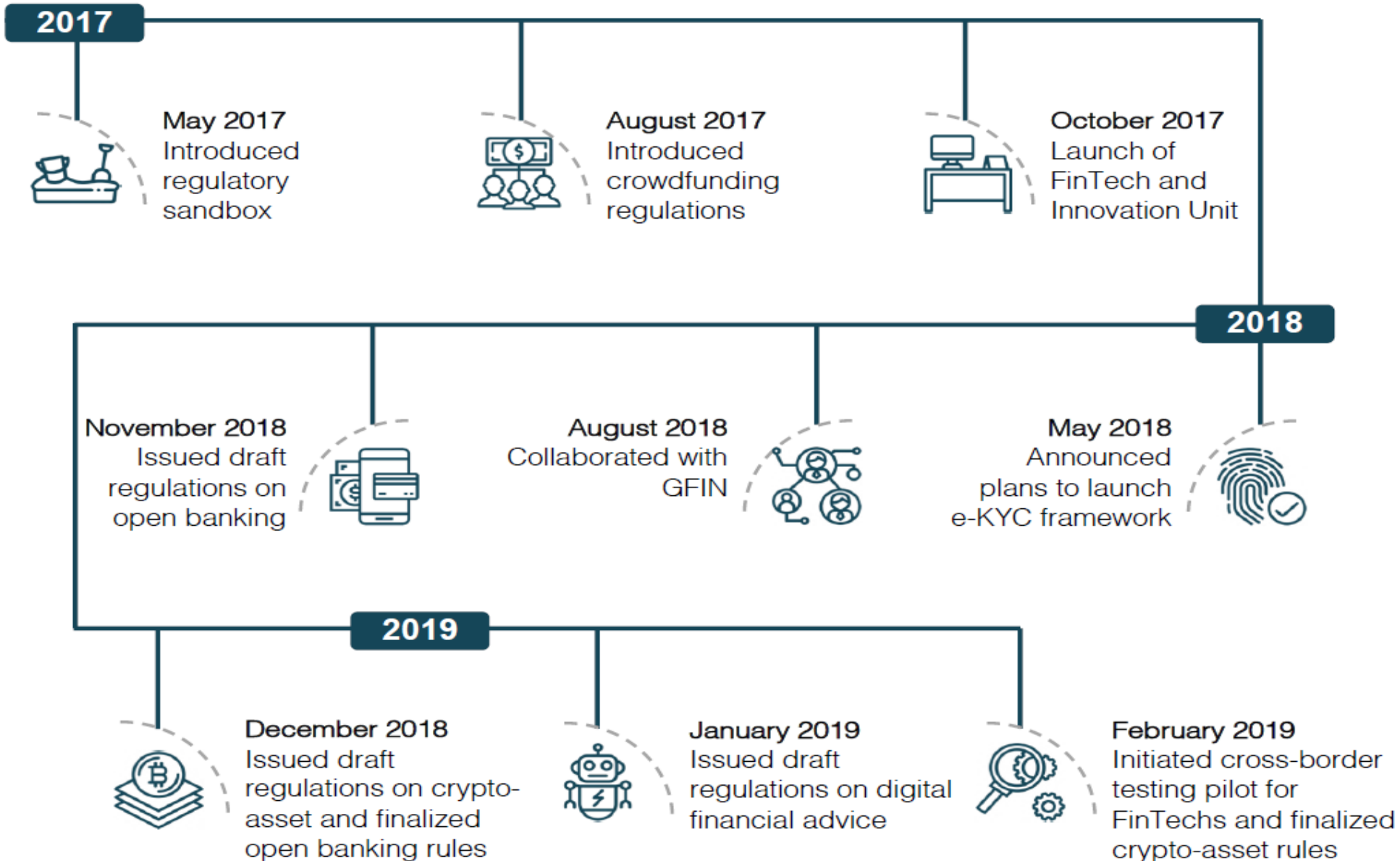


Chairman of Advisory Board
Bahrain FinTech Bay



Digital Banking & FinTech Instructor
Bahrain Institute of Banking & Finance

Bahrain's FinTech Ecosystem & Regulations



Source:

Bahrain Fintech
 Ecosystem Report 2018



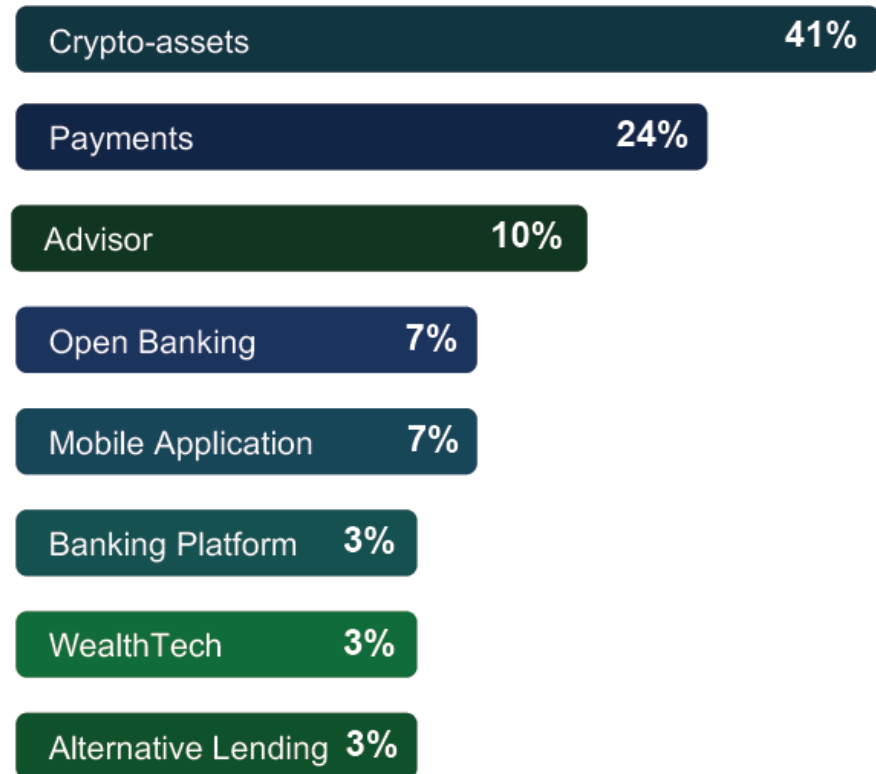
<https://www.bahrainfintechbahrain.com/fintech-ecosystem-report>

Bahrain's FinTech Ecosystem & Regulations

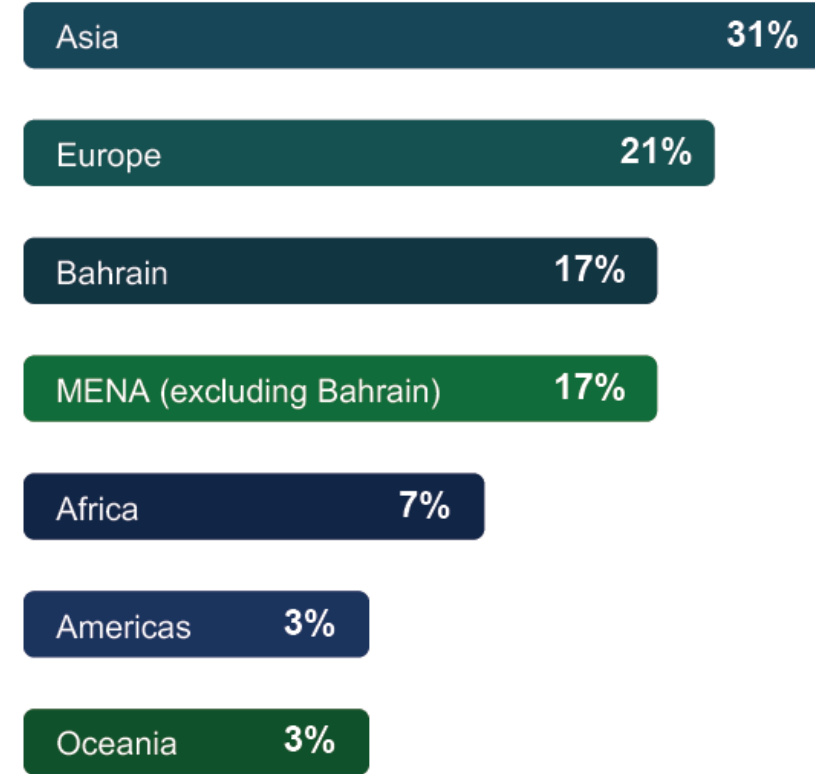


REGULATORY SANDBOX

COMPANIES BY VERTICAL



COMPANIES BY REGION/COUNTRY



Source:

Bahrain Fintech
Ecosystem Report 2018



[https://www.bahrainfintechb
ay.com/fintech-ecosystem-
report](https://www.bahrainfintechb
ay.com/fintech-ecosystem-
report)

Bahrain's Open Banking



OPEN BANKING

The CBB issued draft regulations on open banking in Bahrain during November 2018 thus taking the lead in introducing open banking regulations in the MENA region. Within two months, the finalized open banking regulation was published during December 2019. The initiative was a major step toward transforming the financial services industry by enabling greater transparency and inclusivity through open data. The UK conceptualized open banking with the intention of encouraging banks to offer more innovative services and solutions to their consumers. Presently, two open banking modules are included in Bahrain's consultation papers:

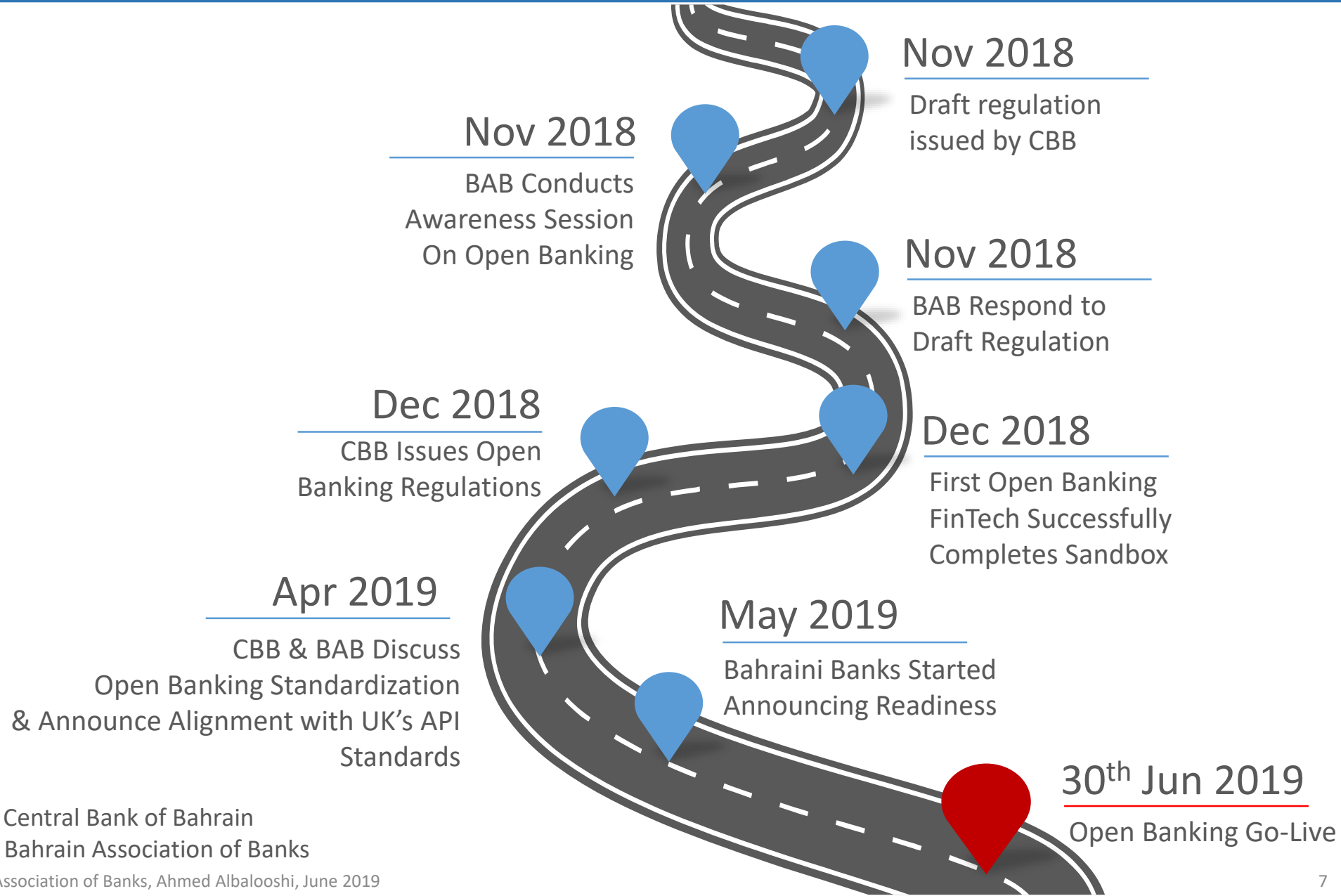


Account Information Service Providers (AISPs) for accessing and aggregating account information



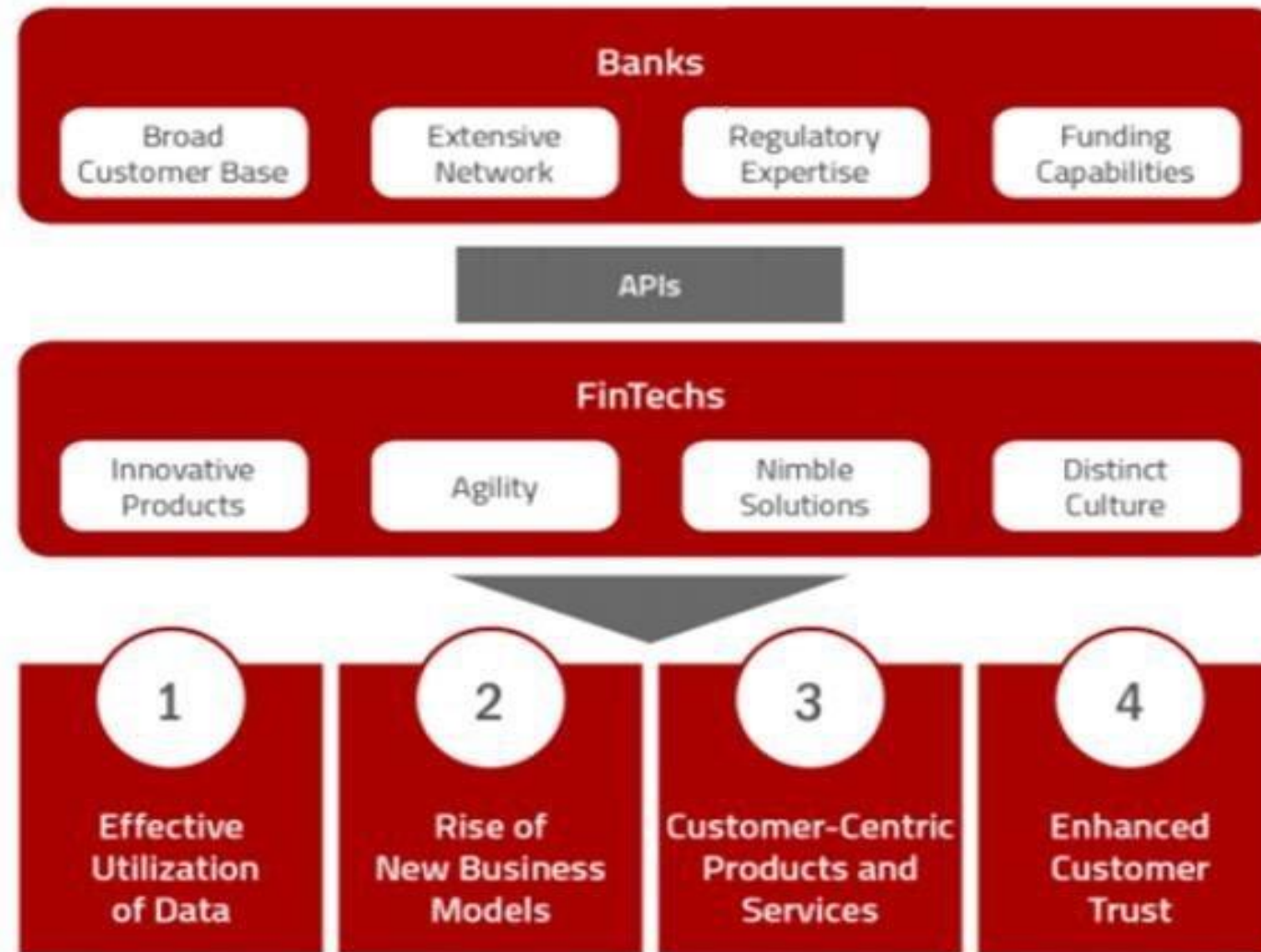
Payment Initiation Service Providers (PISPs) for online payment services

Bahrain's Open Banking Journey



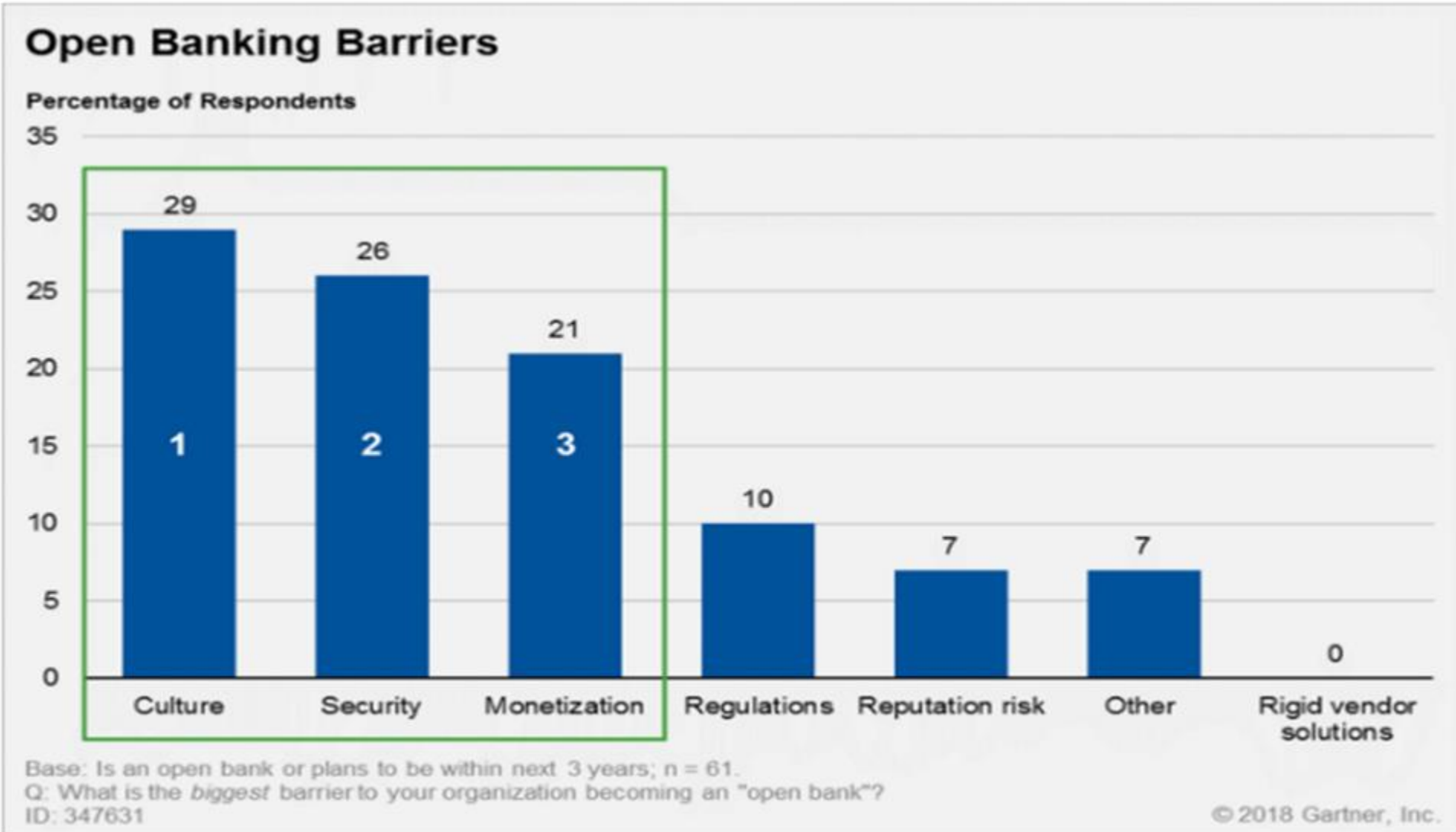
CBB = Central Bank of Bahrain
BAB = Bahrain Association of Banks

Value of Open Banking

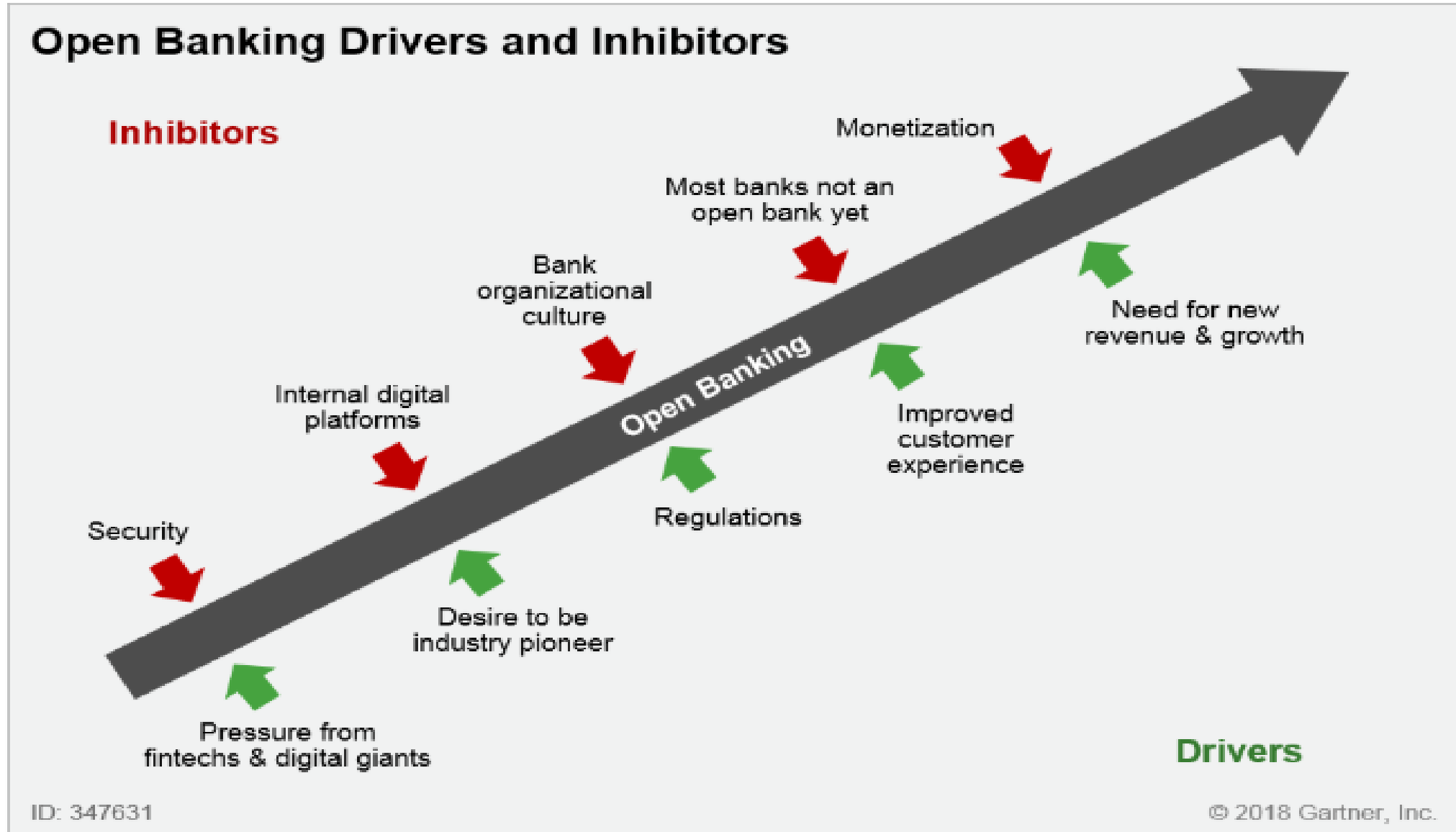


SOURCE: Capgemini Financial Services Analysis 2017 © June 2017 The Financial Brand

Open Banking Barriers – Banks Perspective



Open Banking Barriers – Banks Perspective



Open Banking Stakeholders Concerns



Customers

- Value to me?
- Is my data protected?
- Can I control my data?



central bank

Regulator

- Data Protection Law
- Open Banking Regulation
- Licensing for AISPs/PISPs/TPPs
- Operations of Open Banking



AISPs/PISPs/TPPs

- Bank's Readiness
- Customers adoption
- API Standards
- Service Level Agreement



Banks

- API Standards & Integration
- Data Protection / Consent Management
- Compliance
- Monetization

Operational Issues

1. Developing and Implementing APIs and Security standards requires extensive time and effort.
2. It is not a one time project, as type of Third Party Providers increase new APIs are required. APIs are subject to continues improvements.
3. There will be also a need for:
 1. Enrollment of new AISPs, PISPs and technology providers.
 2. Identity Management & Security Profiles
 3. Operational Guideline
 4. APIs Conformance Testing
 5. Security Testing
 6. Dispute Resolution

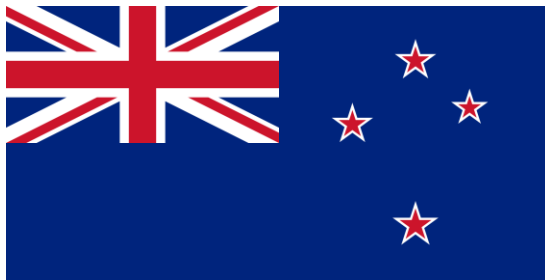
Open Banking Implementation Entity

Given the amount of work required, separate entities were formed to overlook Open Banking Implementation & Operations:



UK: Open Banking Implementation Entity (OBIE)

- Created by the UK's Competition and Markets Authority. Funded by the UK's nine largest banks.
- It took 11 months to issue the standard for AISPs.
- More info: <https://www.openbanking.org.uk/about-us/>



New Zealand: Payments NZ

- Formed by Industry consensus.
- Funded initially by banks. Ongoing: Banks, AISPs, & PISPs.
- Built on top of UK Open Banking
- More info: <https://www.paymentsnz.co.nz/about-us/>

Bahrain's Open Banking Implementation Entity?



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Thank You!

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