

Open Finance Pilot FAQ

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1. Open Finance Basics

Q1.1 What is Open Finance?

Open Finance is the extension of data-sharing principles, assigning greater control to customers over their data and enabling them to allow third-party providers (TPPs) access to their data across multiple financial products and services. This can offer both businesses and individuals better financial products and services. It also provides financial institutions the opportunity to reduce their transaction costs, as well as the ability to better tailor their products to the evolving needs of customers.

Q1.2 What are the benefits of Open Finance?

Open Finance enables financial institutions to share their financial data with financial apps and other third/fourth/fifth parties in a more secure, controlled, and defined way. Since Financial Service Providers are moving to Agile technologies, building strong partner networks, and creating robust mobile platforms which cater to consumers' needs, Open Banking enables direct financial transactions between customers and businesses and making cross-platform payments/transfers/transactions a reality.

Q1.3 What are Open APIs and how do they add value?

The concept of Financial APIs was explored and documented in a 2016 paper published by the Euro Banking Association; I was part of writing this with the financial community. While the paper is European focused and has some outdated references, the framework and conclusions are still valid and provide a model that may help some financial institutions understand the value propositions and strategy around Open Finance. This paper can be found [here](#).

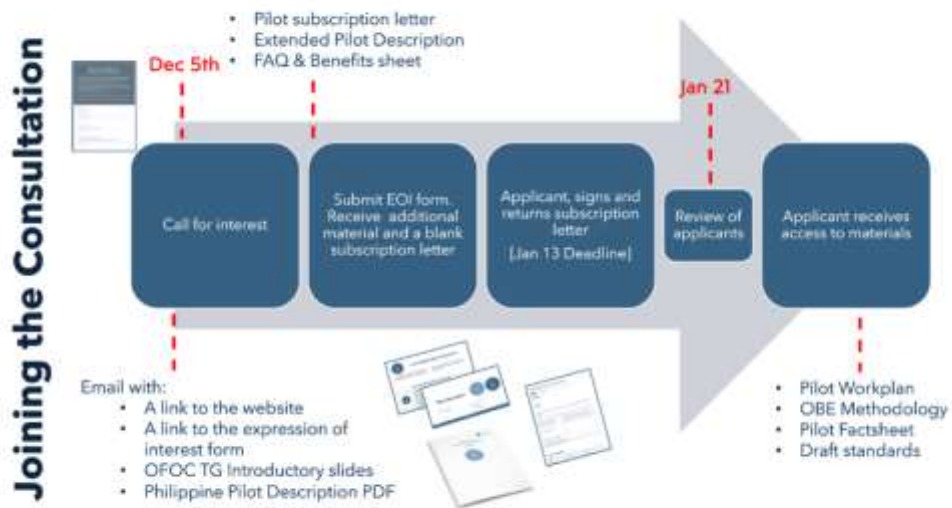
2. Pilot Preparation

Q2.1 What is a "Standards Consultation Working Group" participant?

A participant who chooses to be part of the Standards Consultation Working Group (SC WG) will prepare the pilot by having an open and inclusive consultation on the standards with other market participants. The SC WG will define Open Finance arrangements (i.e., rules, standards, processes, and infrastructure).

Q2.2 How can I participate in the Pilot (as SCWG)?

The first step is to submit a fully accomplished Expression of Interest Form. After an institution expresses interest, they will be invited to an Information Session (Info Session) by PILOT ADMINISTRATOR to do a walk-through of the different Pilot phases, stages, timelines, and responsibilities. Below is a diagram of how to be part of the consultation:



Q2.3 What is the Open Finance Pilot?

The Philippine Open Finance Pilot (“PH Open Finance Pilot”) is a collaborative undertaking of Financial Institutions, participating on a voluntary basis, to explore the use of Application Programming Interface (API) technologies in the delivery of financial products and services responsive to the needs of customers.

The activities of the PH Open Finance Pilot will be governed by the provisions of BSP Circular No. 1122 on the Open Finance Framework and monitored by the Open Finance Oversight Committee Transition Group (OFOC TG).

Q2.4 What does the Pilot involve?

The Pilot involves specific activities per phase and stage.

There is a Pilot Preparation Phase where the Standards Definition happens. This is when the Standards Consultation Working Group (SC WG) review, agree, and deliver the Pilot Arrangements (Rules, Standards, Processes, and

Infrastructure requirements). In the Infrastructure Preparation Phase, those wanting to participate in the Pilot Testing Phase will prepare their respective infrastructure.

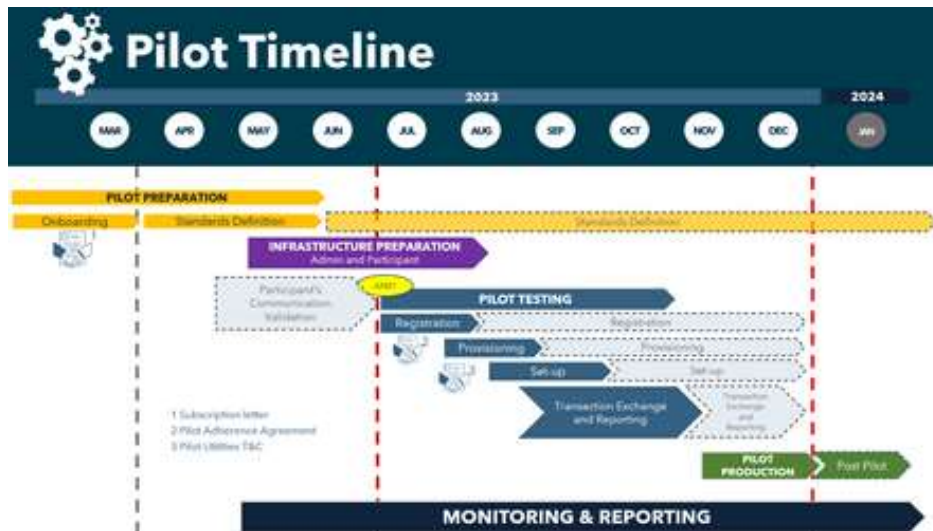
In the Pilot Testing phase, the expectation is that participants will be exchanging data among themselves via APIs after they are duly registered, provisioned, and set-up. Pilot Production will be the same steps except it will be in a live environment. Q2.4 below shows a timeline of the phases, stages, and activities.

Q2.5 Who sets the timeline, rules, and goals for the Pilot?

The Pilot Administrator sets the timelines, rules, and goals for the Pilot, and acts as guidance to the members of the respective Pilot group/s.

Q2.6 When will the Pilot happen?

Based on the timeline below, preparatory activities for the Pilot are expected to run from January 2023 onwards. The Pilot Testing phase is targeted for the second half of 2023.



The table below shows the events/activities and their targeted dates:

Date	Event / Activities
21-Jun-23	Launch Event
Jun 21 - Aug 18	Registration Activity
Aug 01 - Sep 15	Provisioning Activity
Aug 18 - Oct 15	Set-up Activity
Sep 01 - Oct 31	Transaction Exchange and Reporting Activity
Nov 01 - Dec 29	Pilot Production Activity
Jan-2024	Post-production Activity

Q2.7 Who is running the Pilot?

The Pilot Administrator will be running the Pilot.

Q2.8 What is IFC's role in the Pilot?

IFC (International Finance Corporation), through a third-party consultant, provides support to the Philippines OFOC TG and the Bangko Sentral ng Pilipinas (BSP).

IFC is an organization that is part of, but of a separate legal entity from, the World Bank Group. As the largest global development institution focused on the private sector, IFC operates in more than 100 countries worldwide.

Q2.9 What are the four main success criteria of the pilot?

The main success criterion of the pilot is to prove that the arrangements, which have been created to support the Pilot, allow Open Finance Services to exist with sufficient:

- Usability and reliability
- Security
- Interoperability
- Transparency

Q2.10 What will be the KPIs? And who will set the KPIs?

Below outlines the items to be reported that can be used to measure the progress and success of the Pilot Program:

Area	Definition
Number and diversity of Pilot Participants.	The count of financial institutions that have joined the pilot program to share data and participate in the Open Finance ecosystem.
Pilot Participant Readiness	The ease and efficiency with which financial institutions and third-party applications integrated into the pilot program. Smooth integration is crucial for scalability.
Pilot Testing Program	The ability and progress of participants to work through testing, understanding problems, and delays that they face.
Pilot Transactions	The volume and type of transactions exchanged within the pilot program between financial institutions and third-party applications.
Pilot Support Metrics	Helpdesk calls, incidents, and change requests.

Q2.11 Can we commercialize "Open Finance", especially since some institutions have to pay a 3rd party for their payment capabilities?

Whether API Providers charge API Users for data requests, or to initiate payments, and the level to which charges apply (i.e., the business model) is not specified within the Pilot. This is something that is to be worked out between participants, bilaterally. A useful comparison is the Philippine ATM network (BancNet) where participants charge each other (or don't) for using their cash machines, with no central directive. In all cases, it should be remembered that competition law applies and that the data being provided belongs to the customer.

Q2.12 What are Fourth and Fifth Parties and what is their role in the Pilot Testing ecosystem?

Fourth parties outsourcing parties under the control of the participant that contracts them. Within the ecosystem, they may be identified, and their presences communicated, but they are not going to be Participants and will not have to apply to be part of the Pilot.

If use cases occur involving fifth parties, it is because the customer requests that their data is given to the fifth party. Similar to fourth parties, fifth parties may be identified, and their presences communicated, but they are not Participants and will not have to apply.

Both of these parties are out of scope for the Pilot.

Q2.13 Will the Pilot also allow outsourcing relationships?

Where there are outsourcing arrangements between Participants and their service providers, and/or this will be under the responsibility of the Participants, which themselves are subject to Philippine law and BSP rules.

This is out of scope for the Pilot.

Q2.14 How will the Pilot report activities and success?

Reporting is an essential activity which enables the continuous improvement of the program overall. With these reports, we will be able to address any issues that might come up along the way.

The Pilot Administrator will:

- Collate information and reports from Pilot participants and from internal tools.
- Report to OFOC TG on Pilot progress as well as issues, problems, and suggestions

Q2.15 What is the plan for inviting others to participate in the Pilot Testing Phase?

All SC WG participants are invited to participate in the Pilot Testing Phase.

Similarly, the Communications Committee of the OFOC TG will be seeking out other Participants that fall within the eligibility criteria.

Q2.16 How many other participants are needed for the Pilot?

Diversity is more important than volume. In the Pilot Testing Phase, the target number of participants is 8-10.

3. Participation in the Pilot Activities

Q3.1 Who is eligible to join the Pilot?

Participants must be either a Bank, an Electronic Money Institution (EMI), or an Operator of Payment Systems (OPS). The categories of Bank, EMI, and OPS have been chosen as:

1. They are generally similar to BSFIs and are both relevant and trusted.
2. They are the industry sectors that have been selected for the OFOC TG.

#	Criteria	Commentary
1	Main eligibility criteria	Participants must be Banks, EMIs or OPS.
2	Confirmation of eligibility criteria will be through official BSP lists.	<p>The following lists are relevant:</p> <ul style="list-style-type: none">• Banks must be in the BSP Bank Directory under the category of "Banks".• EMIs must be listed here: List of EMIs (BSP)• OPS must be listed here: List of OPS' (BSP) <p>OR institutions must send a copy of their supervisory certificate if lists are incomplete.</p>

Q3.2 What is a Pilot Testing / Pilot Production participant?

Pilot Testing and Production Participants are the entities that sign up to the rules and agreed to follow the standards, processes and infrastructure. There will be different roles in the pilot, although any participant can play more than one role.

API Providers are financial institutions that participate in the pilot to provide data or payments services. On the other hand, **API Users** are organizations which accesses data or services delivered by API Providers and provides services to Customers. A Pilot participant will have:

- Access to documents
- Access to UI sandbox

- Access to Pilot Utilities. Provisioned with operational credentials.
- Bound by the rules and obligations of the Pilot.
- Expected to test.

Q3.3 Are there differences in the obligations between API Providers and Users?

API Provider	API Users
<ul style="list-style-type: none"> • Allow their customers to request services through Participants who are API Users. These requests should be treated with the same level of service as similar requests from existing channels. • Act with their Customers' consent and provide mechanisms to capture the consent of the customer according to the Pilot standards and national regulations. • Provide a Developer Portals, APIs and consent mechanisms that allow <ul style="list-style-type: none"> ○ API Users to register, in accordance with the Setup standards ○ Customers to request data or services through API Users, in accordance with the Pilot Standards. ○ Reporting to the Pilot Administrator or other relevant oversight bodies • Ensure that communications with API User Participants are secure and in accordance with the Pilot Standards. 	<ul style="list-style-type: none"> • Only act with their customers' explicit consent. • When Accessing data: <ul style="list-style-type: none"> ○ Identify themselves to the API Provider. ○ Communicate with Financial Service Providers securely and according to Pilot Standards. • Only access or store data or funds requested by the customer and only use that data for purposes instructed by the customer.
<p>Any compliance with the Pilot Standards, Service Levels, and API Performance Targets.</p>	<p>Reciprocity</p>

Q3.4 Why should I join the Pilot Testing Phase in Open Finance?

- Be part of the standard-setting work, rather than receiving standards set by others.
- Benefit from the collective experience of the community and the consultants, instead of reinventing the wheel.
- Avoid doing internal design and development work, based on internal requirements, with the risk of coming to different conclusions and having to start again.
- Understand the direction of the market and form the strategic direction of the organization.

Q3.5 Is this voluntary or will BSP mandate this down the line?

There is no legal mandate to require financial institutions to join. Multiple sectors, industries are highly encouraged to join so they can be included in either defining the standards and/or in the Pilot.

Q3.6 Will there be some form of accreditation during the Pilot?

Under the Pilot Testing Phase Registration Stage, an activity called “Due Diligence” will happen, where the Pilot Administrator will verify that all requirements, documentation, representation, and regulatory registration are valid.

The second layer of accreditation happens under the Provisioning Stage where the Pilot Admin will certify that your developer portal meets the standards, after which, the transaction exchange will happen among the Pilot participants placed in the directory.

Q3.7 What are the obligations of all Pilot Participants?

All Participants MUST:

- Follow the rules, standards and processes in force at the time of signing, which apply to them in accordance with the roles and activities.
- Follow the rules, standards and process of future versions of the Rulebook as published by the Pilot Administrator under the approved change management processes.
- NOT compromise Pilot interoperability or create barriers to competition.

With regard to the Pilot Administrator, Participants MUST

- Provide infrastructure in compliance with the Rules, Standards, Processes, and Infrastructure.
- Follow processes on registration, conformance testing and reporting.
- Make available or connect to any infrastructure required by the Pilot.

With regard to Customers, Participants MUST

- Provide relevant information on the Pilot to customers and inform customers about how their data is being used.
- Ensure that legal terms and conditions are consistent with the Pilot.

Q3.8 Can smaller banks start the pilot instead of waiting for large banks to participate?

Diversity is more important. It is critical to have a cross-section of multiple types of institutions/organizations.

Q3.9 Is there a cost to participating in the Pilot?

During the Pilot, the Pilot Administrator has been procured in order to support the community.

- There will be no fees for working on Rules or Standards.
- There will be no fees for joining the Pilot.
- There will be no fees for applying, helpdesk or receiving information.
- There may be fees for use of shared services.

4. Pilot Particulars - Use Cases

Use Cases: Payment Initiation

Q4.1 Are there API standards already provided for PesoNet, InstaPay, and Intrabank payments?

Yes. There are API specs for payment initiation, and which payment initiation for Instapay, PesoNet and Intrabank transfers.

Q4.2 Should we provide our own Bills Payment API?

We provide API standards for Payment Initiation, Account Information, and subscription. These are API use cases. How these are used to offer services to customers, i.e., market use cases is a choice for the API user or third party.

Q4.3 Can we use the API standards to implement other payment types that are not intrabank, InstaPay, and PESONet?

Yes. Please tell us if you do. This is part of the "learning by doing" approach of the pilot.

Q4.4 Can API Provider be asked via an API to make payments from another institutions account?

No. An API provider can only make payments from an account that they hold. The Account Institution Code is for transparency, to make it explicit that the customer is instructing a payment to be made from a specific account held at a specific bank.

Q4.5 How does the Open Finance Pilot interact with other initiatives of the PPMI or BSP?

The Open Finance Pilot is built on and must be compatible with any systems or initiatives on which it is based. For example, Payment Initiation via APIs must be compatible with Payments in the Philippines.

Q4.6 What is meant by Payment Cancelation? Does it refer to a refund?

Payment cancelation refers to a pre-settlement action. It is not a refund. In some countries, it is possible to cancel future-dated payments or payments that have been requested, but not executed.

Q4.7 We don't have internal use cases for canceling payments/transfers, do we have to implement Payment Cancellation?

If you don't allow customers to cancel payments before settlement, you don't have to build this function.

Q4.8 How does the Open Finance Pilot interact with the PPMI initiative, which is establishing a direct debit pool, so FIs can perform direct debit from banks or API wallets?

The Pilot does not support direct debits at the moment, this is out of scope.

Use Cases: Subscription

Q4.9 Does the Subscriptions Use Case have to allow a real time subscription?

No. The subscription and account opening API will allow API users to request accounts to be opened on behalf of their customers, but this does not have to be real time.

Q4.10 What are the steps when using the subscription API?

There are three steps to account creation:

1. Create a customer record: Call create a customer API (includes customer details); returns customer ID
2. Call subscribe an account API (needs customer ID and product category)
3. Call upload KYC docs (needs customer ID)

5. Pilot Particulars - Legal and Operational

Legal

Q5.1 Are we required to go live at the end of the pilot?

The intention is that you go live, but only when you are ready.

Operational

Q5.2 How do we withdraw from the Pilot?

Participants who wish to withdraw must provide a written notification of withdrawal and an effective date to the Pilot administrator.

Developer Portal

Q5.3 Can API Users publish API documentation via PDF, rather than published online?

Yes. At least in the short term, however, developers will expect an OpenAPI file that is consistent with the standard (Currently Swagger 3.1 and YAML).

6. About the Standards

Q6.1 What do we mean by arrangements? Why do we need them?

Arrangements are the rules, standards, processes, and infrastructure that result from the Standards Definition Stage, as set by the Standards Consultation Working Group (SC WG). We need them to be able to determine what rules, standards, processes, and infrastructure will be used for the Pilot Running Phase.

The diagram below shows the Pilot ecosystem, showing how the arrangements created and approved by the SC WG, OFOC TG, and BSP is central to the success of the Pilot.

Pilot ecosystem



Q6.2 How will we create the Standards for the Pilot?

To be able to create Standards, and other arrangements for the Pilot, we have to look at the following methodology. The general framework is simplified below:

- **Topic:** Actors and Roles: Eligibility criteria
- **Question:** Can anybody offer Open Finance services or is it restricted for some reason?
- **Answer:** Trust is important. We need to be sure that data will be handled properly.
- **Requirement:** We need rules and standards and maybe processes and infrastructure, so everybody knows who is allowed and who is not.
 - There will be a **rule** around eligibility criteria.
 - There will probably be a **standard**.
 - This may have to be implemented, so we will need an onboarding (and offboarding) **process** (who, how, when?).
 - There will need to be a list of who has joined so that is **infrastructure** (centralized? decentralized? provided by?)

Q6.3 What use cases does the Pilot cover?

There are multiple use cases that the Pilot can cover, depending on what was agreed upon.

A few examples from previous implementations include account aggregation (account initiation services/AIS), opening accounts in an open schema (subscription services), and multiple transactions (payment initiation services/PIS).

Q6.4 Is there a standards definition? (Is there an already existing framework?)

There is an existing standard/framework and list on the Arrangements (Rules, Standards, Process, and Infra). The latest version of the Arrangements has been vetted, reviewed, and approved by the Standards Consultation Working Group. This is made available for Pilot participants and those interested to join.