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“Legal certainty was created with the PSD2”

Interview with
Bettina Schönfeld
at the Association
of German Banks

Swiss responses
to the PSD2

The eBill
market launch

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FRONT PAGE
Bettina Schönfeld from the Association of German Banks

Dear reader,

In mid-January of this year, the European Union fundamentally changed the rules in banking, especially for payment traffic. With the PSD2 (Payment Services Directive 2), banks are legally obliged to grant third-party providers access to their customers' bank accounts. The regulatory authorities promise greater competition in the EU domestic market, more innovation and thereby lower costs for consumers.

Non-banks may now access a bank customer's private account at a financial institution, with the customer's permission, and market the account information in some form as a service. Upon the bank customer's request, such third-party providers are also free to transfer money to the customer's account online. The hurdles for the new players are lower in view of the fact that they do not need a bank license. And financial institutions not only have to make access to the bank accounts possible, but also cover the costs of the open application programming interfaces (APIs) themselves.

Rolf Brüggemann

Besides the fact that things are lagging behind with the implementation – so far around a third of EU members have not yet implemented the PSD2 and therefore one can hardly talk about uniform competition in the EU – the Swiss Bankers Association has some fundamental concerns.

Firstly, numerous important legal questions (supervision of the new players, data protection, complaints handling, transitional phase, etc.) remain unsettled, which automatically leads to legal uncertainty, and which is detrimental to confidence in the payments market.

Secondly, there is no need for action for a legally forced opening, because competition functions well in this country. The Swiss banks are developing innovative solutions themselves or with partners and fintech companies which place the focus on customer benefits. A regulatory compulsion would be an unnecessary intervention in a functioning market and would lead to competitive distortion to the disadvantage of the banks.

And thirdly, local banks can already open customer interfaces today if this is in the interest of the bank and customer. They have been doing this for quite some time now, as shown by the example of a payments provider that enables online shopping to deduct money from their bank account directly and instantly. By the way, the mentioned service is being provided from within the EU country Germany. This demonstrates that cross-border competition already exists in Switzerland – quite in the spirit of the visionaries of the European single market.

Switzerland need not implement the PSD2 either directly or indirectly, because it is not a member of the EU or the EEA, and there is also no corresponding obligation in the bilateral treaty with the EU. That is the legal view. The regulatory principle is even more important: competition works well here entirely without compulsion.

Rolf Brüggemann
Member of the Swiss Bankers Association Executive Board

Bettina Schönfeld
Department Head Retail Banking and Bank Technology at the Association of German Banks

The PSD2 from a European perspective

Lively discussions have also preceded the coming into force of the PSD2 in Germany. Financial institutions, organizations and companies are discussing not only the risks, but also the opportunities the PSD2 offers. In the following interview, Bettina Schönfeld, Department Head Retail Banking and Bank Technology at the Association of German Banks in Berlin, spoke about what has been experienced, the new opportunities, as well as about open issues.

The PSD2 has been in effect since mid-January 2018. How did the German banks react to it in the run-up? Were there any concerns?
There really were concerns at first. During the law making procedure around five years ago, all the stops were pulled out to point out the crucial points. These particularly involved the security and data protection considerations if third party providers were to be given the possibility to access the banks' infrastructure. However, these concerns were posed from an obstructionist mentality, as if the banks sought to prevent competition. Very late in the legislation process, the consumer protection agencies also latched onto this issue and supported our arguments. It was indeed a rare thing to see the consumer protectors and banks actually close ranks together.

At that time, the German Banking Industry Committee demanded that third party providers should not have access to the payer's personalized security features (e.g. online PIN/TAN) for security reasons and in regard to compliance with banking secrecy requirements.
That, of course, was an issue that really concerned us. We can meanwhile say that the PSD2 establishes clear rules here. The customer can make his access data, such as PIN and TAN, available to third party providers if they are necessary for conducting payment initiating and account information services. Third party providers are legally recognized with the PSD2 and must fulfill certain conditions (license, registration). This means that they are subject to supervision by the banking authorities. Access to the data range is also regulated. These are all measures for strengthening security as well as banking secrecy.

Let's talk again about the moment in which the attitude turned positive. How exactly did that happen?
When it became clear that the PSD2 was definitely going to happen, a change of thinking occurred one and half to two years ago. The focus was not only on the risks, but also on the opportunities; and not only in Germany, but throughout Europe. The first considerations that arose included: Am I really just an operator of infrastructure? Am I really just an account-keeping service provider that makes payment accounts available for others free of charge, or can I slip into the role of a third party provider myself? Can I not offer these services myself? By placing themselves in the role of the market counterpart, they saw that their customers can also profit from these services if the bank offers them.

> **"Legal certainty was created with the PSD2."**

Major segments of the Swiss financial center are of the opinion that regulatory compulsion is an unnecessary intervention in a functioning market. Furthermore, the Swiss banks have already invested in fintech solutions and are working closely with start-ups. What do you think of this skepticism?

That is entirely understandable. Such skepticism also existed in Germany at the beginning. The advantage of the PSD2 is that legal certainty has been created with these European guidelines. By the way, cooperation between fintechs and banks is also increasing in Germany, just like in the Swiss market. The Association of German Banks also offers something quite special: Fintechs have been able to become associate members for some time now. This is a completely new situation and probably also unique in Europe. The exchange in joint task groups and project committees has proven to be very fruitful. It really is the case that they have a completely different perception of certain things.

In Switzerland, it is being said that the introduction of the PSD2 will result in high costs for the banks. By implication, this view suggests that the costs for the migration to the PSD2 were not high in Germany. What is your estimation?

Since the PSD2 is European legislation intended to bolster competition throughout Europe, the focus was not all that powerfully placed on the market in Germany. Nevertheless, the costs and work involved are not to be played down. They really are enormous. Especially in regard to 13 January 2018, when the PSD2 was to come into force.

> "We see a trend towards increasing numbers of cooperations between banks and start-ups in this area, which promises a mutual win-win situation."

The banks' business terms and conditions and the complete terms and conditions for payments had to be modified. This caused high costs, in view of the fact that customers also have to be informed about it. And for users, this often takes place via the postal service today. The second major cost driver is the PSD2 interface, through which the banks must make their infrastructure available to third party providers free of charge.

In your opinion, how great is the danger that the banking sector will lose market share or that the PSD2 will lead to competition distortion to the detriment of the banks? Or conversely, that the banks will cut the legs out from under potential third party providers from the outset by themselves offering new account information services?

A great deal of trust is placed in the banking sector. That is one of the crucial competitive advantages they have over other market players. Moreover, we see a trend towards increasing numbers of cooperations between banks and start-ups in this area, which promises a win-win situation. On the other hand, it also makes sense that banks, which now must provide access to their infrastructure free of charge, seek opportunities that come with the new business models emerging with the PSD2. Just what the competition with payment initiator and account information services will be like is anyone's guess at this point.

Each person now has, on average, 1.8 bank accounts, some even three or four. The PSD2 should be especially advantageous for multi-banking customers, enabling them to manage their entire financial situation at a glance. According to a survey, 15% of Germans are apparently prepared to disclose their banking data to companies. Were there other surveys or clarifications regarding potential consumer needs conducted in the run-up to the implementation of the PSD2?

I am not aware of any such surveys. Having said that, when it comes to surveys, it really depends on which target group is addressed. Does it involve a younger generation, or an older one that may generally be skeptical about electronic services? From today's perspective, it is not possible to get a clear vision of which innovative products will someday exist. The general development, however, can be recognized: that data will truly be worked with, services offered by scanning account transactions and seeing, for example, that the electricity bill is way too expensive and there are cheaper providers. It is entirely conceivable that a customer will say that there is a service they want to use, and so permit access to their data.

"The focus was not only on the risks, but also on the opportunities; and not only in Germany, but throughout Europe."

Bettina Schönfeld

> **"From today's perspective, it is not possible to get a clear vision of which innovative products will someday exist."**

Speaking of consumer information. An EU directive stipulates that since 13 January 2018, a user-friendly electronic leaflet should be published on the websites of the EU Commission, those of the EBA and the authorities in charge "listing in a clear and easily comprehensible manner, the rights of consumers under this Directive and related Union law." Research on the Internet, however, shows that no German language datasheet exists. What is that about?
I'm afraid I also cannot answer that. We too are waiting for this datasheet and are looking forward to reading the specific contents.

While payment initiating services require authorization from the respective national supervisory authorities for their activities, account information service providers need only register, and are not required to obtain such permission. The EBA is considering requiring applicants to provide an extract from the criminal record registry. Neither the German Payment Services Oversight Act nor the consultation report from the government of Liechtenstein includes any mention of the changes to the payment services directive. How do you explain this discrepancy?
The fact is that these provisions from the European Banking Authority are formulated as guidelines upon which the national regulators are to orient themselves. Whether it is implemented one-to-one depends, among other things, on whether the special characteristics of the local market play a role; whether certain practices and eligibility criteria exist, for example, for payment institutions with which the highest requirements are met so that a one-to-one implementation in the text of the national legislation is not necessary.
In addition to these guidelines, or recommendations, upon which financial institutions can orient themselves, there are also legal texts, the delegated regulations, which need not initially be implemented, but which will soon become applicable, such as the Regulatory Technical Standards (RTS) within the scope of the PSD2, with their rules for strong customer authentication and secure communication.

PSD2 GLOSSARY

API stands for Application Programming Interface. APIs enable third party providers to use bank customers' account data and bank functions in connection with these accounts.

Berlin Group is a European initiative that is dedicated to standards, harmonization and thereby interoperability in European payment traffic. This includes mobile P2P payments as well as APIs for PSD2.

PSD2 is the second Payment Services Directive (EU) 2015/2366, which had to be implemented in national legislation by January 2018. Among other things, it stipulates market opening for third party providers (TPPs) in payment traffic.

RTS stands for Regulatory Technical Standards, which the European Banking Authority has defined on behalf of the EU Commission. These were published on 13 March 2018 as a delegated regulation (EU) 2018/389 by the EU Commission. They define rules for strong customer authentication as well as secure technical communication between banks and third-party service providers. They are to be implemented by 14 September 2019.

TPP stands for Third Party Provider. TPPs generally refer to non-banks for which access to bank customers' accounts is permitted subject to conditions (such as through APIs).

These RTS issued by the European Commission, however, will only come into force in the second half of 2019. This means that there is a gap between the PSD2 and the RTS. Under these circumstances, would it not have been better to delay the introduction of the PSD2 until then?
This discussion of whether the two must be implemented at the same time actually did take place. Some countries really made the case for doing so. But the deadlines for the PSD2 were already established; it was clear that it would come into force in January 2018. The RTS were originally planned to follow six months later. While no one really spoke about this gap, now we have one of around a year and a half. Meanwhile, the RTS were published as a delegated regulation on 13 March 2018 and must be implemented within 18 months, which means by 14 September 2019. The deviating deadlines were taken into account by national legislators in the respective implementation law. All third party providers that offered their services before the PSD2 was approved

may continue doing so and their existing business is protected. What is new is that they need a license or registration to continue doing so, and are subject to national banking supervision. Only when the RTS are implemented in September 2019 must third party providers use the banks' interfaces.

The Berlin Group has developed an ISO 20022-based, joint, Pan-European API standard to facilitate access to bank accounts by third party providers. If you take a look at the list of members, it is apparent that nearly a third of them come from Germany. Does this mean that the interest among other European financial institutions in a common interface standard is so minor? That they will invent their own APIs? Or that they will be interested in the finished product offered by the Berlin Group?

That there are a large number of members from Germany is simply attributable to the fact that we campaigned for a uniform standard very early on. You can almost say that the German banks, or the German Banking Industry Committee, are among the founding members of this initiative. Nevertheless, organizations from twenty EU nations are meanwhile represented, which is tremendous considering that it is a voluntary initiative. Looking at Europe, you will find that there are only five initiatives that have developed a standard: besides the Berlin Group, there are initiatives from Great Britain, France, Poland and Slovakia. Of these five initiatives, four are nationally oriented and only the one from the Berlin Group is actually Pan-European. That was the main impetus for our support for the Berlin Group.

> "It was recognized that the uniform interface is better than proprietary solutions, regardless of whether from a bank or nationally."

How do you estimate the chances that agreement will be reached for a single international European solution? To what extent do these national standards differ from one another?

There are certainly efforts to merge the standards. The first harmonization efforts between the French standard and the Berlin Group, as well as in the direction of Poland, have already taken place. It was recognized that the uniform interface is better than proprietary solutions, regardless of whether from a bank or nationally. The European Commission also supports the idea of a uniform interface. However, there are indeed also national characteristics to be considered, such as with the British market, where the competition authorities are requesting that the nine largest banks open themselves up to competition. The requirements there go beyond the PSD2.

Are all requirements and the necessary investment security for the successful implementation of the PSD2 otherwise in place?

Not quite. The RTS leave it up to each bank to decide whether to offer a dedicated interface or whether to open the customer interface and, for example, online banking. At the same time, the RTS require banks that offer a dedicated interface to also offer an emergency solution, or fallback access. The problem with this is that a second interface is involved, which would cause twice the investment costs among the banks. Under these requirements, no bank will offer standardized, dedicated interfaces, but their own solutions in the form of an adapted customer interface, which is precisely the opposite of what is intended to be achieved with an API standard interface. There is meanwhile an option in the RTS for a bank to free itself from this fallback solution by requesting an exemption from the national banking supervisory authority. This, however, is linked with meeting specific requirements for the interface, and the criteria have not yet been established in detail. We are slowly running out of time.

Interview:
Karin Pache and Thomas Reske
SIX Interbank Clearing

The initiative "Swiss Corporate API"

A wide variety of initiatives around the world are addressing the issue of "open banking", and not only because the PSD2 legally requires them to do so in the EU. Financial institutions are doing so because they seek to drive innovation together with fintechs. The Swiss Corporate API is an initiative by Swiss banks which aims to offer new payment and financial management solutions with secure interfaces, and is based on Switzerland's open payment traffic standards.

An important prerequisite for the voluntary implementation of an open bank API (Application Programming Interface) is that the use of bank data requested by the customer can be handled through a secure API platform. This, in turn, should apply to customers as well as to banks and third party providers. The Swiss Corporate API initiative will offer such a central infrastructure starting in 2019.

Banks can assume various roles in the new API world. Firstly, they can provide an API to enable access to the bank account information by others. Secondly, they can use an API to offer multi-banking services themselves, or thirdly, act as a "tech" company, to initiate an API cooperation with other partners, for example. At an international level, several consortiums have decided for the latter, among them the Berlin Group (NextGenPSD2), which is active on the European level, and Open Banking Limited in Great Britain.

In Switzerland, Credit Suisse, Raiffeisen Switzerland, UBS, Valiant and Zurich Cantonal Bank came together in autumn 2017 under the aegis of SIX to found the Swiss Corporate API initiative. This initiative differs from most of the others in that beyond an open standard, it aims for a central, secure API platform that should prevent redundant infrastructure and operating costs among customers, banks and third party providers: banks save costs by not having to build and operate a similar infrastructure themselves, customers and third party providers profit in that they can reach all participating banks without added work and expense through a single standardized technical connection.

Vision

The vision of the Swiss Corporate API is to develop and offer a central banking API platform that is open to a wide range of parties (Figure 1). The platform shall be based on established standards and equipped with strict security and quality features. The API shall reduce the risk of unsafe alternatives and hinder the uncontrolled growth of proprietary formats. On-boarding shall be as easy as possible for customers, banks and third party providers.

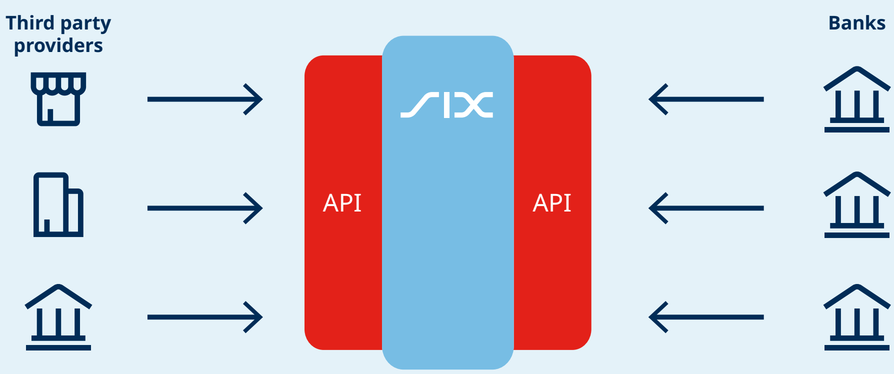


Figure 1: Swiss Corporate API target model

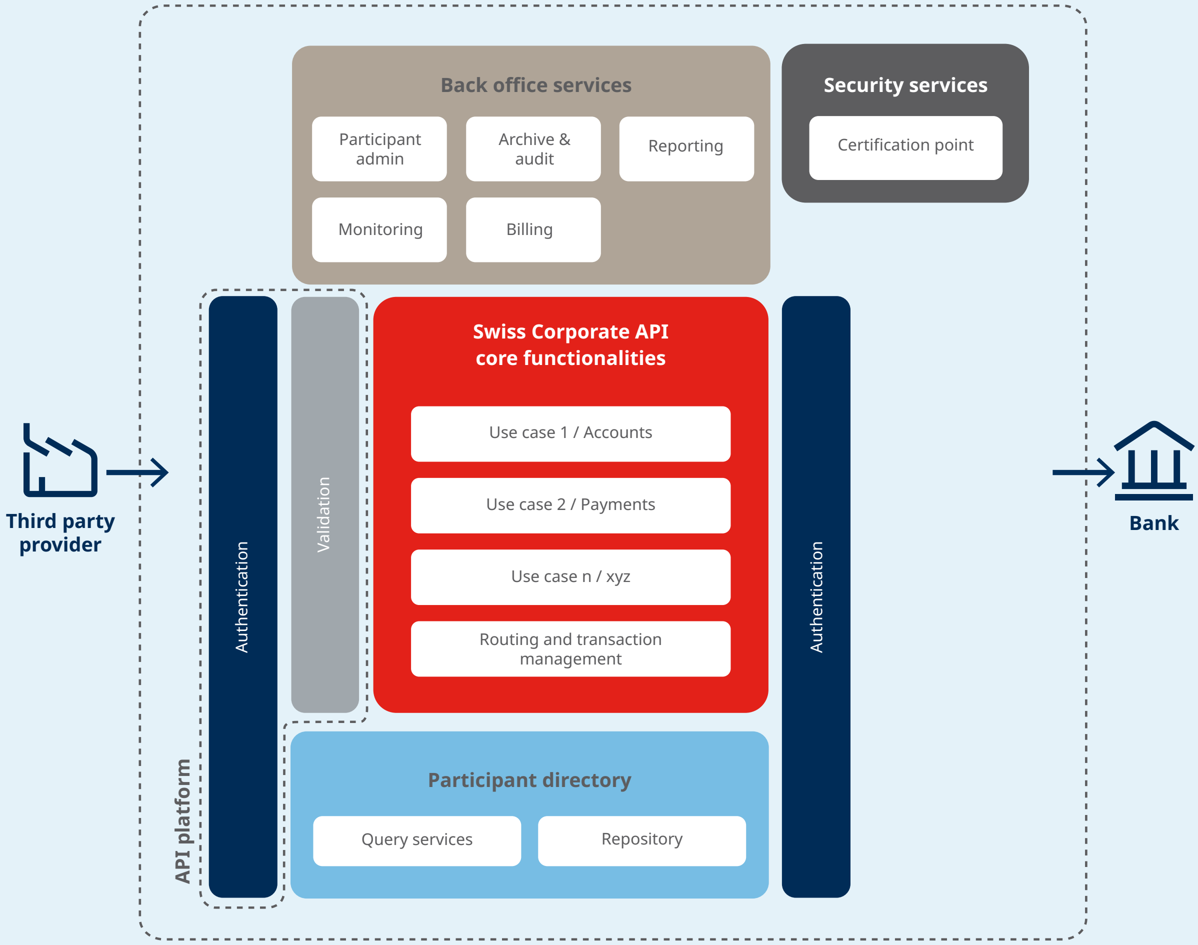
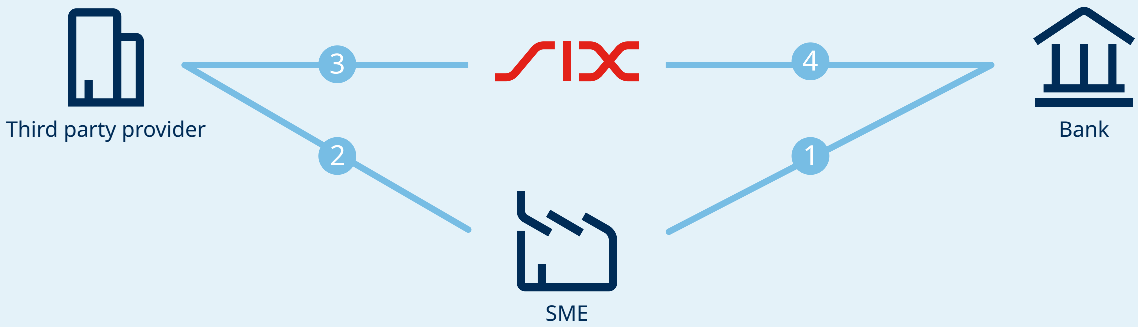


Figure 2: Swiss Corporate API architecture

Future-proof architecture

In addition to the central API platform and core functionalities, the basic infrastructure, developed by SIX, also offers back office and security services, as well as a participant directory (Figure 2). A "sandbox" for testing will also be made available. In an initial step, the "account access" and the "submission of payment orders" will be implemented – the most important use cases for banks and third party providers. Additional services shall follow later, including those that can be useful beyond payment traffic. Being looked into, for example, is whether the electronic transmission of a corporate balance sheet can also be realized through the API platform.

Standardized, but flexible contract design
The legal framework of the Swiss Corporate API enables flexible contract design and simplified contract management between the parties (Figure 3) while, at the same time, provides standardization where needed. This contractually combines important issues such as joint quality assurance and fraud prevention.



1) **Bank – SME:** Contract for bank services
2) **SME – third party provider:** Service contract and authorization to access one’s own bank data
3) **SIX – third party provider:** Certification and security obligations
4) **SIX – bank:** Participation in the joint platform

Figure 3: Swiss Corporate API contract design

Support by PaCoS
In order to be as efficient and open as possible for all participants, the Swiss Corporate API relies on proven, established standards and payment traffic use cases. For this purpose, standardization specialists from the Payments Committee Switzerland (PaCoS) were involved. The payment traffic messages exchanged will meet the Swiss Payments Standards (SPS), which themselves are based on the ISO 20022 international standard (see Box).

Schedule
In the second quarter of 2019, the API platform will be ready for productive use by the first banks and third party providers and shall enable access to bank accounts as well as the submission of payment orders. Parallel to this, the concepts for additional use cases will be elaborated starting in mid-2018.

Peter Ruoss
Chairman Payments Committee Switzerland (PaCoS), UBS Switzerland AG

THE SWISS CORPORATE API RELIES ON JSON, REST AND SPS

JSON (JavaScript Object Notation) is a lean data exchange format that is easy for people to read and write, and also easy for machines to parse (= analyze data structures) and generate.

REST (Representational State Transfer) denotes the "RESTful Application" programming paradigm for distributed systems featuring client-server, statuslessness, caching (= interim saving in a cache) and uniformity of the interface.

SPS (Swiss Payments Standards) is the Swiss payment traffic standard based on the ISO 20022 international standard and is documented at www.PaymentStandards.CH.

Common API – Open banking by Swiss Fintech Innovations

When it comes to discussions about digitalization in the financial sector, the focus is increasingly on the technical interfaces (APIs). Through APIs information is exchanged between mobile apps and a bank within the framework of open banking, as well as between banks and third party providers or between various banks.

Technical interfaces for exchanging payment and account information are only future-proof and reliable when they are standardized. So-called standard APIs as a basis for open banking offer great potential for innovation and the digitalization of a wide range of business processes in the financial sector. That is why the "Common API" working group of Swiss Fintech Innovations (SFTI) has supported the standardization of interfaces in the financial market for nearly two years now. Supporting them are leading banks and insurance companies, as well as the four core banking software providers. The aim is freely available API specifications which each company is free to use as it wishes (specifically including opening, monetarization, etc.). The jointly elaborated specifications will also be Europe-compatible (particularly in exchange with the Berlin Group) and will be coordinated with other Swiss projects.

PSD2 in the EU – What about Switzerland?
With the new PSD2, the EU seeks to encourage innovation in the European financial market through regulatory intervention. It compels banks to make interfaces available (APIs) that enable third party providers, with or without a banking license, to initiate payment processes upon their customers' request or to access account information. There is no such regulatory compulsion in Switzerland.

In turn, third party providers without a banking license – this specifically refers to fintech companies – are subject to supervisory regulations, including requirements regarding the initial capital and for the coverage of liability obligations. By contrast, in Switzerland many fintech services are either not regulated at all or require a full banking license from the start. Nothing will change in this regard with the planned, so-called "bank license light".

Open banking without the PSD2?
Neither the fintech startups nor the established banks have spoken out for an adaptation of the PSD2 regulation in Switzerland. The SFTI association is committed to seeing that the Swiss financial center is able to generate sufficient innovation without such a regulatory intervention, with an eye towards securing its leading position in the future.

The 18 SFTI members from the Swiss banks and the insurance industry are solidly convinced that open banking is to be considered more than just "nice to have", because customers will very soon also be demanding the associated possibilities from their banks in Switzerland. Challenged are not only the banks, but also third party providers. While they frequently do not need a permit in Switzerland, thus largely remaining beyond the scope of financial market supervision, their challenge here consists of developing secure, stable and, it goes without saying, innovative solutions, and to convince bank partners to open their technical interfaces for them. Because in Switzerland, where third party providers are not subject to supervisory regulation, each bank must itself evaluate and decide which providers guarantee sufficient security and stability, and on what terms the interfaces made available can be used.

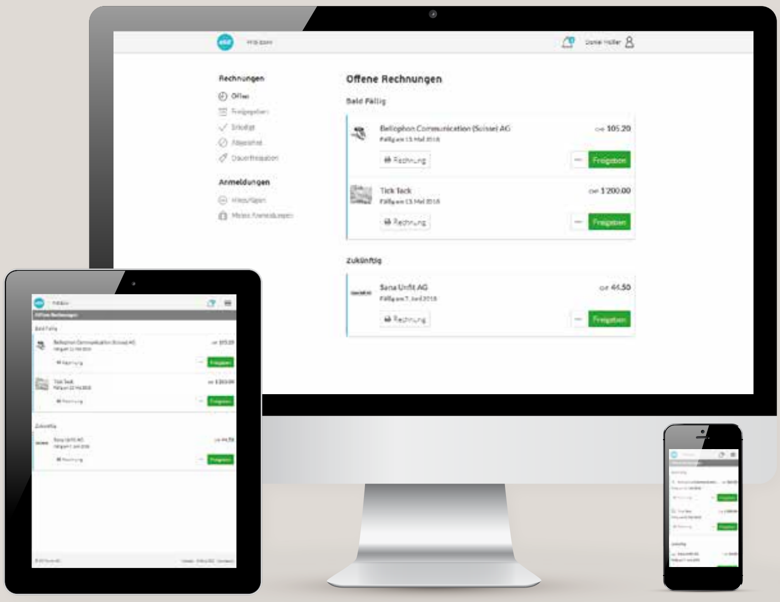
Patrick Baumberger
Raiffeisen Schweiz,
Chairman of Swiss Fintech Innovations

SWISS FINTECH INNOVATIONS (SFTI)

SFTI was jointly founded in March 2016 by several banks and insurance companies, with headquarters in Zurich. The aim of the association is to make the Swiss financial center a leader in fintech. With meanwhile 18 members, the association has apparently struck a nerve with its goal of digitalization and the search for innovative solutions, which are becoming ever more pressing issues in the financial world. The members are cooperating in working groups on issues that impact them all.

The eBill market launch

The majority of bills in the Swiss market are still physically sent on paper via the postal service. There is great potential here to digitalize the process, in both the B2B and B2C segments. The new central eBill platform in Switzerland is groundbreaking for companies and consumers alike on the path to an integrated, digital future for bill settlement.



The new, integrated and scalable platform for direct debit and e-bill was launched on time a year ago. All LSV$^+$/BDD participant banks then completed switching to the SIX eBill platform, without this being noticed by their customers. Direct debit transactions can be processed smoothly on the new platform.

Emphasis on innovation

Since then, development has focused on new, innovative functionalities for eBill; such as the uniform user interface for all banks, which is not only intuitive, but features a uniform look everywhere – regardless of whether it is used on a smartphone, tablet or desktop. Standing releases can also be issued far more easily. The direct registration of e-banking customers at billers will also be possible in the future, if this is preferred by them. All this and much more makes the digital paying of bills even more convenient, easier and more secure for both banks and customers.

Migration status

The changeover of bank customers to the e-billing functionalities is essentially occurring in two stages: since February 2018, around 300,000 customers from the two pilot banks, UBS and CS, are going to be incrementally migrated to the new eBill platform through June 2018. Everything is running to plan so far. The new technology functions smoothly in operation and scales appropriately. The pilot banks and SIX are in the process of adapting and optimizing the organizational processes to the new circumstances, so that customers will soon be able to use the new possibilities offered by the eBill platform. At the same time, additional banks are already getting ready for their go-live – including those that have not offered e-billing so far. The second stage of the migration will begin in midyear, and is quite an undertaking: a total of 23 deadlines and 92 financial institutions shall follow the pilot banks by the end of November (see the roadmap).

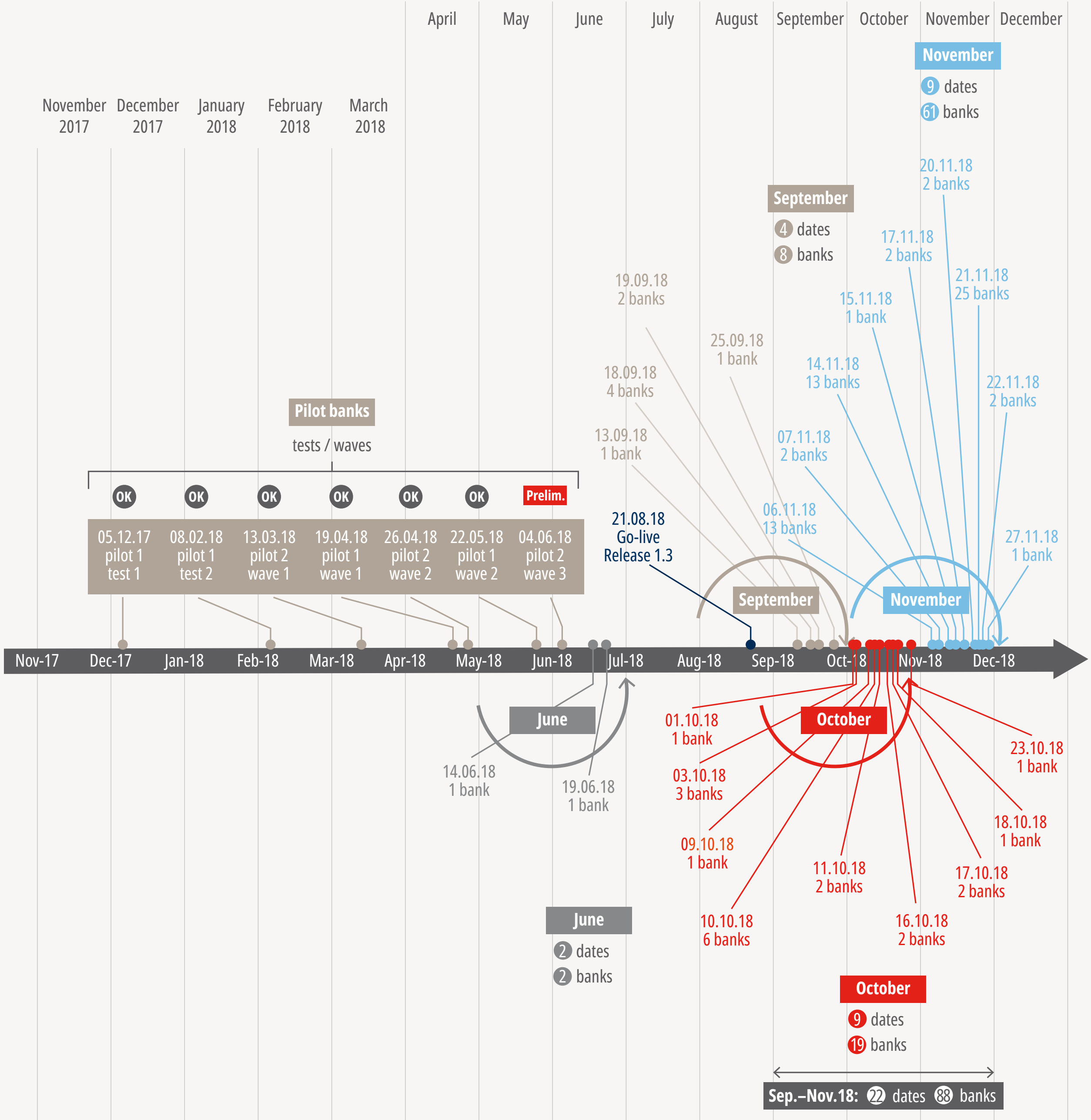
Roadmap

Integration tests with banks are already being conducted on the test environment. Approval tests are being carried out through close cooperation between SIX, banks and software providers, so that the migration to the productive platform can take place according to plan. All this is taking place in tandem with daily business on the current e-billing platform and along with development of the innovative functionalities.

Vision

The goal to change over all financial institutions by the end of 2018, and also to activate additional banks, is a milestone on the ambitious path to implementation of the vision of the Swiss financial center, which is to digitally process 80% of bills to private individuals by 2027.

Achim Bucher
SIX

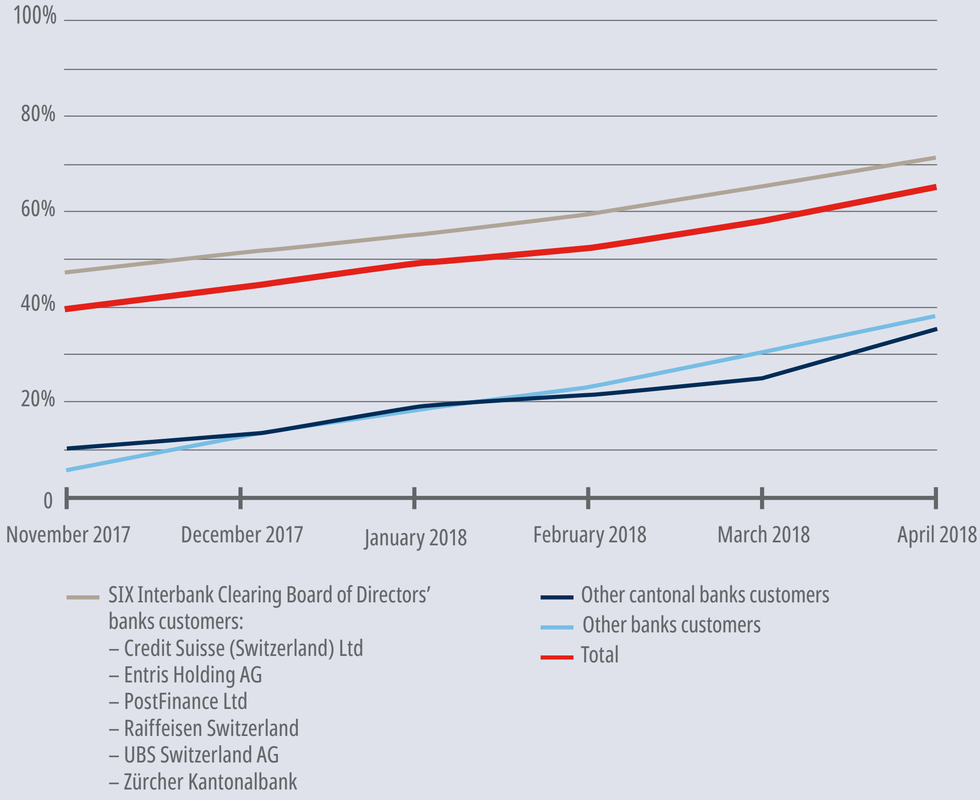


Bye-bye DTA. Hello ISO 20022

After nearly 42 years, the DTA standard will be discontinued on 30 June 2018 and replaced by ISO 20022 pain.001. After it was introduced at the end of 1976, DTA quickly become established among corporate customers and has become one of the main pillars of customer payments in Switzerland. The migration of the entire payment traffic to ISO 20022 in general, and replacement of DTA in particular, is in full swing.

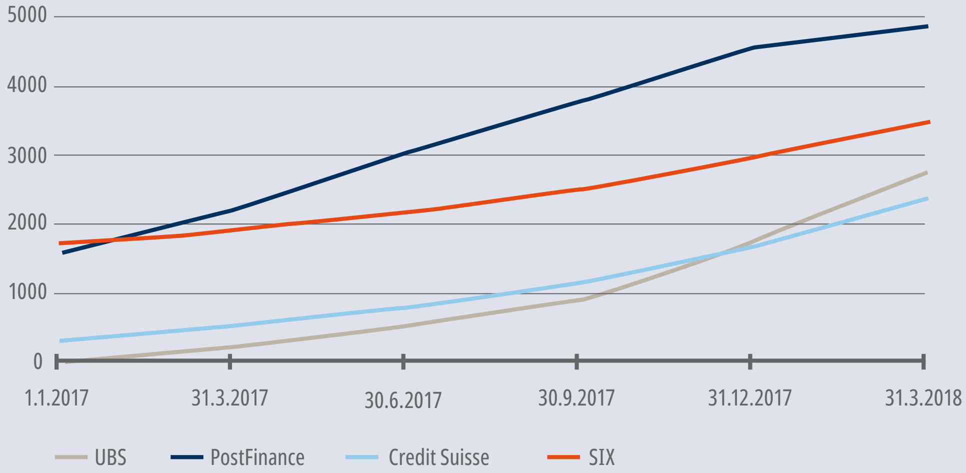
The migration is proceeding at full speed – due to the increased requirements for the range of data for a payment and the harmonization of formats in the Swiss market. This is evidenced by the significant increase in corporate customers that have migrated.

Percentage share of transactions of corporate customers submitted in ISO 20022



The role of the validation platforms

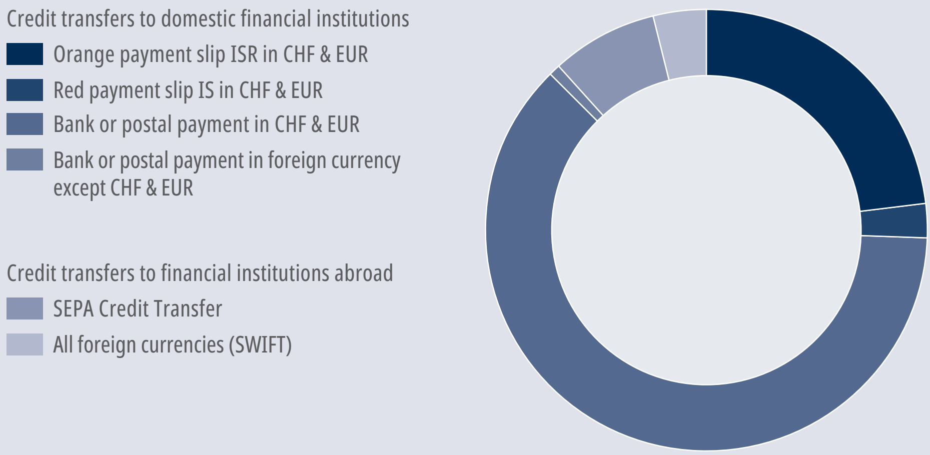
Another good indicator for the status of the change-over to ISO 20022 is the use of test platforms offered by various banks and by SIX. Increasing numbers of corporate customers and software providers are testing their ISO 20022-based XML files (including pain), in terms of form and content, and generating the corresponding responses.



New registrations on the ISO 20022 test platforms provided by SIX, Credit Suisse, UBS and PostFinance

Ranking of the pain.001 payment types

An analysis of the test platforms offered by the large banks shows that for more than 65 percent of the pain.001 test cases payment type 3 (bank or postal payment in CHF & EUR) was simulated, followed by payment type 1 (ISR) with over 21 percent, and payment type 5 (SEPA) with nearly 7 percent.



Percentage share of transactions for selected payment types on the ISO 20022 test platforms from UBS and Credit Suisse

Gabriel Juri
SIX Interbank Clearing

From crowdfunding provider to crowdfunding promoter

The Cantonal Bank of Basel-Landschaft (BLKB) launched its own crowdfunding platform back in 2014, called "Successful together", making it one of the first banks in Switzerland to jump aboard the crowdfunding train. They reacted to a contemporary development and sought to position themselves in a growing market.

The crowdfunding marking in Switzerland has since developed significantly: According to the Lucerne University of Applied Arts & Sciences, the number of platforms had grown to around fifty by the end of April 2017. Between 2008, the year that the first crowdfunding platform was launched, and April 2017, a total of CHF 193.8 million has been generated through crowdfunding, 66 percent of which in the past year. Classic bank activities are increasingly being handled on electronic platforms directly between individuals or companies. The BLKB wanted to be part of this development.

Crowdsupporting and crowdlending

Things went very well in the beginning, particularly in the area of crowdsupporting, in which supporters, depending on the support amount provided, receive a reward from the project initiators. The BLKB, on average, was able to finance around 70% of the projects launched. This was an impressive success rate, in view of the young market. Crowdlending, which was introduced in 2015, through which supporters provide small interest-bearing loans to SMEs, has proven to be somewhat less successful. This is mainly because detailed figures are requested from companies that submit a crowdlending project. Only very few were prepared to provide this level of transparency.

Partnership model with crowdfunding providers

After two years of operation, the BLKB therefore subjected its platform to a comprehensive review. The analysis showed that crowdfunding activities can be more successfully conducted in a partnership model with an established provider. As a result, the BLKB discontinued its "Successful together" platform in November 2017 and, at the same, time, launched a new crowdsupporting solution together with Wemakeit, the leading crowdfunding provider in Switzerland. The BLKB is now acting as a promoter: Wemakeit assumes the project management and platform maintenance, while BLKB supports the projects financially, and markets them through social media channels and their website.

Numerous advantages for project initiators

This cooperation enables the BLKB to benefit from the popularity of the Wemakeit brand, their know-how and broad network of partnerships, as well as the actively cultivated Swiss community. The new solution also offers numerous advantages for project initiators: Firstly, through the financial support and assistance with marketing by the BLKB, they have a greater probability of success; while secondly, the BLKB, as a supporter, generates trust among other potential supporters; and thirdly, the project initiators receive access to a large community – which is everything needed to successfully generate funding.

Positioning in the sustainability field

Through their own channel on Wemakeit, the BLKB supports sustainable projects in the areas of environment, society and start-ups in the cantons of Basel-Landschaft, Basel-Stadt, Aargau and Solothurn. The bank generally finances a third of the project amount or a maximum of CHF 2,000 per project. Since the launch last November, on average, two projects have been successfully financed each month, which far exceeded expectations.

#BLKBcrowdfunding – sponsoring in the digital age

The new crowdsupporting solution is intended as a supplement to the BLKB's existing sponsoring efforts. With the handing over of funds through Wemakeit, the BLKB has transitioned part of its sponsoring activities into the digital age. Sustainable projects outside the sponsoring focal points can now be financed through the BLKB channel – with the support of the BLKB.

Monika Dunant
Cantonal Bank of Basel-Landschaft

Non-banks may now access a bank customer’s private account at a financial institution [in the EU], with the customer’s permission, and market the account information in some form as a service.

Rolf Brüggemann, SBA, on PSD2