

Informatics Institute of Technology in Collaboration With
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Transaction Monitoring System for Open Banking

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Abstract

The European Banking Authority (EBA) first introduced the Payment Service Directive (PSD) Regulations and the concept of Open Banking. After this initiative, more countries in the world are now leaning towards the concept of Open Banking. After introducing PSD2 (the second version of PSD) Regulations EBA released another Specification called Regulatory Technical Standards (RTS) that takes into consideration the requirements of PSD2 article 98 to define when and how the Transactions Occurs through Open Banking need to be monitored. Article 2 of the RTS mandates to integrate a transaction monitoring mechanism to detect unauthorized or fraudulent transactions. Due to the technical difficulties and Open Banking concept understanding difficulties, Open Banking Solution vendors have failed to develop an accurate Transaction Monitoring System for Open Banking. The only developed Monitoring System is a rule-based one.

The implemented Transaction Monitoring System uses Anomaly detection technologies to Monitor the Transactions Occurs through Open Banking. Anomaly Detection technologies will give a Machine Learning Approach to the Transaction Monitoring and will produce accurate results on detecting fraudulent Transactions.