VENTURE CAPITAL &BANKING AND FINANCE

CLIENT ALERT

MAY/2019

THE BRAZILIAN CENTRAL BANK ESTABLISHES THE STARTING POINT FOR OPEN BANKING IMPLEMENTATION

Brazilian Central Bank ("Bacen") has published Communication No. 33,455 to introduce the fundamental requirements for the implementation of the Open Financial System ("Open Banking"), which lay down the guidelines for proposed regulatory framework to be adopted in Brazil.

The implementation of the Open Banking system aims at enhancing efficiency of the Brazilian Financial System, especially in the credit and payment markets, furthering competition and inclusion, while preserving soundness and safety of the financial system and protecting users data.

In line with the recently enacted Brazilian Data Protection Law ("LGDP"), Open Banking embraces the principle that financial data belongs to clients, rather than to financial institutions. Hence, Open Banking is intended to allow the sharing of data, products and services by financial institutions and others authorized to operate by the Bacen, through open access and integration of platforms and information systems and infrastructures, upon prior authorization of the relevant data owners.

The Bacen indicates that the model to be adopted in Brazil will include at least the following:

(i) data on products and services offered by participant institutions (service points location, product characteristics, contractual terms and conditions, financial costs, among others);
(ii) clients' registration data (name, affiliation, address, among others);
(iii) clients' transactional data (data related to deposit accounts, credit transactions, other products and services contracted by clients, among others); and
(iv) payment services (initialization of payment, transfers of funds, payments of products and services, among others).

Thus, Open Banking, banking services will enable customers to access, in a single platform, all their financial data concerning their bank accounts and investments, as well as to carry out financial transactions and payments without having to necessarily access the institution platform in which they hold an account.

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This document was prepared exclusively for informational purposes and does not constitute legal advice or an invitation to an attorney-client relationship. If you have any questions, our lawyers are available for clarification.

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The Open Banking model is expected to be implemented in the second half of 2020, and the drafts of prospective rules and the implementation timetable will be submitted for public consultation in the second half of this year.

Please find below the scheme chart released by Bacen and the communication fully available here (content in portuguese):



We are at your disposal if you have any questions or need additional information.