European Payment Institutions Federation

2nd Annual Workshop:

Promoting innovation, competition and quality of payment services

EPIF

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8th November 2017

Rue de la Science 14B, 1040 Brussels

The 2nd Annual Workshop of the European Payment Institutions Federation (EPIF) took place on 8 November 2017, bringing together key policy-makers and representatives from the industry. The objective of the workshop was to exchange views on the latest developments in PSD2 and standard setting with experts in the payment sector.

The overall conclusion of the workshop was that standardisation is needed to address the practical challenges that the PSD2 will bring on an operational basis. There was also a broad consensus that the ERPB has been successful in bringing together different market players, with some room for improvement in the structure of how it operates. A key takeaway was also that the ECB and the Commission will be convening the European Forum for Instant Payments (EFIP) at the end of November. This forum will focus on instant payments and will facilitate the exchange of ideas at the national level and consider how these can fit together at the European level.

Derrick Brown, Chair of EPIF, opened the workshop by welcoming the keynote speakers.

Ralf Jacob, Head of Unit, Retail Financial Services and Payments, DG FISMA, European Commission, focussed on the work of the Commission in preparing for a transformation of the payments market in his keynote speech. He grouped Commission intervention into three broad areas: fostering innovation, bringing down costs, and making payments more inclusive, before outlining the current work of the Commission in these areas. It is currently looking at dynamic currency conversion (DCC), the use of IBAN, the Payments Accounts Directive, and the European Accessibility Directive.

Francisco Tur Hartmann, Deputy Head of the Market Integration division in the ECB, gave a keynote speech, talking about the PSD2 and the work of the ERPB. He noted that although the regulatory work is now finished, this will not solve the practical issues raised by the PSD2. A standardised interface scheme is needed for third party providers to be able to enter the market, and the ERPB is a good forum to address these challenges. Overall, Mr Tur Hartmann highlighted that the traditional set up for providing payment services has been challenged by new developments, including e-commerce. He also noted that the ECB will deliver on instant payment services by 2018.

Dirk Haubrich, Head of Consumer Protection, Financial Innovation and Payments at the EBA, presented the status of the EBA's work on PSD2 in his keynote speech. On the Regulatory Technical Standards on Strong Customer Authentication and Secure Communications (RTS on SCA and SC), Mr Haubrich said that the EBA agreed with one of the Commission's four main proposals but disagreed with the others. He also highlighted the EBA's feedback tables, where all issues or requests for clarifications received by the EBA are responded to.

Ashley Fox MEP (ECR, UK) gave the final keynote speech, during which he spoke about the progress made regarding the PSD2, the remaining issues that need to be solved, and what policy makers should be focusing on going forward. He stressed that screen-scraping is not the future of payments and that standardised APIs are needed instead. He also called for a change in the mindset of policymakers working in payments regulation by stressing that they need to understand that the industry does not want fraud to occur in the first place.

The two panels and fireside chat explored the latest PSD2 developments, particularly regarding the implementation of Level 2 measures in Member States, and assessing the work of the ERPB and standard setting more generally. The discussions led to a number of interesting observations and the following recommendations for policy makers going forward.

KEY TAKEAWAYS

1 / The Commission is happy with the text of the RTS on SCA and SC. The EBA also thinks the text was as balanced as possible. The EBA is not planning to issue another set of guidelines for the industry but welcomed industry views.

2 / On PSD2 implementation, the role of National Authorities (NAs) as a first point of contact was highlighted. It was agreed that the dust needs to settle before further detail is added to the RTS. Organisations need room for innovation and different ways to implement the guidelines. A risk-based approach is a more realistic way to transpose the PSD2. Speakers agreed that there are benefits in harmonisation but there should not be over-harmonisation.

3 / The ERPB has been successful overall, particularly in bringing together various stakeholders and facilitating a dialogue between them. However, its work should be assessed based on the results. There are still areas in the working plan on which work has not started, such as e-ID and security. There were also concerns raised on the functioning of the ERPB. It was suggested that introducing discussions in the plenary meeting as well as in the working groups would improve the functioning of the ERPB.

4 / Fraud identification should be added in the RTS as a review clause, although this can only be achieved through cooperation with market players. However, some panellists questioned whether fraud should be addressed by the ERPB, as the ECB is already working on this and will launch a consultation on fraud data through the national central banks of Member States. Speakers suggested that the Commission, EBA and ECB should agree on common definitions of fraud and common templates and practices for fraud reporting. This would give more certainty and decrease the risk of errors when reporting fraud.

5 / ASPSPs, payment institutions and merchants should be able to agree on the distribution of liability in the context of transaction risk analysis under the PSD2 and benefit from the SCA exemption under the PSD2. This would be on the condition that they show they can meet the requirements of the exemption and that they are willing to take liability if there is a breach.