

9 February 2021

Dear Minister of Finance,

The European Payment Institutions Federation (EPIF) very much welcomes that the Finance Ministers are recognising the political importance of retail payments in Europe.

We would like to share with you some considerations on some of the key points of the draft Council Conclusions on the Commission Retail Payments Strategy.

Firstly, EPIF would like to express its support to the initiatives by the EU towards **instant payments**. Particularly, EPIF supports the development of instant payments at the point-of-interaction, but we would like to point out that the success of instant payments will depend on non-bank PSPs having direct access to the intra bank payments systems.

EPIF also welcomes the attention given the challenges in terms of **Anti-Money Laundering/Combating Terrorism Financing (AML/CFT)**. We would advise against any decision over which financial institutions should be subject to possible direct EU supervision or oversight by the EU, might be based on what is deemed to be high risk financial institutions. We are not against this approach in principle but would suggest that any such assessment as to the respective institution's risk profile should take into account a number of measures. Any transfer of supervisory responsibility or decision on a possible joint EU and Member State supervision should follow a rigorous review and not be taken based on automatic thresholds or by designating particular sectors, such as the non-bank payment sector, a priori high risk. As this could create unattended consequences such as increased de-risking practices.

EPIF fully agrees with the Council and the Commission on the importance of having an **interoperable EU eID framework** which could facilitate the identification and authentication of payments, especially across borders. EPIF believes that e-identity is an important element of future payments and its development should be fostered. The lack of a harmonized, EU-wide, secure and reliable, digital identity framework poses a significant barrier to the development of FinTech solutions, particularly those solutions which can be used across national borders.

With regard to the design of the **digital Euro**, EPIF believes that any CBDC needs to be designed and structured in a way that does not discriminate non-banks so they have equal access as other PSPs (banks). A CBDC should deliver settlement finality and it should be interoperable with other payments solutions. EPIF therefore very much welcomes the Council support for an extension of the **scope of the Settlement Finality Directive (SFD)** to include e-money and payment institutions, provided that the potential risks are carefully assessed and adequately mitigated.

As regards to other **payment infrastructures** or technological solutions, EPIF believes that payment services providers should have open, fair and non-discriminatory access to payment infrastructure and technology solution based on reasonable terms and conditions.

On the **international dimension**, we agree that further initiatives to facilitate linkages between instant payment systems at the global level are relevant to reduce the costs, as well as increasing the speed and convenience, of transferring money across borders. EPIF has contributed to the work of the CPMI on enhancing cross-border payments.

With regard to **PSD2 related issues**, EPIF welcomes that the development of **Open Finance** is currently being considered. We believe this move should be encouraged internationally as it will increase competition in the payment market, reflect growing customer preferences for integrated online service solutions and stimulates innovation. We would also like to point out to the importance to foster standardisation of formats for data sharing as

established in the provisions under the Payment Services Directive, as well as to promote the use of open APIs to enable customers to share their data between financial services institutions. This would pave the way for the development of open finance solutions in the EU.

With regard to **contactless payments**, EPIF supports an evaluation of the existing legal limits on contactless payments, taking into account recent experience during the COVID-19 pandemic.

Finally, EPIF would encourage focus now on consistent **implementation and harmonization of existing regimes**. EPIF has for example consistently been calling for a common EU plan for the implementation of SCA and the secure communication provisions of the PSD2, including as regards any exemptions under the PSD2.

EPIF will, over the coming months, carry out an assessment on the PSD2 and its possible review and will share the analysis with you.

By way of background, EPIF represents the interests of the non-bank payment sector in the EU. EPIF brings together European and international companies in the remittance sector, three party card schemes, third party providers, cross-border acquirers, payment processors, electronic payment providers, fx traders, electronic wallet providers and operators of mobile payments.

We look forward to hearing from you and a very constructive dialogue.

Yours sincerely,



Nickolas Reinhardt, Head of the EPIF Secretariat