

Mr Sean Berrigan
Director General DG FISMA
European Commission
Rue de Spa 2
1000 Brussels
Belgium

EPIF Secretariat
c/o Afore Consulting
14B Rue de la Science
1040 Brussels

May 2021

Dear Mr Berrigan,

EPIF welcomes the opportunity to provide feedback to the consultation issued on 12th February on the Settlement Finality Directive (SFD) and the Financial Collateral Directive (FCD) reviews. While some of EPIF's members will reply to this consultation individually in their own name, we would like to take this opportunity to share with you some general views that our members have in common.

First of all, EPIF very much welcomes the European Commission's announcement in its Retail Payment Strategy that it intends as part of the SFD review to extend the scope of the SFD to include e-money and payment institutions, subject to appropriate supervision and risk mitigation. EPIF members would like to see the Settlement Finality Directive amended in order to allow its members to have access to the intra-bank payment system as long as they comply with the central banks' requirements.

E-money institutions and payment institutions under the E Money Directive and the Payment Services Directive (PSD2) are not currently eligible participants to the intra-bank payment systems as they are not necessarily deemed to offer settlement finality. We would welcome legal certainty in this regard by extending the SFD to bring our members into scope.

In the absence of a harmonised SFD solution at EU level, some Member States have introduced national solutions that allow e-money and payment institutions either direct or indirect participation in payment systems, provided they fulfil certain criteria. We agree with the European Commission that this situation has led to level playing field issues between Member States, fragmentation of the European retail payment market and legal uncertainty regarding the cross-border recognition of settlement finality on payment systems.

We would like to point out that under the current settlement arrangements for SCT Inst, EPIF members can only be indirect members of the TIPS ECB clearing arrangements. This puts the non-bank payment sector at a competitive disadvantage. Access to TIPS rests on our members having access to the system via their own banking relationships. Many of our members are facing the closure of bank accounts as banks reassess their AML/TF policies. The debate around de-risking demonstrates the vulnerability of the non-bank sector unless they can have direct access to TIPS via the intra-bank payment system. This is particularly sensitive given that banks and non-banks are often in open competition. EPIF's membership will only really benefit from SCT Inst if the Settlement Finality Directive creates the legal framework for non-banks to have direct access to TIPS.

In summary, EPIF calls for e-money institutions and payment institutions to be added to the list of eligible participants to ensure a level playing field and provide legal certainty in a cross-border context.

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.

Yours sincerely,



Nickolas Reinhardt, Head of the EPIF Secretariat