

EPIF Secretariat
c/o Afore Consulting
Rue du Trone 100
1050 Brussels

September 2026

Subject: EPIF letter on possible future implications of the proposed Article 31 of the draft Cloud and AI Development Act (CADA)

Dear x,

I am writing to you on behalf of EPIF – the European Payment Institutions Federation. We are representing the non-bank payment sector in Europe. In general, our members are at the highly innovative end of the payments market offering payment solutions through a choice of very different business models, from e-money, card-based payments, wallets, account-based payments and soon stablecoins.

Against this backdrop, we are concerned about the **possible future implications of the proposed Article 31 of the draft Cloud and AI Development Act (CADA)**. Banking and Financial Market Infrastructures are being identified as sectors which include critical entities and could therefore be subject to the requirements of Title IV of CADA.

We believe that the application of these provisions could have significant and disproportionate implications for our members. In particular we have five concerns, namely:

1. The existing requirements within DORA for financial institutions to assess their ICT value chains would be extended to also consider the **ultimate country of control in relation to these ICT providers to the financial services industry**. While we agree with the intent of the legislation to encourage the financial services industry to diversify their range of IT suppliers, EPIF questions whether a formal procedure set through legislation is required. We are also concerned about **possible overlaps with DORA**.
2. **Financial institutions would be designated at security levels 2 – 4**. Level 4 requires full European ICT providers for all the activities of the financial services provider. This could apply in particular to financial market infrastructures. Level 2 would also already require financial institutions to only contract with legal entities in the EU raising questions about current outsourcing arrangements. EPIF believes some of the requirements associated with security levels 2 to 4 and the associated eleven sovereignty criteria are **unduly onerous and could cut off our membership from access to possibly better and more cost-efficient IT solutions**. Localisation requirements would disrupt the way many of our members operate as global companies and would impact their ability to adopt risk management strategies that built on geographic diversification.
3. The expected designation of some financial market infrastructures, including in particular international and European payment infrastructures, at level 4 could also

have **contagion effects into the rest of the financial services industry** as the designated payment infrastructure would be expected to impose additional ICT requirements on financial institutions that connect with them. In effect, this would require EPIF members to meet ICT standards under CADA that go well above the level of security assurance CADA might otherwise envisage for our sector.

4. Any security measures imposed by CADA in relation to security levels 2 to 4 would need to be **externally audited**. This will add costs to the operations of our members. Importantly, we would question whether such audit services would actually be available in a sufficient number in the European market.
5. Even if CADA is implemented in its current form, the eleven sovereignty criteria associated with security levels 2 to 4 will require significant **clarifications** before providers and public buyers can plan against them with confidence. We therefore believe the **implementation timeline in CADA is unrealistic**. It seems improbable that the first services would be recognized against the sovereignty framework before 2029 or 2030.

Against the backdrop of these concerns EPIF would call on the EU legislators to either **delete Article 31 of the CADA proposal altogether or alternatively make clear that for financial services alone DORA applies**. The rules under DORA allow the relevant supervisor of financial institutions to issue guidance and supervisory action in relation to ICT supply chains and outsourcing. Any CADA provision would therefore seem to be duplicative. Should Article 31 be retained, it must be amended to ensure that the assessment remains strictly voluntary for non-public entities.

Yours sincerely,



Nickolas Reinhardt
Head of the Secretariat of EPIF

About EPIF

By way of background EPIF was created in July 2011 to represent the interests of the non-banking Payment Institutions at the European level. Directly and indirectly EPIF represents roughly 250 payment institutions in Europe covering a range of business models. 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.