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# Consultation on a retail payments strategy for the EU

Fields marked with \* are mandatory.

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## Introduction

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Consumers and companies make payments to fulfil their everyday needs and activities. Today, in Europe, they have at their disposal a broad range of payment options, but digitalisation and innovation bring new opportunities to make payments faster, easier, more transparent, and affordable, in particular in cross-border situations.

In accordance with its Work Programme for 2020, the Commission will adopt a Strategy on an integrated EU Payments Market (hereinafter “Retail Payments Strategy for the EU” or “RPS”). It is to be submitted alongside the Digital Finance Strategy, which will be adopted to promote digital finance in Europe while adequately regulating the risks, and in light of the mission letter of Executive Vice-President Dombrovskis.

This strategy will be an important contribution to reinforcing the international role of the euro. Payments are strategic: where decisions are made, where data is stored, where infrastructures are located are of considerable importance in terms of the EU's sovereignty. This strategy will aim at both strengthening Europe's influence and consolidating its economic autonomy. Safe and efficient payment systems and services can also make a strong contribution to improving the EU's ability to deal with emergencies such as the Covid-19 outbreak. Contactless payments in shops can help to contain the spread of viruses. Innovative, non-cash, payments solutions can enable all Europeans to make the purchases they need even if they are confined at home. This crisis is further accelerating the digitalization of the economy and, consequently, of payments. Instant payments are in this context becoming more strategic than ever before.

This consultation, together with the consultation on a new Digital Finance Strategy, is a key step towards the adoption of a Retail Payments Strategy for Europe.

Payments are vital to the economy and to growth, while the smooth functioning of payment systems is paramount to financial stability. The use of non-cash means of payment has consistently increased over the

years in the EU and this trend is expected to continue with digitalisation.

EU legislation in the payments sphere has played a key role in promoting a fair, transparent, innovative, and competitive payments market in the EU. The E-money Directives (EMD1 (<https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=CELEX:32000L0046>) and EMD2 (<https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=CELEX:32009L0110>)) and the first Payment Services Directive (PSD1 (<https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=CELEX:32007L0064>)) introduced a licensing regime that allowed for the issuance of E-money and the provision of payment services by non-bank financial institutions. This prompted the development of a number of FinTechs operating in the payments sphere, a trend that further accelerated due to the changes introduced by the second Payment Services Directive (PSD2 (<https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=CELEX:32015L2366>)) which enabled new business models based on the sharing of data, such as payment initiation services (PIS) and account information services (AIS). At the same time, PSD2 elevated the general level of the security of payment transactions through the implementation of strong customer authentication (SCA). PSD2 has become a worldwide reference in terms of open banking and secure transactions. The EU regulatory framework in the payments sphere supports the Single Euro Payments Area (SEPA), whose objective is to make cross-border payments in euro as cost-efficient and safe as domestic payments, in particular through Regulation 924/2009 on cross-border payments (<https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=CELEX:32009R0924>).

Technology has also shaped the evolution of the retail payments market. Indeed, payments are a dynamic, constantly evolving business, heavily relying on technology. Over the last decade, they have been influenced by an unprecedented development of a broad range of technologies. In an increasingly connected world, consumer expectations are also evolving, making speed, convenience and ubiquity the new expected normal, at no expected additional cost. European citizens also count on the benefits of a truly integrated Single Market, which should allow them to make cross-border payments in the EU as easily and as fast as at home.

As for many sectors, digitalisation and the use of innovative technologies bring new opportunities for payments, such as: a more diverse offering of services enabled by access to mobile and internet networks; systems enabling payments credited to beneficiaries in just a few seconds (the so-called “instant payments”); potentially fully automated payments associated with the development of the Internet of Things; and the execution of smart contracts in a blockchain environment. Other technologies, such as those supporting e-ID, can also be leveraged to facilitate customer on-boarding and payments authentication in domestic and cross-border contexts.

The size of the Single Market also offers opportunities for payment businesses to scale-up beyond the domestic sphere, for pan-European payment solutions to emerge, and potentially for European-scale champions in payments to become competitive globally. This would also facilitate payments in euro between the EU and other jurisdictions and reduce EU dependency on global players, such as international card schemes, issuers of global “stablecoins” and other big techs. The Commission launched in December 2019 a public consultation to gather information and inputs regarding the regulation of cryptoassets, including stablecoins ([https://ec.europa.eu/info/publications/finance-consultations-2019-crypto-assets\\_en](https://ec.europa.eu/info/publications/finance-consultations-2019-crypto-assets_en)). The present consultation will therefore not include questions on this topic, as payment related aspects were also included in that consultation.

However, digitalisation also brings potential new risks, such as heightened opportunities for fraud, money laundering and cyber-attacks (in this regard, the Commission launched a public consultation on improving resilience against cyberattacks in the financial sector ([https://ec.europa.eu/info/publications/finance-consultations-2019-financial-services-digital-resilience\\_en](https://ec.europa.eu/info/publications/finance-consultations-2019-financial-services-digital-resilience_en)) in December 2019). It also has an impact on competition and market structures in view of the growing role played by new market actors currently outside the scope of payments legislation, such as big tech companies benefitting from a large customer base. Also, the possible impact of “stablecoins” on monetary sovereignty has prompted many central banks to investigate the issuance of central bank digital currencies (CBDCs). Nor should we neglect the potential risks, in a digital world, of financial exclusion – including with regard to the access to basic payment services, such as cash withdrawals.

Other challenges arise from a yet incomplete roll-out of instant payments in Europe. It will be important to avoid outcomes that re-create fragmentation in the Single Market, when a substantial degree of harmonisation has been achieved in the framework of SEPA.

As the emergence of new risks and opportunities accelerates with digitalisation, the development of the FinTech sector and the adoption of new technologies, the EU must adopt a strategic and coherent policy framework for payments. The RPS will be an opportunity to put together, in a single policy document, the main building blocks for the future of payments in Europe.

In line with the Better Regulation Principles, the Commission is herewith inviting stakeholders to express their views. The questionnaire is focused around four key objectives:

- 1. Fast, convenient, safe, affordable and transparent payment instruments, with pan-European reach and “same as domestic” customer experience;**
- 2. An innovative, competitive, and contestable European retail payments market;**
- 3. Access to safe, efficient and interoperable retail payments systems and other support infrastructures;**
- 4. Improved cross-border payments, including remittances, facilitating the international role of the euro.**

The outcome of this consultation will help the Commission prepare its Retail Payments Strategy, to be published in Q3 of 2020.

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**Please note:** In order to ensure a fair and transparent consultation process **only responses received through our online questionnaire will be taken into account** and included in the report summarising the responses. Should you have a problem completing this questionnaire or if you require particular assistance, please contact [fisma-retail-payments@ec.europa.eu](mailto:fisma-retail-payments@ec.europa.eu) (mailto:fisma-retail-payments@ec.europa.eu).

More information:

- [on this consultation \(https://ec.europa.eu/info/publications/finance-consultations-2020-retail-payments-strategy\\_en\)](https://ec.europa.eu/info/publications/finance-consultations-2020-retail-payments-strategy_en)
- [on the consultation document \(https://ec.europa.eu/info/files/2020-retail-payments-strategy-consultation-document\\_en\)](https://ec.europa.eu/info/files/2020-retail-payments-strategy-consultation-document_en)
- [on payment services \(https://ec.europa.eu/info/business-economy-euro/banking-and-finance/consumer-finance-and-payments/payment-services\\_en\)](https://ec.europa.eu/info/business-economy-euro/banking-and-finance/consumer-finance-and-payments/payment-services_en)
- [on the protection of personal data regime for this consultation \(https://ec.europa.eu/info/files/2020-retail-payments-strategy-specific-privacy-statement\\_en\)](https://ec.europa.eu/info/files/2020-retail-payments-strategy-specific-privacy-statement_en)

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## About you

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Language of my contribution

English

I am giving my contribution as

Public authority

Age range

- Under 15 years old
- Between 15 and 30 years old
- Between 30 and 60 years old
- Over 60 years old

Type of public authority

- EU body
- International body other than EU
- Governmental body
- Regulatory authority
- Supervisory authority
- Central bank
- Standard setting body
- Other

First name

Surname

Email (this won't be published)

Scope

- International
- Local
- National

- Regional

Organisation name

255 character(s) maximum

Ministry of Finance

Organisation size

- Micro (1 to 9 employees)
- Small (10 to 49 employees)
- Medium (50 to 249 employees)
- Large (250 or more)

Transparency register number

255 character(s) maximum

Check if your organisation is on the transparency register (<http://ec.europa.eu/transparencyregister/public/homePage.do?redir=false&locale=en>). It's a voluntary database for organisations seeking to influence EU decision-making.

Country of origin

Please add your country of origin, or that of your organisation.

Netherlands

Field of activity or sector (if applicable):

at least 1 choice(s)

- Payment services
- payment initiation and account information services
- Money remittance services
- Acquiring services
- Ancillary services to payments
- Technical service provider
- Payment system operator
- Payments scheme
- Card scheme
- Fintech
- Other
- Not applicable

Publication privacy settings

The Commission will publish the responses to this consultation. You can choose whether you would like your details to be

made public or to remain anonymous.

**Anonymous**

Only your type of respondent, country of origin and contribution will be published. All other personal details (name, organisation name and size, transparency register number) will not be published.

**Public**

Your personal details (name, organisation name and size, transparency register number, country of origin) will be published with your contribution.

I agree with the personal data protection provisions ([https://ec.europa.eu/info/law/better-regulation/specific-privacy-statement\\_en](https://ec.europa.eu/info/law/better-regulation/specific-privacy-statement_en))

## Section 1: Questions for the general public

**Question 1. Please rate the usefulness of instant payment services – which are credited to the beneficiary within seconds – for the following different use cases:**

N.A. stands for "Don't know / no opinion / not relevant"

	1 (not useful)	2 (useful)	3 (very useful)	N.A .
Person to person payments	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Payments in a physical shop	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Payments for on-line shopping	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Payments of invoices	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Payments to public administrations	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Cross-border payments/transfers within the EU	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Cross-border payments/transfers to/from outside the EU	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Other	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

**Question 2. Please rank your preferences for low-value payments<sup>1</sup> (1 to 4, 4 being the least-**

**preferred option) between the following means of payment:**

<sup>1</sup> defined as payments below 30 euros, based on the definition of low-value payments in EU retail payments legislation

	1	2	3	4
Cash	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Paper-based (such as cheques)	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Payment instrument with a physical support (such as cards)	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Fully de-materialised payment instrument (such as mobile apps)	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

**Question 2.1 Please explain your answer to question 2:**

*5,000 character(s) maximum*

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

**Question 3. Please rank your preferences for retail payments above 30 euros (from 1 to 4, 4 being the least-preferred option) between the following means of payment:**

	1	2	3	4
Cash	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Paper-based (such as cheques)	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Payment instrument with a physical support (such as cards)	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Fully de-materialised payment instrument (such as mobile apps)	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

**Question 3.1 Please explain your answer to question 3:**

*5,000 character(s) maximum*

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

In the Single Euro Payments Area, citizens and companies should be able to send and receive cross-border payments in euro from any bank account in the EU (using SEPA credit transfers or SEPA direct debits). This should be valid for all types of beneficiaries of both the public and the private sector.

**Question 4. Have you ever experienced any obstacles when using your bank account in the EU to receive payments from or send payments to a public administration holding an account in another EU country?**

- Yes, as a consumer
- Yes, in a professional capacity (e.g. business / self-employed)
- No
- Don't know / no opinion / not relevant

**Question 5. Have you ever experienced any obstacles when using your bank account in the EU to receive or send payments from/to an account held in another EU country from/to a utilities company or other service providers?**

- Yes, as a consumer
- Yes, in a professional capacity (e.g. business / self-employed)
- No
- Don't know / no opinion / not relevant

When you buy goods or services, particularly online, you may have the option to pay via “payment initiation services” offered by a different payment service provider than your bank. These services enable you to make a payment directly from your bank account (using a credit transfer), instead of using a payment card or another payment instrument offered by your bank. In order to pay using these services, you need to use your online banking credentials to authorise the transaction.

**Question 6. As a consumer, have you ever made use of such payment initiation services?**

- Yes
- No
- I do not know what these services are
- No opinion / not relevant

“Account information service” providers enable you to share certain data pertaining to your bank account(s) in order to manage your finance or receive for example, financial advice.

**Question 7. Have you ever made use of such account information services?**

- Yes



- No
- No, and I do not know what these services are
- No opinion / not relevant

In order to deliver their services, providers of payment initiation and account information services need to access only the necessary data from your bank account with your consent.

**Question 8. As a consumer, would you find it useful to be able to check the list of providers to which you have granted consent with the help of a single interface, e.g. a “consent dashboard”?**

- Yes
- No
- I do not know
- No opinion / not relevant

**Question 8.1 Please explain your answer to question 8:**

*5,000 character(s) maximum*

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

**Question 9. What would be your proposals and recommendations to the European Commission on payments?**

**What would you expect the future Retail Payments Strategy to achieve?**

*5,000 character(s) maximum*

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

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## Section 2: Questions for all stakeholders

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Ensuring the EU’s economic sovereignty is a priority of the Commission. The Commission’s Work Programme for 2020 includes the adoption of a Communication on strengthening Europe’s economic and financial sovereignty. As laid down in the [Commission’s Communication "Towards a stronger international role of the euro"](https://ec.europa.eu/commission/sites/beta-political/files/communication_-_towards_a_stronger_international_role_of_the_euro.pdf) ([https://ec.europa.eu/commission/sites/beta-political/files/communication\\_-\\_towards\\_a\\_stronger\\_international\\_role\\_of\\_the\\_euro.pdf](https://ec.europa.eu/commission/sites/beta-political/files/communication_-_towards_a_stronger_international_role_of_the_euro.pdf)), supporting the international role of the euro is instrumental. Efficient payments in euro will support these objectives, and will also contribute to making our financial infrastructures more resilient to extraterritorial sanctions, or other form of pressure, from third countries.

**Question 10. Please explain how the European Commission could, in the field of payments,**

**contribute to reinforcing the EU's economic independence:***5,000 character(s) maximum*

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

A good functioning European retail payments market can contribute to a further deepening of the European internal market, which has been and will remain an important part of the EU's economic strength. This payments market is currently characterized by a high degree of dependence on non-European payment-solutions, e.g. in the field of debit and credit cards and clearing and settlement layers of card transactions. In this regard global tech players aiming at further consolidating their position in the field of payments may outpace European stakeholders by leveraging new technologies and business models.

Therefore further adoption of instant payments and the development of a pan-European solution for point of sale and online payments should be fostered, while taking into account the cost benefits analysis of such development.

Also, the European Commission should monitor and ensure that payment service providers' access to front end infrastructures such as mobile devices and technologies used to initiate payments is not blocked or restricted in an undue manner.

**Question 11. Please explain how the retail payments strategy could support and reinforce the international role of the euro:***5,000 character(s) maximum*

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

An integrated European payments area increases the strength of the European internal market, it indirectly reinforces the international standing of the euro as a global means of payment and investment. By lowering costs and increasing the efficiency and innovativeness of the European payments area, the euro can become a more attractive global currency.

In this regard it is important that a pan-European solution for payments at points of sale and online aims at global acceptance in the long term. By doing so, not only will it meet the needs of European citizens - who make payments at merchants based outside the EU - but also decrease the EU's dependence on existing (and possible future) global payment schemes and broaden the geographical scope of euro payments.

**A. Fast, convenient, safe, affordable and transparent payment instruments with pan-European reach and “same as domestic”**

# experience

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## Instant payments as the new normal

Digitalisation and new technologies have fostered the emergence of innovative players with new payment services offerings, based in particular on instant payment systems and related business models. As these new payment services offerings are mostly domestically focused, the landscape at EU level is very fragmented. In particular, such fragmentation results from:

1. the current levels of adherence to the SEPA Instant Credit Transfer (SCT Inst.) scheme, which vary between Member States (MS);
2. the fact that in some MS instant credit transfers are a premium service while in others they are becoming “a new normal” and
3. the non-interoperability across borders of end-user solutions for instant credit transfers.

At the same time, there is a rapidly rising consumer demand for payment services that work across borders throughout Europe, and that are also faster, cheaper and easier to use.

### Question 12. Which of the following measures would in your opinion contribute to the successful roll-out of pan-European payment solutions based on instant credit transfers?

N.A. stands for "Don't know / no opinion / not relevant"

	1 (irrelevant)	2 (rather not relevant)	3 (neutral)	4 (rather relevant)	5 (fully relevant)	N.A.
a. EU legislation making Payment Service Providers' (PSP) adherence to SCT Inst. Scheme mandatory	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>
b. EU legislation mandating the replacement of regular SCT with SCT Inst.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>
c. EU legislation adding instant credit transfers to the list of services included in the payment account with basic features referred to in <a href="https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=CELEX:32014L0092">Directive 2014/92/EU (https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=CELEX:32014L0092)</a>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

d. Development of new payment schemes, for example SEPA Direct Debit Inst. Scheme or QR interoperability scheme <sup>2</sup>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>
e. Additional standardisation supporting payments, including standards for technologies used to initiate instant payments, such as QR or others	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>
f. Other	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>

<sup>2</sup> For the purpose of this consultation, a scheme means a single set of rules, practices and standards and/or implementation guidelines agreed between payment services providers, and if appropriate other relevant participants in the payments ecosystem, for the initiation and/or execution of payment transactions across the Union and within Member States, and includes any specific decision-making body, organisation or entity accountable for the functioning of the scheme.

**Please specify what new payment schemes should be developed according to you:**

*5,000 character(s) maximum*

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

The development of new, pan-European payment schemes, especially for online or mobile payment instruments or methods, where instant payments are at the core, could lead to a more integrated EU payments market. This is especially interesting as some national online or mobile payment instruments or methods are heading towards the end of their life cycle, and there are many different distinct national online or mobile payment solutions within the EU. However, these solutions should come from the sector and should be commercially viable and independent. The role of the Commission (and of Member States) could be to play a facilitating role to bring together private sector parties, and make sure that unnecessary legal obstacles for such initiatives are removed.

**Please specify what kind of additional standardisation supporting payments should be developed:**

*5,000 character(s) maximum*

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

Standards for payment initiation methods could be useful, especially when there is demand in the sector for standardization. Further standardization in application programming interfaces (API) for PSD2-related services could also be useful.

In The Netherlands, instant payments are offered as the "new normal", meaning that it is a standard option, which is free to use by the PSP's clients. This has not been mandated by national legislation, but has been decided by the sector itself. A successful rollout of instant payments can only be achieved if it becomes the standard, and when it is free of charges (or very cheap) for clients. Therefore, it would be interesting to further investigate, at the EU-level, whether it is possible to mandate that instant payments should be charged as a standard. Besides making it more attractive to use by clients, it would also create a more level playing field throughout the EU.

**Question 13. If adherence to SCT Inst. were to become mandatory for all PSPs that currently adhere to SCT, which of the possible following end-dates should be envisaged?**

- By end 2021
- By end 2022
- By end 2023
- Other
- Don't know / no opinion / not relevant

**Question 13.1 Please explain your answer to question 13:**

*5,000 character(s) maximum*

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

While SCT Inst. adherence in The Netherlands is high (when looking at the relative number of bank accounts which can be used to perform instant payments), in some Member States PSPs are not yet as far. While we encourage a rapid adherence throughout the EU, a too rapid mandatory adherence could lead to less efficient national payments systems, extra charges for consumers or instant payments offered as a premium, rather than the standard. An end-date should therefore be ambitious, but also take into account the state of the national payments systems in other Member States.

**Question 14. In your opinion, do instant payments pose additional or increased risks (in particular fraud or money laundering) compared to the traditional credit transfers?**

- Yes
- No
- Don't know / no opinion / not relevant

**Question 14.1 If you think instant payments do pose additional or increased risks compared to the traditional credit transfers, please explain your answer:**

*5,000 character(s) maximum*

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

As funds are available instantly for the counterparty, there might be increased risks and fraud monitoring (preferably real time) becomes even more important. These risks pertain to availability of funds at the payee, but also to money laundering and terrorism financing. Further research, based on schemes that are already active in several Member States, on actual risks might is therefore advisable.

**Question 15. As instant payments are by definition fast, they could be seen as aggravating bank runs. Would an ad-hoc stopgap mechanism be useful for emergency situations, for example a mechanism available to banks or competent authorities to prevent instant payments from facilitating faster bank runs, in addition to moratorium powers (moratorium powers are the powers of public authorities to freeze the flow of payments from a bank for a period of time)?**

- Yes
- No
- Don't know / no opinion / not relevant

**Question 15.1 If you think an ad-hoc stopgap mechanism would be useful for emergency situations, please explain your answer and specify under which conditions:**

*5,000 character(s) maximum*

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

These types of mechanisms are already implemented for payment systems and PSPs. It is important that transactions can be stopped, if a bank run or a severe problem incurs by a participant (e.g. fraud, operational failures, or cyber-attacks). In case of instant payments, the reaction time is of essence. The primary responsibility of triggering this mechanism should lie with the institution itself and not with the competent authorities. Also, the use of these tools needs to be well-balanced and proportionate to the right of individuals to discharge their obligations or obtain their legitimate payments.

From a merchant's perspective, payment solutions based on instant credit transfers may require adjustments to the merchant's current IT, accounting, liquidity management systems, etc. On the other hand, current card-based payment solutions do not require such adjustments. Merchant service charges may also differ, depending on the type of payment solution offered to the merchant (card-based or SCT-based).

**Question 16. Taking this into account, what would be generally the most advantageous solutions for EU merchants, other than cash?**

- Card-based solutions
- SCT Inst.-based solutions
- Other
- Don't know / no opinion / not relevant

**Question 16.1 Please explain your answer to question 16:**

*5,000 character(s) maximum*

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

This completely depends on the type of merchant, whether the merchant runs a physical location or is online, the type of products the merchant sells, and the type of customers, etc. In general, a diversity in efficient and high quality payment solutions is the key to an EU payments area that works for all EU payment service users and merchants.

**Question 17. What is in your view the most important factor(s) for merchants when deciding whether or not to start accepting a new payment method?**

**Please rate each of the following proposals:**

N.A. stands for "Don't know / no opinion / not relevant"

	1 (unimportant)	2 (rather not important)	3 (neutral)	4 (rather important)	5 (fully important)	N.A.
Merchant fee	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>
The proportion of users using that payment method	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>
Fraud prevention tools/mechanisms	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Seamless customer experience (no cumbersome processes affecting the number of users completing the payment)	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

Reconciliation of transactions	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Refund services	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Other	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>

**Question 17.1 Please explain your answer to question 17:**

*5,000 character(s) maximum*

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

By far, the most important factor is the prevalence of a certain payment method and demand by customers to pay with it. If a merchant does not offer a certain payment method, customers might go to a competitor where it is possible to pay in a way that they want. In general, seamless customer experience will probably also affect the popularity of a certain payment method - if customers find it too cumbersome, they will probably not use it themselves. Merchant fees might be an important factor, especially for those payment methods that are not that popular (yet) among customers.

**Question 18. Do you accept SEPA Direct Debit (SDD) payments from residents in other countries?**

- Yes, I accept domestic and foreign SDD payments
- No, I only accept domestic SDD payments
- I do not accept SDD payments at all
- Don't know / no opinion / not relevant

## Leveraging on the development of digital identities (digital ID)

The issue of use of digital ID for customer on-boarding is addressed in the digital finance consultation. However as financial services evolve away from traditional face-to-face business towards the digital environment, digital identity solutions that can be relied upon for remote customer authentication become increasingly relevant. PSD2 has introduced "strong customer authentication" (SCA), which imposes strict security requirements for the initiation and processing of electronic payments, requiring payment service providers to apply SCA when a payer initiates an electronic payment transaction. In some Member States, digital identity schemes have been developed for use in bank authentication based on national ID schemes. However until now such schemes are focused on the domestic markets and do not function across borders. On the other hand, many other "SCA compliant" digital identity solutions have been developed by financial institutions or specialist identity solution providers that rely on other means to identify and verify customers.

**Question 19. Do you see a need for action to be taken at EU level with a view to promoting the development of cross-border compatible digital identity solutions for payment authentication purposes?**



- Yes, changes to EU legislation
- Yes, further guidance or development of new standards to facilitate cross-border interoperability
- Yes, another type of action
- No, I do not see a need for action
- Other
- Don't know / no opinion / not relevant

**Question 19.1 Please explain your answer to question 19:**

*5,000 character(s) maximum*

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

The introduction of an EU-wide digital-ID, or individual alias, that can be used more widely than in the payment system alone. This would facilitate switching bank accounts and would benefit other specific services as well (for example online signing of contracts). This enables cross-border identification and would facilitate European solutions and innovations. It could furthermore be used as a more efficient tool for AML/CFT-purposes, e-commerce purposes where there is a need of identification and many other public and private purposes. However, data protection implications should be duly considered.

## Promoting the diversity of payment options, including cash

Digitalisation has contributed to an increase in non-cash payments. However, a large percentage of daily payment transactions still rely on cash.

**Question 20. What are the main factors contributing to a decreasing use of cash in some countries EU countries?**

**Please rate each of the following factors:**

N.A. stands for "Don't know / no opinion / not relevant"

	1 (irrelevant)	2 (rather not relevant)	3 (neutral)	4 (rather relevant)	5 (fully relevant)	N.A.
Convenience of paying digitally	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>
The increasing importance of e-commerce	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>

**Please specify which EU or national regulation(s) may contribute to a decreasing use of cash in some countries in the EU:**

*5,000 character(s) maximum*

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

Legislation has had some effects. According to research, the Interchange fee regulation has partially contributed to more debit card payments. However, according to this same report the effect of this in the Netherlands has only been small compared to other Member States.

**Please specify what other factor(s) may contribute to a decreasing use of cash in some countries in the EU:**

*5,000 character(s) maximum*

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

In the Netherlands, the decrease of the use of cash is quite prominent compared to other Member States. In any event, this has been demand-driven. The low costs and wide acceptance of cards and other means of payments by merchants, and it's accompanying convenience, have been the major driver of this decrease. In addition, representative organisations of banks and retail companies have been working together in the last 15 to 20 years to promote debit card payments, increasingly also for small amounts. They have, for example, set up publicity campaigns and developed marketing materials to 'nudge' consumers in retail establishments into paying by debit card, while also not charging extra for card payments.

Another thing that might have had an effect, is the increase in FinTech payment solutions (e.g. Tikkie, a payments request app) that in some cases give an alternative to P2P payments that would usually be done with cash.

Recently, in the coronacrisis, the use and acceptance of cash has declined quickly and substantially. This was partly because of government lockdown measures, but also partly due to unjustified claims or even framing that cash is a potential transmitter of the COVID-19 virus. It remains to be seen what the exact effect will be on the use of cash in the future.

**Question 21. Do you believe that the EU should consider introducing measures to preserve the access to and acceptance of cash (without prejudice to the limits imposed by Member States for large cash transactions)**

- Yes
- No
- Don't know / no opinion / not relevant

**Question 21.1 Please explain your answer to question 21:**

*5,000 character(s) maximum*

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

No measures regarding acceptance of cash, at least not for the time being, under the assumption that cash will remain widely accepted. This is also based on a recent set of agreements within our National Forum on the Payment System, which can be found at: <https://www.dnb.nl/en/payments/other-tasks/national-forum-on-the-payment-system/actuele-onderwerpen/index.jsp>.

Although all member states are most likely dealing with a decreasing use of cash, the current level of cash payments differs wildly between member states. In the Netherlands, the use is relatively low. While cash remains an important means of payment, not only as the most commonly accepted means of payment within the EU, but also because of the fall back function and the fact that some vulnerable groups of people depend on its use, it would be challenging to introduce EU-wide (legal) measures that would take into account the situation in individual Member States. Therefore, at the moment we are not in favor of introducing EU-wide measures to preserve the access to and acceptance of cash.

Instead, we would be in favor of a review (by the EC and the member states) of the legal tender status of cash, which could clarify when cash should be accepted.

Regarding access to cash, please see the answer to question 22.1

**Question 22. Which of the following measures do you think could be necessary to ensure that cash remains accessible and usable by EU citizens?**

**Please rate each of the following proposal:**

N.A. stands for "Don't know / no opinion / not relevant"

	1 (irrelevant)	2 (rather not relevant)	3 (neutral)	4 (rather relevant)	5 (fully relevant)	N.A.
Promote a sufficient coverage of ATMs in the EU, including in remote areas	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>

EU legislation adding 'free-of-charge cash withdrawals' to the list of services included in the "payment account with basic features" referred to in the Payment Accounts Directive	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>
Ensure that cash is always accepted as a means of payment at point of sale	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Other	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>

**Question 22.1 Please specify what other measures would be necessary to ensure that cash remains accessible and usable by EU citizens:**

*5,000 character(s) maximum*

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

In the coming year, the Dutch central bank will have a study conducted into how the cash infrastructure in the Netherlands in the medium-term should look like, assuming a structurally lower use of cash. Without prejudice to the final outcome of this study, other measures could be considered, including, but not limited to, setting requirements towards banks relating the provision of cash services and access to cash.

This study is the result of a recent review (May 2020) by the National Forum on the Payment System of its View on cash (2015) and recommended by the Forum. The review dealt with many issues regarding the demand for and supply of cash in the Netherlands (which can be found at: <https://www.dnb.nl/en/payments/other-tasks/national-forum-on-the-payment-system/actuele-onderwerpen/index.jsp>).

## B. An innovative, competitive and contestable European retail payments market

The current EU legal framework for retail payments includes EMD2 and PSD2. To ensure that both Directives produce their full-intended effects and remain fit for purpose over the next years, the Commission is seeking evidence about:

1. PSD2 implementation and market developments;
2. experience with open banking;
3. adequacy of EMD2 in the light of recent market developments; and

4. prospective developments in the retail payments sphere.

The topic of open banking is also included, from a broader perspective, in the Digital Finance consultation referred above.

## PSD2 implementation and market developments

Two years after the entry into force of PSD2 and without prejudice to its future review, it is useful to collect some preliminary feed-back about the effects of PSD2 on the market.

**Question 23. Taking into account that experience with PSD2 is so far limited, what would you consider has been the impact of PSD2 in the market so far?**

**Please rate the following statements:**

N.A. stands for "Don't know / no opinion / not relevant"

	1 (strongly disagree)	2 (rather disagree)	3 (neutral)	4 (rather agree)	5 (fully agree)	N. A.
PSD2 has facilitated access to the market for payment service providers other than banks	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>
PSD2 has increased competition	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>
PSD2 has facilitated innovation	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>
PSD2 has allowed for open banking to develop	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
PSD2 has increased the level of security for payments	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>
Other	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>

**Please specify what other impact PSD2 had in the market so far:**

*5,000 character(s) maximum*

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

The Netherlands wishes to stress the importance of privacy related risks. Non-banks may process huge amounts of payment data and it gets more and more complex for consumers to gain a clear insight into the chain of parties that have access to their payment data. Therefore banks in the Netherlands have developed consent dashboards allowing payment service users to manage the consent to access their data via a single interface. They are deemed very useful.

Consumers trust also plays an important role in this regard. Research in the fall of 2019 by DNB has shown that the vast majority of the Dutch population was not ready to grant access to their payment data to third parties in order to provide PSD2 payment services (<https://www.dnb.nl/nieuws/nieuwsoverzicht-en-archieef/DNBulletin2019/dnb385796.jsp>).

To gain a better insight in the impact of new payment service providers on data protection the Dutch data protection authority (Autoriteit Persoonsgegevens) has started an investigation into whether third parties, especially account information service providers, are aware of the data protection risks that are involved with the processing of payment data and whether they comply with the GDPR.

**Question 23.1 Please explain your answer to question 23:**

*5,000 character(s) maximum*

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

Taking into account the recent entering into force of PSD2, it is quite early to assess its impact on the market and reported findings are preliminary. In the Netherlands the implementation Act for PSD2 will be evaluated in the coming years, the report to be sent to Dutch Parliament before February 2022. We would like to stress that the findings of this and other PSD2 evaluations should be included in further policymaking regarding PSD2 and further steps towards open banking/finance.

PSD2 has improved access to the payment services market to participants other than banks and has improved innovation in payment services by new service providers and existing banks and competition in the sector. However, further standardization of application programming interfaces (APIs) is desirable, although this is foremost up to the market. Market-led standardization initiatives have helped to some extent.

So far, we have not seen major market changes as a result from PSD2. This probably also has to do with the already relatively large extent of digitalization of the payment system in the Netherlands and existing payment instruments such as iDeal. By May 2020 the Dutch Supervisor authority (DNB) has granted 11 new authorizations; 7 for account information service providers and 4 for payment initiation service providers.

PSD2 has been a significant step forward to increase security of payments, amongst others by setting additional security measures and requiring strong customer authentication and secure communication.

**Question 24. The payments market is in constant evolution. Are there any activities which are not currently in the list of payment services of PSD2 and which would raise specific and significant risks not addressed by current legislation?**

- Yes
- No
- Don't know / no opinion / not relevant

**Question 24.1 Please explain your answer to question 24:**

*5,000 character(s) maximum*

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

The definition of payment services has been formulated technologically neutral and should allow for the development of new types of payment services, while ensuring equivalent operating conditions for both existing and new payment service providers.

Further clarification would be desirable regarding the phenomenon of "license as a service", in which an AISP-license is primarily used to provide account information services to others than the payment service users. It is desirable to further clarify whether and if so, under which (additional) conditions, these services are allowed under PSD2.

**Question 25. PSD2 introduced strong customer authentication to mitigate the risk of fraud or of unauthorised electronic payments. Do you consider that certain new developments regarding fraud (stemming for example from a particular technology, a means of payment or use cases) would require additional mitigating measures to be applied by payment services providers or users?**

- Yes
- No
- Don't know / no opinion / not relevant

**Question 25.1 Please explain your answer to question 25 and specify if this should be covered by legislation:**

*5,000 character(s) maximum*

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

Payment service providers are responsible for fraud monitoring and mitigation, and should ensure that the fraud prevention tools they apply do not remain static but are adapted over time. Fraudsters will always look for loopholes in any set-up. The PSD2 requirements and RTS on strong customer authentication and secure communication only outline minimum high-level requirements that need to be followed in order to mitigate fraud. Furthermore, from the perspective of illegal access to payment data, it is worth to pay attention to the way SCA is applied with the evaluation of PSD2. Redirection approaches might be more secure than embedded approaches and further investigation of the risks involved in different methods might be desirable. If new measures are considered, it is important to keep in mind a level playing field between existing and new market players.

**Question 26. Recent developments have highlighted the importance of developing innovative payment solutions. Contactless payments have, in particular, become critical to reduce the spread of viruses.**

**Do you think that new, innovative payment solutions should be developed?**



- Yes
- No
- Don't know / no opinion / not relevant

**Question 26.1 If you answered yes to question 26, please explain your answer:**

*5,000 character(s) maximum*

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

In the Netherlands the growth of electronic payments continues, which is fueled by contactless payments (65% of all electronic payments in 2019 was contactless). Contactless payments, either through contactless cards or through device payments, are a convenient payment method for users. For retailers it also has the advantage of a shorter payment time. Therefore, further development of contactless payments is desirable. In this development it is worth paying attention to the existing market fragmentation concerning contactless cards (e.g. multiplicity of kernels). Mobile payments are also a promising development with a considerable increase in 2019 (the total amount of mobile nearfield communication (NFC) payments increased from 14 million in 2018 to more than 116 million in 2019). It would be preferable if innovations would be based on common industry standards based on self-regulation in order to avoid further fragmentation in the European payments market.

**Question 27. Do you believe in particular that contactless payments (based on cards, mobile apps or other innovative technologies) should be further facilitated ?**

- Yes
- No
- Don't know / no opinion / not relevant

**Question 27.1 Please explain your answer to question 27.**

**(Please consider to include the following elements: how would you promote them? For example, would you support an increase of the current ceilings authorised by EU legislation? And do you believe that mitigating measures on fraud and liability should then be also envisaged?):**

*5,000 character(s) maximum*

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

Taking into account the advantages of contactless payments, it is desirable to further facilitate them. An increase of the current ceilings for contactless transactions, should however be accompanied with sufficient risk mitigation measures including real-time fraud monitoring by PSPs. An advantage of contactless payments with regard to measures against fraud is that may offer secure solutions for strong customer authentication in a fast and convenient manner. At this moment, no changes with respect to the existing liability regime are envisaged.

## Improving access to payment accounts data under PSD2

Since 14 September 2019, the PSD2 Regulatory Technical Standards on Strong Customer Authentication and Common and Secure Standards of Communication are applicable, which means that account servicing payment service providers (ASPSPs) must have at least one interface available to securely communicate – upon customer consent – with Third-party providers (TPPs) and share customers' payment accounts data. These interfaces can be either a dedicated or an adjusted version of the customer-facing interface. The vast majority of banks in the EU opted for putting in place dedicated interfaces, developing so-called Application Programming Interfaces (APIs). This section will also consider recent experience with APIs.

Some market players have expressed the view that in the migration to new interfaces, the provision of payment initiation and account information services may be less seamless than in the past. Consumer organizations have raised questions with regard to the management of consent under PSD2. The development of so-called “consent dashboards” can, on the one hand, provide a convenient tool for consumers who may easily retrieve the information on the different TPPs to which they granted consent to access their payment account data. On the other hand, such dashboards may raise competition issues.

### Question 28. Do you see a need for further action at EU level to ensure that open banking under PSD2 achieves its full potential?

- Yes
- No
- Don't know / no opinion / not relevant

#### 28.1 If you do see a need for further action at EU level to ensure that open banking under PSD2 achieves its full potential, please rate each of the following proposals:

N.A. stands for "Don't know / no opinion / not relevant"

	1 (irrelevant)	2 (rather not relevant)	3 (neutral)	4 (rather relevant)	5 (fully relevant)	N.A.

Promote the use of different authentication methods, ensuring that the ASPSPs always offer both a redirection-based and an embedded approach	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Promote the development of a scheme involving relevant market players with a view to facilitating the delegation of Strong Customer Authentication to TPPs	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Promote the implementation of consent dashboards allowing payment service users to manage the consent to access their data via a single interface	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>
Other	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>

**Question 28.2 Please specify what other proposal(s) you have:**

*5,000 character(s) maximum*

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

It gets more and more complex for consumers to gain a clear insight into the chain of parties that have access to their payment data. Therefore, it should be further investigated how consumers can be further facilitated in this regard, also taking into account behavioral insights. In the Netherlands "consent dashboards" are considered as a very convenient tool for consumers who may easily retrieve the information on the different TPPs to which they granted consent to access their payment account data and manage their consents via this tool. Such tools should however not be used to shield the payment market. In addition, the privacy aspects of open banking and the relation between PSD2 and the GDPR deserves further attention. A more detailed elaboration of privacy protection measures with regard to open banking (e.g. regarding art. 25 GDPR and third party data) could provide better safeguards for payment services users and might raise the adoption level of new innovative services.

**Question 29. Do you see a need for further action at EU level promoting the standardisation of dedicated interfaces (e.g. Application Programming Interfaces – APIs) under PSD2?**

- Yes
- No
- Don't know / no opinion / not relevant

**Question 29.1 Please explain your answer to question 29:**

*5,000 character(s) maximum*

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

PSD2 has supported the first steps towards open banking. Further standardization of dedicated interfaces would be necessary to allow open banking to reach its potential. This standardization should be accompanied by further privacy protection measures. According to the principles of article 5 GDPR, for instance, no more personal data may be collected and processed than is necessary taking into account the purpose of the data processing. Together with further standardization, the pricing of the payments infrastructure should be further investigated. Although competition in the payments market should be stimulated, free access for third parties to the payment infrastructure of commercial banks, which need to be maintained, is not optimal. Therefore it is advisable to further investigate what would be a sustainable option concerning those costs.

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## **Adapting EMD2 to the evolution of the market and experience in its implementation**

Since the entry into force of EMD2 in 2009, the payments market has evolved considerably. This consultation is an opportunity to obtain feedback from stakeholders with regard to the fitness of the e-money regime in the context of market developments. The aspects related to cryptocurrencies are more specifically addressed in the [consultation on crypto-assets including “stablecoins”](https://ec.europa.eu/info/publications/finance-consultations-2019-crypto-assets_en) ([https://ec.europa.eu/info/publications/finance-consultations-2019-crypto-assets\\_en](https://ec.europa.eu/info/publications/finance-consultations-2019-crypto-assets_en))

**Question 30. Do you consider the current authorisation and prudential regime for electronic money institutions (including capital requirements and safeguarding of funds) to be adequate?**

- Yes
- No
- Don't know / no opinion / not relevant

**Question 30.1 Please explain your answer to question 30:**

*5,000 character(s) maximum*

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

The regime should be improved with respect to the following:

- It is not always clear whether a PSP's service consists of offering an online payment account (i.e. payment service 1 or 2 as described in Annex 1 of PSD2), or offering an online e-wallet or e-money account. The characteristics to qualify for and to differentiate between online payment accounts (PSD2) and online e-wallets and e-money accounts (EMD2) should therefore be clarified.
- In our opinion the capital requirements for e-money institutions that also offer credit facilities to their clients are too limited. Within the current capital framework it is hardly possible to capitalise for more high-risk activities (such as lending).

**30.2 If you do not consider the current authorisation and prudential regime adequate, what are most relevant factors as to why the prudential regime for electronic money institutions may not be adequate?**

**Please rate each of the following proposals**

N.A. stands for "Don't know / no opinion / not relevant"

	1 (irrelevant)	2 (rather not relevant)	3 (neutral)	4 (rather relevant)	5 (fully relevant)	N.A.
Imbalance between risks and applicable prudential regime	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>
Difficulties in implementing the prudential requirements due to unclear or ambiguous legal requirements	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Difficulties in implementing the prudential requirements stemming from practical aspects (e.g. difficulties in obtaining an insurance for the safeguarding of users' funds)	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Other	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>

Under PSD2 and EMD2, the authorisation regimes for the provision of payment services and the issuance of E-money are distinct. However, a number of provisions that apply to payment institutions apply to electronic

money institutions mutatis mutandis.

**Question 31. Would you consider it useful to further align the regime for payment institutions and electronic money institutions?**

- Yes, the full alignment of the regimes is appropriate
- Yes, but a full alignment is not appropriate because certain aspects cannot be addressed by the same regime
- No
- Don't know / no opinion / not relevant

**Question 31.1 Please explain your answer to question 31:**

*5,000 character(s) maximum*

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

An integration of the EMD2 in the PSD2 is preferable, taking into account that the law, regulation and the supervisory approach is comparable in several aspects. Whether full alignment is possible should be further investigated.

Furthermore, differences can be observed between EU National Competent Authorities' assessments whether a PSP should/can obtain a license as Electronic Money Institution (under EMD2) or as Payment Institution (under PSD2). As mentioned in our answer with regard to question 30, the difference between the definitions of electronic money in EMD2 and the definition of payment account in PSD2 is not fully clear, and can cause interpretation issues.

**31.2 Please state which differences, if any, between payment institutions and electronic money institutions might require, a different regime:**

*5,000 character(s) maximum*

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

EMD2 and PSD2 can be merged, taking into account the matters below.

- With regard to its capital requirements, EMD2 is better tailored to deal with the risks of holding funds for a longer period of time as compared to PSD2. However, we believe that EMD2's capital requirements as such are too limited (see our answer to question 30).
  - EMD2 is better suited to deal with the current sector as compared to PSD2, since EMD2 prohibits the charging of interest and the lending of electronic money.
  - The safeguarding rules of EMD2 need to be better aligned with banking liquidity requirements, and should be formulated more specifically. This because EMD2 allows the funds to be invested in fixed-income securities.
  - The distinction between agent and distributor should be abandoned. We believe it makes sense to clarify the term 'agent'. This because complex distributor/agent structures sometimes make it unclear where and whether the funds are actually safeguarded.
- When EMD2 and PSD2 would be merged, the issuance of electronic money could be added as a 'new' payment service in Annex 1 of PSD2.

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## Payment solutions of the future

As innovation is permanent in the payments sphere, this consultation also considers potential further enhancements to the universe of payment solutions. One of them is the so-called “programmable money”, which facilitates the execution of smart contracts (a smart contract is a computer program that runs directly on a blockchain and can control the transfer of crypto-assets based on the set criteria implemented in its code). In the future, the use of smart contracts in a blockchain environment may call for targeted payment solutions facilitating the safe execution of smart contracts in the most efficient way. One of the relevant potential use cases could be the automation of the manufacturing industry (Industry 4.0).

**Question 32. Do you see “programmable money” as a promising development to support the needs of the digital economy?**

- Yes
- No
- Don't know / no opinion / not relevant

**Question 32.1 If you do see “programmable money” as a promising development to support the needs of the digital economy, how and to what extent, in your views, could EU policies facilitate its safe deployment?**

*5,000 character(s) maximum*

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

Programmable money is an interesting possible innovation in payments. It is, however, still very much in an experimental phase. EU policies could contribute by making sure that regulation does not unnecessarily prevent using programmable money, and should make sure that experiments are possible. The EU could also issue minimum standards, or a framework with minimum expectations (or demands) regarding risks, consumer protection and operational aspects. Privacy, data protection and the rights given by the GDPR (e.g. right to be forgotten and to correct information) should also be taken into account. These issues should already be dealt with in the design of the programmable money system. Lastly, we advocate further research on and experimentation with an EU central bank digital currency (CBDC), where programmability could be a core characteristic. This would lead to the creation of a public fundament on which (both public and private) solutions that use programmable money can be created.

## C. Access to safe, efficient and interoperable retail payment systems and other support infrastructures

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In Europe, the infrastructure that enables millions of payments every day has undergone significant changes over the last decade, most notably under the umbrella of SEPA. However, some issues remain, such as: ensuring the full interoperability of European payment systems, in particular those processing instant payments and ensuring a level playing field between bank and non-bank payment service providers in the accessibility of payment systems. Furthermore, some Member States have put in place licensing regimes for payment system operators in addition to central bank oversight, while others have not.

### Interoperability of instant payments infrastructures

With regard to SCT and SDD, under EU law it is the obligation of operators or, in absence thereof, of the participants in the retail payment systems, to ensure that such systems are technically interoperable with the other retail payment systems.

**Question 33. With regard to SCT Inst., do you see a role for the European Commission in facilitating solutions for achieving this interoperability in a cost-efficient way?**

- Yes
- No
- Don't know / no opinion / not relevant

**Question 33.1 Please explain your answer to question 33:**

*5,000 character(s) maximum*



including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

The Commission already has a role, since article 4 of the SEPA-regulation stipulates that payment systems should be interoperable with systems in other member states. This is also the case for (national) solutions that adhere to SCT Inst. The Commission could communicate more clearly that instant payment schemes and systems should be interoperable between Member States.

## Ensure a fair and open access to relevant technical infrastructures in relation to payments activity

(This topic is also included, from a broader perspective, in the [digital finance consultation \(https://ec.europa.eu/info/publications/finance-consultations-2019-digital-payments-strategy\\_en\)](https://ec.europa.eu/info/publications/finance-consultations-2019-digital-payments-strategy_en)).

In some Member States, legislation obliges providers of technical services supporting the provision of payment services to give access to such technical services to all payment service providers.

### Question 34. Do you agree with the following statements?

N.A. stands for "Don't know / no opinion / not relevant"

	1 (strongly disagree)	2 (rather disagree)	3 (neutral)	4 (rather agree)	5 (fully agree)	N.A.
Existence of such legislation in only some Member States creates level playing field risks	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>
EU legislation should oblige providers of technical services supporting the provision of payment services to give access to such technical services to all payment service providers	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>
Mandatory access to such technical services creates additional security risks	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>

### Question 34.1 Please explain your answer to question 34:

5,000 character(s) maximum

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

With the increase of the amount of payment methods, instruments and services, especially related to mobile payments, there are some worrying signs that the access to certain technical services is denied to third parties on grounds of privacy and security. This leads to market concentration and potential risks for foreclosure, selfpreferencing and market abuse. This has been one of the reasons that the Netherlands Authority for Consumers and Markets has started a market study into the role of Big Tech companies in the payments sector. A report is expected in the fall of 2020. Differences in approaches in Member States could lead to level playing field differences. Therefore, it would be preferable to take a harmonized approach, especially as the problems often seem to arise with large, multinational companies. In case mandatory access could lead to additional security risks, those should be addressed. Therefore, there should not be any unnecessarily high demands by services providers that effectively block third parties from using the service. Access should be given in a fair, reasonable, non-discriminatory (FRAND) and transparent way.

**34.2 If you think that EU legislation should address this issue, please explain under which conditions such access should be given:**

*5,000 character(s) maximum*

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

EU legislation is necessary in order to maintain the level playing field, and as payment services regulation are already harmonized to a high degree. Legislation should, as much as possible, make sure that mandatory access is based on objective, transparent and non-discriminatory criteria, and find a balance between making sure that service providers cannot unnecessarily block other parties from using their solution, while making sure that security risks are mitigated.

## **Facilitating access to payments infrastructures**

In a competitive retail payments market, banks, payment and e-money institutions compete in the provision of payment services to end users. In order to provide payment services, payment service providers generally need to get direct or indirect access to payment systems to execute payment transactions. Whereas banks can access any payment system directly, payment institutions and e-money institutions can only access some payment systems indirectly.

**Question 35. Is direct access to all payment systems important for payment institutions and e-money institutions or is indirect participation through a bank sufficient?**

- Yes, direct participation should be allowed
- No, indirect participation through banks is sufficient
- Don't know / no opinion / not relevant

**Question 35.1 Why do you think direct participation should be allowed?**

You can select as many answers as you like.

- Because otherwise non-banks are too dependent on banks, which are their direct competitors
- Because banks restrict access to bank accounts to non-banks providing payment services
- Because the fees charged by banks are too high
- Other reasons

**Question 35.2 Please specify the other reason(s) why you think direct participation should be allowed:**

*5,000 character(s) maximum*

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

Limiting access to only those parties that have a banking license frustrates innovation, imposes a high barrier to entry for new parties, and effectively (partially) prohibits new forms of payment and banking initiatives. Furthermore, by lowering the barriers to new parties that can also clear and settle payments, competition in this subsector can grow, which could lead to more efficient payment services.

**Please add any relevant information to your answer(s) to question 35 and sub-questions:**

*5,000 character(s) maximum*

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

**Question 36. As several – but not all – Member States have adopted licensing regimes for payment system operators, is there a risk in terms of level playing field, despite the existence of central bank oversight?**

*5,000 character(s) maximum*

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

As long as the additional licensing regimes are based on the harmonized standards as set out by the Eurosystem, no problems with level playing field are foreseen.

## D. Improved cross-border payments, including remittances, facilitating the international role of the euro

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While there has been substantial progress towards SEPA, cross-border payments between the EU and other jurisdictions, including remittances, are generally more complex, slow, opaque, inconvenient and costly. According to the World Bank's Remittance Prices Worldwide database, the average cost of sending remittances currently stands at 6.82% (<https://remittanceprices.worldbank.org/en>). Improving cross-border payments in general, including remittances, has become a global priority and work is being conducted in the framework of international fora such as the Financial Stability Board and the Committee on Payments and Market Infrastructures to find solutions to reduce that cost. The United Nations Sustainable Development goals also include the reduction of remittance costs to less than 3% by 2030. Reducing the costs of cross-border payments in euro should also contribute to enhancing the international role of the euro.

### Question 37. Do you see a need for action at EU level on cross-border payments between the EU and other jurisdictions?

- Yes
- No
- Don't know / no opinion / not relevant

#### Question 37.1 Please explain your answer to question 37:

*5,000 character(s) maximum*

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

The FSB, in cooperation with the CPMI, is currently working on a roadmap for cross-border payments. Depending on the finalization of this roadmap, actions might be needed at the EU level. Furthermore, The Netherlands advocates further research into and experimentation with an EU central bank digital currency (CBDC), which could potentially make cross-border payments more efficient in the future.

### Question 38. Should the Commission play a role (legislative or other) in facilitating cross-border payments between the EU and the rest of the world?

- Yes
- No
- Don't know / no opinion / not relevant

### Question 39. Should the Commission play a role in facilitating remittances, through e.g. cost reduction, improvement of services?

- Yes
- No

- Don't know / no opinion / not relevant

**Question 39.1 Please explain your answer to question 39 and specify which role the Commission should play – legislative or non-legislative:**

*5,000 character(s) maximum*

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

In line with the work of, and in accordance with agreements made within international bodies, such as the United Nations, the World Bank, the CPMI and the G20, the Commission should ensure that the costs of remittances between the EU and the rest of the world go down. The Commission could coordinate the efforts of the Member States towards this goal, take stock of potential legal barriers that unnecessarily drive the costs of remittances, or consider potential legislative solutions with the aim of lowering these costs.

**Question 40. Taking into account that the industry is developing or implementing solutions to facilitate cross-border payments between the EU and other jurisdictions, to what extent would you support the following actions:**

N.A. stands for "Don't know / no opinion / not relevant"

	1 (irrelevant)	2 (rather not relevant)	3 (neutral)	4 (rather relevant)	5 (fully relevant)	N.A.
Include in SEPA SCT scheme one-leg credit transfers	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Wide adoption by the banking industry of cross-border payment trackers such as SWIFT's Global Payments Initiative	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>
Facilitate linkages between instant payment systems between jurisdictions	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>
Support "SEPA-like" experiences at regional level outside the EU and explore possible linkages with SEPA where relevant and feasible	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>

Support and promote the adoption of international standards such as ISO 20022	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>
Other	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>

**Question 40.1 Please explain your answer to question 40:**

*5,000 character(s) maximum*

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

A proper assessment of the pro's and con's of including one-leg credit transfers into the SCT scheme is necessary before we can assess our position, as it could lead to legal issues related to the current wording of existing EU legislation. There is, however, a large role to play for the Commission to cooperate with other jurisdictions so that linkages between payments systems can be improved.

**Question 41. Would establishing linkages between instant payments systems in the EU and other jurisdictions:**

- Reduce the cost of cross-border payments between the EU and other jurisdictions?
- Increase the costs of cross-border payments between the EU and other jurisdictions?
- Have no impact on the costs of cross-border payments between the EU and other jurisdictions?
- Don't know / no opinion / not relevant

**Question 41.1 Please explain your answer to question 41:**

*5,000 character(s) maximum*

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

At least for the near future, only a small amount of jurisdictions outside the EU will implement an instant payments system. However, these jurisdictions are likely to be in relative (physical and economical) close proximity of the EU, with a (relatively) high volume of cross-border transactions from and to the EU. Linkages between payments systems could potentially lower the dependency on correspondent banks, which often are the main source of extra costs in a cross-border transfer.

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## Additional information

Should you wish to provide additional information (e.g. a position paper, report) or raise

specific points not covered by the questionnaire, you can upload your additional document(s) here:

### **Useful links**

More on this consultation ([https://ec.europa.eu/info/publications/finance-consultations-2020-retail-payments-strategy\\_en](https://ec.europa.eu/info/publications/finance-consultations-2020-retail-payments-strategy_en)) ([https://ec.europa.eu/info/publications/finance-consultations-2020-retail-payments-strategy\\_en](https://ec.europa.eu/info/publications/finance-consultations-2020-retail-payments-strategy_en))

Consultation document ([https://ec.europa.eu/info/files/2020-retail-payments-strategy-consultation-document\\_en](https://ec.europa.eu/info/files/2020-retail-payments-strategy-consultation-document_en)) ([https://ec.europa.eu/info/files/2020-retail-payments-strategy-consultation-document\\_en](https://ec.europa.eu/info/files/2020-retail-payments-strategy-consultation-document_en))

More on payment services ([https://ec.europa.eu/info/business-economy-euro/banking-and-finance/consumer-finance-and-payments/payment-services\\_en](https://ec.europa.eu/info/business-economy-euro/banking-and-finance/consumer-finance-and-payments/payment-services_en)) ([https://ec.europa.eu/info/business-economy-euro/banking-and-finance/consumer-finance-and-payments/payment-services\\_en](https://ec.europa.eu/info/business-economy-euro/banking-and-finance/consumer-finance-and-payments/payment-services_en))

Specific privacy statement ([https://ec.europa.eu/info/files/2020-retail-payments-strategy-specific-privacy-statement\\_en](https://ec.europa.eu/info/files/2020-retail-payments-strategy-specific-privacy-statement_en)) ([https://ec.europa.eu/info/files/2020-retail-payments-strategy-specific-privacy-statement\\_en](https://ec.europa.eu/info/files/2020-retail-payments-strategy-specific-privacy-statement_en))

More on the Transparency register (<http://ec.europa.eu/transparencyregister/public/homePage.do?locale=en>) (<http://ec.europa.eu/transparencyregister/public/homePage.do?locale=en>)

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### **Contact**

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