



25 June 2020

Mr Eric Ducoulombier
DG FISMA
European Commission
B-1049 Bruxelles

Dear Mr Ducoulombier,

PwC International Ltd (PwC), on behalf of the PwC network, welcomes the opportunity to respond to the public consultation on the Retail Payments Strategy for the EU.

As the world emerges from COVID-19, digitalisation, which played a fundamental role during the most acute phase of the pandemic, will further accelerate in the payments market. It increases the need and opportunity for organisations and policy makers, to adapt and build user trust in new types of services.

The legislation adopted in recent years by the EU has played a key role in promoting a transparent, innovative and competitive payments market and has prompted the development of a range of innovative players and new business models based on data sharing. In our view, the EU has a unique opportunity to build a user-centric model of data ownership and data sharing and this principle could be extended to the payment strategy. The European payments model should leverage on the scale of the Single Market and on a front-running regulatory framework for data protection and open banking.

There are three key areas: data ownership, rationalising the payment infrastructure, and addressing the use of cash.

Building on the user-centric data model, service providers could empower users by putting GDPR at their service and allowing users to reap the benefits of sharing their data. This would entail offering innovative data-driven solutions, improving user experience and embedding payments in a broader ecosystem of services. However, in order to achieve this vision, the EU would need to address the fragmentation of country-specific payment systems, rationalise the payment infrastructure and address the persistence of cash. Setting up a convincing architecture, with value added services that find users' interest, will then encourage uptake and investments in real leapfrog innovation.

Europe has multiple, overlapping combined technical and service layers for account based payments. Member States tend to retain legacy infrastructure for years after new technologies are introduced. The EU payment infrastructure could be simplified in order to reduce costs and the EU payments strategy could promote standardisation of open banking to allow innovative and more efficient payment solutions, for example through the promotion of universal API Standards. Currently, card-based and bank account-based transactions are handled on three different technical platforms that have been built up since 2002:

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SEPA Credit Transfer, SEPA Direct Debit, and SEPA Card Clearing. A fourth platform, SEPA Instant Credit Transfer (SCT Inst), was introduced for instant payments under a voluntary industry initiative in 2017. We recommend that SCT Inst be used to replace the other three platforms, after additional features — such as deferred settlement, bulk payments and cross border payments — have been added. This will allow additional service layers to benefit and innovate at the scale of the Single Market.

In order to step up innovation on payments in the EU, it is important to address the persistence of the use of cash. By rationalising the infrastructure and fostering innovation at European scale, the Payments Strategy can make transactions fit for a digital economy, more convenient for both merchants and customers, therefore reducing the need for cash. In addition, the EU could explore the creation of “digital” euros and other currencies with the same status as cash. These would be certified by central banks, and could be used to pay for the majority of low risk daily purchases, in which ID is not required, respecting the data minimisation principle. Creating a level playing field by making noncash payments legal tender across Europe in addition to cash would allow service providers and merchants to offer the most appropriate choice for their situation. Finally, there could be merit in setting an harmonised ceiling to cash transactions, in light of a risk-based approach to anti-money laundering, as well as to facilitate the fight against tax evasion.

Greater harmonisation of identity check processes carried out by public entities has already been enabled by the eIDAS regulation, but the private sector has yet to be harmonised. EU financial services providers must use several different forms of national identity checks, increasing the burden of cross-border compliance. In the payments sector, these inconsistencies obstruct pan-European on-boarding of users. Making the best use of eIDAS protocols would further facilitate the integration of the Single Market, as well as enabling a faster digital transformation.

We would be happy to discuss this further with you. If you have any questions regarding our response please contact Marco Folcia, EMEA Payments & Open Banking Centre of Excellence Leader at marco.folcia@pwc.com.

Yours sincerely,

A handwritten signature in black ink, appearing to read "Michael Stewart".

Michael Stewart
Global Leader, Corporate Affairs and Communications

PwC IL is registered under number 60402754518-05 in the EU Transparency Register

Contribution ID: 976f94b3-03cf-4f35-b5fb-92f3f4a5ac4c

Date: 26/06/2020 14:17:18

Consultation on a retail payments strategy for the EU

Fields marked with * are mandatory.

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) (<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) (<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) (<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) (<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) (<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.

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>).

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)

About you

*Language of my contribution

English

*I am giving my contribution as

Company/business organisation

*Type of company/business organisation

- Credit institution
- Payment institution
- Electronic money institution
- Merchant (physical shop)
- Online merchant
- Other

*Please specify what other type of company/business organisation

audit and accounting firm

*Age range

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

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

*First name

Vittorio

*Surname

Allegri

*Email (this won't be published)

vittorio.allegri@pwc.com

*Organisation name

255 character(s) maximum

PwC

*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?redirect=false&locale=en>). It's a voluntary database for organisations seeking to influence EU decision-making.

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*Country of origin

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

Belgium

*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)

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"/>
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Question 2. Please rank your preferences for low-value payments¹ (1 to 4, 4 being the least-preferred option) between the following means of payment:

¹ 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.

Section 2: Questions for all stakeholders

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), 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.

In the field of payments, the European Commission could contribute to strengthening the economic independence of the EU through the creation of an efficient and interoperable payments system. By way of example

- enforcing the actual instant payments system (e.g. SCT inst) in all Member States in order to strengthen the EU payment market and facilitate both EU and cross-border transactions (within a SEPA environment)
- creating new schemes that bypass current card schemes in order to have contactless payments across Europe by providing a fast, safe and transparent payment instrument.
- promoting the usage of new technologies (e.g. Open API, Distributed Ledger Technology) in order to support the standardization of interfaces and the communication between players

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.

The retail payment strategy could strengthen the international role of the euro if it supports a functioning and interoperable internal market and improved cross border payments (including remittances with pan European) in order to become a more attractive market. Moreover, the availability of European venture funding will allow Europe to benefit from its own innovations and thus create wealth.

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

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 (ir rel ev an t)	2 (rat her not rel ev ant)	3 (n eu tr al)	4 (r at he r rel ev an t)	5 (f ull y rel ev an t)	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 type="radio"/>	<input checked="" 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 Directive 2014/92/EU (https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=CELEX:32014L0092) .	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" 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 ²	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input 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 checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>
f. Other	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>

² 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 European Commission should facilitate the development of instant payment systems, such as cross-border SEPA Direct Debit Instant or real-time payments (i.e. outside the euro area) also in collaboration with providers of Realtime schemes. These schemes would stimulate the diffusion of alternative circuits also in the local market, leveraging on instant payment and IBAN based solutions, facilitating the creation of alternative solutions to cards. SEPA p2p tools could facilitate the diffusion of this type of solutions which are now mostly developed at national level.

More generally, an integrated cross border infrastructure could facilitate the spread of efficient tools in the management of the cash flows of companies.

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.

In order to guarantee the homogeneous development of the new payment schemes should be defined clear technical standards, guidelines on processes, suggested best practices and examples of applicable use cases.

The adoption of payment instruments is highly influenced by the customer experience offered to customers and our evidence indicates that, given the different jurisdictions and processes developed by banks, the customer experience is very fragmented.

Even in the open banking services, for example, the customer experiences observed are strongly influenced by the services and the customer journeys offered by the individual providers. In this sense, following the example of other countries that offer customer experience guidelines and standardizing AML / KYC requirements could certainly help. Furthermore, a single European digital identity would also allow the development of product / bank switching services.

Please specify what other measures would contribute to the successful roll-out of pan-European payment solutions based on instant credit transfers:

5,000 character(s) maximum

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

We suggest that robust consumer protection and exception processing measures are key to the underlying consumer confidence required for the success of payments schemes. Examples of national measures going in the right direction are those providing protection against push payment fraud or make the credit card company jointly and severally liable for any breach of contract or misrepresentation by the retailer or trader.

In addition, in order to support the standardisation of pan-European payment solutions based on instant credit transfers it could be helpful to establish publicly funded or supported sandboxes and to promote universal API Standards. Finally, a structured launch program should be developed to increase customers' awareness of these new technologies and knowledge about the usage and possibilities of the new schemes.

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.

To make it mandatory for all those who join the SCT to join the SCT Inst system, a reasonable deadline should be given that allows all parties involved to be able to adopt the new systems (taking into account also the particular historical moment dictated by the Covid 19 pandemic) . In this sense and taking into account that the majority of large and international banks have already joined the scheme, we believe that the end of 2022 can be a reasonable deadline in which even small and medium players can adapt.

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.

It could increase liquidity risk. In fact, if these solutions take hold, the deposits could be less "sticky", so in the long run it would be necessary to monitor the impacts on the LCR and introduce new methods for its calculation. Below are 2 key factors that increase the risk of fraud and the risk of money laundering associated with immediate payments:

- limited time available to banks to carry out fraud detection or AML activities. In addition, once the payment is made, even if a payment is subsequently identified as fraudulent or in violation of money laundering requirements, reparation can be difficult, particularly if the funds have already been transferred from the destination account;
- faster transfer of funds to subsequent accounts, make stratification faster (i.e. to distance criminal proceeds from their source by passing them through apparently legitimate transactions).

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.

An ad-hoc stop gap mechanism could be used to manage the rapid, low-friction outflow of funds via instant payments from a bank perceived by its customers to be at risk. The invocation of such a stop-gap mechanism needs to balance the disruption to customers' legitimate payments (and the knock-on effects on the recipients of those payments), against the public interest and the interests of other customers of the bank in preventing a run on, and potential failure of, the bank.

In relation to the circumstances in which this mechanism would be used, it would support an aligned approach to supporting financial stability if the criteria were aligned with other regulations, e.g. the triggers for intervention defined by the recovery and resolution directive. Because of the significant impact of the invocation of the mechanism, consideration should be given to only allowing its invocation by a competent authority, or by a bank with the agreement of the competent authority, rather than allowing unilateral invocation by a bank.

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.

"Card-based solutions" is most advantageous for merchants in relation to other solutions because it is more accessible for end users (e.g. visitors from outside the SEPA zone) who are more likely to have payment cards than have the facility to make overseas bank transfers. However, this accessibility would depend on whether those payment cards were compatible/acceptable with the cards which a merchant can accept.

This solution is based on standard circuits with high levels of reliability and consolidated security standards in spite of the high service cost. They are most familiar to both consumers and merchants and infrastructure and processes for handling card-based solutions are already available to the merchant. Mobile digital wallets and Payment Initiation Service solutions are also important to foster innovation and the role of new market players because they allow new means of payment to be developed both for e-commerce and at the point of sale.

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 (uni mpo rtant)	2 (rather not importa nt)	3 (n eu tr al)	4 (rathe r import ant)	5 (fully imp ortant)	N A .
Merchant fee	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" 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 type="radio"/>	<input type="radio"/>	<input checked="" 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 type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>
Reconciliation of transactions	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Refund services	<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 checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

Please specify what other important factor(s) you would foresee:

5,000 character(s) maximum

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

Availability of other services such as advanced analytics and credit facilities

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.

In our experience, the drivers that can lead to the adoption of new payment methods by merchants are mainly those related to seamless customer experience and the percentage of users who use that payment method. Merchant fees are also fundamental for the adoption or not of new payment methods (also considering the increasing competition in terms of players and means of payments), while more "operational" drivers such as transaction reconciliation or refund services have a lower weight than the others.

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.

In our point of view, changes to EU legislation as well as further guidance or development of new rules are needed in parallel to facilitate cross-border interoperability.

Although PSD2 provides guidance on these requirements, additional guidance / standardization of the requirements is required, such as those relating to security, data consent, onboarding and those on digital identity.

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 type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>
Contactless payments	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>
The shrinking availability of ATMs	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>
The cost of withdrawing cash	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>
Digital wallets	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>
Cash backs for card payments	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>
EU or national Regulation	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>
Other	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input 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.

In Europe there is a great heterogeneity between countries in relation to regulations to reduce the use of cash, determined by the different levels of cash penetration in countries. The countries that use the most cash have adopted policies to reduce and limit the use of cash on the one hand, and encouraged digital payments (e.g. lotteries, tax exemption) on the other. In this context, PSD2 has promoted the advantage of a more agile and digitally enabled banking interface which has led to less use of physical branches in favor of the new channels (online / mobile). The FATF guidelines also encourage the reduction of cash withdrawal / deposit limits. The control and reduction of financial crime cases is obviously a useful cause, but an indirect impact is suspicion and further controls which can attract large deposits / withdrawals. This in turn makes it inconvenient for consumers and merchants to use cash.

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.

To continue the move towards new payment systems, on the one hand, the online capacities of the various platforms should be increased (allowing the use of digital signatures for all bank transactions) and, on the other, introducing incentives for customers (e.g. cashback) in using alternative payments.

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.

Europe should not go above national initiatives by pushing to allow large cash transactions. The importance of cash is relevant and, probably, it will be necessary to use it for a long time. Individual countries should be left to evaluate specific initiatives, also considering that the limits imposed are part of a policy to tackle the shadow economy. Each country has a different level of penetration of the use of cash and for this reason any rules that would facilitate access / use of it should be managed at the level of individual countries.

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 (ir rel ev an t)	2 (rath er not relev ant)	3 (n eu tr al)	4 (ra the r rel ev ant)	5 (f ull y rel ev an t)	N A
Promote a sufficient coverage of ATMs in the EU, including in remote areas	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input 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 checked="" type="radio"/>	<input 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 type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>
Other	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input 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.

Another measure that could be useful in ensuring cash remains accessible in Europe is to promote the use of an alternative cash distribution (e.g. through merchants).

A note on 'free of charge cash withdrawals' from Q16. Whilst in theory this sounds like a positive step to maintain access to cash. In reality, not charging for such services may result in a commercially unviable cash infrastructure.

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 (n eu tra l)	4 (rathe r 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 type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>
PSD2 has increased competition	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" 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 type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>
PSD2 has increased the level of security for payments	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" 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 type="radio"/>

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.

PSD2 has been fully operational for less than a year and in reality - in terms of impact - it is still in early stage in Europe, but the market has opened to new entrants and new services foster competition and innovation in services. For example, it has unbundled specific services previously offered by banks and encouraged them to capture its value in business terms by adopting a new mindset to work with new players to improve their services.

In addition, PSD2 led a number of institutions to update their procedures in accordance with various technological changes and their security measures. This has created improvements in some technology infrastructures, thus ensuring the transition to a safer, real-time online business model. However, the lack of standardization in terms of standards, consistency with other regulations, and customer experience guidelines are limits to dissemination

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.

PSD2 gave the initial push to open banking, a framework that unlocks the opportunity of developing innovative services enabled by collaboration and data exchange on a much wider perimeter than payments services (potentially including loans, mortgages, investment, pension funds, insurance,...) . In this sense, there is a lack in terms of regulation and technical standards for these new services that are spontaneously rising in the market. It is important that the current legislation is dynamic and updated on new trends when necessary because there are constantly innovations and new technologies introduced.

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.

As fraud possibilities increase across the digital space, it is crucial to continue to develop the SCA methods established to mitigate risk of fraud (e.g. in the process of online payments, banks can compare the name on the receiving account with the details entered by the payer), adopt transaction monitoring application (for fraud prevention) or introduce EU-wide digital identity schemes that will greatly contribute towards such fraud mitigation.

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.

Technical payment innovations are already well developed. Now it is time to find commercially viable ways of increasing uptake and use cases of those innovations, boosting the functionalities (e.g. mobile payment should be further supported to facilitate adoption and the ceiling for contactless payments should be increased).

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.

An opportunity is to promote by adding government and public administration features to it (e.g. payments for car registration) and increasing current ceilings coupled with strong and widely accepted authentication.

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 (ir rel ev an t)	2 (rathe r not relev ant)	3 (n eu tr al)	4 (rat her rele van t)	5 (ful ly rel ev ant)	N .A .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 type="radio"/>	<input checked="" 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 type="radio"/>	<input type="radio"/>	<input checked="" 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 checked="" 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 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.

In order to ensure the full potential of open banking under PSD2, we suggest the following main proposals: the first one to establish an online pan-european registry of TPPs, the second one is the positive taxation regime for startups operating in this space and grants for PSD2 related projects, the third one is to standardize the customer experience guidelines. As a fourth point we suggest to progressively increase the number of regulated services, beyond payments and account information.

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.

The development of pan-European PSD2 solutions is still cumbersome due to the different interfaces and multitude of aggregators. There are too many standardisation groups across Europe, so it is important to consolidate the landscape.

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).

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.

30.3 Please specify what are the other factor(s) make the prudential regime for electronic money institutions not adequate:

5,000 character(s) maximum

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

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.

It is relevant to guarantee alignment and consistency between the different regulation issued at local level. It is however necessary to take into account local specificities in terms of regulations and legal entity regulated

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.

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.

EU policies could facilitate the secure deployment of "programmable money" through the definition of minimum identity, authentication and audit requirements in programmable monetary infrastructure or even through the definition of services that act as reliable nodes in these controlled networks by external bodies.

It could also increase the sponsorship of pilot projects aimed at development and incentivize the resulting tax breaks associated with transactions carried out entirely by digital means.

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

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 can be a facilitator by promoting the usage of alternative technologies and enforcing the participation by local payment institutions or, finally, harmonising a favorable tax regime and also promoting a unique standard at EU level.

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)).

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 (neutrality)	4 (rather agree)	5 (fully agree)	N -
Existence of such legislation in only some Member States creates level playing field risks	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input 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 checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>
Mandatory access to such technical services creates additional security risks	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input 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.

In a pan European payment ecosystem, Member State regulation would not promote a level playing field. Any legislation needs to be driven by EBA and adopted and enforced locally. Furthermore, a sufficient level of central oversight should be guaranteed to mitigate the increase in new risks encountered

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.

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

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.

In order to increase competition, direct access is important. It fosters innovation, reduces barriers to entry, although steps must be taken to mitigate new risks, and moreover it removes an unnecessary level of dependency on banks

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.

Changes in licensing schemes for payment system operators will necessarily have a negative impact on a level playing field.

Member States without licensing requirements or weaker requirements would be able to compete more effectively than those with more demanding requirements and operators based in those Member States would be equally advantaged. However, whether this will have a significant or substantial effect compared to other factors will depend on the level of variation in the various licensing regimes and the level of control that EBA will perform

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

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.

In a world that is becoming more globalized and where retailing is conducted across borders, cross-border payments need to be made outside Europe and therefore trade relations with China and the United States are still important. Currently, cross-border payments between the EU and other jurisdictions are more costly, and are slower due to different legal restrictions etc. Moreover, it is of great importance to establish EU legislation/standardised set of guidance, that will facilitate cross-border transactions, and thus contribute towards the EU economy.

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.

The European Commission should consider reducing the costs of remittances that can reach 20% of the transaction value and also could provide a regulatory framework for remittances that offers additional control over the flow of funds outside the EU, thus reducing the risk of money laundering and terrorist financing.

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

Please specify what other action(s) you would support:

5,000 character(s) maximum

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

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 key objective should be to facilitate real time cross border payments, as this is perceived by consumers as the least satisfactory element in retail payments and by the industry as being high cost and a reputational weakness

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.

Establishing such links will reduce the fees associated with such payments (such as settlement fees) and will further improve efficiency in cross-border transactions.

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:

PwC_response_to_EC_consultation_on_retail_payments.pdf

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)

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)

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)

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)

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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