

The Consumer Voice in Europe

A RETAIL PAYMENTS STRATEGY FOR THE EU

BEUC response to the Commission's consultation



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Why it matters to consumers

Each consumer makes one or more payment transactions almost every day. The way consumers pay is changing. From coins, notes, cheques, cards and wire transfers, the situation has started to change with the development of online and mobile banking. Now it is digitalisation that is causing a great upheaval. Consumer representatives must keep a close track of all these changes so that they do not come at the expense of consumers.

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Summary

BEUC welcomes the opportunity to contribute to the European Commission’s [public consultation](#) on a retail payments strategy for the EU. Our consultation response is built upon the following six guiding principles related to consumer protection in the field of payments.

Freedom of choice: It is important that consumers can choose the payment instrument that best suits them. Neither the provider of the payment method nor the merchant should decide how the consumer will pay. The consumer must be able to choose between the means of payment offered by the merchant. BEUC insists that cash continues to be accepted by all physical merchants.

Security and the fight against fraud: Even if there are provisions in the Payment Services Directive (PSD2) to reimburse the consumer in certain cases of fraud, more efforts are needed to prevent fraud from occurring in the first place. In the end, it is always the consumer who suffers the effects of fraud. Consumers must, for example, be able to deactivate the contactless function of their payment card.

Convenience: Payment instruments need to be simple, otherwise consumers will not use them. Instant payment should become the new normal for credit transfers and should be adapted to different use cases, such as payment in shops. To develop instant payments in shops, there is a need to have solutions as simple as traditional card payments.

Affordability and social exclusion: Cash is a public good. Cash withdrawal fees and ATM closures are making access to cash increasingly difficult. Steps must be taken to maintain an ATM network at reasonable costs. Likewise, it is essential to find much less costly solutions for the remittances sent by immigrant workers.

Privacy: The protection of privacy is the central issue of the digital society, the surveillance society. Consumers should be able to keep control of their personal data. For this to happen, all the existing mechanisms in the area of open banking must be reviewed and follow a consumer-centered approach.

Competition: There is a dramatic lack of competition in the payments world. The payment card market is dominated by two American giants. In today's stores, consumers pay mainly with cash or by card. Open banking opens competition to more market players but at the expense of data protection.

1. The European Commission's role

The Commission should promote European payment solutions. When each Member State promotes its own solution, it is an open door for non-European solutions. SEPA means Single Euro Payments Area. For credit transfers and direct debits, the result has been SCT (SEPA Credit Transfer) and SDD (SEPA Direct Debit) respectively. For cards, SEPA does not exist for several reasons. One of the reasons is the fact that all the card markets in Europe follow the rules imposed by EMVCo, of which no EU card scheme is a member.

As for the international role of the euro, this question is mainly related to wholesale payments. Nevertheless, the adoption of bank accounts in euros in EU countries outside the Eurozone or in countries outside the EU could allow consumers to save money, for example, in case of money remittance.

2. Instant credit transfers

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

	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 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 checked="" type="radio"/>	<input 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	<input type="radio"/>	<input type="radio"/>	<input checked="" 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 ²	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	X	<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"/>	X	<input type="radio"/>
f. Other	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	X	<input type="radio"/>

2.2. New payment schemes to be developed

Instant payments based on QR codes. QR code technology is a means of communication between the consumer and the retailer's device and is already highly advanced in Asia. In Europe and the US, which are dominated by the card market, NFC technology has been promoted to develop contactless transactions.

Schemes based on direct debit that could be used for payments in shops, as ELV in Germany.

2.2.1. Instant payments

As explained in various documents published by the European Payments Council, for the time being there is no standardised QR code¹. Instant payments will never flourish without a standardised QR code. There is a need for a European QR code standard that could be used at the same time for credit transfer and card payments. EMVCo has developed a standard for QR code which is specific to cards.

Some banks consider that instant payment is a premium service in the same line as the previous "fast payment". This reasoning is not acceptable. Instant payment is the result of new technologies applied in the field of payment as the email was a new technology in the field of mail. To avoid that the benefits of instant payment are confiscated by banks, a legislative proposal should be made to establish the principle of no price discrimination between classic credit transfer and instant credit transfer.

2.2.2. Adherence to SCT Inst

Instant payment should become the new normal. For this to happen, it is necessary to establish the rule that the price for the consumer has to be the same between a traditional credit transfer and instant credit transfer (a no discrimination rule). The adherence to SCT Inst should be made mandatory when the no discrimination price rule enters into force.

2.2.3. Increased risk for Instant Payments (IP)

As the payment is instant, there are additional risks for the consumer. For example, if the

¹ See for example page 33 of: https://www.europeanpaymentscouncil.eu/sites/default/files/kb/file/2020-05/EPC312-19v1.0%20Technical%20interoperability%20of%20MSCTs%20based%20on%20payee-presented%20data_0.pdf

consumer makes a mistake in typing the amount of the transaction and discovers the mistake a few seconds later, there is no possibility to cancel the transaction. If it was a classic credit transfer, the consumer would have the possibility to contact the bank to cancel the transaction (the recall procedure, during 10 days for SCT). The issue will be the same in the case of instant payment in shops if the mistake is made by the retailer. The same issue can happen when the consumer makes an instant credit transfer and has a doubt about the authenticity of the payee. Several kinds of measures can be envisaged, such as instant re-payment in shops, confirmation of payee (IBAN matches with payee's name).

A more global solution for e-commerce transactions using instant credit transfer should be to have the same rights as for Direct Debits: a right to cancel the transaction during a limited period if the product/service has not been delivered.

2.2.4. Bank run?

As a bank run has not happened due to traditional credit transfers, why should it happen because of instant credit transfers?

2.3. Merchant perspective

2.3.1. Most advantageous solution

The use of Instant Payments through SCT Inst should be the most advantageous solutions for merchants.

The use of SDD in shops could also be envisaged. In Germany, it exists already based on the magnetic stripe of the card. It could be realised through mobile phones, the consumer transmitting the necessary data (IBAN number) through their mobile by QR code or NFC.

2.3.2. Competition between payment instruments

One of the reasons why payments are so expensive for retailers is the lack of competition. For the time being the market is dominated by cards. As the payments market is a two-sided market, there is no competition because the consumer has only one brand, while the retailer is obliged to accept all brands. In technical terms, when one side of the market is multi-homing (retailer side) and the other side single-homing (consumer side), the single-homing side (here the issuing banks) controls the market. If there was competition between cards and instant payment in shops, it would benefit both retailers and consumers.

It is necessary to maintain competition between various payment instruments. If in a shop there were the three alternatives (SCT, SDD, cards) plus cash, this would create real competition between the payment instruments. These three alternatives are managed by a scheme, the role of which is to establish the rules of functioning, including pricing. Nevertheless, in the end, a payment is a transfer of funds between two banks. This is why strong rules should be established to avoid means to lower competition. One of the rules could be that the same scheme could not manage several payment instruments at the same time, such as cards and instant credit transfers. Other rules could deal with the governance, for example, that a given bank cannot be on the board of directors of several schemes.

According to a study made for the Commission related to the interchange fee regulation (EY page 171), the country with the lowest Merchant Service Charge for debit card payments is Germany. Germany is the only country in the EU where it is possible to pay in shops with a payment instrument ELV which is not a card payment (except cash, of course).

Another aspect of competition between payment instruments is the consumer choice. See answer to question 17.1.

2.3.3. Merchant services to the consumer

Many retailers consider that the diversity of payment instruments they accept is a service provided to the consumer. But at the same time, they prefer the consumer to use the payment instrument which is the least expensive for the merchant.

Another factor for retailers is the mixing between the payment instrument and the fidelity instrument (loyalty card).

2.3.4. Factors for acceptance of new payment method by merchants

	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 type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>
The proportion of users using that payment method	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input 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 checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Reconciliation of transactions	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" 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 type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>

Another factor not mentioned in the above table is consumer choice. Merchants display the range of available payment instruments and brands they accept and present their preferred payment instrument in priority order to the consumer. The consumer can choose which payment instrument they use and this right to choose cannot be refused. It is the principle of choice of application enshrined in the interchange fee regulation for cards. The same kind of rule should exist with respect to all payment instruments. The EU should put pressure on the industry to adopt that kind of rules in various schemes rules.

2.3.5. Acceptance of direct debit

BEUC being a consumer organisation, we cannot answer this question. Nevertheless, there is probably a mistake in the wording of question 18.1. This question asks payees why they accept cross-border SDD. As acceptance of cross-border SDD is mandatory due to the SEPA Regulation, the question should have been “why DON’T you accept”. Reachability is a major issue for consumers, and it is quite strange that a rule mandatory since 2012 is still not fully implemented.

2.3.6. Acceptance of payment instruments

Regarding acceptance of payment instruments, there is a new rule which has been introduced by article 5 of Regulation 2018/302 about non-discrimination. A trader cannot discriminate for the use of a payment instrument on the basis of the nationality, the place of residence or place of issue of the payment instrument. Due to the scope of this Regulation (Article 1.1), this rule does not apply when all the relevant elements of the transaction are confined within one single Member State. Why could a merchant discriminate between issuers even in the same country? This rule should also be extended to domestic transactions (internal market principle).

3. Digital identities

For digital identity solutions it is necessary to set up mechanisms allowing cooperation between public registers and private sector to set up identification mechanism. PSD2 has made the Strong Customer Authentication (SCA) mandatory to prevent fraud in electronic payments. In some EU countries through cooperation between the authority and the private sector, some systems have been created like BankID in the Nordic countries. In some other countries, banks can use a public registration to identify the consumer as for example “Itsme” in Belgium.

Based on the Regulatory Technical Standard of PSD2 (article 34 of Regulation 2018/389) and the eIDAS regulation, there is the possibility to create a European digital identity service. The use of this service in the financial sector could work by using the channel of communication that banks have to set up - the API (see point 7.3).

4. Cash

4.1. Factors contributing to a decreasing use of cash

	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 checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>
The increasing importance of e-commerce	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Contactless payments	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>

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

There needs to be a level playing field between payment instruments. For example, the UK legislation (Article 75 of the consumer credit Act) gives a huge advantage to credit cards, to the detriment of cash, but also of debit cards.

4.2. Cash issues

Regarding cash, there are two major issues: access and acceptance.

Regarding access: Consumers increasingly face difficulties in accessing their cash through ATMs and bank branches. Bank branch networks are rapidly reduced in several countries, and sometimes no cash services are provided by the remaining branches. Moreover, more and more banks and ATM providers across the EU impose fees for cash withdrawals. For example, recently in Denmark many banks have closed their ATMs. The private ATM companies charge huge fees when withdrawing cash from their ATMs. In many of the privately owned ATMs, it now costs €4-5.5 in fees to withdraw cash regardless the amount withdrawn. This tendency by banks to delegate the management of ATMs to private companies will become a big issue regarding access to cash.

Another important factor contributing to the decrease of cash is the fact that more and more retailers are refusing to accept cash. There are more and more situations – and this is not new – where the use of cash is impossible, such as automatic petrol stations or more recently vending machines accepting only card payments. Another situation is related to shops that indicate, in conformity with their national legislation, that they do not accept cash.

4.3. Measures to be introduced by the EU

Access to cash: the aim should be to maintain a network of ATMs, plus allow the development of cash withdrawals in shops. Consumer access to cash should be free of charge, at least when using the ATM network of their bank. Plus, consumers should have the right to make several free of charge withdrawals per month at other ATMs. Countries where ATM fees are currently prohibited should maintain the prohibition.

Usage of cash: create at the EU level some kind of legal tender, i.e. obligation to accept cash payments. All physical traders should be obliged to accept payments in cash and make it the EU legal tender. Cash is the only means of payment protecting privacy and ensuring social inclusion. This general rule should be adapted to the various situations, for

example, when the value of the banknote is disproportionate to the value of the purchase.

4.3.1. Which measures?

	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 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 type="radio"/>	<input type="radio"/>

4.3.2. Other measures

BEUC has made several proposals regarding access to cash and legal tender issues in its position paper (September 2019), which is available [here](#).

5. PSD2

5.1. Impacts of PSD2

	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 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 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 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"/>

5.2. Other impacts

The main change introduced by PSD2 has been the development of the category 'Account Information Service' (AIS). According to article 4.16 of PSD2, "account information service means an online service to provide consolidated information on one or more payment accounts held by the payment service user with either another payment service provider or with more than one payment service provider". AIS was often defined as a payment aggregator.

The statute of AIS has been used by a lot of companies to access payment data and is at the origin of the development of open banking. PSD2 has defined two main categories of payment institutions, PISPs (Payment Initiation Service Provider) and AISs. According to PSD2, the access is given to payment accounts but not to the other accounts such as saving accounts. But there is a major difference between these two categories of third-party payment service providers (TPPs): PISPs provide a payment service, which is not the case of the AIS. As the Commission has announced new legislation creating an EU data space for financial services, BEUC proposal is to withdraw the AISs from PSD2 to integrate them in the scope of this new legislation on data. For consumers, this would have a huge advantage as they would be protected by the same rules for access to their payment account, savings account and other financial data. Otherwise the rules will be different for various kinds of accounts which could be very confusing for consumers.

5.3. Scope of PSD2

The question is much more related to the interpretation of the list and of the difference between the statutes of Payment Services Providers.

First, which are the activities related to the various PSP statutes? For example, in the P2P domain or instant payment in shops there is an intermediary between the consumer and the bank denominated as "Instant payment service provider". It is clearly a payment service which is proposed to the consumer. What is the legal statute for this provider? This point is unclear today. Is it a technical service provider or a PSP? In any case, a technical service provider cannot provide services to a consumer if it is not "covered" by one of the licenses of a Payment Service Provider except if it is a PSP itself.

Second, how are the various statutes articulated? A bank can provide the services from 1 to 8 of annex 1 of PSD2. But what about e-money institutions the activity of which is not in the list of Annex 1 of PSD2?

5.4. Fraud

There are two kinds of fraud which are not covered by any solution: In some cases, an unauthorised transaction is done, but the bank refuses to reimburse the consumer arguing that an SCA has been executed. Another situation is when the consumer has effectively made an SCA, but the payment beneficiary is a crook, yet the consumer was not aware (authorised push payment).

6. Contactless payments

Payments are crucial to economic activities. Developing innovative solutions would benefit users, merchants and providers – with more competition, better user experience, reducing costs and timings and increasing availability and accessibility. That is the case for contactless, instant payments, or even instant direct debit in shops.

Contactless in itself is not the issue. The point is about mitigating the risk of fraud. Ceiling for contactless payment have been increased to €50 in almost all EU countries. After the crisis, the ceiling should be reduced, €50 ceiling is too risky for consumers. Each consumer should have the possibility to deactivate the contactless function of the card or to choose their own ceiling within the legal threshold of €50. In any case a code PIN should be requested after five contactless transactions except for transport payments.

COVID-19 has made coins and banknotes suspect. In response, card schemes and the banking sector have increased the thresholds for contactless payments. Consumers will only need to enter their PIN code when they pay more than €50 compared to €25 or €30 previously. Although BEUC does not oppose the measure, we nevertheless insist that the raising of these thresholds should be limited to the duration of the current crisis.

The PSD2 recently enshrined the principle of strong consumer authentication to protect consumers from fraud. Indeed, if the consumer has to confirm their identity when paying, for example by means of the PIN code, fraud becomes much more difficult. Contactless payments below the maximum amount are not subject to this requirement, which makes it perfectly possible for another person to make payments with a stolen or lost card without knowing the code. It is precisely because of this risk that a limit of €25 or €30 per transaction has been set. As indicated by BEUC's Belgian member Test-Achats in a recent press release: "Under the current circumstances, we can understand the desire to increase the payment thresholds, but we must not forget that such an increase will probably attract fraudsters and scammers."²

² <https://www.test-achats.be/action/espace-presse/communiqués-de-presse/2020/paiementsanscontact>

There is a big risk that these rules will be maintained after the crisis. Of course, the maximum of €50 is in conformity with the EU legislation (Article 11 of Regulation 2018/389). We consider that this is also dangerous for consumers. A consumer can contest any contactless transaction (Art 74 PSD2) but the procedure is complicated and can be a hassle. We support the principle of freedom of choice. A consumer should be able to ask the bank to have a card without the contactless functionality or should also be able to choose the maximum amount for which they can use the contactless card within the legal threshold of €50.

According to the same regulation mentioned above, banks have also to choose which other security limit they put in place:

- A PIN code requested after five transactions, or;
- A PIN code requested if the amount of the last transactions is above €150.

We consider that the two security limits should apply at the same time, not only one. The only exemption is for unattended terminals for transport fares and parking fees (article 12, Regulation 2018/389)

Visa and MasterCard have asked the European Banking Authority to increase the amount of no-PIN contactless payments to €250. For BEUC this potential increase to €250 is unacceptable. Having a contactless card will be the same as having €250 in cash in your pocket. Once again, it is an incentive to fraud.

7. Open banking

7.1. EU level actions for Open Banking:

	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"/>	x	<input 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"/>	x	<input 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"/>	X	<input type="radio"/>
Other	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	X	<input type="radio"/>

7.2. Consumer needs with regard to Open Banking

BEUC is totally opposed to the idea that TPPs can have knowledge of consumers' credentials, in particular PISPs, as they are able to initiate payments. The issue is different for AIS, but we see on the market that if a Payment Institution fulfills the criteria for being a PISP, it will automatically ask for the statute of AIS, as the requirements for becoming an AIS are lighter.

BEUC has made several recommendations on Open Banking (September 2018), which are available [here](#). In a nutshell, the rules on access to consumers' financial data should be aligned with consumer protection related to direct debit transactions: The explicit consent is given to the TPP but is also sent to the data guardian (e-Mandate principle). The consumer has the right to instruct the data guardian to establish a white list or a blacklist of authorized AIS.

7.3. Dedicated interface (API)

A single European API (Application Programming Interface). BEUC is very much in favor of the activities of third-party providers (TPPs) – in particular, payment initiation services providers (PISPs). Therefore, when the discussion on the communication channel (dedicated interface or API) started in early 2017, we asked for a single application programming interface (API) at EU level as the only means to guarantee full reachability and interoperability. The work done since then has been put on hold for the time being, and the result is that each country, if not each bank, is creating its own API. Even if the majority of banks are using the Berlin Group standards, there are at the national level adaptations through the implementation rules. That triggers national fragmentation. To ensure full interoperability for TPPs, the authorities should push for a single API for the EU. This single API would be very useful for Open Banking/Finance.

8. E-money institutions

The rules regulating e-money institutions have to be adapted to integrate stable coins. See BEUC [response](#) to the crypto-assets consultation (May 2020).

It would be very useful to align the regulatory regime for payment institutions and electronic money institutions, but a full alignment is not appropriate because certain aspects cannot be addressed by the same regime.

8.1. Toward PSD3

PSD 3 should be a single text gathering the various rules and statutes about payments. The basic principles should be:

- There are three statutes: credit institutions, e-Money institutions, Payment institutions. AISs do not provide payment services, they are transferred to financial data space legislation.
- All institutions with direct consumer contact (i.e. a contract) are PSPs. Other technical intermediaries do not need a license but a clear contract with the PSP they are working for.
- Credit institutions can provide all the services of the PSD annex (e-Money issuance being added).
- E-Money institutions can provide e-Money services and Payment institutions services.
- Payment institutions cannot hold funds. As regards access to accounts, in terms of instant payment, they just need to know if the funds are available on the payer's account.

8.2. Programmable money

The Commission's consultation document does not give a precise definition of "programmable money". With reference to crypto-assets used for payments, the future could be based on stable coins. Therefore, it is necessary to consider that stable coins are some kind of avatar of fiat currency and integrate this in PSD3 with the following changes:

- Insert in PSD3 the statute of E-money institutions and issuance of e-Money in the Annex 1 of PSD3;
- Return to the definition of e-Money that was in the first e-Money directive (electronic device);
- Apply the principle of at par value and redeemability of payment tokens.

See more details on this subject in our position paper on crypto-assets.

The new rules about e-money need to cover stablecoins. E-money institutions hold funds. Therefore, guarantees for the consumer are more important. A question to be discussed is whether these funds can be considered as deposits and are covered by deposit guarantee schemes.

9. Interoperability and access

The Commission should legislate to have the same rules of consumer protection for SCT Inst as for SCT and SDD.

9.1. Acces to technical services

	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 checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>
Mandatory access to such technical services creates additional security risks	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

9.2. Access to payment infrastructure

Direct access to all payment systems important for payment institutions and e-money institutions should be allowed. Indirect participation through a bank is not sufficient because otherwise non-banks are too dependent on banks, which are their direct competitors

When a payment service provider is allowed to manage funds, it should be allowed to have access to existing infrastructures to execute a payment. This would avoid some e-money institutions - which do not provide any classic banking services - from asking for credit institution status only to have direct access to the infrastructure. To this aim, it would be necessary to modify the settlement finality directive.

The debate on direct or indirect access is about pricing. Non-banks should have the right to direct access. It is up to them, depending of their volume and the cost, to decide what is the best solution.

10. Cross-border payments between the EU and other jurisdictions

There a need for action at the EU level. Transfer costs between the EU and other jurisdictions are incredibly high, 6.82% as shown by the study made by the World Bank. All these abusive prices are very often to the detriment of migrants. This is an illustration of the rule that in the field of financial services the poorest pay more. Many actions are possible at the EU level.

There are three companies that dominate the remittance market in Europe. These three companies all have an exclusivity rule concerning the distribution of their services. A tobacconist offering a particular brand, for example, is prohibited from offering another brand. It is as if Visa could prohibit a bank that issues its card from also issuing MasterCard. This ban is even more illogical as the remittance channels have different prices depending on the country. A remittance service provider should be able to offer the three brands and when a consumer wishes to make a transfer to a specific country, the provider could thus offer them the cheapest brand for that country.

There could be a legislative framework imposing caps on costs to reduce them and to make them proportionate. Another option would be to promote a framework that would encourage new entrants to increase competition and drive costs down.

How to facilitate payments between the EU and the rest of the world?

	1 (irrelevant)	2 (rather not relevant)	3 (neutral)	4 (rather relevant)	X	N. A.
Include in SEPA SCT scheme one-leg credit transfers	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	X	<input type="radio"/>
Wide adoption by the banking industry of cross-border payment trackers such as SWIFT's Global Payments Initiative	<input type="radio"/>	X	<input type="radio"/>	<input 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 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 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 type="radio"/>
Other	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

The banking sector considers that instant payments are an added value service compared to a classic credit transfer. On this basis, they will increase the price of this service for the consumer. The other alternative is the fact that some FinTechs can use instant payments to develop new remittances services.

END