
25 March 2020

Statement on consumer and payment issues in light of COVID19

1. In the light of the exceptional circumstances caused by the spread of COVID-19 across the globe, there is also a need to adopt appropriate measures to contribute to the protection of consumers and the orderly functioning of payment services across the EU.
 2. As part of the response to the COVID-19 pandemic, governments and financial institutions are taking immediate measures to mitigate the adverse systemic impact that COVID-19 may have on citizens and corporates, mainly SMEs, short-term liquidity and reduction of business activities.
 3. At the core of such measures are general debt moratoria, payment holidays stemming from public measures or industry-wide initiatives taken by credit institutions.
 4. To that end, without prejudice to any conditions imposed by legally mandated moratoria, the EBA:
 - calls on financial institutions to ensure that they act in the interest of the consumer, in particular when engaging with customers regarding temporary measures for consumer and mortgage loans in identified cases;
 - reminds financial institutions to grant such measures in compliance with EU law, such as the Mortgage Credit Directive and the Consumer Credit Directive, in particular, the importance of full information disclosure, especially of any potential charges and costs, and the transparency and clarity of terms and conditions;
 - notes the importance of careful consideration from a legal and reputational perspective of any new and additional charges specifically introduced in relation to contingency measures, which are ostensibly designed to alleviate the pressure on consumers and businesses, and any cross selling of products to consumers;
 - calls on financial institutions offering general temporary measures to note that, given that such measures may not automatically lead to loan reclassification from a prudential perspective, the acceptance of temporary measures should not automatically lead to negative implications for the consumer's credit rating.
 5. In addition, with specific reference to payment services, the EBA:
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- encourages consumers and merchants to take necessary sanitary precautions when providing, or making use of, point-of-sales terminals to pay for goods in-store that require a PIN, including by considering all payment methods available, such as contactless or remote payments;
 - calls on payments services providers (PSPs) to contribute to measures that limit the spread of COVID-19 and, to that end, to facilitate consumers' ability to make payments without the need for physical contact, by making use of the existing exemption from strong customer authentication (SCA) available for contactless payments at the point of sale under Article 11 of the RTS on SCA&CSC. In the event that thresholds set by PSPs for using this exemption are below the threshold allowed under the RTS, the EBA additionally encourages PSPs to increase, where possible, these limits up to the maximum thresholds of EUR 50 per transaction as allowed under the RTS;
 - notes that in a time of increased purchases on the internet, consumers can help protect themselves against fraud and other risks, by following the EBA's key tips, published by the EBA and National Competent Authorities in relation to financial products and services but which can be usefully applied to other purchases, too.
6. The EBA will also support issuing and acquiring payment service providers' efforts to focus on their customers, by removing their NCA's obligation to report by 31 March 2020 their readiness to meet the strong customer authentication requirements for e-commerce card-based transactions (set out in task 3 of Tables 1 and 2 of the EBA Opinion the migration to SCA). While all other requirements set out in the Opinion remain unchanged, the EBA will continue to monitor events and assess which, if any, additional measures need to be taken.