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

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

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

The size of the Single Market also offers opportunities for payment businesses to scale-up beyond the domestic sphere, for pan-European payment solutions to emerge, and potentially for European-scale champions in payments to become competitive globally. This would also facilitate payments in euro between the EU and other jurisdictions and reduce EU dependency on global players, such as international card schemes, issuers of global “stablecoins” and other big techs. The Commission launched in December 2019 a public consultation to gather information and inputs regarding the regulation of cryptoassets, including stablecoins (https://ec.europa.eu/info/publications/finance-consultations-2019-crypto-assets_en). 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) 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.europ eu (mailto:fisma-retail-payments@ec.europ eu).

More information:

- on this consultation (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)

- on payment services (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)

About you

*Language of my contribution

English

*I am giving my contribution as

Public authority

*Age range

- Under 15 years old
- Between 15 and 30 years old
- (selected) Between 30 and 60 years old
- Over 60 years old

*Type of public authority

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

*Please specify what other type of public authority

Joint response by governmental body, regulatory authority and central bank

*First name

Jan

*Surname

Suesserott

*Email (this won't be published)

jan.suesserott@fma.gv.at

*Scope

- ( ) International
- ( ) Local
- (•) National
- ( ) Regional

*Organisation name

255 character(s) maximum

Joint response of the Austrian Ministry of Finance (BMF), Austrian Financial Market Authority (FMA) and Austrian Central Bank (OeNB)

*Organisation size

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

Transparency register number

255 character(s) maximum

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

*Country of origin

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

Austria

*Field of activity or sector (if applicable):

at least 1 choice(s)

- [x] Payment services
- [x] payment initiation and account information services
- [x] Money remittance services
- [x] Acquiring services
- [x] Ancillary services to payments
- [x] Technical service provider
- [x] Payment system operator
- [ ] Payments scheme
- [ ] Card scheme
- [x] 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	○	○	○	○
Payments in a physical shop	○	○	○	○
Payments for on-line shopping	○	○	○	○
Payments of invoices	○	○	○	○
Payments to public administrations	○	○	○	○
Cross-border payments/transfers within the EU	○	○	○	○
Cross-border payments/transfers to/from outside the EU	○	○	○	○
Other	○	○	○	○

Question 2. Please rank your preferences for low-value payments[1] (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	○	○	○	○
Paper-based (such as cheques)	○	○	○	○
Payment instrument with a physical support (such as cards)	○	○	○	○
Fully de-materialised payment instrument (such as mobile apps)	○	○	○	○

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	◯	◯	◯	◯
Paper-based (such as cheques)	◯	◯	◯	◯
Payment instrument with a physical support (such as cards)	◯	◯	◯	◯
Fully de-materialised payment instrument (such as mobile apps)	◯	◯	◯	◯

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.

Payments are an essential aspect of everyday life for EU consumers and businesses. Payments infrastructures can therefore be considered critical infrastructures that should always run smoothly and efficiently and remain under the full control of EU institutions and / or EU member states.

European Commission's (EC) measures should include the following:
• Rethinking payments and efficient payment infrastructures as a public good and as a prerequisite for the public trust in a currency
• Rethinking effects of (US, CHN) big techs, (US) card schemes and platform economy on the European payment landscape – need for European champions and solutions
• Supporting cooperation and exchange of views regarding innovative technologies in the field of payments
• Promoting European solutions for big data, AI, cloud services in the context of payment systems, taking into account privacy and security issues regarding who is allowed to store, process and use payments data
• Promoting measures to establish Instant Payments (SCT Inst) as new normal as IP provide the possibility to establish new services and a European payment ecosystem (competitive edge)
• Speeding up adherence to the SCT Inst scheme by PSPs including measures to actively participate in and to provide SCT Inst services
• Further analyzing and removing barriers for Instant Payments at the point of interaction
• Promoting harmonization and standardization to reduce the lack of interconnectivity between IP solutions
• Supporting European contactless payment solutions at the POS to increase EU independence in crisis situations like a pandemic
• Promoting pan-European reachability between PSPs participating in different Clearing and Settlement Mechanisms (CSMs)
• Fostering settlement in central bank money
• Protecting data protection and collective consumer protection as interests that can mutually reinforce and be supported by the economic independence of the EU

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 payments strategy should aim to reduce barriers and improve the cross-border integration of retail payments in the EU. As such, it should contribute to the goal of a single financial market, where payments, securities and collateral can be moved safely and efficiently between participants active in European markets, without friction or restrictions. This strengthens the European economy and contributes to increasing the reputation and the strengthening of the international role of the euro.

In particular, the EC may envisage to
• promote SEPA Instant Payments
• promote multi-currency capable European infrastructures
• promote inter-operability and global acceptance of such infrastructures
• further explore Central Bank Digital Currency (CBDC) and its effects on the Euro, financial industry and infrastructures

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 (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					◉	
b. EU legislation mandating the replacement of regular SCT with SCT Inst.				◉		
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)				◉		
d. Development of new payment schemes, for example SEPA Direct Debit Inst. Scheme or QR interoperability scheme[2]					◉	
e. Additional standardisation supporting payments, including standards for technologies used to initiate instant payments, such as QR or others					◉	
f. Other				◉		

[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 developped according to you:

5,000 character(s) maximum
including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

• Standardized "Request to Pay" (already progressing) and data exchange between consumers and merchants
• Depending on the functionalities of the future "Request to Pay", the necessity of a SEPA Direct Debit Inst. scheme will show
• SEPA Instant Debit Card payments
• Exploring the need for additional SCT Inst services, e.g. notification of payment execution to merchant

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

5,000 character(s) maximum
including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

• Interoperability and governance rules between IP providers
• Common pan-European label for new payment schemes
• Common pan-European proximity technologies rules for payment initiation including conflict resolution measures
• Open access to NFC functionality on mobile phones (unlike Apple)
• Common pan-European merchant integration rules and standards
• Secure and efficient on-boarding of customers/users
• E-Identity, E-Signature, E-Invoice, E-Mandate
• Standardized, interoperable or centralized proxy-lookup-services (i.e. using email-addresses and/or telephone numbers as a proxy for IBANs)

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.

A business case based on interchange fees comparable to current debit card schemes is key for the development of Instant Payment services.

Measures removing obstacles in the following areas might contribute:
• Implementation issues resulting from different national legislation and oversight regimes in Europe
• Different legal, business, functional and security aspects
• Pan-European governance model including Euro and non-Euro countries
• Risk & security management
• Liabilities and consent management, dispute handling
• Fraud and sanction monitoring
• Change management processes
• Interoperability on infrastructure/CSM-level (cp. Q 33)

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?

- (selected) 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.

• Pushing to achieve adherence by the end of 2021 depending on the availability of interoperability measures at CSM-level to send a strong signal

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
- (selected) Don’t know / no opinion / not relevant

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)?

- (selected) 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.

In our opinion, the existence of a stop-gap mechanism is in principle desirable for precautionary reasons. As the current Covid-19 crisis has shown, it is impossible to predict, what the next “crisis” or “emergency” will be and therefore installing an “emergency break” for an instant system seems advisable in order to mitigate potential negative consequences. We share the opinion that a stop-gap would have to be imposed jointly with a moratorium (under Austrian law, the moratorium would need to be introduced by the government) to be effective to stop the rapid withdrawal of funds and we assume that the moratorium would encompass instant payment transfers.

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.

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

Please rate each of the following proposals:

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

	1 (unimportant)	2 (rather not important)	3 (neutral)	4 (rather important)	5 (fully important)	N.A.
Merchant fee	○	○	○	◉	○	○
The proportion of users using that payment method	○	○	○	○	◉	○
Fraud prevention tools/mechanisms	○	○	◉	○	○	○
Seamless customer experience (no cumbersome processes affecting the number of users completing the payment)	○	○	○	○	◉	○
Reconciliation of transactions	○	○	○	◉	○	○
Refund services	○	○	◉	○	○	○
Other	○	○	○	○	○	○

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.

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Ratings above result from a national survey (Qualitative Survey on the Efficiency of
Cash, 2018) conducted by OeNB. A key finding of the survey was that reliability is of
utmost importance - it must be ensured that the downtime is kept at the lowest level
possible. Within the mentioned survey some merchants said that major technical glitches
of card terminals happen on average three to four times per year and are very annoying
to deal with.

Within the above-mentioned survey many retailers also stated that cash is for them the
cheapest means of payment. This can be explained by the fact that in Austria, both
business and private bank accounts are offered as a package deal and not on a line-fee
basis. As such, cash-related services are included in this package, whereas card fees
depend very much on the size of the retailer. In principle, the larger the retailers
the more leverage they have when it comes to negotiating merchant fees, although fees
have gone down in recent years. Overall, it became apparent that while the costs of
payment instruments are important, catering to the needs of the customer is even more
important to the retailers. As such, the retailers we interviewed stated that they
accept every common payment instrument, i.e. cash, debit cards, credit cards and
contactless payments, as long as there is enough demand from their customers.
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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.

As regards cross-border digital identify solutions from an AML/CFT perspective, Article 13 of Directive (EU) 2018/843 amending Directive (EU) 2015/849 on the prevention of the use of the financial system for the purposes of money laundering or terrorist financing, and amending Directives 2009/138/EC and 2013/36/EU already provides for various identification means such as identifying the customer and verifying the customer’s identity on the basis of documents, data or information obtained from a reliable and independent source, including, where available, electronic identification means, relevant trust services as set out in Regulation (EU) No 910/2014 or any other secure, remote or electronic identification process regulated, recognised, approved or accepted by the relevant national authorities. Nevertheless, some further common standards or criteria for regulation, recognition, approval or acceptance of any other secure, remote or electronic identification process could be helpful for further harmonization.

For payment authentication, electronic signature is also needed as evidence of the payer’s intention to make that particular payment, and it needs to meet specific requirements set out in PSD2 and its Regulatory Technical Standards (RTS). However, cross-border technical acceptance is conceptually organised differently from electronic identity, and this difference may hinder uptake of e-ID (and e-Signature) solutions in practice. Also, cross-border acceptance of electronic identities is not compulsory for the private sector, even if companies accept the domestic solutions. In light of the above, changes to the e-IDAS Regulation, currently under review, may be required to mandate cross-border acceptance for the private sector of both e-ID and eSignature, and to change the technical acceptance for e-Signature. In order for the EU to reap the full benefits of digitalisation and to facilitate European solutions, it would be important to ensure that all national laws facilitate and/or give equal treatment to paper-based and digital identities, signatures and documents/contracts, which is currently not the case.

The establishment of a common European, cross-border-compatible digital identity would also be helpful with regard to the identification of customers and the verification of their identity. Such a digital identity could lead to a more comprehensive level-playing field with regard to the customer on-boarding process within the European market. Accordingly, the necessary steps, which may include legislative changes, should be taken at the European level and should not be restricted to the scope of the PSDII. Such changes should include adequate minimum standards for all relevant security issues (i.a. data protection, IT-security).

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	○	○	○	○	◉	○

The increasing importance of e-commerce					X	
Contactless payments					X	
The shrinking availability of ATMs				X		
The cost of withdrawing cash		X				
Digital wallets		X				
Cash backs for card payments		X				
EU or national Regulation				X		
Other				X		

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.

- Ban on the use of specific high denomination banknotes
- Limitation on cash payments

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.

While cash usage has decreased in several countries, it has increased or remained roughly unchanged in other countries and overall remains very important. Given the extensive literature on cash demand related to the basic functions of cash as a medium of exchange and a store of value the above list seems incomplete. Cash usage for transactions and/ or savings purposes has shown to be related to various factors like citizens' preferences, monetary policy, distrust in banks, weak public institutions and governance, past crises experience, positive network externalities in the use of foreign cash and access to banking services.

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)

- (X) 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.

In our view, cash (including handling and redistribution) is a public good with important features:

- Contingency: in particular, when it comes to power supply disruptions or cyber attacks
- Privacy: in view of data protection
- Inclusivity: easy to use for everyone, regarding options for elderly people or people with disabilities
- Peer to peer: only means of payment that can be transferred without register
- Cash being a competitor of other means of payment.
- The liberty of choice for the consumer which means of payment he/she may use should be retained.

Therefore, Member States should be aware of their responsibility in the payment infrastructure, similar to the responsibility of the state in health care, public transport or security.

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

Please rate each of the following proposal:

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

	1 (irrelevant)	2 (rather not relevant)	3 (neutral)	4 (rather relevant)	5 (fully relevant)	N.A.
Promote a sufficient coverage of ATMs in the EU, including in remote areas	○	○	○	◉	○	○
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	○	○	◉	○	○	○
Ensure that cash is always accepted as a means of payment at point of sale	○	○	○	○	◉	○
Other	○	○	○	◉	○	○

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.

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The overall aim should be that cash remains accessible and usable by EU citizens. However Member States should have the means to intervene when necessary. These means could consist of:
•	Legal power to introduce measures (incl. sanctions)
•	Facilitation tools for banks (co-operations with cash in transit companies, decreasing costs by economies of scale etc.)
•	Maintaining free-of-charge services in accordance to clients' needs
•	Support for the retail sector
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B. An innovative, competitive and contestable European retail payments market

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

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

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

PSD2 implementation and market developments

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

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

Please rate the following statements:

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

	1 (strongly disagree)	2 (rather disagree)	3 (neutral)	4 (rather agree)	5 (fully agree)	N.A.
PSD2 has facilitated access to the market for payment service providers other than banks	○	○	○	◉	○	○
PSD2 has increased competition	○	○	○	◉	○	○
PSD2 has facilitated innovation	○	○	○	◉	○	○
PSD2 has allowed for open banking to develop	○	○	◉	○	○	○

PSD2 has increased the level of security for payments						
Other						

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

5,000 character(s) maximum
including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

- PSD2 created regulation for FinTechs, especially through the regulation of third party providers (TPPs), but also through more clarity on outsourcing (see explanation below)
- PSD2 allowed for the authorisation of new business models through their legalization and clarified the legality of other business models. This development protects the security of customers and increases their confidence in (now authorized) companies and the payment sector in general.

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.

By creating a legal framework for the use of application programming interfaces (APIs) of TPPs PSD2 paved the way for new business models and a disruption of traditional transaction chains. Payment FinTechs build up on this new setting, while other FinTechs collaborate with banks as technical service providers for their payment infrastructure based on PSD2´s clear and transparent outsourcing requirements.

PSD2 has brought existing payment innovations under a legal framework. Overall, the initial experience in the implementation of PSD2 shows that the lack of standardised APIs hinders PSD2 objectives of increasing competition and facilitating innovation. In a situation where each account servicing payment service provider (ASPSP) defines its own communication interface, the implementation by each TPP is technically cumbersome, while the information available may not always be sufficient to build an attractive payment service for TPP users (merchants, payers, account holders). Market-led standardisation initiatives helped to some extent, but a common standard specifying the required functionalities is needed, combined with a strict implementation guidance and review. As long as APIs are not standardised, a European market for (new) PSD2 services cannot fully develop.

We also consider open banking much broader than the current set of payment services regulated under PSD2. As such, it would require further cooperation between banks and TPPs, based on mutual benefits (cp. question 28). The investigation of an API access scheme as a basis for a much wider set of payment and non-payment services by the Euro Retail Payments Board (ERPB) was a first attempt to cooperate, showing the potential, but also the difficulty to reach a mutual agreement.

PSD2 was a major step forward to increase security of payments. Additionally, the RTS on strong customer authentication and secure communication, the EBA guidelines on incident reporting and the EBA guidelines on security measures for operational and security risks and on ICT and security risk management, as well as the EBA Guidelines on fraud reporting have raised the bar on security of payments and facilitate a better overview for competent authorities. It should be in the interest of PSPs, technical service providers and merchants to implement the necessary payment security measures without undue delay.

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

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

Question 24.1 Please explain your answer to question 24:

5,000 character(s) maximum
including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

The PSD2 only regulates payments in FIAT-money whereas the market developed a huge variety of crypto-asset-transactions for payment purposes (which mostly are not e-money and therefore do not fall into the scope of PSD 2), wallets that work similar to payment instruments, and accounts where large sums of clients' money are held in the form of crypto assets.

In any case a legal framework covering virtual currency schemes (VCS) is necessary, not least because of the current initiatives in this context. Bodies and groups working on payment and e-money-issues should actively contribute to the discussions due to their close relation to payment markets and payment-related-risks. However, crypto assets should be addressed soon in specific European legislation as they could potentially raise specific and significant risks for instance with regard to fraud, cyber-attacks and money-laundering. Nevertheless, a technologically neutral approach and the principle same business, same risk, same rules are of significant importance.

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.

Fraud monitoring and mitigation is the responsibility of the PSP, which needs to ensure that the fraud prevention tools applied do not remain static but are adapted over time. Fraudsters will continue to look for loopholes in any set-up. The PSD2 RTS on strong customer authentication and secure communication only outline minimum high-level requirements that need to be followed in order to mitigate fraud.

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.

Europe faces the risk of losing its economic position as domestic solutions lack the necessary size and scale and fragmentation has shrunk competition and hampered innovation at the pan-European level. Therefore, it is essential that the legislator as well as central banks (as catalysts) and in particular market participants collaborate and work towards innovative European payment solutions, based on SEPA Instant Credit Transfer and other SEPA instruments.

One common European standard or at least, additional standardization and an interoperability framework for technologies used to initiate payments such as QR is urgently required. Barriers like exclusive access to NFC functionality for payment services on mobile phones (i.e. Apple) should be removed.

Recent developments have shown that contactless payment methods at the POS are a measure to protect checkout personnel, as the usage of the card terminal makes it easier for the customers and staff members to maintain a safe distance during checkout. Furthermore, the risk of contact contagion is reduced. Fully contactless payments where customers can also pay without entering a PIN at the payment terminal would likely pose the least risk of infection. In this vein, we support a full utilization of the limits laid down in Art. 11 of the Delegated Regulation (EU) 2018/389.

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.

Due to the convenience for the payer, contactless payments will incentivize the usage of electronic payments at the POS, regardless of the underlying payment instrument (card scheme, SCT, SCT Inst).
Having a level-playing field between the different instruments (cards vs SEPA-schemes) regarding security requirements is essential.
We see a need in principle to balance the interest of public health with the security of electronic payments. Paying contactless should be facilitated and promoted as long as security requirements are met, fraud mitigating measures are in place and payment service users have the opportunity to opt out (e.g. deactivate NFC functionality on debit or credit cards). When offering a seamless customer experience fulfilling the customers needs a further promotion of contactless payments would probably not be needed.

Improving access to payment accounts data under PSD2

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

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

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

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

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

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

	1 (irrelevant)	2 (rather not relevant)	3 (neutral)	4 (rather relevant)	5 (fully relevant)	N.A.
Promote the use of different authentication methods, ensuring that the ASPSPs always offer both a redirection-based and an embedded approach	○	○	◉	○	○	○
Promote the development of a scheme involving relevant market players with a view to facilitating the delegation of Strong Customer Authentication to TPPs	○	○	◉	○	○	○
Promote the implementation of consent dashboards allowing payment service users to manage the consent to access their data via a single interface	○	○	◉	○	○	○
Other	○	○	○	○	◉	○

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 our view it is very early to have a full and conclusive picture of the functioning of the open banking framework as PSD2 and especially the corresponding delegated Regulation (EU) 2018/389 haven't been applicable for a significant time. In order to fully assess the framework's potential AT believes that more time is necessary.

However, allowing open banking under PSD2 to reach its full potential, a common standard specifying the required functionalities, combined with a strict implementation guidance and review could be further considered. Moreover, the Eurosystem would define open banking in a broader sense than the current set of payment services regulated under PSD2. This approach would require further cooperation between banks and TPPs, based on mutual benefits (see also answer to question 23.1).

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.

Standardization is the basis for the (cost) efficient and pan-European provision of payment services in an integrated market. Therefore, working towards one standardized European interface to facilitate pan-European payment initiation and account information services is essential. If the different implementations of API standards proof to be a burden for the smooth functioning of the market, meaning that fragmentation hinders smaller businesses from entering the market, the EC may consider taking further legislative steps (f. ex. the extension or concretion of technical or (business) processual requirements).

Although almost all APIs in Austria rely on the Berlin Group Standard, most ASPSPs implemented this framework in different ways. Given that various functionalities in the Berlin Group Standard have been marked as optional and not mandatory, quality and functionalities of APIs varies significantly. A clear message on which functionalities are necessary to meet all requirements of the RTS and PSD 2 would be helpful for ASPSPs as well as NCAs examining the dedicated interfaces.

In general, it would be useful to have a common understanding in Europe on what is considered an "obstacle" for TPPs in APIs in accordance with Art 32 para 3 of the Delegated Regulation (EU) 2018/389 on strong customer authentication and common and secure open standards of communication and therefore prevents an API from being exempted from the fallback-mechanism. NCAs have already provided fallback-exemptions to ASPSPs, but as EBA is currently working on an Opinion on obstacles, we deem it necessary that these exemptions will be reviewed again by NCAs according to EBA´s Opinion. This is to ensure that APIs exempted from the fallback mechanism meet the same quality level across Europe.

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)

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.

Currently, there are no licensed e-money institutions in Austria. This may indicate that the PSD2 already covers the relevant topics for the provision of electronic payments (especially the stipulations for limited networks exemptions in context with e-money services).

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.

EMD2 and PSD2 cover doubtless related topics. Already now, EMD2 refers in many cases to legal requirements stipulated in the PSD2. Therefore, in our view, the similarities between the directives for e-money-institutions and payment service providers would allow for a combined codification in principle.

A merger of EMD2 and PSD2 would contribute to a consolidation of legislation being quite useful in this context. However, in view of the Austrian market (which currently lacks domestic e-money-institutions) we would not consider a joint codification at EU level urgent. The question which differences between the regimes should be maintained is more important than a joint codification. It should also be considered that a re-codification requires significant efforts in its implementation from national regulators, supervisory authorities, national banks and market participants.

We do not see a need for differentiation between payment institutions and electronic money institutions.

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?

- (selected) 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.

If „programmable money" is understood as tokens, determined by fixed rules of creation, extermination and exchange by smart contracts that are in the sole discretion of the creator but processed via the decentralized ledger, then it promises new opportunities regarding transaction flexibility, reliability, simplicity and security for all kinds of transaction purposes and originators. Smart contracts and the associated tokens can easily automate whole industries and potentially eliminate expensive intermediaries. At the same time a multitude of questions regarding controllability, reversing and revocation of transactions, liabilities (creator of smart contract/ programmable money, node operator, counterparty/receiver) and handling of bugs arise.

We are not certain whether the term „programmable money" in the context of this consultation is only used as term for incentives for transaction processing, like Ethereum's „Gas".

Whatever a narrow or wide meaning of the term „programmable money" is chosen, some aspects from a consumer / user protection perspective may be important.

It should be noted from a customer protection perspective that in many cases there is no bilateral communication between the issuer and consumers at all. Thus, the prerequisite of notification before exercising the right of withdrawal may have to be adapted for such transactions if they are deemed to fall under the relevant European legislation.

Regarding the EU Distance Marketing of Consumer Financial Services Directive, it stands to reason that transaction costs for emissions (e.g. "Gas" used on the Ethereum Blockchain) are not to be refunded under Art. 6f because the transaction is initiated by the consumer and the transaction costs are usually paid to the entire network. This makes a refund impractical and poses a significant burden for issuers.

More general policy aspects on DLT-based means of payment would be:

Calls for a "programmable Euro" seem to be based i) on the assumption that significant future economic activity at the retail level will be based on DLT, and ii), on the observation that currently there is neither a private nor a public form of the retail Euro available on DLT. But the latter fact may be due to the first assumption being questionable, not technological hurdles.

Money in bank accounts has already been programmable for a long time based on existing technologies. It has yet to be shown that these existing features are unable to adapt to significant new use cases. Prima facie, one could argue that banks and e-money issuers could offer DLT-versions of the euro based on their guarantees if they considered it relevant. One hurdle for applying and expanding these features for an increasingly digitalized borderless economy are differences in legal provisions and differences in established practice across Euro area member states.

On the other hand, as the DLT is developing around the globe, programmable money might eventually become increasingly important in order to settle the cash leg linked to the diverse transactions based on DLT instantly. If the demand for such transactions reaches a critical mass with no CBDC available in time, there is a risk that the settlement in central bank money will decrease and risks in a private payment system will increase.

From a technical and business point of view programmable money will likely become increasingly important for Fintechs to develop their business environment and ecosystem at a global level, allowing individuals and companies in that system to transfer money more efficiently cross-border and especially cross-continent than today.

In case the EC and the Eurosystem are not ready in time with a legal framework and the requested functionalities, for example Libra from Facebook or the E-Yuan by the People's Bank of China may become a serious alternative to cover future needs and provide an environment for Fintechs to be competitive.

The EC could deepen the discussion under which conditions access to clearing and settlement infrastructures can be granted to Fintechs. Best practice and guidance on security standards for DLT scripts might be considered. It is important to differentiate between wholesale and retail CBDC as the latter constitutes a massive intervention for the financial system. In order to ensure settlement in central bank money, wholesale CBDC could be a starting point.

Nevertheless, on a general note in this regard, high transparency requirements are necessary in order to protect stakeholders, especially retail clients. Furthermore, supporting the development of this field should not concurrently push back cash payments.

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?

- (x) 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.

As stated in the recitals of the SEPA Regulation, technical interoperability is a prerequisite for competition. In order to create an integrated market for payments systems in Euro, it is essential that processing is not hindered by business rules or technical obstacles such as compulsory adherence to more than one system for settling cross-border payments.

A solution to that problem would be to reach a unanimous consensus on interoperability among infrastructures (i.e. Automated Clearing Houses vis-à-vis TIPS and among TIPS and RT1) fostered and eventually imposed by the EC. It should be noted that a key reason for launching TIPS was to overcome the risk of fragmentation at infrastructure level. Its pricing and participation models were set up to support broad reach, with low entry barriers for SCT Inst participants and the possibility for ACHs to increase their reach by taking on the role of instructing party.

The EC could liase with the Eurosystem for the implementation of measures to increase TIPS participation by PSPs and interoperability between TIPS and ACHs.

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 (neutral)	4 (rather agree)	5 (fully agree)	N.A.
Existence of such legislation in only some Member States creates level playing field risks				X		
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				X		
Mandatory access to such technical services creates additional security risks			X			

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.

A European level playing field is a prerequisite for a functioning integrated market.

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.

Access shall be granted under transparent and equal conditions, notably regarding pricing policy, oversight and security. In order to ensure a broad access maximum prices may be considered to ensure that smaller participants are not discriminated.

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?

- (selected) 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 asnwers as you like.

- [x] 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.

This question is especially relevant for payment systems designated according to the Settlement Finality Directive (SFD), since the SFD currently only allows credit institutions to participate in such systems. In our view, the planned revision of the SFD should enable all type of licensed institutions (according to PSD2 and EMD2) a direct participation in case compliance with the Principles for Financial Market Infrastructures or the SIPS-Regulation is ensured.

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.

In general, there should be a level playing field in the EU for the provision, supervision and oversight of payment services. Especially the freedom of establishment and the free movement of services may be affected by different licensing criteria for payment systems operating on a cross-border basis. Against this background, apart from operation and supervision, also the oversight regimes should be harmonized.

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.

The EC should try to achieve harmonization / standardization / interoperability in the retail payments area between Euro and non-Euro countries / EEA countries and other jurisdictions at legal and technical level (e.g. fees, execution times, cut-offs).

The Eurosystem through TIPS provides a multi-currency instant payment settlement service. This could be promoted to become a European cross-currency hub for retail payments.

From an AML/CFT perspective it should be required equally that transfer of funds are accompanied by specific information on payer and payee to permit all transfers to be tracked as provided for in Regulation (EU) 2015/847 on information accompanying transfers of funds. This also applies to Questions 38 and 39.

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.

Cross-border payments integration is particularly important for non-EU Central-, Eastern- and South-Eastern (CESEE) countries. In CESEE, remittances constitute a large and stable external income source, in most countries exceeding by far net official development assistance and in some years even foreign direct investment inflows. Given that GDP per capita is still substantially below EU levels, it would be socially desirable to reduce the financial burden related to sending remittances. Apart from remittances, historic and economic linkages with CESEE are high and the EU actively pursues economic integration with many countries in the region. We believe that reducing the cost of cross-border payments could further reduce barriers to trade and promote economic relations.

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			X			
Wide adoption by the banking industry of cross-border payment trackers such as SWIFT’s Global Payments Initiative				X		
Facilitate linkages between instant payment systems between jurisdictions					X	
Support “SEPA-like” experiences at regional level outside the EU and explore possible linkages with SEPA where relevant and feasible					X	
Support and promote the adoption of international standards such as ISO 20022					X	
Other						

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.

- Including one-leg credit transfers in the SEPA Credit Transfer (SCT) scheme implies that a SEPA credit transfer can be originated without the need for the originator’s payment account to be in the SEPA area, which would in turn facilitate cross-border payments. From a technical point of view, this should be feasible, especially if the payment platform through which international euro-denominated SCT can be initiated migrates to the ISO 20022 standard as well. However, since including one-leg credit transfers in a scheme might have several implications from an operational, legal and regulatory angle, the European Payments Council (EPC) would need to conduct further analysis. If these strategic and technical discussions lead to a positive outcome, the EPC could then detail the necessary SCT rulebook change requests. Only after a smooth technical implementation and an adequate observation period legal consequences by amending the PSD2 could be considered.
- Wide adoption by the banking industry of cross-border payment trackers such as SWIFT’s Global Payments Initiative (gpi). Some recent initiatives like the SWIFT gpi aim at addressing challenges, such as transparency, speed and traceability, at the back-end level. However, usually these initiatives are limited in terms of impact that they have on improving cross-border payments as they do not address all the challenges (e.g. cost).
- Facilitate linkages between instant payment systems between jurisdictions. Effective interlinking of payment infrastructures can counter several frictions related to cross-border payments as transaction chains could become simpler and shorter, costs and fees lower, and liquidity less fragmented because stakeholders do not need to participate in multiple payment systems across many jurisdictions.
- Support “SEPA-like” experiences at regional level outside the EU and explore possible linkages with SEPA where relevant and feasible. The creation of SEPA created substantial benefits for trade within Europe, thus lessons and experiences learned from SEPA should be used, where possible, to facilitate cross-border payments.
- Support and promote the adoption of international standards such as ISO 20022. Promoting the use of international technical standards such as ISO 20022 would help to further support integration of global payments and avoid fragmentation.

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

- (x) 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.

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Technically speaking, building links amongst real-time gross settlement (RTGS) systems
and instant payment systems is feasible. As RTGS systems around the world are being
renewed, and instant payment systems are being implemented, there is now a window of
opportunity to build connections. Such linkages would spur competition globally and
support settlement instantly in central bank money (thus eliminating settlement risk)
without correspondent bank intermediaries. Furthermore, as the demand for global
payments increases, linkages would support the global digital economy and offer
opportunities for new and innovative services. Nevertheless, cross-currency linkages
may still rely on FX conversion, which should ideally be done by competing market
participants. More competition at the level of currency conversion is likely to lead to
lower bid ask spreads.
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Additional information

Should you wish to provide additional information (e.g. a position paper, report) or raise specific points not covered by the questionnaire, you can upload your additional document(s) here:

Useful links

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

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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