



Financial Data and Technology Association

Financial Data and Technology Association
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FDATA Europe Response to European Commission's Consultation on Retail Payment Strategy for Europe June 2020

https://ec.europa.eu/info/consultations/finance-2020-retail-payments-strategy\_en

Forward:
English
Trade Union/Other
Regional
Financial Data & Technology Association (FDATA)
Micro
Transparency Register Number: 250265838689-18
UK
Technology Companies (?)
Activity fields/sectors:
Public privacy settings:
Q1: Please rate the usefulness of instant payment services - which are credited to the beneficiary within seconds - for the
1 (not useful)
2 (useful)
3 (very useful)
Person to person payments - 3

<p>following different use cases</p> <p>Please specify what are the other user case(s) you refer to:</p>	<p>Payments in a physical shop - 2</p> <p>Payments for on-line shopping - 3</p> <p>Payments of invoices - 3</p> <p>Payments to public administrations -3</p> <p>Cross-border payments/transfers within the EU -3</p> <p>Cross-border payments/transfers to/from outside the EU -3</p> <p>Other</p>
<p>Q2: Please rank your preferences for low-value payments (1 to 4, 4 being the least-preferred option) between the following means of payment:</p> <p>(Low value being defined as payments below 30 euros)</p>	<p>Rank 1-4, 4 being least useful</p> <p>Cash - 3</p> <p>Paper based (such as cheques) - 4</p> <p>Payment instrument with a physical support (such as cards) - 2</p> <p>Fully de-materialised payment instruments (such as mobile apps) - 1</p>
<p>Q2.1: Please explain your answer to question 2</p>	<p>FDATA is a TPP membership association, a number of members provide PIS services, or joint AIS/PIS offerings. As such, our members place a higher order of priority on bank-direct payment methods, especially those that are not digital, nor dependent upon card schemes for delivery.</p>
<p>Q3: 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:</p>	<p>Cash - 3</p> <p>Paper based (such as cheques) - 4</p> <p>Payment instrument with a physical support (such as cards) - 2</p> <p>Fully de-materialised payment instruments (such as mobile apps) -1</p>

<p>Q3.1: Please explain your answer to Q3</p>	<p>FDATA is a TPP membership association, a number of members provide PIS services, or joint AIS/PIS offerings. As such, our members place a higher order of priority on bank-direct payment methods, especially those that are not digital, nor dependent upon card schemes for delivery.</p>
<p>Q4: 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?</p>	<p>Yes, as a consumer          Yes, in a professional capacity (e.g., business / self-employed          No          Don't know/ no opinion / not relevant</p>
<p>Q4.1: If you did experience obstacles, please specify by giving examples</p>	
<p>Q5: 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?</p>	<p>Yes, as a consumer          Yes, in a professional capacity (e.g., business / self-employed          No          Don't know/ no opinion / not relevant</p>

Q5.1: If you did experience obstacle, please specify by giving examples	
Q6: As a consumer, have you ever made use of such payment initiation services?	<p>Yes</p> <p>No</p> <p>I do not know what these services are</p> <p>No opinion / not relevant</p>
Q6.1: If you have made use of such payment initiation services, what do you consider to be the most important aspect when making use of such services (e.g. convenience, safety, discounts offered by merchants)?	
Q6.1cont: If you never made use of such payment initiation services, please provide us with the reasons why:	<p>I was not offered the possibility</p> <p>I don't know if I can trust such services</p> <p>I don't want to share my online banking credentials with anyone</p> <p>Other</p>

<p>Q6.2: Please specify for what other reason(s) you never used such payment initiation services</p>	
<p>Q7: Have you ever made use of such account information services</p>	<p>Yes No No, and I do not know what these services are No opinion / not relevant</p>
<p>Q8: 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"?</p>	<p><b>Yes</b> No I do not know No opinion / not relevant</p>
<p>Q8.1: Please explain your answer to Q8</p>	<p>With the proliferation of AIS/PIS services in the market, having a single consent dashboard to view all TPPs to whom consent has been granted, with an easy revoke option, is the most efficient means to managing the granting and withdrawal of consent.</p> <p>This reduces the risk of inert consumers, or consumers who have forgotten consent has been granted. It also consolidates the view of those services which require continued access in order to be effective (personal finance management solutions that offer alerts and notifications, as well as cloud accounting services for VAT reporting and taxation submissions).</p>
<p>Q9: What would be your proposals and recommendations to the European Commission on payments?</p>	<p>FDATA offers the following recommendations:</p> <p>1) <b>Payment guarantees or two-way notification: Acceptance of a payment initiation request holds no guarantee of payment. And if the ASPSP does not make payment there is no notification to the TPP. Either payment guarantee or a broadened notification framework required.</b></p>

<p>What would you expect the future Retail Payments Strategy to achieve?</p>	<ul style="list-style-type: none"> <li>2) <b>Decoupled Authentication for PIS:</b> PIS user experience does not work in the real world. PISPs are not only competing with incumbent card schemes, but WeChat, PayPal and Amazon. End user experience is critical to adoption - we must align Open Banking with mobile experience to be competitive. Biometrics and digital identity are the future.</li> <li>3) <b>Combined AIS / PIS journey:</b> To enable TPPs to drive competition and innovative customer experiences, we must be able to call AIS and PIS through a single UX flow. The need to step through two separate experiences with the ASPSP is cumbersome.</li> <li>4) <b>Trusted beneficiaries:</b> We have seen the UK OBIE move on Trusted Beneficiary, Sweeps and VRP functionality enabling merchant-initiated transactions. Whilst the UK is first mover, we need to see consistency across the EU. The world will follow the European standard.</li> <li>5) <b>AML / KYC onboarding of PSUs:</b> Given that accounts themselves have been put through KYC by ASPSPs, PISPs should not have a requirement to undertake further due diligence on Payment Service Users, which would introduce unnecessary friction.</li> <li>6) <b>90-day re-auth AIS:</b> 90-day re-authorisation required within the ASPSP environment is prohibitive and leads to huge attrition rates, effectively killing the TPPs business models, which leads to a failure to deliver on the objectives of PSD2.</li> <li>7) <b>Conformance and performance testing:</b> Due to the lack of consistent technology standards and resultant fragmentation across Europe (as chosen by the NCAs) that a conformance and performance requirements are set and be monitored by a technology solution.</li> </ul>
<p>Q10: Please explain how the European Commission</p>	<p><b>Need answer</b></p>

<p>could, in the field of payments, contribute to reinforcing the EU's economic independence:</p>	
<p>Q11: Please explain how the retail payments strategy could support and reinforce the international role of the euro:</p>	<p>Need answer</p>
<p>Q12: 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?</p>	<p>1 (irrelevant)          2 (rather not relevant)          3 (neutral)          4 (rather relevant)          5 (fully relevant)</p> <p>a. EU legislation making Payment Service Providers' (PSP) adherence to SCT Inst. Scheme mandatory - 4</p> <p>b. EU legislation mandating the replacement of regular SCT with SCT Inst. - 3</p> <p>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 - 4</p> <p>d. Development of new payment schemes, for example SEPA Direct Debit Inst. Scheme or QR interoperability scheme - 3</p> <p>e. Additional standardisation supporting payments, including standards for technologies used to initiate instant payments, such as QR or others - 5</p> <p>Other</p>
<p>Please specify what new payment schemes</p>	

<p>should be developed according to you:</p>	
<p>Please specify what kind of additional standardisation supporting payments should be developed:</p>	
<p>Please specify what other measures would contribute to the successful roll- out of pan-European payment solutions based on instant credit transfers:</p>	
<p>Q13:          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?</p> <p>Please specify what other end-date should be envisaged if adherence to SCT Inst. were to become mandatory:</p>	<p>By end of 2021          By end of 2022          By end of 2023          Other          Don't know / no opinion / not relevant</p>
<p>Q13.1: Please explain your answer to Q13</p>	
<p>Q14: In your opinion, do instant payments pose additional or</p>	<p>Yes          No          Don't know / no opinion / not relevant</p>



<p>increased risks (in particular fraud or money laundering) compared to the traditional credit transfers?</p>	
<p>Q14.1: If you think instant payments do pose additional or increased risks compared to the traditional credit transfers, please explain your answer:</p>	
<p>Q15: 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)?</p>	<p>Yes No Don't know / no opinion / not relevant</p>
<p>Q15.1:</p>	

<p>If you think an ad-hoc stopgap mechanism would be useful for emergency situations, please explain your answer and specify under which conditions:</p>	
<p>Q16: Taking this into account, what would be generally the most advantageous solutions for EU merchants, other than cash?</p> <p>Please specify what other solution(s) other than cash would be the most advantageous for EU merchants</p>	<p>Card-based solutions SCT Inst. based solutions Other Don't know / no opinion / not relevant</p>
<p>Q16.1: Please explain your answer to Q16</p>	
<p>Q17: What is in your view the most important factor(s) for merchants when deciding whether or not to start accepting a new payment method?</p> <p>Please specify what other important factor(s) you would foresee:</p>	<p>1 (unimportant) 2 (rather not important) 3 (neutral) 4 (rather important) 5 (fully important)</p> <p>Merchant fee</p> <p>The proportion of users using that payment method</p> <p>Fraud prevention tools /mechanisms</p> <p>Seamless customer experience (no cumbersome processes affecting the number of users completing the payment)</p> <p>Reconciliation of transactions</p> <p>Refund services</p>

	Other
Q17.1: Please explain your answer to Q17	
Q18: Do you accept SEPA Direct Debit (SDD) payments from residents in other countries?	<p>Yes, I accept domestic and foreign SDD payments</p> <p>No, I only accept SDD payments</p> <p>I do not accept SDD payments at all</p> <p>Don't know / no opinion / not relevant</p>
Q18.1: If you do accept SEPA Direct Debit (SDD) payments from residents in other countries, please explain why	
Q19: 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?  Please specify what other need(s) for action you would foresee or what other type(s) of action you would recommend:	<p>Yes, changes to EU legislation</p> <p><b>Yes, further guidance or development of new standards to facilitate cross-border interoperability</b></p> <p>Yes, another type of action</p> <p>No, I do not see a need for action</p> <p>Other</p> <p>Don't know / no opinion / not relevant</p>
Q19.1: Please explain your answer to Q19	<p>Digital identity for purposes of payments requires equivalence (of identity), interoperability (between underlying systems and services, and liability (who is responsible when something happens such as eID being used to enable fraud. This is especially true when dealing with cross-border payments, which are on the rise in part due to growing global e-commerce. Having interoperable standards for eID in context of KYC and AML checks, reduces the risk of both fraud and violations of AML rules.</p>

<p>Q20: What are some of the main factors contributing to a decreasing use of cash in some EU countries?</p> <p>Please specify which EU or national regulation(s) may contribute to a decreasing use of cash in some countries in the EU:</p> <p>Please specify what other factor(s) may contribute to a decreasing use of cash in some countries in the EU:</p>	<p>1 (irrelevant)          2 (rather not relevant)          3 (neutral)          4 (rather relevant)          5 (fully relevant)</p> <p>Convenience of paying digitally - 4</p> <p>The increasing importance of e-commerce - 5</p> <p>Contactless payments - 4</p> <p>The shrinking availability of ATMs - 3</p> <p>The cost of withdrawing cash - 4</p> <p>Digital wallets - 3</p> <p>Cash backs for card payments - 4</p> <p>EU or national Regulation - 3</p> <p>Other</p>
<p>Q21:          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)?</p>	<p>Yes          No          Don't know / no opinion / not relevant</p>
<p>Q21.1: Please explain your answer to Q21</p>	
<p>Q22:          Which of the following measures do you think could be necessary to</p>	<p>1 (irrelevant)          2 (rather not relevant)          3 (neutral)          4 (rather relevant)</p>

<p>ensure that cash remains accessible and usable by EU citizens?</p>	<p>5 (fully relevant)</p> <p>Promote a sufficient coverage of ATMs in the EU, including in remote areas - 3</p> <p>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 - 4</p> <p>Ensure that cash is always accepted as a means of payment at point of sale - 4</p> <p>Other</p>
<p>Q22.1: Please specify what other measures would be necessary to ensure that cash remains accessible and usable by EU citizens</p>	
<p>Q23: 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</p> <p>Please specify what other impact PSD2 has had in the market so far:</p>	<p>1 (strongly disagree )</p> <p>2 (rather disagree)</p> <p>3 (neutral)</p> <p>4 (rather agree)</p> <p>5 (fully agree)</p> <p>PSD2 has facilitated access to the market for payment service providers other than banks - 4</p> <p>PSD2 has increased competition - 3</p> <p>PSD2 has facilitated innovation - 3</p> <p>PSD2 has allowed for open banking to develop - 3</p> <p>PSD2 has increased the level of security for payments - 3</p> <p>Other</p>
<p>Q23.1: Please explain your answer to Q23</p>	<p>Although the political intention of PSD2 was to increase competition, promote innovation, and provide the end customer with better outcomes and choice, the delivery</p>

	<p>and implementation of PSD2 has yet to deliver on those goals.</p> <p>This is due in part to the inconsistent conformance of ASPSPs to build standardised, interoperable, APIs. Because of the lack of consistency across Member States to adhere to a single technical standard, allowing ASPSPs to build to individual specifications rather than a single standard, access to PSD2 in-scope data for TPPs is not uniformly available.</p> <p>Conflicts between PSD2 and the SCA-RTS have also resulted in unintended consequences impeding the delivery of open banking to the market. Continued requirements like SCA and 90-day reauthentication, in their current implementation, are proving obstacles to TPPs delivering innovative services, without providing any material uptake in security.</p>
<p>Q24: 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?</p>	<p>Yes No Don't know / no opinion / not relevant</p>
<p>Q24.1: Please explain your answer to Q24</p>	
<p>Q25: PSD2 introduced strong customer authentication to mitigate the risk of fraud or of unauthorised electronic payments. Do you consider that certain new developments</p>	<p>Yes No Don't know / no opinion / not relevant</p>

<p>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?</p>	
<p>Q25.1: Please explain your answer to Q25</p>	
<p>Q26: Recent developments have highlighted the importance of developing innovative payment solutions. Contactless payments have, in particular, become critical to reduce the spread of viruses.</p> <p>Do you think that new, innovative payment solutions should be developed?</p>	<p>Yes No Don't know / no opinion / not relevant</p>
<p>Q26.1: If you answered yes to Q26, please explain your answer</p>	
<p>Q27: Do you believe in particular that contactless payments (based on cards, mobile apps or other innovative</p>	<p>Yes No Don't know / no opinion / not relevant</p>

<p>technologies) should be further facilitated ?</p>	
<p>Q27.1: Please explain your answer to Q27</p> <p>(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?):</p>	
<p>Q28: Do you see a need for further action at the EU level to ensure open banking under PSD2 achieves its full potential?</p>	<p><b>Yes</b>          No          Don't know / no opinion / not relevant</p>
<p>Q28.1: 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:</p>	<p>1 (irrelevant)          2 (rather not relevant)          3 (neutral)          4 (rather relevant)          5 (fully relevant)</p> <p>Promote the use of different authentication methods, ensuring that the ASPSPs always offer both a redirection- based and an embedded approach - 4</p>



	<p>Promote the development of a scheme involving relevant market players with a view to facilitating the delegation of Strong Customer Authentication to TPPs - 2</p> <p>Promote the implementation of consent dashboards allowing payment service users to manage the consent to access their data via a single interface - 5</p> <p>Other</p>
<p>Q28.2: Please specify what other proposal(s) you have:</p>	<p>FDATA believes that, as currently applied, SCA hinders innovation, and is an obstacle to TPPs delivering services to the market. Because of the conflicting language in the conflicting language in the level 1 PSD2 text, and the level 2 RTS requirements, the current implementation of SCA in the customer journey prohibits delivering on the objectives of open banking, and results in significant customer attrition due not to the value of the service, but because of the impediment of SCA and 90 day reauthentication. (FDATA Europe members provided attrition data to the European Commission and EBA in a position paper data 17 April 2020, data showing attrition rates ranging from 13-60%, averaging 35-40% overall).</p> <p>This prohibits innovative business models from going to market, and is anticompetitive.</p> <p>FDATA contests that promoting a scheme to manage the delegation of SCA to TPPs is a slippery slide towards a closing off of the market. This outsourcing of SCA creates a bilateral agreement between the incumbent and TPP, which is the very definition of a closed system. Unless all TPPs have equal access to that outsourcing contract, with the exact same agreement terms, this establishes an incontrovertibly closed system. Equal access under contracts would also require an extensive management program to ensure that all terms and conditions are offered to regulated TPPs. The level of complexity attached to such a system is magnified by the sheer number of FIs, each of which are sure to offer a different contract. Oversight of this alone is a monstrous task. Instead, the principle of</p>

	<p><b>reciprocity</b> should prevail over any move to a bilateral arrangement.</p> <p>This bilateral marketplace is diametrically opposed to the principle of a level competitive playing field, established by PSD2. It contravenes the PSD2 mandate to have a system open to all regulated actors without charge [Article 67]. A bilateral marketplace fundamentally limits the number of actors customers can choose from, and reduces competition to virtually none.</p> <p>Under a bilateral, non-competitive marketplace, these contracts are (1) bank dominated, and (2) bank determined. Smaller firms who deploy a similar business model are at risk of dying out, as under-capitalisation prevents them from entering the market. This leads to a natural oligopoly, with few players whose dominant market position is due entirely to their perceived favorability/aligned incentives to the ASPSPs, not the strength of their offering or business model. The result is less consumer choice, virtually no market competition, and less incentive to innovate – all of which is antithetical to the aims of PSD2.</p> <p>This is the first step in putting one side of the market firmly in control over the access to data; data for which they are a custodian, not an owner. This data access right control by industry incumbents puts the entirety of control over the market in their hands. This is a bottleneck to competition. It also limits customer choice to those third-party provided services deemed commercially valuable to the ASPSPs, not to the consumer.</p> <p>FDATA is much more in favour of promoting the implementation of a consent dashboard, where the PSU manages data access consent via a single interface.</p> <p>FDATA also views the selection of 90 days as the timeframe for reauthentication an arbitrary decision, one without proof of justification either by legislative review or public consultation. Instead, length of consent should be determined by the PSU based on the utility of the service and the use case for that service. In the case of PISPs, SCA for every transaction makes sense; however in the case of joint AIS/PIS services, uninterrupted data</p>
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	<p>access can prove frustrating for some of the passive use cases being brought to market.</p>
<p>Q29: 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?</p>	<p><b>Yes</b> No Don't know / no opinion / not relevant</p>
<p>Q29.1: Please explain your answer to Q29</p>	<p>Lack of technical standards is the single most frustrating obstacle to a single market for digital services.</p> <p>Again, FDATA Europe members believe that adherence to the principle of strong technical standards has not been met, due to the disparate and fragmented delivery of open banking across the market.</p> <p>There is a fundamental need for standardisation in order to ensure a technology neutral, interoperable framework for payments. Lack of common technical standards hinders interoperability across the entire market, leading to costly and inefficient variations to interfaces and slows the movement of customer directed data sharing.</p> <p>This asymmetry in the market is a result of leaving the supply side in complete control of building to a variety of technical specifications, not standards. What is required is orchestration of standards, compulsory adoption of those standards, a pass/fail testing of conformance to such standard, and a tight regulation and enforcement of performance benchmarks.</p> <p>All means should be taken to enforce the performance standards established by law, with transparent action against those parties who effectively lock customers out of open banking for extended periods through API failure.</p>

	<p>As retail payments is just the first step in delivering a larger overarching digital finance strategy, which lays the foundation for any further initiatives to work at scale, technical standards are key, as adding additional verticals to the mix (beyond Open Banking payment data), will require additional API builds that are all unique to each financial institution. Connecting, monitoring, and ensuring adequate performance for data sharing and aggregation across all the financial services verticals requires technical standardisation. Anything less would make interoperability impossible. Moving from highly prescriptive technical regulation to an outcome and standards based approach for non-payment verticals is critical. There will be a need to apply this same technical standards approach to payments in order to pave the way for digital finance.</p> <p>There is tremendous value in establishing technical standards, from both a technology and implementation perspective, including:</p> <ul style="list-style-type: none"> <li>● Reduced complexity and risk</li> <li>● Protecting customers and all market participants in a cohesive ecosystem by reducing risks and creating certainty that TPPs can offer a complete service to all their customers</li> <li>● Reducing the building, operational, and maintenance costs for TPPs and APSPs</li> <li>● Reducing security costs by significantly slimlining penetration testing and audit requirements</li> <li>● Enabling investment in customer-facing innovation, rather than tying up resources to maintain plumbing</li> <li>● Making it easier for smaller firms (including smaller banks and TPPs) to participate, improving fairness and competition</li> <li>● Simplifying the ability to trace issues, assess fault, and allocate loss, which makes it easier to establish a liability model and better enables cyber risk</li> </ul>
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	<p>insurers to assess threats and perform during the underwriting and handling of claims</p> <ul style="list-style-type: none"> <li>• Creating clarity for ASPSPs, TPPs, and regulators by providing clear, consistent guidelines for compliance (and simplifying the process of adjusting market standards as time progresses)</li> <li>• Reducing barriers to innovation, as creating consistency in data output simplifies the development process for all actors</li> <li>• Enabling more rapid growth and better sharing of best practices across jurisdictions</li> </ul>
<p>Q30: Do you consider the current authorisation and prudential regime for electronic money institutions (including capital requirements and safeguarding of funds) to be adequate?</p>	<p>Yes No <b>Don't know / no opinion / not relevant</b></p>
<p>Q30.1: Please explain your answer to Q30</p>	
<p>Q30.2: If you do not consider the current authorisation and prudential regime adequate, what are most relevant factors as to why the prudential regime for electronic money institutions may not be adequate?</p>	<p>1 (irrelevant) 2 (rather not relevant) 3 (neutral) 4 (rather relevant) 5 (fully relevant)</p> <p>Imbalance between risks and applicable prudential regime</p> <p>Difficulties in implementing the prudential requirements due to unclear or ambiguous legal requirements</p> <p>Difficulties in implementing the prudential requirements stemming from practical aspects (e.g. difficulties in obtaining an insurance for the safeguarding of users' funds)</p> <p>Other</p>

<p>Q30.3: Please specify what are the other factor(s) make the prudential regime for electronic money institutions not adequate:</p>	
<p>Q31: Would you consider it useful to further align the regime for payment institutions and electronic money institutions?</p>	<p>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  <b>Don't know / no opinion / not relevant</b></p>
<p>Q31.1: Please explain your answer to Q31</p>	
<p>Q31.2: Please state which differences, if any between payment institutions and electronic money institutions, might require a separate regime:</p>	
<p>Q32: Do you see "programmable money" as a promising development to support the needs of the digital economy?</p>	<p>Yes          No  <b>Don't know / no opinion / not relevant</b></p>
<p>Q32.1: 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</p>	

<p>views, could EU policies facilitate its safe deployment?</p>	
<p>Q33: 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?</p>	<p>Yes ? No Don't know / no opinion / not relevant</p>
<p>Q33.1: Please explain your answer to Q33</p>	<p>FDATA is an advocate for finding the most collaborative approach to creating interoperable solutions. The foundation of this is to establish technical standards, with an outcome orientation rather than proscriptive specifications.</p> <p>The European Commission has the authority to encourage the re-establishment of the SEPA API Access Scheme working group to bring actors across the ecosystem back around the table to not only discuss the scheme, but to work on the technical standards as well. There are a number of groups across Europe who have worked on technical standards, however there is still no harmonisation across these groups.</p> <p>The Commission is in a position to mandate that there be a single technical standard applied across the EU; the Commission is also in a position to encourage member state competition authorities to establish an independent trustee in each member state to oversee the delivery and implementation of those technical standards, and to monitor for performance and conformance levels of the standardised APIs.</p> <p>Moreover, the Commission is in a position to encourage member state competition authorities to compel the</p>

	<p>ASPSPs under their remit to meet these standards, to ensure a level playing field across all of Europe, and to rebalance the supply side control over the cost and inconvenience of data access, thereby allowing consumers to reap the benefits of increased competition and innovation, and choice of payment service providers.</p> <p>Technical standards and maximum harmonisation across all member states delivery of interoperable retail payments requires that the delivery of that standard also be overseen, ideally by an independent trustee with authority delegated to it by the respective national competition authority.</p>
<p>Q34: Do you agree with the following statements:</p>	<p>1 (strongly disagree )          2 (rather disagree)          3 (neutral)          4 (rather agree)          5 (fully agree)</p> <p>Existence of such legislation in only some Member States creates level playing field risks - 5</p> <p>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 - 5</p> <p>Mandatory access to such technical services creates additional security risks - 3</p>
<p>Q34.1: Please explain your answer to Q34</p>	<p>In order to operate under the principle of maximum harmonisation across the EU, it requires that Member States have similar legislation around access to TSP services. Consistency of legislation across all Member States should be the objective here.</p>
<p>Q34.2: If you think that EU legislation should address this issue, please explain under</p>	



which conditions such access should be given:	
Q35: Is direct access to all payment systems important for payment institutions and e-money institutions or is indirect participation through a bank sufficient?	<p><b>Yes, direct participation should be allowed</b></p> <p>No, indirect participation through banks is sufficient</p> <p>Don't know / no opinion / not relevant</p>
Q35.1: Why do you think direct participation is sufficient ?	<p><b>Because otherwise non-banks are too dependant on banks, which are their direct competitors</b></p> <p>Because banks restrict access to bank accounts to non-banks providing payment services</p> <p>Because the fees banks charge are too high</p> <p>Other reasons</p>
Q35.2: Please specify the other reason(s) you think direct participation should be allowed:	
Q35.1a: Why do you think indirect participation through banks is sufficient?	<p>Because the cost of direct participation is too high</p> <p>Because banks offer indirect access at reasonable conditions</p> <p>Other reasons</p>
<p>Q35.2a: Please specify the other reason(s) you think indirect participation through banks is sufficient:</p> <p>Please add any relevant information to your answer(s) to question 35 subquestions</p>	
Q36: As several – but not all – Member States have adopted licensing	The requirement for licensing may affect the level playing field to some extent, however, the greater risk comes to

<p>regimes for payment system operators, is there a risk in terms of level playing field, despite the existence of central bank oversight?</p>	<p>the liability model and customer protection should the license not be mandatory.</p> <p>A baseline requirement to be able to operate in the payment system should be proper cyber security risk insurance and professional indemnity insurance. This is essential to preserving the integrity of a healthy ecosystem.</p> <p>Irrespective of central bank oversight, again, harmonised standards across all Member States call for an assurance that all actors in the ecosystem are regulated, and meet the required suitable layers of protection for the customer and the customer’s data, including:</p> <ol style="list-style-type: none"> <li>1. Secure architecture and systems</li> <li>2. Fit and proper people</li> <li>3. Privacy policy and compliance arrangements</li> <li>4. Ongoing security audit and penetration testing</li> <li>5. Adequate insurance to protect the end customer</li> <li>6. Mechanism to test the adequacy of the previous points</li> </ol> <p>Not only is licensing critical to ensure a level competitive playing field, it is necessary for a robust liability framework. It is therefore most critical that all Member States adopt a licensing approach for any payment system operators.</p>
<p>Q37: Do you see a need for action at EU level on cross-border payments between the EU and other jurisdictions?</p>	<p><b>Yes</b></p> <p>No</p> <p>Don’t know / no opinion / not relevant</p>
<p>Q37.1: Please explain your answer to Q37</p>	<p>The reasoning lies in the need to manage liquidity risks across jurisdictions, and balance that against settlement delay. It is reasonable to conclude that cross-jurisdictional efforts would require systems that</p>

	<p>strike a balance between minimizing the liquidity cost and keeping settlement risk under control.</p> <p>Operational efficiencies and efficiencies of scale to drive down both the liquidity/settlement costs for transnational payments should be a policy goal. Payment systems rival that of traditional correspondent banking, and should be leveraged to free up capital and reduce settlement times for cross border payments.</p>
<p>Q38: Should the Commission play a role (legislative or other) in facilitating cross-border payments between the EU and the rest of the world?</p>	<p><b>Yes</b> No Don't know / no opinion / not relevant</p>
<p>Q39: Should the Commission play a role in facilitating remittances, through e.g. cost reduction, improvement of services?</p>	<p><b>Yes</b> No Don't know / no opinion / not relevant</p>
<p>Q39.1: Please explain your answer to question 39 and specify which role the Commission should play – legislative or non-legislative:</p>	
<p>Q40: 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</p>	<p>1 (irrelevant) 2 (rather not relevant) 3 (neutral) 4 (rather relevant) 5 (fully relevant)</p> <p>Include in SEPA SCT scheme one-leg credit transfers - 3</p>

<p>support the following actions:</p> <p>Please specify what other action(s) you would support:</p>	<p>Wide adoption by the banking industry of cross-border payment trackers such as SWIFT's Global Payments Initiative - 3</p> <p>Facilitate linkages between instant payment systems between jurisdictions - 5</p> <p>Support "SEPA-like" experiences at regional level outside the EU and explore possible linkages with SEPA where relevant and feasible - 4</p> <p>Support and promote the adoption of international standards such as ISO 20022 - 5</p> <p>Other</p>
<p>Q40.1: Please explain your answer to Q40</p>	<p>Facilitating linkages between intra-jurisdictional instant payment systems helps mitigate liquidity risks, as well as promotes more rapid payment settlements; the efficiencies gained also reduce the overall cost to the consumer, thereby promoting more payment volumes, which have a positive impact on intra-zone trade and e-commerce as well.</p>
<p>Q41: Would establishing linkages between instant payments systems in the EU and other jurisdictions:</p>	<p><b>Reduce the cost of cross-border payments between the EU and other jurisdictions?</b></p> <p>Increase the costs of cross-border payments between the EU and other jurisdictions?</p> <p>Have no impact on the costs of cross-border payments between the EU and other jurisdictions?</p> <p>Don't know / no opinion / not relevant</p>
<p>Q41.1: Please explain your answer to Q41</p>	<p>We believe the following reasons contribute to a conclusion that the cost of cross-border payments between the EU and other jurisdictions would be reduced due to:</p> <ul style="list-style-type: none"> <li>● Improved liquidity risk and usage;</li> <li>● reduced risks associated with growing rates of global e-commerce</li> </ul>

	<ul style="list-style-type: none"> <li>• increased consumer demand for cross-border remittance</li> <li>• increased SME demand for cross-border payments and cross-border trade</li> </ul>
Additional Information	
Summary:	