



Banking in Digital World

Drivers & Trends in Payments



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PSD2 – major changes

- ◆ Objectives: **enhance *competition, innovation and security*** in the EU payments market

- ◆ ***Competition and innovation***: opening up of payment accounts data to third party providers (TPPs) for two types of new services:
 - ◆ Payment initiation
 - ◆ Account information aggregation

- ◆ ***Security***: the application of Strong Customer Authentication (SCA) for electronic payments

PSD2 – status of implementation

- ◆ PSD2 had to be transposed by EU Member States by January 2018
- ◆ The **Regulatory Technical Standards (RTS) on Strong Customer Authentication and Common and Secure Communication** enter into force since 14 September 2019
- ◆ A delay for the application of SCA for **remote card payments – by 31 December 2020**
- ◆ **Clarifications** still expected – EBA Q&A tool process; ongoing work on some aspects of account access by TPPs





Instant payments – the future of European payments?

Instant payments

- ◆ Strong political emphasis on the need for greater European autonomy in the area of payments
- ◆ The role of instant payments seen as key in this respect
- ◆ The EC and the ECB would like to see the emergence of new pan-European payments solutions based on instant payments
- ◆ The European Commission Retail Payments Strategy due in Q3





Future initiatives

Where next?

- ◆ European Commission initiatives expected this year:
 - **Retail Payments Strategy**
 - **Data Strategy**
 - **Digital Finance Strategy**
 - **Proposal on crypto assets**



Impact of COVID-19

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- ◆ In the past weeks, banks' focus has been on maintaining operations, helping customers less accustomed to digital channels and making adaptations that are needed in current circumstances.
- ◆ **Increased contactless limits** & increase in the number of **contactless payments**
- ◆ Impact on the **use of cash**: around 50 % decrease of ATM cash withdrawals
- ◆ Permanent impact on electronic payments vs cash