EBF RESPONSE TO THE COMMISSION CONSULTATION ON A RETAIL PAYMENTS STRATEGY FOR THE EU

26 June 2020

Summary

- **Fast, convenient, safe, affordable and transparent payment instruments with pan-European reach and "same as domestic" experience**
    - It is important that EU has a modern, digital and well-functioning payments market, where European consumers and businesses have a choice of easy, fast and safe payment methods, suitable to their different needs. The Commission should ensure a harmonized, economically and operationally sustainable regulatory framework for payment services developed and operated by European PSPs.
    - The EBF supports the creation of pan-European payment solutions based on instant payments in order to increase the independence of the European payments market, allow European players to compete more efficiently against non-European players and to reinforce the role of the euro. The authorities can support these efforts e.g. by a stable regulatory environment that enables the development of a sustainable business model.
    - We call upon EU banks to adhere on a voluntary basis to the SCT Inst scheme, which forms one of the major building blocks of such a future pan-European solution.
    - Banks are investing in the development of electronic payment methods and face competition from digital-only providers but continue to ensure a broad access to cash to their clients. In this context it is not reasonable to put in place EU measures to preserve access and acceptance of cash or promote its usage or to expect that this access should not need to cover its own costs.

- **An innovative, competitive and contestable European retail payments market**
    - The Commission should aim at maintaining and reinforcing the level playing field for the EU payments industry with non-EU players, also by putting in place measures to fully support competitiveness in terms of technologies. Measures that rebalance the level playing field between heavily regulated banks and new players (such as BigTechs) should be considered.
    - We are not in favour of reviewing PSD2 at this stage as the current legal framework is sufficient and most importantly, the market still needs time to absorb the changes introduced and to adapt. Only after a sufficient and substantial period of time a comprehensive review could be undertaken. Instead, if based on a model of

reciprocal benefits to all parties, we are in favour of the continuation of the ERPB SEPA API access scheme work that would allow to rapidly address some of the issues that are either requested by some market players and/or could provide additional added value above the PSD2 legal implementation.

- **Access to safe, efficient and interoperable retail payment systems and other support infrastructures**
    - We encourage the European Commission in collaboration with ECB to ensure interoperability between all Clearing and Settlement Mechanisms CSMs for SCT Inst.
    - Non-discriminatory access by payment service providers to vital components (e.g. NFC or biometric identity readers) of mobile devices will contribute to a more competitive market and we support EU-level action in order to ensure a level playing field between actors across the different Member States.
    - Indirect access to payment systems is adequate as direct access by some institutions could bring significant and systemic impacts in terms of risks and resilience of payment systems – and indirect access can be the preferred solution.

- **Improved cross-border payments, including remittances, facilitating the international role of the euro**
    - We believe that there are actions, both for the industry and for the regulators, that should be taken in order to improve cross-border payments globally between the EU and other jurisdictions. Issues faced by banks include the lack of transparency and loss of information, exchange of information and communication between banks, and lack of harmonised KYC and screening requirements and practices. Whilst we expect that the full adoption of SWIFT GPI by banks along with the migration to the ISO20022 XML standard will contribute to reducing the issues, we believe that more consistent regulations between all jurisdictions and common best practices are needed to guarantee a level playing field to all parties involved in the cross-border payments. Global standardisation can also help to produce equivalent and effective fraud reduction practices.

Our responses

Question 10. Please explain how the European Commission could, in the field of payments, contribute to reinforcing the EU's economic independence:

It is important that EU has a modern, digital and well-functioning payments market, where European consumers and businesses have a choice of easy, fast and safe payment methods, suitable to their different needs. The Commission should ensure a harmonised, economically and operationally sustainable regulatory framework for payment services developed and operated by European PSPs. The Commission can support this development with the measures below.

The EU should reach a certain level of autonomy at all levels on the different aspects that characterize payments industry (infrastructures, technology). To this end the Commission should aim at maintaining and reinforcing the level playing field for the EU payments industry with non-EU players, also by putting in place measures to fully support competitiveness in terms of technologies (e.g. NFC). Measures that rebalance the level playing field between heavily regulated entities (e.g. ASPSPs), and non-regulated new players (e.g. Big Techs), covering topics such as capital requirements, infrastructures, customer data and innovation /experimentation would be needed.

The Commission should support the creation by the European payments market of pan-European payment solutions, starting with pan-European payment solutions based on instant payments in order to give European players an opportunity to compete against incumbent and emerging non-European players. This would promote European sovereignty and reinforce the international role of the euro. We welcome competition and any new initiative that enters the market to deliver value to the end-user. The EU should create a regulatory environment in which payment players can scale and grow within and beyond EU borders. A strong business model and regulatory environment that allow EU- based payment services providers to invest in new and more efficient payments, and to remain competitive in a globalised economy and that works both from an economic and competition perspective and is beneficial to all stakeholders is key for the development of such new payment solutions. Naturally, these developments should be undertaken in a fair, open, and competitive manner. The Commission should also remain mindful of the global nature of payments.

Question 11. Please explain how the retail payments strategy could support and reinforce the international role of the euro:

Payment schemes and infrastructures that support euro payments and meet market needs reinforce the role of the euro. The roll-out of the payment schemes in the SEPA geographic area has led to high-quality rails for euro retail payments. An efficient payments system will make third country-based organizations able to settle their payments through European PSPs. This is directly correlated on how much efficient, secure and transparent the European payments' system is compared to other payments' systems. SCT Inst could become the new standard for international payments, reinforcing the role of the euro with a breakthrough impact on correspondent banking. New initiatives, such as the broader usage of the ISO20022 standard (Target2 consolidation, SWIFT migration in the correspondent banking context) and GPI (transaction tracking) could facilitate the one-leg-out scenario. Moreover, also the support to pan-European EU payment solutions, as indicated in the above response could reinforce the role of the euro. If European players are able to develop successful pan-European payment solutions, European and international financial institutions / PSPs will be increasingly using the basic components of the Eurosystem (e.g Target2), further strengthening the position of the ECB and the euro.

Fast, convenient, safe, affordable and transparent payment instruments with pan-European reach and "same as domestic" experience

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						X
b. EU legislation mandating the replacement of regular SCT with SCT Inst.	X					
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.	X					
d. Development of new payment schemes, for example SEPA Direct Debit Inst. Scheme or QR interoperability scheme*.		X				
e. Additional standardisation supporting payments, including				X		

standards for technologies used to initiate instant payments, such as QR or others						
Other					X	

* 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 developed according to you:

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

Regarding the development of new schemes, we would see the need for a digital identity scheme. As regards the suggestions above, we do not see any need for a SEPA Instant Direct Debit. Explicit market demands must be the driver for the creation of new payment schemes and any new scheme should have standalone commercial viability and should be voluntary only. Any new infrastructure should operate as an overall European payments framework, which supports different business models. This would promote competition and innovation.

- Request to Pay scheme (under development already by the EPC) which is an essential addition to the successful roll-out of the pan-European solutions for instant payments.
- A QR code-based standard to support transactions without the need of specialized hardware to compete with emerging schemes (mostly from China). A technical standard for QR codes for the initiation of instant payments in the face-to-face, mobile-to-mobile and e-commerce user experience is key and is already under development. A variety of use cases (e.g. merchant presented QR code / customer presented QR code) should be standardized if they are to achieve wider usage. However, we would also highlight that the EPC already provides a widely adopted QRC standard for the SEPA context. This standard should be extended according to market needs and to avoid fragmentation.
- An NFC based standard to compete with the convenience of cards (physical or de-materialized) that can service large retailers in a similar manner (tap to pay by account)

- There is also a need to continue the work for pan-European e-invoicing standards. These standards could be used in conjunction with Request-to-Pay to support cross-border invoicing and the standards would reduce the need for national e-invoicing solutions.

Please specify what other measures would contribute to the successful rollout of pan-European payment solutions based on instant credit transfers:

- Reachability at clearing and settlement level constitutes one of the basic building blocks underpinning SCT Inst and the development of end-user solutions based on SCT Inst. We recognise that currently not all banks adhering to SCT Inst are able to be reachable to a lack of interoperability at the clearing and settlement layer. Resolving this issue should be a priority.
- Several initiatives aim at supporting the take-off of instant payments across the EU. Amongst these, the development of the new "Request to pay" scheme will help streamline the end-to-end payment experience in a broad range of use cases. The harmonization and interoperability between solutions that allow initiating payments from a mobile device and/or paying at the POI will fuel the growth of IP. In addition, the SEPA look-up service should be adopted to support the solutions that allow payers to initiate payments through proxies (e.g. phone number) improving their user experience.
- With regard to corporate clients, a key point is the need to adapt their internal processes to cope with immediate availability of funds and complete instantly the underlying transaction (instant invoicing, instant warehouse unloading).
- If SCT Inst is to form the basis of new a payment scheme for high street retail payments, a centrally defined business model is required to ensure that both debtor and creditor banks have a mutual interest in the success of the new scheme
- All market participants must develop robust practices to provide adequate levels of cyber resilience to ensure for an equal standard across retail payment rails.

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?

	By end 2021
	By end 2022
	By end 2023
X	**Other**
	Don’t know / no opinion / not relevant

Please specify what other end-date should be envisaged if adherence to SCT Inst. were to become mandatory:

The EBF strongly encourages all banks to adhere to the SCT Inst scheme on a voluntary basis.

Ample base of participants in the SCT Inst scheme has already been achieved, and the current SEPA Regulation requirements are fit for purpose without a need for additional end-date. If any deadline is mandated, firms must be given a sufficiently lengthy rollout period due to technical build and consumer considerations i.e. as there may be a need to update customer terms and conditions, which can be expensive and have lengthy lead-in times.

The needs and costs of non-eurozone countries and PSPs should also be carefully considered by the Commission. Many domestic-focused firms in these jurisdictions would challenge that the costs of joining SCTInst vastly outweigh the benefits, and these firms should be supported to make decisions based on their needs. Also, the euro transaction volume is very small compared to the national currency credit transfer volume, and therefore the cost outweighs the benefits.

Question 13.1 Please explain you answer to question 13:

We think that the market will force all European banks to adhere to SCT Inst as the market will deploy different offers based on SCT Inst that will encourage banks to adhere. The focus should be on building value-added products and solutions based on SCT Inst so that PSPs will want to / have to adhere in order to compete in the new payments landscape, as developing an adequate real-time payments infrastructure can be very costly.

In fact, the SCT Inst penetration is broad across the euro area and the availability of the SCT Inst scheme for a majority of eurozone citizens is a reality. The number of adhering banks is steadily growing and already by now in many European countries already 70-80% of the customer accounts are reachable and the June 2020 SCT Inst adherence status meets the first of the two conditions set by Article 4 of the SEPA Regulation. The increase of the maximum amount of SEPA instant credit transfer to 100,000 EUR in the beginning of July and the new payment scheme 'Request to Pay' to be published this year will bring new possibilities and advantages for the PSPs and add attractiveness of the SCT Inst Scheme. However, if an end-date would be envisaged, it should be considered that banks are involved in important projects in next years (see for instance Target2 consolidation project). The impact of the COVID-19 pandemic on PSP's ability to make mandatory changes must also be considered.

Considering the impacts on the organization, security, ICT systems and new projects, SCT Inst cannot be made mandatory at least before two years from the moment the mandatory provisions are published. A possible end-date must be considered with care, evaluating a different timeline for euro and non-euro countries (as already happened for the SEPA Regulation) and taking into account that SCT Instant scheme is not relevant to all PSPs and their customers, e.g. banks that have specialized in wealth management, therefore at least distinct end-dates should be set for such "niche players" without a business case for rapid move to SCT Inst. A full cost-benefit analysis should be undertaken to identify firms that may be negatively affected by a mandated migration.

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?

x	**Yes**
	No
	Don't know / no opinion / not relevant

Question 14.1 If you think instant payments do pose additional or increased risks compared to the traditional credit transfers, please explain your answer:

Even though SCT Inst is as secure as «traditional» SCT from a scheme perspective, we agree that instant payments do pose increased risks compared to the traditional credit transfers for the reasons listed below, but PSPs have taken measures to effectively manage these risks under the given regulatory framework. We do not see the need for legislative changes.

Instant payment transaction processing window is significantly reduced compared to the traditional credit transfer. PSPs offering instant payments have reduced time available to detect fraud and suspicious transactions and patterns, and reliably establish the identity and risk profile of individuals and ultimate beneficial owners. Therefore, more focus will need to be put on pre-transaction initiation controls and ensuring that PSPs have the appropriate safeguards in place regarding payments channels security and detecting outlier transactions. Additionally, a robust market-wide Digital Identity program could support in mitigating these risks along with SLAs across the market regarding fraudulent payments alerts and recoveries.

The wish to further deploy instant payments needs to be considered together with a strong focus on cybersecurity, fraud prevention and anti-money laundering risk management tools. In that regard, regulators should work together to ensure that information stemming from fraud/money laundering from instant payments can be shared between banks and between banks and authorities. When encouraging initiatives on a further deployment of instant payments fraud prevention and AML risk management should be an inherent part of the discussion. KYC procedures should be strengthened and harmonized in all countries, with the EU applying the learning from other jurisdictions on how to balance the benefits of instant payments with optimal security.

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)?

	Yes
	No
X	**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:

In exceptional circumstances the local supervisor should be able to stop payments for a brief period of time to prevent frauds or limit the instability in case of emergencies. In addition, in certain circumstances it should be possible to stop the payments to specific countries. We note that PSPs adhering to SCT Inst already in practice apply limits relating to SCT Inst transactions (e.g., an aggregated daily value limit and/or a transaction limit) and typically there is not a fully open capacity for customers to instruct a continuous and limitless number of transactions. Most PSPs enforce specific maximum amounts (sometimes lower than the SCT Inst Rulebooks' maximum amount) and also impose daily accumulated maximum instructed amounts (not just for SCT Inst, usually aggregated for all types of outbound credit transfers)to their customers for SCT Inst transactions. Such limits can be adapted very fast to react on such situations and to prevent bank runs. These PSPs also apply daily ATM withdrawal limits. These limitations are taken to protect their customers in case of e.g. fraud.

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
X	**Other**
	Don't know / no opinion / not relevant

Please specify what other solution(s) other than cash would be the most advantageous for EU merchants:

To maximise their sales opportunities, merchants will generally want to accept as many payment solutions as possible from consumers and businesses. Their decision on which solution to cater for will take account of a number of factors such as market share of each solution and the cost of implementing and maintaining that solution. Different merchants have different needs depending on their size, existing infrastructure, transaction volumes and the type of merchant. For different merchants, the most advantageous solution could be different and there is no single option that serves all the needs (omnichannel merchant-high-street merchant-online only merchant). In some cases, hybrid solutions will be required that merge card and SCT-based solutions. Most merchants would note the importance of global standards to allow them to receive payments from as many patrons as possible.

Question 16.1 Please explain you answer to question 16:

Merchants need a variety of payments methods that ensure that purchases are finalised, therefore all solutions (card, SCT, SCT Inst, direct debit etc) should be considered relevant. Convenience, choice, customer experience, payment execution speed, guaranteed settlement, price etc are all relevant factors for merchant' choice of payment methods offered card-based solutions and SCT Inst-based solutions could be generally the most advantageous solutions for EU merchants and can represent concrete alternatives to cash payments.

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			X			
The proportion of users using that payment method					X	
Fraud prevention tools /mechanisms		X				
Seamless customer experience (no cumbersome processes affecting the number of users completing the payment)					X	
Reconciliation of transactions				X		
Refund services				X		
Other					X	

Please specify what other important factor(s) you would foresee:

All of the above apply, and depending on the merchant, the importance and priority varies accordingly. In addition the following must also be considered: - Investment fee/cost of updating or acquiring required hardware and/or software to accept a new payment method - Any additional fees related to the new payment method - Interoperability with already existing payment methods - Cost of adapting existing front-end and back-end systems - Vendor choice - Value Added services to increase penetration by enhancing the customer experience (e.g. loyalty, cashback), and internal operational efficiency (e.g. intelligence, warehouse, etc.). - Easiness to implement, install and use (especially for small/medium online merchants or merchants that work on payment on delivery). - Commitment of other stakeholders/parties involved in end-to-end process. - The proportion of new customer segments - Maturity of the new payment method – expected operating life - Settlement process and time - Chargeback rights and processes - Integration with ERPs and marketplaces/ecommerce applications - Brand of the payment method - Payer demand which will be influenced by convenience and confidence in method

Question 17.1 Please explain you answer to question 17:

At the end of the day merchants aim at selling their products/services, therefore a payment method should enhance the end-to-end user experience and ensure the highest conversion rate possible. From a merchant's perspective, it is important that new payment methods/developments can capitalize the investments already done (cost of equipment, software integration, cost-effective to implement…). A convenient payment method should simplify the post-sale activities (reconciliation, claims management, ...), increase efficiency and mitigate risks (e.g. cash management at the point of sale incl. robberies, counting and checking out banknotes, …). The ability to provide value added services would be key. A new payment method should have an important basic element of Digital ID included so that the same platform used to authenticate payments could be used to identify the customer in order to ease the online onboarding. All the above factors are key to allow a smooth and seamless payment process and provide a better service to merchants.

Question 18. Do you accept SEPA Direct Debit (SDD) payments from residents in other countries?

X	**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

Question 18.1 If you do accept SEPA Direct Debit (SDD) payments from residents in other countries, please explain why:

Regulation 260/2012 Article 3(2) stipulates that if a payer's PSP which is reachable for a national direct debit under a payment scheme shall be reachable, in accordance with the rules of a Union-wide payment scheme, for direct debits initiated by a payee through a PSP located in any Member State. Our members respect this legal provision.

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
X	**Yes, another type of action**
	No, I do not see a need for action
	Other
	Don't know / no opinion / not relevant

Please specify what other need(s) for action you would foresee or what other type(s) of action you would recommend:

The eIDAS Regulation could potentially be a good starting point for cross-border digital identity solutions within the EU. Payments authentication could be built on this framework. However, eIDAS has not been defined to cover sector specific process phases. The payment authentication and authorization minimum dataset is not and should not be defined within eIDAS. Similarly, there are limitations within the eIDAS governance regime, including the role of Qualified Trust Service Providers and regarding the link between authorisation, registration and the on-going validity of qualified certificates. Some of these issues were the subject of an EBA Opinion on the use of eIDAS certificates under PSD2.

There is a need for further improvement to integrate the identification process with the payment process creating a better customer journey. Additionally, a robust digital identity programme will help mitigate fraud risk as payments move to instant. Digital identity will help provide more pre-payment certainty in the payment beneficiary and also help in payments tracking and tracing. The payment dataset could be completed by financial-specific attributes that are used by banks for KYC requirements but communication standards for these attributes are just being developed by the market players and there is still a need to adopt a common classification on KYC information. Work on Digital ID would benefit from being undertaken as part of a global approach, in order to maximise interconnectivity.

We would welcome a further guidance on interoperability standards and rules e.g. agreements on common standards and/or specifications and practical rules foster trusted information exchange at EU and Member States levels and even on a global basis where practicable. This includes for any digital ID schemes (that may be based upon national schemes), especially if these will be utilised for SCA. Such standards should enable innovations such as device binding (where a customer binds an account to their mobile) or a software token to be used for account opening or authenticating payments. Commission should be mindful of extra-EU developments to ensure as close alignment as possible.

Question 19.1 Please explain you answer to question 19:

The adoption of common rules is key both for the efficiency of the payment systems and for ensuring a level playing field. This process can only be speeded up through actions that limit regulatory and operational discrepancies between Member States. For these reasons, the proposals included in the consultation "on a new digital finance strategy for Europe" ("Harmonise rules governing customer due diligence requirements in the Anti-Money Laundering legislation", "Harmonise rules governing the acceptable use of remote identification technologies and services in the Anti-Money Laundering legislation", "Integrate KYC attributes into e-IDAS in order to enable on-boarding through trusted digital identities") should be taken into account.

Digital ID enables consumers and businesses to transact across a world of digital platforms, but identity is currently fragmented. McKinsey estimates that GDP can be stimulated by 3-13% through the introduction of good digital identity1.

It has been argued that there are three characteristics a digital ID solution requires in order to be of optimal use: (1) users need to be able to trust the solution's "accuracy, reliability and safety"; (2) it "must meet liability requirements for financial services and other firms who use the information"; and (3) "it should be embedded in a user-friendly interface for customers that encourages take-up and use".

Fixing digital ID unlocks benefits in payments, for example through combining digital ID with real-time payments rails. Federated Bank ID schemes (based on government ID and other checks) leverage the enhanced due diligence that banks are required to perform on customers. Improved interoperability between existing national ID schemes, or even a pan-European federated Bank ID scheme, could help to facilitate the digital ecosystem by providing a more frictionless way to achieve customer consent through SCA.

Promoting the diversity of payment options, including cash

Question 20. What are the main factors contributing to a decreasing use of cash in some countries EU countries?

[1] https://www.mckinsey.com/business-functions/mckinsey-digital/our-insights/digital-identification-a-key-to-inclusive-growth

Please rate each of the following factors:

	1 (irrelevant)	2 (rather not relevant)	3 (neutral)	4 (rather relevant)	5 (fully relevant)	N.A.
Convenience of paying digitally					X	
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:

PSD2 and the Interchange Fee Regulation contribute to the accelerating the use of electronic payments, thanks to the new security rules to perform cashless payments as well as granting access to the market of new payment service providers and setting the interchange fees for the use of payment cards at an economically efficient level.

Regulation/authorities can contribute to decreasing the use of cash by mandating digital payments in a number of use cases:

- Requiring large invoices to be paid digitally by consumers and companies
- Requiring payment of services subject to tax deductions to be made digitally
- Requiring digital invoicing/payment of public authorities
- Allowing merchants to decline cash in certain scenarios

We believe that regulation may help harmonising a maximum limit of a cash transaction across countries and to introduce the mandatory acceptance of digital payments for specific transactions and incentives to cashless payments (for example, cashback).

At Member State level, we observe that some Member States (e.g. Greece, …) have put in place measures that have affected the use of digital payments, namely measures that oblige merchants to accept of at least one type of digital payment method (e.g. payment cards, instant payments) besides cash.

Please specify what other factor(s) may contribute to a decreasing use of cash in some countries in the EU:

In general we believe the main driver behind the decrease in the use of cash is the increasing digitalisation of societies and customer preference to use electronic payments. Customers increasingly shop in a digital environment and therefore also pay by electronic means and generally favour electronic payments for their convenience, security and ease of use. Despite some decline in the availability of ATMs, cash remains globally accessible to customers, also via other means or outlets. The associated customer protections on some forms of electronic payments may also influence payment mechanism choice.

Another factor currently markedly affecting the use of cash is the ongoing COVID-19 pandemic. Potentially, this could accelerate consumer behaviour in moving away from cash and businesses moving to online payment models. A recent BIS Report noted that the crisis "could speed up the shift toward digital payments".

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)

	Yes
X	**No**
	Don't know / no opinion / not relevant

Question 21.1 Please explain your answer to question 21

We would not be in favour of EU measures to preserve access and acceptance of cash or promote its usage. We observe that despite continuous growth in cashless transactions, the need to ensure access to cash is in any case granted by banks, with the expectation from certain parts of the stakeholder community that this access should not need to cover its own costs. It should be noted that providing cash is relatively expensive for banks and society. At the same time banks are requested to make heavy investments for the development of new means of electronic payments (most notably the development of pan-European instant payments). Furthermore, banks face competition from digital-only providers that do not support cash services or face-to-face services, do not invest in the required infrastructure and yet use the infrastructure provided by banks for the benefit of their own customers. Banks therefore need to find a sustainable balance between consumer demand for cash, face-to-face services and social responsibility on the one hand, as well as efficiencies in the cash cycle, infrastructure and provision of physical services on the other hand.

Furthermore, Member States should be allowed to apply national policies related cash usage that will help them address specific problems (e.g. tax evasion, shadow economy issues etc) and EC law must be able to support these differentiations.

Finally, we note that the need for cash varies between Member States due to both different payment habits, the general use of digital solutions and geopolitical reasons.

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		X				
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		X				
Ensure that cash is always accepted as a means of payment at point of sale			X			
Other			X			

Question 22.1. Please specify what other measures would be necessary to ensure that cash remains accessible and usable by EU citizens:

ATMs and bank branches should not be considered as the only means to access cash, as cash-in-shop and cash-back solutions offered in shops provide a good addition to the traditional means, and innovation continues in this area (e.g. home cash delivery).

The proposals above regarding “free of charge withdrawals” could actually have a negative effect as if PSPs and ATM operators are not allowed to charge for ATM services, the ATM population will eventually decline and, decreasing access to cash via ATMs. The market should be allowed to find the right balance between free access to cash and charging, always with the required clarity / transparency on charges which must be the focus of the legislation, but without any further restrictions on charges. If a measure should be applied, the EC should support the solution of access to cash based on an economically viable solution.

There is a continued industry focus on finding efficiencies in central cash infrastructure and its cost base, to support access to cash for those who continue to want to use it. Relevant authorities should support and facilitate these efforts.

An innovative, competitive and contestable European retail payments 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					X	
PSD2 has increased competition					X	
PSD2 has facilitated innovation				X		
PSD2 has allowed for open banking to develop				X		

PSD2 has increased the level of security for payments				X		
Other			X			

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

PSD2 has required the banking sector to make huge investments, which in the short run has brought only limited benefits to ASPSPs. Also, implementation of PSD2 has created some confusion among customers regarding the new services, service providers and their role. At the same time, we believe in the long run it will allow the development of potential new business models to offer new and convenient payment experiences to customers, as well as opening a new era towards the development of the data sharing economy. However, the market is not yet reaping the full benefits of PSD2. Examples of benefits could be:

- Innovative payment account information and initiation services
- Increased guarantees and protection for consumers.
- Open a dialogue between TPPs and ASPSPs for testing and business purposes.
- Start the competition for future Value-Added Services.

Overall, PSD2 has increased companies' sensitivity to open banking issues.

Question 23.1 Please explain your answer to question 23:

We recognise that as the full implementation of the PSD2 RTS on SCA & CSC is yet to be achieved, it is rather early to have full picture of the market impact. The situation will continue to evolve as the implementation advances and the payment market adapts to PSD2. In general, we consider that the PSD2 framework facilitates access to the payments market by new players, while balancing this with security and licensing requirements.

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
X	**No**
	Don’t know / no opinion / not relevant

Question 24.1 Please explain your answer to question 24:

We believe all payment services that should be subject to regulation are listed as such under PSD2. As we said above, that at this stage it is rather early to have a full picture of the market impact and, even if there could be some open issues, a further legislative intervention may put obstacles to market developments as the market requires legislative stability. The new market must first digest and make full use of the existing PSD2 services before moving on to new services.

The inclusion within PSD2 of what is, in effect, a data service (i.e. account information services) rather than a pure payment service, serves to illustrate the need to think carefully about adding further services and as to whether PSD2 (or any subsequent iteration) is the most appropriate vehicle.

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
X	**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:

In the short run we need legislative stability as stated above. The recent developments regarding fraud have been comparatively low-tech, i.e. the fraudulent activities have been mainly directed at the clients using or accessing the electronic payment facilities rather than at the facilities themselves. However, as the threat landscape becomes increasingly complex there should be means in place for requiring additional mitigating measures from both the payment service providers and the clients. Commission should consider action with other players than merely PSPs to combat the fraud (e.g. those responsible for data breaches or phishing).

However, as new technologies are always evolving, we note that some areas need constant monitoring to further mitigate the risk of fraud/unauthorized payments, such as:

- Enhancement of the monitoring requirements regarding devices, geolocalization and in general collection of the needed information.

- Necessity to make the "second authentication factor" more reliable and secure.

- Possibility to reach harmonization across Europe to facilitate the consumer usability and to reduce the churn rate.

- Necessity of strengthen rules and controls on KYC processes by the PSPs in order to avoid granting access to payment accounts to fraudsters.

- Introduction of restrictions on new accounts as a mitigation measure, considering that the received fraudulent money are often on payment accounts/IBAN freshly created.

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?

X	**Yes**
	No
	Don't know / no opinion / not relevant

Question 26.1 If you answered yes to question 26, please explain your answer:

Payments are an inherently innovative and fast-moving part of the financial services market, with a wide range of competing and competitive players that seek to respond to evolving customer needs and utilise new technologies available. Therefore, new, innovative payment solutions are an inherent part of the market and will continue to be developed by market players.

Innovative payment solutions should be market driven. Legislation should leave enough space for implementation and market innovation with benefits to all parties.

Question 27. Do you believe in particular that contactless payments (based on cards, mobile apps or other innovative technologies) should be further facilitated?

X	**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?):

We believe contactless payments may be further facilitated in particular by compelling smartphone manufacturers to open their NFC antenna to the issuer to increase adoption and enrich services of mobile contactless payments.

Also the development of e.g. QR code standard could help promote contactless payments which should utilise a global EMVCo QR standard to enhance interoperability.

Overall we do not consider that there is a need to review the PSD2 RTS to increase the limits on contactless payments. In some countries, competent authorities have allowed for higher cumulative amounts in the current COVID-19 crisis situation, which can be a welcome move to allow issuers to support higher amounts of contactless payments, if they so wish. In general however we consider the current limits to be adequate. Also, it is important to keep a close eye on fraud developments of contactless payments. They should not overshadow the benefits.

Our members are already promoting contactless payments towards their customers and in most countries have increased the per transaction and/or cumulative amounts recently due to the COVID-19 crisis in order to further increase the share of contactless payments and provide their customers with increased ease of paying.

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
X	**Don't know / no opinion / not relevant**

Question 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	X					
Promote the development of a scheme involving relevant market players with a view to facilitating the delegation of Strong Customer Authentication to TPPs			X			
Promote the implementation of consent dashboards allowing payment service users to manage the consent to access their data via a single interface			X			

Other						

Question 28.2 Please specify what other proposal(s) you have:

We are not in favour of reviewing PSD2 at this stage as the current legal framework is sufficient and most importantly, the market still needs time to absorb the changes introduced and to adapt. Only after a sufficient and substantial period of time a comprehensive review could be undertaken. Instead, if based on a model of reciprocal benefits to all parties, we are in favour of the continuation of the ERPB SEPA API access scheme work (that is currently paused) that would allow to rapidly address some of the issues that are either requested by some market players and/or could provide additional added value above the PSD2 legal implementation.

With regard to the specific features mentioned in the list above, we have the following reaction:

- authentication methods: PSD2 allows for redirection-only based customer journeys as long as they do not pose an obstacle to TPPs, which is an assessment made by each NCA. Changing the rule would be a rather fundamental change in ASPSPs implementations and costly and time consuming to implement. The recent EBA Opinion on obstacles has further clarified the authentication procedures that ASPSPs' interfaces are required to support.
- scheme for delegated SCA: as stated above, we are in favour of the SEPA API access scheme work; delegated SCA is one of the issues to be discussed but should not be the only aspect. However, as the SCA risk sits with the ASPSP, delegation must always be a voluntary step for ASPSPs and not imposed upon them.
- dashboards: we would be in favour of this as part of the SEPA API access scheme

Furthermore, we would like to emphasize that the current form of PSD2 should not be copied to other financial data/services. Open banking/open finance should only be considered as part of a broader open data framework, based on mutual benefits for all participants. There are real advantages in combining financial data with other type of data and better regulated access to data would level the playing field.

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
X	**Don't know / no opinion / not relevant**

Question 29.1 Please explain your answer to question 29:

We would deem it useful to restart the ERPB SEPA API access scheme work in order to drive harmonisation at EU level in order to grant the best possible interoperability among market players, as well as to overcome different approaches in the EU Member States by NCAs. Therefore, standardized interfaces should be foreseen to facilitate the provision of efficient, integrated and harmonized PIS/AIS/premium services going beyond PSD2, that may be provided in the context of 'open banking' and within a European scheme. The Commission should be cautious in promoting further levels of standardisation for APIs under PSD2. Standardisation has both costs and benefits, which require evaluation on a case-by-case basis. While standardisation may support easier "plug-and-play" access for TPPs, there is a risk that mandated standardisation acts to constrain, rather than to support, innovation.

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
X	**Don't know / no opinion / not relevant**

Question 30.1 Please explain your answer to question 30:

As EMIs grow in size with pan-European presence and offering basic day-to-day "banking" services (a card linked to an account, payments etc), it is necessary to ensure customer funds protection. Today, many e-money account holders may not be sufficiently informed about the difference between a bank account and an e-money account.

Question 30.2 If you do you 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?

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.

Imbalance between risks and applicable prudential regime						
Difficulties in implementing the prudential requirements due to unclear or ambiguous legal requirements						
Difficulties in implementing the prudential requirements stemming from practical aspects (e.g. difficulties in obtaining an insurance for the safeguarding of users' funds)						
Other						

Question 30.3 Please specify what are the other factor(s) make the prudential regime for electronic money institutions not adequate:

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
X	**Don't know / no opinion / not relevant**

Question 31.1 Please explain your answer to question 31:

Possibly yes, as similar principles should apply to both EMIs and PIs regarding customer funds. However, PIs that do not hold customer funds should only follow a subset of such a common regime.

Question 31.2 Please state which differences, if any, between payment institutions and electronic money institutions might require, a different regime:

As an example, a payment institution can in theory provide payment services without ever holding customer funds at the end of its business day. In other cases, a payment institution can maintain payment accounts which are similar to e-money accounts. A modified regime should treat these two cases in a different manner based on such criteria. Similarly, EMIs that emulate full banking services and their size exceeds certain thresholds, should operate under a different regime on the principle of "same services, same risks, same rules and supervision".

Question 32. Do you see "programmable money" as a promising development to support the needs of the digital economy?

X	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?

We see programmable digital money as an innovation with great potential that can be a key component in the next stage of the evolution of digitalisation. Both account-based or distributed ledger technology (DLT)-based programmable digital money, will be a key element of the digital transformation. We believe that programmable money issued in a manner compatible with the regulatory framework is an innovative instrument and can bring benefits for both monetary system and consumers. That is why we believe it is useful to analyse all the ways in which a Central Bank Digital Currency (CBDC) could be issued in order to facilitate cross-border payments and safeguard monetary policy. We strongly suggest including financial institutions in this discussion, since it can have widespread implications for consumers and investors alike. Additionally, in order to maintain the same level of security as the current payments system, we think that European policies can be designed with the existing banking intermediation in mind. The principle "same services, same risks, same rules" should apply when considering a regulatory activity targeting a "programmable money" ecosystem. Under the current market dynamic, non-bank entities emerge, targeting the provisions of financial services (such as payments). Individual initiatives – should they get recognized by authorities

in different European jurisdictions – have the potential to gain systemic effects. In turn, they should be subject to the same level of regulatory safeguards as traditional financial institutions.

It should also be noted that at this point the technology is still developing and requires more exchanges on the level of maturity for implementation. Especially when it comes to solution based on block chain there are still many issues that need to be handled before it will be safe to use. (e.g. how to reverse a transaction because the programable money did not work as expected when it is conducted through a block chain).

Access to safe, efficient and interoperable retail payment systems and other support infrastructures

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

We encourage the European Commission in collaboration with ECB to ensure interoperability between all Clearing and Settlement Mechanisms CSMs. All the necessary actions to guarantee the full interoperability between all the SCT Inst compliant ACHs should be undertaken as soon as possible. However, we do not see need for further legislative action but rather support for solution finding between market participants and infrastructure providers. We also see a need for the regulators and overseers to generally align initiatives like TIPS and the work in the European Retail Payments Board with the initiatives in the banking sector to avoid duplication and further fragmentation. This should be done in a transparent way with respect for the big investments the sector itself have made in establishing a national instant payments infrastructure.

Question 34. Do you agree with the following statements?

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

	1	2	3	4	5	N.A.

	(strongly disagree)	(rather disagree)	(neutral)	(rather agree)	(fully agree)	
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:

We believe that non-discriminatory access by payment service providers to vital components (e.g. NFC or biometric identity readers) of mobile devices will contribute to a more competitive market and we support EU-level action in order to ensure a level playing field between actors across the different Member States. We support open access to technical infrastructures, where all participants have the same rights and obligations and are subject to same licencing and other regulatory requirements. In addition to contributing to the possibility of having a more competitive market, the risks arising from mandatory access to such technical services such as fraud, especially when security levels are managed with third parties, should not be overlooked during the analysis phase.

Concrete advantages for payments services will depend on exact legislative solution, taking into account security issues and sound balancing of stakeholders' interest.

Question 34.2 If you think that EU legislation should address this issue, please explain under which conditions such access should be given:

No particular conditions should be required to access components of mobile devices, in addition to those that are already applicable under the EU payment services legal framework, namely PSD2 RTS. Of course, there would be a need for a public consultation on exact scope and possible legislative solution.

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?

	Yes, direct participation should be allowed
X	**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?

	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

Question 35.2 Please specify the other reason(s) why you think direct participation should be allowed:

Question 35.1 Why do you think indirect participation through banks is sufficient?

	Because the cost of direct participation would be too high
x	**Because banks offer indirect access at reasonable conditions**
	Other reasons

Question 35.2 Please specify the other reason(s) why you think indirect participation through banks is sufficient:

Direct access by these institutions could bring significant and systemic impacts in terms of risks and resilience of payment systems – and indirect access can be the preferred solution. Capital requirements should be available in order to protect the systems in terms of systemic risks. In case non-banks are allowed direct access, they should be required to meet the same regulatory requirements as banks.

Indirect participants, in particular small players, could also take advantage of the know-how of big players and improve their internal process. We think it is important to preserve this kind of access.

We note that not all PSPs are able or wish to participate with a direct access to all payment systems. In particular smaller banks often have an indirect participation to payment systems also because banks offer indirect access at reasonable conditions. Banks offering indirect access can also support the

indirect participant through "facilitators tools" and consulting. This could be considered as a cost cutting for the indirect participants.

Please add any relevant information to your answer(s) to question 35 and sub-questions:

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?

Improved cross-border payments, including remittances, facilitating 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?

X	**Yes**
	No
	Don't know / no opinion / not relevant

Question 37.1 Please explain your answer to question 37:

We do believe that there are actions, both for the industry and for the regulators, that should be taken in order to improve cross-border payments globally between the EU and other jurisdictions. Issues faced by banks include the lack of transparency and loss of information, exchange of information and communication between banks, and lack of harmonised KYC and screening requirements and practices. Whilst we expect that the full adoption of SWIFT GPI by banks along with the migration to the ISO20022 XML standard will contribute to reducing the issues, we believe that more consistent regulations between all jurisdictions and common best practices are needed to guarantee a level playing field to all parties involved in the cross-border payments. Global standardisation can also help to produce equivalent and effective fraud reduction practices.

On the other hand, it must be considered that cross-border payments are affected by high operative costs and entirely managed by bilateral pricing and service level agreements. Therefore, regulatory action defining the rules extra-territorially to jurisdictions outside of the EU legal framework is not feasible.

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?

X	**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
X	**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:

The supply side of classic remittance service providers (RSPs) offering remittance services in the EU is large and varied. This stimulates the RSPs to offer a broad range of currency pairs for such transactions at competitive prices. The RSPs also compete with traditional banks and neo/challenger banks for certain currency pairs and/or country/region corridors, allowing for a lot of competition in the remittance market. Moreover, the current EU legal provisions (i.e. PSD2) are sufficient to guarantee transparency. Article 36 of PSD2 indirectly facilitated remittances by supporting access by all Payment Institutions (e.g. money transfers operators) to credit institutions' payment account services in an objective, non-discriminatory and proportionate manner, useful for the operation of their business. Nevertheless, the EC could play a legislative role for examining and proposing solutions that can help to further reduce costs, support banking inclusion and prevent money-laundering e.g. promoting digital ID to reduce KYC and AML burdens.

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			X			

Please specify what other action(s) you would support:

Using the data richness of ISO20022 to characterize and categorize payments.

We would also support further work to seek harmonisation of FTR requirements, and sanction screening to be consistent on domestic and international.

Question 40.1 Please explain your answer to question 40:

Development and implementation of solutions to facilitate cross border payments between EU and other jurisdictions should be mainly market driven. Adoption of ISO20022 standard globally is a basis that opens possibilities for further standardization and innovation and adoption of SWIFT GPI by banks adds speed and transparency of payments and would benefit both PSPs (in terms of efficiency) and customers, especially companies, which would have lower maintenance costs for their management systems and gain enhancements in the reconciliation processes. EPC is analysing different scenarios for allowing one-leg out SEPA Credit Transfer / SEPA Instant Credit Transfer transactions and we believe the Commission should support the EPC's work on allowing cross-border (one leg) payments into SEPA ; as this work is being undertaken by industry bodies, this does not require legislation to support. The harmonization of the regulatory frameworks in the different jurisdictions (PSD2 and Regulation 847/2015) is key to guarantee a level playing field between all the intermediaries and support cross-border instant payments.

If individual payments were to carry additional information, creditors and debtors would be in position to build more intelligent controls.

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

	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?
X	**Don't know / no opinion / not relevant**

Question 41.1 Please explain your answer to question 41

Linkages between instant payments in the EU and other jurisdictions could create an opportunity for PSPs to agree upon a set of minimum standards and business rules. This would bring: i) efficiency gains, by creating synergies between international payments and SEPA payments; ii) positive effects in interbank payment claims, fraud and financial crime investigations and AML activities (e.g., using common KYC directories, advanced transaction analytics solutions); iii) less funding needed in the correspondent banking network as a certain volume of international payments can be settled through SEPA CSMs/Market Infrastructures. The wide adoption of GPI is key to succeed because it has fully demonstrated its real value by significantly reducing frictions in the cross-border payment space in terms of speed and transparency.

On the other hand, significant setup investments as well as additional operational costs to ensure round-the-clock services are needed, implementing dedicated real-time FX conversion and screening solutions. Until linkages between instant payments systems in the EU and other jurisdictions will be fully explored and analysed, it is impossible to accurately state if and how this might impact the cost of cross-border payments between the EU and other jurisdictions. However, if any linkage would be possible and correctly implemented, it should drive competition and which is likely to result in a cost reduction for PSPs. The connected increase in volume of trade should also leverage the opportunity for interconnectivity. Additional costs may also be levied by the need for increased regulatory scanning.