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# Consultation on a retail payments strategy for the EU

Fields marked with \* are mandatory.

## Introduction

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Consumers and companies make payments to fulfil their everyday needs and activities. Today, in Europe, they have at their disposal a broad range of payment options, but digitalisation and innovation bring new opportunities to make payments faster, easier, more transparent, and affordable, in particular in cross-border situations.

In accordance with its Work Programme for 2020, the Commission will adopt a Strategy on an integrated EU Payments Market (hereinafter "Retail Payments Strategy for the EU" or "RPS"). It is to be submitted alongside the Digital Finance Strategy, which will be adopted to promote digital finance in Europe while adequately regulating the risks, and in light of the mission letter of Executive Vice-President Dombrovskis.

This strategy will be an important contribution to reinforcing the international role of the euro. Payments are strategic: where decisions are made, where data is stored, where infrastructures are located are of considerable importance in terms of the EU's sovereignty. This strategy will aim at both strengthening Europe's influence and consolidating its economic autonomy. Safe and efficient payment systems and services can also make a strong contribution to improving the EU's ability to deal with emergencies such as the Covid-19 outbreak. Contactless payments in shops can help to contain the spread of viruses. Innovative, non-cash, payments solutions can enable all Europeans to make the purchases they need even if they are confined at home. This crisis is further accelerating the digitalization of the economy and, consequently, of payments. Instant payments are in this context becoming more strategic than ever before.

This consultation, together with the consultation on a new Digital Finance Strategy, is a key step towards the adoption of a Retail Payments Strategy for Europe.

Payments are vital to the economy and to growth, while the smooth functioning of payment systems is paramount to financial stability. The use of non-cash means of payment has consistently increased over the years in the EU and this trend is expected to continue with digitalisation.

EU legislation in the payments sphere has played a key role in promoting a fair, transparent, innovative, and competitive payments market in the EU. The E-money Directives ([EMD1 \(https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=CELEX:32000L0046\)](https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=CELEX:32000L0046) and [EMD2 \(https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=CELEX:32009L0110\)](https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=CELEX:32009L0110)) and the first Payment Services Directive ([PSD1 \(https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=CELEX:32007L0064\)](https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=CELEX:32007L0064)) introduced a licensing regime that allowed for the issuance of E-money and the provision of payment services by non-bank financial institutions. This prompted the development of a number of FinTechs operating in the payments sphere, a trend that further accelerated due to the changes introduced by the second Payment Services Directive ([PSD2 \(https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=CELEX:32015L2366\)](https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=CELEX:32015L2366)) which enabled new business models based on the sharing of data, such as payment initiation services (PIS) and

account information services (AIS). At the same time, PSD2 elevated the general level of the security of payment transactions through the implementation of strong customer authentication (SCA). PSD2 has become a worldwide reference in terms of open banking and secure transactions. The EU regulatory framework in the payments sphere supports the Single Euro Payments Area (SEPA), whose objective is to make cross-border payments in euro as cost-efficient and safe as domestic payments, in particular through [Regulation 924/2009 on cross-border payments \(https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=CELEX:32009R0924\)](https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=CELEX:32009R0924).

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

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

The size of the Single Market also offers opportunities for payment businesses to scale-up beyond the domestic sphere, for pan-European payment solutions to emerge, and potentially for European-scale champions in payments to become competitive globally. This would also facilitate payments in euro between the EU and other jurisdictions and reduce EU dependency on global players, such as international card schemes, issuers of global “stablecoins” and other big techs. The Commission launched in December 2019 a [public consultation to gather information and inputs regarding the regulation of cryptoassets, including stablecoins \(https://ec.europa.eu/info/publications/finance-consultations-2019-crypto-assets\\_en\)](https://ec.europa.eu/info/publications/finance-consultations-2019-crypto-assets_en). The present consultation will therefore not include questions on this topic, as payment related aspects were also included in that consultation.

However, digitalisation also brings potential new risks, such as heightened opportunities for fraud, money laundering and cyber-attacks (in this regard, the Commission launched a [public consultation on improving resilience against cyberattacks in the financial sector \(https://ec.europa.eu/info/publications/finance-consultations-2019-financial-services-digital-resilience\\_en\)](https://ec.europa.eu/info/publications/finance-consultations-2019-financial-services-digital-resilience_en) in December 2019). It also has an impact on competition and market structures in view of the growing role played by new market actors currently outside the scope of payments legislation, such as big tech companies benefitting from a large customer base. Also, the possible impact of “stablecoins” on monetary sovereignty has prompted many central banks to investigate the issuance of central bank digital currencies (CBDCs). Nor should we neglect the potential risks, in a digital world, of financial exclusion – including with regard to the access to basic payment services, such as cash withdrawals.

Other challenges arise from a yet incomplete roll-out of instant payments in Europe. It will be important to avoid outcomes that re-create fragmentation in the Single Market, when a substantial degree of harmonisation has been achieved in the framework of SEPA.

As the emergence of new risks and opportunities accelerates with digitalisation, the development of the FinTech sector and the adoption of new technologies, the EU must adopt a strategic and coherent policy framework for payments. The RPS will be an opportunity to put together, in a single policy document, the main building blocks for the future of payments in Europe.

In line with the Better Regulation Principles, the Commission is herewith inviting stakeholders to express their views. The questionnaire is focused around four key objectives:

- 1. Fast, convenient, safe, affordable and transparent payment instruments, with pan-European reach and “same as domestic” customer experience;**
- 2. An innovative, competitive, and contestable European retail payments market;**
- 3. Access to safe, efficient and interoperable retail payments systems and other support infrastructures;**
- 4. Improved cross-border payments, including remittances, facilitating the international role of the euro.**

The outcome of this consultation will help the Commission prepare its Retail Payments Strategy, to be published in Q3 of 2020.

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**Please note:** In order to ensure a fair and transparent consultation process **only responses received through our online questionnaire will be taken into account** and included in the report summarising the responses. Should you have a problem completing this questionnaire or if you require particular assistance, please contact [fisma-retail-payments@ec.europa.eu](mailto:fisma-retail-payments@ec.europa.eu) (<mailto:fisma-retail-payments@ec.europa.eu>).

More information:

- [on this consultation](https://ec.europa.eu/info/publications/finance-consultations-2020-retail-payments-strategy_en) ([https://ec.europa.eu/info/publications/finance-consultations-2020-retail-payments-strategy\\_en](https://ec.europa.eu/info/publications/finance-consultations-2020-retail-payments-strategy_en)),
- [on the consultation document](https://ec.europa.eu/info/files/2020-retail-payments-strategy-consultation-document_en) ([https://ec.europa.eu/info/files/2020-retail-payments-strategy-consultation-document\\_en](https://ec.europa.eu/info/files/2020-retail-payments-strategy-consultation-document_en)),
- [on payment services](https://ec.europa.eu/info/business-economy-euro/banking-and-finance/consumer-finance-and-payments/payment-services_en) ([https://ec.europa.eu/info/business-economy-euro/banking-and-finance/consumer-finance-and-payments/payment-services\\_en](https://ec.europa.eu/info/business-economy-euro/banking-and-finance/consumer-finance-and-payments/payment-services_en))
- [on the protection of personal data regime for this consultation](https://ec.europa.eu/info/files/2020-retail-payments-strategy-specific-privacy-statement_en) ([https://ec.europa.eu/info/files/2020-retail-payments-strategy-specific-privacy-statement\\_en](https://ec.europa.eu/info/files/2020-retail-payments-strategy-specific-privacy-statement_en))

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## About you

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\*Language of my contribution

English

\*I am giving my contribution as

Business association

\*Type of business association

- A trade organisation representing the payments industry
- A trade association representing merchants
- Other

\*Age range

- Under 15 years old
- Between 15 and 30 years old
- Between 30 and 60 years old
- Over 60 years old

\*First name

Louise

**\*Surname**

Fjord

**\*Email (this won't be published)**

lfj@fida.dk

**\*Organisation name***255 character(s) maximum*

Finance Denmark

**\*Organisation size**

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

**Transparency register number***255 character(s) maximum*

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

20705158207-35

**\*Country of origin**

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

Denmark

**\*Field of activity or sector (if applicable):***at least 1 choice(s)*

- Payment services
- payment initiation and account information services
- Money remittance services
- Acquiring services
- Ancillary services to payments
- Technical service provider
- Payment system operator
- Payments scheme
- Card scheme
- Fintech
- Other
- Not applicable

### \*Publication privacy settings

The Commission will publish the responses to this consultation. You can choose whether you would like your details to be made public or to remain anonymous.

**Anonymous**

Only your type of respondent, country of origin and contribution will be published. All other personal details (name, organisation name and size, transparency register number) will not be published.

**Public**

Your personal details (name, organisation name and size, transparency register number, country of origin) will be published with your contribution.

I agree with the personal data protection provisions ([https://ec.europa.eu/info/law/better-regulation/specific-privacy-statement\\_en](https://ec.europa.eu/info/law/better-regulation/specific-privacy-statement_en))

## Section 1: Questions for the general public

**Question 1. Please rate the usefulness of instant payment services – which are credited to the beneficiary within seconds – for the following different use cases:**

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

	1 (not useful)	2 (useful)	3 (very useful)	N.A .
Person to person payments	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>
Payments in a physical shop	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>
Payments for on-line shopping	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>
Payments of invoices	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>
Payments to public administrations	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>
Cross-border payments/transfers within the EU	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>
Cross-border payments/transfers to/from outside the EU	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>
Other	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>

**Please specify what are the other user case(s) you refer to:**

*5,000 character(s) maximum*

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

In our experience, the need for instant payments primarily depends on the proximity of payer/payee and the urgency/finality of the payment. Large transaction volumes will however not derive any significant additional benefits from transitioning to instant payments. E.g. this would apply to the payment of recurring bills, invoices, salary payments etc. Thus, the traditional over-night processing and settlement remains the more efficient option for these purposes and will likely remain so for a foreseeable future.

**Question 2. Please rank your preferences for low-value payments<sup>1</sup> (1 to 4, 4 being the least-preferred option) between the following means of payment:**

<sup>1</sup> defined as payments below 30 euros, based on the definition of low-value payments in EU retail payments legislation

	1	2	3	4
Cash	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>
Paper-based (such as cheques)	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>
Payment instrument with a physical support (such as cards)	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>
Fully de-materialised payment instrument (such as mobile apps)	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

**Question 2.1 Please explain your answer to question 2:**

*5,000 character(s) maximum*

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

We would view fully de-materialised payment instruments as preferred due to reasons of flexibility, the ability to integrate these in multiple channels, and the speed of payments. Almost every Dane uses his/hers mobile for P2P payments and the Danish mobile payment solution, MobilePay is used by more than 4.1 million (more than 82 pct. of the Danish population over 13) The app is downloaded on 9 out of 10 mobile phones. The use of MobilePay for C2B payments is also growing (especially for online payments), and Apple Pay and Google Pay is also used more and more.

Card payments also have a very high uptake with most cards supporting contactless payments, and we expect cards to still be one of the preferred means of payment for consumer in the coming years. In Denmark only 16 percent of all payments in physical trade were made in cash in 2019, equivalent to every sixth payment. 34 per cent of Danes did not generally carry any cash for payments in 2019. Cheques are no longer offered in Denmark as a payment product, and the phase-out was uncontroversial.

**Question 3. Please rank your preferences for retail payments above 30 euros (from 1 to 4, 4 being the least-preferred option) between the following means of payment:**

	1	2	3	4
Cash	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>
Paper-based (such as cheques)	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>
Payment instrument with a physical support (such as cards)	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>
Fully de-materialised payment instrument (such as mobile apps)	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

**Question 3.1 Please explain your answer to question 3:**

*5,000 character(s) maximum*

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

See comments to question 2.1. The amount of the payment appears less relevant for the scenario.

In the Single Euro Payments Area, citizens and companies should be able to send and receive cross-border payments in euro from any bank account in the EU (using SEPA credit transfers or SEPA direct debits). This should be valid for all types of beneficiaries of both the public and the private sector.

**Question 4. Have you ever experienced any obstacles when using your bank account in the EU to receive payments from or send payments to a public administration holding an account in another EU country?**

- Yes, as a consumer
- Yes, in a professional capacity (e.g. business / self-employed)
- No
- Don't know / no opinion / not relevant

**Question 5. Have you ever experienced any obstacles when using your bank account in the EU to receive or send payments from/to an account held in another EU country from/to a utilities company or other service providers?**

- Yes, as a consumer
- Yes, in a professional capacity (e.g. business / self-employed)
- No
- Don't know / no opinion / not relevant

When you buy goods or services, particularly online, you may have the option to pay via "payment initiation services" offered by a different payment service provider than your bank. These services enable you to make a payment directly from your bank account (using a credit transfer), instead of using a payment card or another payment instrument offered by your bank. In order to pay using these services, you need to use your online banking credentials to authorise the transaction.

**Question 6. As a consumer, have you ever made use of such payment initiation services?**

- Yes
- No
- I do not know what these services are
- No opinion / not relevant

“Account information service” providers enable you to share certain data pertaining to your bank account(s) in order to manage your finance or receive for example, financial advice.

**Question 7. Have you ever made use of such account information services?**

- Yes
- No
- No, and I do not know what these services are
- No opinion / not relevant

In order to deliver their services, providers of payment initiation and account information services need to access only the necessary data from your bank account with your consent.

**Question 8. As a consumer, would you find it useful to be able to check the list of providers to which you have granted consent with the help of a single interface, e.g. a “consent dashboard”?**

- Yes
- No
- I do not know
- No opinion / not relevant

**Question 8.1 Please explain your answer to question 8:**

*5,000 character(s) maximum*

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

**Question 9. What would be your proposals and recommendations to the European Commission on payments?**

**What would you expect the future Retail Payments Strategy to achieve?**

*5,000 character(s) maximum*

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

We would welcome a strategy that bridges legislative initiatives and market led initiatives both nationally, regionally and pan-European, and considers the situation in both the euro-zone and in the non-euro-zone. The strategy should thereby build on previous actions taken to improve the internal market for payments. We support the development of standardised European payment schemes and increased interoperability between European clearing and settlement systems to enable strong brands with European reach in healthy competition for the benefit of both consumers and businesses.

New payment schemes should be developed as a reaction to identified market needs. Various private-sector associations with a broad member base, directly or indirectly, are already in place and responsible for standardisation-setting according to transparent processes. This ensures a proper balance between speed, adoption rates and longevity as the agreed standards reflect true market needs. Hence, public sector-regulation should in general stay clear of attempts at influencing standardisation unless a clear market distortion can be observed.

In terms of interoperability, a level playing field for all players should be ensured. This would imply standardized access to and terms for central bank money (settlement) and ensuring equal terms for euro and non-euro payments in this regard.

Customer demands needs to be the center of the strategy and thereby giving the customers the choice of their preferred payment method, depending on the payment situation. In our opinion, there is no need to distinguish between card payments and other payments, and any future regulation should - as in other areas - aim to be agnostic to the instrument or technology used. E.g. consumer protection rules etc. should not differ depending on the payment instrument in question, but rather take a functional outset (direct debit vs. credit transfer).

When encouraging initiatives that support a further deployment of instant payments the demands for strong cybersecurity, fraud prevention and AML risk management should be an inherent part of the discussion. In Denmark we see a rise in fraud from social engineering, mule accounts etc. and instant payments makes it very difficult to stop it.

But the strategy should not only look at instant payments. It should seek to deliver a coherent and consistent strategy for payments in Europe for the next five years where all market players can benefit and build sustainable business cases. We therefore find it important that the strategy have a clear distinction between standards, infrastructure-elements, and customer solutions.

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## Section 2: Questions for all stakeholders

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Ensuring the EU's economic sovereignty is a priority of the Commission. The Commission's Work Programme for 2020 includes the adoption of a Communication on strengthening Europe's economic and financial sovereignty. As laid down in the Commission's Communication "Towards a stronger international role of the euro" ([https://ec.europa.eu/commission/sites/beta-political/files/communication\\_-\\_towards\\_a\\_stronger\\_international\\_role\\_of\\_the\\_euro.pdf](https://ec.europa.eu/commission/sites/beta-political/files/communication_-_towards_a_stronger_international_role_of_the_euro.pdf)), supporting the international role of the euro is instrumental. Efficient payments in euro will support these objectives, and will also contribute to making our financial infrastructures more resilient to extraterritorial sanctions, or other form of pressure, from third countries.

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

*5,000 character(s) maximum*

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

Europe should be a digital front runner, also when it comes to payments. A modern, digital and well-functioning payments market where the European consumers and companies have access to fairly priced payment instruments is crucial for the economy and EU's independence.

It is however important to consider that multiple currencies exist within the Union, which requires giving due consideration to interoperability and equal terms in general. The Commission should enable this by supporting continued developments of standardised payments schemes and interoperable European clearing and settlement mechanisms.

Further developing the underlying standards and ensuring interoperability with other (retail) payment systems outside the EU would contribute positively to the role of the EU and the euro. Thus, the Commission should engage in international discussions on how to improve/remedy the inefficient system of correspondent banking. In general, the Commission could serve as a facilitator of dialogue with jurisdictions outside of the EU.

The further development of a pan-European (instant) payment infrastructure should duly take into account the instant payment infrastructures already developed in Member States such as Denmark and the other Nordic Countries. These solutions are highly successful with Northern European consumers and represent a significant investment from the financial industry.

The relevant public authorities should assist the market players in finding the appropriate tools to create a strong business model that works from both an economic and competition perspective, is safe to use for the customers and that matches the expectations for all stakeholders involved. To be able to offer this, it is important that the European payments actors have access to acquire it-solutions on an international market, but always combined with strict adherence to all legislation regarding, among other things, it-security, data processing and guarantees for continued service in case of emergencies, international conflicts etc. It is the market players who need to assure that these requirements are reflected in the legal agreements when acquiring it-solutions (or renegotiation exiting agreements) regardless of vendor nationality.

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

*5,000 character(s) maximum*

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

SEPA and the accompanying standards stand out as a lighthouse example for a multinational payment infrastructure and highlights the benefits of standardization. The establishment of payment schemes based on the international ISO standards managed by the European Payment Council have been an important factor in putting the payment solutions in the euro-zone in forefront of the development of strong payment solutions and the full implementation of the SEPA regulation will further support this development.

A strong and interoperable payment sector within Europe will therefore support the international role of the Euro. To further this development a retail payments strategy should support healthy competition and innovation in the payments area based on international corporation and standards. However it is important that interoperability is achieved by the market using the same standards instead of necessarily using the same payment solutions or introduce further legislation.

## A. Fast, convenient, safe, affordable and transparent payment instruments with pan-European reach and “same as domestic” experience

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### Instant payments as the new normal

Digitalisation and new technologies have fostered the emergence of innovative players with new payment services offerings, based in particular on instant payment systems and related business models. As these new payment services offerings are mostly domestically focused, the landscape at EU level is very fragmented. In particular, such fragmentation results from:

1. the current levels of adherence to the SEPA Instant Credit Transfer (SCT Inst.) scheme, which vary between Member States (MS);
2. the fact that in some MS instant credit transfers are a premium service while in others they are becoming “a new normal” and
3. the non-interoperability across borders of end-user solutions for instant credit transfers.

At the same time, there is a rapidly rising consumer demand for payment services that work across borders throughout Europe, and that are also faster, cheaper and easier to use.

### Question 12. Which of the following measures would in your opinion contribute to the successful roll-out of pan-European payment solutions based on instant credit transfers?

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

	1 (irrelevant)	2 (rather not relevant)	3 (neutral)	4 (rather relevant)	5 (fully relevant)	N · A ·
a. EU legislation making Payment Service Providers' (PSP) adherence to SCT Inst. Scheme mandatory	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
b. EU legislation mandating the replacement of regular SCT with SCT Inst.	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
c. EU legislation adding instant credit transfers to the list of services included in the payment account with basic features referred to in <a href="https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=CELEX:32014L0092">Directive 2014/92/EU (https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=CELEX:32014L0092)</a> .	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
d. Development of new payment schemes, for example SEPA Direct Debit Inst. Scheme or QR interoperability scheme <sup>2</sup>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
e. Additional standardisation supporting payments, including standards for technologies used to initiate instant payments, such as QR or others	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
f. Other	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>

<sup>2</sup> 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 kind of additional standardisation supporting payments should be developed:**

*5,000 character(s) maximum*

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

In the payment domain, various private-sector associations with a broad member base, directly or indirectly, are responsible for standardisation-setting, normally according to transparent processes that follow fixed cycles. This ensures a proper balance between speed, adoption rates and longevity as the agreed standards reflect true market needs. Hence, public sector-regulation should in general stay clear of attempts at influencing standardisation unless a clear market distortion can be observed.

New payment schemes should be developed as a reaction to identified market needs. The main owners of payment schemes, that banks in Denmark adhere to, is the European Payments Council (EPC) and Nordic Payments Council (NPC). Both have governance and procedures in place, or plan to launch it in due course, that ensure that market demands from end-customers and payment service providers can be raised and assessed in a structured way. Also, both associations apply open public consultations which give all possible stakeholders a possibility to influence the payment schemes being developed.

Currently, both EPC and NPC are preparing a request to pay rulebook. Though not a formal payment scheme, this serves as an ideal example on how to run the process of developing a new scheme. The forthcoming request to pay rulebooks will be an important element in spurring future bill payment solutions based on account-to-account transfers. Another promising initiative, which will not be a separate payment scheme either, is the current work within EPC to explore the possible broadening of the credit transfer rulebooks to one leg out-transactions.

Confirmation of Payee Scheme / Account Assurance Scheme is being considered by the EPC and the NPC as a way of verifying if an account is open for deposits for a payment transaction. The scheme would not be a payment scheme in itself, but in combination with the other EPC/NPC payment schemes it will make it possible to strengthen the security in payments.

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

*5,000 character(s) maximum*

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

Several initiatives have been launched which may eventually support the rollout of instant credit transfers, including development of the request to pay-rulebook, which can turn out to be "the missing link" for many new payment solutions based on account to account-transfer, and we strongly support the new scheme to be currency agnostic within SEPA to further the development of pan-European solutions. Also, the ongoing standardization work under the auspices of EPC with the aim of promoting mobile-initiated SCT instant payments is promising in this context.

Full interoperability between all SCT Inst scheme-compliant Clearing and Settlement Mechanisms (CSMs) and the Eurosystem's initiative to facilitate the emergence of a 'single CSM-connection' model providing PSPs with an efficient way to get full SEPA reach including the possibility to rely on a single liquidity pool would also contribute to a successful roll-out.

In all initiatives it is important to distinguish between measures concerning payments in euro and payments in other EU/SEPA currencies. Seen from a use case perspective the customer will expect to be able to make payments in the EU cross border in all currencies. Seen from a single transaction perspective, the interoperability for each individual payment transactions the transactions are within the same currency. Seen from a PSP perspective, same standards for euro and non-euro payments can lower costs, since all transactions regardless of currency uses the same standards. Measures to ensure that the same standards are applied regardless of currency could be one way to further a fully integrated European Payments Market, while acknowledging that the legal requirements can differ.

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

**Question 13.1 Please explain your answer to question 13:**

*5,000 character(s) maximum*

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

For euro payments in euro countries, mandatory adherence could potentially make sense, however, we strongly believe that customer preferences should prevail. Therefore, an obligation for all SCT participants to join SCT Inst must be considered with care. Any end-date setting process should be transparent and allow market participants due time to adhere (min. 24 months).

For non-euro countries, we similarly believe that customer preferences should prevail. In 8 EU countries the euro is not the local currency and PSPs' euro transaction volume is tiny compared to their national currency credit transfer volume. In case of a regulatory mandate the 2-step approach of the SEPA migration should be replicated.

**Question 14. In your opinion, do instant payments pose additional or increased risks (in particular fraud or money laundering) compared to the traditional credit transfers?**

- Yes  
 No  
 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:**

*5,000 character(s) maximum*

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

The wish to further deploy instant payments needs to be balanced with a strong focus on cybersecurity, fraud prevention and anti-money laundering risk management tools. Instant payments require PSP's to screen payments in real time and it is preferred that controls are in place, so that fraudulent attempts are stopped or temporally put on hold even before a credit transfer is made.

Real time screening of payments is however more challenging and costly, and therefore an increased risk applies, especially with cross border payments.

It is not our opinion, that these risk should be addressed with increased legal requirements. The market participants, both PSP's and CSM's, are working actively to reduces the risk, and 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.

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

**Question 15.1 If you think an ad-hoc stopgap mechanism would be useful for emergency situations, please explain your answer and specify under which conditions:**

*5,000 character(s) maximum*

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

The risk of a digital bank run appears very low. It is important to ensure that appropriate stop-gap mechanisms are in place also outside normal working hours e.g. during weekends and bank holidays. An ad hoc stop gap-mechanism will be necessary especially if there is a wish to mandate the use of instant transactions further. It can be implemented at bank level or at the CSM. A stop-gap-mechanism must also be accompanied by an appropriate monitoring mechanism so, that a bank will know if they experience an inappropriate liquidity outflow. Such a stop-gap mechanism will a be a simple mechanism to develop.

From a merchant's perspective, payment solutions based on instant credit transfers may require adjustments to the merchant's current IT, accounting, liquidity management systems, etc. On the other hand, current card-based payment solutions do not require such adjustments. Merchant service charges may also differ, depending on the type of payment solution offered to the merchant (card-based or SCT-based).

**Question 16. Taking this into account, what would be generally the most advantageous solutions for EU merchants, other than cash?**

- Card-based solutions
- SCT Inst.-based solutions
- Other
- Don't know / no opinion / not relevant

**Question 16.1 Please explain your answer to question 16:**

*5,000 character(s) maximum*

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

Finance Denmark do not represent the merchants, but it is our opinion that merchants need a variety of payment methods. Research shows that most merchants prefer card payments, as these provide guaranteed payment, increased sales, and access to a broader customer base, being the only payment method with global reach. But other solutions, e.g. based on mobile payments/credit transfers are increasingly relevant.

Merchants will come to appreciate payment solutions based on instant credit transfers, when they are developed and attain the same reach among payers as cards. This seems more easily attained for e-commerce than for POS payments. The recent success for certain mobile schemes in the Nordics for C2B e-commerce payments points in that direction.

**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	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>
The proportion of users using that payment method	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>
Fraud prevention tools/mechanisms	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>

Seamless customer experience (no cumbersome processes affecting the number of users completing the payment)	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>
Reconciliation of transactions	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>
Refund services	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Other	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>

**Question 17.1 Please explain your answer to question 17:**

*5,000 character(s) maximum*

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

In general, "Reach > Conversion > Cost" is a classic way to describe the merchant hierarchy of needs for payment solutions. Without a significant reach there will be very few payments. Merchants are often reluctant to promote new payment methods which have not already proven to be attractive to payers. Once reach is established, focus turns to conversion, the ability for the payment method to contribute to a fast checkout, including a convenient user experience. Fast checkout contributes to increased sales as well as lower cost. When both reach and conversion are established, focus turn to reduce cost.

More specifically, assurance of receiving payment before goods are shipped or handed over to the customer is an important factor.

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

- Yes, I accept domestic and foreign SDD payments
- No, I only accept domestic SDD payments
- I do not accept SDD payments at all
- Don't know / no opinion / not relevant

## Leveraging on the development of digital identities (digital ID)

The issue of use of digital ID for customer on-boarding is addressed in the digital finance consultation. However as financial services evolve away from traditional face-to-face business towards the digital environment, digital identity solutions that can be relied upon for remote customer authentication become increasingly relevant. PSD2 has introduced "strong customer authentication" (SCA), which imposes strict security requirements for the initiation and processing of electronic payments, requiring payment service providers to apply SCA when a payer initiates an electronic payment transaction. In some Member States, digital identity schemes have been developed for use in bank authentication based on national ID schemes. However until now such schemes are focused on the domestic markets and do not function across borders. On the other hand, many other "SCA compliant" digital identity solutions have been developed by financial institutions or specialist identity solution providers that rely on other means to identify and verify customers.

**Question 19. Do you see a need for action to be taken at EU level with a view to promoting the development of cross-border compatible digital identity solutions for payment authentication purposes?**

- Yes, changes to EU legislation
- Yes, further guidance or development of new standards to facilitate cross-border interoperability
- Yes, another type of action
- No, I do not see a need for action
- Other
- Don't know / no opinion / not relevant

**Question 19.1 Please explain your answer to question 19:**

*5,000 character(s) maximum*

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

Implementation of PSD2 is still on-going and the market needs stability to complete this work without new initiatives being introduced. Banks in Denmark have also made large investments in both the current and next generation digital identity solution (build in partnership with the Danish public sector), which can be used across the public and private sector, e.g. for payment authentication processes. A development of cross-border compatible digital identity payment authentication processes could drive further costs and risks, when stability is needed.

However, we also believe that ensuring that digital ID can be used for on-boarding of customers and finding ways of supporting a fully digital onboarding process would be important in order for digital competition to unfold on a European level.

Furthermore, elements such as

- Beneficiary Account Assurance
- Behavioural Biometrics
- Behavioural Analytics
- Mule data sharing
- Fraud data sharing in general

are important measures for banks and PSPs to be able prevent and resolve fraud issues. Clear EU rules and regulation that support and facilitate the introduction of such elements and data sharing are important to protect consumers and prevent market fragmentation.

## Promoting the diversity of payment options, including cash

Digitalisation has contributed to an increase in non-cash payments. However, a large percentage of daily payment transactions still rely on cash.

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

**Please rate each of the following factors:**

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

	1 (irrelevant)	2 (rather not relevant)	3 (neutral)	4 (rather relevant)	5 (fully relevant)	N. A.
Convenience of paying digitally	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>
The increasing importance of e-commerce	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>
Contactless payments	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>
The shrinking availability of ATMs	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
The cost of withdrawing cash	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Digital wallets	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Cash backs for card payments	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
EU or national Regulation	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Other	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>

**Please specify which EU or national regulation(s) may contribute to a decreasing use of cash in some countries in the EU:**

*5,000 character(s) maximum*

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

Regulation that support the development of digital payment solutions and increases security measures for electronic payments (like PSD2).

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 (e.g. to prevent money laundering)

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

*5,000 character(s) maximum*

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

Denmark is one of the countries in the world that use cash the least. The development has for one been demand-driven, e.g. digital payments are perceived as more convenient and easily accessible than cash, as well as safer for cashiers working with in banking and retail. Cash is also relatively expensive (societal costs), and involves costs - for banks, for retailers and for consumers. In Denmark, the move toward less cash has also been supported by a more general digital mindset and a widespread trust in digital technologies.

**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
- No
- Don't know / no opinion / not relevant

**Question 21.1 Please explain your answer to question 21:**

*5,000 character(s) maximum*

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

We recognize that cash is still an important means of payments for certain groups of citizens, Yet, numerous studies have shown that cash payments entail high costs for society and increases the risk of theft and robberies. Recently, the use of cash has dropped significantly during the pandemic.

There are reasonable arguments why cash should not be a forced means of payments where this cannot be justified from a societal perspective. However, this appears to be the case today when certain national legislations require (in-shop) merchants to accept cash payments, at least during normal opening hours. This should not be a general rule, but rather let to exceptional cases.

The need for cash varies between the member states due to both different payment habits, the general use of digital solutions and geopolitical reasons. Measures regarding cash should therefore in general be handled by the individual member states and their respective markets.

**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	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>
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	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>
Ensure that cash is always accepted as a means of payment at point of sale	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>
Other	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>

## B. An innovative, competitive and contestable European retail payments market

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

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

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

### PSD2 implementation and market developments

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

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

**Please rate the following statements:**

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

	1 (strongly disagree)	2 (rather disagree)	3 (neutral)	4 (rather agree)	5 (fully agree)	N.A.
PSD2 has facilitated access to the market for payment service providers other than banks	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>
PSD2 has increased competition	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>
PSD2 has facilitated innovation	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>
PSD2 has allowed for open banking to develop	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
PSD2 has increased the level of security for payments	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>
Other	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>

**Question 23.1 Please explain your answer to question 23:***5,000 character(s) maximum*

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

We support the aim of PSD2 to be a foundation for further competition and innovation. However, the full impact and benefits of PSD2 has not yet become a reality, and we observe no major market break-throughs yet. PSD2 is a complex legislation, which has given rise to complications for both banks and third parties when transforming the legislative requirements into well-functioning API's. We welcome a continued dialogue between market participants and authorities to reap the full benefits of PSD2.

We also note that while maintaining adequate levels of security for payments and data, overly technical requirements hamper convenience and thus the ability for all service providers to innovate. The interplay between different legislations on data sharing (like PSD2 and GDPR) can also be a challenge.

While representing an important first step forward in developing a European data economy, we strongly believe that similar data sharing obligations should apply across all sectors in order for a European data economy to develop beyond financial services.

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

- No
- Don't know / no opinion / not relevant

**Question 24.1 Please explain your answer to question 24:**

*5,000 character(s) maximum*

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

We generally believe in the principle of "same business, same risks, same rules. Recent developments predominantly relate to various types of the so-called crypto currencies, and new consumer protection and AML/fraud issues may pertain to these types of payment services.

In the future, it could be relevant to include these in the list of payments services. However, an initial classification of all crypto-assets (taxonomy) based on their predominant economic function (i.e. payment, investment, utility) would be an important starting point for the Commission to consider. This is an important building block in order to provide regulatory clarity, assess the need for further regulatory action, to maintain a level playing field, and upholding technology neutrality of regulation.

**Question 25. PSD2 introduced strong customer authentication to mitigate the risk of fraud or of unauthorised electronic payments. Do you consider that certain new developments regarding fraud (stemming for example from a particular technology, a means of payment or use cases) would require additional mitigating measures to be applied by payment services providers or users?**

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

**Question 25.1 Please explain your answer to question 25 and specify if this should be covered by legislation:**

*5,000 character(s) maximum*

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

It remains to be seen what effects the SCA requirement will have on fraud and security due to e.g. the postponement until end of 2020 for card-based e-commerce payments, a main area for fraud. So it is important to focus be on the enforcement of the SCA requirement.

As fraud trends are constantly changing, mitigation of fraud cannot be a single layered approach, i.e. other fraud preventive measures than SCA should be prioritized as well. And banks are continuously working on multiple initiatives to mitigate the risks.

We currently see a move towards manipulating customers. Therefore, Beneficiary Account Assurance and adding further layers of security, e.g. the use of biometric solutions including behavioral biometrics/analytics and geodata, would be appropriate. However, the latter is currently in conflict with GDPR. Hence political re-prioritisation and regulatory exemptions may be relevant to consider in order to better allow fraud detection and protection of consumers.

**Question 26. Recent developments have highlighted the importance of developing innovative payment solutions. Contactless payments have, in particular, become critical to reduce the spread of viruses.**

**Do you think that new, innovative payment solutions should be developed?**

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

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

*5,000 character(s) maximum*

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

We generally support a conducive regulatory environment that allows for the development of innovative solutions to benefit consumers, companies, and society in general.

New innovative payment solutions, such as contactless mobile payments, should be developed by market participants, based on identified customer demand and driven by sound business principles that cater for a valid business case. Importantly in this context, the regulator should ensure a level playing field and avoid regulation that takes away the incentive to invest in innovation.

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

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

**Question 27.1 Please explain your answer to question 27.**

**(Please consider to include the following elements: how would you promote them? For example, would you support an increase of the current ceilings authorised by EU legislation? And do you believe that mitigating measures on fraud and liability should then be also envisaged?):**

*5,000 character(s) maximum*

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

In Denmark contactless card payments quickly saw a significant customer uptake following initial and concerted promotional activities by banks, large retailers and card schemes. We generally see a lower fraud rate with contactless payments than card payments with the use of PIN (and thereby the risk of the PIN being skimmed)

Contactless mobile payments would help to further minimize spreading of viruses and infections as contact with the payments terminal's keypad is eliminated. In this regard, equal access to technical components (e.g. NFC or biometric identity readers) that enable contactless payments should be ensured.

Regarding ceilings, we share the view that in general, the limits are relatively low. But they also reflect current risk appetite when having the ability to only apply one general limit that covers all payment scenarios. Having the ability to quickly adjust ceilings could be helpful in certain scenarios such as preventing the spread of Corona and other viruses.

However, we would also support a more nuanced risk approach that would provide more flexibility for card issuers, merchants and even card holders themselves to set limits depending on their risk appetite.

## Improving access to payment accounts data under PSD2

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

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

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

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

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

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

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

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

*5,000 character(s) maximum*

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

Only after a sufficient and substantial period of time a comprehensive review could be undertaken. Instead, 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

**Question 29. Do you see a need for further action at EU level promoting the standardisation of dedicated interfaces (e.g. Application Programming Interfaces – APIs) under PSD2?**

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

**Question 29.1 Please explain your answer to question 29:**

*5,000 character(s) maximum*

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

PSD2 is a complex legislation, which has given rise to complications for both banks and third parties when transforming the legislative requirements into well-functioning API's.

We welcome a continued dialogue between market participants and authorities on standardized API's, e.g. by restarting the ERPB SEPA API access scheme work, while also taking into account the large investments already made on PSD2 API's.

On the question of authentication methods, we would favor redirect to ensure consumer confidence.

Finally, in order to maintain consumer confidence, transparency and integrity of the exchange of data, we believe that attempts to access or acquire data without due identification and traceability should be explicitly prohibited.

## Adapting EMD2 to the evolution of the market and experience in its implementation

Since the entry into force of EMD2 in 2009, the payments market has evolved considerably. This consultation is an opportunity to obtain feedback from stakeholders with regard to the fitness of the e-money regime in the context of market developments. The aspects related to cryptocurrencies are more specifically addressed in the [consultation on crypto-assets including "stablecoins"](https://ec.europa.eu/info/publications/finance-consultations-2019-crypto-assets_en) ([https://ec.europa.eu/info/publications/finance-consultations-2019-crypto-assets\\_en](https://ec.europa.eu/info/publications/finance-consultations-2019-crypto-assets_en)).

**Question 30. Do you consider the current authorisation and prudential regime for electronic money institutions (including capital requirements and safeguarding of funds) to be adequate?**

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

**Question 30.1 Please explain your answer to question 30:**

*5,000 character(s) maximum*

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

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

*5,000 character(s) maximum*

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

Under PSD2 and EMD2, the authorisation regimes for the provision of payment services and the issuance of E-money are distinct. However, a number of provisions that apply to payment institutions apply to electronic money institutions mutatis mutandis.

**Question 31. Would you consider it useful to further align the regime for payment institutions and electronic money institutions?**

- Yes, the full alignment of the regimes is appropriate
- Yes, but a full alignment is not appropriate because certain aspects cannot be addressed by the same regime
- No
- Don't know / no opinion / not relevant

**Question 31.1 Please explain your answer to question 31:**

*5,000 character(s) maximum*

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

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## Payment solutions of the future

As innovation is permanent in the payments sphere, this consultation also considers potential further enhancements to the universe of payment solutions. One of them is the so-called “programmable money”, which facilitates the execution of smart contracts (a smart contract is a computer program that runs directly on a blockchain and can control the transfer of crypto-assets based on the set criteria implemented in its code). In the future, the use of smart contracts in a blockchain environment may call for targeted payment solutions facilitating the safe execution of smart contracts in the most efficient way. One of the relevant potential use cases could be the automation of the manufacturing industry (Industry 4.0).

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

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

**Question 32.1 If you do see “programmable money” as a promising development to support the needs of the digital economy, how and to what extent, in your views, could EU policies facilitate its safe deployment?**

*5,000 character(s) maximum*

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

At some undefined point in the future programmable money will be beneficial for banks, businesses and consumers and could fundamentally re-shape European retail payment infrastructure. At this point the technology is far from developed enough and is still too immature to be implemented. This will at present likely bring new risks to consumers, such as having no recourse when things go wrong (e.g. due to faulty smart contracts). We believe policies should remain relatively flexible to avoid inhibiting innovation. However, we do think the RPS or other policies can help push development in a healthy direction by:

- encouraging pan-European and cross-sector collaboration aimed at identifying opportunities, challenges and risks
- promoting a culture focused on solving actual problems and challenges related to these technologies rather than a culture of chasing technology for technology's sake

Digital contracts and "programmable money" are independent concepts from blockchain networks, although when properly governed they can be used as a technical notary for contractual states when applicable.

Especially when it comes to solutions based on blockchain there are still many issues that need to be handled before it will be safe to use. The technology is immature, and unresolved challenges remain (governance, accountability, competition and coordination within the context of decentralized systems). The introduction of these technologies. Given that this field remains constantly in flux. It is also important to notice that blockchain networks in their current form, particularly in the permission-less space, do not conform to the legal requirements for contractual obligations for signing parties.

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

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In Europe, the infrastructure that enables millions of payments every day has undergone significant changes over the last decade, most notably under the umbrella of SEPA. However, some issues remain, such as: ensuring the full interoperability of European payment systems, in particular those processing instant payments and ensuring a level playing field between bank and non-bank payment service providers in the accessibility of payment systems. Furthermore, some Member States have put in place licensing regimes for payment system operators in addition to central bank oversight, while others have not.

### Interoperability of instant payments infrastructures

With regard to SCT and SDD, under EU law it is the obligation of operators or, in absence thereof, of the participants in the retail payment systems, to ensure that such systems are technically interoperable with the other retail payment systems.

**Question 33. With regard to SCT Inst., do you see a role for the European Commission in facilitating solutions for achieving this interoperability in a cost-efficient way?**

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

**Question 33.1 Please explain your answer to question 33:**

5,000 character(s) maximum

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

We encourage the European Commission in collaboration with ECB to ensure standardized access to and terms for central bank money (settlement) and to ensure interoperability between all Clearing and Settlement Mechanisms CSMs. We would suggest that the Commission supports the requests from the sector to make it possible for CSM's to act as Single Instruction Parties (SIP) in regard to TIPS, since this will enhance the interoperability between TIPS and the CSM systems and thereby use the existing payments infrastructure to create a significant uptake to TIPS. 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 and regional instant payments infrastructure.

We encourage the European Commission to refrain from detailed regulation of schemes and standards, since there are well-functioning and market led initiatives working with these issues guided by customer demands and cost-efficiency. Examples of this is the work being done in the European Payments Council for the euro and in the Nordic Payments Council for the Nordics.

**Ensure a fair and open access to relevant technical infrastructures in relation to payments activity**

*(This topic is also included, from a broader perspective, in the [digital finance consultation \(https://ec.europa.eu/info/publications/finance-consultations-2019-digital-payments-strategy\\_en\)](https://ec.europa.eu/info/publications/finance-consultations-2019-digital-payments-strategy_en)).*

In some Member States, legislation obliges providers of technical services supporting the provision of payment services to give access to such technical services to all payment service providers.

**Question 34. Do you agree with the following statements?**

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

	1 (strongly disagree)	2 (rather disagree)	3 (neutral)	4 (rather agree)	5 (fully agree)	N.A.
Existence of such legislation in only some Member States creates level playing field risks	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>

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	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>
Mandatory access to such technical services creates additional security risks	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

**Question 34.1 Please explain your answer to question 34:**

*5,000 character(s) maximum*

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

Level playing field including access to relevant technical infrastructures on equal terms is important; it increases the opportunities for development, interoperability, and sustainability of services across borders.

This applies to both the service providers and the service takers who are dependent on access to infrastructures.

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

*5,000 character(s) maximum*

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

Service owners/takers must have legal certainty as to being obliged to grant/entitled to access (such an obligation/right is a deviation from traditional freedom of trade/commerce).

Depending on the service in question, access should be balanced and on fair, reasonable and non-discriminatory (FRAND) or proportionate, objective and non-discriminatory (POND) terms and not per se/automatic. Terms must be transparent and objective and tailored for the specific service. Service owners shall be allowed to charge for access as long as the charge is proportionate to the underlying cost related to granting access and it is not prohibitively preventing access.

The service owner should be able to deny access on a POND basis. Denials should be well founded depending on the service in question.

An independent body could be considered for assessing rejections and be empowered to instruct service owners. Competent authorities should issue appropriate guidelines.

## Facilitating access to payments infrastructures

In a competitive retail payments market, banks, payment and e-money institutions compete in the provision of payment services to end users. In order to provide payment services, payment service providers generally need to get direct or indirect access to payment systems to execute payment transactions. Whereas banks can access any payment system directly, payment institutions and e-money institutions can only access some payment systems indirectly.

**Question 35. Is direct access to all payment systems important for payment institutions and e-money institutions or is indirect participation through a bank sufficient?**

- Yes, direct participation should be allowed
- No, indirect participation through banks is sufficient
- Don't know / no opinion / not relevant

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

*5,000 character(s) maximum*

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

Maintenance and development of payments infrastructure is costly. It should therefore always be a principle, that everyone who on equal terms has access to the payment's infrastructures should also contribute equally towards covering these costs of both previous investments and the running costs of the infrastructure. But in general, we believe that the existing indirect model functions fairly well and does not constitute major problems.

**Question 36. As several – but not all – Member States have adopted licensing regimes for payment system operators, is there a risk in terms of level playing field, despite the existence of central bank oversight?**

*5,000 character(s) maximum*

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

In order to further harmonize the European payment eco-system and ensuring a level playing field, it would be important to ensure that Member States licensing schemes are aligned and harmonized.

A most recent example requires the Nordic P27 infrastructure company to acquire a license in order for it to start its operations in Sweden. However, similar requirements do not exist in Denmark.

Therefore, we strongly support uniform licensing terms.

## D. Improved cross-border payments, including remittances, facilitating the international role of the euro

While there has been substantial progress towards SEPA, cross-border payments between the EU and other jurisdictions, including remittances, are generally more complex, slow, opaque, inconvenient and costly. According to the World Bank's Remittance Prices Worldwide database, the average cost of sending remittances currently stands at 6.82% (<https://remittanceprices.worldbank.org/en>). Improving cross-border payments in general, including remittances, has become a global priority and work is being conducted in the framework of international fora such as the Financial Stability Board and the Committee on Payments and Market Infrastructures to find solutions to reduce that cost. The United Nations Sustainable Development goals also include the reduction of remittance costs to less than 3% by 2030. Reducing the costs of cross-border payments in euro should also contribute to enhancing the international role of the euro.

**Question 37. Do you see a need for action at EU level on cross-border payments between the EU and other jurisdictions?**

- Yes

- No
- Don't know / no opinion / not relevant

**Question 37.1 Please explain your answer to question 37:**

*5,000 character(s) maximum*

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

We believe that faster and more efficient payments are preferred also in a global context. As the current correspondent banking no longer appears a feasible solution for modern world payments and needs.

Hence, there are actions, both for the industry and for the regulators, that should be taken in order to improve the framework for 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 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.

**Question 38. Should the Commission play a role (legislative or other) in facilitating cross-border payments between the EU and the rest of the world?**

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

**Question 39. Should the Commission play a role in facilitating remittances, through e.g. cost reduction, improvement of services?**

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

**Question 39.1 Please explain your answer to question 39 and specify which role the Commission should play – legislative or non-legislative:**

*5,000 character(s) maximum*

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

In order to reduce costs for international transfers, further harmonisation of terms and processes on a global level will increase efficiency, including for remittances that often are costly for consumers.

However, commercially driven initiatives are also aiming to achieve such goals. Therefore, any actions should be of a non-regulatory character and aim at ensuring equal terms and a level playfield between jurisdictions.

The effects of more efficient payment systems should be reflected in lower prices towards the end-user.

**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	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>
Wide adoption by the banking industry of cross-border payment trackers such as SWIFT's Global Payments Initiative	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>
Facilitate linkages between instant payment systems between jurisdictions	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>
Support "SEPA-like" experiences at regional level outside the EU and explore possible linkages with SEPA where relevant and feasible	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>
Support and promote the adoption of international standards such as ISO 20022	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>
Other	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>

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

*5,000 character(s) maximum*

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

**Question 40.1 Please explain your answer to question 40:**

*5,000 character(s) maximum*

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

Uniform terms and conditions in central banks and correspondent banks will facilitate more efficient cross border payments, however, to be effective, this would also necessitate uniform requirements re. AML and sanctions.

The current global payment eco-system may not be ideal, and further efficiency and increasing speed of payments is crucial. However, we also believe that further global fragmentation is to be avoided.

In that respect it is important to note that SWIFT is likely to implement ISO20022 in its systems by 2022, which will support SEPA like transactions on a global level and contribute significantly to achieve further standardization on a global level.

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

**Question 41.1 Please explain your answer to question 41:**

*5,000 character(s) maximum*

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

Linkages between instant payment systems may potentially reduce costs as instant payments would require end-to-end automation and thus a high degree of standardisation. However, much depends on the actual costs of linking systems and especially the additional complex systems and processes required to manage fraud and AML issues on an ongoing basis.

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## Additional information

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

### Useful links

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

Consultation document ([https://ec.europa.eu/info/files/2020-retail-payments-strategy-consultation-document\\_en](https://ec.europa.eu/info/files/2020-retail-payments-strategy-consultation-document_en)) ([https://ec.europa.eu/info/files/2020-retail-payments-strategy-consultation-document\\_en](https://ec.europa.eu/info/files/2020-retail-payments-strategy-consultation-document_en))

More on payment services ([https://ec.europa.eu/info/business-economy-euro/banking-and-finance/consumer-finance-and-payments/payment-services\\_en](https://ec.europa.eu/info/business-economy-euro/banking-and-finance/consumer-finance-and-payments/payment-services_en)) ([https://ec.europa.eu/info/business-economy-euro/banking-and-finance/consumer-finance-and-payments/payment-services\\_en](https://ec.europa.eu/info/business-economy-euro/banking-and-finance/consumer-finance-and-payments/payment-services_en))

Specific privacy statement ([https://ec.europa.eu/info/files/2020-retail-payments-strategy-specific-privacy-statement\\_en](https://ec.europa.eu/info/files/2020-retail-payments-strategy-specific-privacy-statement_en)) ([https://ec.europa.eu/info/files/2020-retail-payments-strategy-specific-privacy-statement\\_en](https://ec.europa.eu/info/files/2020-retail-payments-strategy-specific-privacy-statement_en))

More on the Transparency register (<http://ec.europa.eu/transparencyregister/public/homePage.do?locale=en>) (<http://ec.europa.eu/transparencyregister/public/homePage.do?locale=en>)

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