

On 24 September 2020, the European Commission (Commission) adopted a [retail payments strategy](#) for the EU.

Below is a summary and indicative timeline of the key actions that the Commission has committed to under the new strategy.

## Pillar 1 – Increasingly digital and instant payment solutions with pan-European reach

- 1 Assess/decide whether to propose legislation mandating participation in the SEPA Instant Credit Transfer (SCT Inst.) Scheme (End 2021)
- 2 [Payment Services Directive \(PSD2\)](#) review – Assess/decide: (a) if existing consumer protection measures (e.g. rights to refunds) can provide equivalent/adequate protection for instant payments; and (b) whether to mandate that consumer charges for instant payments be no higher than charges on regular credit transfers (End 2021)
- 3 Commission/European Central Bank (ECB)/European Banking Authority (EBA) to: (a) examine/decide if measures necessary to enhance the effectiveness of crisis management of payment systems and (b) ensure sound mitigation measures on the liquidity risk for financial institutions resulting from instant payments
- 4 Investigate/decide whether additional measures necessary to address other risks, including AML/CFT and related predicate offences
- 5 Explore: (a) feasibility of developing a label/logo for eligible pan European payment solutions; (b) facilitation of deployment of European specifications for contactless card-based payments (CPACE) and (c) ways to support modernisation of EU merchants' payment acceptance facilities (e.g. e-receipts) (By end 2023)
- 6 Continue providing guidance to ensure instant payments solutions and business models comply with EU competition rules
- 7 Expects national competent authorities to investigate/remedy breaches of the [SEPA Regulation](#) and will launch infringement procedures if necessary
- 8 Commission/EBA to explore promotion of use of electronic identity (eID) and solutions based on trust services (building on eIDAS enhancements) to support fulfilment of SCA requirements under PSD2
- 9 Carry out study on the level of acceptance/reasons for low acceptance of digital payments and decide if legislative action is necessary (In 2022)
- 10 Decide if action necessary to protect acceptance and availability of euro cash, informed by: (a) Euro Retail Payments Board work on access to cash; (b) Euro Legal Tender Expert Group deliberations; and (c) Euro Legal Tender Expert Group (ELTEG) work involving the Commission/ECB/national central banks/treasuries regarding the acceptance/availability of cash within the euro area (End 2021)
- 11 To support the issuance of a euro retail Central Bank Digital Currency, Commission/ECB will collaborate on: (a) objectives/policy options; and (b) ensuring a high level of complementarity between private sector payment solutions and necessary intervention of public authorities

## Pillar 2 – Innovative and competitive retail payments markets

- 6 PSD2 review – Launch comprehensive review of the application/ impact of PSD2 (End 2021)
- 7 Present legislative proposal for a new 'Open Finance' framework (By mid-2022)
- 8 Commission/EBA to monitor implementation of strong customer authentication (SCA) requirements
- 9 PSD2 review – Consider SCA's impact on fraud levels and explore if additional fraud prevention measures are required (e.g. with regard to instant payments) (End 2021)
- 10 Proposing a [Regulation on digital operational resilience for EU financial sectors](#) to enhance institutions ICT risk management (including payment services providers) (Sep 2020)
- 11 Commission/EBA to consider learnings from the implementation of the EBA Guidelines on ICT and security risk management (applicable since June 2020)
- 12 PSD2 review – Commission/EBA to re-examine existing legal limits on contactless payments (End 2021)
- 13 PSD2 review – In order to address potential risks posed by unregulated services, ensure consistency between retail payments legislation and promote robust supervision/oversight, Commission will: (a) align the PSD2 and [E-Money Directive \(EMD2\)](#) frameworks by including the issuance of e-money as a payment service in PSD2 (b) evaluate any new risks stemming from unregulated services to assess if/how to mitigate such risks (including by subjecting the ancillary service providers/ outsourced entities to direct supervision) and (c) assess the adequacy of the exemptions listed in PSD2 and evaluate the need for changes in prudential/operational/consumer protection (End 2021)
- 14 Subject issuers of e-money tokens to additional provisions complementing EMD2 in its proposal for a Regulation on [Markets in Crypto Assets](#)
- 15 Ensure (where necessary) proper linkages between supervision of payment services and the oversight of payment systems, schemes and instruments

## Pillar 3 – Efficient and interoperable retail payment systems and other support infrastructures

- 12 In the context of the [Settlement Finality Directive \(SFD\)](#) review, consider extending the scope of the SFD to include e-money and payment institutions (subject to appropriate supervision/risk mitigation) (**Review to be launched Q4 2020**)
- Examine whether legislation appropriate to secure rights of access under [fair, reasonable and non-discriminatory \(FRAND\)](#) conditions to technical infrastructures considered necessary to support provision of payment services (e.g. point of sale kernels and Near Field Communication antennae in mobile devices)

## Pillar 4 – Efficient international payments, including remittances

- Expects (where feasible) relevant payment system operators to facilitate linkages between European systems (e.g. TARGET Instant Payment System (**TIPS**), **RT1**) and instant payment systems of Third countries (provided appropriate level of consumer protection, fraud and ML/TF prevention in place)
- Call for the implementation of global international standards (such as ISO 20022) to facilitate inclusion of richer data in payment messages by latest end 2022
- Encourages payment service providers to use the Global Payment Initiative of the Society for Worldwide Interbank Financial Telecommunication (**SWIFT**) to increase transparency of cross-border transactions
- 13 **PSD2 review** – Assess whether transparency of cross-border international transactions needs further improvements (**End 2021**)
- 14 **PSD2 review** – Assess appropriateness of requiring that the maximum execution time in ‘two-leg’ transactions also applies to ‘one-leg’ transactions (**End 2021**)
- Assess whether to make mandatory the work of the European Payments Council on possible further harmonisation of business rules/messaging standards for one-leg transactions
- Addressing specific issues affecting remittances:
  - » Encourages Member States’ initiatives to support the remittance sector, subject to commitments by remittance service providers to reduce the cost of remittance services over time
  - » In the framework of EU development policy, support SEPA-like initiatives in regional groupings of low and middle income countries, and the possibility for Third countries to join SEPA
  - » Promote access to payment accounts in low and middle-income countries, which will also facilitate the digitalization of remittances

