



## Inside This Issue



### [PSD implementation: the last mile](#)

Page 2

Four months ahead of the final PSD deadline for implementation, the vast majority of the Member States are well on track while only one Member State has confirmed a slight delay in the implementation.

[Read more >>](#)



### [New cross-border payments Regulation](#)

Page 3

Regulation on cross-border payments has been endorsed in first reading by the Council and the EP. It will extend the equal charges' principle to direct debits. It also contains mandatory rules on multilateral interchange fees for direct debits and reachability for direct debit collections.

[Read more >>](#)



### [New rules on e-money](#)

Page 4

The new rules governing the conditions for issuing electronic money have been endorsed by the Council and the European Parliament last April. The new Directive is now under legal revision, before formal adoption by the Council and the EP. The new rules will offer a second chance to the e-money market to take off.

[Read more >>](#)



### [SEPA roadmap](#)

Page 5

In spite of the market turbulence due to the financial crisis and economic slowdown, the SEPA project must be completed. A SEPA roadmap providing a framework for action with the aim of achieving the full implementation of SEPA is in the final stage of preparation by the Commission.

[Read more >>](#)

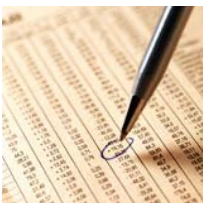


### [End-date for Single Euro Payments Area \(SEPA\) migration](#)

Page 6

The Commission has launched a consultation on whether and how deadlines should be set for the migration of existing credit transfers and direct debits to the new SEPA types of payment.

[Read more >>](#)



### [Update on the work of the Expert Group on e-Invoicing](#)

Page 7

The work of the Expert Group on e-Invoicing is progressing.

[Read more >>](#)



### [First meeting of the Payment Systems Market Expert Group \(PSMEG\)](#)

Page 8

The recently created PSMEG met for the first time on 10<sup>th</sup> June 2009.

[Read more >>](#)



# PSD implementation: the last mile

Countries	Adoption											
	Entry into force											
	2009											
	3	4	5	6	7	8	9	10	11	12		
AT												
BE												
BG	OK											
CY												
CZ												
DE												
DK			OK									
EE												
EL												
ES												
FI												
FR												
HU												
IE												
IS												
IT												
LI												
LT												
LU												
LY												
MT												
NL												
NO												
PL												
PT												
RO												
SE												
SI												
SK												
UK	OK											
	3	4	5	6	7	8	9	10	11	12		
	2009											

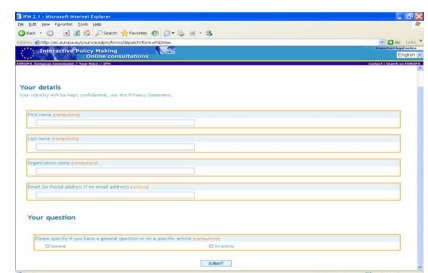
The state of play of transposition was still on top of the agenda of the ninth PSD transposition group held on 19<sup>th</sup> June 2009. The oral information received on that day confirmed the information available on the Commission's website ([http://ec.europa.eu/internal\\_market/payments/framework/transposition\\_en.htm](http://ec.europa.eu/internal_market/payments/framework/transposition_en.htm)), with the graphic on the left side of this page which shows the following:

- Three Member States (UK, BG and DK) have already transposed the PSD into their respective domestic laws. However, the Commission services have still not received formal notification from BG. In the case of the UK, further legislation is in preparation for Gibraltar and the Channel Islands.
- Four other Member States (FR, AT, RO and LT) could transpose the PSD before the summer break.
- With the exception of SE, the implementing measures shall be adopted before end October in all the other Member States. EL has announced that the national measures might be adopted end October or, at the latest, early November.
- Sweden initially planned to pass the required legislation to implement the Directive well before November 2009; however, this forecast has been amended and the new target date is April 2010.

Other topics on the agenda of the 9<sup>th</sup> PSDTG meeting were, among others: state of play of the corrigendum for Articles 88(2) and 55(1); amendment of Article 1(1)(a) with regard to branches of non-EU credit institutions and constitution of a passporting group.

The next meeting of the PSDTG is planned for 17<sup>th</sup> September. This will be the tenth meeting of a Group which has been working over the last 19 months in order to provide a better and consistent understanding of the PSD provisions. Its work has been complemented with the in-put received through the interactive webpage and multiple bilateral meetings (with Member States) and informative meetings (with other stakeholders).

Interactive webpage for Questions & Answers on the PSD:  
[http://ec.europa.eu/internal\\_market/payments/framework/transposition\\_en.htm](http://ec.europa.eu/internal_market/payments/framework/transposition_en.htm)





# New cross-border payments Regulation



The text of the new Regulation on cross-border payments in the Community has been agreed within the Council in March and endorsed by the European Parliament on 24 April 2009. These new legislative rules update and replace the current rules under Regulation (EC) 2560/2001 on cross-border payments in euro, which will consequently be repealed as from 1<sup>st</sup> November 2009.

The new Regulation is currently under legal revision by the EP and Council legal revisers, before formal adoption by the Council and signature by the EP President, which is expected during its EP's September Plenary session. Publication in the Official Journal and entry into force should both take place by October.

In comparison to the old Regulation, the new version introduces substantial changes in three areas:

- The principle of equal charges for national and cross-border payments is extended to direct debits, in addition to credit transfers, electronic payments (including card transactions) and ATM cash withdrawals, which were already covered by the old Regulation;
- In order to facilitate the launch of the SEPA direct debit scheme a temporary multilateral interchange fee (MIF) of maximum 8.8 cents for each cross-border direct debit transaction is introduced. This should apply until 31 October 2012. In parallel, accounts which are reachable for a national direct debit in euros are subject to mandatory reachability for cross-border direct debits in euro (as from 1<sup>st</sup> November 2010 for euro area Member States, 1<sup>st</sup> November 2014 for non-euro area countries)
- Payments-based statistical reporting obligations up to EUR 50.000 are removed; the appropriateness of removing all reporting obligations based on bank settlements will be discussed in a report due by 31 October 2011.

In order to ensure legal consistency between Directive 2007/64/EC on payment services in the internal market and the Regulation 2560/2001 all relevant provisions of the latter, in particular the definitions, were amended.

The concept of corresponding payments has been also clarified, including criteria for identifying such payments. The competent authorities are empowered to issue guidelines to identify corresponding national payments where they consider it necessary. The Commission, assisted, where appropriate, by the Payments Committee, should provide adequate guidance and assist the competent authorities in this task.

A report due by 31 October 2012 will cover:

- the use of the IBAN and the BIC in relation to the automation of payments;
- the appropriateness of the application ceiling of the Regulation (currently EUR 50.000),
- the market developments as regards the MIF for direct debits.

The text of the Regulation is currently subject to the legal revisers scrutiny. It will be formally adopted by the Council in autumn.

The new Regulation will apply as from 1<sup>st</sup> November 2009.

Further information at:

[http://ec.europa.eu/internal\\_market/payments/crossborder/index\\_en.htm](http://ec.europa.eu/internal_market/payments/crossborder/index_en.htm)



## New rules on e-money



The new E-Money Directive will provide the market with a clear and balanced prudential and legal framework hereby removing unnecessary or disproportionate barriers to market entry and ensuring greater consistency with the Payment Services Directive.

The new Directive is currently under legal revision by the EP and Council legal revisers, before formal adoption by the Council and signature by the EP President, which is foreseen during the September Plenary session. Publication in the Official Journal and entry into force should both happen by end October. After its entry into force (20 days after its official publication), Member States will have 18 months to complete its transposition.

The new e-money Directive will provide the market with a clear and balanced prudential and legal framework (consistent with that of payment institutions under the PSD) for issuing electronic money in the EU. It will replace Directive 2000/46/EC whose rules have been considered too burdensome, blocking market access by new players, resulting in an overall quite low market uptake. The new rules will further enable the market to come up with new and innovative solutions in the payments area and will offer the e-money market a second chance to take off. Its expected volume could reach up to EUR 10 billion by 2012. A fundamental change in the new Directive concerns the introduction of proportionate prudential requirements facilitating market access to newcomers. While the new Directive facilitates market access for new service providers, at the same time it maintains a high level of consumer protection.

The main features of the new Directive aiming to improve market access for new service providers include:

- Initial capital is lowered to EUR 350.000 from EUR 1 million in the current directive.
- The abolition of the exclusivity principle, which will make it easier for electronic money institutions engaged in other business activities, such as telecommunications, to develop innovative services into the payments market.
- A clarification of the scope and definition of electronic money and electronic money institutions, clarifying which services fall within the scope of the directive and which outside.

- An increase of the thresholds for applying Simplified Customer Due Diligence under the third Anti-Money Laundering Directive (AMLD) 2005/60/EC. Article 11(5)(d) of the third AMLD grants Member States an option to allow for e money to enter the system without verification up to a given threshold. For non-rechargeable devices the threshold is increased up to EUR 250 (from the current EUR 150). Member States will also have the option to increase the latter threshold of up to EUR 500 for national transactions only, along the lines of a similar option for low-value payments under the PSD. For rechargeable devices the current threshold (EUR 2500) is maintained.

The elements to ensuring a high level of consumer protection are:

- New rules on redemption of funds. Redemption will remain free of charge up to one year after termination of the contract. Redemption before contract termination date may be subject to a cost-based fee.
- Sound safeguarding requirements. Funds received in exchange of e-money have to be sufficiently protected through ring-fencing (which would compulsorily apply to both hybrid and non-hybrid e-money institutions).
- Own funds determined following a dedicated method for calculating own-funds for the activity of e-money issuance at a flat rate of 2%. For payment services activities, the three methods foreseen in title II of the PSD for payment institutions (methods A, B and C) will apply. Member States have the right to deviate up or down by 20% from the standard method.

Further information at:

[http://ec.europa.eu/internal\\_market/payments/emoney/index\\_en.htm](http://ec.europa.eu/internal_market/payments/emoney/index_en.htm)



## SEPA Roadmap



The SEPA project is at a critical stage. While the banking industry has been successful in delivering the necessary rulebooks for SEPA Credit Transfers (SCT) and SEPA Direct Debits (SDD), migration to the new SEPA products is currently lagging behind. In April, a bit more than one year after the launch of SCT, only 3,1% of credit transfers used SEPA standards.

In a period of market turbulence due to the financial crisis and economic slowdown, the banking industry and businesses hesitate to make the necessary investments for the full take-up of SEPA.

This climate of down-beat attitude must be reversed so that the full benefits of SEPA can be realised. In its ECOFIN Council conclusions of 10 February 2009, the Council "... invited the Commission and the ECB and the Eurosystem to continue their role in identifying the necessary actions for its successful realisation".

Greater political steer and involvement of all actors concerned (payment industry, users, public authorities and European institutions) is needed to ensure that the SEPA project is delivered on time, in a fully accountable way and that the ultimate goal of a better service for users fully materialises.

The Commission is currently finalising a framework for action over the next 3 years (2009 – 2012) and which identifies priorities for all stakeholders with the aim of achieving the full implementation of the project.

This is a follow-up to the Commission's Communication for the spring European Council of 4th March 2009. The Commission intends to adopt its communication after summer.

Further information at:

[http://ec.europa.eu/internal\\_market/payments/sepa/ec\\_en.htm](http://ec.europa.eu/internal_market/payments/sepa/ec_en.htm)



## End-date for Single Euro Payments Area (SEPA) migration



The Commission has launched a consultation on whether and how deadlines should be set for the migration of existing credit transfers and direct debits to the new SEPA types of payment.

The SEPA credit transfers can be used since 28 January 2008 and the new SEPA direct debits will be available as from 1st November 2009. Despite the potential benefits the SEPA project could bring to the payments market, but also to the single market and to the society as a whole, SEPA migration remains slow and mainly focussed on cross-border payments. There may therefore be a need to set deadlines (or "end-dates") and thus provide certainty to the market so that stakeholders can adopt a SEPA strategy and allocate the necessary budgets for SEPA migration in the next few years.

Some European institutions and stakeholders have already expressed this view, in particular the European Parliament, the European Central Bank/Eurosystem, some commercial banks and some corporates. Others have underlined that it is important to ensure that the new SEPA products, in particular the new SEPA direct debits, meet users' needs before setting such end-dates. At national level, some migration end-dates have been set or estimated in half of the Member States.

Through this consultation, the Commission look for more feedbacks from stakeholders on this issue, in particular on:

- Whether there is a need for such end dates for migration to SEPA credit transfers and SEPA direct debits;
- How such end dates should be defined;
- Whether such end dates should be set at the same time for credit transfers and direct debits, at national and/or European level and through regulation or self-regulation.

The consultation will be open until 3 August.

Further information at:

[http://ec.europa.eu/internal\\_market/payments/sepa/ec\\_en.htm](http://ec.europa.eu/internal_market/payments/sepa/ec_en.htm)



## Update on the work of the Expert Group on e-Invoicing



The Expert Group on e-Invoicing (EG) which has been established by the Commission at the end of 2007 is now in the final year of its two-year mandate. At the beginning of 2009 the EG published its mid-term report which identifies shortcomings which currently delay the uptake of e-Invoices in the marketplace.

The midterm report provides a first outline of a framework for the provision of e-Invoicing services in an open and interoperable manner across Europe. This framework will be proposed by the EG as an integral part of its final report. The EG's midterm report provides a first outlook on the key elements of this framework which will be a set of recommendations including:

- a Code of Practice for businesses and tax authorities which could complement the proposed amendments of the VAT Directive
- Guidance to standard bodies in order for a converging cross-industry e-Invoicing standard to emerge in Europe
- Guidelines for Interoperability to facilitate the creation of an e-Invoicing network with pan-European reach

- a recommended Implementation plan for the e-Invoicing framework which covers the period beyond the Expert Group's lifespan and supports the monitoring and implementation of the proposed framework
- a Communication plan to further promote the benefits of electronic invoicing and thereby increasing its market uptake in all EU Member States

The final report is expected to be adopted by the Group by the end of the year.

The above mentioned midterm report of the EG and further information available at:

[http://ec.europa.eu/internal\\_market/payments/einvoicing/index\\_en.htm](http://ec.europa.eu/internal_market/payments/einvoicing/index_en.htm)



# First meeting of the Payment Systems Market Expert Group (PSMEG)



The first meeting of the new Payment Systems Market Expert Group took place on 10 June 2009.

After a call for interest, 50 candidates have been appointed as members of the group.

The PSMEG's main objective is for stakeholders to provide feedbacks on the policy of the European Commission in the field of payments.

After short presentations of the main recent developments (revision of the Regulation on cross-border payments; revision of the E-money Directive; update on the expert group on e-invoicing; transposition of the Payment Services Directive; update on the recent decisions taken regarding interchange fees), the PSMEG focussed on three main issues.

- 1) The Commission services presented its initial idea for a framework for action to make SEPA a reality. Market players expressed their expectations towards this initiative, especially regarding the governance of the SEPA project.
- 2) The Commission services presented the consultation on possible end-dates for SEPA migration that has been launched on 8 June and invited stakeholders to express their views until 3 August. Discussions followed on the need to have such end-date, as well as on its possible definition and practical modalities.

- 3) The Group discussed on the need to harmonise the current certification frameworks for cards and terminals in Europe. The situation is indeed very diverse from one country or one card scheme to another throughout SEPA. This raises security concerns, as well as internal market concerns, since manufacturers then do not benefit from any mutual recognition in the area. Some efforts are currently ongoing towards a certain harmonisation in Europe, which raises the issue of the role of public authorities in such harmonisation.

The next meeting of the PSMEG is planned on 16 October 2009.

Further information available at:

[http://ec.europa.eu/internal\\_market/payments/news\\_en.htm](http://ec.europa.eu/internal_market/payments/news_en.htm)