

Payment Services Directive (PSD2): the European Banking Authority adopts an opinion on strong customer authentication for implementation from 14 September

Today the European Banking Authority adopted an opinion on the elements of strong customer authentication under the second Payment Services Directive (PSD2). PSD2 granted the European Banking Authority a number of mandates to develop draft Regulatory Technical Standards (RTS), including the [RTS on Strong Customer Authentication and Common and Secure Communication](#), which the Commission [adopted on 27 November 2017](#) (Commission Delegated Regulation (EU) 2018/389).

The Commission welcomes the EBA's opinion which clarifies how authentication elements comply with the new EU rules on Strong Customer Authentication (SCA). The opinion will assist National Competent Authorities (NCAs) in preparing their markets, in particular in the cards business, to apply PSD2 and the RTS on Strong Customer Authentication and Common and Secure Communication as of 14 September 2019. The EBA recognized that migrating the whole EU payments ecosystem to SCA is challenging. This is particularly true for those actors that are not subject to PSD2, such as merchants. Some actors may not be fully ready for performing SCA from 14 September.

EBA stressed that the implementation date of the new rules on SCA remains 14 September 2019. The Opinion grants NCAs some supervisory flexibility. The Commission acknowledges that this supervisory flexibility is limited in time and is conditional on that the payment service provider (PSP) designs a migration plan, agrees the plan with its NCA, and executes the plan in an expedited manner.

The Commission calls on all market players to step up their efforts in the run-up to 14 September. Rules to be applied from 14 September have been known since the adoption of the RTS in November 2017 and should not represent a surprise for any market player. It is indispensable that all stakeholders, banks, acquirers, merchants, etc. equip themselves with the relevant IT tools to apply the new requirements on time. It is also indispensable that proper communication and information campaigns be rapidly launched in order to raise awareness

among all stakeholders, including bank customers, about the forthcoming changes.

The Commission will be particularly vigilant in monitoring this transition, ensuring that all players, including NCAs, play their full role and assume their responsibilities. The Commission will also expect that the interfaces (including APIs and possible contingency 'fallback' interfaces) which the banks will have to put in place on 14 September are fully up to the required standards, not creating obstacles and ensuring at least full business continuity from third party providers (TPP) wishing to avail themselves of their new rights. The Commission expects NCAs to enforce these rights, which contribute to achieving the objectives of the PSD2 in terms of innovation and competition.

- [Press release by the European Banking Authority](#)
- [EBA's opinion on the elements of strong customer authentication under PSD2](#)

Background

The revised [Payment Services Directive \(PSD2, Directive 2015/2366/EU\)](#), proposed by the European Commission in July 2013 PSD2 became applicable on 13 January 2018. It facilitates innovation and competition in the EU retail payment market. It gives consumers more and better choice and introduces higher security standards for online payments. This makes consumers more confident when buying online. It incorporates and repeals Directive 2007/64/EC (Payment Services Directive, or PSD1), which provided the legal basis for the creation of an EU-wide single market for payment services. The revised Directive adapts the rules to cater for emerging and innovative payment services, including internet and mobile payments, while at the same time ensuring a more secure environment for consumers.