

Payment services in the internal market

2013/0264(COD) - 24/07/2013 - Legislative proposal

PURPOSE: to help develop further an EU-wide market for electronic payments.

PROPOSED ACT: Directive of the European Parliament and of the Council (amending Directives 2002/65/EC, 2013/36/EU and 2009/110/EC and repealing Directive 2007/64/EC).

ROLE OF THE EUROPEAN PARLIAMENT: the European Parliament decides in accordance with the ordinary legislative procedure and on an equal footing with the Council.

BACKGROUND: **significant progress and integration of retail payments in the EU have been achieved** over the past 12 years, with the current regulatory and legislative *acquis* on payments. Moreover, the retail payments market is very dynamic and has experienced a significant innovation pace in the last few years.

At the same time, **important areas of the payments market**, especially card payments and new means of payments, such as internet and mobile payments, are often still **fragmented** along national borders making it difficult for innovative and easy-to-use digital payment services to develop efficiently and to provide consumers and retailers with convenient and secure payment methods.

The review of the European framework and notably [Directive 2007/64/EC](#) on the Payment Services Directive (PSD) and the consultation on the [Commission Green Paper](#) 'Towards an integrated European market for card, internet and mobile payments' in 2012 have led to the conclusion that **further measures and regulatory updates**, including adjustments to the PSD, **are required**.

In the Commission's 2012 Communication "[Single Market Act II – Together for new growth](#)", the modernisation of the legislative framework for retail payments has been identified as a key priority in view of its potential for new growth and innovation. The revision of the PSD and the preparation of a [legislative proposal on multilateral interchange fees](#) for card payments were defined as one of the key actions of the Commission for 2013.

LEGAL BASIS: Article 114 of the Treaty on the Functioning of the European Union (TFEU).

IMPACT ASSESSMENT: the impact assessment concluded that the best policy options to improve the existing situation by (i) reinforcing the Single Euro Payments Area (SEPA) project; (ii) facilitating standardisation through adequate governance framework; (iii) ensuring legal certainty in the field of interchange fees for card-based payments; (iv) abolishing restrictive business rules for card payments; (v) defining conditions of access to the information on the availability of funds for third party providers; (vi) adjusting the scope and improve the consistency of the legislative framework; (vii) reinforcing the rights of payment services users and safeguard the consumer rights in view of the regulatory changes.

CONTENT: this proposal also **incorporates and repeals Directive 2007/64/EC of the European Parliament and of the Council** on the Payment Services Directive which sets the basis for a harmonised legal framework for the creation of an integrated payments market. It aims to update and complement the current framework on payments services by providing for rules that enhance transparency, innovation and security in the field of retail payments and improving consistency between national rules, with an emphasis on the legitimate needs of consumers.

More specifically, the proposed measures seek to:

- ensure a **competitive level playing field** between all categories of payment service providers, including new emerging providers, which in turn increases the choice, efficiency, transparency and security of retail payments;
- facilitate the **provision of innovative card, internet and mobile payment services across borders** by ensuring a Single Market for all retail payments;
- **address standardisation and interoperability gaps** for card, internet and mobile payments;
- **eliminate hurdles for competition**, in particular for card and internet payments;
- align **charging** and steering practices for payment services across the EU;
- ensure that **emerging types of payment services and instruments are covered by the regulatory framework** for retail payments in the EU;
- ensure a consistent application of the legislative framework (PSD) and align the practical operation of the **licensing and supervisory rules** for payment services across Member States;
- ensure adequate and consistent protection of **consumer** interests in the context of payment transactions, including extending regulatory protection to new channels and innovative payment services.

The proposed measures seek to implement this reform in a **technologically neutral manner** that will remain relevant as payment services evolve further.

BUDGETARY IMPLICATIONS: the impact on the EU budget is estimated at EUR 609 000 for the period 2015-2020.

DELEGATED ACTS: the proposal contains measures empowering the Commission to adopt delegated acts in accordance with Article 290 of the Treaty on the Functioning of the European Union.