

# Payment services in the internal market

2005/0245(COD) - 01/12/2005 - Legislative proposal

**PURPOSE :** to establish a modern and harmonised legal framework for an integrated payments market in the EU.

**PROPOSED ACT :** Directive of the European Parliament and of the Council.

**CONTENT :** it is essential for the establishment of the internal market that all internal frontiers in the Community be dismantled so as to enable the free movement of goods, persons, services and capital. The proper operation of the single market in payment services is therefore vital. At present, however, the lack of harmonisation in this area hinders the operation of that market. Currently, the payment services markets of the Member States are organised separately, along national lines and the legal framework for payment services is fragmented into 25 national legal systems. The proposed Directive aims to establish a modern and harmonised legal framework for an integrated payments market in the EU. This common set of rules will enable consumers to shop around on the basis of an informed choice. It will reduce legal compliance costs for payment service providers and also foster competition between them, as there will be greater choice and no effective differences between national and cross-border payments systems. For example, when adopted, the Directive will allow for the use of direct debit services (a common and cost-efficient mean of payments for gas, water or telephone bills) on a cross-border basis.

The proposed Directive shall apply to all Member States and all EU currencies, while providing the necessary legal platform for the Single Euro Payments Area (SEPA) proposed by the European Payments Council. The aim is to make the Single Payments Area a reality by 2010 at the latest.

In particular, the main benefits of this harmonised legal framework shall be :

- 1) enhanced competition between national payment markets by opening up markets to all appropriate providers and ensuring a level playing field. The Directive allows better control of money remittance activities while at the same time encouraging innovation;
- 2) increased market transparency for both providers and users through a simplified and fully harmonised set of rules on information requirements, replacing divergent national rules.

Standardised rights and obligations for providers and users of payment services in the EU, with a strong emphasis on a high level of consumer protection. This includes mandatory/default execution time of one day for payments, the liability of the payment provider for correct execution, and a guarantee of full and timely payment.

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