

Payment services in the internal market

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The European Central Bank (ECB) has delivered its opinion on the proposed Directive on payment services in the internal market.

From a general point of view, the ECB welcomes the initiative, pointing out that the proposed Directive would establish a comprehensive legal framework for payment services in the EU and should help smooth out the current system of diverse national legislation, which makes implementation of the Single Euro Payments Area (SEPA) problematic. Harmonisation should assist the banking industry in its efforts to establish the SEPA.

However, in order to fully exploit the advantages of harmonised legislation, the ECB urges the institutions to consider aligning the scope of the proposed Directive with that of the E-money Directive (2004/46/EC), taking account of the need to differentiate between payment services, (based on payment accounts) and e-money payment services, (based on centralised accounting).

A further ECB concern is a possible delay in the adoption of the proposed Directive. Delays could put at risk the introduction of SEPA compliant national schemes on 1 January 2008 and the full migration of these by 2010. Titles III and IV of the proposed Directive are crucial as they introduce a harmonised set of rules regarding information requirements, authorisation, execution and liability in respect of payment transactions.

It appears that the policy and legal issues in these Titles might, however, be solvable within a relatively short period of time. In the event of prolonged negotiations, the ECB suggests that one option could be carving out of certain parts of the Directive by giving priority to the most important parts necessary for the successful implementation of SEPA.

As far as more specific issues are concerned, the ECB has made observations on: payment institutions' activity; deposit or other repayable funds; supervisory requirements; banking or e-money licences; limiting the activities of payment institutions; on the creation of SEPA; the exemption of central banks; the operation of and access to payment systems; the payments committee; the negative scope of the Directive's application and lastly additional legal and technical comments.