Electronic money: granting of a single license and home Member State prudential supervision of these institutions

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This report fulfils the mandate set out in Article 11 of the "EMD" Directive (the e-Money Directive). The Commission is of the view that six years after its adoption, and some four years since its implementation in the Member States, there is a case for a fundamental overhaul of the Directive.

The purpose of the proposed reforms will be to improve legal certainty firstly by refining the definition of e-Money and secondly by clarifying the scope of "business entry" under a much more proportionate regulatory regime. The end goal should be to create a more business-friendly and streamlined regulatory framework for issuing e-Money, in line with the stated objectives of the Directive.

The Commission has outlined those specific area where change is both necessary and appropriate. It has lowered the initial capital requirements and widened the scope of activities permitted under an e-Money licence. Further, the Commission is of the view that a better balance needs to be struck between financial stability, on the one hand, and the need to assist the market to reach its full potential, on the other. Prior to proposing new measures, it is necessary to conduct an impact assessment with a view to determining an appropriate set of measures in line with the risks posed by institutions involved in the e-Money business.

On a final point, the Commission is fully aware of the need to ensure coherence and consistency with the Payment Services Directive (PSD), which is currently under negotiation. From a purely legislative point of view, the ideal would be to incorporate the e-Money Directive into the PSD. Accordingly, the Commission is proposing that it will await the adoption of the PSD before adopting a new proposal. Such an approach will enable further consideration to be given to an appropriate prudential regime for ELMIs and take account of negotiations currently underway on the PSD.