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Dear Sirs,

Response to the EBA's consultation EBA/CP/2014/31 on the implementation of draft EBA Guidelines on the security of internet payments prior to the transposition of the revised Payment Services Directive ("**PSD2**")

Response

The Electronic Money Association ("**EMA**") suggests that no part of the EBA guidelines, as proposed in the consultation of 1 August 2015 should be introduced until after the adoption of PSD2. In other words, we do not believe that it is in the interests of the industry or of users for any guidance to be introduced before PSD2 has been adopted. A two-step approach would be disruptive, but a one-step approach would be impossible before PSD2 has been adopted by Parliament. Negotiations of PSD2 are far from complete, with trilogue yet to be commenced, and guidance that exceeds the obligations set out in the current Payment Services Directive would be premature given that legislation is still being developed.

Reasoning

The EMA's reasoning is that:

I. Incorporating provisions that anticipate stronger standards under the PSD2, or indeed as described by the SecuRe Pay Recommendations for the Security of Internet Payments into the EBA guidelines is not supported by current European legislation as the PSD2 is still being negotiated and is not yet law. Accordingly, Credit Institutions ("**CIs**"), electronic money issuers ("**EMIs**") and payment institutions ("**PIs**") have a legitimate expectation to only be required to meet the security standards of the current Payment Services Directive.

2. Implementing new standards places a demand on the resources of CIs, EMIs and PIs. The early implementation of PSD2 standards, even if they could be contemplated at this stage, has not been planned and budgeted for by CIs, EMIs and PIs and so would be disruptive to the operation of their businesses. This would carry the risk of (i) placing an increased financial burden on firms in order to implement changes ahead of the originally anticipated date, and (ii) rushed and inadequately planned implementations of such standards. The increased financial burden would disproportionately harm SME EMIs and PIs with the potential of reducing their available resources hence reducing their effectiveness and ability to compete in the market. Furthermore, rushed and inadequately planned implementations would mean, that the objective of PSD2, i.e. more robust systems, would not be achieved.

Conclusion

Therefore, the EMA proposes that neither of the approaches (one step or two step) set out in the consultation is pursued, and instead a single guidance document be introduced once PSD2 has been adopted and the legislative obligations have been clarified.

Yours faithfully

Thaer Sabri

Dr Thaer Sabri
Chief Executive
Electronic Money Association

The Electronic Money Association (EMA) is the trade body representing electronic money issuers and payment service providers. A list of EMA members is given in the Appendix of this document.

The opinions expressed are those of the EMA as a whole and may not represent the view of individual members.

Annex

List of EMA members as of November 2014:

Advanced Payment Solutions Ltd	Park Card Services Limited
Airbnb Inc	PayPal Europe Ltd
American Express	PayPoint Plc
Blackhawk Network Ltd	PayU
Boku Inc	Paywizard
Citadel Commerce UK Ltd	PPRO Financial Ltd
ClickandBuy International Ltd	Prepaid Services Company Ltd
Corner Banca SA	PrePay Technologies Ltd
Ekuntia EDE, S.L.	PSI-Pay Ltd
Euronet Worldwide Inc	R. Raphael & Sons plc
Facebook Payments International Ltd	Securiclick Limited
Google Payment Ltd	Skrill Limited
iCheque Network Limited	Stripe
IDT Financial Services Limited	Syspay Ltd
Ixaris Systems Ltd	Transact Payments Limited
Kalixa Pay Ltd	Ukash
National Australia Group	Wave Crest Holdings Ltd
One Money Mail Ltd	Wirecard AG
Optimal Payments	Worldpay UK Limited
Orwell Union Partners LLP	Yandex.Money