



Brussels, 12th November 2014

EACB CONTRIBUTION TO THE EUROPEAN BANKING AUTHORITY "CONSULTATION ON THE IMPLEMENTATION OF THE DRAFT EBA GUIDELINES ON THE SECURITY OF INTERNET PAYMENTS PRIOR TO THE TRANSPOSITION OF THE REVISED PSD 2"

The European Association of Co-operative Banks (EACB) welcomes the opportunity to contribute to the public consultation of the European Banking Authority (EBA) on the "Implementation of the draft EBA Guidelines on the Security of Internet Payments prior to the transposition of the Revised PSD 2".

The EACB notes that the content of the consultation paper is essentially identical to the "Recommendations for the security on Internet payments" with only "minor deviations", which is the first set of the so-called SecuRe Pay Recommendations developed by the European Forum on the Security of Retail Payments (SecuRe Pay Forum).

The EACB also notes that the consultation is limited to the following question:

Do you prefer for the EBA guidelines:

a) to enter into force, as consulted, on 1 August 2015 with the substance set out in this consultation paper, which means they would apply during a transitional period until stronger requirements enter into force at a later date under PSD 2 (i.e. a two-step approach); or

b) to anticipate these stronger PSD 2 requirements and include them in the final guidelines under PSD 1 that enter into force on 1 August 2015, the substance of which would then continue to apply under PSD 2 (i.e. a one-step approach).

The EACB understands that the reason why the EBA intends to release these Guidelines is that "during a stock-take in summer 2014 of the progress of the implementation of the recommendations, the SecuRe Pay forum concluded that the implementation would benefit from a more solid legal basis"¹.

The EACB has always supported the work of the SecuRe Pay Forum and has actively contributed to the public consultations on three different sets of recommendations published by the European Central Bank/Eurosystem during the past two years.

Accordingly, the EACB is also supportive of giving the SecuRe Pay recommendations a more solid legal basis. However, instead of supporting option a) or b), the EACB would like to see an option c) **which would consist in waiting with the issuing of the guidelines until the proposal for a revised payment services directive (PSD 2) is finalised and in force**. This would allow implementation based on one solid set of requirements covering all potential aspects that the security recommendations and any further PSD related requirements might entail. Not doing so carries a not insignificant risk of having to do different implementations for different aspects of security requirements on the one hand and any other aspects that the final version of the PSD might ask EBA to look into.

¹ See page 4, para 2 of the consultation paper



Indeed, based on the latest documents released by the EU Council regarding PSD 2, the EACB understands that the mandate of the EBA is likely to be broader than the security of payments on the Internet referred to in the Guidelines at stake. For instance, such a mandate could cover also payment initiation services and account information services.

As a conclusion, the EACB strongly believes that the EBA should wait until its mandate is clear in PSD 2 in order to develop the necessary work relating all security aspects in a consistent manner. This is essential in order not to duplicate efforts and achieve a timely implementation of PSD 2.

Alternatively, in case EBA decides that the Guidelines must be released before PSD 2 is finalised, the EACB would only support option a) (i.e. a 2 step approach), i.e. the release of EBA Guidelines for payments on the Internet reflecting exclusively the content of the 2013 SecuRe Pay Recommendations for Payments on the Internet

Indeed, the EACB strongly opposes to any kind of anticipation of the requirements to be included in PSD 2 (i.e. the one step approach proposed in the consultation paper). Security requirements of PSD 2 are currently undergoing a vibrant debate and the final outcome is not only unknown but, with changes every week, almost unpredictable. Anticipating any kind of requirement now will most likely end-up in a duplication of the implementation efforts for financial institutions (duplicating costs and creating confusion among payment service users). Furthermore, it should be taken into account that changes in the systems of financial institutions are handled through a yearly budgeting and change management cycle. This being the case it would not be feasible for the members of the EACB to implement any changes on their systems in August 2015 for requirements that are unknown in November 2014.

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About the EACB:

The European Association of Co-operative Banks (EACB) has been the voice of co-operative banks since 1970. It represents, promotes and defends the common interests of its 29 member institutions and of co-operative banks in general. Co-operative banks form decentralized networks which are subject to banking as well as co-operative legislation. With 3,700 locally operating banks and 71,000 outlets, co-operative banks play a major role in the financial and economic system. They serve more than 215 million customers, mainly consumers, SMEs and communities. Europe's cooperative banks represent 56 million members and 850,000 employees and have an average market share of about 20%. Their resilience during the crisis make co-operative banks a key driving force in the economic recovery.

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