

PSD2 - Review

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1. Overview on EU Commission-Consultation
2. Suggested Actions for EPSM Members
3. Experiences and Challenges of PSD2/SCA Implementation
4. Suggested PSD2 Improvements
5. Towards an EPSM Position

The EU consultation on PSD2, additional documents and information on the background may be found [here](#). Please, be aware that registration/login is required.

Law

Payment services – review of EU rules

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[Payment services – review of EU rules](#) > [Public consultation](#)

About this consultation

Consultation period

10 May 2022 - 02 August 2022 (midnight Brussels time)

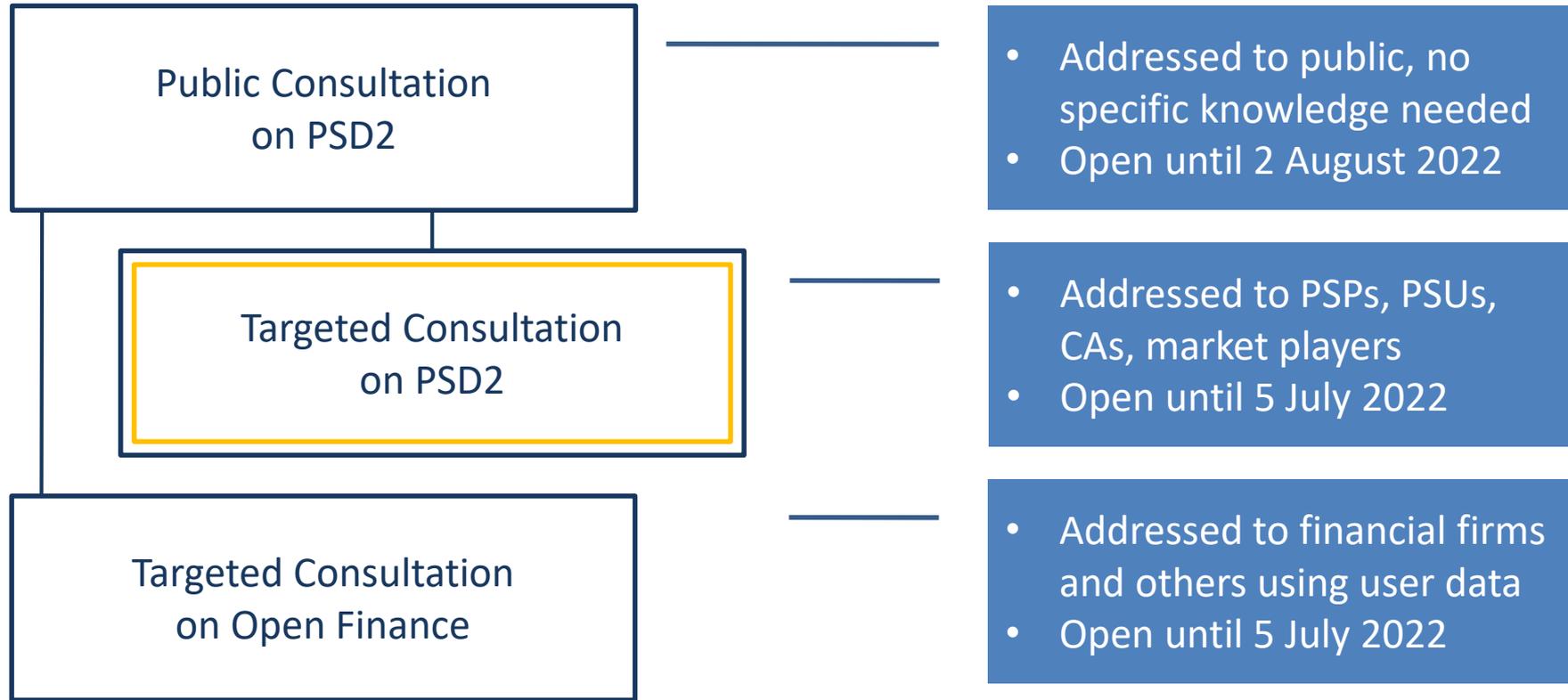
Topic

Banking and financial services

Target audience

This public consultation is addressed to the general public and a broad range of stakeholders. Views are welcome from users of payment services (consumers, corporate users and merchants), relevant public authorities, national regulators and other parties interested in open finance (data vendors, consumer organisations, fintechs). This consultation is specifically designed for respondents that have minimum technical knowledge about the payment industry or about data access and reuse in the context of open finance.

1. Overview



1. Public Consultation on PSD2

First Observations:

- On first sight: Addresses only consumers, but details should be checked for balanced answers.
- Topics addressed:
 - Choice, convenience and security of digital payments
 - Blocked funds, currency conversion, transparency, contactless limits
 - Fraud and open finance

The following questions ask your opinion on consumer protection and the Payment Services Directive.

4.2. Please indicate to what extent you agree with the following statements about information and fees:

1= strongly agree; 2= somewhat agree; 3= neutral; 4= somewhat disagree; 5= strongly disagree; 6= don't know/no opinion/not relevant.

	1	2	3	4	5	6
Before paying (either online or in a physical shop), I know if I will have to pay a fee in addition to the price of the product(s) or service(s) purchased						
The cost of any fees is always clear						
If a payment includes a currency conversion (e.g. from euro to Swedish Krona), it is always clear what exchange rate will be applied						
When charged with fees for ATM cash withdrawals, it is always clear what these fees are						
When withdrawing cash abroad at an ATM in another currency, it is always clear what exchange rate will be applied						
The information I receive before I make a payment is sufficient						

1. Targeted Consultation on PSD2

First Observations:

- This consultation goes into details and gives room for individual suggestions.
- Topics addressed:
 - Has PSD2 achieved objectives?
 - Level of innovation, market integration, competition, consumer protection
 - Payment security, balance of cost and benefits, enforcement and compliance
 - PSD2 aligned with other regulations, access to account, transparency
 - Procedures of security risk, liability, refunds, fraud prevention

7. **Would you say that the benefits stemming from the application of the PSD2 outweigh the costs of its implementation?** Note that “costs” and “benefits” need not necessarily be quantitative.

a. To which extent do you (dis)agree with the following statements:

1: *strongly agree*; 2: *somewhat agree*; 3: *neutral*; 4: *somewhat disagree*; 5: *strongly disagree*; 6: *don't know/no opinion/not relevant*.

Costs and benefits of PSD2	1	2	3	4	5	6
As a payment service provider, the implementation of PSD2 resulted in higher costs for me						
The implementation of PSD2 has led to higher costs						
- for merchants						
- for corporates						
- for individual consumers						
I or my company have benefitted from PSD2						
The investments required to comply with PSD2 were proportional to its benefits						
The benefits related to SCA exceed the costs of its implementation						
PSD2 has simplified and reduced the regulatory burden in comparison to the previous framework (PSD1)						

1. Targeted Consultation on Open Finance

First Observations:

- Objective of this targeted consultation is to gather stakeholder views on open finance in the EU and effective customer protection.
- Topics addressed:
 - Use of confidential customer data collected for the purpose of providing financial services.
 - Data held by both financial institutions and other firms, provided that it is used for the purposes of providing financial services
 - Access to and reuse of raw data only, as opposed to enriched data
 - Other data sharing issues

47. Of the ones listed, which are the most important reasons preventing the portability right under Article 20 GDPR to be fully effective in the financial sector (multiple answers possible)?

	The absence of an obligation to provide the data on a continuous/real time basis
	The absence of standardised APIs
	The absence of standards ensuring data interoperability
	The absence of clear rules on liability in case of data misuse
	The absence of clarity as to which types of data are within scope
	The absence of incentives for data holders to provide high quality data, as there is no remuneration for making data available
	I don't know / no opinion
	Other (please specify)

2. Suggested Actions

Considering the nature of EPSM - different PSPs with an individual focus and scope and other organisations - each Members is advised to

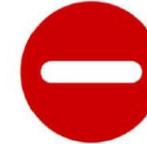
- Considering individual feedback to the **targeted consultation on PSD2,**
- Considering additional feedback to the **public consultation on PSD2?** and
- Those interested in the open banking and open finance should have look at the **targeted consultation on Open Finance** and provide feedback?

3. Elavon Findings from PSD2/SCA Implementation for Cards

SCA the story so far



Massive reduction of Fraud (acquirers)



Additional Friction

SCA experience with significant room for improvement

- ± Authentication success rate remains too low overall, although improving.
- ± Authentication abandonment is too high.
- ± App based authentication performs worse than web based on both authentication success and abandonment.
- ± Challenge success rate are still low.
- ± Performance varies by Card Brand. In general, one Card has outperformed major other card brands consistently since beginning of enforcement.

Kindly provided by Elavon



3. Elavon – Challenges of PSD2/SCA Implementation for Cards

What were big challenges for traditional acquirers? (and some still are)

- NCA inconsistencies and EBA timeliness of responses to EBA Q&As
 - Art. 17 Exemption and lack of engagement
 - FRR Calculation for the purposes of TRA
 - SCA on refunds
 - MIT
- Unregulated entities (point of discussion for the PSD2 revision)
- Card Industry SCA solution for OCT
- MITs framework implementation
- EBA Outsourcing requirements for TRA
- Timing of the card industry mandates (e.g., mandate challenges EMV 3DS)



4. Suggested Improvements of PSD2/SCA

Open Discussion within EPSM:

Your input for improvement of PSD2/SCA is always appreciated and will be considered for an EPSM position.

5. Towards an EPSM Position

Potential Steps:

- Discuss input and possible EPSM Position in SCA WG (next meeting on 25th May 2022).
- Collect input of Members at EPSM secretariat until 2nd of June.
- Discuss jointly at dedicated online workshop in June (22nd June 2022, 15:00 – 17:00, tentative)?

Please feel free to share any other ideas within a week with us.

Many thanks for your attention!