








Procedure file

Basic information	
<p>COD - Ordinary legislative procedure (ex-codecision procedure) 2023/0209(COD) Directive</p>	Awaiting Council's 1st reading position
<p>Payment services and electronic money services in the Internal Market</p> <p>Amending Directive 1998/26 1996/0126(COD) Repealing Directive 2009/110 2008/0190(COD) Repealing Directive 2015/2366 2013/0264(COD)</p> <p>Subject</p> <p>2.50.04 Banks and credit 2.50.04.02 Electronic money and payments, cross-border credit transfers 2.50.10 Financial supervision 4.60.08 Safety of products and services, product liability</p> <p>Legislative priorities Joint Declaration 2023-24</p>	

Key players			
European Parliament	Committee responsible	Rapporteur	Appointed
	<p>ECON Economic and Monetary Affairs</p>	<p> KOVÁŘÍK Ondřej</p> <p>Shadow rapporteur</p> <p> PEREIRA Lídia</p> <p> BELKA Marek</p> <p> GRUFFAT Claude</p> <p> BECK Gunnar</p> <p> JURZYCA Eugen</p> <p> MACMANUS Chris</p>	
	Committee for opinion	Rapporteur for opinion	Appointed
	<p>JURI Legal Affairs</p>	The committee decided not to give an opinion.	
Council of the European Union	Commission DG	Commissioner	
European Commission	Financial Stability, Financial Services and Capital Markets Union	MCGUINNESS Mairead	

Key events

28/06/2023	Legislative proposal published	COM(2023)0366	Summary
11/09/2023	Committee referral announced in Parliament, 1st reading		
14/02/2024	Vote in committee, 1st reading		
21/02/2024	Committee report tabled for plenary, 1st reading	A9-0046/2024	Summary
23/04/2024	Decision by Parliament, 1st reading	T9-0297/2024	

Technical information

Procedure reference	2023/0209(COD)
Procedure type	COD - Ordinary legislative procedure (ex-codecision procedure)
Procedure subtype	Legislation
Legislative instrument	Directive
	Amending Directive 1998/26 1996/0126(COD) Repealing Directive 2009/110 2008/0190(COD) Repealing Directive 2015/2366 2013/0264(COD)
Legal basis	Treaty on the Functioning of the EU TFEU 053-p1; Treaty on the Functioning of the EU TFEU 114
Other legal basis	Rules of Procedure EP 159
Mandatory consultation of other institutions	European Economic and Social Committee
Stage reached in procedure	Awaiting Council's 1st reading position
Committee dossier	ECON/9/12434

Documentation gateway

Legislative proposal	COM(2023)0366	28/06/2023	EC	Summary
Document attached to the procedure	SWD(2023)0231	29/06/2023	EC	
Document attached to the procedure	SWD(2023)0232	29/06/2023	EC	
Document attached to the procedure	N9-0086/2023 OJ C 000 16.11.2023, p. 0000	22/08/2023	EDPS	
Committee draft report	PE753.780	13/11/2023	EP	
Amendments tabled in committee	PE757.022	04/12/2023	EP	
Economic and Social Committee: opinion, report	CES3611/2023	13/12/2023	ESC	
Committee report tabled for plenary, 1st reading/single reading	A9-0046/2024	21/02/2024	EP	Summary
Text adopted by Parliament, 1st reading/single reading	T9-0297/2024	23/04/2024	EP	

Payment services and electronic money services in the Internal Market

PURPOSE: to lay down rules on payment services and electronic money services in the internal market.

PROPOSED ACT: Directive of the European Parliament and of the Council.

ROLE OF THE EUROPEAN PARLIAMENT: the European Parliament decides in accordance with the ordinary legislative procedure and on an equal footing with the Council.

BACKGROUND: the second Payment Services Directive (PSD2) provides a legal framework for all retail payments in the EU, both Euro and other currencies, domestic and cross-border.

PSD2 has tackled the barriers to access to new types of payment services and improved the level of consumer protection and security. PSD2 contains both rules on the provision of payment services by payment service providers (PSPs) and rules on the authorisation and supervision of a specific category of financial service providers, namely payment institutions.

The review of PSD2 has led the Commission to decide to propose legislative changes to PSD2 in order to improve its functioning. These changes are set out in two proposals, this proposal for a Directive on payment services and electronic money services, focusing on the authorisation and supervision of payment institutions (and amending certain other Directives) and a [proposal for a Regulation](#) on payment services in the EU.

The impact assessment accompanying this proposal (as well as the proposal for a Regulation on payment services in the internal market) revealed that the EU payments market has four major problems, despite the achievements of the PSD2: (i) consumers are at risk of fraud and lack confidence in payments; (ii) the open banking sector functions imperfectly; (iii) supervisors in EU Member States have inconsistent powers and obligations; (iv) there is an unlevel playing field between banks and non-bank PSPs.

The proposal will amend and modernise the current Payment Services Directive (PSD2) which will become PSD3 and establish, in addition, a Payment Services Regulation (PSR). It will ensure consumers can continue to safely and securely make electronic payments and transactions in the EU, domestically or cross-border, in euro and non-euro.

CONTENT: this proposed Directive therefore lays down rules concerning:

- access to the activity of providing payment services and electronic money services, within the Union, by payment institutions;
- supervisory powers and tools for the supervision of payment institutions.

The revised Directive aims to update and clarify the provisions relating to payment institutions and integrates former electronic money institutions as a sub-category of payment institutions (and consequently repeals the second Electronic Money Directive, 2009/110/EC). Furthermore, it includes provisions concerning cash withdrawal services provided by retailers (without a purchase) or independent ATM deployers and amends the Settlement Finality Directive (Directive 98/26/EC).

More specifically, it consists of a package of measures which:

- combat and mitigate payment fraud, by enabling payment service providers to share fraud-related information between themselves, increasing consumers' awareness, strengthening customer authentication rules, extending refund rights of consumers who fall victim to fraud and making a system for checking alignment of payees' IBAN numbers with their account names mandatory for all credit transfers;
- improve consumer rights, in cases for example where their funds are temporarily blocked, improve transparency on their account statements and provide more transparent information on ATM charges;
- further levelling the playing field between banks and non-banks, in particular by allowing non-bank payment service providers access to all EU payment systems, with appropriate safeguards, and securing those providers' rights to a bank account;
- improve the functioning of open banking, by removing remaining obstacles to providing open banking services and improving customers' control over their payment data, enabling new innovative services to enter the market;
- improve the availability of cash in shops and via ATMs, by allowing retailers to provide cash services to customers without requiring a purchase and clarifying the rules for independent ATM operators;
- strengthen harmonisation and enforcement, by enacting most payment rules in a directly applicable regulation and reinforcing provisions on implementation and penalties.

Transitional provisions

Transitional measures are appropriate regarding existing activities under PSD2 given the creation of a new legal licensing regime. For example, existing licenses for payment institutions and electronic money institutions are prolonged in validity (grandfathered) until 30 months after entry into force (one year after the transposition deadline and the beginning of application) on condition that application for a license under this Directive is made at the latest 24 months after entry into force.

Payment services and electronic money services in the Internal Market

The Committee on Economic and Monetary Affairs adopted the report by Ondřej KOVAŘÍK (Renew, CZ) on the proposal for a directive of the European Parliament and of the Council on payment services and electronic money services in the Internal Market amending Directive 98/26/EC and repealing Directives 2015/2366/EU and 2009/110/EC.

The proposed Directive lays down rules concerning: (a) access to the activity of providing payment services and electronic money services, within the Union, by payment institutions; (b) supervisory powers and tools for the supervision of payment institutions.

The committee responsible recommended that the European Parliament's position adopted at first reading under the ordinary legislative procedure should amend the proposal as follows:

Applications for authorisation

Undertakings intending to provide any of the payment services referred to in Annex I to the Directive, or electronic money services, should obtain authorisation from the competent authorities of their home Member State for the provision of those services. Member States should require institutions applying for authorisation to provide the payment services referred to in Annex I, point 6 (payment initiation services), as a precondition for such authorisation, to have professional indemnity insurance covering the territories in which they offer services or another comparable guarantee against liability, which may, for the initial authorisation period only, include a minimum initial capital of EUR 50 000.

Within a maximum of two months of receipt of an application for authorisation, the competent authorities should inform the applicant whether the authorisation is granted or refused.

Initial capital

Where the payment institution provides electronic money services, its capital should at no time be less than EUR 350 000.

Application to exercise the right of establishment and freedom to provide services

Member States should ensure that any payment institution wishing to provide payment or electronic money services for the first time in a Member State other than its home Member State, including via an establishment in a third Member State, in the exercise of the right of establishment or the freedom to provide services, should communicate certain information to the competent authorities in its home Member State.

Within 10 business days of receipt of all of the information, the competent authorities of the home Member State should send that information to the competent authorities of the host Member State. Where the services are provided via a third Member State, the Member State to be notified should be the one where the services are provided to payment service users.

Within 15 business days of receipt of the information from the competent authorities of the home Member State, the competent authorities of the host Member State should assess that information and provide the competent authorities of the home Member State with relevant information about the intended provision of payment or electronic money services by the relevant payment institution in the exercise of the freedom of establishment or the freedom to provide services. Within 30 business days of receipt of the information, the competent authorities of the home Member State should communicate their decision to the competent authorities of the host Member State and to the payment institution.

The Commission should create a dedicated internet website with all of the information in one place on how payment institutions can register in each Member State.

Services where cash is provided in retail stores without a purchase

Member States should exempt from the application of this Directive natural or legal persons providing cash in retail stores independently of any purchase provided the following conditions are met:

- the service is offered at its premises by a natural or legal person selling goods or services as a regular occupation;
- the amount of cash provided does not exceed EUR 100 or the equivalent amount in the currency of the Member State concerned, per withdrawal.
- the clients withdrawal is non-anonymised and requires the use of customer authentication.

Services enabling cash withdrawals offered by ATM deployers not servicing payment accounts

Natural or legal persons providing cash withdrawal services and who do not service payment accounts and do not provide other payment services referred to in Annex I, should not be subject to authorisation but should register with a competent authority of the home Member State before taking up activity.

The natural or legal persons providing the services should comply with the requirements on transparency of fees and charges laid down in the Payment Services Regulation, and in particular should ensure that such fees and charges are displayed at the initiation of the provision of the services.

Transitional provisions

Member States should allow payment institutions that have been authorised pursuant to Article 11 of Directive (EU) 2015/2366 by 18 months after the date of entry into force of this Directive to continue to provide and execute the payment services for which they have been authorised, without having to having to seek a new authorisation.

If those institutions fail to comply with the requirements laid down in Title II of the Directive no later than 24 months after the date of entry into force of this Directive, they should be suspended from the provision of payment services until they provide the relevant competent authority with the additional information required to ensure compliance with Title II and that competent authority has verified the accuracy of that information and duly authorised the payment service provider.

Competent authorities may exceptionally decide to extend the period before specific payment institutions and electronic money institutions are prohibited from providing services when those institutions provided the information required and the competent authority has not been able to process it within the applicable deadline.

Transparency				
KOVA?İK Ond?ej	Rapporteur	ECON	21/11/2023	Union of Employers' Associations of the Czech Republic
KOVA?İK Ond?ej	Rapporteur	ECON	21/11/2023	Apple Inc.

KOVA?ÍK Ond?ej	Rapporteur	ECON	14/11/2023	EuroCommerce
KOVA?ÍK Ond?ej	Rapporteur	ECON	17/10/2023	European Payment Institutions Federation
KOVA?ÍK Ond?ej	Rapporteur	ECON	16/10/2023	?eská bankovní asociace
KOVA?ÍK Ond?ej	Rapporteur	ECON	11/10/2023	Amazon Web Services
KOVA?ÍK Ond?ej	Rapporteur	ECON	10/10/2023	American Express Corporation
KOVA?ÍK Ond?ej	Rapporteur	ECON	10/10/2023	The European Association of Corporate Treasurers
KOVA?ÍK Ond?ej	Rapporteur	ECON	15/09/2023	FTI Consulting Belgium Mastercard Europe
KOVA?ÍK Ond?ej	Rapporteur	ECON	12/09/2023	Finanssiala ry - Finance Finland
BOYER Gilles	Member	27/11/2023	Gide Loyrette Nouel	
GARCÍA-MARGALLO Y MARFIL José Manuel	Member	15/11/2023	American Express Corporation	
DE LANGE Esther	Member	24/10/2023	Nederlandse Vereniging van Banken / Dutch Banking Association	
KELLEHER Billy	Member	06/03/2023	TrueLayer Ireland	