

CONDENSED AGENDA: 1-DAY SEMINAR ON PAYMENT SERVICES DIRECTIVE 2

Scope and timing of PSD 2 compared to PSD 1:

- Leg-out payments:
 - Currency
 - Destination
- Cross-over with other elements of the European Payments Regulatory Package:
 - EU agenda regarding internet, card and mobile payments
 - 4th EU AML Directive
 - Multilateral Interchange Fee Regulation (and the impact on Premium cards)
 - Funds Transfer Regulation
- Interaction with PSD 1, EU Regs 2560 and 927, SEPA Migration End Date Regulation to control pricing and float, eliminate central bank reporting
- Widening of scope of what is a 'Payment Service' and therefore of what qualifies as a 'Payment Service Provider'
- Support for Passporting
- No rolling together of PSD with eMoney Directive

Strategic Direction:

- Wider access to new entrants
- Change from vertically-integrated to horizontally-integrated market
- Fostering but controlling development of homogenous market in alternative payment methods

Main direct impacts:

- Treatment of 'leg-out' payments not in EUR or Member State currencies but with both endpoints in scope (timing, pricing, credit and debit treatment etc)
- Treatment of 'leg-out' payments in any currency but where one endpoint is out-of-scope
- Scope of what is a 'Payment Service'
- Definition of a 'Third Party Provider' (TPP)
- Continued exclusion from scope of 'Technical Service Providers'

European Banking Authority Guidelines and Regulatory Technical Standards ("RTS"):

- The eleven mandates given to EBA to develop Guidelines and RTS
- Focus on the RTS for security between customers and their banks, and between banks and TPPs

Fostering new entrants who promise to "rewrite the payments paradigm":

- Mushrooming of incubators for new payments start-ups
- Low start-up capital requirements to get a licence
- Inflow of Angel and Venture Capital money
- Lack of untapped demand for payments (as opposed to mobile phones, online gambling...)
- Volumes captured by new entrants will be taken from existing incumbents
- Highly – and increasingly – regulated market, where regulations are reducing income potential
- Quadripartite supervision: what happens when these organisations go under holding customer money?