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Consultation on a retail payments strategy for the EU

Fields marked with * are mandatory.

Introduction

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Consumers and companies make payments to fulfil their everyday needs and activities. Today, in Europe, they have at their disposal a broad range of payment options, but digitalisation and innovation bring new opportunities to make payments faster, easier, more transparent, and affordable, in particular in cross-border situations.

In accordance with its Work Programme for 2020, the Commission will adopt a Strategy on an integrated EU Payments Market (hereinafter "Retail Payments Strategy for the EU" or "RPS"). It is to be submitted alongside the Digital Finance Strategy, which will be adopted to promote digital finance in Europe while adequately regulating the risks, and in light of the mission letter of Executive Vice-President Dombrovskis.

This strategy will be an important contribution to reinforcing the international role of the euro. Payments are strategic: where decisions are made, where data is stored, where infrastructures are located are of considerable importance in terms of the EU's sovereignty. This strategy will aim at both strengthening Europe's influence and consolidating its economic autonomy. Safe and efficient payment systems and services can also make a strong contribution to improving the EU's ability to deal with emergencies such as the Covid-19 outbreak. Contactless payments in shops can help to contain the spread of viruses. Innovative, non-cash, payments solutions can enable all Europeans to make the purchases they need even if they are confined at home. This crisis is further accelerating the digitalization of the economy and, consequently, of payments. Instant payments are in this context becoming more strategic than ever before.

This consultation, together with the consultation on a new Digital Finance Strategy, is a key step towards the adoption of a Retail Payments Strategy for Europe.

Payments are vital to the economy and to growth, while the smooth functioning of payment systems is paramount to financial stability. The use of non-cash means of payment has consistently increased over the years in the EU and this trend is expected to continue with digitalisation.

EU legislation in the payments sphere has played a key role in promoting a fair, transparent, innovative, and competitive payments market in the EU. The E-money Directives ([EMD1](#) and [EMD2](#)) and the first Payment Services

Directive ([PSD1](#)) introduced a licensing regime that allowed for the issuance of E-money and the provision of payment services by non-bank financial institutions. This prompted the development of a number of FinTechs operating in the payments sphere, a trend that further accelerated due to the changes introduced by the second Payment Services Directive ([PSD2](#)) which enabled new business models based on the sharing of data, such as payment initiation services (PIS) and account information services (AIS). At the same time, PSD2 elevated the general level of the security of payment transactions through the implementation of strong customer authentication (SCA). PSD2 has become a worldwide reference in terms of open banking and secure transactions. The EU regulatory framework in the payments sphere supports the Single Euro Payments Area (SEPA), whose objective is to make cross-border payments in euro as cost-efficient and safe as domestic payments, in particular through [Regulation 924/2009 on cross-border payments](#).

Technology has also shaped the evolution of the retail payments market. Indeed, payments are a dynamic, constantly evolving business, heavily relying on technology. Over the last decade, they have been influenced by an unprecedented development of a broad range of technologies. In an increasingly connected world, consumer expectations are also evolving, making speed, convenience and ubiquity the new expected normal, at no expected additional cost. European citizens also count on the benefits of a truly integrated Single Market, which should allow them to make cross-border payments in the EU as easily and as fast as at home.

As for many sectors, digitalisation and the use of innovative technologies bring new opportunities for payments, such as: a more diverse offering of services enabled by access to mobile and internet networks; systems enabling payments credited to beneficiaries in just a few seconds (the so-called “instant payments”); potentially fully automated payments associated with the development of the Internet of Things; and the execution of smart contracts in a blockchain environment. Other technologies, such as those supporting e-ID, can also be leveraged to facilitate customer onboarding and payments authentication in domestic and cross-border contexts.

The size of the Single Market also offers opportunities for payment businesses to scale-up beyond the domestic sphere, for pan-European payment solutions to emerge, and potentially for European-scale champions in payments to become competitive globally. This would also facilitate payments in euro between the EU and other jurisdictions and reduce EU dependency on global players, such as international card schemes, issuers of global “stablecoins” and other big techs. The Commission launched in December 2019 a [public consultation to gather information and inputs regarding the regulation of cryptoassets, including stablecoins](#). The present consultation will therefore not include questions on this topic, as payment related aspects were also included in that consultation.

However, digitalisation also brings potential new risks, such as heightened opportunities for fraud, money laundering and cyber-attacks (in this regard, the Commission launched a [public consultation on improving resilience against cyberattacks in the financial sector](#) in December 2019). It also has an impact on competition and market structures in view of the growing role played by new market actors currently outside the scope of payments legislation, such as big tech companies benefitting from a large customer base. Also, the possible impact of “stablecoins” on monetary sovereignty has prompted many central banks to investigate the issuance of central bank digital currencies (CBDCs). Nor should we neglect the potential risks, in a digital world, of financial exclusion – including with regard to the access to basic payment services, such as cash withdrawals.

Other challenges arise from a yet incomplete roll-out of instant payments in Europe. It will be important to avoid outcomes that re-create fragmentation in the Single Market, when a substantial degree of harmonisation has been achieved in the framework of SEPA.

As the emergence of new risks and opportunities accelerates with digitalisation, the development of the FinTech sector and the adoption of new technologies, the EU must adopt a strategic and coherent policy framework for payments. The RPS will be an opportunity to put together, in a single policy document, the main building blocks for the future of payments in Europe.

In line with the Better Regulation Principles, the Commission is herewith inviting stakeholders to express their views. The questionnaire is focused around four key objectives:

1. **Fast, convenient, safe, affordable and transparent payment instruments, with pan-European reach and “same as domestic” customer experience;**
2. **An innovative, competitive, and contestable European retail payments market;**
3. **Access to safe, efficient and interoperable retail payments systems and other support infrastructures;**
4. **Improved cross-border payments, including remittances, facilitating the international role of the euro.**

The outcome of this consultation will help the Commission prepare its Retail Payments Strategy, to be published in Q3 of 2020.

Please note: In order to ensure a fair and transparent consultation process **only responses received through our online questionnaire will be taken into account** and included in the report summarising the responses. Should you have a problem completing this questionnaire or if you require particular assistance, please contact fisma-retail-payments@ec.europa.eu.

More information:

- [on this consultation](#)
- [on the consultation document](#)
- [on payment services](#)
- [on the protection of personal data regime for this consultation](#)

About you

* Language of my contribution

- Bulgarian
- Croatian
- Czech
- Danish
- Dutch
- English
- Estonian
- Finnish
- French
- Gaelic
- German

- Greek
- Hungarian
- Italian
- Latvian
- Lithuanian
- Maltese
- Polish
- Portuguese
- Romanian
- Slovak
- Slovenian
- Spanish
- Swedish

* I am giving my contribution as

- | | | |
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| <input type="radio"/> Academic/research institution | <input type="radio"/> EU citizen | <input checked="" type="radio"/> Public authority |
| <input type="radio"/> Business association | <input type="radio"/> Environmental organisation | <input type="radio"/> Trade union |
| <input type="radio"/> Company/business organisation | <input type="radio"/> Non-EU citizen | <input type="radio"/> Other |
| <input type="radio"/> Consumer organisation | <input type="radio"/> Non-governmental organisation (NGO) | |

* Age range

- Under 15 years old
- Between 15 and 30 years old
- Between 30 and 60 years old
- Over 60 years old

* Type of public authority

- EU body
- International body other than EU
- Governmental body
- Regulatory authority

- Supervisory authority
- Central bank
- Standard setting body
- Other

* First name

Jeppe

* Surname

Conradsen

* Email (this won't be published)

jesu@ftnet.dk

* Scope

- International
- Local
- National
- Regional

* Organisation name

255 character(s) maximum

Danish Financial Supervisory Authority (Finanstilsynet)

* Organisation size

- Micro (1 to 9 employees)
- Small (10 to 49 employees)
- Medium (50 to 249 employees)
- Large (250 or more)

Transparency register number

255 character(s) maximum

Check if your organisation is on the [transparency register](#). It's a voluntary database for organisations seeking to influence EU decision-making.

* Country of origin

Please add your country of origin, or that of your organisation.

- | | | | |
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| <input type="radio"/> Afghanistan | <input type="radio"/> Djibouti | <input type="radio"/> Libya | <input type="radio"/> Saint Martin |
| <input type="radio"/> Åland Islands | <input type="radio"/> Dominica | <input type="radio"/> Liechtenstein | <input type="radio"/> Saint Pierre and Miquelon |
| <input type="radio"/> Albania | <input type="radio"/> Dominican Republic | <input type="radio"/> Lithuania | <input type="radio"/> Saint Vincent and the Grenadines |
| <input type="radio"/> Algeria | <input type="radio"/> Ecuador | <input type="radio"/> Luxembourg | <input type="radio"/> Samoa |
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| <input type="radio"/> Bangladesh | <input type="radio"/> | <input type="radio"/> Moldova | <input type="radio"/> |

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- ◉ Canada
- ◉ Cape Verde
- ◉ Cayman Islands
- ◉ Central African Republic
- ◉ Chad
- ◉ Chile
- ◉ China
- ◉ Christmas Island
- ◉ Clipperton
- ◉ Cocos (Keeling) Islands
- ◉ Colombia
- ◉ Comoros
- ◉ Congo
- ◉ Cook Islands
- ◉ Costa Rica
- ◉ Côte d'Ivoire
- ◉ Croatia
- ◉ Cuba
- ◉ Curaçao
- ◉ Cyprus
- ◉ Czechia
- ◉ India
- ◉ Indonesia
- ◉ Iran
- ◉ Iraq
- ◉ Ireland
- ◉ Isle of Man
- ◉ Israel
- ◉ Italy
- ◉ Jamaica
- ◉ Japan
- ◉ Jersey
- ◉ Jordan
- ◉ Kazakhstan
- ◉ Kenya
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- ◉ North Macedonia
- ◉ Norway
- ◉ Oman
- ◉ Pakistan
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- ◉ Panama
- ◉ Papua New Guinea
- ◉ Paraguay
- ◉ Peru
- ◉ Philippines
- ◉ Pitcairn Islands
- ◉ Poland
- ◉ Portugal
- ◉ Puerto Rico
- ◉ Qatar
- ◉ Réunion
- ◉ Romania
- ◉ Russia
- ◉ Rwanda
- ◉ Saint Barthélemy
- ◉ Turkey
- ◉ Turkmenistan
- ◉ Turks and Caicos Islands
- ◉ Tuvalu
- ◉ Uganda
- ◉ Ukraine
- ◉ United Arab Emirates
- ◉ United Kingdom
- ◉ United States
- ◉ United States Minor Outlying Islands
- ◉ Uruguay
- ◉ US Virgin Islands
- ◉ Uzbekistan
- ◉ Vanuatu
- ◉ Vatican City
- ◉ Venezuela
- ◉ Vietnam
- ◉ Wallis and Futuna
- ◉ Western Sahara
- ◉ Yemen
- ◉ Zambia

- Democratic Republic of the Congo
- Lesotho
- Saint Helena Ascension and Tristan da Cunha
- Saint Kitts and Nevis
- Denmark
- Liberia
- Saint Lucia
- Zimbabwe

* Field of activity or sector (if applicable):

at least 1 choice(s)

- Payment services
- payment initiation and account information services
- Money remittance services
- Acquiring services
- Ancillary services to payments
- Technical service provider
- Payment system operator
- Payments scheme
- Card scheme
- Fintech
- Other
- Not applicable

* Please specify your activity field(s) or sector(s):

NCA

* Publication privacy settings

The Commission will publish the responses to this consultation. You can choose whether you would like your details to be made public or to remain anonymous.

- Anonymous**
Only your type of respondent, country of origin and contribution will be published. All other personal details (name, organisation name and size, transparency register number) will not be published.



Public

Your personal details (name, organisation name and size, transparency register number, country of origin) will be published with your contribution.

I agree with the [personal data protection provisions](#)

Section 1: Questions for the general public

Question 1. Please rate the usefulness of instant payment services – which are credited to the beneficiary within seconds – for the following different use cases:

N.A. stands for "Don't know / no opinion / not relevant"

	1 (not useful)	2 (useful)	3 (very useful)	N. A.
Person to person payments	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>
Payments in a physical shop	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Payments for on-line shopping	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>
Payments of invoices	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Payments to public administrations	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Cross-border payments/transfers within the EU	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>
Cross-border payments/transfers to/from outside the EU	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Other	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

Question 2. Please rank your preferences for low-value payments¹ (1 to 4, 4 being the least-preferred option) between the following means of payment:

¹ defined as payments below 30 euros, based on the definition of low-value payments in EU retail payments legislation

	1	2	3	4
Cash	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Paper-based (such as cheques)	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Payment instrument with a physical support (such as cards)	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Fully de-materialised payment instrument (such as mobile apps)	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

Question 2.1 Please explain your answer to question 2:

5000 character(s) maximum

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

Question 3. Please rank your preferences for retail payments above 30 euros (from 1 to 4, 4 being the least-preferred option) between the following means of payment:

	1	2	3	4
Cash	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Paper-based (such as cheques)	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Payment instrument with a physical support (such as cards)	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Fully de-materialised payment instrument (such as mobile apps)	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

Question 3.1 Please explain your answer to question 3:

5000 character(s) maximum

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

In the Single Euro Payments Area, citizens and companies should be able to send and receive cross-border payments in euro from any bank account in the EU (using SEPA credit transfers or SEPA direct debits). This should be valid for all types of beneficiaries of both the public and the private sector.

Question 4. Have you ever experienced any obstacles when using your bank account in the EU to receive payments from or send payments to a public administration holding an account in another EU country?

- Yes, as a consumer
- Yes, in a professional capacity (e.g. business / self-employed)
- No
- Don't know / no opinion / not relevant

Question 5. Have you ever experienced any obstacles when using your bank account in the EU to receive or send payments from/to an account held in another EU country from/to a utilities company or other service providers?

- Yes, as a consumer
- Yes, in a professional capacity (e.g. business / self-employed)
- No
- Don't know / no opinion / not relevant

When you buy goods or services, particularly online, you may have the option to pay via “payment initiation services” offered by a different payment service provider than your bank. These services enable you to make a payment directly from your bank account (using a credit transfer), instead of using a payment card or another payment instrument offered by your bank. In order to pay using these services, you need to use your online banking credentials to authorise the transaction.

Question 6. As a consumer, have you ever made use of such payment initiation services?

- Yes
- No
- I do not know what these services are
- No opinion / not relevant

“Account information service” providers enable you to share certain data pertaining to your bank account(s) in order to manage your finance or receive for example, financial advice.

Question 7. Have you ever made use of such account information services?

- Yes
- No
- No, and I do not know what these services are
- No opinion / not relevant

In order to deliver their services, providers of payment initiation and account information services need to access only the necessary data from your bank account with your consent.

Question 8. As a consumer, would you find it useful to be able to check the list of providers to which you have granted consent with the help of a single interface, e.g. a “consent dashboard”?

- Yes
- No
- I do not know
- No opinion / not relevant

Question 8.1 Please explain your answer to question 8:

5000 character(s) maximum

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

Question 9. What would be your proposals and recommendations to the European Commission on payments?

What would you expect the future Retail Payments Strategy to achieve?

5000 character(s) maximum

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

Denmark welcomes the Commission’s consultation on a retail payments strategy. The consultation touches on many very important points that must be discussed further in order to harness the European regulatory framework on payment services for the future.

First of all, we believe that a guiding principle for the strategy should be to further strengthen the consumer protection in the payment services markets. Established and well-functioning payment solutions, especially as relates to card payments, have a long list of built-in consumer protection elements, e.g. liability and charge-back regimes. Strong consumer protection has been instrumental in ensuring the widespread use of digital payment solutions in Denmark. When addressing the opportunities and challenges of novel solutions, we therefore find it paramount to ensure that consumer protection is maintained and where possible even further strengthened. The marked difference in consumer protection when comparing card payments and credit transfers should also be taken into consideration.

Another guiding principle for the strategy should be to provide a robust framework for the market to develop solutions that cater to the needs of the European citizens. Needs that may differ from market to market, and from citizen to citizen. The retail payments market is a technologically highly specialised area. It is therefore important not to force innovation through regulation, as this may stifle the market's ability to innovate itself, or force the market in a specific direction, which can often result in sub-optimal outcomes. A principle of technology neutral regulation should therefore continue to be a corner stone of the strategy.

In addition, it is important to keep in mind that different EU-member states are at very different levels when it comes to the digitalisation of the retail payments market. As an example of this, a study conducted by the ECB in 2017 showed that 79% of retail payments in the euro-area were made in cash. However, this number covered large difference across the different member states. In Germany, Austria and Slovenia, 80% or more of POS transactions were conducted with cash. Cash was least used in the Netherlands, Estonia and Finland, where its share in the number of transactions ranged between 45% and 54%. This is again in contrast to EU member states outside the euro zone, such as in Scandinavia. In Denmark, cash accounts for as little as less than 20% of POS transactions, and paper cheques are no longer used at all. This underlines the fact that the strategy must take into account that citizens across the EU may have very different preferences as to how they like to pay. Another principle of the strategy should therefore be to recognise different preferences of the European citizens.

The need to recognise that different citizens in different member states have different preferences also extends to the topic of instant payments. The point being that the market should have the opportunity to develop those solutions that consumers prefer be it locally or crossborder. Instant payment systems make it possible for banks and other payment service providers to provide new, efficient, and innovative payments solutions. As an example, it is the underpinning for efficient and user-friendly p2p-mobile payment solutions in countries such as Denmark and Sweden.

However, it is important to keep in mind that for the vast majority of retail payments, instant settlement is not necessary. For payments in supermarkets, payments of invoices and payment to public administrations there may not be obvious benefits to instant payment. We would therefore encourage hesitation in requiring instant payments in all situations through regulatory action. In many instances, it could even be preferable for a merchant to receive the total revenue of a day or a week's sales in one payment, rather than receiving thousands of small individual payments. Here, the important parameter is a payment guarantee rather than instant settlement. Instant payment systems are therefore constitute a great example of ensuring that the preconditions for developing an efficient retail payment markets are firmly in place, without forcing market participants to use technology that may not be suitable for their business and might even incur pointless burdens.

Finally, it is important to keep in mind that 10 different currencies are as of writing used within the EU. A European retail payments strategy should benefit all EU member states, regardless of the currency used.

Section 2: Questions for all stakeholders

Ensuring the EU's economic sovereignty is a priority of the Commission. The Commission's Work Programme for 2020 includes the adoption of a Communication on strengthening Europe's economic and financial sovereignty. As laid down in the [Commission's Communication "Towards a stronger international role of the euro"](#), supporting the international role of the euro is instrumental. Efficient payments in euro will support these objectives, and will also contribute to making our financial infrastructures more resilient to extraterritorial sanctions, or other form of pressure, from third countries.

Question 10. Please explain how the European Commission could, in the field of payments, contribute to reinforcing the EU's economic independence:

5000 character(s) maximum

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

When designing European regulation of the retail payments market it is important to ensure that it does not unintentionally harm existing well-functioning payment solutions. Denmark strongly believes that national card schemes, such as the Dankort, provide cheap and efficient solutions to consumers and merchants, and provide healthy competition to global card schemes. Hence, there is a need to ensure a level playing field and to be wary of new regulation that is too intrusive. If a sound framework is provided that ensures an open, competitive, innovative and thriving payments market within the EU, the EU will increase its independence in this area.

Question 11. Please explain how the retail payments strategy could support and reinforce the international role of the euro:

5000 character(s) maximum

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

It is important to keep in mind that 10 different currencies are as of writing used within the EU. A European retail payments strategy should benefit all EU member states, regardless of the currency used. However, the euro will obviously benefit from an efficient wholesale and retail payment system.

A. Fast, convenient, safe, affordable and transparent payment instruments with pan-European reach and “same as domestic” experience

Instant payments as the new normal

Digitalisation and new technologies have fostered the emergence of innovative players with new payment services offerings, based in particular on instant payment systems and related business models. As these new payment services offerings are mostly domestically focused, the landscape at EU level is very fragmented. In particular, such fragmentation results from:

1. the current levels of adherence to the SEPA Instant Credit Transfer (SCT Inst.) scheme, which vary between Member States (MS);
2. the fact that in some MS instant credit transfers are a premium service while in others they are becoming “a new normal” and
3. the non-interoperability across borders of end-user solutions for instant credit transfers.

At the same time, there is a rapidly rising consumer demand for payment services that work across borders throughout Europe, and that are also faster, cheaper and easier to use.

Question 12. Which of the following measures would in your opinion contribute to the successful roll-out of pan-European payment solutions based on instant credit transfers?

N.A. stands for "Don't know / no opinion / not relevant"

	1 (irrelevant)	2 (rather not relevant)	3 (neutral)	4 (rather relevant)	5 (fully relevant)	N. A.
a. EU legislation making Payment Service Providers' (PSP) adherence to SCT Inst. Scheme mandatory	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>
b. EU legislation mandating the replacement of regular SCT with SCT Inst.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>
c. EU legislation adding instant credit transfers to the list of services included in the payment account with basic features referred to in Directive 2014/92/EU	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>
d. Development of new payment schemes, for example SEPA Direct Debit Inst. Scheme or QR interoperability scheme ²	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>
e. Additional standardisation supporting payments, including standards for technologies	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>

used to initiate instant payments, such as QR or others						
f. Other	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>

² For the purpose of this consultation, a scheme means a single set of rules, practices and standards and/or implementation guidelines agreed between payment services providers, and if appropriate other relevant participants in the payments ecosystem, for the initiation and/or execution of payment transactions across the Union and within Member States, and includes any specific decision-making body, organisation or entity accountable for the functioning of the scheme.

Question 13. If adherence to SCT Inst. were to become mandatory for all PSPs that currently adhere to SCT, which of the possible following end-dates should be envisaged?

- By end 2021
- By end 2022
- By end 2023
- Other
- Don't know / no opinion / not relevant

Question 13.1 Please explain your answer to question 13:

5000 character(s) maximum

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

Denmark would like to note that instant payments may not be suitable for all types of transactions. In some cases, there are no clear benefit for the payee to receive the payment instantly. Instant payments can - all things equal – also make it more difficult for the clearing participants to manage liquidity and they can lose the netting-effect that comes with batch payments. This is an issue to have in mind because a large proportion of payments are initiated hours, days or even week before they are being payed, e.g. bill payments.

The widening use of instant payments in Denmark has not been based on regulatory demands but on customer demand.

Experience from the SEPA regulation shows that implementation of new financial infrastructure takes time. We would therefore caution on adopting a too ambitious timeline.

Question 14. In your opinion, do instant payments pose additional or increased risks (in particular fraud or money laundering) compared to the traditional credit transfers?



- Yes
- No
- Don't know / no opinion / not relevant

Question 14.1 If you think instant payments do pose additional or increased risks compared to the traditional credit transfers, please explain your answer:

5000 character(s) maximum

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

A move to instant payments necessitates strong real-time cybersecurity, fraud prevention and AML risk management. It also increases requirements on liquidity management of financial institutions. It is important to keep this as part of the discussion when developing new and existing schemes.

Based on the Danish experience, instant payments do not in itself necessarily increase the ML/TF-risk associated with payments. Please note, that this is based on our domestic instant payment scheme in DKK. However, instant payments can be utilized by criminals to keep their average account balance low, and can be used to move criminal proceed quickly between accounts. This can make it more difficult for authorities to freeze or seize the assets. These risks will be amplified if cross border instant payments become widely available. To address such risks, it is necessary to have a thorough look at how information can be shared (in real time) between payment services providers, and with authorities. It should also be ensured that the infrastructure makes it possible for obligated entities to fulfil their obligations under e.g. article 35 in AMLD. This entails that banks should be able to refrain from carrying out transactions which they know or suspect to be related to proceeds of criminal activity or to terrorist financing until they have completed the necessary actions. This could include putting transactions "on hold" if ML/TF-risks are detected to allow time for the obligated entity to inform the FIU and await the response of the FIU, even though this would entail that not all transactions are instant.

A bigger problem than ML/TF may be fraud. Fraud detection becomes increasingly important when moving to instant payments. Fraud cases such as phishing becomes more difficult to prevent when transactions are executed immediately, and funds cannot easily be traced after the fraud has occurred. Early evidence from the Danish market suggest that fraud cases such as phishing become more widespread with the rollout of instant payments. Cross border instant payments could amplify this risk. For pan-European payment solutions based on instant payments it would be absolutely necessary to address fraud concerns and put in liability and charge back regimes as we know from the card world.

In Denmark, one solution to the above problems has been to limit instant payments to DKK 500.000. Payments above this limit must be settled through other means. For large wholesale payments, the Danish RTGS system is the channel to be used.

Question 15. As instant payments are by definition fast, they could be seen as aggravating bank runs. Would an ad-hoc stopgap mechanism be useful for emergency situations, for example a mechanism available to banks or competent authorities to prevent instant payments from facilitating faster

bank runs, in addition to moratorium powers (moratorium powers are the powers of public authorities to freeze the flow of payments from a bank for a period of time)?

- Yes
- No
- Don't know / no opinion / not relevant

Question 15.1 If you think an ad-hoc stopgap mechanism would be useful for emergency situations, please explain your answer and specify under which conditions:

5000 character(s) maximum

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

Denmark introduced instant payments in DKK in 2014. Based on the rather limited experience since then we have not encountered any particular issues that were not already present with more traditional next day-payments. This is of course only based on domestic instant payments. Denmark is hence of the opinion that the safeguards and/or stopgap mechanisms should make the same tools available to authorities as are present today.

Instant payments are by definition faster than traditional payments, this can cause some more practical issues when a credit institution is taken under resolution, as the resolution authority will have to draw a line in the sand, from when payments are no longer processed. This exercise could become more difficult to carry out in practice for a larger credit institution carrying out thousands of instant payments. It could be necessary to analyse this issue further.

Moratorium powers are already envisaged under BRRD2. We do not see a need to expand this further due to the emergence of instant payments.

As mentioned above in Denmark, instant payments are limited to DKK 500.000. Payments above this limit must be settled through other means.

From a merchant's perspective, payment solutions based on instant credit transfers may require adjustments to the merchant's current IT, accounting, liquidity management systems, etc. On the other hand, current card-based payment solutions do not require such adjustments. Merchant service charges may also differ, depending on the type of payment solution offered to the merchant (card-based or SCT-based).

Question 16. Taking this into account, what would be generally the most advantageous solutions for EU merchants, other than cash?

- Card-based solutions
- SCT Inst.-based solutions
- Other

- Don't know / no opinion / not relevant

Please specify what other solution(s) other than cash would be the most advantageous for EU merchants:

5000 character(s) maximum

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

Denmark and the other Scandinavian countries are among the countries in the world that uses cash the least. It is estimated that cash today only accounts for less than 20 % of retail payments. In general merchants prefer electronic payments such as card payments or mobile payments. Cash is to a large extent only seen as a fall back option and an option for consumers unable to pay by electronic means. As mentioned above, this is a development driven by demand rather than by regulation (on the contrary, the Danish payments act contains a clause that requires merchants to accept cash at physical points of sale).

In general, we believe the decision as to which solutions are the most advantageous should be left to the market.

Question 16.1 Please explain your answer to question 16:

5000 character(s) maximum

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

Merchant preferences for payment solution tends to vary with the type of merchant. For some merchants that sells expensive products such as cars, instant payments may be desirable before handing over the car keys. For other merchants, where payment occurs through bill payments or high-street retailers, instant payments do not provide an obvious advantage. Large merchants often prefer batch payments end of day and would opt away from instant payment given the choice to avoid that every single transaction show up on their accounts instantly, e.g. a supermarket chain handling several thousands very small transactions daily.

It is also important to keep in mind that card payment networks have consumer protection built in to a large degree, e.g. charge back rules and liability regimes. When comparing credit transfers – such as SCT – to card payments, it is important to note that a reason for varying merchant service charges is that the current card based schemes carry consumer protection as part of the setup. This protection should be part of a new scheme if one such is implemented.

Question 17. What is in your view the most important factor(s) for merchants when deciding whether or not to start accepting a new payment method?

Please rate each of the following proposals:

N.A. stands for "Don't know / no opinion / not relevant"

	1 (unimportant)	2 (rather not important)	3 (neutral)	4 (rather important)	5 (fully important)	N. A.
Merchant fee	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>
The proportion of users using that payment method	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>
Fraud prevention tools/mechanisms	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Seamless customer experience (no cumbersome processes affecting the number of users completing the payment)	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>
Reconciliation of transactions	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>
Refund services	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>
Other	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>

Question 17.1 Please explain your answer to question 17:

5000 character(s) maximum

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

In Denmark, there is a broad range of payments solutions available to merchants, and consumers are in general very accustomed to digital payment instruments. This has contributed to Denmark being one of the countries in the world that uses least cash. The development has very much been demand-driven and digital payment instruments are perceived as convenient and easily accessible.

The payments market is two-sided. On the one side, the payer needs to have the payment instrument, and on the other side, the payee needs to accept the payment instrument. This means that the price of accepting a payment instrument is important for a merchant, but that it is equally important to accept the payment instrument that the customers wants to use. Apart from this, the solution users would like to use, will presumably be the one that offers the smoothest transaction journey. As such, whether or not the payment is settled instantaneously need not be central to the choice.

Question 18. Do you accept SEPA Direct Debit (SDD) payments from residents in other countries?

- Yes, I accept domestic and foreign SDD payments
- No, I only accept domestic SDD payments
- I do not accept SDD payments at all
- Don't know / no opinion / not relevant

Leveraging on the development of digital identities (digital ID)

The issue of use of digital ID for customer on-boarding is addressed in the digital finance consultation. However as financial services evolve away from traditional face-to-face business towards the digital environment, digital identity solutions that can be relied upon for remote customer authentication become increasingly relevant. PSD2 has introduced "strong customer authentication" (SCA), which imposes strict security requirements for the initiation and processing of electronic payments, requiring payment service providers to apply SCA when a payer initiates an electronic payment transaction. In some Member States, digital identity schemes have been developed for use in bank authentication based on national ID schemes. However until now such schemes are focused on the domestic markets and do not function across borders. On the other hand, many other "SCA compliant" digital identity solutions have been developed by financial institutions or specialist identity solution providers that rely on other means to identify and verify customers.

Question 19. Do you see a need for action to be taken at EU level with a view to promoting the development of cross-border compatible digital identity solutions for payment authentication purposes?

- Yes, changes to EU legislation
- Yes, further guidance or development of new standards to facilitate cross-border interoperability

- Yes, another type of action
- No, I do not see a need for action
- Other
- Don't know / no opinion / not relevant

Question 19.1 Please explain your answer to question 19:

5000 character(s) maximum

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

It is our understanding that the eIDAS regulation aims to accommodate cross border identity solutions. Here as above, it is important to consider the demand for – or need for – such solutions before further regulation is put in place.

Promoting the diversity of payment options, including cash

Digitalisation has contributed to an increase in non-cash payments. However, a large percentage of daily payment transactions still rely on cash.

Question 20. What are the main factors contributing to a decreasing use of cash in some countries EU countries?

Please rate each of the following factors:

N.A. stands for "Don't know / no opinion / not relevant"

	1 (irrelevant)	2 (rather not relevant)	3 (neutral)	4 (rather relevant)	5 (fully relevant)	N. A.
Convenience of paying digitally	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>
The increasing importance of e-commerce	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>
Contactless payments	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>
The shrinking availability of ATMs	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
The cost of withdrawing cash	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

Digital wallets	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Cash backs for card payments	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
EU or national Regulation	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Other	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>

Question 21. Do you believe that the EU should consider introducing measures to preserve the access to and acceptance of cash (without prejudice to the limits imposed by Member States for large cash transactions)

- Yes
- No
- Don't know / no opinion / not relevant

Question 21.1 Please explain your answer to question 21:

5000 character(s) maximum

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

Denmark notes that the degree to which cash is used in everyday transactions varies greatly across EU member states. In some member states, it may be necessary to promote the use of electronic payments, whilst in other member states it may be necessary to ensure the public's right to pay by cash. Denmark has had regulation in place since 1983 requiring all merchant to accept cash as payments at the point of sale, to ensure that all consumers are able to pay regardless of their ability to use digital payment solutions. We therefore believe that it is important to keep authority at a national level to allow national authorities to accommodate for such meaningful differences.

Question 22. Which of the following measures do you think could be necessary to ensure that cash remains accessible and usable by EU citizens?

Please rate each of the following proposal:

N.A. stands for "Don't know / no opinion / not relevant"

	1 (irrelevant)	2 (rather not relevant)	3 (neutral)	4 (rather relevant)	5 (fully relevant)	N.A.

Promote a sufficient coverage of ATMs in the EU, including in remote areas	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>
EU legislation adding 'free-of-charge cash withdrawals' to the list of services included in the "payment account with basic features" referred to in the Payment Accounts Directive	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>
Ensure that cash is always accepted as a means of payment at point of sale	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>
Other	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

B. An innovative, competitive and contestable European retail payments market

The current EU legal framework for retail payments includes EMD2 and PSD2. To ensure that both Directives produce their full-intended effects and remain fit for purpose over the next years, the Commission is seeking evidence about:

1. PSD2 implementation and market developments;
2. experience with open banking;
3. adequacy of EMD2 in the light of recent market developments; and
4. prospective developments in the retail payments sphere.

The topic of open banking is also included, from a broader perspective, in the Digital Finance consultation referred above.

PSD2 implementation and market developments

Two years after the entry into force of PSD2 and without prejudice to its future review, it is useful to collect some preliminary feed-back about the effects of PSD2 on the market.

Question 23. Taking into account that experience with PSD2 is so far limited, what would you consider has been the impact of PSD2 in the market so far?

Please rate the following statements:

N.A. stands for "Don't know / no opinion / not relevant"

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	1 (strongly disagree)	2 (rather disagree)	3 (neutral)	4 (rather agree)	5 (fully agree)	N. A.
PSD2 has facilitated access to the market for payment service providers other than banks	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
PSD2 has increased competition	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
PSD2 has facilitated innovation	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>
PSD2 has allowed for open banking to develop	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>
PSD2 has increased the level of security for payments	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Other	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

Question 23.1 Please explain your answer to question 23:

5000 character(s) maximum

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

Denmark fully supports the aim of the PSD2 to ensure fair competition, innovation and security in payment services across the EU. Only a safe, efficient and well-functioning payment landscape can ensure the growth of e-commerce, cross-border trade and the Digital Single Market. However, it is still too early to tell whether PSD2 has achieved this. We would therefore caution on reviewing PSD2 just yet.

PSD2 introduced two new central concepts in the payments regulation, Strong customer authentication and third party payment providers. Both of these new concepts have required extensive and thorough IT-development and it is not yet clear if these have been sufficient to ensure the goal of the PSD2.

A draw back of the PSD2 has been that it – contrary to the objective – has resulted in very technology-specific regulation. Strong customer authentication may be the best example of this. Denmark fully supports the introduction of SCA, which is an important step in combatting payment fraud. However, the delegated regulation that specifies the requirements have taken a technology specific and non-risk based approach. While the requirement of strong customer authentication is justified for high-risk transactions, it easily becomes onerous if applied to all transactions. To ensure that a risk-based and technologically neutral approach is followed, it is essential to strike the right balance between security and payment convenience, in line with the proportionality principle. Many firms had pre-PSD2 developed advanced risk analysis that can be applied to each transaction. Unfortunately, PSD2 did not allow sufficient room for firms that can demonstrate that their fraud rates are sufficiently low, to be able to use this to provide a better customer experience and to promote e-commerce. PSD2 has therefore in some cases moved the technological development backwards.

As regards TPPs, the PSD2 enshrined the two known business models that seemed apparent during the

negotiations (the envisioned PISP was an e-merchant and the AISP was a budget tool). This has given rise to difficulties as the TPP model can be used in many other settings. This illustrates the need to not regulate too early in an evolving technology market.

Question 24. The payments market is in constant evolution. Are there any activities which are not currently in the list of payment services of PSD2 and which would raise specific and significant risks not addressed by current legislation?

- Yes
- No
- Don't know / no opinion / not relevant

Question 24.1 Please explain your answer to question 24:

5000 character(s) maximum

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

One issue relates to the increase of different types of crypto-assets as means of payment. As this develops further, it will emphasize the consumer protection issues of crypto-assets not qualifying as funds (except those that are classified as e-money).

The recent increase in numbers of new crypto-asset, eg. stablecoins that are issued with the purpose of being means of payment, could create a two-tier regulatory framework regarding consumer protection. On one hand, those that are regulated by PSD2, which are the stablecoins regulated by EMD2, and therefore qualify as funds. On the other hand, issuers of payment tokens that are not regulated by EMD2.

In this scenario, a consumer will not know if the issuer is regulated and what consumer protection remedies follows the regulation. This can be quite opaque for the average consumer.

Question 25. PSD2 introduced strong customer authentication to mitigate the risk of fraud or of unauthorised electronic payments. Do you consider that certain new developments regarding fraud (stemming for example from a particular technology, a means of payment or use cases) would require additional mitigating measures to be applied by payment services providers or users?

- Yes
- No
- Don't know / no opinion / not relevant

Question 25.1 Please explain your answer to question 25 and specify if this should be covered by legislation:

Denmark fully supports the introduction of SCA, which is an important step in combatting payment fraud, especially when it comes to online merchants and safe online-banking. However, it is important to keep in mind that no SCA solution is safer than the person that uses the solution. Unfortunately, the rising use of instant payments makes escaping with the proceeds of phishing easier for criminals. A cornerstone in combatting fraud is therefore also consumer awareness and education. With the introduction of AISP and PISP – especially when using direct access – consumer awareness and education has been made more difficult, as consumers become more accustomed to entering their credentials in various places on the internet and on various apps and not only directly to their bank.

It is often difficult for the consumers to prove that they have been exposed to a scam - especially in investment cases. If the consumer has not taken a screenshot of a website's alleged price or the execution of the payment, it can be difficult for the consumer to prove that the initiated payment did not match what the consumer agreed to - and thus that the payment was unauthorized. With the introduction of PISPs – based on instant payments - that consumers may be less familiar with, this risk might be amplified. For card payments, there are often built in safeguards in the schemes based on agreement between issuers and acquirers, which makes it easier to backtrack transactions. This may not be the case for new solutions.

Another somewhat recent development in the payments market is the widespread adoption of contactless payments. In Q3 of 2019, 72% of payments at the point of sale in Denmark was contactless. This is up from 10% in Q3 of 2016. Most consumers view contactless payments as a safe, quick and efficient way of paying. The increasing number of contactless payments has helped reduce the already low fraud rate in Denmark, as the use of contactless cards makes it much more difficult for criminals to skim the PIN. Such reduced fraud levels can easily be seen in the statistics. In Q3 of 2019, the fraud was on average DKK 1,779 for chip payments compared to 247 DKK for contactless payments. In general, the fraud-level on Danish-issued credit cards is low. That was also the case in Q3 2019, where fraud accounted for 0,02 DKK for every 1,000 DKK. Over the past 4 years, fraud rates of payments decreased by 38%. It is important to note that this shift happened before the introduction of the RTS on strong customer authentication.

Further, the risks involved with crypto-asset payments can both be similar and very different from regular payments with funds. This depends on the crypto-assets' inherent features such as: underlying blockchain, type of smart contracts, level of decentralization and use of tumblers and mixers. Anonymity enhanced coins could lead to much higher risk of fraudulent transactions and unauthorized electronic payments etc. On the other hand, some crypto-assets could lead to the lowering, or mitigation of the same risks compared to regular payments. In the end, it depends on the inherent features of the crypto-asset and the virtual asset service provider - if one facilitates the payment.

Question 26. Recent developments have highlighted the importance of developing innovative payment solutions. Contactless payments have, in particular, become critical to reduce the spread of viruses.

Do you think that new, innovative payment solutions should be developed?

- Yes
- No

- Don't know / no opinion / not relevant

Question 26.1 If you answered yes to question 26, please explain your answer:

5000 character(s) maximum

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

We are currently not aware of any research showing that contactless payments are critical in reducing the spread of viruses, although we acknowledge that contactless payments may give rise to less uncertainty for customers and merchants. If this is the case, we believe that some flexibility could be built into the rules for such circumstances.

Yes, the market should always be allowed to develop new payment solutions that meet the demands of the consumers and merchants. It is our opinion that this is best achieved by not regulating the market prematurely.

Question 27. Do you believe in particular that contactless payments (based on cards, mobile apps or other innovative technologies) should be further facilitated ?

- Yes
- No
- Don't know / no opinion / not relevant

Question 27.1 Please explain your answer to question 27.

(Please consider to include the following elements: how would you promote them? For example, would you support an increase of the current ceilings authorised by EU legislation? And do you believe that mitigating measures on fraud and liability should then be also envisaged?):

5000 character(s) maximum

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

As of now the most common technologies for contactless payments are Bluetooth, scanID (eg. QR) and NFC. NFC outruns the other two, when it comes to connection speeds, user experience (UX) and required steps for completing payments.

The issue is that some device manufacturers do not allow access to the NFC-chip to third party software. This halts innovative device-based payment solutions, as it de facto requires a propriety device.

Improving access to payment accounts data under PSD2

Since 14 September 2019, the PSD2 Regulatory Technical Standards on Strong Customer Authentication and Common and Secure Standards of Communication are applicable, which means that account servicing payment service providers (ASPSPs) must have at least one interface available to securely communicate – upon customer consent – with Third-party providers (TPPs) and share customers' payment accounts data. These interfaces can be either a dedicated or an adjusted version of the customer-facing interface. The vast majority of banks in the EU opted for putting in place dedicated interfaces, developing so-called Application Programming Interfaces (APIs). This section will also consider recent experience with APIs.

Some market players have expressed the view that in the migration to new interfaces, the provision of payment initiation and account information services may be less seamless than in the past. Consumer organizations have raised questions with regard to the management of consent under PSD2. The development of so-called "consent dashboards" can, on the one hand, provide a convenient tool for consumers who may easily retrieve the information on the different TPPs to which they granted consent to access their payment account data. On the other hand, such dashboards may raise competition issues.

Question 28. Do you see a need for further action at EU level to ensure that open banking under PSD2 achieves its full potential?

- Yes
- No
- Don't know / no opinion / not relevant

Question 29. Do you see a need for further action at EU level promoting the standardisation of dedicated interfaces (e.g. Application Programming Interfaces – APIs) under PSD2?

- Yes
- No
- Don't know / no opinion / not relevant

Question 29.1 Please explain your answer to question 29:

5000 character(s) maximum

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

The Danish FSA believes that the market should have a fair opportunity to create a certain degree of standardization before regulators promote a certain standardization. The market has not been allowed to mature sufficiently yet.

We therefore recommend that legislators approach any promotion of standardization with caution and patience.

Adapting EMD2 to the evolution of the market and experience in its implementation

Since the entry into force of EMD2 in 2009, the payments market has evolved considerably. This consultation is an opportunity to obtain feedback from stakeholders with regard to the fitness of the e-money regime in the context of market developments. The aspects related to cryptocurrencies are more specifically addressed in the [consultation on crypto-assets including “stablecoins”](#)

Question 30. Do you consider the current authorisation and prudential regime for electronic money institutions (including capital requirements and safeguarding of funds) to be adequate?

- Yes
- No
- Don't know / no opinion / not relevant

Question 30.1 Please explain your answer to question 30:

5000 character(s) maximum

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

Denmark generally believes that the prudential regime is adequate. However, the prudential regime is potentially too onerous in some cases. Especially the combination of a 2% ongoing capital requirement and the negative interest rate environment can be disproportionately burdensome. Moreover, the 2% ongoing capital requirement does not seem to add further consumer protection (the funds are already secured).

Under PSD2 and EMD2, the authorisation regimes for the provision of payment services and the issuance of E-money are distinct. However, a number of provisions that apply to payment institutions apply to electronic money institutions mutatis mutandis.

Question 31. Would you consider it useful to further align the regime for payment institutions and electronic money institutions?

- Yes, the full alignment of the regimes is appropriate
- Yes, but a full alignment is not appropriate because certain aspects cannot be addressed by the same regime
- No
- Don't know / no opinion / not relevant

Question 31.1 Please explain your answer to question 31:

5000 character(s) maximum

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

In Denmark, EMD2 and PSD2 are implemented through one act called the "payments act". The two regimes are very similar and interconnected, in particular with the definition of funds in PSD2 and the definition of the subgroup of funds in EMD2. Denmark strongly support that PSD and EMD are aligned into one legal act.

31.2 Please state which differences, if any, between payment institutions and electronic money institutions might require, a different regime:

5000 character(s) maximum

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

Payment solutions of the future

As innovation is permanent in the payments sphere, this consultation also considers potential further enhancements to the universe of payment solutions. One of them is the so-called “programmable money”, which facilitates the execution of smart contracts (a smart contract is a computer program that runs directly on a blockchain and can control the transfer of crypto-assets based on the set criteria implemented in its code). In the future, the use of smart contracts in a blockchain environment may call for targeted payment solutions facilitating the safe execution of smart contracts in the most efficient way. One of the relevant potential use cases could be the automation of the manufacturing industry (Industry 4.0).

Question 32. Do you see “programmable money” as a promising development to support the needs of the digital economy?

- Yes
- No
- Don't know / no opinion / not relevant

Question 32.1 If you do see “programmable money” as a promising development to support the needs of the digital economy, how and to what extent, in your views, could EU policies facilitate its safe deployment?

5000 character(s) maximum

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

Programmable money (PM) is an interesting development, which we welcome. At the same time, we are aware of the fact that new activities and products may give rise to new risks and challenges.

PM can lead to new services for the benefit of consumers, such as child allowances etc., but it can also compromise our individual freedoms both generally and in particular one of the pillars of EU; the freedom of movement.

We believe that a thorough analysis of the challenges related to PM should be carried out. The analysis could focus on PMs possible impact on our fundamental rights and data protection. PM is at a very early stage of development, and a greater understanding of risks and benefits is needed before new policy initiatives are considered.

C. Access to safe, efficient and interoperable retail payment systems and other support infrastructures

In Europe, the infrastructure that enables millions of payments every day has undergone significant changes over the last decade, most notably under the umbrella of SEPA. However, some issues remain, such as: ensuring the full interoperability of European payment systems, in particular those processing instant payments and ensuring a level playing field between bank and non-bank payment service providers in the accessibility of payment systems. Furthermore, some Member States have put in place licensing regimes for payment system operators in addition to central bank oversight, while others have not.

Interoperability of instant payments infrastructures

With regard to SCT and SDD, under EU law it is the obligation of operators or, in absence thereof, of the participants in the retail payment systems, to ensure that such systems are technically interoperable with the other retail payment systems.

Question 33. With regard to SCT Inst., do you see a role for the European Commission in facilitating solutions for achieving this interoperability in a cost-efficient way?

- Yes
- No
- Don't know / no opinion / not relevant

Question 33.1 Please explain your answer to question 33:

5000 character(s) maximum

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

Increased interoperability could have a positive impact towards more integrated payment service markets. However, any further action in this regard should take into account 1) needs of Member States outside the euro-zone, and 2) existing, well-functioning national instant payments systems. In that regard, it should be noted that Nordic banks are currently working on a common clearing mechanism, P27, which will cover,

initially, Denmark Sweden and Finland. This is an example of an interoperable solution, which will allow private parties to develop competing solutions that cater to different needs of consumers and merchants. Eventually, it should be possible for a Danish citizen to send money through the system to a Swedish citizen, each using different payment solutions, that are able to communicate through an interoperable platform. This also demonstrates another prerequisite: demand and commercial viability. The Nordic countries are closely aligned and have much cross-border trade. While there may be political aims behind supporting a common European payment system, whether there is demand for such a system should also be considered.

Further, it should be noted that not all merchants might even want instant payments. Generally, regulatory driven developments of the technical infrastructure should be based on a thorough analysis of actual demand to ensure that costs of development do not disproportionately increase cost for a majority of consumers.

Ensure a fair and open access to relevant technical infrastructures in relation to payments activity

(This topic is also included, from a broader perspective, in the [digital finance consultation](#)).

In some Member States, legislation obliges providers of technical services supporting the provision of payment services to give access to such technical services to all payment service providers.

Question 34. Do you agree with the following statements?

N.A. stands for "Don't know / no opinion / not relevant"

	1 (strongly disagree)	2 (rather disagree)	3 (neutral)	4 (rather agree)	5 (fully agree)	N. A.
Existence of such legislation in only some Member States creates level playing field risks	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
EU legislation should oblige providers of technical services supporting the provision of payment services to give access to such technical services to all payment service providers	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Mandatory access to such technical services creates additional security risks	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>

Question 34.1 Please explain your answer to question 34:

5000 character(s) maximum

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

Easing access to technical services could be a useful tool to promote innovation and competition. However, thorough care should be given to ensure proportionality in such a regime. While competition could be stimulated by ensuring access to the technical infrastructure of large corporations with significant market shares, mandating open access to all technical infrastructure might hamper innovation as it could disincentivise e.g. smaller fintech companies from developing new technical solutions.

Implementation of PSD2 has proven to be quite difficult, even though the scope of the PSD2 is much narrower than what is considered here. The difficulties of the implementation of new initiatives in this field should be considered.

34.2 If you think that EU legislation should address this issue, please explain under which conditions such access should be given:

5000 character(s) maximum

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

Further, to ensure the integrity of the infrastructure, access to the relevant technical solutions should be conditioned on sufficient resources and expertise on behalf of the accessing part to avoid undue increases in security risks. Access should be given on objective and non-discriminatory terms.

Facilitating access to payments infrastructures

In a competitive retail payments market, banks, payment and e-money institutions compete in the provision of payment services to end users. In order to provide payment services, payment service providers generally need to get direct or indirect access to payment systems to execute payment transactions. Whereas banks can access any payment system directly, payment institutions and e-money institutions can only access some payment systems indirectly.

Question 35. Is direct access to all payment systems important for payment institutions and e-money institutions or is indirect participation through a bank sufficient?

- Yes, direct participation should be allowed
- No, indirect participation through banks is sufficient
- Don't know / no opinion / not relevant

Question 35.1 Why do you think direct participation should be allowed?

You can select as many answers as you like.

- Because otherwise non-banks are too dependent on banks, which are their direct competitors
- Because banks restrict access to bank accounts to non-banks providing payment services

- Because the fees charged by banks are too high
- Other reasons

Please add any relevant information to your answer(s) to question 35 and sub-questions:

5000 character(s) maximum

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

We have seen examples of larger payment institutions seeking to acquire small credit institutions in order to gain access to the payments infrastructure, not because they wanted to issue credit and take deposits. We have also seen a movement where payment institutions seek to obtain a credit institution license, with the sole purpose of getting access to the payments infrastructure. This underlines the merit in giving payments institutions that meet the operational criteria direct access to the payments infrastructure, on level conditions, that adequately addresses the risks involved.

Question 36. As several – but not all – Member States have adopted licensing regimes for payment system operators, is there a risk in terms of level playing field, despite the existence of central bank oversight?

5000 character(s) maximum

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

Traditionally payment systems have been operated at a national level. Recently, we have seen a development towards payment systems beginning to operate on a crossborder basis. This development in connection with a fragmented regulatory landscape can lead to payment systems operators being forced to settle in and operate from countries with licensing regimes for payment systems operators instead of being located in the country where the operations and activities of the company would otherwise have suggested. In order to avoid such consequences of a fragmented regulatory landscape, Denmark support that further analysis on this question is carried out. This can help ensure a level playing field and help securing the operational resilience of these systems, which can be systemically important.

D. Improved cross-border payments, including remittances, facilitating the international role of the euro

While there has been substantial progress towards SEPA, cross-border payments between the EU and other jurisdictions, including remittances, are generally more complex, slow, opaque, inconvenient and costly. According to the World Bank's Remittance Prices Worldwide database, the [average cost of sending remittances currently stands at 6.82%](#). Improving cross-border payments in general, including remittances, has become a global priority and work is being conducted in the framework of international fora such as the Financial Stability Board and the Committee on Payments and Market Infrastructures to find solutions to reduce that cost. The United Nations Sustainable Development goals also include the reduction of remittance costs to less than 3% by 2030. Reducing the costs of cross-border payments in euro should also contribute to enhancing the international role of the euro.

Question 37. Do you see a need for action at EU level on cross-border payments between the EU and other jurisdictions?

- Yes
- No
- Don't know / no opinion / not relevant

Question 37.1 Please explain your answer to question 37:

5000 character(s) maximum

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

Question 38. Should the Commission play a role (legislative or other) in facilitating cross-border payments between the EU and the rest of the world?

- Yes
- No
- Don't know / no opinion / not relevant

Question 39. Should the Commission play a role in facilitating remittances, through e.g. cost reduction, improvement of services?

- Yes
- No
- Don't know / no opinion / not relevant

Question 39.1 Please explain your answer to question 39 and specify which role the Commission should play – legislative or non-legislative:

5000 character(s) maximum

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

Question 40. Taking into account that the industry is developing or implementing solutions to facilitate cross-border payments between the EU and other jurisdictions, to what extent would you support the following actions:

N.A. stands for "Don't know / no opinion / not relevant"

	1 (irrelevant)	2 (rather not relevant)	3 (neutral)	4 (rather relevant)	5 (fully relevant)	N.A.
Include in SEPA SCT scheme one-leg credit transfers	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Wide adoption by the banking industry of cross-border payment trackers such as SWIFT's Global Payments Initiative	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Facilitate linkages between instant payment systems between jurisdictions	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Support "SEPA-like" experiences at regional level outside the EU and explore possible linkages with SEPA where relevant and feasible	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Support and promote the adoption of international standards such as ISO 20022	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Other	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

Question 40.1 Please explain your answer to question 40:

5000 character(s) maximum

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

Question 41. Would establishing linkages between instant payments systems in the EU and other jurisdictions:

- Reduce the cost of cross-border payments between the EU and other jurisdictions?
- Increase the costs of cross-border payments between the EU and other jurisdictions?
- Have no impact on the costs of cross-border payments between the EU and other jurisdictions?
- Don't know / no opinion / not relevant

Question 41.1 Please explain your answer to question 41:

5000 character(s) maximum

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

Additional information

Should you wish to provide additional information (e.g. a position paper, report) or raise specific points not covered by the questionnaire, you can upload your additional document(s) here:

The maximum file size is 1 MB.

You can upload several files.

Only files of the type pdf,txt,doc,docx,odt,rtf are allowed

09826a7a-a0af-43a8-81eb-b4a361e23d62/Additional_answers_retail_payments.docx

Useful links

More on this consultation (https://ec.europa.eu/info/publications/finance-consultations-2020-retail-payments-strategy_en)

[Consultation document \(https://ec.europa.eu/info/files/2020-retail-payments-strategy-consultation-document_en\)](https://ec.europa.eu/info/files/2020-retail-payments-strategy-consultation-document_en)

[More on payment services \(https://ec.europa.eu/info/business-economy-euro/banking-and-finance/consumer-finance-and-payments/payment-services_en\)](https://ec.europa.eu/info/business-economy-euro/banking-and-finance/consumer-finance-and-payments/payment-services_en)

[Specific privacy statement \(https://ec.europa.eu/info/files/2020-retail-payments-strategy-specific-privacy-statement_en\)](https://ec.europa.eu/info/files/2020-retail-payments-strategy-specific-privacy-statement_en)

[More on the Transparency register \(http://ec.europa.eu/transparencyregister/public/homePage.do?locale=en\)](http://ec.europa.eu/transparencyregister/public/homePage.do?locale=en)

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