

Public Information:

EPSM urges to keep SCA card payments out of the scope of the planned eIDAS 2.0 regulation

Munich, 16 March 2023

The non-profit association EPSM, focussing on acquirers and merchant PSPs in the SEPA region, urges the European lawmakers to make clear that card payments with SCA will be out of the scope of the planned eIDAS 2.0 regulation. There should be no forced mandate to add expensive new hardware and software to the globally accepted card infrastructures “EMV chip and PIN” (at POS terminals) and “EMV 3DS” (in ecommerce).

EPSM became aware of the following statement from the banking sector only very recently:
https://die-dk.de/media/files/DK230301_DK-statement-eidas2-vo--EN.pdf

It refers to the currently planned wording in the ITRE committee of the European Parliament:
https://www.europarl.europa.eu/doceo/document/A-9-2023-0038_EN.html

EPSM urges the European lawmakers in the trilogue-phase to change the wording of the planned eIDAS 2.0 regulation concerning card payments:

- In the current wording, card payments at the POS and in ecom with SCA according to PSD2 would be fully in scope – according to the wording of the present text. Consequently, nearly all merchants in Europe would have to invest in expensive and complicated POS terminal updates or even would have to buy new, very costly POS terminals. We estimate that about 5 million POS terminals would be affected, with a total replacement cost of at least 250 Euro/terminal. This would be a cost of far more than 1 billion Euro, and would have to be ultimately paid by all the merchants in the EU - from very large retailers to the smallest kiosk owner.
- Also, for ecommerce payment transactions ("card not present"), the mandatory coverage of card payments would be very complicated and very costly to implement, especially as the planned eIDAS architecture will not use the globally introduced and established EMV 3DS standards.
- Even in just very focused payment wallet applications, the technical details and the user experience are still open. Before any introduction mandates, the planned wallets should be first thoroughly tested and piloted with end-users.

In detail, we support the changes, similar to the recently proposed changes by other organisations:

Recital 31

(31) Secure electronic identification and the provision of attestation of attributes should offer additional flexibility and solutions for the financial services sector to allow identification of customers and the exchange of specific attributes necessary to comply with, for example, customer due diligence requirements under the Anti Money Laundering Regulation, [reference to be added after the adoption of the proposal], with suitability requirements stemming from investor protection legislation, or to support the fulfilment of strong ~~user customer~~ authentication requirements ~~to verify the identity of the user (legal or natural person) for account login and for initiation of transactions in the field of payment services.~~

(16) Art. 12b.2

Where private relying parties providing services are required, by Union or national law, to use strong user authentication ~~for online identification, to verify the identity of the user (legal or natural person)~~, including in the areas of transport, energy, banking and financial services, social security, health, drinking water, postal services, digital infrastructure, telecommunications or education in particular with regard to the recognition of educational and professional qualifications, private relying parties shall also offer and accept the use of European Digital Identity Wallets and notified electronic identification means with assurance level ‘high’ issued in accordance with this Regulation ~~for identification and authentication.~~

In the sense of “better regulation”, also in the interest of merchants and ultimately the European citizens, we hope that the European lawmakers will take note of these comments.

About the EPSM:

The European trade association EPSM represents the interests of payment service providers for merchants, like acquirers and internet PSPs for payment acceptance. As a non-for-profit organization, it provides a cost-effective interest representation and general information exchange on payment topics to its members.

Since its founding in April 2005, the specialised EPSM has grown to more than 60 EPSM members with headquarters in 16 European countries (AT, BE, CH, CY, CZ, DE, FR, GR, HU, IE, IT, LU, LT, NL, SE, UK) and in the USA. There are voting (ordinary) members, like acquirers, payment network operators, and internet payment providers, and non-voting (extra-ordinary) members, like payment schemes, service providers, and terminal manufacturers.

In 2022, after the Corona break, there have been two EPSM Meetings with app. 40 participants and external speakers, held in Prague (Czech Republic) and Munich (Germany). For 2023, three physical meetings are planned. In addition, there are app 6 virtual meetings per year typically each with app 50 participants from more than 10 European countries.

Recent new members have been anybill (Germany), myPOS.AT (Austria), Postfinance (Switzerland), and Discover Global Network (United States).

The association has been in contact with the European Commission, the ECB, the EBA, other European and national organisations and actively taken part in several consultations.

EPSM representatives are active in the EU Payment Systems Market Expert Group (PSMEG), the global PCI SSC Board of Advisors (PCI BoA), and in the EU Intellectual Property Observatory (EUIPO). EPSM is an observer to the European Payment Institutions Federation (EPIF)

The services for members include typically three EPSM Meetings per year with external speakers, up-to-date information by e-mail, a homepage with a non-public intranet, a virtual AML Compliance WG and a virtual SCA working group.

For more information, please visit www.epsm.eu or contact:

EPSM e.V.
Nicolas Adolph
Chairman
Ludwigstr. 8
80539 Munich, Germany
office@epsm.eu

EU Transparency Register ID: 75870078560-90