

Card Payment Sweden Newsletter Q4/23

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As the final full year of this EU institutional mandate draws to a close, with only a few months left before the elections in 2024, EU legislators have managed to complete work on key files of relevance to card payments. Agreements in trilogues were found in November on the Instant Payments Regulation and the Cyber Resilience Act. Meanwhile, work on the PSR and PSD3, as well as the digital euro, is ongoing with the objective of finalising the Parliament's position before the elections.

About Card Payment Sweden

Card Payment Sweden (CPS) is an industry association that promotes the use of cashless payments by card in Sweden and in the Nordics. CPS was established in 2017 by card acquirers and card issuers in the Swedish market. We aim to ensure that payments are made securely, efficiently and in a commercially viable way.

The very high use of cards has given Sweden the reputation of having one of the world's most efficient payment markets. CPS strives to ensure that the regulatory framework in Sweden and the EU works effectively and facilitates fair competition among the different payment solutions.

PSR/PSD3 NEGOTIATIONS

On the revised Payment Services Directive (PSD3) and the new Payment Services Regulation (PSR), discussions in the Council have focused on the potential enhancement of fraud checks, liability and transaction monitoring requirements. Notably, considerations include customer authentication, exemptions, and reporting requirements for fraud checks.

Meanwhile, the ECON Committee of the European Parliament, in November, presented its draft position on the [PSR](#) and [PSD3](#), also focusing on fraud prevention. Proposed changes encompass shared responsibility for fraud protection, mandatory refunds for payment service providers (PSPs) in cases of negligence or fraud, and increased transparency, particularly in currency exchange. The Parliament also addressed issues related to access to cash, grandparenting provisions for authorized PSPs, and the need for clearer definitions. Amendments to the draft reports aim to ban surcharging, enhance transparency, and improve data protection for Payment Service Users. Recommendations include strengthening fraud prevention provisions, a risk-based approach to Strong Customer Authentication, and empowering the European Banking Authority.

DIGITAL EURO PROGRESSES DESPITE LOW PRIORITY

On 25 September, the European Council's Working Group on Financial Services initiated discussions on the digital euro proposal, addressing key considerations such as defining "digital euro users" and the implications of "comparable means of payment." The Council also explored the legal consequences for the direct liability of the ECB and national central banks in light of the intermediary

role of payment service providers. Discussions continued in November and will be passed on to the incoming Belgian Presidency of the Council.

On 18 October, the European Central Bank announced the commencement of the digital euro [preparation phase](#), focusing on accessibility through supervised intermediaries like banks. The preparation phase, starting on 1 November, aims to finalize the digital euro rulebook and select development and infrastructure providers.

In parallel, discussions progressed in the European Parliament's ECON Committee. MEPs expressed concerns about the project's purpose and its impact on privacy. Rapporteur Stefan Berger emphasized prioritizing the right to access cash first and plans to produce a report in early 2024. Some MEPs advocate scrapping the project altogether. An exchange of views is scheduled for 14 February. The ECON Committee plans to vote on the draft report on 9 April, followed by a Plenary vote on 22 April—the last possible moment before the European elections.

EU LEGISLATORS CONCLUDE DEAL ON INSTANT PAYMENTS RULES

Back in early November, negotiators in the European Parliament and the Council reached an [agreement](#) in trilogues on the Instant Payments Regulation. Formal opposition from the Czech Republic, Denmark, Hungary & Poland was not enough to see the Council approval of the trilogue agreement blocked in a vote on 29 November. The Parliament's ECON Committee also approved the agreement on 11 December. A plenary vote will now be scheduled (likely 15-18 January) before the text can be signed and officially adopted.

Once the regulation is in force, after an initial 9-month period, all eurozone PSPs are mandated to institute the necessary technical infrastructure to support incoming instant payments. This phase also includes the implementation of sanctions screening requirements and compliance of eurozone PSPs with pricing regulations. At 18 months, eurozone PSPs need to support outgoing instant payments and incorporate IBAN name checking requirements. After 33 months, the reception of instant payments in euros for PSPs outside the eurozone is to be enabled, alongside compliance requirements for pricing. Finally, the 50-month milestone marks the point at which the sending of instant payments in euros outside the eurozone must be enabled, and non-eurozone PSPs are expected to comply with IBAN name checking requirements.

PAYMENTS EUROPE RELEASES REPORT ON TRUE VALUE OF CARD PAYMENTS

Payments Europe released a [report](#) addressing the true value of card payments for merchants and consumers. The report compares the merits of card payments with other modes of payment, including digital payments and the digital euro. Findings from a survey of 1500 European merchants reveal several key points: when selecting payment methods, merchants prioritize factors such as security, customer experience, reach, and convenience over cost; a notable 87% of merchants affirm that the benefits of card payments surpass the associated costs, expressing overall satisfaction with card fees. Although card fees have generally remained stable over time, there are significant variations based on transaction and merchant types, with approximately 67% of merchants reporting either a decrease or

maintenance of costs. However, one in four merchants indicates a lack of understanding regarding the fees they incur, underscoring a need for improved clarity in this area.

EUROPEAN PAYMENTS INITIATIVE PRESENTS ITS DIGITAL WALLET

The European Payments Initiative (EPI) has named its [digital wallet](#) "wero," which will offer secure and fast payments, person-to-person transactions, online shopping capabilities, and loyalty programs. The launch in Belgium, France, and Germany is rescheduled for mid-2024, with the Netherlands in the next phase and other countries following from 2025 onwards.

EPI also completed the acquisition of Dutch payment solution iDEAL and Luxembourg technology provider Payconiq International, marking a milestone in its goal to establish a unified instant payment scheme and platform for Europe. The financial details of the acquisitions have not been disclosed.

FINAL AGREEMENT REACHED ON THE CYBER RESILIENCE ACT

An agreement on the Cyber Resilience Act was reached between the Parliament and Council on 30 November. According to [the final agreement](#), products will be categorized based on criticality and cybersecurity risk, with the European Commission maintaining and updating two lists. The scope of protected devices has expanded to include software for identity management systems, password managers, biometric readers, smart home assistants, and private security cameras. Furthermore, the agreement stipulates that security updates for products must be enabled for automatic and independent installation. The final list of products will be available upon the publication of the final text at the end of 2023 or the beginning of 2024. The agreement will undergo separate ratification by the Parliament and Council, entering into force 20 days after its publication in the Official EU Journal.

BELGIUM TO REDUCE DEBIT CARD INTERCHANGE FEES DESPITE INDUSTRY CONCERNS

A recent Belgian government decision reduces interchange fees for national payments made through consumer debit cards from 0.2% to 0.1%. The decision, a [royal decree](#), will come into force on 1 April 2024. The government justifies the decision by pointing to a substantial increase in electronic payments since the implementation of the EU IFR in Belgian law in 2016. Industry opposition, notably voiced by [Febelfin](#), notes that interchange fees in Belgium are already capped at a maximum of 0.056 euros, and the average fee is approximately 0.033 euros, making it one of the lowest in Europe. Febelfin argues the decision was hastily made, based on superficial and incomplete research, and calls for a reconsideration along with a comprehensive impact assessment.

APPLE TO SETTLE EU ANTITRUST CHARGES

Apple has reportedly proposed concessions to address EU antitrust charges and prevent a fine, as per [Reuters](#). The proposed concessions include providing rival payment services with free and unrestricted

access to the NFC chip, similar to the terms granted to Apple Pay. The European Commission is set to gather feedback from competitors and customers in January to assess the acceptability of Apple's offer. It is worth noting that the timing of the market test may be subject to adjustments.

Wishing you all a restful holiday break with friends and family.

Michael Hoffman
MANAGING DIRECTOR/CEO/VD