

THE NEW EUROSISTEM OVERSIGHT FRAMEWORK FOR PAYMENT INSTRUMENTS, SCHEMES AND ARRANGEMENTS

In order to promote the smooth operation of payment infrastructures and payment instruments by reinforcing their efficiency and security, the oversight function must have adequate tools, adapted, in particular, to any changes that may arise in the ecosystem overseen.

The Eurosystem has initiated a process to review the oversight framework for payment instruments for different reasons, including most notably:

- i) Extending its scope, with the aim of considering all the developments that have arisen in the field of payments, especially in the past decade, and those which may arise in the future (for example, crypto currencies, functionalities provided by certain supplier companies of smartphones for making contactless payments, etc.).
- ii) Simplifying it, establishing a single framework, although taking into account specificities when applied.
- iii) Harnessing possible synergies with the payment systems oversight framework.
- iv) Taking into account the experience acquired in implementing the current oversight framework for instruments.

The review work commenced in 2018. The new framework proposed is known as the oversight framework for payment instruments, schemes and arrangements (the PISA framework). It is comprised of three documents: i) the oversight framework itself, ii) the assessment methodology, which takes into account the specificities of each particular scheme or arrangement to which it applies, and iii) the exemption criteria, which are justified by a proportionality criterion.

The public consultation took place at end-2020 and the new framework is scheduled to be approved in 2021. The new aspects of the project include most notably the revision of terminology to adapt it to the current legislation (for instance, the Second Payment Services Directive). Additionally, new definitions have been included and new developments, such as crypto currencies, have been taken into account.

Also notable is the extension of its scope, which changed from focusing on certain payment schemes (cards, payment transfers, direct debits and electronic money) to including payment arrangements, both of which are defined below:

- A payment scheme is a set of formal, standardised and common rules enabling value between end-users to be transferred by means of electronic payment instruments. It is managed by a governance body.
- A payment arrangement provides certain functionalities which support payment users, customers of multiple payment service providers, in the use of electronic payment instruments. It is managed by a governance body which issues the relevant rules, terms and conditions for implementing the arrangement.

As an example, under the new PISA framework, an app provided by a smartphone manufacturer to make payments with it would a priori be considered as a payment arrangement, since the application allows the owner of the smartphone (the end-user) to use a payment instrument (for example, a debit card) to make payments (for instance, a payment in a physical store using contactless technology). Also, the use of such a card would be subject to a series of rules governed by the related card scheme and, therefore, this oversight framework would also apply to it.