

MODERNISING PAYMENT SERVICES AND OPENING FINANCIAL SERVICES DATA: THE LEGISLATIVE PROPOSALS OF THE EUROPEAN COMMISSION

The European Commission put forward three legislative proposals in June 2023 relating to payment services and data sharing in financial services. They are as follows:

- a) a draft regulation for payment services in the internal market (Payment Services Regulation, PSR);
- b) a draft directive on payment and electronic money services in the internal market (PSD3), repealing Directive 2015/2366 (known as PSD2) and the E-Money Directive;
- c) a legislative proposal for a regulation on a framework for financial data access (FiDA).

According to the European Commission, these proposals are intended to improve consumer protection and competition in electronic payments, as well as empower consumers to securely share their data so that they can better access financial products and services.

PSR and PSD3 represent an evolution of PSD2, intended to:

- a) harmonise arrangements for payment services and electronic money;
- b) combat fraud by enabling payment service providers to share information among themselves, strengthening customer authentication, extending refund rights of consumers who fall victim to fraud and checking alignment of payees' IBAN numbers with their names in credit transfers;

- c) improve consumer rights, making more information available to them;
- d) harmonise regulations for banks and non-banking institutions, allowing the latter access to payment systems and securing their rights to a bank account;
- e) improve the functioning of open banking; and
- f) improve the availability of cash in shops and via automated teller machines.

FiDA establishes a framework of rights and obligations for sharing data on loans, savings, investments, pensions and insurance (excluding life insurance) for financial service customers, including the following:

- a) Customers have the right to access their data held by financial institutions and share them with other financial institutions, including new financial information services providers.
- b) Financial institutions must make customer data – subject to prior customer permission – available to other institutions via technical infrastructure. To do so, the proposal aims to encourage financial institutions to put in place technical interfaces and to standardise customer data and technical interfaces as part of creating financial data sharing schemes, in which both data holders and data users become members.