

Payment Services Directive

On 24 April 2007, the European Parliament adopted the proposal for the Payment Services Directive (PSD), for which the ECOFIN Council had already agreed a general approach. The Member States should transpose the Directive as early as possible, and by 1 November 2009 at the latest, into national law.

THE PSD APPLIES ACROSS THE EU AND TO PAYMENTS IN ANY CURRENCY

The PSD is mandatory for all euro-area 13 countries, for the new Member States when they join the Euro and, for EU Nations outside the euro area; a voluntary alignment is offered to EEA countries (Iceland, Liechtenstein and Norway). Switzerland has joined SEPA, despite not being a member of EU/EEA.

What is the PSD?

- Harmonised legal framework for payment services across the EU;
- Essential for the implementation of SEPA (Single Euro Payments Area).

Aims

Single Market	Single EU-wide set of rules for payments;
Legal Certainty	Harmonised legal framework;
Customer Protection	Encourage EU-wide payments;
Transparency	Enable customer choice between providers across the EU;
Competition	From new/non-banks providers.

Scope

- Rules relate to the bank-to customer relationship;
- All electronic payments within the EU, in all currencies (not just euro/eurozone);
- The intra-EU leg of payments into/out of the EU.

Legal Elements

Authorisation	New license for payment institutions to provide payment services (Title II);
Transparency	Transparency of conditions and information requirements; the Directive will replace 25 sets of national rules (Title III);
Harmonisation	Rights and obligations of users and providers of payment services (Title IV).

Impact

Practical Implications (see September SEPA Monocle).