

# The expected impact of PSD2 on the EU remittance sector

*Asli Ozceri Jungers, MoneyTrans*





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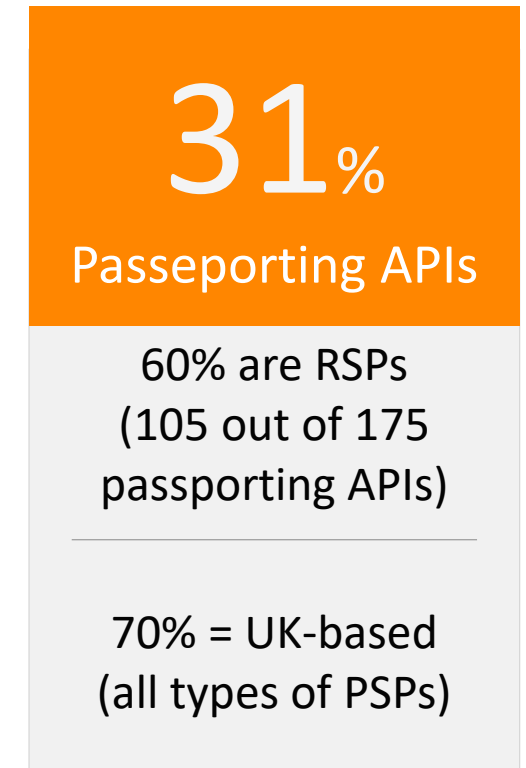
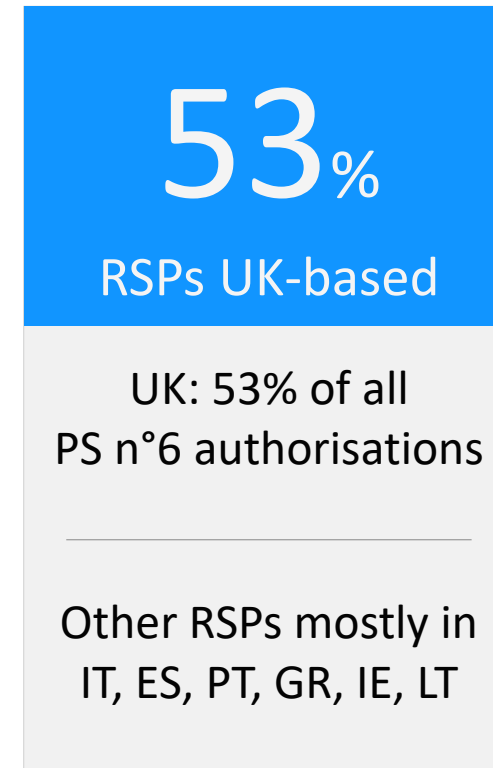
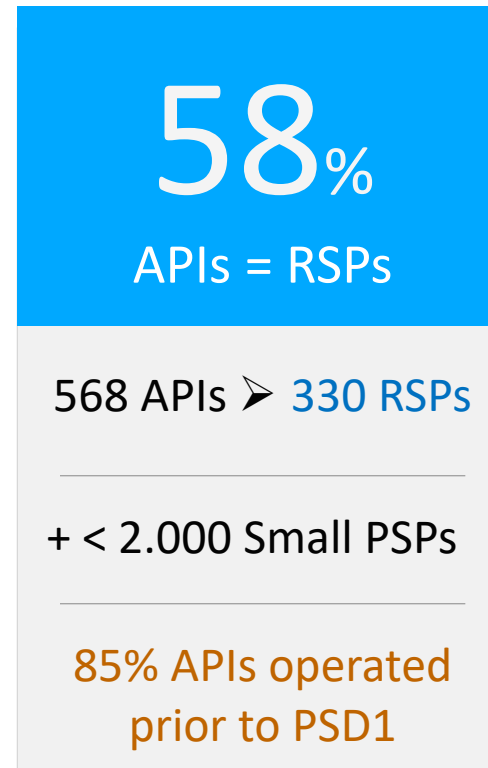
# Taking stock of PSD1 implementation

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- ❑ **New prudential status across the EU (“PSP”)**: contributed to **legal certainty** + to **professionalizing the remittance industry** (cf. requirements on initial capital/own funds/safeguarding of funds, corporate governance, internal controls...).
- ❑ **“Passporting right”** has provided RSPs with a tool to expand to other markets, without having to **operate under multiple authorisations**.
- ❑ **Enhanced competition** (new market entrants), **innovation** (cf. online remittance platforms) and a **greater choice for consumers** (who may access Europe-wide services instead of a pool of local providers).

# Impact on the EU Remittance Industry

- **New “PSPs” status** mostly benefited **Remittance Service Providers (“RSPs”)**
- **Highly concentrated distribution of PSPs** across the EEA
- Limited use of passporting right by new PSPs + few new market entrants/ many SPIs => **No major impact on EU-wide competition**



# Limitations of PSD1

- ❑ **Passporting Regime** hindered by **non-harmonized rules at national level**, resulting in:
  - **Regulatory arbitrage** and legal uncertainty (same rules applied differently)
  - Different processes for registering/supervising agents => **uneven playing field** between domestic and foreign APIs
  - **Impaired consumer protection** (which regulator or ombudsman to refer to?)
  - **“Forum shopping”**: providers sought authorisations in Member States having the most liberal supervision regime (especially regarding AML/internal control checks)

*“The competent authorities see the negative impact on the market mostly resulting from **the performance of the other authorities** rather than the performance of the payment institutions”.*

# Anticipated pros & cons of PSD2

- |   |   |   |   |
|---|---|---|---|
| • | <ul style="list-style-type: none"> <li>New set of harmonised rules on licensing/ supervision/passporting -<br/>&gt; <b>Better level playing field for APIs</b></li> </ul> | <ul style="list-style-type: none"> <li>Will further <b>increase licensing &amp; operating costs</b> (cf. new regulatory requirements)</li> </ul>                                    | • |
| • | <ul style="list-style-type: none"> <li>End of banks' monopoly on payment systems -&gt; <b>increased consumer trust in NBFIs</b> for payments/P2P transfers</li> </ul>     | <ul style="list-style-type: none"> <li>Weak new legal basis to address de-risking (Article 36) -&gt; <b>availability of bank accounts not firmly guaranteed for PSPs</b></li> </ul> | • |
| • | <ul style="list-style-type: none"> <li><b>Promoting innovation</b> -&gt; new services &amp; distribution channels -&gt; A new generation of Fintech RSPs?</li> </ul>      | <ul style="list-style-type: none"> <li><b>Better conditions for banked remittances</b> outside of EEA + <b>new players for P2P transfers - "PISPs"</b> (e.g. GooglePay)</li> </ul>  | • |

# EBA Guidelines & Regulatory Technical Standards:



## Guidelines addressed to Payment Institutions:

- RTS on strong customer authentication and secure communication under PSD2
- Guidelines on major incidents reporting under PSD2
- Guidelines on security measures for operational and security risks under the PSD2
- Guidelines on procedures for complaints of alleged infringements of the PSD2
- Guidelines on fraud reporting under PSD2
- Guidelines on internal governance, on outsourcing to cloud service providers, etc.

## Guidelines addressed to Surveillance Authorities:

- RTS on passporting under PSD2
- RTS on information exchange between home and host competent authorities
- RTS on central contact points under PSD2
- RTS on CCP to strengthen fight against financial crime
- ...



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**Thank You for your attention**

[compliance@moneytrans.eu](mailto:compliance@moneytrans.eu)

[www.moneytrans.eu](http://www.moneytrans.eu)

Asli Ozceri Jungers  
**Chief Compliance Officer**

+32 476 93 55 94

Skype · Aslimt