

**EU Commission draft legislative proposal on Payment Services in the Internal Market Regulation
(PSR) Summary**
June 28, 2023

The European Commission's [proposed regulation for payment services in the internal market](#) (PSR) is designed to update the EU's payments framework, bringing more consistency and uniformity in the form of a directly applicable Regulation than the case with the currently applicable Payments Service Directive (PSD2) which is also being revised as part of this package.

The PSR consists of one-hundred twelve articles organized into five titles and establishes rules applicable to payment services providers related to payments. Generally, the proposal introduces standardized regulations for payment and electronic money services – emphasizing transparency, information requirements, and the rights and responsibilities of users and providers.

Key Features of the Proposal

Title I – Subject Matter, Scope & Definitions: Title I of the proposal outlines the scope of the regulation and its broad applicability to Payment Service Providers in the EU.

Title II – Transparency of Conditions & Information Requirements for Payment Services:

Chapter 1 – General Rules: Chapter 1 of Title II emphasizes transparency in payment services and creates requirements for clear communications related to the scope of service, currency conversions, and service charges. This chapter also creates obligations for service providers to meet information requirements and offers guidelines related to low-value payment instruments and electronic money.

Chapter 2 – Single Payment Transactions: Chapter 2 of Title II details the obligations of payment service providers in single-payment transactions. It emphasizes the need for comprehensive information to be provided to users and establishes transparent information-sharing procedures.

Chapter 3 – Framework Contracts: Chapter 3 of Title II regulates framework contracts for payment transactions and requires Payment Service Providers to provide detailed information to users before they commit. The chapter also introduces provisions related to contract termination and obliges Member States to notify the Commission of any new legal provisions or amendments regarding framework contract termination.

Title III: Rights & Obligations in Relation to the Provision & Use of Payment Services

Chapter 1 – Common Provisions: Chapter 1 of Title III outlines the scope of agreements between users and providers and offers guidelines for deviations from standard directives, charges, and the treatment of low-value payment instruments and electronic money.

Chapter 2 – Access to Payment Systems & Accounts with Credit Institutions: Chapter 2 of Title III requires payment system operators to disclose admission rules and risk assessment criteria, and permits refusal of participation only in cases of systemic risk. The chapter also outlines conditions for

credit institutions to close or reject payment accounts for payment institutions and establishes an appeals framework while tasking the European Banking Authority (EBA) to develop regulatory technical standards for account access, denial, or closure.

Chapter 3 – Account Information Services and Payment Initiation Services:

[1] General Principles: Section 1 of Chapter 3 highlights the fundamental principles governing Account Information Services and Payment Initiation Services. It emphasizes the rights of payment service users and removes obstacles to their use. Additionally, it guarantees account information and payment initiation services access to regulated payment account data.

[2] Data Access Interfaces For Account Information Services & Payment Initiation Services: Section 2 of Chapter 3 requires online account and payment service providers to implement standardized communication protocols through a dedicated data exchange interface while allowing for contingency measures and possible exceptions, subject to approval by competent authorities.

[3] Rights & Obligations of Account Servicing Payment Service Providers: Section 3 of Chapter 3 requires Account Servicing Payment Service Providers (ASPSPs) to securely communicate with Payment Initiation Service Providers (PISPs) and Account Information Service Providers (AISPs). This communication requirement includes prompt provision of payment transaction information and account data; as well as restrictions on unauthorized access. The section also requires service providers to offer user-friendly dashboards for managing data access permissions to facilitate authentication procedures and data access.

[4] Rights & Obligations of Account Information Service Providers & Payment Initiation Service Providers: Section 4 of Chapter 3 establishes the rights and obligations of account information service providers (AISPs) and payment initiation service providers (PISPs) concerning access to payment account data, identification procedures, data processing, log maintenance, and operational guidelines for transacts, user permission, data storage, and communication.

[5] Implementation: Section 5 of Chapter 3 mandates competent authorities to enforce interface regulations and data use obligations for Payment Service Providers, resolve non-compliance, coordinate with supervisory authorities, facilitate stakeholder meetings, and receive payment account access data, while granting the European Banking Authority (EBA) the task of monitoring market activity, reporting to the Commission, and developing data provision standards.

Chapter 4 – Authorization of Payment Transactions: Chapter 4 of Title III outlines the conditions, obligations, and liabilities related to the authorization of payments (including requirements for payment service providers and users, transaction authorization, refund mechanisms, and procedures for transactions with unknown amounts).

Chapter 5 – Execution of Payment Transactions:

[1] Payment Orders & Amounts Transferred: Section 1 of Chapter 5 outlines payment order procedures and clarifies the respective responsibilities of the payer and payee.

[2] Execution Time & Value Date: Section 2 of Chapter 5 provides a comprehensive expression of the responsibilities of payment service providers concerning payment transaction timing, value

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dating, and the non-execution or late execution of transactions.

Chapter 6 – Data Protection: Chapter 6 outlines procedures for handling special categories of personal data and mandates special measures such as purpose limitation, data minimization, and advanced security practices. The chapter also outlines organizational measures such as data handling training, access controls, and effective record-keeping.

Chapter 7 – Operational and Security Risks & Authentication: Chapter 7 sets forth the obligations of payment service providers to implement risk mitigation frameworks, fraud reporting procedures, transaction monitoring mechanisms, customer education, and Strong Customer Authentication. The chapter also tasks the European Banking Authority (EBA) with fostering cooperation, establishing regulatory standards, and generally promoting security.

Chapter 8 – Enforcement Procedures, Competent Authorities & Penalties:

[1] Complaint Procedures: Section 1 of Chapter 8 establishes complaint procedures for payment service users, consumer associations, and others to report regulatory violations for competent authorities to investigate.

[2] Dispute Resolution Procedures & Penalties: Section 2 of Chapter 8 details enforcement measures, and requires payment service providers to resolve complaints, disclose sanctions, and inform customers of dispute resolution options.

Chapter 9 – Product Intervention Powers by the EBA: Chapter 9 of the proposed empowers the European Banking Authority (EBA) to temporarily restrict or prohibit certain aspects of payment and electronic money services in the Union to address threats and maintain market integrity without compromising transparency or regulatory consistency.

Title IV – Delegated Acts: This title grants the Commission the authority to amend the Regulation through delegated acts while emphasizing the revocability of this power by the European Parliament or the Council without invalidating existing delegated acts, and requiring consultation with designated Member State experts and a non-objection period of up to six months for the delegated act to take effect.

Title V – Final Provisions: This title provides a comprehensive overview of proposed revisions to PSD2, highlighting key provisions including enhanced refund rights, stricter fraud prevention measures, regulatory review processes, enforcement timelines (application 18 months after entry into force for the bulk of the provisions, 24 months for articles 50 and 57 - IBAN checks - for PSPs outside the Eurozone), correlation with other directives, and the role of the EBA.

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