

EuroCommerce response to the EBA's consultation paper on Draft Regulatory Technical Standards on separation of payment card schemes and processing entities under Article 7 (6) of Regulation (EU) 2015/71

EuroCommerce would like to thank the EBA for the opportunity to comment on the consultation paper relating to Draft Regulatory Standards on separation of payment card schemes and processing entities under Article 7 (6) of Regulation (EU) 2015/71.

EuroCommerce is the principal European organisation representing the retail and wholesale sector. It embraces national associations in 31 countries and 5.4 million companies, both leading multinational retailers such as Carrefour, Ikea, Metro and Tesco and many small family operations. Retail and wholesale provide a link between producers and 500 million European consumers over a billion times a day. It generates 1 in 7 jobs, providing a varied career for 29 million Europeans, many of them young people. It also supports millions of further jobs throughout the supply chain, from small local suppliers to international businesses.

Section 5.2 of the Draft Regulatory Standards asked 4 specific questions before a more generic final question.

After consultation with our Members, EuroCommerce would like to submit the following responses to each question in turn.

Question 1. Do you agree with the proposals outlined in Section 1 of the draft RTS regarding General provisions?

A. EuroCommerce Members agree.

Question 2. Do you agree with the proposals outlined in Section 2 of the draft RTS regarding Accounting?

A. EuroCommerce Members feel that the Payment Services Provider in the ‘terminal to acquirer’ domain should be excluded from this section.

This section, and particularly Article 5 (*Audit of financial information*), applies to schemes and processing entities acting in the Acquirer to Issuer domain only. Members believe there would be no benefit in obliging processing entities not associated with Scheme activities to report financial information, be audited and have to publish their financial information.

Question 3. Do you agree with the proposals outlined in section 3 of the draft RTS regarding Organisation?

A. The intention of Article 10 (3) is understood although it only applies to European schemes which may act as a barrier to innovation for the European schemes and undermine their ability to innovate (recital 27).

Non-European schemes, which are not subject to the same rules, may develop new products outside of Europe using their own processing entities and create a competitive advantage in the development of specific solutions before deploying it across all processors.

Question 4. Do you agree with the proposals outlined in Section 4 of the draft RTS regarding independence of decision making process?

A. EuroCommerce Members agree

Question 5. Do you have any other comments?

EuroCommerce members would like to reiterate that while within Chapter 5. subsection A and after indent b., the next paragraph refers to the merchant use of the services of a processing provider, the scope of the RTS ought to specifically deal with the ‘acquirer to issuer’ domain, together with entities acting as both Scheme and Processors.

Furthermore members believe that the objective of non discrimination between different processors could be achieved through the delivery of a basic service for card authorisation, clearing and settlement. We do not

see any reason for processors and schemes having multiple standards (or variant of standards) or different structure of BIN (or IIN) table information that is not available to merchants and merchant's PSP in a standardised manner. We believe that competition should instead be solely at the service provision level.

Regarding Section C Options considered

General:

- I. Members are of the view that prohibiting use of shared services by payment card scheme and processing entity (option 4.2) is the correct and preferred approach.

Regarding Section D. Cost-Benefit Analysis and preferred options

- II. Under recital 26, Members understand that defining a specific list of services that would fall under the scope of processing would be too static and need to be updated at regular intervals to adequately take market developments and innovations in card payment services into account, but would at the very least recommend the creation of a 'minimum' list of services which could be covered under the definition of processing (basic services).

EuroCommerce remain ready for further discussions as its members are keen to ensure they remain fully engaged in any future discussions relating to the Draft Regulatory Technical Standards.

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