

DG Internal Market and Services  
European Commission  
2, Rue de Spa  
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We would like to thank the European Commission for the opportunity of commenting on the functioning of the European Supervisory Authorities (ESAs) and the European Systemic Risk Board (ESRB).

EPIF was created in July 2011 to represent the interests of the non-banking Payment Institutions at the European level, bringing together a broad range of members and creating the key link between the PI sector and European regulators. Directly and indirectly EPIF represents roughly 200 payment institutions in Europe covering a range of business models. The Federation has grown from strength to strength and provides representatives in the European Payments Council and a number of European Commission advisory groups, as well as participating actively in the regulatory debates impacting the European payment sector. It is committed to the development of a single European payments market for EU citizens. It actively promotes innovation, competition and quality of payment services across the EU.

Given our unique perspective we have so far had very limited interaction with the ESAs and none with the ESRB.

In many ways it could be argued this brings us straight to the crux of our submission. We fully understand the need to priorities the EU's regulatory and supervisory work, in particular following the financial crisis. Under the Payment Services Directive the European Banking Authority (EBA) has been given a mandate to coordinate national supervisors overseeing payment institutions. As an industry we had welcomed this move in an attempt to bring about more supervisory convergence in the EU and assist in making the European passport for payment institutions truly effective.

The EBA has not been given the resources to actively pursue this objective. EPIF would hope that the ESA review, together with the upcoming review of the Payment Services Directive will provide the opportunity to implement the following three suggestions:

- The review of the Payment Services Directive should enshrine binding wording giving the EBA a clear mandate to promote supervisory convergence between the national competent authorities responsible for overseeing payment institutions and to coordinate policy issues between 'home' and 'host' state supervisors. If appropriate, this should also include the ability to adopt Technical Regulatory Standards, develop guidance or oversee a mediation mechanism;
- In line with other sectors and activities falling under the remit of the EBA and the other respective European Supervisory Authorities, the EBA should convene a Stakeholder Group representing the payment institution sector. This Group should be

consulted on all aspects of the EBA's work in relation to payments, including its work carried out as part of the Joint Committee.

- Finally, appropriate resources should be made available to the EBA to carry out its above functions effectively.

Please allow us to make one further concrete observation which has given rise to serious concern among our membership.

The Joint Committee has been rightly charged with developing common supervisory approaches on cross-sectorial issues. This includes the anti-money laundering provisions.

As part of this remit the Joint Committee has adopted a Supervisory Protocol (ESA's Joint Committee: Supervisory Cooperation Protocol between "Home Supervisor" and "Host Supervisor(s) of Agents and Branches of Payment Institutions in Host Member State). The aim of the Protocol is to find alignment among supervisors in those instances where payment institutions work with agents. The agent model is formally recognized by the PSD as a legitimate and successful business model. It is used in particular by the money remitters in EPIF's membership. Leaving aside the detail of the Protocol the Joint Committee never consulted impacted parties on the document. We believe this goes against the spirit of the rules all ESAs need to adhere to.

EPIF would like to see the rules strengthened to clarify that the ESAs' rules on consultation equally apply when they configure in the form of the Joint Committee and take decisions in that configuration that impact third parties.

EPIF looks forward to the continued dialogue with the European Commission, the EBA and the Joint Committee on the issues raised in this letter and stands ready to provide any further evidence that might be useful.

Yours,

The European Payment Institution Federation (EPIF)