

18/10/2023

Dear Commissioner McGuinness, Mr Campa, Mr Panetta,

**Subject: Industry letter to ensure that IBAN discrimination no longer occurs**

As representatives of the financial services sector, we would like to express our appreciation for your work on creating a Single Euro Payments Market. Your legislative and regulatory work has created more competition and innovation, with customers benefiting from more secure payments. Soon, instant payments will become the norm and we'll see a better uptake of Payments Initiation Services thanks to the adoption of the Instant Payments Regulation and the new Payments Package.

At the same time, certain challenges remain unresolved, such as divergent enforcement of rules and non-regulatory barriers that prevent consumers from fully benefiting from seamless payments across Europe. Unfortunately, this still includes IBAN discrimination. We take this opportunity to raise this issue again because the co-legislators currently have an opportunity to address it through stronger language and better enforcement mechanisms that could be introduced into the Payment Services Directive (PSD) and Regulation (PSR). In addition, we could ensure that not just euro payments benefit from a true single European payments market, as the revised PSD and PSR could expand the ban on IBAN discrimination to all EU currencies and remove friction for all EU consumers and businesses.

We urge policymakers and national competent authorities to take a new approach in combating the issue of IBAN discrimination - a practice that has been prohibited for nearly a decade, but which is still widespread across the EU and prevents consumers and businesses from making payments or getting paid. According to data collected by the [Accept My IBAN](#) initiative, every month hundreds of people complain that they can't pay for their phone contracts, rent, newspaper subscriptions, electricity bills, gym memberships, or public transport. What is even more worrying is that in some cases, an IBAN starting with the 'wrong' letters can prevent consumers from receiving tax rebates, unemployment benefits and social security payouts. IBAN discrimination also prevents companies from scaling across the EU as they are unable to pay their suppliers or receive payments from their customers. To combat the prevalence of IBAN discrimination and the lack of enforcement, fintechs are having to dedicate a considerable amount of (financial) resources to localising their business and obtaining local IBANs - which often come with a requirement to set up a local office and hire local staff - instead of thinking globally and contributing to the growth of European champions.

Unfortunately, the lack of enforcement, action and strategy to put an end to IBAN discrimination leaves consumers without access to basic services when moving to or purchasing services in another Member State. It also makes companies perceive the EU as a fragmented market where it is harder to do business. As an industry, we call for **clear rules, concrete actions** and **cooperation** to stop discrimination.

## **Clear Rules**

While the SEPA Regulation addresses the issue of IBAN discrimination, there are no clear obligations for payment services providers, merchants or public authorities to accept non-local IBANs and to do so without friction. In some cases, there is no outright refusal of non-local IBANs, but so much friction has been put in place that in practice it becomes impossible for people and businesses to pay or get paid.

Additionally, there is no effective framework for enforcement. It is essential to ensure that national competent authorities have adequate powers and resources to proactively and rigorously fight against IBAN discrimination. Since the introduction of the SEPA regulation, many Member States have delayed implementing any enforcement mechanisms, which has hampered the power of national competent authorities to act. Additionally, it would be beneficial to introduce a harmonised, minimum level of sanctions for entities committing IBAN discrimination.

## **Concrete Actions**

Some Member States, such as France and Ireland, have publicly stated their commitment to tackling IBAN discrimination and are proposing stronger action. Unfortunately, this is not the case across the EU.

One immediate action that could be hugely beneficial is the availability of a single appropriate channel to report infringements and ensure these reports are passed on to the responsible national competent authority. This is one of the reasons the industry took action and created the Accept My IBAN platform, enabling people and businesses in the EU to log IBAN discrimination without having to navigate the huge number of possible authorities to contact.

We consider, however, that it would be more appropriate for such a mechanism to be set up by the institutions that are responsible for safeguarding customers' rights. In fact, some competent authorities informed Accept My IBAN that they had not received any complaints, while the number of complaints submitted by EU consumers to the Accept My IBAN platform paints a different picture. In addition, some NCAs refuse to accept reports of IBAN discrimination via our platform, insisting they should only be submitted via local "official" channels, otherwise they cannot accept them. However, in many Member States the "official" channels are either unknown, or too numerous and/or complicated for consumers to be able to use; they need to report to several different authorities, and go through complex procedures to make their voices heard. Therefore one single EU channel for reporting IBAN discrimination in the EU would not only benefit consumers, but also NCAs, particularly in Member States where several authorities are responsible, as they would be in a better position to both assess the extent of the issue, and coordinate a response.

## **Cooperation**

We call for regular monitoring of IBAN discrimination at European and national level, and for the establishment of a more regular and formal forum, where policymakers and regulators regularly discuss the state of fighting against IBAN discrimination and share enforcement

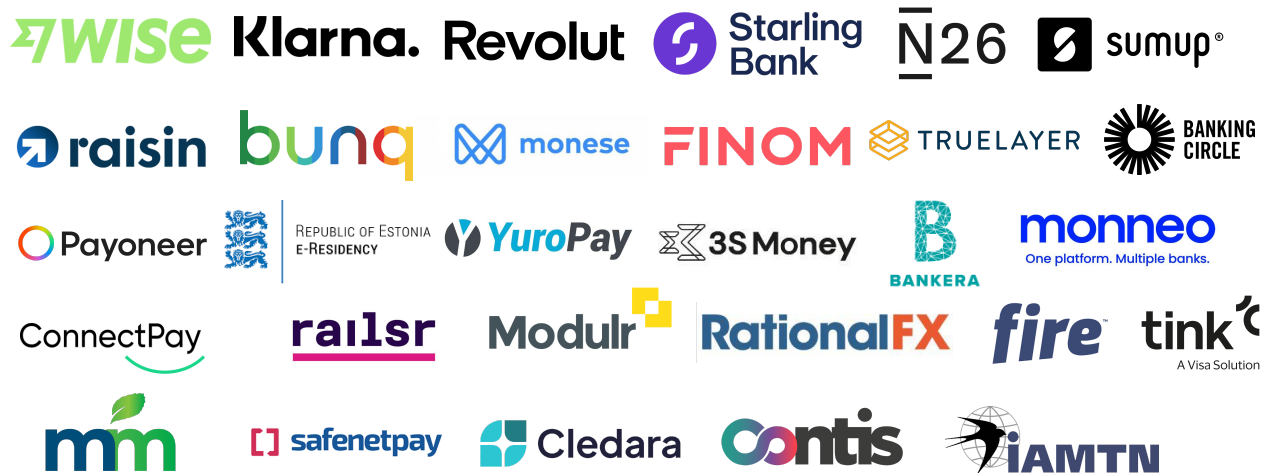
practices and information on the progress made. This forum can also serve as an instrument to escalate certain cases if no action is taken at a national level. The establishment of a formal mechanism is crucial as the existing meeting conventions haven't produced any results.

We strongly believe that consumers and businesses will benefit from a proactive approach towards fighting against IBAN discrimination and therefore clear rules and concrete actions are urgently needed. We call on European policymakers and competent authorities to address this matter urgently by enhancing the rules around IBAN discrimination under the current review of the payments rules, by creating clear channels for filing complaints, and by establishing a forum to improve enforcement practices.

We remain at your disposal to provide additional information in the meantime.

Kind regards,

### The Accept My IBAN coalition



### Associations

