

Subject: EMA response to the EBA consultation paper on technical standards for uniform reporting under the SEPA Regulation

Date: 31 October 2024

I. Do you perceive that the reporting requirements adequately cater for the situation where the PSP has already reported the same data to the authorities?

The reporting requirements seem to recognise the possibility that Payment Service Providers (PSPs) may have already reported similar data to the national authorities or the ECB. Specifically, the EBA has indicated the following in paragraph 5 of Annex II 'Instructions for PSPs':

PSPs in scope for the reporting obligations based on Article 15 of this Regulation shall report all templates with all the data points presented in this annex, unless the NCA in their jurisdiction allows them to send only a reference (including a link, if available) to identical previously submitted data points.

The EBA suggests a mechanism for referencing existing reports, but on the other hand appears to limit this possibility to situations where the data points in the existing reports are *identical* to the ITS at hand. The immediate difficulty with this approach is in identifying where the existing reports by PSPs can be considered to hold *identical* data to the data points required under the draft ITS. If there are variations in how data is reported or defined across different national frameworks, it may lead to confusion for PSPs and will create inconsistent reporting requirements.

While the intention is to reduce reporting burdens, it will ultimately depend on the implementation by the NCAs. Unless data definitions are aligned and any overlap with other types of reporting is resolved, PSPs will face challenges.

The optimum solution would be for the EBA to create one combined reporting form which consolidates different reporting requirements, as has been done for the EBA and ECB statistical reporting, for example. At the very least, it would be helpful, to PSPs and NCAs alike, if the EBA clarified at the outset where an overlap exists between the data fields required under the present ITS and the other reports such as financial crime reports at national level submitted by PSPs. Otherwise, if each NCA has to determine its own formats for submission of data in the ITS (or approach to admissibility of references to previously submitted reports), this work is unlikely to commence until after the final ITS have been published, and this will take more time.

With the April 2025 deadline for reporting fast approaching, there will be limited time for PSPs to adapt to and test these new reporting requirements. Retrieval of additional or amended data may require IT development effort to adapt existing systems. Therefore, sufficient time should be awarded to allow PSPs to specify, implement and test the required data and intended output.

2. Do you consider the reporting requirements proposed in templates S 01.00 and S 02.00 to be suitable for carrying out a robust analysis and to strike an appropriate balance with the competing need to avoid excessive reporting burden for the industry?

Please see our response to Q1 which equally applies here as regards excessive reporting burden for the industry. Given that PSPs may already report similar data to national authorities or the ECB, it is essential to ensure that the proposed templates do not lead to redundant reporting. Clarity on referencing previously submitted figures will help alleviate the reporting burden. Establishing a streamlined process for referencing existing reports will help avoid duplication and confusion. Furthermore, consideration should be given to developing a unified reporting format to standardise data submissions across jurisdictions.

On reporting information on who (between the payer and the payee) bears the credit transfer charges (Rows 0190-0220) - we question the added value in providing this information, given the general rule under Article 62(2) of the Second Payment Services Directive (EU) 2015/2366 that the payee pays the charges levied by their PSP, and the payer pays the charges levied by their PSP.

3. Do you consider the reporting requirements proposed in templates S 03.00 to be suitable for carrying out a robust analysis and to strike an appropriate balance with the competing need to avoid excessive reporting burden for the industry?

Please see our response to Q1 which equally applies here as regards excessive reporting burden for the industry.

The reporting on payment account charges (Rows 020 and 030) is by reference to the information provided to customers in the Fee Information Document (FID) or the Statement of Fees (SOF) under the Payment Accounts Directive 2014/92/EU (PAD). While the goal of using existing terminology and legal frameworks is acknowledged, we would like to remind the EBA that PAD is narrower in the scope of its application, to only apply to consumer payment accounts which have specific features (see Article 1(6) PAD), such as consumer bank accounts. Accordingly, many non-bank PSPs are not currently subject to PAD and will not be familiar with the terminology or requirements pertaining to the FID or SOF requirements. This means that the requirement to report payment account charges could be disproportionately burdensome, especially for non-bank PSPs, and this may warrant a simplified approach. For example, it could be specified that this data is only reportable where the FID and SOF requirements apply, and this would go towards reducing the excessive burdens for the industry.

4. Do you consider that the reporting requirements on the charges for payment accounts and credit transfers will allow for a robust analysis of charges for such individual financial services where they are provided as part of a package of services? How could robustness be improved to strike the right balance between collecting relevant data and not overburdening the PSPs?

Please see our response to Q3.

5. Do you agree that, in light of the aims of the underlying regulation, there is a need for template S 04.00 to collect data on the number of rejected transactions on the

side of the payer's and payee's PSP prior to the application of the IPR amendments to SEPA Regulation, and rejected transactions on the side of the payer's PSP, and frozen funds on the side of the payee's PSP, after the application of the IPR amendments to SEPA Regulation?

While understanding the number of rejected transactions is important, the actual data collected as result of this may not yield meaningful insights, as the rejections under the new regime does not involve transaction screening, but rather Payment Service Users (PSUs). Given that the IPR amendment of SEPA prohibits transactions screening for instant transfers and instead mandates PSPs to screen regularly, and at least daily, all their PSUs, the percentage of flagged PSUs from daily screening and the volume of frozen funds might be a better indicator as to whether PSPs effectively identify and restrict sanctioned entities. This could be a better reflection of the effectiveness of the IPR amendments without imposing additional burdens on PSPs to collect transaction specific data.

6. Are the instructions and templates in Annex I and II clear to you or do any of the terms therein require to be defined further?

The following terms would benefit from inclusion in the instructions or from more detailed definitions:

- **Definition of "credit transfers"**

Clarification is needed that the term "credit transfers" refers specifically to SEPA credit transfers in euros, encompassing both domestic and cross-border transactions, excluding non-SEPA credit transfers as well as whether the focus should exclusively be on SEPA payments or if it should also include credit transfers in euros conducted through correspondent banks.

- **Reporting obligations**

It would be helpful to specify that the reporting obligation applies solely to the payers' PSPs and not to payees' PSPs or intermediary payment service providers (IPSPs), particularly for outgoing transfers. Note this is supported by the definition of a "credit transfer" (Art 2(1) of Regulation (EU) No 260/2012) which refers to it as a service that is provided by the PSP which holds the payment account of the payer.

- **Internal transfers**

Include further guidance on how to treat internal (book-to-book) transfers in the reporting process.

- **The difference between credit transfers initiated via online banking vs mobile payment solutions (code 0290, 0330)**

The rationale and the need for separate reporting for online-banking based vs mobile payment solution channels would benefit from further clarity. For example, where a bank enables its customers to initiate transfers via an online banking app - should this be reportable as online banking or a mobile payment solution?

Separately, for mobile payment solutions, a reference is made to "Card Payments" - we find this confusing, on the understanding that reporting is limited to credit transfers, rather all transactions made using PSP-issued cards linked to payment accounts, and this would benefit from clarification.

- **Rejection and suspension of payments**

Clarification on whether the requirement to report the number of instant payment transactions rejected or frozen due to restrictive financial measures implies that both rejecting payments and suspending them for 'true matches' (i.e., sanctioned persons) are possible actions for payment service providers.

- **Definition of "charges"**

Further clarification could be provided on whether the term "charges" represents costs, income, or both for the reporting company.

- **Expectations for non-eurozone PSPs**

Clarify the expectations for PSPs from non-eurozone countries regarding reporting, particularly for cross-border transactions in other currencies (e.g. PLN) and how this relates to the reporting of various statuses of currencies such as RON and SEK.

7. Do you perceive the reporting requirements to be proportionate? Is there information contained in the templates that is overly burdensome to report?

The reporting requirements may not be fully proportionate due to potential duplication of data submitted under similar reporting frameworks and confusion stemming from various reporting practices as well as the absence of a streamlined process and unified reporting format.

These obligations could disproportionately affect smaller PSPs, as navigation of the complex reporting environments require significant resources. In the absence of a consolidated reporting form they may find it difficult to meet the April 2025 deadline, resulting in higher costs and operational challenges compared to larger PSPs.

Please see our comments in response to Questions above, Q1 and Q3 in particular.

8. Do you have any other comments on the reporting requirements proposed in this CP?

EMA strongly suggests assessing the interaction with the European Central Bank's (ECB) Payment Statistics reporting and financial crime reports at national level, particularly concerning credit transfers and instant credit transfers. There appears to be a significant overlap between the proposed reporting templates, including those related to fraud data. Combining these reporting requirements could enhance efficiency and alleviate the reporting burden on PSPs, especially given the existing provisions to avoid data duplication.

Furthermore, it is essential to consider establishing a phased implementation approach for PSPs to facilitate their adaptation to the new reporting requirements without overburdening their operational capacities. Additionally, ongoing communication and support from the EBA during the transition period would be invaluable in clarifying expectations and addressing any challenges that PSPs may encounter in the early stages of compliance.

Lastly, compiling the questions and answers raised during this consultation into a clarification document, similar to the Q&A documents produced by the ECB, would be highly beneficial. This initiative would promote transparency and help stakeholders better understand the reporting requirements and expectations.