



Draft Technical Standards on standardised terminology and disclosure documents under the Payment Accounts Directive

Dirk Haubrich, Tea Turcaniova

Consumer Protection, Financial Innovation and Payments

Public Hearing, EBA, London, 21 November 2016

1. Introduction to the EBA

- > The purpose of public hearings
- > The creation of the EBA and its scope of action
- > Legal instruments and output to date

2. EBA's approach to developing the mandates under PAD

- > Overview of EBA mandates under PAD
- > EBA approach to deliver the mandates

3. Draft RTS and ITSs as proposed in the CP

- > RTS on standardised terminology
- > ITS on on the standardised presentation format of the FID and its common symbol
- > ITS on on the standardised presentation format of the SoF and its common symbol

4. Next steps

Introduction to the EBA

The purpose of EBA public hearings

For many of its technical standards and guidelines, the EBA organises so called ‘public hearings’, which have a particular purpose.

- An EBA hearing takes place during the consultation period, usually a month or so before the submission deadline of responses to the Consultation Paper (CP).
- The purpose of the hearing is for the EBA to present a summary of the CP, re-produce the questions of the CP, and asks attendees whether they require additional explanations or clarifications from the EBA so as to be able to answer the questions in the CP.
- The public hearing does therefore not replace written responses to the CP, as it is only through written responses that the EBA is able to give the views of stakeholders the required consideration.



The creation of the EBA

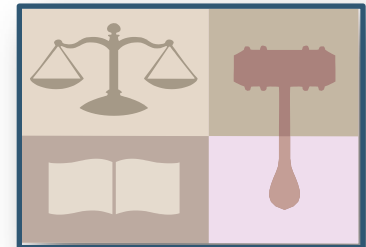
- The EBA was established by Regulation (EC) No. 1093/2010 of the European Parliament and EU Council;
- came into being on 1 January 2011;
- took over all existing tasks and responsibilities from the Committee of European Banking Supervisors (CEBS);
- took on additional tasks, incl. consumer protection, the monitoring of financial innovation, and payments;
- is an independent authority;
- is accountable to the EU Parliament and Council;
- has as its highest governing body the EBA Board of Supervisors, comprising the Heads of the 28 national supervisory authorities.



Legal instruments available to the EBA

The EBA has different types of legal instruments at its disposal that differ in terms of purpose, legal status, and possible addressees.

- > Technical standards
- > Guidelines and recommendations
- > Opinions / Technical Advice
- > Warnings
- > Temporary prohibitions
- > Joint Positions
- > Breach of Union law investigations
- > Binding and non-binding mediation



The EBA's scope of action

The EBA's regulatory remit is defined by the EU Directives and Regulations that fall into its 'scope of action', either because they are listed in the EBA's founding regulation or because they confer tasks on the EBA. They include:

- > Capital Requirements Directive (CRR/D IV)
- > Deposit Guarantee Scheme Directive (DGSD)
- > Mortgage Credit Directive (MCD)
- > Payment Accounts Directive (PAD)
- > Electronic Money Directive (EMD)
- > Payment Services Directive (PSD1 + forthcoming PSD2)
- > Anti-Money Laundering Directive (AMLD)
- > Markets in Financial Instruments Directive (MiFID/R, for structured deposits)



Output of the EBA to date



Since its creation in 2011, the EBA has issued more than 200 legal instruments, as well as more than 100 reports.

	2011	2012	2013	2014	2015	Total
Regulatory Technical Standards	0	1	39	22	15	77
Implementing Technical Standards	0	0	21	10	9	40
Guidelines	2	6	2	17	19	46
Opinions / Technical Advice	1	6	6	14	21	48
Published reports	6	12	26	23	34	111
Recommendations	2	0	4	1	2	9
Breach of Union Law investigations	0	0	0	1	0	1
Mediations	0	2	5	0	0	7
Peer reviews	0	0	1	1	1	3
Warnings	0	0	2	0	0	2
Stress tests	1	0	0	1	1	3

EBA's approach to developing the mandates under PAD

Overview of EBA mandates under PAD

➤ **Article 3(2) of PAD**

Guidelines on national provisional lists of the most representative services linked to a payment account and subject to a fee

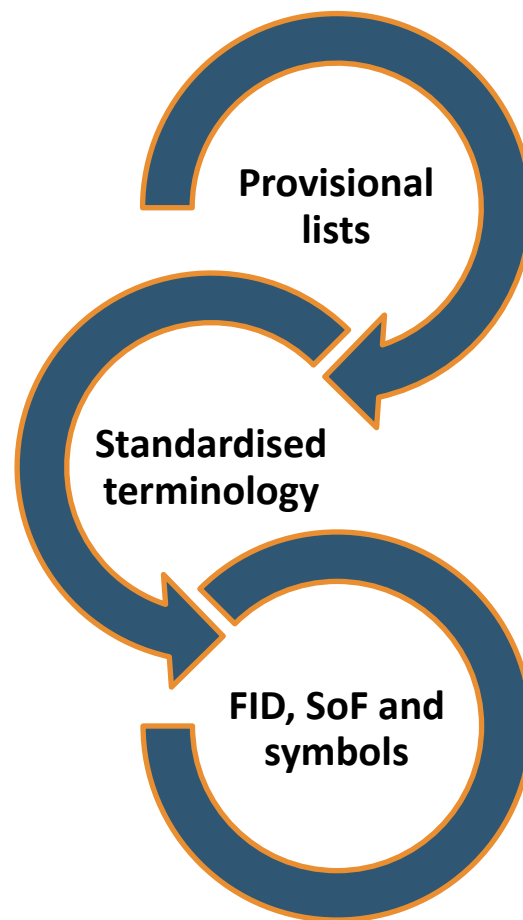
➤ **Article 3(4) of PAD**

RTS setting out the Union standardised terminology for the most common services linked to a payment account and subject to a fee

➤ **Article 4(6) of PAD and Article 5(4) of PAD**

ITS on the standardised presentation format of the fee information document (FID) and its common symbol

ITS on the standardised presentation format of the statement of fees (SoF) and its common symbol



EBA approach: 5 steps

**Guidelines on
national
provisional lists**

18 March 2015

**Analysis of the
national lists
submitted by
Member States**

**Identification of
the most
common
services**

**September
2015 –
September
2016**

**Standardised
terminology for
the most
common
services**

**January 2016 –
September
2016**

**Design of FID,
SoF and their
common
symbols**

**Consumer
testing**

**January 2016 –
September
2016**

**Consultation
Paper on draft
RTS and ITs**

**22 September
2016**

EBA approach: Four criteria

When developing the draft RTS and ITSs, EBA considered four criteria:



Draft RTS and ITSs as proposed in the CP

The draft RTS on standardised terminology under Art. 3(4) of PAD – EBA’s mandate

“EBA shall develop draft regulatory technical standards setting out the Union standardised terminology for those services that are common to at least a majority of Member States. The Union standardised terminology shall include common terms and definitions for the common services and shall be made available in the official languages of the institutions of the Union. In any official language of a Member State, only one term shall be used for each service.”

The draft RTS on standardised terminology under Art. 3(4) of PAD – EBA' approach

Understanding	Comparability	Easy production	Consumer-friendliness
<ul style="list-style-type: none">• Focus on the service itself• Avoid legal terminology• Use of consumer-orientated language	<ul style="list-style-type: none">• Use of broad approach in defining 'services' (core of the definition)• Eight terms and definitions cover the most common services identified by at least 15 Member States	<ul style="list-style-type: none">• Terms and definitions are in all EU languages ready to be integrated and used at national level	<ul style="list-style-type: none">• Use of short and direct terms and definitions• Definitions describe key features of services

The draft RTS on standardised terminology under Art. 3(4) of PAD – proposed terms and definitions

Term	Definition
Maintaining the account	The account provider operates the account for use by the customer.
Providing a debit card	The account provider provides a payment card linked to the customer’s account. The amount of each transaction made using the card is taken directly and in full from the customer’s account.
Providing a credit card	The account provider provides a payment card linked to the customer’s payment account. The total amount of the transactions made using the card during an agreed period is taken either in full or in part from the customer’s payment account on an agreed date. A credit agreement between the provider and the customer determines whether interest will be charged to the customer for the borrowing.
Arranged overdraft	The account provider and the customer agree in advance that the customer may borrow money when there is no money left in the account. The agreement determines a maximum amount that can be borrowed, and whether fees and interest will be charged to the customer.

The draft RTS on standardised terminology under Art. 3(4) of PAD – proposed terms and definitions

Term	Definition
Sending money	The account provider transfers money, on the instruction of the customer, from the customer’s account to another account.
Standing order	The account provider makes regular transfers, on the instruction of the customer, of a fixed amount of money from the customer’s account to another account.
Direct debit	The customer permits someone else (recipient) to instruct the account provider to transfer money from the customer’s account to that recipient. The account provider then transfers money to the recipient on a date or dates agreed by the customer and the recipient. The amount may vary.
Cash withdrawal	The customer takes cash out of the customer’s account.

The draft RTS on standardised terminology under Art. 3(4) of PAD – Consultation questions



Q1: Do you agree with the EBA's decision to take a broad approach to defining 'service'?

Q2: Do you consider the services that the EBA has selected for standardised terms and definitions to be suitable to achieve the aims of the Directive?

Q3: Do you consider the drafting decisions taken by the EBA for the standardised terms and definitions, and the resultant provisions in Recitals of the draft RTS, to be suitable for achieving the aims of the Directive of enhancing transparency and comparability?

Q4: Do you consider the terms and definitions proposed by the EBA in the Annexes to the draft RTS, and the resultant provisions in the Recitals of the draft RTS, to be adequate for achieving the aims of the Directive of enhancing transparency and comparability? If not, please provide alternative terms and definitions and their underlying rationale.

The draft ITS on FID under Art. 4(6) of PAD – EBA’s mandate



“EBA, after consulting national authorities and after consumer testing, shall develop draft implementing technical standards regarding a standardised presentation format of the fee information document and its common symbol.”

The draft ITS on FID under Art. 4(6) of PAD – EBA’s approach

Understanding

- Use of format, colours, font type and size, order, headings and sub-headings that allows easy reading and understanding
- Common symbol distinguishes the FID from other documents

Comparability

- One FID template is proposed for all types of payment accounts to be used by all PSPs in the EU Member States
- FID includes fees for the most representative services and complex information on packages of services, if provided with the account


Easy production

- Detailed instructions for PSPs how they shall complete the FID template are proposed
- No modification to order of information, headings and sub-headings are allowed


Consumer-friendliness

- Template was tested with more than 5000 consumers
- EBA amended the template to address findings of the consumer testing

The draft ITS on FID under Art. 4(6) of PAD – proposed template



Fee Information Document



Name of the account provider:
Account name:

- This document informs you about the fees for using the main services linked to the payment account. It will help you to compare these fees with those of other accounts.
- Fees may also apply for using services linked to the account which are not listed here. Full information is available in [specify names of the relevant pre-contractual and contractual documents].
- A glossary of the terms used in this document is available free of charge.

Package of services	Fee	
[brand name]		[•] [•]
Services beyond these quantities will be charged separately.		

Service	Fee	
General account services		
[main service] [brand name]		[•]
Includes a package of services consisting of: Services beyond these quantities will be charged separately.		
Payments (excluding cards)		

		[•]
Cards and cash		
		[•]
Overdrafts and related services		
		[•]
Other services		
		[•]

Additional information
 Information on fees for services exceeding the quantity of services covered by the package of services (excluding fees listed above)

Service	Fee
	[•]

Comprehensive cost indicator	[•]
-------------------------------------	-----

The draft ITS on FID under Art. 4(6) of PAD – Consultation questions

Q5: Do you consider the FID template that is being proposed in the draft ITS and its Annex to be suitable to achieve the aims of the Directive?

Q6: Do you consider the common symbol in the FID template that is being proposed in the draft ITS and its Annex suitable to achieve the aims of the Directive?

Q7: Do you consider the proposed instructions for the completion of the FID template contained in Articles 2 to 11 of the draft ITS, to be suitable to achieve the aims of the Directive?

Q8: Do you consider the proposed instructions for the completion of the FID template contained in Articles 2 to 11 of the draft ITS, to be clear and easy to follow?

The draft ITS on SoF under Art. 5(4) of PAD – EBA’s mandate




“EBA, after consulting national authorities and after consumer testing, shall develop draft implementing technical standards regarding a standardised presentation format of the statement of fees and its common symbol.”


The draft ITS on SoF under Art. 5(4) of PAD – EBA’s approach

Understanding	Comparability	Easy production	Consumer-friendliness
<ul style="list-style-type: none"> • Use of format, colours, font type and size, order, headings and sub-headings that allow easy reading and understanding • Common symbol distinguishes the SoF from other documents 	<ul style="list-style-type: none"> • One SoF template is proposed for all types of payment accounts to be used by all PSPs in the EU Member States • SoF includes information on all fees and services and complex information on packages of services, if provided with the account 	<ul style="list-style-type: none"> • Detailed instructions for PSPs how they shall complete the SoF template are proposed • No modification to order of information, headings and sub-headings are allowed 	<ul style="list-style-type: none"> • Template was tested with more than 5000 consumers • EBA amended the template to address findings of the consumer testing

The draft ITS on SoF under Art. 5(4) of PAD – proposed template



Statement of Fees



[Name of the account provider]
[Contact details of the account provider]

[Client name]
[Contact details]

Account	
Account identification	
Statement of fees	
Period	From to

- This document provides you with an overview of all the fees for services linked to your payment account during the period shown above.
- It also informs you about any interest you may have paid or earned during this time.
- Information on individual transactions and account balance can be found on your account statements.

Summary of fees and interest

Total fees paid (total package of services fees and total fees paid)	[•]
Total interest paid	[•]
Total interest earned	[•]
Key cost indicator	[•]

Detail of the fees included in the package of services

Package of services	Fee	Number of times the fee was charged
'Package service' [brand name, if applicable] Includes:	[•]	[•]
Services beyond these quantities have been charged separately.		

Detailed statement of fees paid on the account

Service	Fee		
	Unit fee	Number of times the fee was charged	Total
General account services			
[•] Includes a package of services consisting of: Services beyond these quantities have been charged separately.			[•]
Payments (excluding cards)			
			[•]
Cards and cash			
			[•]
Overdrafts and related services			
			[•]

Other services		
		[•]
Total fees paid		[•]

Detail of interest paid on the account

	Interest rate	Interest
		[•]
Total interest paid		[•]

Detail of interest earned on the account

	Interest rate	Interest
'Account name'		[•]
Total interest earned		[•]

Additional information
[•]

The draft ITS on FID under Art. 5(4) of PAD – Consultation questions

Q9: Do you consider the SoF template that is being proposed in draft ITS and its Annex to be suitable to achieve the aims of the Directive?

Q10: Do you consider the common symbol that is being proposed in the draft ITS and its Annex to be suitable to achieve the aims of the Directive?

Q11: Do you consider the proposed instructions for payment services providers on how to complete the SoF template contained in Articles 2 to 16 of the draft ITS, to be suitable to achieve the aims of the Directive?

Q12: Do you consider the proposed instructions for payment service providers on how to complete the SoF template, contained in Articles 2 to 16 of the draft ITS, to be clear and easy to follow?

Next steps

Next steps

- **End of Consultation Period: 22 December 2016;**
- **The EBA will assess the responses to the CP, will make changes where appropriate, and plans to publish the final draft RTS and ITSs in 2017Q1;**
- **The EU Commission will then carry out a legal review before adopting it, with the EU Council and EU Parliament having scrutiny rights in the process;**
- **As and when adopted by the Commission, the RTS and ITSs will be published in the Official Journal of the EU, enter into force 20 days later, and according to the PAD apply nine months later;**
- **Member States in which the equivalent of the FID and/or SoF at national level already exists may choose to integrate the common format and its common symbol at the latest 18 months after the entry into force of the ITSs.**