

Paris, 14 of November 2014

European Banking Authority

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25 Old Broad Street
London EC2N 1HQ | UK
UNITED KINGDOM

EBA/CP/2014/31

By email to info@eba.europa.eu

Dear Madam, Dear Sir,

The ASF welcomes the opportunity to respond to Consultation Paper dated on 20 October on the Guidelines on the security of internet payments prior to the transposition of the revised Payment Services Directive (PSD2).

Created under the regulatory framework of the banking act of 24 January 1984, the ASF (the French Association of Specialised Finance Companies) is the professional organisation that represents French institutions specialized in finance.

All the members of the Association have opted in favour of specialisation by focusing on a reduced number of activities, where their expertise is recognized: equipment finance (professional and consumer), real estate finance (real estate leasing for companies, home loans), or financial and investment services.

The ASF gathers 300 French financial institutions – independent companies or major groups' subsidiaries – specialised in leasing, factoring, payment services, consumer credit, home loans, guarantees and investment services.

As a result, ASF members are key players in the financing of business companies, SMEs and households, improving their credit access in addition to the mere bank support.

With a total outstanding credits amount of 300 billion €, i.e. nearly 20% of total credits to the French economy, and 60% of total consumer credits in France, ASF members contribute directly in financing the European economy.

We do consider that it is fundamental to draw your attention to the point related the three-party card schemes.

We suggest that the future Guidelines do not require three party card schemes to be "compliant" with a strong customer authentication⁽¹⁾ for the following reasons :

Firstly, many three-party card schemes are not general purpose card payment schemes.

The ECB acknowledged the characteristics of three-party card schemes in his 6th Progress report that some of three-party card schemes in field of cards standardization:

2.3. SEPA COMPLIANCE OF THREE-PARTY CARD SCHEME

[...]

"Finally, three-party card schemes operating on a national or even a regional basis with a small market share of the cards market (less than 5% of the total number of card transactions in the respective market) can be allowed exemptions if the respective national central bank deems it to be necessary."

Secondly, these three-party cards are subject to lower number of fraud of internet payments (2).

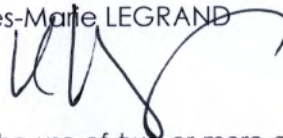
And finally, the negotiations are still ongoing. Therefore, it seems relevant to postpone the final EBA guidelines after the entry into force of PSD 2.

Please, do not hesitate to contact us for any questions you may have on our position.

Yours sincerely,

Délégué général adjoint

P/o Yves-Marie LEGRAND



(1) "Strong customer authentication is a procedure based on the use of two or more of the following elements – categorised as knowledge, ownership and inherence: i) something only the user knows, e.g. static password, code, personal identification number; ii) something only the user possesses, e.g. token, smart card, mobile phone; iii) something the user is, e.g. biometric characteristic, such as a fingerprint. In addition, the elements selected must be mutually independent, i.e. the breach of one does not compromise the other(s). At least one of the elements should be non-reusable and non-replicable (except for inherence), and not capable of being surreptitiously stolen via the internet. The strong authentication procedure should be designed in such a way as to protect the confidentiality of the authentication data."

(2) See Annual Report 2013 Observatoire de la Sécurité des cartes de paiement (on page 17)
Breakdown of fraud by card type - (% rate, amounts in EUR millions)
For Four-party cards : 0.080 (455.8)
For Three-party cards : 0.065 (14.0)
<https://observatoire.banque-france.fr/en/home.html>.