

EDPIA's considerations for the trilogues on the revision of EU's payment services legislative framework (PSD3/R)

October 2025

Overview

The European Digital Payments Industry Alliance (EDPIA) welcomes the first reading position adopted by the European Parliament (EP) on 23 April 2024 and the General Approach of the Council of the European Union (Council) reached on 18 June 2025 on the revision of the Payment Services Directive (PSD3) and the proposal for a Payment Services Regulation (PSR).

While both institutions have addressed many important elements, EDPIA believes that further refinements are necessary to make the final legislative package proportionate and future-proof for all actors in the payments value chain in order to ensure a fair, secure and competitive payment sector.

In this paper, we provide a **summary of EDPIA's views and recommendations** on key outstanding issues for PSD3 and PSR trilogue negotiations.

At headline level, EDPIA recommends:

- **Fraud-related obligations should create a holistic, coordinated, and multi-stakeholder approach to fraud prevention, strengthening trust, resilience, and the integrity of the EU's digital economy.** All relevant actors – including electronic communication service providers and online platforms – should assume concrete responsibility in combating fraud, while firms must not be held liable for incidents beyond their control, to ensure proportionate incentives for consumer protection and safeguard the resilience of the EU economy.
- **To foster a competitive and resilient EU payments landscape, rules for new and existing payment institutions should be pragmatic and reflect market realities.** Transitional licensing must be clear and effective, safeguarding requirements should align with operational practices, including the recent access to payments systems, and robust measures should prevent discriminatory de-risking, while reliable open banking interfaces must ensure business continuity across the ecosystem.
- **To introduce provisions that will increase the transparency of scheme fees and rules.** This will help acquirers and merchants better understand what they are paying for and why, promoting fairness and competition in Europe's payments market.

Topic per topic breakdown

Fraud provisions

Holistic approach with all stakeholders

EDPIA welcomes the EP and Council's recognition that electronic communication service providers must have concrete responsibility in combatting payment fraud.

Given that many scams originate through SMS, calls, and messaging apps, interpersonal communication service providers must be required to cooperate with PSPs, remove fraudulent content, and establish secure communication channels.

In addition to an extension of the scope of actors, EDPIA supports the proposal to make electronic communication services providers liable in cases where they fail to act after being informed of fraud, and to require them to implement consumer education measures.

We also support the EP's proposal to require electronic communications service providers to cooperate with PSPs to prevent fraudsters replicating and misusing PSP's identity, and to ensure security and confidentiality of communication, as well as the efforts to develop communication channels between all the actors.

EDPIA suggests to:

- Ensure that service providers where fraud most commonly originates, such as social networks and online marketplaces, are required to implement effective measures to detect and prevent fraud – **Council Art. 59a.3 PSR**
- Extend clear expectations and associated liability to electronic communication service providers and hold them liable for failing to meet their obligations, while cooperating with PSPs to prevent impersonation – **EP, Art. 59.5, 59.5a, 59.5b & 84.1a PSR**
- Develop communication channels between payments and telecommunication sectors – **Council, Art. 59a & 83b PSR**

Fraud prevention

Strong Customer Authentication (SCA)

In general, EDPIA believes that SCA has worked well. However, the new PSR proposal noticeably allows the two factors to come from the same category (knowledge, inherence, or possession) whereas today they must come from separate categories entirely.

Given that the current requirement has not prevented the market from developing compliant solutions as it stands today, we believe it is essential to preserve the layered security model that has proven effective under PSD2.

EDPIA suggests to: Require as today that SCA factors must come from distinct categories – **Council, Art. 89.10 PSR**

Fraud monitoring

EDPIA welcomes the continued efforts to strengthen the monitoring of payment transactions for fraud detection. By establishing a structured framework for monitoring transactions and clear expectations for both payer's and payee's PSPs, as proposed by the Council, this provision marks a significant step

forward in strengthening oversight and ensuring timely detection of suspicious or irregular payment activity, providing that the PSP has the capacity to access to relevant data to implement these measures effectively.

EDPIA suggests to: Establish clear set of data to be processed by payer and payee's PSPs in transaction monitoring mechanism – **Council, Art. 83.2 PSR**

Fair liability

Impersonation fraud

Regarding impersonation fraud, there is not much that a payment company can do to prevent a criminal from calling a potential victim and claiming that they represent a third-party company. Indeed, in many cases the PSP is not even aware that is happening.

Therefore, EDPIA believes that PSPs should only be held liable for impersonation fraud when their own brand or identity is being misused, rather than for impersonation involving unrelated public or private entities. This position is grounded in the principle of control and responsibility: PSPs can reasonably be expected to secure their own communication channels, educate customers about their practices, and implement safeguards against fraud that exploits their identity.

EDPIA suggests to: Limit liability to impersonation fraud of payment service providers – **EC proposal & Council, Art. 59.1 PSR**

Technical services providers

EDPIA supports the proposal that technical service providers (TSPs) should be held liable for direct financial damage resulting from failures within the scope of their contractual obligations.

At the same time, we believe that liability should be proportionate and not place an undue burden on these actors. We therefore welcome the EP's proposal to limit liability to direct damage only, and to cap it at the value of the transaction in question.

EDPIA suggests to: Limit the liability of TSPs to direct financial damage caused to the payee – **EP, Art. 58 PSR**

Safeguarding Requirements

EDPIA supports the Council and EP's suggestions to frame the obligation to diversify safeguarding methods as a 'best effort' rather than a strict requirement. This approach acknowledges the practical challenges faced by payment institutions (PIs) in opening multiple safeguarding accounts, especially in light of potential de-risking practices by traditional banks limiting access (*see more details below*).

Moreover, EDPIA believes that requiring PIs to inform payment services users (PSUs) about the specific insolvency laws and jurisdictions applicable to their safeguarded funds risks overwhelming them with complex legal information that most are not equipped to interpret. This level of detail may confuse rather than reassure PSUs, potentially undermining trust in the system. Instead, the focus should be on ensuring that PIs themselves operate under clear, robust, and harmonized insolvency frameworks across the EU.

EDPIA also welcomes the recognition of settlement accounts held in designated payment systems as compliant with safeguarding rules, which will improve liquidity management and reduce unnecessary capital duplication following direct access to payment systems.

Lastly, in many payment flows, particularly cross-border or multi-party arrangements, funds may pass through several regulated Payment Service Providers (PSPs) before reaching the payee's PSP. Therefore, the Council's suggestion to require PIs to safeguard funds until they are transferred to the Payee's PSP (as opposed to another PSP) would be disproportionate. Once funds have been transferred to the next PSP in the processing chain, the sending PSP is no longer in control of those funds.

The Council's position would also create legal uncertainty and duplicate responsibilities, given that the receiving PSP is already subject to its own regulatory obligations, including safeguarding or settlement duties. EDPIA suggests maintaining the language of the EC proposal, which requires safeguarding until funds are transferred to another payment service provider.

EDPIA suggests to:

- Introduce best-efforts obligations to diversify safeguarding methods – **EP & Council, Article 9.2 PSD3**
- Recognise funds held in settlement account of payment systems as safeguarded – **Council, Article 9.1a PSD3**
- Maintain safeguarding obligations only until funds are transferred to another PSP – **EC, Article 9.1 PSD3**
- Not require PSPs to burden PSUs with complex legal disclosures on insolvency laws that most are not equipped to interpret – **EC and EP, Article 9.1 PSD3**

Transitional Provisions

EDPIA calls for a clear and efficient grandfathering process for existing PIs and e-money institutions. Firms that are already licensed and in regular contact with their supervisors should not be required to resubmit redundant information. In this context, we welcome the EP's proposal to grant automatic authorisation where NCAs have evidence that existing PIs already meet the required standards.

EDPIA also supports the idea that firms should be allowed to continue operations by default if competent authorities fail to assess their compliance within the prescribed timeframe, as this approach ensures regulatory delays do not unfairly penalize compliant firms.

EDPIA suggests to:

- Provide an effective grandfathering process – **EP & Council, Art. 44.1 & 45.1 PSD3**
- Grant automatic authorisation when NCAs have evidence that existing PIs meet required standards – **EP, Art. 44.2 PSD3**
- Firms that submit information on time should be allowed to operate by default if the national authority fails to validate them promptly – **EP, Art. 44.4, 45.4, & 45a PSD3**

Access to Payment Accounts

EDPIA acknowledges the efforts of the EP and Council to address discriminatory de-risking practices by credit institutions. The proposed introduction of objective, proportionate, and transparent criteria for account refusals or closures represents a constructive step toward ensuring service continuity and maintaining market stability.

EDPIA also welcomes measures aimed at enhancing procedural transparency and accountability. The requirement for written justifications in case of refusals/closures of accounts and the right for affected institutions to appeal to competent authorities provides a clearer framework for oversight and redress, contributing to a more balanced relationship between payment institutions and credit institutions.

Since both measures require the development of Regulatory Technical Standards (RTS) by the EBA, it is essential to ensure that the same level of ambition and policy intent is preserved throughout the drafting of this secondary legislation.

EDPIA suggests to: Maintain formal justification and appeal process when a credit institution closes or refuses to open a payment account to a payment institution – **EP & Council, Art. 32 PSR**

Open Banking Interfaces

EDPIA endorses the Commission's proposal to eliminate fallback mechanisms and focus on the availability and performance of dedicated interfaces. This aligns with the original intent of PSD2 to move away from insecure and opaque access methods like screen scraping.

Moreover, EDPIA supports the requirement for quarterly publication of API performance statistics, which will enhance transparency and trust in the open banking ecosystem. The inclusion of planned and unplanned unavailability protocols, as well as optimal recovery time standards, is a welcome step toward ensuring business continuity for account information services providers (AISPs) and payment initiation services providers (PISPs).

EDPIA suggests to:

- Maintain removal of fallback mechanisms and focus on availability/performance of interfaces – **EC, Art. 35 PSR**
- Introduce protocols for planned and unplanned unavailability of interfaces, as well as an optimal recovery time – **Council, Art. 38 PSR**

Transparency

EDPIA supports the introduction of provisions that will increase the transparency of scheme fees and rules. This will help acquirers and merchants better understand what they are paying for and why, promoting fairness and competition in Europe's payments market.

EDPIA suggests to:

- Introduce transparency rules on scheme fees and rules – **Council, Art. 31a PSR**

About EDPIA

The European Digital Payments Industry Alliance (EDPIA) is the leading voice of the European non-bank payments industry.

Established in 2020, EDPIA has become a trusted voice in EU policy discussions. The Alliance is committed to driving competitive growth, safeguarding European sovereignty and shaping a harmonised, sustainable and secure Digital Single Market, fuelled by digital payments.

Find out more about EDPIA and its membership [here](#).