

ERPB recommendations on transparency for retail payments end-users – Outcome of the impact assessment

On 28 June 2021, the ERPB endorsed the recommendations and the overall implementation timeline (June 2024) suggested by the ERPB Working Group on transparency for retail payments end-users. The recommendations focus on the accuracy of data elements that should always correspond to the payment transaction details related to whom, when and where a payment was made.

Considering the anticipated impact on the payment industry, the ERPB supported that in parallel to starting implementation of the recommendations, relevant payments chain participants produce an impact assessment of the implementation of these recommendations. In this regard, the ERPB agreed that the ERPB Secretariat would call a meeting with all the stakeholders in October 2021 in which the stakeholders would present their planning, their refined deadline and status of implementation.

This note presents the outcome of these exchanges in two meetings held on 28 October and 8 November 2021 and the suggested way forward.

Outcome of stakeholders' impact assessment

All payment chain participants delivered their impact assessments according to the template provided by the ERPB Secretariat. The participants covered were:

- Payees: EuroCommerce, SMEUnited, Ecommerce Europe
- Payees' PSPs: ECSAs, EDPIA, ETPPA, EPIF, EMA
- Payers' PSPs: ECSAs, EPIF, EMA
- Processors: EDPIA
- Payment schemes: EPC, ECSG.

In many cases stakeholders have already implemented or have a dedicated plan for the implementation of the recommendations. The detailed feedback received is annexed to this note. Three issues however required more attention.

The main issue relates to the use of the **commercial trade name** to allow consumers to easily identify to whom a payment was made. Out of the 11 recommendations on transparency, 5 are related to collecting, using, keeping, and passing on the commercial trade name. It appeared from the feedback received from card schemes that it might not be legally possible to use only the commercial trade name but also the legal name has to be included for AML/CTF purposes and for legal requirements. While some schemes already

include in their rules the requirement to use commonly recognisable name i.e. commercial trade name, applicable local regulations to use the legal name may override this requirement. Processors further stressed the need for more time to investigate the extent of the issue/impact on the payment chain.

The following aspects were notably identified for further assessment:

- Throughout the payment chain up to the consumers, what are the legal requirements with regard to the need to present the legal name of a company beneficiary of a payment both at EU and national levels. From the feedback received, in at least two cases, there would be a national legislation requiring the inclusion of the legal name as mandatory information to be passed on throughout the payment chain.
- Based on the above, determine the options for including the commercial trade name as part of the payment information transferred throughout the payment chain. This could possibly require changes in existing standards and/or merging of fields (covering both legal and commercial trade name in one field with the limitations such an option may face).

Considering the interdependency between stakeholders to fulfil this recommendation, it is difficult to confirm at this stage the final targeted implementation date.

⇒ ***Suggested way forward:***

Considering the impact throughout the payment chain, stakeholders suggested conducting the further assessment as a collective exercise to ensure that the impact/implementation timeline by various actors is well taken into account.

Such a study could be conducted by payment chain stakeholders by the end of the first quarter 2022 and constitute the basis for reporting with a refined impact assessment on the recommendations on the commercial trade name to the ERPB in June 2022.

The second issue identified by stakeholders' impact assessments relates to the **identification of the location of a purchase**. The recommendations distinguish between physical and online transactions. For physical transactions it was pointed that some reasons may hinder displaying the location data such as:

- Not applicable cases – A filter would need to be applied so that the location would be visible to the consumer only for POS/contactless payments but not for online payments. This would likely involve substantial development build for the payment account provider.
- Conflicting/inaccurate data e.g.
 - Location of the payment is not always the same as the legal address of the merchant.
 - Location difficult to determine e.g. bus ticket payment, or POS device used by mobile unit such as a market seller or ice cream van

Ensuring the accuracy of the data would require live testing, which would require time, travel, cost

- Unavailability – Location is not immediately available from integrated card issuer.
- Merchant chains – Some merchants do not have accounts for each branch, but for the whole chain.
- P2P transactions for goods and services – location should not be provided for data protection.

⇒ ***Suggested way forward:***

Stakeholders suggested acknowledging cases for which this aspect of the Recommendations may not be appropriate/feasible, which would however not impact the spirit of the recommendation if commercial trade name and date are provided.

Thirdly, considering the impact of these recommendations to the payment process chains and to ensure that benefits to consumers are available as soon as possible, stakeholders suggested prioritising efforts on the most crucial aspects. Among the three broad categories covered by the recommendations, 'to whom' and 'when' a payment was made were deemed more critical. Still such prioritisation should not question the timely implementation of all the recommendations.

The ERPB is invited to consider the outcome of payment chain stakeholders' impact assessments and provide guidance on the suggested approach for the identified issues.