



**COUNCIL OF
THE EUROPEAN UNION**



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Council approves framework for payment services in the EU

The Council today approved a general approach on a draft directive establishing a legal framework for payment services¹, aimed at facilitating and reducing the cost of payments throughout the European Union.

The draft directive, amending directives 97/7/EC, 2000/12/EC and 2002/65/EC, provides for:

- Enhanced competition by opening markets to all appropriate payment service providers.
- Harmonised market access requirements for non-bank payment service providers, "payment institutions", ensuring a level playing field and at the same time encouraging innovation.

¹ The decision was taken at a meeting of the Economic and Financial Affairs Council.

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- Introduction of a clear and simple set of harmonised information requirements for both providers and users, increasing market transparency.
- Standardisation of rights and obligations for users and providers of payment services, with emphasis on a high level of consumer protection.

The proposal complements an initiative by which the payments industry has committed itself to establishing by 2010 a "single euro payments area" (SEPA), with integrated payment infrastructures and payment products enabling money to move freely between users, regardless of where they are situated. The legislative proposal is intended to underpin this industry initiative¹.

The Council's agreement is based on a proposal by the presidency involving a compromise on the following main issues.

- capital requirements for payment institutions;
- activities that payment institutions may undertake, in particular the granting of credit;
- the possibility of waiving application of certain provisions for smaller payment institutions;
- the possibility of waiving application of certain provisions for certain instruments used primarily for the payment of small amounts (low-value payments).

The Council's general approach will be used as the basis for adopting the directive in first reading, under the Parliament-Council codecision procedure².

¹ The Council adopted conclusions on SEPA in October 2006.

² The Parliament's committee on economic and monetary affairs has indicated its wish for the Parliament to vote during its plenary session from 23 to 26 April.