

## Statement

### EBF highly concerned over proposed EU model for payment initiation services

The European Banking Federation is highly concerned that member states of the European Union consider adopting a model for payment initiation services that poses significant risks to clients' bank accounts. This new model is proposed by the European Commission in a revision to the Payment Services Directive (PSD).

These initiation services ask consumers engaging in e-commerce transactions to share their security credentials - as issued by their banks - with third party payment services providers. European banks are of the opinion that there is a considerable risk that cybercriminals can use these security features out of context.

Sharing of credentials with third parties in any shape or form for e-commerce transactions should be prohibited once the revised PSD enters into force. The EBF believes that this is the only way to ensure legal clarity, adequate security and to protect consumers while creating a sound basis for new and innovative payment services to flourish. The EBF view is shared by the European Central Bank<sup>1</sup>, the SecuRe Pay Forum<sup>2</sup> and several national financial supervisory authorities.

A model where credentials are shared outside of the trusted and secure relationship between banks and their customers risks making both fraud detection and customer awareness very complex. Sharing of security credentials makes it difficult to separate the responsibilities of the various parties in the chain - customers, third party providers and banks.

#### **Press contact:**

Raymond Frenken, Head of Communication  
+32 (0) 496 52 59 47, [press@ebf-fbe.eu](mailto:press@ebf-fbe.eu)

#### **About the European Banking Federation:**

*Launched in 1960, the European Banking Federation is the voice of the European banking sector from countries in the European Union and the European Free Trade Association. Members of the federation are 32 national banking associations. The EBF represents the interests of some 4,500 banks, large and small, wholesale and retail, local and cross-border financial institutions. Together these banks account for over 80 percent of the total assets and deposits and some 80 percent of all bank loans in the EU alone. Website: [www.ebf-fbe.eu](http://www.ebf-fbe.eu)*

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<sup>1</sup> "It is a core principle of IT security that credentials used to authenticate the payment service user are not shared with any third party." [Opinion of the European Central Bank of 5 February 2014 on a proposal for a directive of the European Parliament and of the Council on payment services in the internal market and amending Directives 2002/65/EC, 2013/36/EU and 2009/110/EC and repealing Directive 2007/64/EC](#)

<sup>2</sup> [Secure Pay Recommendations for the Security of Payment Account Access Services](#) following the public consultation / May 2014, in Recommendation 7, 7.1 KC: "(...) The TPP should not be allowed to obtain access to the payment service user's credentials issued by the account servicing PSP" and "(...) further developments should allow the industry to rely on a secure common standard that allows strong customer authentication without any sharing of the AS PSP's credentials between the AS PSP and the TPP."