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European industry associations call for payments in the Digital Identity Regulation to be non-mandatory

The European Association of Co-operative Banks (EACB), the European Association of Payment Service Providers for Merchants (EPSM), the European Banking Federation (EBF), EuroCommerce, the European Savings and Retail Banking Group (ESBG), and Independent Retail Europe welcome the ambitions presented in the European Commission's proposal for a European Digital Identity Regulation (eIDAS 2.0).

We believe that the proposal will incentivise Member States to be more expedient in developing e-ID solutions with a wide scope of usage. Moreover, the European Digital Identity Wallet (EUDIW) will foster quicker onboarding processes and a better user experience.

However, we caution that Recital 31 and Art. 12b.2 as adopted by the European Parliament and corresponding Art. 6db.2 of the Council's General Approach are currently open to interpretation. The current wording seems to imply that the full payment sphere is included in eIDAS 2.0 on a mandatory basis.

We urge the European Parliament and the Council to re-consider their proposed wording during the last phase of the trilogue negotiations.

If widely used cards and payment processes were included in the new EUDIW Infrastructure on a mandatory basis, huge unplanned investments would be required not only in the financial sector and nearly all merchants in Europe, but also for global acceptance networks. This could possibly result in disproportionate costs for merchants and the payment ecosystem that accept card and account-to-account payments in accordance with the second Payment Services Directive (PSD2) and its successors.

To give an example, the current wording of Art. 12b2 leaves room for an interpretation that more than 15 million payment terminals in the European market and many payment pages of web shops need to be upgraded or exchanged by merchants and acquiring PSPs in addition to significant changes in the respective networks with multiple stakeholders. We believe that this cannot be the intention of the regulator and strongly recommend clarification.

In addition, removing from the scope of the Regulation the mandatory elements in relation to the full lifecycle of payments would also solve the general issue of liability banks and merchants would face. The proposal in its current form does not sufficiently address the question of liability, which impedes applying its provisions to payments. This is why the associations call upon the legislators to keep payment requirements non-mandatory in the Digital Identity Regulation.

We emphasise that in principle banks and merchants are not against also using the Digital Identity wallet for payments. The EUDIW could support payments if the common requirements of both the merchants and banking sector are met and (global) standards and processes are adapted, providing benefits for customers. However, we strongly recommend that the use of the EUDIW for the full payment cycle should be voluntary, allowing time to include it as part of normal planned terminal replacement cycles of usually 5-7 years.

The associations therefore call upon the co-legislators to adjust the wording of the legal text in such a way that the mandatory acceptance of the full lifecycle of payments is kept outside the scope of the Digital Identity Regulation.

List of signatories

European Association of Co-operative Banks (EACB) – eacb.coop

European Association of Payment Service Providers for Merchants (EPSM) – epsm.eu

European Banking Federation (EBF) – ebf.eu

EuroCommerce – eurocommerce.eu

European Savings and Retail Banking Group (ESBG) – wsbi-esbg.org

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