



Response to the public consultation on the Eurosystem oversight framework package for electronic payment instruments, schemes and arrangements

November 2021

1 Background

On 27 October 2020 the Eurosystem published its “PISA framework package” for public consultation. This consisted of the [oversight framework](#) for electronic payment instruments¹, schemes² and arrangements³ as well as the related [assessment methodology](#) and [exemption policy](#). The public consultation ran until the end of December 2020.

In the public consultation, the ECB received responses from 42 respondents from 11 different countries, including the governance bodies of payment schemes and arrangements, payment system operators, payment service providers, and associations of payment service providers or payment networks. The ECB wishes to thank all respondents for their valuable feedback, questions and suggestions.

The final PISA framework package was approved by the Governing Council of the ECB on 15 November 2021 and will be applicable from 15 November 2022. It replaces the existing harmonised oversight approach and oversight standards for payment instruments, including all related oversight frameworks and guides for cards, direct debits and credit transfers, as well as the security objectives for e-money.

The Eurosystem establishes oversight requirements in the form of generic principles to assess the safety and efficiency of the entities that fall within the scope of its oversight and to induce change where shortcomings are identified. The PISA framework is based on moral suasion and sets out these oversight principles for electronic payment instruments, schemes and arrangements in a single, future-proof and harmonised manner. The principles relate to the following aspects of the

¹ An electronic payment instrument is a personalised device (or set of devices), item of software and/or set of procedures agreed between the end user and the payment service provider to request the execution of an electronic transfer of value.

² A scheme is a set of formal, standardised and common rules enabling the transfer of value between end users by means of electronic payment instruments. It is managed by a governance body.

³ An arrangement is a set of operational functionalities which support the end users of multiple payment service providers in their use of electronic payment instruments. The arrangement is managed by a governance body which, among other things, issues the relevant rules or terms and conditions.

schemes/arrangements: sound legal basis, governance, the risk management framework, credit risk, collateral management, liquidity risk, settlement finality and crediting the end user, money settlement, payment service provider default rules and procedures, general business risk, custody and investment risk, operational risk, access and participation requirements, efficiency and effectiveness, communication procedures and standards, disclosure of rules, key procedures and market data.

The PISA framework is aimed at the governance bodies of schemes and arrangements which are expected to adhere to the oversight expectations. The Eurosystem has defined the criteria which identify the schemes and arrangements to be overseen, based on their relevance for the overall payment system, and those which are exempt. These criteria consider the size and market penetration of a scheme or arrangement within the euro area and are summarised in the exemption policy. The PISA assessment methodology complements the oversight principles of the framework by specifying key aspects to consider and relevant assessment questions. This allows the Eurosystem to apply the PISA framework across the overseen entities in a consistent and harmonised manner.

A summary of the main issues raised during the public consultation and the principal amendments which will therefore be made to the PISA framework package is provided below.

2 PISA oversight framework

Most respondents asked for clarification of the definition of arrangements for electronic payment instruments, and whether this covers specific services. Although the definition needs to remain generic to cover various innovative services, it has been adjusted to clarify that an arrangement is a set of operational functionalities which support the end users of multiple payment service providers in the use of electronic payment instruments. The development of technical standards by recognised standardisation bodies (e.g. ISO) is therefore excluded. The arrangement needs to lead to a transfer of value⁴, thus, for example, account information services, as defined in Article 4(16) of the revised Payment Services Directive (PSD2)⁵, are not covered. The Eurosystem also decided not to apply the PISA framework to arrangements⁶ relating to payment initiation services as defined in Article 4(15) of the PSD2. The Eurosystem concluded that, currently, the oversight expectations in respect of these arrangements are sufficiently covered by the current supervisory regime.

⁴ Transfer of value (between end users) is defined as the act, initiated by the payer or on the payer's behalf or by the payee, of transferring funds or digital payment tokens, or placing or withdrawing cash on/from a user account, irrespective of any underlying obligations between the payer and the payee. The transfer can involve a single or multiple payment service providers.

⁵ Directive (EU) 2015/2366 of the European Parliament and of the Council of 25 November 2015 on payment services in the internal market, amending Directives 2002/65/EC, 2009/110/EC and 2013/36/EU and Regulation (EU) No 1093/2010, and repealing Directive 2007/64/EC (OJ L 337, 23.12.2015, p. 35).

⁶ Such exemptions relate only to the specific service and not to the other activities of the same entity.

The Eurosystem has also clarified that the “acquiring of payment transactions” as defined in Article 4(44) of the PSD2 is essential for the functioning of a scheme, and the related risks are therefore assessed as part of scheme oversight.

Several respondents asked why the definitions in the PISA framework deviate from the terms defined in the revised PSD2. The definitions may deviate from those given in EU legal and regulatory documents more generally as well as those used in other ECB regulatory documents. The PISA framework targets a wide range of payment functionalities, in order to cover all electronic payment solutions which allow the transfer of value between end users (payers and payees). Thus, the PISA framework covers traditional electronic payment instruments (i.e. payment cards, direct debits, credit transfers and e-money) as well as new instruments such as digital payment tokens⁷ (e.g. stablecoins used to discharge payment obligations in euro within a scheme). While digital payment token services are also included, services are excluded if the transfer of value only has an investment focus.

As a number of respondents requested further clarification as to the geographical scope of the PISA framework, it has been specified that the framework covers electronic payment instruments regardless of where the governance body of the scheme or arrangement is incorporated if (i) the transfer of value to/from end users within the euro area is enabled or (ii) the transfer of value is based on electronic payment instruments denominated in or funded in euro, partly or fully backed by euro, or redeemable in euro (regardless of where the end user is located).

Several respondents requested clarification as to how overseers and prudential supervisors cooperate and how the PISA framework deals with payment systems which are already overseen. Other respondents requested exemptions for licensed payment service providers. The chapter on coordination with other overseers and/or supervisory authorities has been amended in this respect to stress that the PISA framework complements other oversight and supervisory arrangements and applies to both licensed and non-licensed entities. It also re-emphasises the Eurosystem’s willingness to cooperate with other authorities to acknowledge relevant oversight assessments or supervisory findings.

3 Assessment methodology – the main changes

A few respondents asked for further details on the assessment of major changes. The document has been updated to clarify that a major change can be driven by changes in the market or legislative framework or may be the result of a scheme or arrangement changing strategy. It has been further specified that if there is any doubt over whether a change is major or not, the governance body should contact the lead overseer.

⁷ A digital payment token is a digital representation of value backed by claims or assets denominated in euro or redeemable in euro or referring to other digital assets that are accepted under the rules of a scheme for payment purposes or to discharge payment obligations in euro, and enabling the transfer of value between end users. Depending on their underlying design, digital payment tokens can be used to effect a transfer of value without necessarily involving a central third party and/or using payment accounts.

Other respondents asked for clarification of the major incident reporting procedure. Major incidents, as defined in the latest version of the separate guidance on the major incident reporting framework for payment schemes and retail payment systems, should be reported to the lead overseer, in line with the procedure in that document.⁸ The ECB is cooperating closely with the European Banking Authority on this matter and will review the current incident reporting procedure in view of the recent changes to the respective European Banking Authority guidelines⁹. Another review will take place once the scope and the content of the EU regulatory framework on digital operational resilience (DORA) is final.

Some respondents asked for further guidelines to complement the assessment methodology. The Eurosystem may consider issuing such guidelines once it has accumulated more practical experience of the application of the PISA framework.

4 Exemption policy

The exemption policy was reviewed based on the comments received as well as an analysis of the data collected from schemes and arrangements in response to the public consultation.

Most comments on the exemption policy related to the future scoring thresholds used to assess the relevance of a particular scheme or arrangement for the overall payment system. The thresholds have now been established based on the analysis of the data collected from the schemes and arrangements. Some clarifications of definitions were also added.

5 Other comments received in the public consultation

In addition to the above points, the public consultation gave rise to several comments and requests for amendments, including deletions and the clarification of specific expectations or definitions. The Eurosystem reviewed each comment and request in detail and, where further clarity could be provided, the appropriate alterations were made to the specific expectations.

⁸ For security reasons access to this document is restricted to overseen entities.

⁹ “[Final Report – Revised Guidelines on major incident reporting under PSD2](#)”, EBA/GL/2021/03, European Banking Authority, 10 June 2021.

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For specific terminology please refer to the [ECB glossary](#) (available in English only).