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By Electronic Submission
Directorate-General for Financial Stability, Financial Services and Capital Markets Union
European Commission
1049 Bruxelles/Brussel
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Subject: Consultation on Instant Payments (SEPA INST.)

To whom it may concern,

I hope this message finds you well. Please allow me to introduce myself. I am the European Policy lead at Plaid, the world's largest Open Banking service provider, whose European entity is domiciled in the Netherlands and regulated by the Dutch Central Bank. Plaid is a licensed Account Information Services Provider (AISP) and currently passports its AISP license to 10 other EU Member States. Plaid is also in the process of obtaining its PISP license in the EU, which it already has pursuant to FCA oversight in the United Kingdom.

We are writing this addendum to our consultation submission to provide further context and clarity on our position on instant payments, which we view as very favorable, as well as providing room for dialogue and collaboration in the future. We hope you find this helpful and should you have any questions please do not hesitate to contact us.

As interoperability is a key driver in a healthy and competitive financial ecosystem, we urge the provision of SCT Inst. capabilities by retail consumer banks to be provided to consumers *in an equal form and for the same price*. Access to secure and instant payment rails should not be a point of differentiation for banks and consumers within the SEPA. The advent of SCT Inst. in the payments landscape will also mean that payers have an additional modality with which to transfer funds – one that reduces reliance on, and the risks associated with cash, and one that rivals card networks in terms of merchant acceptance & speed and may possibly be cheaper to use.

Furthermore, TPPs have already spent large amounts of time and resources in developing products and services that leverage on SCT Inst functionalities through PSD2 related infrastructures. Because SCT Inst. is a faster and more reliable payment rail, the failure rate of a Payment Initiation Service on SCT Inst. is considerably less than on SCT, likely growing the uptake of PIS and PISPs across Europe. The provision of SCT Inst. is not only favorable from a business perspective, but it also provides safety enhancements for users, whose payment options were previously much more susceptible to fraud. One of the core advantages of SCT Inst. Payments (and push payments over pull payments generally) is the user-initiated payment flow combined with the ensuing application of Strong Customer Authentication (SCA) protocols – allowing for consumer protection requirements to be laid over the payment rails in a much more effective and seamless way.

We understand that some parties may see risks associated with KYC and AML regarding instant payments. However, we believe these to be mitigated by safety considerations such as upfront user KYC or lower volume send limits where applicable, and that these safety concerns do not outweigh the positive societal and economic impacts associated with instant payments. We hope the abovementioned was helpful in further clarifying our position and if you have any questions, please do not hesitate to contact us.

Kind regards,

Daniel Morgan
Plaid Europe Policy Lead