

REPORT  
OF THE  
BOARD  
**2019**  
5 JUNE 2020

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## AN INTRODUCTION BY THE CHAIRMAN

Reporting on the EBA's achievements in 2019 is not an easy task these days. Every one of us is busy coming to terms with the unprecedented events that hit the world in early 2020 and continue to impact our professional and personal lives. The only thing that seems to be even more inconceivable than taking the time to write this report is to sit down and read it. After all, what is there to learn from a document reporting on what appear to be achievements from what feels like a long-ago era?

I believe there actually is a lot to be learnt by turning back our attention on 2019. But we should take this look back while keeping the current crisis in mind. This crisis could serve as a measuring stick for the assessment of our activities and achievements. We should use it as a magnifying glass that helps us evolve those of our activities that make a difference for our members, that matter to the European payments ecosystem in the long run or that are so fundamental that their reinvention for the new COVID-19 reality will be worth the effort.

Based on this approach, we have already reached a few early conclusions while revisiting 2019 from our current perspective. Most importantly, we have been very pleased to register an unbroken interest over the past couple of months in the activities we had kicked off in early 2020 in line with our value proposition.

On the Thought Leadership and Innovation side, the Open Banking Working Group and the Liquidity Management Working Group have remained fully on track in their exploration of digital trust and data analytics, respectively, while the newly created Cryptotechnologies, Smart Payments, and Stablecoin Working Group has started to dig into the highly topical subject of stablecoins.

In our Market Practices and Regulatory Guidance stream, both SMART2 and the Expert Group on Payment Fraud-related Matters, kicked off in early March 2020, stepped up their meeting frequency during the COVID-19 lockdown period. A note on the benefits of a pan-European approach for an optional fraud information field in instant payment processing has recently been finalised by the SMART2 fraud experts and sent to our members for endorsement. Work has also advanced on the set-up of a group on KYC harmonisation topics as well as on preparations, with a small sounding group, for activities supporting the 'migration of minds' by both the supply and the demand side to the future request to pay instrument.

Let me take this opportunity to thank the close to 250 experts in our different workstreams for their continued commitment and contribution.

Their relentless progress throughout the height of the lockdown seems to confirm the course taken by the Association in 2019 in preparing its value proposition for 2020. In particular, this progress testifies to the great benefit of the extensive consultation process with our members on their top priorities for the agenda of the Association, which took place in Q4 2019 and shaped our value proposition. In this consultation, our members had pushed for a further branching out of the Association's activities into areas supporting the quality of payment services and related value-added offerings, such as liquidity management, fraud prevention and detection, cyber security, KYC processes, ecosystem considerations around request to pay and ISO 20022 or matters pertaining to e-identity and digital trust.



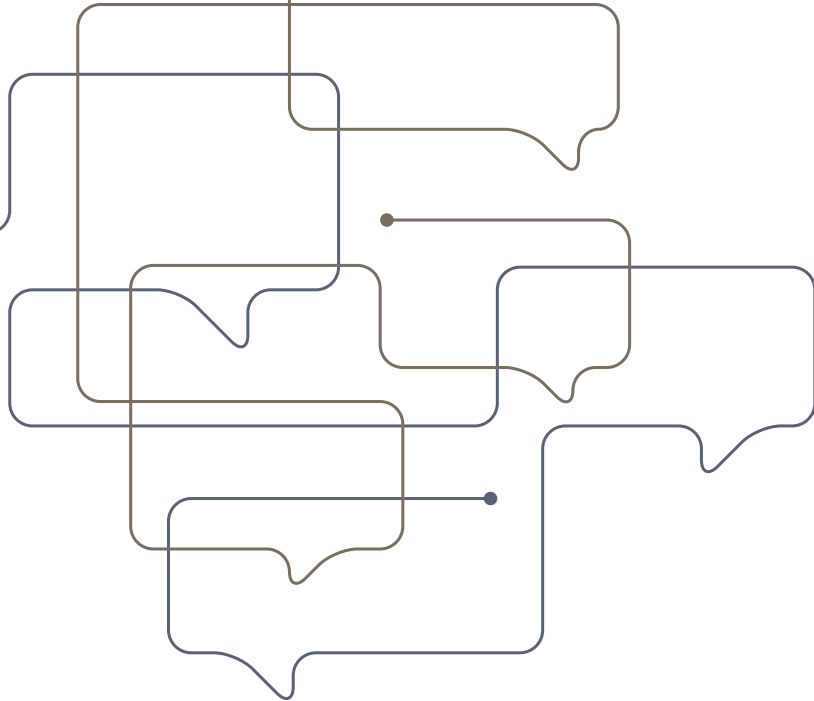
The continued high engagement levels of our members in the work streams we have already kicked off based on this input should probably not come as a surprise: they all relate to areas in which industry players and stakeholders will need to further strengthen collaboration in order to ensure the necessary levels of harmonisation and integration for a fully digitalised, innovative and resilient European payments ecosystem.

The speed of the digital transformation and integration across the European payments industry was already increasing prior to the start of the COVID-19 pandemic. There is no doubt that it will further accelerate in light of the rise in e-commerce transactions and contactless payment instruments fuelled by the pandemic and related preventive measures, which have also further exposed and increased the general need for secure ways to carry out all kinds of business and other transactions in a digital way.

What is more difficult to assess at this stage is the impact that the new pandemic and its many consequences will have on the abilities of the different actors to forcefully engage in the collaborative and individual efforts required

to implement the necessary changes. Project resources and investment capabilities were already scarce prior to this crisis. The current economic outlook and the continued partial lockdown and social distancing measures are not expected to improve this situation. That is why first re-assessments and re-adjustments of pre-COVID-19 project plans are already ongoing in many organisations.

This is where our 2019 stock-taking exercise comes in. Any decisions adjusting the planning for the future, and for the new digital reality it holds, should ideally be based on a comprehensive overview of the opportunities and challenges facing the industry. Through information papers, market practice recommendations, educational seminars and the many discussions and exchanges fostered at EBAday and other events, the Euro Banking Association delivers comprehensive industry insights that are well-suited to support its members in their own stock-taking and decision-making activities. The information papers, which are available to all our members on the EBA website, are particularly relevant in this context, since they detail the collective findings of our working groups on innovation topics.



The present Board report is aimed at giving orientation and updates on these Association deliverables as well as on the insights they provide – as are the newly introduced Board synopsis, our newsletters, fact sheets and webinars as well as our different community gatherings, such as the EBA roadshow sessions or our country group meetings.

Over the past few years, we have focussed on growing our EBA member community by extending full membership rights to any bank member and opening membership to organisations from OECD member states.

At the same time, we have also multiplied our touchpoints and channels of interaction with our members and key stakeholders to strengthen the relationships and dialogue within the membership and the wider ecosystem. These combined efforts have helped to foster a broad and thriving community of EU-based and international payments organisations and practitioners with a keen interest in the European payments market.

As many other organisations, we are currently struggling with the temporary stop that COVID-19 has put on many face-to-face interactions. To this effect, we have replaced our annual general meeting with a mail vote process in combination with a virtual information session and have postponed our EBAday conference. We will keep exploring other channels and additional ways of keeping our community connected and engaged. A first EBAday Online webcast in the run-up to the next physical event recently attracted an impressive almost 700 participants.

In closing, let me express the hope that the ongoing search for ways to overcome the current limitations in many areas will pave the way for more, rather than less, pan-European co-operation and harmonisation in payments. Together with our Secretary General and the whole EBA team, my fellow Board members and I look forward to contributing to this journey towards a better payments future with the support of our member community – and with a decidedly pan-European vision and agenda in our pockets.

  
Wolfgang Ehrmann

## AN INTRODUCTION BY THE SECRETARY GENERAL

Do you still remember the times when payment professionals generally agreed that “a payment is a payment is a payment,” meaning that there really was not much more to a payment than, well, a payment? I recall these times and discussions in the run-up to SEPA very well. They were marked by huge collaborative efforts aimed at defining and agreeing on a common technical standard, new semantics and market rules enabling payment service providers across all of Europe to efficiently move money from one payment account to the next all across the continent. This major industry initiative was mainly driven by infrastructure considerations and strictly limited to the inter-PSP space.

Even half a decade later, a conceptual framework such as the Euro Banking Association’s Digital Customer Services Interface (DCSI), which identified and suggested bridging the gap between offerings in the end-user services layer and the infrastructure layer, was noted with great interest but did not trigger any collective action. As a result, the end-to-end payment process at a pan-European level remained split into two sets of disconnected activities: the infrastructure processing layer and the end-user services layer. With no middle piece enhancing the interaction between the two layers and supporting the proliferation of innovative SEPA-wide customer solutions, a SEPA payment indeed remained a mere payment.

Where do we stand today, more than 10 years after the implementation of SEPA? Are we still talking about payments in the same way as we did at the time? Definitely not. The picture has become much more complex. On the one hand, the great majority of payments has moved from being a service by payment

service providers to being a mere commodity. On the other hand, payments today are seen as an important point of interaction between end-users and the providers that serve them.

As a matter of fact, payments are considered as a key trigger for other, value-added interactions. While it may be true that the payment account is the starting point for many customer services, the actual trigger for many of the 240 touchpoints per year between the customer and its PSP is a payment. Against this background, it is crucial for PSPs to take advantage of these interactions in order to better understand the needs of their customer and shape services meeting these needs, as McKinsey argued in a 2016 report labelled “From touchpoints to journeys: Seeing the world as customers do”.

A focus on designing customer journeys around account-related data may, for instance, lead to value-added services such as a bank-backed digital identity that can be used for all kinds of business interactions, solutions for digital consent management or even simple electronic file vaults. Liquidity forecasts or any other data-related analytics services are other examples of valuable offerings closely linked to a payment account. As these examples show, payments are not only valued as points of interaction. They are also considered as valuable information repositories in their own right.

Services such as those mentioned above rely on the implementation and use of state-of-the-art technology. API-based access to bank account information by third parties that the end-customer trusts, the implementation of artificial intelligence to detect and, where possible, prevent fraud, the use of distributed ledger technology to implement micro-payment





solutions in an Internet-of-Things environment or KYC requirements are examples where existing or emerging technologies may efficiently support or even trigger compelling value propositions.

In close cooperation with its members, the EBA follows and analyses trends in technology, linking them to market developments, describing potential fields of application and helping members to assess their value and relevance. Dealing with various aspects of Open Banking over the past few years, our Open Banking Working Group has zoomed in on data opportunities in particular. Its 2019 publication explores the possibilities of co-operation when using artificial intelligence in data sharing and control processes.

Our Thought Leadership and Innovation work stream has also delved into other areas where digitalisation and forward-looking industry

developments may create new business opportunities for payment service providers, such as smart payments in an Internet-of-Things environment or the impact of instant payments on corporate intra-day liquidity management.

Thanks to the large-scale real-time capabilities that instant payment processing and reporting requirements introduced across the industry, progress is now also underway in the end-to-end payment space. A pan-European request to pay scheme is currently being developed by the European Payments Council. In parallel, a pan-European messaging infrastructure layer is being put in place by EBA CLEARING to help bridge the gap between the payment infrastructure layer and the end-user services layer. Across Europe, PSPs are assessing the innovation potential these new collective developments hold for new or enhanced customer journeys, for instance in relation

to e-invoicing or e-commerce. The EBA is planning to support this evolution by bringing together demand and supply side actors for discussions on relevant use case considerations.

At the same time, there is a growing recognition that more co-operation and harmonisation is required in other areas to ensure smooth and fully automated end-to-end processes and a consistent and positive customer experience. One example is the need for more standardisation around application programming interfaces to limit implementation efforts in connecting different corporate, PSP and third-party applications to each other.

Several initiatives are currently looking into practical ways to strengthen co-operation on fraud prevention and detection at a pan-European level. The EBA-facilitated SCT Inst Migration Action Round Table (SMART2) is promoting the sharing of relevant contextual data between PSPs via an optional SCT Inst fraud information field while the EBA Expert Group on Payment Fraud-related matters is evaluating how a broader exchange of fraud-related intelligence and data among AS-PSPs could be facilitated at a pan-European level.

The European payments industry has come a long way since the carving out of the SEPA rules and the rather confined mandate related to this. As market actors are striving to address the persisting “front-end fragmentation and provide a competitive pan-European solution that meets the needs of European users and exploits the benefits of the Single Market”<sup>1</sup> with the blessing of European authorities, the EBA is eager to contribute to these developments through pan-European collaborative activities supporting the creation of a highly integrated and future-proof pan-European payments ecosystem. The EBA will be pleased, through its activities related to the shaping of such a payment ecosystem, to provide value for the realisation of an integrated EU Payments Market. We look forward to continuing this journey together with our broad and multi-faceted membership for the benefit of their customers and the wider European economy.



Thomas Egner

<sup>1</sup> “Innovation and its impact on the European retail payment landscape,” Note by the ECB for the Economic and Financial Affairs Council (4 December 2019): <https://www.ecb.europa.eu/pub/pdf/other/ecb.other191204~f6a84c14a7.en.pdf> (accessed on 20 May 2020).

# CORE ACTIVITIES



# 1 REPORT ON EBA ACTIVITIES IN 2019 AND OUTLOOK FOR 2020+

## 1.1 REPORT ON WORK STREAMS IN 2019

Thanks to the commitment and contribution of the EBA community in 2019, the Association was in a position to take forward and further develop all work streams in its four key activity areas, resulting in the following key deliverables:

### THOUGHT LEADERSHIP & INNOVATION: PUBLICATIONS AND EVENTS

- Open Banking Working Group: "Artificial Intelligence in the era of Open Banking"
- Cryptotechnologies and Smart Payments Working Group: "The Internet of Things and Smart Payments"
- Liquidity Management Working Group: "How banks can harness technology for the benefit of the corporate liquidity management ecosystem" and "Impact of instant payment and intraday liquidity on the corporate liquidity management ecosystem"
- Open Forum on Open Banking and Digital Transformation: "Open Banking – beyond compliance: bridging the gap between legacy systems and the API future" and "Moving forward on the digital journey – which payment methods will win the hearts and minds of the customers? Will we still need cash...?"

### MARKET PRACTICES & REGULATORY GUIDANCE: PUBLICATIONS

- SMART2: "Best practices to support PSPs in detecting/combating fraud and scam"
- PSD2 Panel and SMART2: "Recommendation on fraud reporting consolidation"
- PSD2 Panel and SMART2: "How to report e-money transactions under the EBA Fraud Reporting Guidelines. Open questions around e-money definition"

### NETWORKING & EVENTS

- EBAday 2019: "Accelerating digital transformation in payments"
- EBA Roadshow in Portugal and Spain
- Three EBAday Business Fora

### TRAINING & EDUCATION: SEMINARS

- EBA Liquidity Management Training Seminar: "Managing corporate liquidity in changing and disruptive times"
- EBA Summer School: "The Invisible Payment"
- EBA Global Seminar: "Real-time payments and Open Banking: New realities, new challenges". This seminar was the third of its kind and took place in London in the week prior to Sibos.
- EBA Winter School: "The payment after tomorrow: creating value for the customer of the future"

The following sub-sections will provide a detailed overview of the work programme taken forward within the EBA's four activity streams and other areas in 2019.

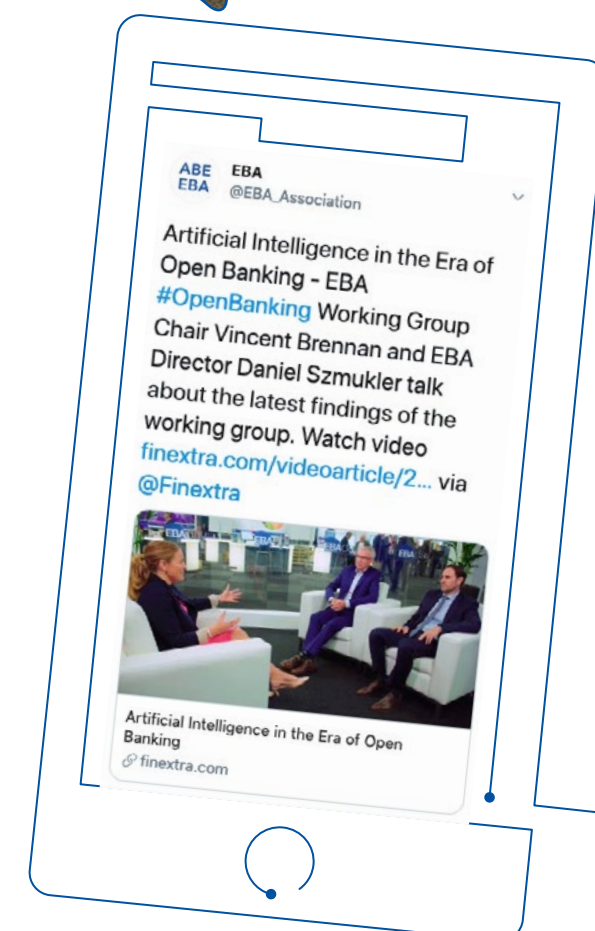
## THOUGHT LEADERSHIP AND INNOVATION

### 1.1.1 OPEN BANKING WORKING GROUP

In 2019, the EBA Open Banking Working Group focused its activities on studying the collaborative opportunities in Artificial Intelligence (AI) in the context of Open Banking. AI has the potential to revolutionise the financial services sector: due to its capabilities of automated and autonomous decision-making, AI opens up new ways of value creation based on data sharing.

Against this background, the group started to assess the potential of AI-supported analytics for several non-competitive use cases, where it may help to increase efficiency and resilience for the benefit of the overall ecosystem. The results of this work were published in a paper on "Artificial Intelligence in the era of Open Banking" in June 2019.

In September 2019, the working group identified digital trust as the next topic to be researched. Subsequently, the working group further defined the scope of the report with the goal to define what trust in a digital world means and to elaborate on different concepts of trust such as institutional and infrastructure trust. Preliminary research revealed that digital trust is not just about technology, but also about operations/processes, people, propositions/offers and communication. For the planned report, the working group narrowed the focus on analysing how banks can serve as custodians of trust in an Open Banking and digital world and leverage their digital trust assets for a value proposition to their customers.







### 1.1.2 CRYPTOTECHNOLOGIES AND SMART PAYMENTS WORKING GROUP

Considering the increasing significance of the Internet of Things (IoT) and its expected impact on the financial sector, the EBA Board, in 2019, extended the mandate of the EBA Cryptotechnologies Working Group to exploring smart payments. To reflect this new focus, the working group was renamed Cryptotechnologies and Smart Payments Working Group.

The working group started by reviewing the development of the Internet of Things and assessed how payment services need to evolve in an IoT world. It then looked at the technologies and industries driving the development of IoT today and explored how payment services can become smart payments by utilising IoT. A set of principles driving IoT development was outlined by the group.

Furthermore, the group defined principles essential for adapting payment services to IoT. The group concluded by examining key issues that the financial services industry will need to explore collaboratively in order to ensure that smart payments are fit for purpose in an IoT ecosystem. A paper entitled “The Internet of Things and Smart Payments” was released in September 2019.

In the final quarter of the year, the group, under new chairmanship, deliberated its next steps and the potential of turning its attention to rising technologies other than blockchain technologies.

### 1.1.3 LIQUIDITY MANAGEMENT WORKING GROUP

In 2019, the Liquidity Management Working Group (LMWG) completed its second phase of research. The group explored how recent and emerging technologies and related changes already impact day-to-day activities in corporate liquidity management and how they could support them in the future. Technology already provides operational efficiencies and benefits both for the bank and the corporate side of the liquidity management ecosystem. And in the future, corporate reliance on technology is likely to increase across the whole range of liquidity management tasks.

The LMWG publication resulting from this work discussed the corporate liquidity management ecosystem, starting at core interdependencies between banks and their corporate customers and exploring how banks can harness technology to help improve this ecosystem. The paper was published in April 2019.

In addition, in January 2019, the group started working on phase three, exploring the implications of introducing instant payments and new intraday liquidity regulations to the corporate liquidity management ecosystem. A paper entitled “Impact of instant payment and intraday liquidity on the corporate liquidity management ecosystem” was released in September 2019.

In mid-September, the LMWG kicked off phase four with the objective to articulate how data analytics supports the decision-making processes of treasurers. The goal of this research phase is to better comprehend what data analytics really is and how it relates to machine learning and Artificial Intelligence.







ABE EBA  
EBA @EBA\_Association

Excellent presentations, panel discussion and workshop sessions at the #EBAOpenForum on #OpenBanking and #DigitalTransformation in Frankfurt. Thanks to all participants, speakers, workshop leaders, and our moderator. We look forward to the next open forum in June.



5:34 nachm. · 12. Feb. 2020 · Twitter Web App

#### 1.1.4 OPEN FORUM ON OPEN BANKING AND DIGITAL TRANSFORMATION

The Open Forum on Open Banking and Digital Transformation was launched in 2019. Its creation was the result of a merger of the Open Forum on Open Banking and the Open Forum on Pan-European Instant Payments. Participants in both fora had increasingly found the topics of their discussions to be so intertwined that they should be explored together, which is why the EBA proposed to merge the discussion into one forum going forward.

The goal of the Open Forum on Open Banking and Digital Transformation is to support the industry by fostering a transparent and cohesive discussion around the impact of digitalisation on the wider payments and transaction banking landscape. In this context, special emphasis is placed on topics around Open Banking, the ongoing introduction of real-time end-to-end processes and the increasing use of technology in general, such as Artificial Intelligence, data economy or cyber fraud. Approaching digital banking through the lens of payment services, the forum provides a space for financial industry practitioners to exchange information about Open Banking concepts pursued by various industry initiatives or communities as well as future-oriented payment models and functionalities across Europe.

Bringing in stakeholders with interests in the wider context of digital banking facilitates a joint discussion on how to move the entire financial industry into this new era and address related hurdles or challenges. The Open Forum is moderated by an independent and neutral industry expert.

In 2019, the EBA facilitated two Open Forum meetings: “Open Banking – beyond compliance: bridging the gap between legacy systems and the API future” which was held in Paris on 15 May 2019 and “Moving forward on the digital journey – which payment methods will win the hearts and minds of the customers? Will we still need cash...?”, which took place in Amsterdam on 24 October 2019. Both meetings were well attended.

## MARKET PRACTICES AND REGULATORY GUIDANCE

### 1.1.5 PSD2 PRACTITIONERS’ PANEL

Throughout 2019, the panel continued to monitor the transposition and implementation of the PSD2 and discussed key developments and open issues related to the regulatory technical standards and guidelines issued by the European Banking Authority as well as their practical impact. Participants kept contributing to the national transposition tables, which were updated on the EBA website in line with the transposition progress.

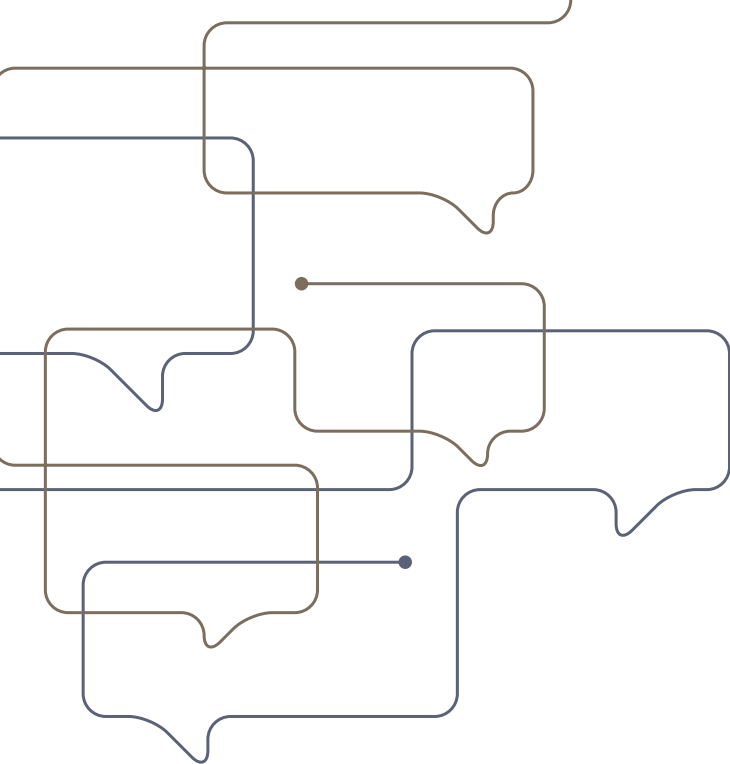
The panel placed a special emphasis on the access-to-account (XS2A) requirements stipulated by the PSD2. As of March 2019, account-servicing payment service providers (AS-PSPs) were required to offer XS2A testing facilities to third-party providers (TPPs). At EBAday 2019, the panel published key findings of a questionnaire on the status of XS2A testing preparations among AS-PSPs. The questionnaire was further designed to help identify additional needs or open questions on testing at both individual and industry level and was a follow-up to a questionnaire conducted in late 2018 on the status of XS2A testing preparations in the run-up to the March 2019 milestone.

Aside from fostering expert exchanges among its participants, the panel also received regular updates on other industry groups focusing on PSD2-related topics. This input included guest contributions by organisations and collective undertakings supporting PSD2 compliance and implementation efforts.



With the implementation of PSD2 in September 2019, the PSD2 Panel had successfully served its mission and turned its attention to deliverables and implications regarding other legislation, such as the EU Regulation on Cross-Border Charges and the EU VAT Directive. This led to the decision to shift the focus of the panel from PSD2 to EU payments legislation in general and to create a Payments Regulation Sounding Board in 2020, which should assess the need for creating dedicated activity groups to zoom in on relevant regulations or regulatory initiatives.





### 1.1.6 SCT INST MIGRATION ACTION ROUND TABLE (SMART2)

In 2019, SMART2 mostly focused on enhanced fraud detection measures. The group also continued its analysis of reason code usage in the SCT Inst context but did not see any pressing need for further action in this area.

The SMART2 sub-group on sanction-screening and fraud detection measures turned its attention to delivering an overview of national fraud information registers as well as best practice recommendations for detecting and combatting fraud in relation to SCT Inst transactions in particular. This work resulted in the publication of a SMART2 note with recommendations on “Best practices to support PSPs in detecting/combating fraud and scam,” which was issued in June 2019 and presented at EBAday. The recommendations provided in this note covered practices to be implemented at AS-PSP-internal level, practices that would require collective action at inter-PSP level and/or at infrastructure level for a positive impact and measures that would require actions at public authority or law enforcement level.

In the second half of the year discussions continued on how to best progress two of these recommendations in particular:

- ≡ establishing a forum at a pan-European level enabling the exchange and discussion of recent and relevant fraud case experiences and the communication of any related conclusions or guidance to relevant stakeholders

and

- ≡ creating or supporting the creation of a pan-European fraud-related register or information service to share fraudulent/suspicious IBANs or run checks against, as part of the payment initiation/execution process.

In Q4 2019, SMART2, at the request of the EBA Board, carved out the requirements for a dedicated EBA group working on these matters. SMART2 participants also confirmed their commitment to appoint experts to this group, which should prepare the ground for experience and information/data exchange on fraud-related matters in a trusted and secured environment. As a consequence, the EBA Board created the EBA Expert Group on Payment Fraud-related Topics based on the proposed mission on 23 January 2020.

In addition, SMART2 participants continued to monitor developments around national confirmation of the payee solutions with a view to assessing how such a solution could best be defined at a pan-European level. SMART2 further started looking into determining a viable pan-European approach enabling the originator PSP to communicate relevant information for fraud detection purposes to the beneficiary PSP as part of an instant payment transaction.



### 1.1.7 JOINT PSD2-SMART2 WORKSHOP SERIES ON FRAUD REPORTING

Participants from the PSD2 Practitioners’ Panel and from SMART2 combined forces in early 2019 in a series of workshops to exchange views on and discuss the various interpretations around the European Banking Authority’s Guidelines on Fraud Reporting. Initially planned as a stand-alone event, the workshop developed into a series to tackle the deliverables agreed by its participants. The last workshop session on the topic was held in November 2019.

This joint SMART2-PSD2 Panel initiative delivered lists of open questions around the fraud reporting guidelines and about the filling-in of the fraud reporting templates by the European Banking Authority.

An important outcome of these workshop sessions was a note on fraud reporting consolidation issued on 9 April 2019 with the endorsement of 18 AS-PSPs from ten European countries. In order to ensure a uniform, consolidated and stable approach to fraud reporting across all Member States of the European Union, the note called on EU regulators to put on hold the implementation of the Guidelines of the European Banking Authority on Fraud Reporting under PSD2

until the entry into force of the revised ECB Regulation on Payments Statistics.

The note sets forth recommended steps to minimise fragmentation risks and ensure both maximal legal certainty and longer-term viability for the implementation programmes that PSPs and their national competent authorities were in the process of putting in place for fraud reporting. The key findings and open questions identified in the note were, among others, shared with representatives of the European Central Bank (ECB) working on the revised ECB Regulation.

Another important outcome of the workshop series was a note seeking clarification on the definition of e-money transactions and the related fraud reporting requirements issued by the European Banking Authority. The note was compiled in Q4 2019 and published on 21 January 2020 with the endorsement of banks from nine EU countries.

The note points out that the current definitions of e-money provided by the European authorities are not clear enough and would benefit from a detailed review. The note also details how the workshop participants reached the conclusion that fraudulent prepaid card transactions are the only transactions that can be reported in the e-money category provided by the European Banking Authority’s Guidelines on Fraud Reporting. It would thus be further helpful if this requirement could be clarified further and applied in a uniform way across Europe.

Both notes issued by the joint SMART2-PSD2 Panel initiative are available for download on the EBA website in the Publications section.

### 1.1.8 CONTENT PORTAL ON CYBER REGULATIONS AND INDUSTRY STANDARDS

Against the background of the increasing number of cyber-related regulatory and industry initiatives, the Board, in February 2019, initiated a project to identify relevant legislation and standards in this field. To help EBA Members to understand and deal with existing and future cyber-related industry frameworks, the intention of the project is to create an e-repository, which should provide transparency, basic descriptions and a standardised view on relevant market regulations and industry standards, as well as on their specific impact on banking technology. Furthermore, the repository should identify a best practice framework and relevant guidance on how to implement new or validate already existing security processes or domains. Relevant regulations and industry initiatives in the scope of this workstream are, among others, PSD2, GDPR, TIBER, SWIFT CSP, PCI DSS and NIST.

The project is supported by a Sounding Board, which is composed of high-level industry specialists and practitioners who are actively involved in the field of cyber- and security-related industry activities. Throughout 2019, the Sounding Board helped to specify the content and the design of the e-repository with a view to making this new facility available to EBA Members in early 2020.

The e-repository is scheduled to go live in Q2 2020 with a first set of relevant regulatory documents, standards and industry documents. Further content will follow throughout the year. The Sounding Board will periodically check the need to update and extend the e-repository.

### 1.1.9 CONTRIBUTION TO THE EVOLUTION OF THE PAN-EUROPEAN PAYMENTS ECOSYSTEM

The EBA represents its members with a country-neutral perspective and a practitioner's voice in its wider dialogue with major industry bodies and stakeholders by contributing to the shaping of the future payments landscape through its participation in the following European and global bodies and groupings:

#### EUROPEAN MULTI-STAKEHOLDER FORUM ON E-INVOICING (EMSFEI):

The EBA is a full member of the EMSFEI. Set up by the European Commission, this forum brings together delegates from national e-invoicing fora and key stakeholders from the user side of the market. Its objective is to help pave the way for a broad-scale adoption of e-invoicing at both national and EU level. The forum creates a unique opportunity to exchange experiences and best practices across borders. Furthermore, the forum discusses issues of common interest, with the possibility to issue recommendations to the European Commission.

#### EUROPEAN PAYMENTS COUNCIL (EPC):

The EPC represents payment service providers (PSPs) on all European payment issues. Its goal is to contribute to harmonise payments in SEPA, ultimately supporting European competitiveness and innovation. In constant dialogue with stakeholders and regulators at European level, the EPC supports and promotes the integration and development of European payments. The primary task of



the EPC is the management of four payment schemes that facilitate over 39 billion transactions in 36 countries each year. The EBA is a member of the EPC.

#### GLOBAL SUPPLY CHAIN FINANCE FORUM (GSCFF):

Together with the International Chamber of Commerce (ICC), the Bankers Association for Finance and Trade (BAFT), Factors Chain International (FCI) and the International Trade and Forfaiting Association (ITFA), the EBA continues to promote the use of standard definitions for techniques of supply chain finance. The GSCFF was established in January 2014, as an initiative of these industry associations, to address the need for developing, publishing and championing a set of commonly agreed standard market definitions for Supply Chain Finance (SCF) and for SCF-related techniques. This initiative triggered and helped to drive the much-needed standardisation of the SCF industry.

### NETWORKING AND EVENTS

The EBA organises events that enable payment practitioners to broaden their understanding of the payments and transaction banking industry and to directly interact with peers from payments-related organisations across Europe and beyond.

#### 1.1.10 EBADAY 2019

In 2019, the Association's flagship event, the conference and exhibition EBAday, took place in Stockholm, Sweden, with a 21-session programme, a sold-out exhibition floor and close to 1,200 attendees. The focus of EBAday 2019 was reflected in its title: "Accelerating digital transformation in payments". Consequently, the agenda provided a wide variety of insights into globally relevant topics, ranging from real-time payment processing to innovation, Open Banking, new technologies, correspondent banking, regulatory changes and customer needs. All the networking sessions received very positive feedback and were perceived as lively and informative.



A two-day event, EBAday comprised 16 parallel panel sessions as well as a keynote, a challenge speech and three roundtable discussions. The exhibition featured 63 stands. For the third consecutive year, the exhibition floor also included a fintech zone, in which 16 fintech start-ups presented their business and innovations to the attendees. For the first time, the exhibiting fintechs had the chance to pitch their ideas to the audience in interactive sessions.

The EBA lounge, which was introduced in 2015, was again part of the exhibition floor, offering not only a gathering place to all EBA Members, but also a platform for EBA working groups to present and discuss their findings, which they did through six well-attended sessions on the latest work done by the Association in the areas of Open Banking, liquidity management and fraud prevention. Furthermore, the EBA presented its activities and offerings on the exhibition floor with its own stand.

#### 1.1.11 EBADAY BUSINESS FORA

In preparation of EBAday 2019, the EBA and Finextra also organised three EBAday Business Fora, one in Stockholm, one in Dublin and one in Helsinki. The fora were well attended. Participants invited to these breakfast sessions discussed selected topics from the EBAday conference programme with three to four keynote speakers opening the session.

#### 1.1.12 LOCAL EBA ROADSHOW SESSIONS

In 2019, the Association continued its local roadshow sessions. Launched in 2018, these sessions are aimed at deepening the regional footprint of the EBA and at directly feeding its findings into the different local communities. The sessions are held in the local language and targeted at EBA Members operating in a specific regional or local market.

The EBA roadshow sessions are organised with the support of local EBA Board members or member representatives and star speakers from the respective communities participating in different EBA working groups and/or other EBA-facilitated expert groups. These sessions provide detailed updates on payment developments and trends discussed in the different EBA activity streams, including insights into thought leadership discussions, guidance on regulatory matters or market practices and topics covered in the educational seminars of the Association.

During the period under report, EBA roadshow sessions were hosted by the Spanish and Portuguese EBA communities. Given the success of this format, the EBA will continue to run local roadshows and thus provide access for all of its members to the findings and recommendations of its working groups and practitioners' panels.



## TRAINING AND EDUCATION

#### 1.1.13 SCHOOLS AND SEMINARS

In 2019, the EBA organised four educational events, allowing members to come together, deepen their knowledge and get fresh perspectives on industry topics that are high up on the agenda of payment professionals:

- ≡ The EBA Liquidity Management Training Seminar “Managing corporate liquidity in changing and disruptive times”
- ≡ the EBA Summer School “The Invisible Payment”
- ≡ the EBA Global Seminar “Real-time payments and Open Banking: new realities, new challenges”. This seminar was the third of its kind and took place in London in the week prior to Sibos.

- ≡ the EBA Winter School “The payment after tomorrow: creating value for the customer of the future”

The educational events 2019 were attended by 101 delegates, raising the total number of alumni having attended the EBA’s educational events to over 950.

The EBA educational events are geared towards providing training and networking opportunities for all EBA Members: while the EBA Summer and Winter Schools are particularly suited to foster and promote emerging talents, the EBA Global Seminars serve as a high-level meeting point of senior managers to discuss, in depth, the strategic future of their businesses. The EBA Liquidity Management Seminars provide a platform for delegates to discuss, experience and understand corporate liquidity management needs within the liquidity ecosystem.



## 1.2 GOVERNANCE REVIEW

To reflect the increasingly global scope of many payments-related topics and to engage an even wider range and diversity of payments practitioners in its activities, in 2019, the EBA Members supported a geographical extension of the Association's membership base to organisations based in member states of the Organisation for Economic Co-operation and Development (OECD).

Furthermore, the Board proposed to the members of the Association to allow representation and voting by proxy in case a member is unable to attend General Meetings to ensure that the prerequisites for reaching the majorities required for valid deliberation and decision-making are met. The revised Articles, covering the changed requirements regarding location and geographical coverage of membership and proxies for participation in General Meetings and for voting, were endorsed by the EBA Member Representatives at the EGM 2019. The new Articles entered into force on 18 June 2019.

## 1.3 MARKETING AND COMMUNICATIONS

### 1.3.1 EBA WEBSITE AND EBA MEMBER PORTAL

In 2019, the EBA website was continually updated to reflect the latest working group findings and practitioners' recommendations as well as information about the Association's events and educational activities.

The publications section on the EBA Member Portal was expanded to include, besides the publications of the working groups, the EBA Insight Newsletter, EBA event summaries, and other documents. Access to the publications section is open to all employees of EBA member institutions.

### 1.3.2 EXTERNAL CONFERENCES

At Sibos 2019 in London, the Association organised a community session on "Fast-track to the future: How to keep up with ever-accelerating transformation in payments?", which was attended by 150 participants and zoomed in on key findings and recommendations from the EBA's work on Open Banking, real-time liquidity management, fraud intelligence co-operation, cryptotechnologies and Artificial Intelligence.

As in previous years, the Euro Banking Association also contributed to the Euro Finance Week's payments conference in Frankfurt. The conference took place in November 2019 and was opened by EBA Chairman Wolfgang Ehrmann. The ongoing digitalisation process in payments was at the centre of the agenda of the event.

Furthermore, the Association contributed updates on its different work streams and findings to a number of conferences and events throughout the year, including customer and industry meetings held by EBA Members and Associate Members.

### 1.3.3 FACT SHEETS

In 2019, the Euro Banking Association introduced fact sheets on the EBA working group papers. The release of each working group publication is now accompanied by a fact sheet that highlights the major points and arguments of the paper. The fact sheets are intended as both a stand-alone takeaway from the working group research and as a teaser to encourage EBA Members to download the full-length paper.

While the working group papers are accessible to EBA Members only, the fact sheets will be shared with a broad audience of members and non-members via the EBA website and social media. They will also be distributed in print form at EBA events and conference stands.





## 1.4 CHANGES IN THE BOARD OF THE ASSOCIATION

During the Annual General Meeting (AGM) on 17 June 2019, the Chairman, Deputy Chairman and three Board members were re-elected for a three-year (Chairman and three Board members) and a two-year (Deputy Chairman) term of office as follows:

- Wolfgang Ehrmann – Chairman (Landesbank Hessen-Thüringen)
- Vincent Brennan – Deputy Chairman (Bank of Ireland)
- Krister Billing (Skandinaviska Enskilda Banken)
- Gerald Hechl (Raiffeisen Bank International AG)
- Jürgen Wendt (DZ BANK AG)

### BOARD OF THE EURO BANKING ASSOCIATION

Accordingly, since since the AGM on 17 June 2019, the Board has been composed of the following persons:

		End of mandate
<b>CHAIRMAN</b>		
Wolfgang Ehrmann	Landesbank Hessen-Thüringen (Helaba)	AGM 2022
<b>DEPUTY CHAIRMAN</b>		
Vincent Brennan	Bank of Ireland	AGM 2021
<b>OTHER BOARD MEMBERS</b>		
Philippe Debrue	Belfius Bank	AGM 2020
Fernando Lardiés	Banco Santander	AGM 2021
Claudio Magnaghi	Banco BPM	AGM 2021
José Vicente	Banco Comercial Português	AGM 2021
Andrew Smale	Wells Fargo Bank	AGM 2021
Krister Billing	Skandinaviska Enskilda Banken	AGM 2022
Gerald Hechl	Raiffeisen Bank International	AGM 2022
Jürgen Wendt	DZ BANK	AGM 2022
Nicola Coyne	Barclays Bank	AGM 2020
Han Joosten	Rabobank	AGM 2021
François-Xavier Nivoit	HSBC France	AGM 2020
Tino Kam	Nordea Bank	AGM 2020
Serge Wagener	Banque et Caisse d'Epargne de l'Etat	AGM 2020



## 1.5 CHANGES IN EBA MEMBERSHIP

Since the last AGM on 17 June 2019 until 31 May 2020, both the number of EBA Members and the number of EBA Associate Members have remained stable despite the recent statutory changes in the membership structure with the decrease (-5) in the number of Members compensated by the increase (+5) in the number of Associate Members (Ecosystem Partners).

### EBA BOARD MEETINGS

In 2019, the Board met on:

- 21 February
- 9 May
- 23 May
- 11 July
- 12 September
- 28 November

Since 1 January 2020, the Board has met on:

- 23 January
- 31 March
- 8 April
- 18 May



# BOARD OF THE EURO BANKING ASSOCIATION



**Wolfgang Ehrmann**  
Chairman  
LANDESBANK HESSEN-  
THÜRINGEN  
Appointed on 17/06/2019  
End of mandate: AGM 2022



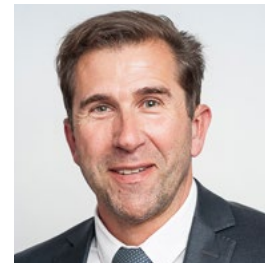
**Vincent Brennan**  
Deputy Chairman  
BANK OF IRELAND  
Appointed on 17/06/2019  
End of mandate: AGM 2021



**Krister Billing**  
SEB  
Appointed on 17/06/2019  
End of mandate: AGM 2022



**Nicola Coyne**  
BARCLAYS BANK  
Appointed on 19/06/2017  
End of mandate: "AGM" 2020



**Philippe Debrue**  
BELFIUS BANK  
Appointed on 19/06/2018  
End of mandate: "AGM" 2020



**Fernando Lardiés**  
BANCO SANTANDER  
Appointed on 11/06/2018  
End of mandate: AGM 2021



**Claudio Magnaghi**  
BANCO BPM  
Appointed on 11/06/2018  
End of mandate: AGM 2021



**François-Xavier Nivoit**  
HSBC FRANCE  
Appointed on 19/06/2017  
End of mandate: "AGM" 2020



**Andrew Smale**  
WELLS FARGO BANK  
Appointed on 11/06/2018  
End of mandate: 15 May 2020



**José Vicente**  
BANCO COMERCIAL  
PORTUGUÊS  
Appointed on 11/06/2018  
End of mandate: AGM 2021



**Gerald Hechl**  
RAIFFEISEN BANK  
INTERNATIONAL  
Appointed on 17/06/2019  
End of mandate: AGM 2022



**Han Joosten**  
RABOBANK  
Appointed on 11/06/2018  
End of mandate: AGM 2021



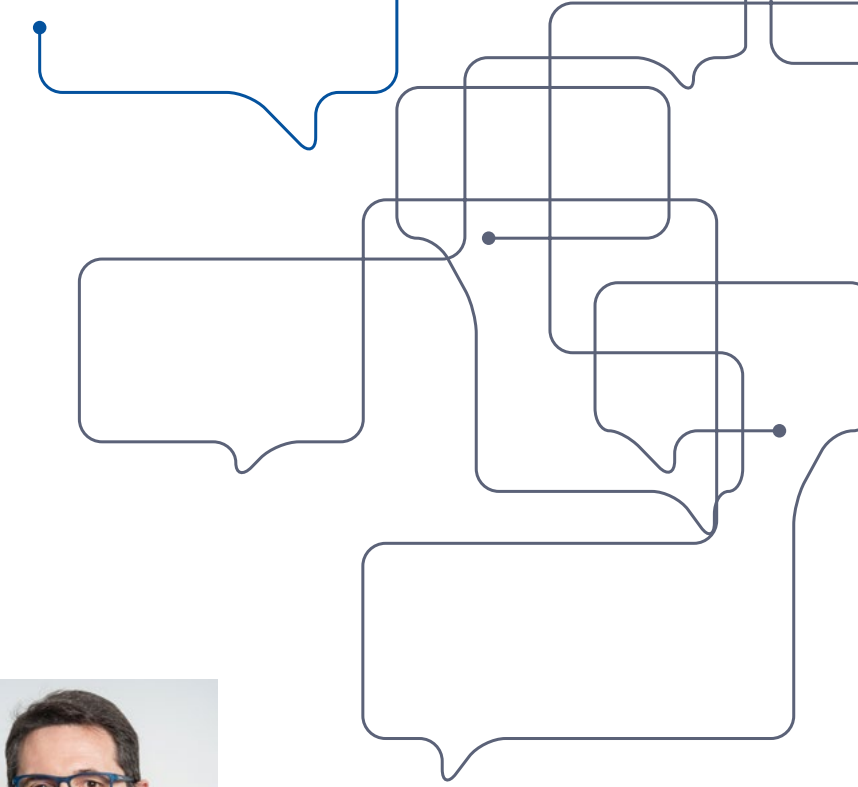
**Soey Tin (Tino) Kam**  
NORDEA BANK ABP  
Appointed on 03/05/2019  
End of mandate: "AGM" 2020



**Serge Wagener**  
BANQUE ET CAISSE  
D'EPARGNE DE L'ETAT  
Appointed on 19/06/2017  
End of mandate: "AGM" 2020



**Jürgen Wendt**  
DZ BANK  
Appointed on 17/06/2019  
End of mandate: AGM 2022



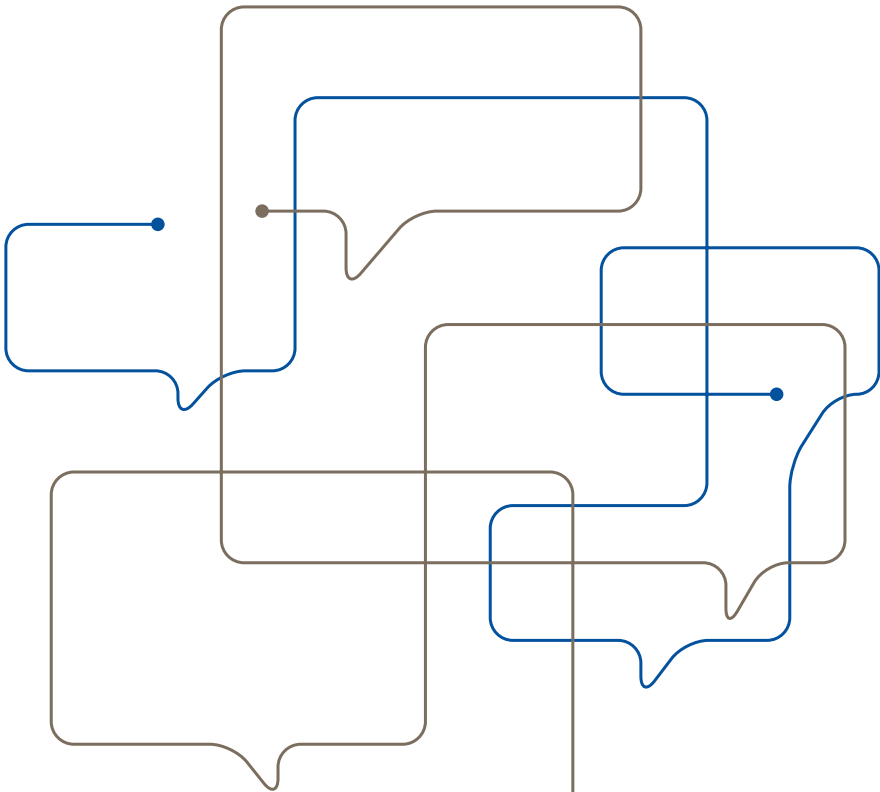
# 1.6 OUTLOOK FOR 2020+

The Association’s work programme for 2020 and beyond was delivered in Q4 2019 based on input from its expert groups, country groups and a member survey on the EBA work programme conducted in the autumn of 2019. This input enabled the EBA to prioritise a number of new topics that its members had identified as being highly relevant and to channel them into existing and new working groups, practitioners’ groups, open fora, and educational/networking events.

The result of this detailed member consultation was reflected in the membership proposition for 2020, which was submitted to all EBA Members in in Q4 2019 together with their pro forma invoice for 2020. In line with this proposition, the following industry topics are being taken forward or being further evaluated by the Association in 2020 (the group or stream where a topic is tackled is indicated in brackets):

- digital trust (Open Banking Working Group)
- stablecoins (Cryptotechnologies & Smart Payments Working Group)
- data analytics in liquidity management (Liquidity Management Working Group)
- liquidity risk in a multi-currency environment (Liquidity Management Working Group)
- intraday liquidity and instant payments (Liquidity Management Seminar in September)
- cyber security and fraud (Open Forum on Open Banking and Digital Transformation)
- Internet of Things and data (Open Forum on Open Banking and Digital Transformation)
- strategic implications of ISO 20022 migration (Summer School in July)

- real-time payments and Open Banking (Global Seminar in October)
- request to pay ecosystem considerations (under consideration with a small group of member experts)
- pan-European KYC harmonisation (under consultation with interested member experts)
- European regulation and regulatory initiatives with an impact on the payments value chain (Payment Regulation Sounding Board)
- cyber regulations and related industry standards (Cyber Regulation e-repository and Sounding Board)
- collaborative approaches and tools for real-time fraud combatting (Expert Group on Payment Fraud-related Topics and SMART2)



## THOUGHT LEADERSHIP AND INNOVATION

### 1.6.1 OPEN BANKING WORKING GROUP

In 2020, the EBA Open Banking Working Group (OBWG) decided to explore the role of trust in the financial system in the digital era. The trusted relationship with customers has always been an inherent part of the financial sector business, but as digital transformation gains speed and the sector is opening up, data-driven business models flourish, and digital transactions of all sorts exponentially increase. New dynamics kick in that have a profound impact on the structure of the bank-customer relationship and on the role and the shape of trust in it.

In this context, the working group will focus on analysing how banks can serve as custodians of trust in an Open Banking environment and the digital world. The group will assess the opportunities for banks to leverage their assets around digital trust as a value proposition itself.

The OBWG will set out a clear definition of digital trust by clarifying what establishes trust in a digital world and by elaborating on different concepts of trust such as institutional and infrastructure trust. Digital trust is not just about technology, there are various layers related to trust that will be explored including operations/ processes, people, propositions/offerings and communication. Industry collaboration and the implications from other stakeholders such as fintech and other non-bank players will be explored. The objective is to produce a white paper on digital trust in the era of Open Banking around EBAday 2020

### 1.6.2 CRYPTOTECHNOLOGIES, SMART PAYMENTS, AND STABLECOINS WORKING GROUP

In the next phase of their research, the members of the EBA Cryptotechnologies and Smart Payments Working Group will explore the implications of central bank digital money and stablecoins. In 2019, the emergence of "stablecoin" initiatives has highlighted the importance of continuous improvements to payment arrangements in order to meet market and consumer expectations for convenient, fast, efficient and inexpensive payments – especially cross-border. The ECB and other central banks and national competent authorities have also recognised this trend and will explore further the ongoing digital transformation of the payment ecosystem, and in particular the consequences of initiatives such as stablecoins. The goal of the working group is to contribute to learning about and exploring the emergence of stablecoins, and analyse the opportunities and implications thereof, with the objective to produce a white paper.

This next phase of research was endorsed by the EBA Board in January 2020. To reflect its new focus, the working group was renamed Cryptotechnologies, Smart Payments and Stablecoins Working Group.

### 1.6.3 LIQUIDITY MANAGEMENT WORKING GROUP

In September 2019, the EBA Liquidity Management Working Group launched phase four of its thought leadership work aimed at identifying and understanding client needs and trends within the corporate liquidity management ecosystem and at understanding how regulations, digitalisation and market initiatives are affecting the ecosystem, from both the corporate and bank perspective.

As a first project in this phase, the working group will look into the use case of data analytics supporting the decision-making in the context of liquidity management. An informative paper will be published in the May 2020 time frame. The group will then look at the topic of liquidity risk in a multi-currency environment from both the corporate and bank perspective with the aim to deliver their analysis in the third quarter of 2020.

### 1.6.4 OPEN FORUM ON OPEN BANKING AND DIGITAL TRANSFORMATION (FACILITATED BY THE EBA)

The EBA Board has agreed to continue the work of the “Open Forum on Open Banking and Digital Transformation”.

The Open Forum on Open Banking and Digital Transformation will meet to discuss topics concerning digitalisation in banking. It will focus on the use of future-oriented technologies, such as AI, robotics or cloud technology, questions around security such as cyber-threats or fraud risks, new methods of customer interaction and implementation challenges in general.

With one event on agile processes in the workplace already having been held, two are to follow in 2020, one on cyber security and fraud and one on the Internet of Things and data.



## MARKET PRACTICE AND REGULATORY GUIDANCE

### 1.6.5 PAYMENT REGULATION SOUNDING BOARD (PRSB)

With regard to the ever-increasing number of European regulations and regulatory initiatives impacting the field of payments, the EBA is currently preparing the launch of a Payments Regulation Sounding Board (PRSB).

The task of the PRSB is to monitor European regulatory activities with a direct or indirect impact on the payments value chain and on EBA member institutions. The PRSB will also evaluate requests from EBA Members with regard to activities in the field of regulatory guidance. In this capacity, the PRSB will act as an advisory body to the EBA Board.

Once a regulation or an upcoming regulatory initiative is seen as lying within the above-mentioned scope, the PRSB may propose the constitution of a regulatory activity group to help EBA Members understand the practical impact of this regulation and exchange views towards ensuring a harmonised implementation across Europe.

The PRSB will start its work in Q2 2020.

### 1.6.6 SCT INST MIGRATION ACTION ROUND TABLE (SMART2)

In line with guidance provided by the EBA Board in January 2020, the SMART2 sub-group on sanction-screening and fraud detection measures started into 2020 with a focus on the following two deliverables:

- ≡ to explore the lessons to be learnt from recent national confirmation of payee implementation projects and feed any relevant findings into the industry debate on a potential pan-European solution
- ≡ to help develop a pan-European approach for populating an optional SCT Inst fraud information field, which would enable the exchange of information between the payer's PSP and the payee's PSP to facilitate fraud detection activities at beneficiary PSP level

Following feedback that the EBA had received in response to the publication of the note on open questions around e-money definitions, the sub-group has also begun to drill into the fraudulent use of closed-loop cards and other anonymous cards with a view to raising awareness of this issue among PSPs and relevant stakeholders.



### 1.6.7 CONTENT PORTAL ON CYBER REGULATIONS AND INDUSTRY STANDARDS

The e-repository on cyber regulations and industry standards is scheduled to go live in Q2 2020 with a first set of relevant regulatory documents, standards and industry documents. Further content will follow throughout the year. The Sounding Board of cyber experts will periodically check the need to update and further extend the e-repository.

### 1.6.8. EXPERT GROUP ON PAYMENT FRAUD-RELATED TOPICS (EGPF)

PSPs that can exchange instant payments in real time are technically also able to share fraud-related intelligence in real time. Connecting the dots and combining the pieces of fraud-related information that each of them holds will help PSPs to more effectively detect and fight fraud. Based on the requirements detailed and endorsed by SMART2 around the turn of the year, the EBA created an Expert Group on Payment Fraud-related Topics in January 2020 to help pave the way towards developing a pan-European fraud intelligence approach.

The EGPF was launched in March 2020 with the mission to:

- ≡ develop a glossary of payment fraud types
- ≡ define a framework of identified needs to allow the definition of requirements for the creation of a contact details database

- ≡ seek to clarify what type of intelligence and/or data can be shared in a fraud combatting context taking into account restrictions stemming from legal requirements (e.g. GDPR)
- ≡ develop a proposal for the launch of an initiative on experience exchange on fraud-related matters

The scope of the activities of the EGPF is on fraud in payments, irrespective of the payment instrument used such as SCT, SDD, SCT Inst, cards or e-money. A key focus of the EGPF will be to agree which data and information should ideally be shared to ensure a viable and future-proof approach to combat and prevent fraud.

As it has done in the past, the EBA will maintain a close dialogue with other industry bodies, such as the European Payments Council, and strive for complementarity with other relevant co-operative initiatives being pursued at a pan-European level.

### 1.6.9 CONTRIBUTION TO THE EVOLUTION OF THE PAN-EUROPEAN PAYMENTS ECOSYSTEM

As in previous years, the EBA will also continue to contribute to the delivery of Market Practices & Regulatory Guidance through its participation in industry bodies and initiatives.



## NETWORKING AND EVENTS

### 1.6.10 EBADAY 2020 AND BUSINESS FORA

In light of the unpredictable progression of the COVID-19 outbreak in Europe and globally, the Euro Banking Association announced on 11 March 2020 that EBAday 2020 would be rescheduled from its original date of 19 – 20 May. The 2020 edition of the EBA's flagship event EBAday will now take place from 25 – 26 November in The Hague, The Netherlands. Under the headline “The Turning Point in Payments Transformation – New business models, new operating models, new forms of collaboration”, the event will again feature a large exhibition floor and a fintech zone, where start-ups can present their latest products or innovations.

As in 2019, the Euro Banking Association will showcase its activities and thought leadership deliverables at a dedicated EBAday stand. Furthermore, members of different EBA working and expert groups will share and discuss key findings and recommendations with interested EBAday attendees at the EBA Lounge.

The EBAday Business Fora, usually held as physical meetings in the run-up to EBAday, were replaced by “EBAday Online”. The first of these open webcasts took place on 20 May. At least two more will follow before EBAday 2020.

## TRAINING AND EDUCATION

### 1.6.11 SCHOOLS AND SEMINARS

Due to COVID-19-related restrictions, the EBA has postponed its educational events to the second half of the year. The EBA Liquidity Management Training Seminar will focus on “Intraday liquidity and instant payments” and will take place in Frankfurt, Germany on 21 and 22 September 2020.

The fourth EBA Global Seminar, which again focuses on real-time payments and Open Banking, will be organised in New York, NY, on 1 and 2 October 2020 and will be offered as virtual module as well. The EBA also plans to hold its Winter School in February 2021 in La Hulpe, Belgium. The Summer School “ISO Age – the changeover to a new payments era” has been postponed to early June 2021 and will take place in Nice, France.

The exact event dates will be communicated in due course.

## POTENTIAL FUTURE ACTIVITIES

### 1.6.12 KNOW-YOUR-CUSTOMER (KYC) INITIATIVE

Against the background of a multitude of national and pan-European data definitions and standards, a high amount of country-specific divergencies and a lack of harmonised regulatory requirements across Europe, the EBA is currently assessing the interest of its members in a platform where different industry initiatives and banks could come together to provide transparency and drive pan-European harmonisation, e.g. through the creation of a KYC data model and management standard on a meta level. In case of significant interest, an initiative could be launched in the second half of the year.

### 1.6.13 REQUEST TO PAY ROUND TABLE

Whereas the EPC is currently working on delivering a pan-European Request to Pay (RTP) Scheme before end of 2020, a couple of RTP solutions are already in place, emerging or being considered at a national and pan-European level. A pan-European RTP instrument is also a top item on the corporate wish list for value-added services around instant payments, as confirmed by corporate treasurers and payment specialists at former EBA events.

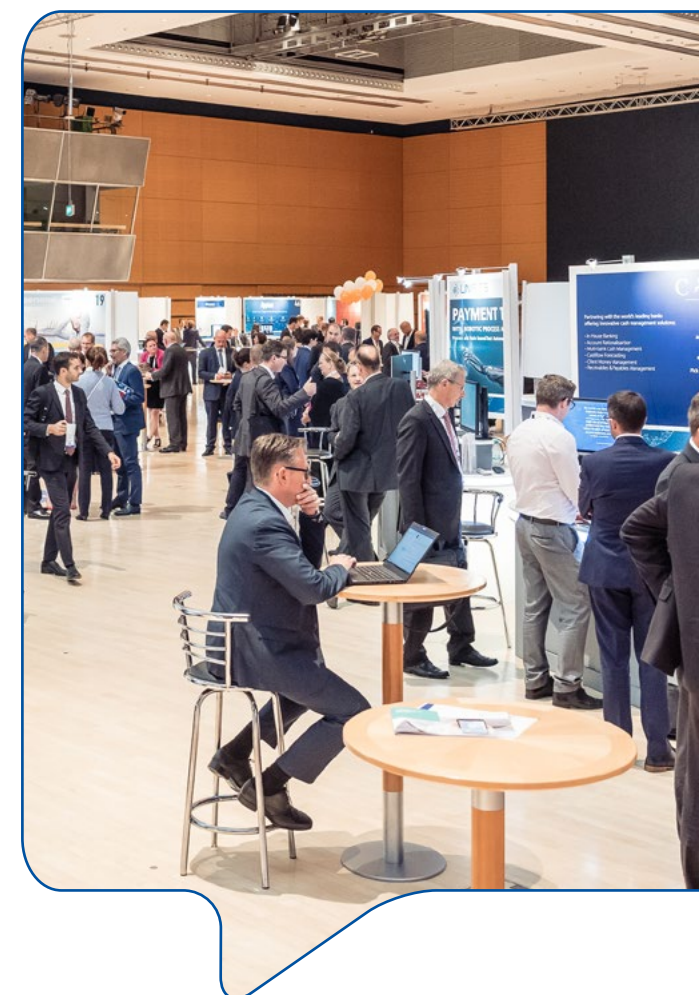
Against this background, the EBA is currently testing the appetite and interest for an industry-wide RTP forum with a small group of member banks. Subject to positive feedback, such a forum could be set up as a platform to broaden the exchange of views amongst all payment industry practitioners and other stakeholders, to complement the ongoing EPC scheme discussions with wider ecosystem considerations and to support the migration of minds by looking at strategic implications and pre-requisites for a successful roll-out of the scheme.

## MEMBERSHIP

### 1.6.14 NUMBERS

As at 31 May 2019, the total number of EBA Members and Associate Members was the following:

- ≡ Members: 106
- ≡ Associate Members: 56



## 2 FINANCIAL SITUATION, P&L STATEMENT AS AT 31 DECEMBER 2019

The Association ended the fiscal year 2019 with a net positive result of EUR 176 K, a difference of EUR 391 K compared to 2018 where the Association had recorded a negative result of EUR 215 K. This positive development in 2019 is largely attributed to positive member evolution, strong results of the educational activities and improved cost management. This strong positive income will help to strengthen the financial reserves of the Association.

### 2.1 OVERALL EXPENSES INCURRED IN 2019

The expenses of the Association amounted to EUR 2 M in 2019 compared to EUR 1.9 M in 2018. This corresponds to a year-on-year increase of 6%. The increase is ascribed to a change of allocation in the Association’s operating expenses affecting, principally, the costs to support activities, including costs related to educational activities.

#### 2.1.1 EBA SUPPORT ACTIVITIES

Activities organised by the Association to support the members are mainly the operation of three different working groups and the Open Forum, organised in the “Thought Leadership and Innovation” stream, furthermore, the PSD2 Practitioners’ Panel and SMART2 with its sub-groups run in the “Market Practice and Regulatory Guidance” pillar, as well as the participation in important industry events, such as Sibos. The expenses relating to all those activities amounted to EUR 405 K in 2019.

#### 2.1.2 GENERAL AND ADMINISTRATIVE EXPENSES

This item contains the HR administrative and support expenses, the rent of premises and office space, generic expenses for external relations, such as the Association’s engagement in industry bodies and initiatives fostering the development of the pan-European payments ecosystem, consultancies and any legal fees that are not related to any specific support activity of the Association.

The level of these expenses increased by 5% on a year-on-year basis, from EUR 1.5 M in 2018 to EUR 1.6 M in 2019, which is mainly due to an increase in HR administrative and support expenses plus a growth of office space rental fees in 2019.

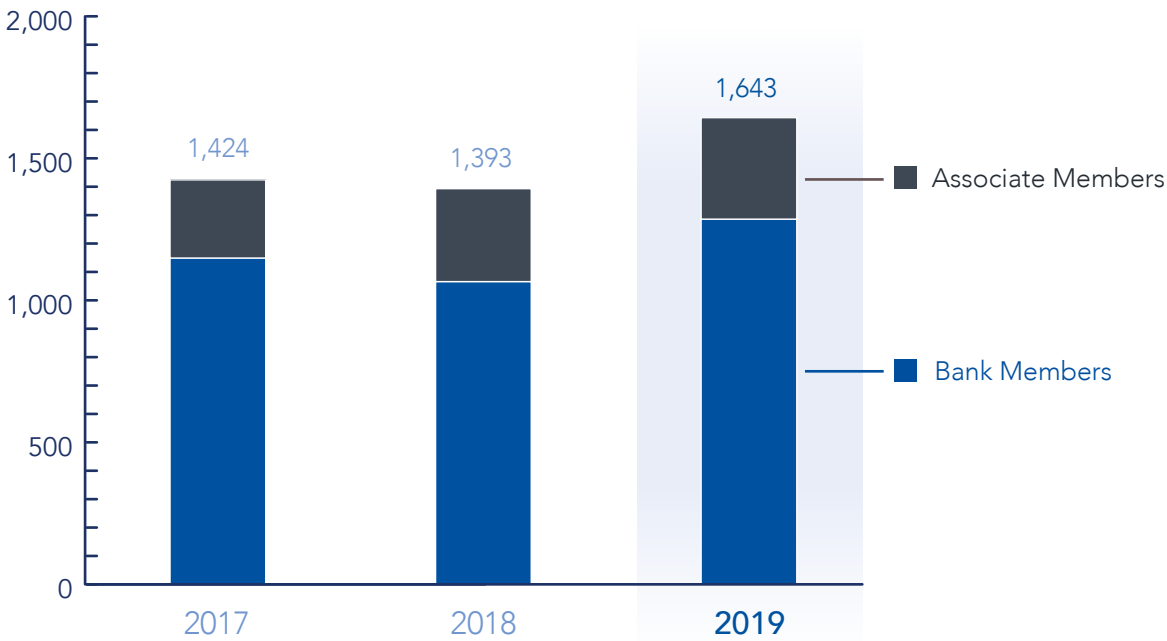
### 2.2 REVENUES IN 2019

The total revenues of the Association amounted to EUR 2.2 M in 2019, which represents a 30% increase from 2018. This positive evolution was supported by stable membership figures for both Bank and Associate Members. The Association’s educational and seminar offerings contributed significantly to the positive result as well.

#### 2.2.1 MEMBERSHIP REVENUES

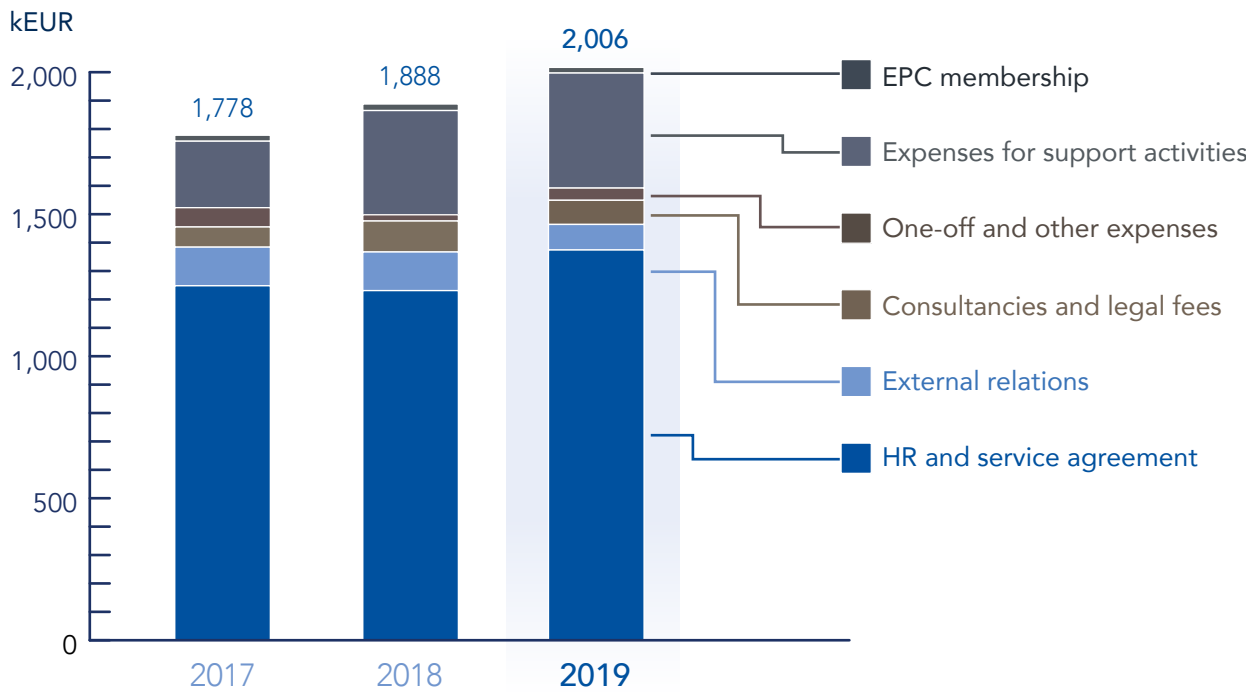
With the financial year 2019, the Association introduced a new mechanism to calculate membership fees. At the EGM 2018, the EBA Members ratified a governance reform, which, among other changes, led to an implementation of an evolved membership structure. Since 2019, the membership structure no longer differentiates between

MEMBERSHIP FEE STRUCTURE



Remark: For 2017 and 2018, the chart position “Bank Members” encompasses former full members and user members.

EXPENSES EVOLUTION





## 2.3 INCOME TAX AND RESULTS FOR 2019

Full and User Members but relies on an asset-based concept to calculate the yearly membership fees. More precisely, the calculation of membership fees follows the methodology of a four-group tiering concept, based on the assets of a member bank.

### 2.2.2 NON-MEMBERSHIP REVENUES

This revenue category includes the self-sustained activities of the Association, i.e. EBAday, seminars and all educational activities organised by the Association for its members. These activities generated a positive margin in 2019, providing the Association with extra income in addition to the recurring membership fees.

The positive margin generated by these events, EUR 420 K, is higher by EUR 327 K compared to 2018 standing at EUR 93 K. This strong performance is mainly due to a successful EBAday 2019 and to outstanding educational events.

As a consequence of prior years' losses, the Association will not have to pay income taxes in 2019 and the net result after tax stands at EUR 176 K.

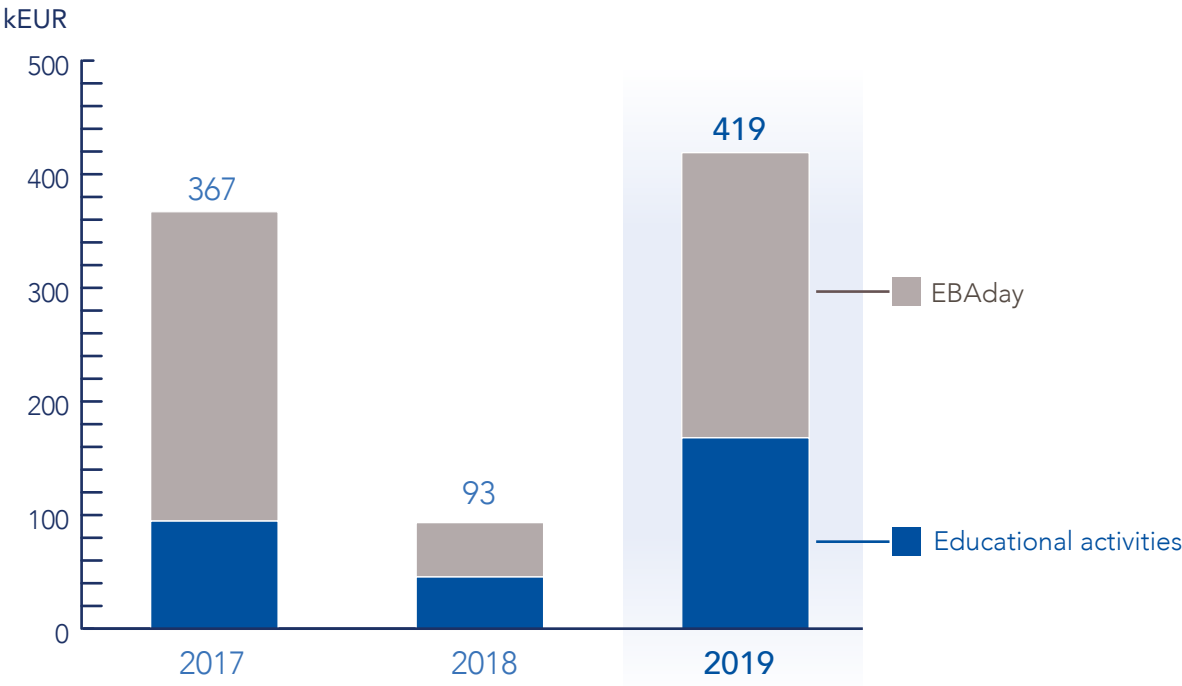
### 2.3.1 BALANCE SHEET AND CASH POSITION

The balance sheet of the Association showed an increased patrimonial value of EUR 3.2 M for 2019, constituted mainly of current assets at EUR 3.1 M, including a cash position of EUR 1.4 M.

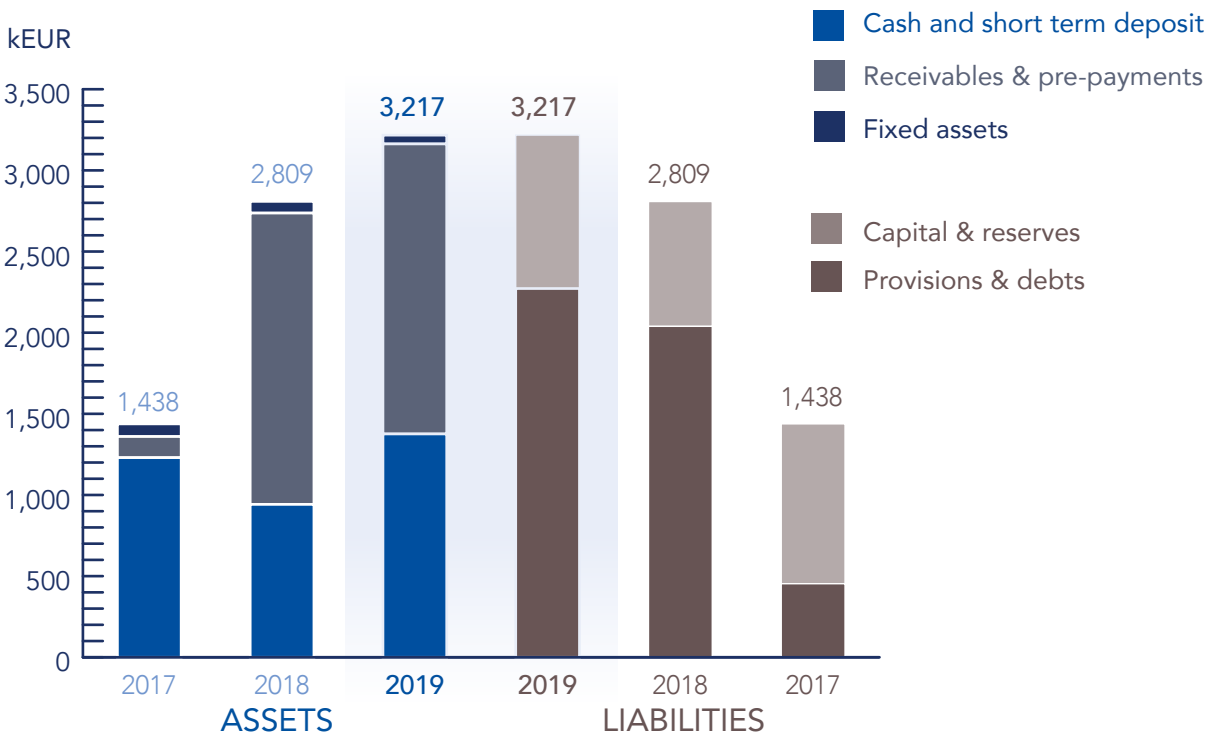
On the liabilities side, the equity position of the Association is at the level of EUR 946 K; the remaining position of EUR 2.3 M is mainly composed of payables and deferred income representing EUR 1.6 M income billed in 2019 but belonging to fiscal year 2020.

Together with the introduction of the revised membership tiering and membership fees, a new timeline for the collection of the membership fees has been introduced. This revised process helps the Association to improve its yearly cash flow position.

NON-MEMBERSHIP REVENUE EVOLUTION



BALANCE SHEET EVOLUTION



2.4 EBA BUDGET FOR 2020

For the year 2020, the budget provides the Association with a conservative revenue stream and reasonable expenditure estimates posting a small profit for the 2020 financial year of EUR 4 K.

It is expected that the 2020 revenues will decrease to EUR 2 M ( -8% compared to 2019 actuals) while expenses will remain stable compared to 2019 actuals at EUR 1.6 M.

The 2020 budget is based on the following assumptions:

2.4.1 EBA OPERATING CHARGES

The operating charges are expected to be similar to 2019.

2.4.2 COSTS TO SUPPORT EBA ACTIVITIES AND PROJECTS

This budget item covers the different activity streams that will be carried out by the Association in 2020, namely working groups as well as other industry and fora activities plus the Sibos representation of the Association. These budget lines will cover all expenses relating to these events.

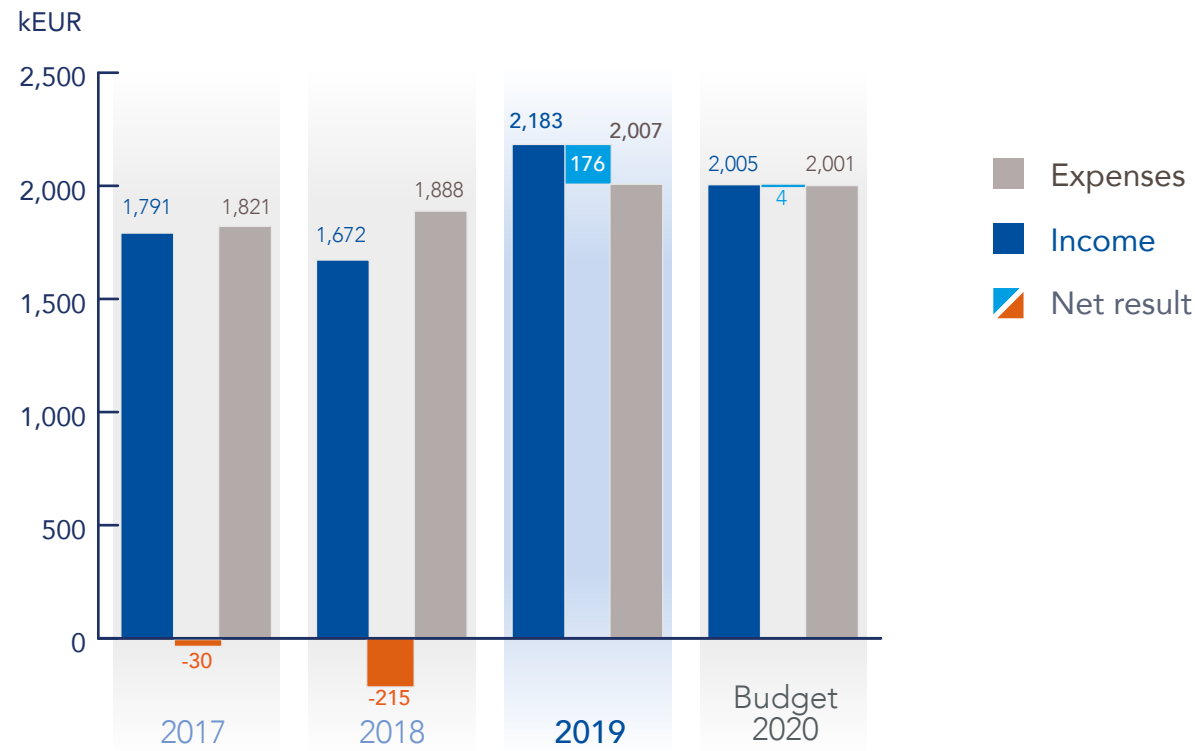
The estimated amount of the 2020 activities is expected to reach EUR 400 K. The expenditure foreseen for 2020 covers the following activities:

- Activities of the Thought Leadership & Innovation and Market Practices & Regulatory Guidance streams: the main costs are related to consultancy services to support working and expert group meetings, to help develop publications and to facilitate workshops and materials.

Furthermore, covered are:

- Fora activities and participation in other industry initiatives: the aim of these activities is to discuss the key issues that today raise the interest of EBA Members and stakeholders in the payments industry. The expenses are mainly logistics- and venue-related plus consultancy costs linked to the provision of other external services. Membership fees for participation in other industry bodies (e.g. EPC) are also covered under this item
- Publications and other communication formats
- Sibos: costs for participation

PROFIT & LOSS EVOLUTION





## 2.5 PROJECTED REVENUES FOR 2020

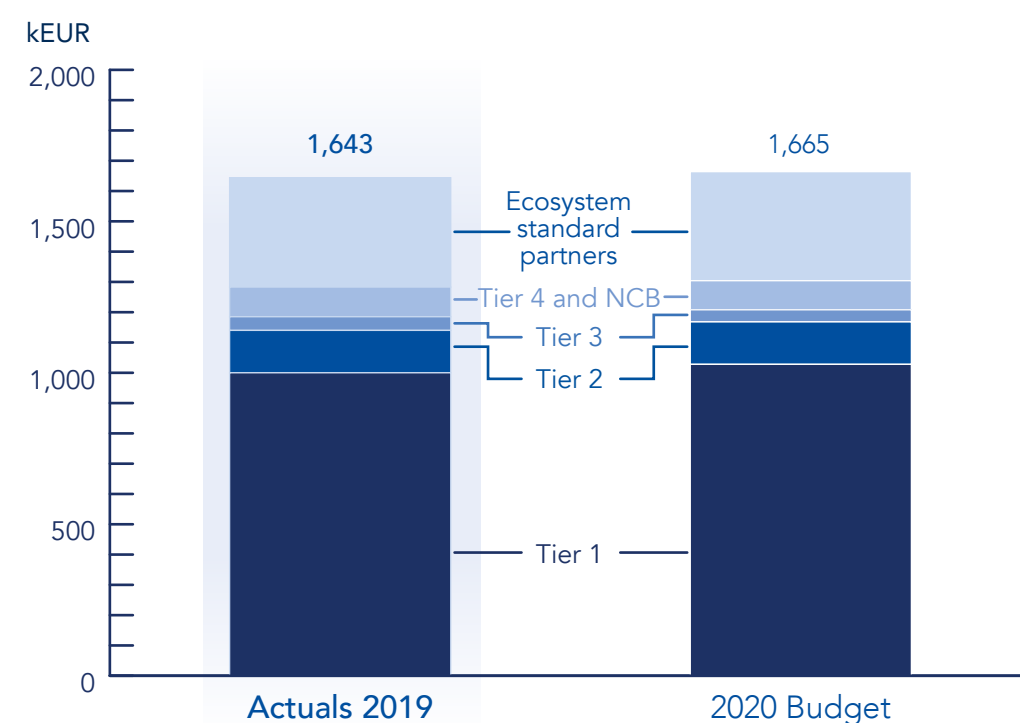
The 2020 budget revenues are projected to be EUR 2 M, 8% less than the 2019 actuals. This mainly results from a conservative approach with regard to membership figures plus lower revenues from educational activities.

### 2.5.1 MEMBERSHIP REVENUES

In 2020, it is expected that the Association will collect a comparable level of membership fees as in 2019, where they amounted to EUR 1.6 M.

Although the financial industry as a whole will continue to see market consolidation activities within all membership categories, the expected level of membership revenues is kept at the level of the 2019 membership figures.

#### MEMBERSHIP FEES STRUCTURE



### 2.5.2 NON-MEMBERSHIP REVENUES

The net revenues related to the organisation of the EBA educational activities and EBAday are projected to amount to EUR 340 K which is comparable to the 2019 budget, but less than the 2019 actuals due to fewer educational activities foreseen in 2020.

#### P&L STATEMENT – REVENUES AND CHARGES

	Actual 2018	Budget 2019	Actual 2019	Actual 2019 vs Budget	Budget 2020
<b>(1) Revenues</b>	1,673	1,712	<b>2,183</b>	27%	2,005
MEMBERSHIP FEES (including entrance fees)	1,403	1,367	<b>1,643</b>	20%	1,665
OTHER FEES - ACTIVITIES REVENUES	270	345	<b>539</b>	56%	340
<b>(2) Costs to support activities (including SIBOS &amp; EBAday)</b>	367	289	<b>405</b>	40%	400
EXHIBITION COSTS	33	109	<b>30</b>	-73%	114
EDUCATIONAL ACTIVITIES	193		<b>90</b>		90
OPEN FORUM AND WORKING GROUPS	141	180	<b>285</b>	58%	196
<b>Activities gross margin (1)-(2)</b>	1,306	1,423	<b>1,778</b>	25%	1,605
<b>(3) Operating charges</b>	1,521	1,568	<b>1,602</b>	2%	1,601
COMMUNICATION	45	70	<b>15</b>	-79%	30
CONSULTANCIES	109	80	<b>85</b>	7%	45
EQUIPMENT AND SERVICES		0	<b>4</b>		50
EXTERNAL RELATIONS	136	86	<b>75</b>	-12%	60
FINANCIAL REVENUES COSTS TAXES		22	<b>29</b>	30%	20
HR, SERVICE AGREEMENT AND IT	1,231	1,290	<b>1,384</b>	7%	1,344
AMORTISATION		20	<b>10</b>	-50%	51
<b>Grand Total (1)-(2)-(3), Result before tax</b>	-215	-145	<b>176</b>	221%	4

#### Q2 2020 ADDENDUM AFTER THE BUDGET APPROVAL BY THE BOARD

With regard to the outbreak of COVID-19, a potential negative impact on the EBA budget 2020 cannot be excluded. However, the Association, due to the relatively recent occurrence of the pandemic and of the measures taken by authorities in Europe and around the world, is not in the capacity to finally assess the possible financial impact, which mainly will be related to the budget position "Other Fees – Activities Revenues".

# APPENDIX 1

## ACCOUNTS AS OF 31 DECEMBER 2019

The accounts as of 31 December 2019 are attached separately

# APPENDIX 2

## LIST OF EBA MEMBERS

(as of 31 May 2020)

ABANCA Corporación Bancaria, S.A.	Bank GPB International S.A.
ABN AMRO Bank N.V.	Bank of Åland PLC
Aktia Bank plc	Bank of America, NA (Frankfurt Branch)
Allgemeine Sparkasse Oberösterreich Bank	Bank of China
Allied Irish Banks, p.l.c.	Bank of Ireland
Alpha Bank AE	Bank of Slovenia
Banca del Fucino	Bankinter S.A.
Banca di Imola S.p.A.	Banque et Caisse d'Epargne de l'Etat
Banca Monte dei Paschi di Siena SpA	Banque Internationale à Luxembourg
Banca Nazionale del Lavoro S.p.A.	Banque Michel Inchauspé (BAMI)
Banca Popolare del Lazio	Banque Palatine
Banca Popolare di Sondrio	Barclays Bank Plc
Banca Sella S.p.A.	Belfius Bank SA/NV
Banco BAI Europa S.A.	BKS Bank AG
Banco Bilbao Vizcaya Argentaria S.A.	BNP Paribas Fortis SA/NV
Banco BPM S.p.A.	BPCE
Banco Comercial Português SA	BPER Banca S.p.A.
Banco Cooperativo Español SA	bpost SA de droit public
Banco de Sabadell S.A.	BRED Banque Populaire
Banco Santander S.A.	Caixa Central de Crédito Agrícola Mútuo
Bank für Tirol und Vorarlberg AG	CaixaBank S.A.

Caja Laboral Popular, Coop. de Crédito	Lloyds Bank Plc
Cassa di Risparmio di Fermo S.p.A.	MUFG BANK, Ltd
Cassa di Ravenna S.p.A	National Bank of Greece S.A.
CECABANK S.A.	National Westminster Bank Plc
Citibank Europe Plc Dublin	Nordea Bank Abp
Commerzbank AG	Oberbank AG
Crédit Agricole S.A.	Oesterreichische Nationalbank
Crédit Mutuel Arkéa	OP Corporate Bank Plc.
Credito Emiliano SpA	OTP Bank Plc.
Credito Valtellinese S.C.	Rabobank Nederland
Danske Bank A/S	Raiffeisen Bank International AG
De Nederlandsche Bank N.V.	Raiffeisen Landesbank Südtirol AG
DEPObank- Banca Depositaria Italiana S.p.A	Raiffeisenlandesbank Oberösterreich
Deutsche Bank AG	Raiffeisen-Landesbank Tirol AG
Deutsche Bundesbank	S-Bank Ltd.
DNB Bank ASA	SECB Swiss Euro Clearing Bank GmbH
DZ BANK AG	Skandinaviska Enskilda Banken AB (publ)
Elavon Financial Services DAC	Société Générale
ERSTE Group Bank AG	Spar Nord Bank
Eurobank Ergasias S.A.	Sparekassen Sjælland
Hellenic Bank Public Company Ltd	Standard Chartered Bank AG
HSBC Bank Plc	Svenska Handelsbanken AB
HSBC France	Swedbank AB (publ)
ICCREA Banca SpA - Istituto Centrale del Credito Coop.	Sydbank A/S
ING Bank N.V.	The Bank of New York Mellon, Frankfurt Branch
Intesa Sanpaolo SpA	UBI Banca S.p.A.
Joh. Berenberg, Gossler und Co. KG	UBS AG (UK)
JPMorgan Chase Bank N.A., London Br	UniCredit Bank AG
KBC Bank N.V.	UniCredit Bank Austria AG
La Banque Postale	Unicredit S.p.A.
Landesbank Baden-Württemberg	Wells Fargo Bank NA London Branch
Landesbank Hessen-Thüringen	Wirecard Bank AG



LIST OF EBA ASSOCIATE MEMBERS

(as of 31 May 2020)

Accenture GmbH (Germany)	Icon Solutions Ltd.
ACE Software Solutions (Pelican)	Incentage AG
ACI Worldwide (EMEA) Limited	Innopay NL B.V.
Auriga S.p.A.	Intercope International Communication GmbH
Axway Software	Lipis Advisors GmbH
Bankgirot	Mastercard
BankiFi Ltd.	Microsoft Corporation
BearingPoint GmbH	MONTRAN Corporation
Blossom-It	ORACLE Corporation
Bottomline Technologies SARL	P27 Nordic Payments Platform AB
CGI IT UK LTD	PPI AG Informationstechnologie
CoCoNet AG	Redcompass Ltd.
Commercial Banking Applications AS (CBA)	S.W.I.F.T. SC
Dion Transaction Solutions GmbH	Samlink Ltd
Dutch Payments Association - Betaalvereniging Nederland GIRO	SIA S.p.A
DXC Technology	Software Integrators Ltd
Ebury Partners UK Limited	STET
ECOMMBX LTD	Swisskey AG
EFIS AG	TAS S.p.A.
equensWorldline SE	Tata Consultancy Services Luxembourg S.A.
Ernst & Young (EY) Advisory Services	Temenos UK Ltd
EVERY	THALES DIS FRANCE SA (GEMALTO)
Fidelity National Information Services (NL) B.V	Tieto Norway AS
FIME SAS	Token
Finastra	Van den Berg AG
Fiserv	Visa Europe Limited
GEVA Business Solutions GmbH	Volante Technologies, Inc.
ibi research an der Universität Regensburg GmbH	
IBM Deutschland Research & Development GmbH	

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