

## **Use of loro/nostro accounts by non-EU/EEA-based client banks in EU/EEA environment**

As a result of exchanging their practical experience with the implementation of the Payment Services Directive (PSD) into their day-to-day activities, participants in the PSD Practitioners Panel have identified, among others, the need to clarify the relevance of the PSD in the case of non-EU/EEA-based client banks using loro/nostro accounts located in the EU/EEA environment.

### **Question:**

If a bank that is based outside the EU/EEA holds a loro/nostro account in an EU/EEA currency with a bank located in an EU/EEA country, do the payments this bank sends or receives from or to this account to or from another bank based in or outside the EU/EEA fall under the PSD?

### **Common understanding achieved within the PSD Practitioners Panel:**

The use of loro/nostro accounts held with banks domiciled inside the EU/EEA (the banks' own accounts or the loro/nostro accounts of one of their EU/EEA branches or subsidiaries), does not fall under the PSD if payments are made on behalf of financial institutions/banks that are based outside the EU/EEA and the transactions are made on behalf of a non-EU/EEA customer account, i.e. a commercial account held with a bank that is domiciled outside the EU/EEA. Accordingly, these payments are treated following the standards, rules and regulations of international cross-border transactions.

Art. 2(1) defines that (with the exception of Art. 73) Title III and IV of the PSD only cover transactions where both payment service providers are located in the EU/EEA. Additionally, Art. 4 determines via the definitions 5, 7, 8, 10 and 14 that the payment accounts involved in a transaction covered by the PSD need to be held in the name of a payment service user which is the payer or payee.

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### **Contact details**

For any comments or questions concerning the above note, please contact the PSD Practitioners Panel at [PSD-Panel-Coordination@abe-eba.eu](mailto:PSD-Panel-Coordination@abe-eba.eu).

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This note is issued on behalf of the PSD Practitioners Panel. It has been endorsed by representatives of BBVA, Banco Popolare, Banco Sabadell, Bank of Ireland, Bank van Breda, Barclays, BNP Paribas Fortis, Citi, Commerzbank, Danske Bank, Deutsche Bank, ING, Intesa Sanpaolo, KBC, Nordea, RBS, RZB, SEB and Société Générale.