

Recommendation on fraud reporting consolidation

Status: Version 1.0 of 9 April 2019

Background

On 18 July 2018, the European Banking Authority (EBA) published its final Guidelines on fraud reporting under the revised Payment Services Directive (PSD2), which stipulates that "Member States shall ensure that payment service providers provide, at least on an annual basis, statistical data on fraud relating to different means of payment to their competent authorities. Those competent authorities shall provide EBA and the ECB with such data in an aggregated form." (Art. 96(6)).

As detailed by the EBA on its website, the Guidelines require payment service providers (PSPs) across the 28 EU Member States to collect and report data on payment transactions and fraudulent payment transactions using a consistent methodology, definitions and data breakdowns. Starting from 2019, PSPs are required to submit a uniform set of data on a semi-annual basis.

Concerns around fragmentation risks and implementation uncertainty

While the EBA stresses that, together with the ECB, it has made particular efforts to align the Guidelines with related reporting requirements, in particular with the ECB Regulation on Payments Statistics (ECB/2013/43), PSPs across Europe share the considerable concern that the resulting reporting requirements may still noticeably differ from one country to the next.

The reason for this concern is that the final reporting requirements depend on the transposition of the EBA Guidelines by the different national competent authorities (NCAs) each PSP reports to. Such differences may arise at the level of the content and format of these reports, with regard to the transmission format, channel and/or interface as well as in relation to the start dates and deadlines applying to the individual reports.

In addition to the fragmentation risk, PSPs are also faced with a high level of uncertainty regarding the longer-term viability of their implementation efforts around the EBA fraud reporting requirements in view of the ongoing revision of the ECB statistics regulation (Regulation (EU) No 1409/2013). This revision is expected to result in new regulatory requirements for statistics reporting, including fraud reporting, by 2021.

Recommendations for a pan-European consolidation of fraud reporting requirements

Practitioners from PSPs operating in Europe have defined the following recommendations with a view to ensuring a uniform, consolidated and stable approach to fraud reporting across all EU/EEA member states:

- There should be full alignment of the reporting content and format.
- Start and end dates of each reporting period and the applicable submission deadlines should be identical.
- Data collection and transmission should be fully standardised based on reporting IT taxonomy.

- PSPs (and NCAs) should not be required to run two subsequent implementation programmes: one for meeting the EBA fraud reporting requirements applicable as from 2019 and one for complying with the revised ECB Regulation on Payments Statistics that will become applicable as from 2021.

In order to minimise fragmentation risks and ensure maximal legal certainty and longer-term viability for the related implementation programmes, the suggested way forward would be to

- put on hold the implementation of the EBA Guidelines on fraud reporting until the entry into force of the revised ECB Regulation on payment statistics, which is foreseen to incorporate and supersede the EBA Guidelines on fraud reporting, and
- ensure the introduction of a fully standardised set of requirements and related approach by means of this ECB Regulation, including the data requirements (i.e. reporting content) defined by the EBA Guidelines on fraud reporting.

List of endorsing AS-PSPs

This recommendation note has been jointly created by participants in a joint workshop of the PSD2 Practitioners' Panel and the SCT Inst Migration Action Round Table (SMART2). Both practitioners' groups are open to representatives of account-servicing payment service providers (AS-PSPs) operating in Europe and are facilitated by the Euro Banking Association as part of its Market Practices and Regulatory Guidance stream.

For more information about both groups, please consult: <https://www.abe-eba.eu/market-practices-regulatory-guidance/>

The note has been endorsed by representatives of the following AS-PSPs:

Bank of America Merrill Lynch
Barclays Bank
BKS Bank AG
BNP Paribas
Commerzbank AG
Deutsche Bank AG
DNB Bank
DZ BANK
Erste Group Bank AG
GDS Cusa
Intesa Sanpaolo SpA
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Raiffeisen Bank International AG
Svenska Handelsbanken
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UniCredit Bank AG
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