



BANQUE CENTRALE DU LUXEMBOURG

EUROSYSTEME

Update of the ECB regulation on payment statistics

Chambre de commerce, 6 November 2019

Disclaimer

The views expressed are those of the authors.

The results in this presentation are preliminary. This presentation should not be viewed as representing the views of the BCL or the Eurosystem.

Agenda

- 1. Objectives of this meeting**
- 2. Current payments statistics reporting to BCL**
- 3. Review of ECB Regulation on payments statistics (ECB/2013/43)**
- 4. Impact of ECB regulation review on BCL reporting**
 - 1. Reporting frequency & deadlines**
 - 2. New BCL data requirements**
 - 3. Fraud data (Single data flow)**
- 5. Timeline**
- 6. Key takeaways**

Meeting objectives

The **objective** of this meeting is to provide:

- Key data elements of the new ECB statistical requirements
- Fraud elements & how they differ from payment transaction data
- Timeline of the project

Current payment statistics reporting to BCL

Background

- Legal aspects
 - BCL Regulation 2011/9 of 4/7/2011 (CDDP)
 - Regulation ECB/2013/43 on payment statistics
- Scope of reporting: payments data
 - Stocks & transactions of payment instruments
 - Book entries
- Monthly reporting
- Automated quality checks since 2018-10

Current payment statistics reporting to BCL

Reporting tables

Table V1.1 - Customer credit transfers	Table V1.5 - Card transactions - Issuing
V 1.1.1 - Customer transfers sent	Table V1.6 - Card transactions - Acquiring
V 1.1.2 - Customer transfers received	Table V1.7 – Checks and Money orders
V 1.1.3 - Intermediated customer transfers	V1.7.1 - Checks and Money orders issued
V 1.1.4 - R-transactions related to SCT sent	V1.7.2 - Checks and Money orders received
V 1.1.5 - R-transactions related to SCT received	Table V1.8 - Software based e-money schemes
Table V1.2 : Interbank credit transfers	V1.8.1 - Stock-taking of software based e-money schemes' accounts
V1.2.1 - Interbank transfers sent	V1.8.2 - Stock-taking of terminals accepting e-money schemes
V 1.2.2 - Interbank transfers received	V1.8.3 – Software based funding and withdrawal transactions in e-money
V1.2.3 - Intermediated interbank transfers	V1.8.4 - Software based e-money transfers
Table V1.3 – Direct debits	V1.8.5 - Initiation mode of software based e-money transfers
V1.3.1 - Legacy direct debits	Table V1.9 - Card based e-money schemes
V1.3.2 - Settlement of payment card balances	V1.9.1 - Stock taking of card based e-money schemes
V 1.3.3 - SDD transactions - Reporting as Debtor bank	V1.9.2 - Stock taking of terminals accepting e-money schemes
V 1.3.4 - R-transactions – SDD / Reporting as Debtor bank	V1.9.3 - E-money fundings and withdrawals in card based schemes
V 1.3.5 - SDD transactions - Reporting as Creditor bank	V1.9.4 - E-money transfers in card based schemes
V 1.3.6 - R-transactions - SEPA Direct Debits / Reporting as creditor bank	Table V1.10 – Stock taking of payment accounts
Table V1.4 - Payment cards and terminals accepting payment cards	TABLE V1.11 – OTC CASH TRANSACTIONS
V1.4.1 - Stock taking of payment cards	Table V1.12 – Transactions via telecommunication, digital or IT device
V1.4.2 - Fundings and withdrawals on prepaid cards	Table V1.13 - Credits to the accounts by simple book entry
V1.4.3 - Number of terminals accepting payment cards	Table V1.14 - Debits from the account by simple book entry

Review of ECB Regulation (ECB/2013/43)

Rationale - ECB mission

- ECB mission
 - Monitor the smooth functioning of payment instruments and schemes
 - Analyse new developments in payments
- ECB commitment to keeping its statistical regulatory framework up to date

Review of ECB Regulation (ECB/2013/43)

Rationale - 2021 review

- 2021 review of the Regulation ECB/2013/43
 - Emergence of innovative payment services
 - Ex: contactless cards, mobile payments, digital wallets
 - Rapid development of the payments market in Europe
 - Ex: e-commerce platforms' payment solutions for merchants
 - Developments in the EU regulatory landscape (PSD2, IFR)
 - Ex: Payment initiation services

Review ECB Regulation (ECB/2013/43)

ECB revision process (high level) - Merits & Costs Analysis (MCA)

■ Merits & Cost Analysis (2018/2019)

- Feasibility study (2018-03)
 - *Reporting agents consulted*
 - *BCL/ABBL meeting on 2018-02-28*
 - Cost assessment (2018-12)
 - *Reporting agents consulted*
 - Merits analysis (2019-04)
 - Matching merits/costs (2019-06)
- } In collaboration with ABBL

Review ECB Regulation (ECB/2013/43)

ECB revision process (high level) - Current & next steps

- Current & next steps:
 - 2019-11/12: finalization of ECB Regulation
 - *New reporting framework*
 - *Updated legal text*
 - 2020-03: ECB Governing Council approval
 - 2021: Collection under the revised framework

Review ECB Regulation (ECB/2013/43)

Scope of reporting - Updated data requirements (1/4)

- Data split requested
 - Remote / non-remote (*)
 - SCA / non-SCA

- New data on payment transactions
 - Payment initiation services
 - Account Information services
 - Instant payments
 - Contactless card payments
 - Mobile P2P payments (**)
 - Digital wallets (***)

Review ECB Regulation (ECB/2013/43)

Scope of reporting - Updated data requirements (2/4)

- More detailed collection on payment cards
 - Reporting of Merchant Category Codes (MCC)
 - Distinction between commercial and consumer cards
- New data on fraud

N.B.: ECB RGL fraud data requirements cover all fraud data required by the EBA Guideline on fraud data.

- Fraudulent payment transactions
 - Ex: credit transfers, direct debits, card payments
- Origin of fraud
 - Ex: issuance of payment order by the fraudster, lost or stolen card
- SCA / non-SCA

Review ECB Regulation (ECB/2013/43)

Scope of reporting - Definitions (3/4)

Definitions

(*) **Remote transaction:** ‘remote payment transaction’ means a payment transaction initiated via internet or through a device that can be used for distance communication (PSD2)

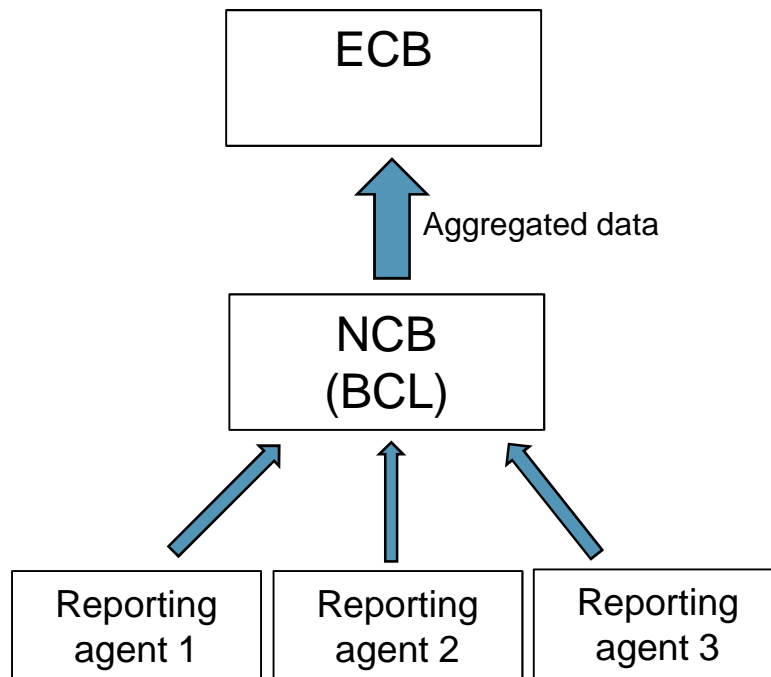
(**) **P2P/C2B mobile payment:** A solution where payments are initiated, confirmed and/or received by an individual to/from a legal entity (C2B) or another individual (P2P), via a mobile device. The payment instruction and other payment data are transmitted and/or confirmed with a mobile device. A distinctive mobile payment identifier, such as mobile telephone number or e-mail address, **can be** used as a proxy to identify the payer and/or payee. P2P/C2B mobile payment solution can be used to initiate credit transfers, card payments and/or e-money transactions. (rev. ECB RGL foreseen definition)

(***) **Digital wallet:** A solution wherein users can register data relating to one or more payment instruments or payment accounts to make possible the initiation of payment transactions. (rev. ECB RGL foreseen definition)

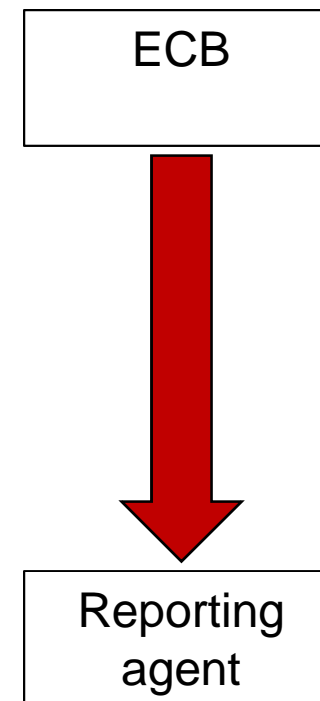
Review ECB Regulation (ECB/2013/43)

Scope of reporting - Reporting obligations (4/4)

ECB regulation - Data flows



ECB regulation – Sanction power



Impact of ECB RGL review on BCL reporting

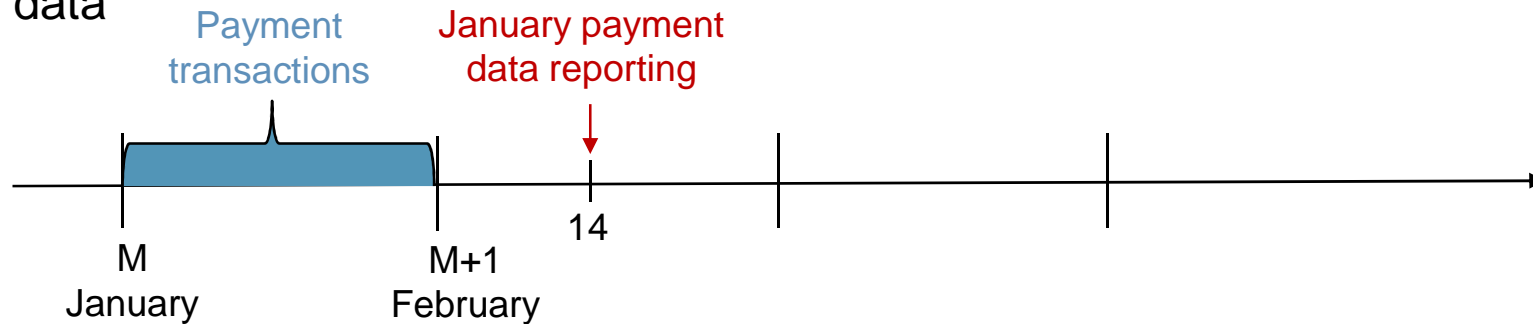
Reporting frequency & deadlines

- Current situation:
 - Frequency: monthly activity
 - Deadline:
 - Payment transactions: M+1
- 2021 situation:
 - Frequency: monthly activity (→ no change)
 - Deadlines:
 - Payment transactions: M+1 (→ no change)
 - Fraudulent data: M+3 (TBC) (**→ NEW**)

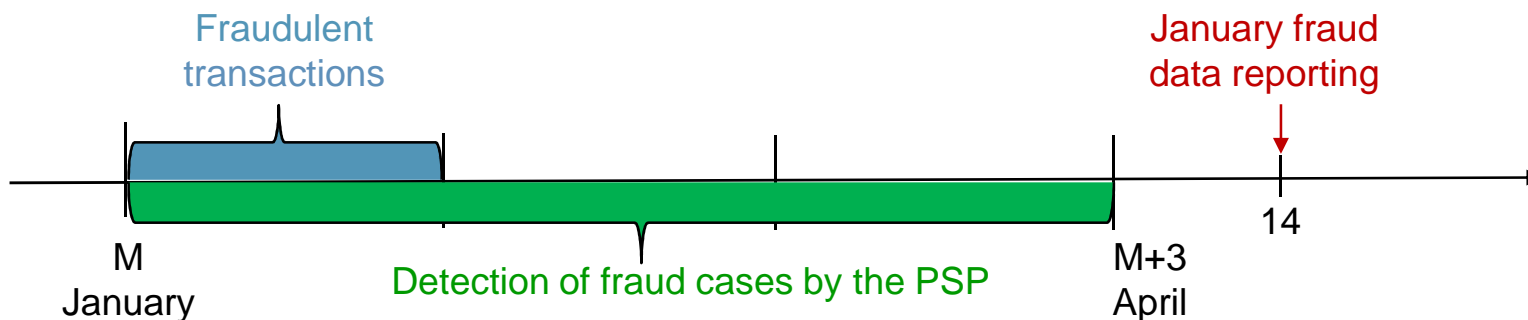
Impact of ECB RGL review on BCL reporting

Reporting frequency & deadlines - Fraud data (1/3)

Payment data



Fraud data – General principle

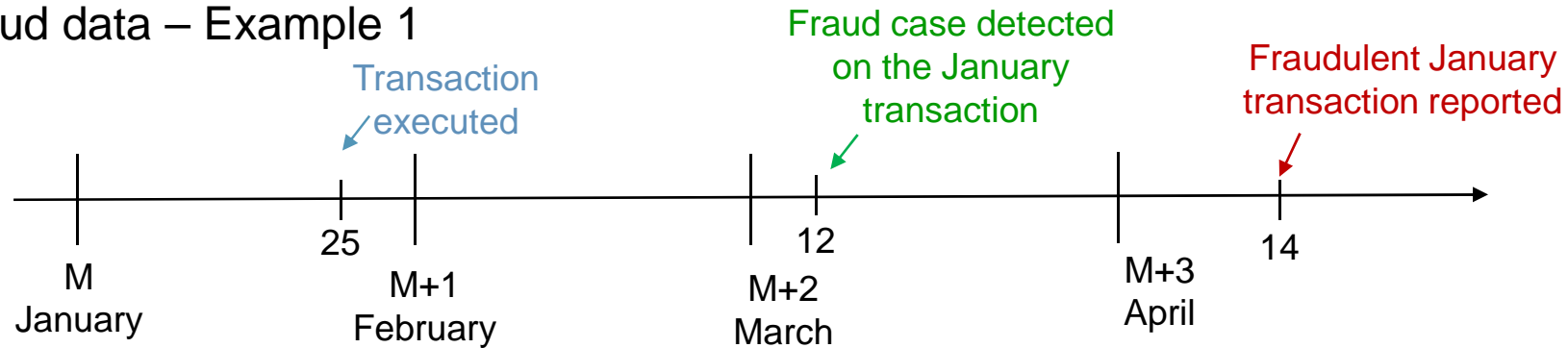


Impact of ECB RGL review on BCL reporting

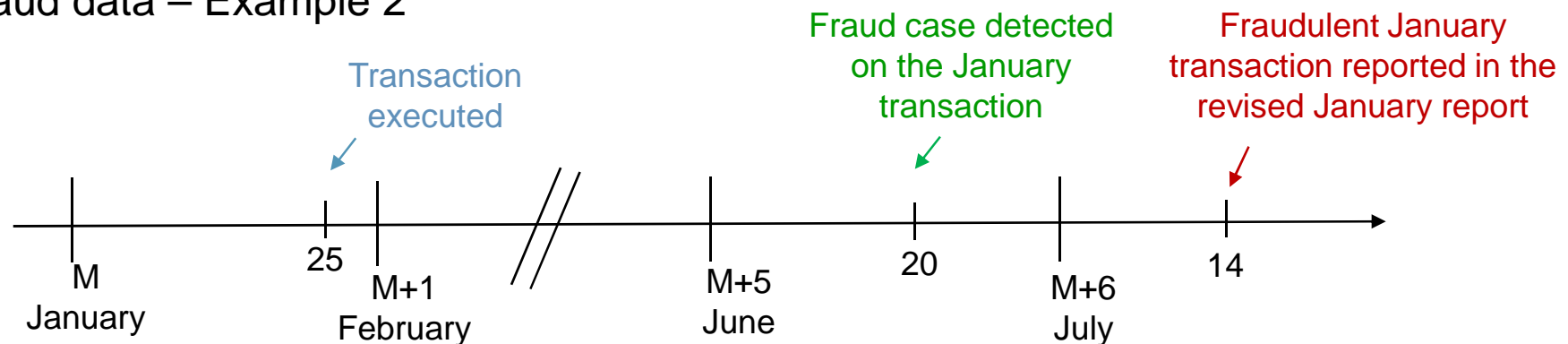
Reporting frequency & deadlines

The specific case of fraud data (2/3)

Fraud data – Example 1



Fraud data – Example 2



Impact of ECB RGL review on BCL reporting

Reporting frequency & deadlines - Fraud data (3/3)

Fraud data – Example 1

- 25 January: Fraudulent transaction takes place
- 14 February: Transaction reported as a regular January transaction
- 12 March: Fraud detected on the January transaction
- 14 April: Fraudulent January transaction reported to the BCL

Fraud data – Example 2

- 25 January: Fraudulent transaction takes place
- 14 February: Transaction reported as a regular January transaction
- 20 June: Fraud detected on the January transaction
- 14 July: Fraudulent January transaction reported in the revised January report

Impact of ECB RGL review on BCL reporting

New BCL data requirements (1/10)

Stocks data

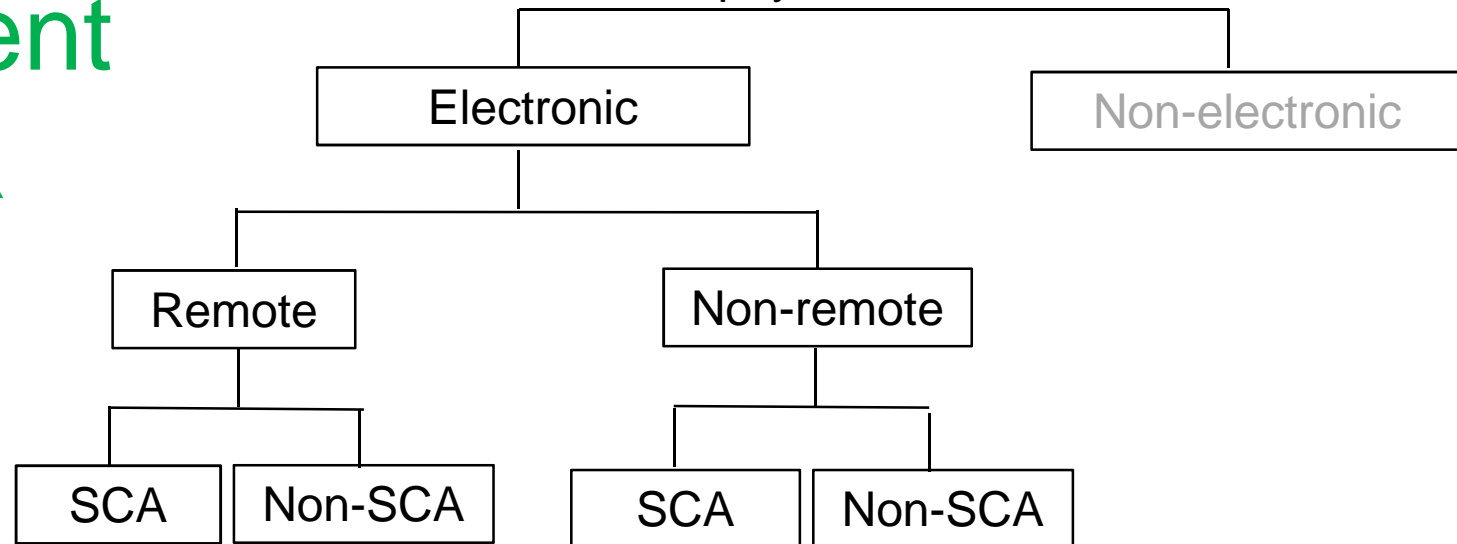
- **(AISP) Payment accounts**
 - ASPSP reports number of accounts accessed by AISPs
 - AISP reports number of clients
- **Number of cards issued by resident PSPs**
 - Cards with contactless payment function
- **Number of terminals**
 - ATMs accepting contactless transactions
 - POS accepting contactless payments

Impact of ECB RGL review on BCL reporting

New BCL data requirements (2/10)

Payment data

For each payment instrument:



Reasons for non-SCA

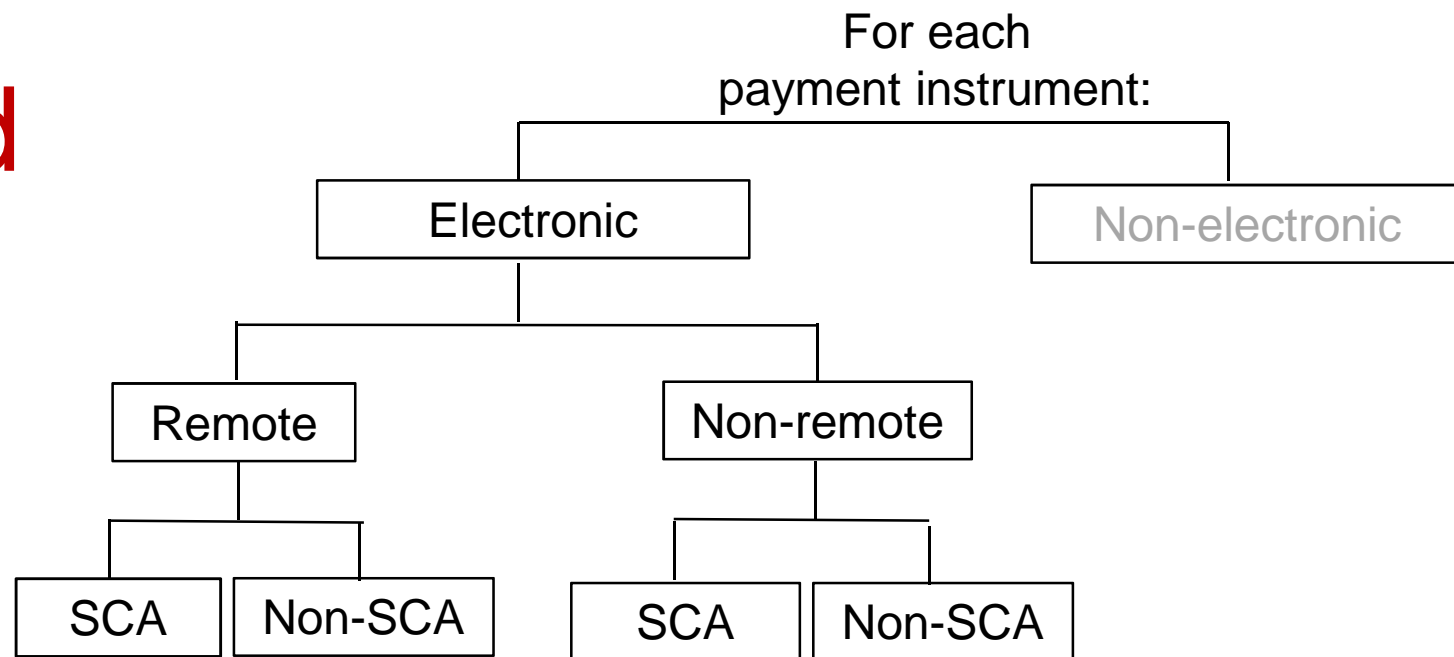
- Low value
- Payment to self
- Trusted beneficiaries
- Recurring transaction
- TRA
- Other reasons mentioned in the RTS

- Low value
- Payment to self
- Trusted beneficiaries
- Recurring transaction
- Other reasons mentioned in the RTS

Impact of ECB RGL review on BCL reporting

New BCL data requirements (3/10)

Fraud data



Besides reasons for non-SCA, also split by fraud type:

- Issuance of a payment order by the fraudster
- Modification of a payment order by the fraudster
- Manipulation of the payer by the fraudster to issue a payment order
- Payer acted fraudulently
- etc

Impact of ECB RGL review on BCL reporting

New BCL data requirements (4/10)

Payment & fraud data – **credit transfers**

- **Credit transfers**

Of which

- Initiated by PISP
- Initiated over mail order/telephone order (MOTO)
- Initiated via ATM or other PSP terminal
- Initiated via P2P/C2B mobile payment solution
- Remote & non-remote transfers

- **Remote / non-remote transfers**

- Split per scheme (SCT, SCT inst, non-SEPA)
- Split SCA / non-SCA transactions

Impact of ECB RGL review on BCL reporting

New BCL data requirements (5/10)

Payment & fraud data – **credit transfers**

- **Reasons for authentication via non-SCA**

	Remote	Non-remote
Low value	X	
Payment to self	X	X
Trusted beneficiaries	X	X
Recurring transaction	X	X
Secure corporate payment processes and protocols	X	
Transaction Risk Analysis	X	
Contactless low value		X
Unattended terminal for transport fares or parking fees		X

Impact of ECB RGL review on BCL reporting

New BCL data requirements (6/10)

Payment & fraud data – **direct debits**

- **Split by the channel used to give consent**
 - Electronic mandate
 - Mandate in other forms

- **Scheme**
 - SDD Core
 - SDD B2B
 - non-SEPA scheme

- **SCA/non-SCA**
 - Mandate issued with SCA
 - Mandate issued with non-SCA

Impact of ECB RGL review on BCL reporting

New BCL data requirements (7/10)

Payment & fraud data – **card payments**

- **Split per payment initiation channel:**
 - initiated non-electronically
 - initiated electronically
- **Split commercial/consumer cards**
- **Split for non-remote transactions:**
 - Contactless payments
 - Of which NFC card payments
 - Payments initiated at an ATM

Impact of ECB RGL review on BCL reporting

New BCL data requirements (8/10)

Payment & fraud data – **card payments**

- **New split for remote transactions**
 - Initiated via a digital wallet
 - Initiated via P2P mobile payment solution
 - Initiated over mail/phone order
- **New split per SCA / non-SCA authentication:**
 - SCA
 - Non-SCA (split by reason for non-SCA)

	remote	non-remote
Low value	x	
Secure corporate payment processes and protocols	x	
Transaction risk analysis	x	
Trusted beneficiaries	x	x
Recurring transaction	x	x
Contactless low value		x
Unattended terminal for transport fares or parking fees		x

The above split will be requested for all types of card functions (debit, delayed debit, credit) and for all card payment schemes (VISA, MasterCard, JCB...)

Impact of ECB RGL review on BCL reporting

New BCL data requirements (9/10)

Payment & fraud data – **e-money payments**

- Transaction with e-money account:
 - Accessed through a card
 - Mobile payment solution
 - Of which P2P solution
- Remote / non-remote
 - SCA
 - Non-SCA
 - Reasons for non-SCA

Impact of ECB RGL review on BCL reporting

New BCL data requirements (10/10)

Payment & fraud data – **PIS**

- PISP reports payment initiation services:
 - Remote / non-remote
 - SCA / non-SCA
 - By payment instrument
 - Credit transfers
 - Others

Impact of ECB RGL review on BCL reporting

New BCL data requirements

Fraud data

- Fraudulent transactions follow the same logic as payment transactions
- Additional detail:

Type of fraud

Impact of ECB RGL review on BCL reporting

New BCL data requirements

Fraud data

- **Credit transfers – types of fraud**
 - Issuance of a payment order by the fraudster
 - Modification of a payment order by the fraudster
 - Manipulation of the payer by the fraudster to issue a payment order
 - Payer acted fraudulently

Impact of ECB RGL review on BCL reporting

New BCL data requirements

Fraud data

- **Direct debits - types of fraud**
 - Mandate inexistence/invalidity
 - Manipulation of the mandate
 - Manipulation of the payer
 - Payer acted fraudulently

Impact of ECB RGL review on BCL reporting

New BCL data requirements

Fraud data

- **Card payments - types of fraud**
 - Lost or Stolen card
 - Card Not Received
 - Counterfeit card
 - Modification of a payment order by the fraudster
 - Manipulation of the payer to make a card payment
 - Payer acted fraudulently
 - Card details theft
 - Others

Impact of ECB RGL review on BCL reporting

New BCL data requirements

Fraud data

- **E-money transactions - types of fraud**
 - Lost or stolen e-money card
 - E-money card not received
 - Counterfeit e-money card
 - Card details theft
 - Unauthorized e-money account transaction
 - Modification of a payment order by the fraudster
 - Manipulation of the payer to make an e-money payment
 - Payer acted fraudulently

Projected Single Data Flow - Under discussion with the CSSF

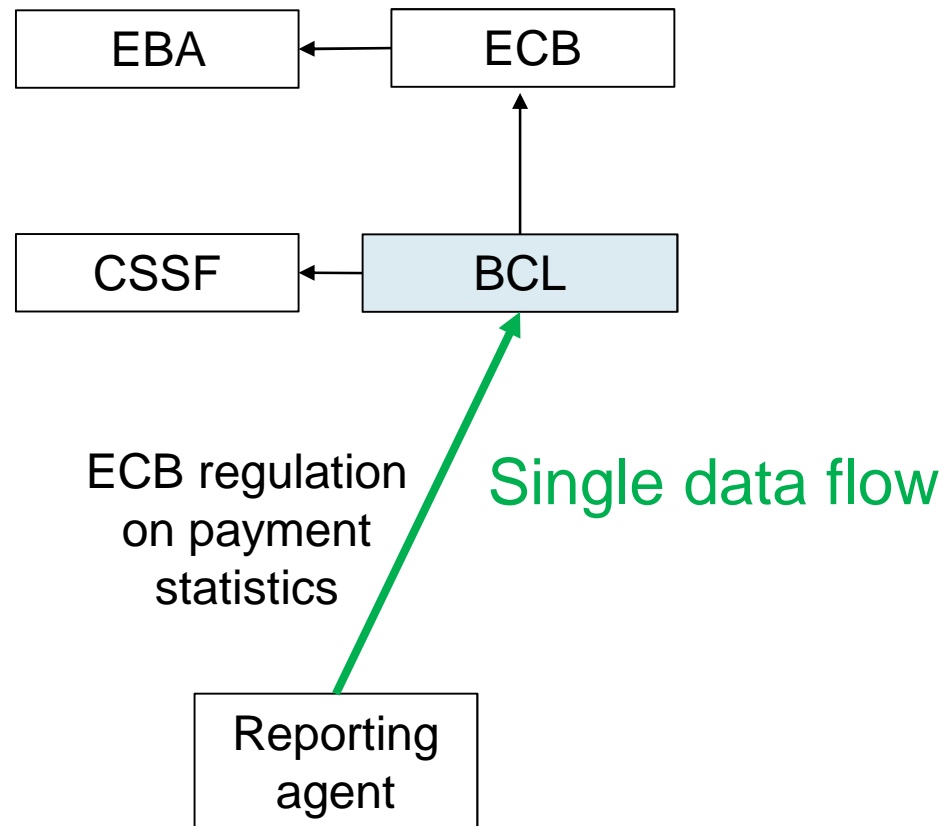
EBA GL on fraud reporting – transitional period

- Reporting in Excel tables
- Data collected by BCL for CSSF, or directly by the CSSF (TBC)
- From 2021 onwards, the EBA requirements should be fully satisfied by the ECB regulation

Projected Single Data Flow - Under discussion with the CSSF

ECB Regulation – 2021 onwards

- EBA Guidelines requirements are a subset of the ECB requirements



Timeline

	2019			2020												2021		
	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar
ECB level																		
Structure of tables finalised		■	■															
Approval of the regulation by the Governing Council						■												
BCL level																		
BCL publishes new CDDP documentation							■	■	■									
Testing phase													■	■	■			
First reference period																■		
First official transmission of data to the BCL																	■	■

First reference period
January 2021

Key takeaways

- Reporting will be more granular (new data)
- Regular reporting of fraud data in standardised format
- Overhaul of existing V-reports tables
 - Fraud integrated in the existing tables (TBC)
 - Fraud in separate tables (TBC)

Thank you for your attention.

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