



 **BARCLAYS**

The evolving payments landscape in Europe

# The evolving payments landscape in Europe

With a number of changes emerging in the European payments landscape over the next five years, we take a closer look at two recent regulatory updates that will impact the future of the industry.

## What's on our mind?

In a new feature, we're looking ahead to the upcoming changes in the European payments landscape.

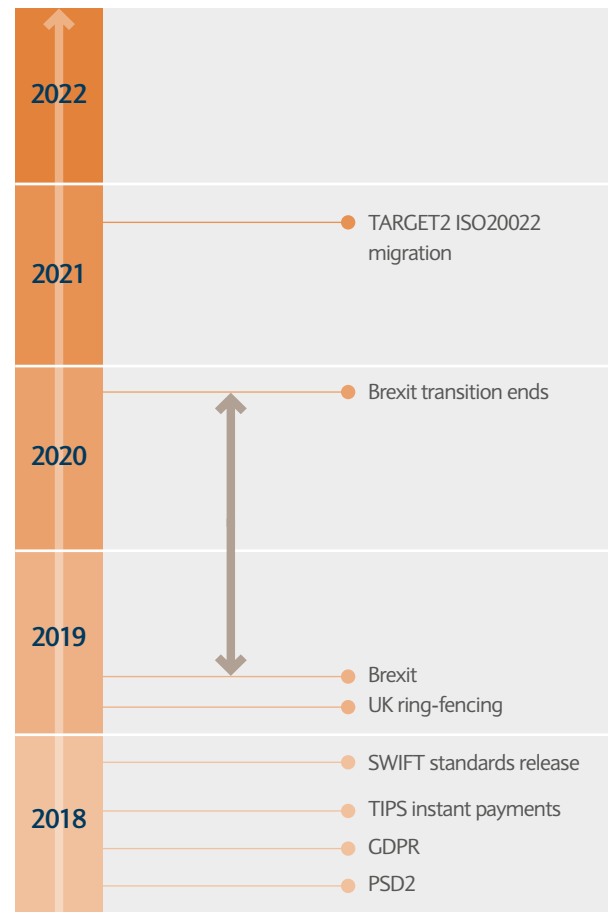
Our five-year roadmap outlines the key milestones impacting the industry, looking at:

- The wider developments in Europe
- How the clearing landscape in Europe is evolving
- What we are working on at Barclays.

For our first edition, we've focused on two key regulations that came into effect in 2018 – PSD2 and GDPR.



## Looking ahead – the five-year roadmap



## PSD2 – an updated legal framework

The Payment Services Directive 2, also known as PSD2, is a major European directive to protect consumers' payments, promote payment innovation and improve the security of payments.

- Effective 13 January 2018
- Updates the original PSD, which was introduced in 2007 to create the legal foundation for a single EU market for payments
- No impact on One-Leg-Out transactions (also known as OLO transactions)
- Updates scope of regulation to cover all intra-EU transactions, regardless of currency
- Mandates the use of SHA charging type for all intra-EU transactions
- Opens up access to banking platforms for licensed third-party service providers:
  - Payment Initiation Service Provider (PISP)
  - Account Information Service Provider (AISP)
  - API-based interface models
- Introduces new standards for authentication of online payments.



“It aims to simplify the regulatory environment for businesses operating within EU borders by harmonising data privacy laws.”

## GDPR – regulation for the digital era

The GDPR is a piece of EU legislation that replaces the EU Data Protection Directive. It aims to simplify the regulatory environment for businesses operating within EU borders by harmonising data privacy laws.

- The legislation became enforceable on 25 May 2018
- The GDPR applies to EU businesses – and to some businesses outside the EU – which process personal data about individuals that are in the EU
- Information about institutional clients (including financial institutions) is out of scope, but information about the client officials (e.g. the directors, key officials, ultimate beneficial owners and employees) is in scope
- The GDPR requirements apply to personal data held electronically or as part of a structured filing system
- Regulatory breaches may lead to fines of up to €20m or 4% of annual worldwide turnover, whichever is higher
- Breaches of personal data must be notified to the data protection regulator within 72 hours – and to impacted individuals in high-risk cases.

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