

Association's position paper on a clear distinction between the actors involved in the distribution of electronic money in the context of the ongoing negotiations on PSR and PSD3

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This industry coalition of electronic money issuers, distributors, and retailers **strongly recommend that a clear distinction between the different actors involved in the distribution of electronic money** - namely the 1) payment institution (PI) or electronic money institution (EMI), 2) agents and 3) distributors - will be introduced in **PSR and PSD3**.

We are **highly concerned** regarding recent discussions to **potentially merge the concepts of 'agents' and 'distributors'** as this would significantly negatively impact the e-money environment, contradicting the logic and current practice of e-money distribution and entailing **significant negative effects for consumers and companies along the value chain**.

We, therefore, strongly call on the co-legislators to **retain the definition of a 'distributor'** in PSR and PSD3 and clarify, that **only the natural or legal persons in a contractual relationship with the licensed PI/EMI, are considered distributors**.

Background

Distributors of e-money are **only involved in the distribution of e-money products**, facilitating their sale at various points of sale, thereby providing the principal (the PI or EMI) with a network of physical and/or digital outlets. Distributors, however, are **not involved in the provision of payment services and are not entitled to do so**. **Combining the concept of the distributor with that of the agent** (who by its very nature provides payment services to payment services users) would ignore the differences between the two concepts and **disproportionately burden distributors**.

A distributor can, e.g., be a wholesale company, providing electronic PINs for the activation of an e-money product to its point of sale network. **Applying the same criteria for this activity as for regulated agents would be disproportionate**. Treating distributors of e-money as regulated payment services agents would likely prompt many companies currently engaged in distribution to cease operations, thus reducing customers' access to e-money products and hindering innovative companies from distributing their offerings.

While **we welcome that the proposals for a PSR and a PSD3 provide for a definition of a 'distributor'**, we suggest further clarification to distinguish between an agent and a distributor. It should be explicitly stated that **only natural or legal persons in contractual relationships with the principal (the issuing PI/EMI) are considered distributors**. This clarification not only **aligns with existing models** but also enhances **legal certainty going forward**.

Distributors' networks may encompass numerous sales outlets, such as supermarkets, gas stations, or small shops. Requiring passporting notifications between European Member States for every change in the sales point network could result in thousands of notifications per week and would result in an overwhelming bureaucratic burden. The issuing PIs and national competent authorities would struggle to handle the sheer volume of passporting notifications in a meaningful way.

Nevertheless, we **fully endorse transparency**, and customers should have access to information about where to purchase e-money products. Typically, this information is provided through the principal's homepage, serving the interests of the issuing PI/EMI. We, therefore, do not see the need to establish a central EBA register to this end.

Considering the distinct activities of points of sale, distributors and payment services agents, we strongly call on the co-legislators to **retain the definition of a 'distributor'** in PSR and PSD3 and clarify, that only the natural or legal persons in a contractual relationship with the licensed PI/EMI, are considered distributors.