State aid: Commission opens in-depth investigation into Spain's support for coal power plants

Commissioner Margrethe **Vestager**, in charge of competition policy, said: *"If you pollute, you pay – this is a long-standing principle in EU environmental law. EU State aid rules do not allow Member States to relieve companies of this responsibility using taxpayer money. We currently believe that this Spanish scheme did not incentivise coal power plants to reduce harmful sulphur oxide emissions – they were already under an obligation to do so under EU environmental law. Therefore, we are concerned that the support gave these coal power plants an unfair competitive advantage. We will now investigate this issue further."*

In 2007, the Spanish authorities introduced a scheme ('environmental incentive') to support the installation of new sulphur oxide filters in existing coal power plants. These filters were supposed to reduce sulphur oxide emissions from those plants below certain limits. In return, the coal power plants were entitled to receive public support linked to the size of the plant for a period of 10 years (i.e. €8,750 per megawatt per year). Since 2007, 14 coal power plants benefitted from the scheme and received in total more than €440 million in public support, and payments will continue until 2020.

Spain did not notify this measure to the Commission for assessment under EU State aid rules. At this stage, the Commission has concerns that the emission limits imposed on beneficiaries of the scheme merely implement mandatory environmental EU standards which applied to coal power plants at the time. The relevant legal requirements were laid down in EU legislation on the limitation of emissions of certain pollutants into the air from large combustion plants (Directive 2001/80/EC).

If confirmed, this means that the scheme did not actually have any environmental incentive effect. Furthermore, the financial support may breach a long-standing principle of EU State aid rules, namely that Member States may not grant State aid to companies to meet mandatory environmental EU standards. This would go against the "polluter pays" principle and give the relevant coal power plants an unfair competitive advantage towards other forms of power generation and towards coal power plants in other EU countries subject to the same EU legislation.

The Commission will now investigate further whether its initial concerns are justified. The opening of an in-depth investigation gives Spain and interested third parties an opportunity to submit comments. It does not prejudge the outcome of the investigation.

The non-confidential version of the decision will be published in the State aid register on the competition website under the case number SA.47912 once eventual confidentiality issues have been resolved. The State Aid Weekly e-News lists new publications of state aid decisions on the internet and in the EU Official Journal.

Payment services: Consumers to benefit from safer and more innovative electronic payments

These rules implement the EU's recently-revised Payment Services Directive (PSD2) which aims to modernise Europe's payment services so as to keep pace with this rapidly evolving market and allow the European e-commerce market to blossom. Today's rules allow consumers to use innovative services offered by third party providers, also known as FinTech companies, while maintaining rigorous data protection and security for EU consumers and businesses. These include payment solutions and tools for managing one's personal finances by aggregating information from various accounts.

Valdis **Dombrovskis**, Vice-President in charge of Financial Stability, Financial Services and Capital Markets Union said: *"These new rules will guide all market players, old and new, to offer better payment services to consumers while ensuring their security."*

A key objective of PSD2 is to increase the level of security and confidence of electronic payment. In particular, PSD2 requires payment service providers to develop strong customer authentication (SCA). Today's rules therefore have stringent, built-in security provisions to significantly reduce payment fraud levels and to protect the confidentiality of users' financial data, especially relevant for online payments. They require a combination of at least two independent elements, which could be a physical item – a card or mobile phone – combined with a password or a biometric feature, such as fingerprints before making a payment.

PSD2 also establishes a framework for new services linked to consumer payment accounts, such as the so-called payment initiation services and account information services. These innovative services are already on offer in many EU countries but thanks to PSD2 they will be available to consumers across the EU, subject to strict security requirements. The rules specify the requirements for common and secure standards of communication between banks and FinTech companies.

Following the adoption of the Regulatory Technical Standards by the Commission, the European Parliament and the Council have three months to scrutinise them. Subject to the scrutiny period, the new rules will be published in the Official Journal of the EU. Banks and other payment services providers will then have 18 months to put the security measures and communication tools in place.

Background

Today's Regulatory Technical Standards have been developed by the European Banking Authority in close cooperation with the European Central Bank. They spell out how strong customer authentication (SCA) is to be applied.

The simple provision of a password or details shown on a credit card will, in most situations, no longer be sufficient to make a payment. In certain cases, a code that is only valid for a given transaction will be needed together with the other two independent elements. The aim is to significantly reduce current fraud levels for all payment methods, especially online payments, and to protect the confidentiality of users´ financial data.

However, the rules also acknowledge that acceptable levels of payment security can, in some cases, be achieved in other ways than by using the two independent elements required for SCA. For instance, payment service providers may be exempted if they have developed ways of assessing the risks of transactions and can identify fraudulent transactions. Exemptions also exist for contactless payments and transactions for small amounts, and particular types of payments such as urban transport fares or parking fees. Thanks to these exemptions, payment services providers can keep payments convenient without jeopardising the security of payments.

The rules also specify the obligations of banks and of providers of innovative payment solutions and account information tools. Consumers who want to use such new services cannot be prevented by their banks from doing so. Any bank that offers online access to accounts also must cooperate with FinTech companies or with other banks providing such new services. For this, banks must establish secure communication channels to transmit data and initiate payments.

Consumers will benefit from more choice and competition when paying for goods and services purchased online. They will also be able to manage their personal finances more efficiently through applications that aggregate information from their accounts held with different banks.

For More Information

MEMO

DG FISMA website on payment services

PSD2 Regulatory Technical Standards on Customer Authentication

[Daily News 27 / 11 / 2017]

African Union – European Union Summit to start in Côte d'Ivoire

President **Juncker** will lead the European Commission delegation at the 5th [African Union – European Union Summit] starting on 29 November in Abidjan, Côte d'Ivoire. The President will be joined by High Representative of the Union for Foreign Affairs and Security Policy/Vice-President of the Commission Federica **Mogherini** and Commissioner for International Cooperation and Development Neven **Mimica.** The EU is Africa's main partner, and the summit will be an opportunity for both sides to scale up their partnership. The African Union (AU) and the EU need to tackle the common challenges of today, from fostering sustainable development and strengthening peace and security to boosting investment in the African continent and better managing migration. Under President **Juncker's** leadership, the Commission has added new innovative tools on top of its traditional cooperation instruments, bringing EU cooperation with Africa to a new level. On this occasion, President **Juncker** said: *"What happens in Africa matters for Europe, and what happens in Europe matters for Africa. Our partnership is an investment in our shared future. It is a partnership of equals in which we support each other, help each other to prosper and make the world a safer, more stable and more sustainable place to live."* The summit will be held under the overarching theme of "Youth", and young people have played a vital role on the run up to the AU-EU Summit, notably through the Youth Summit, which took place in Abidjan on 9-11 October. The participants have developed a Youth Declaration, with concrete recommendations for European and African leaders. A selected group of young fellows have continued to work on these in the EU-funded intercontinental [AU-EU Youth Plug-In Initiative]. Tomorrow, on 28 November 2017, ministers of Foreign Affairs from Europe and Africa will gather in Abidjan for a Ministerial meeting. During the AU-EU Summit itself, 29-30 November, leaders will discuss many areas that shape our common agenda: Peace and Security; Migration and Mobility; Connectivity and Job creation. A [factsheet] is available on the EU's key partnership with Africa. *(for more information: Catherine Ray – Tel.: +32 229 69921; Carlos Martin Ruiz De Gordejuela – Tel.: +32 229 65322; Daniel Puglisi – Tel.: +32 229 69140; Christina Wunder – Tel.: +32 229 92256)*

Europe and Africa are in business! Investing in opportunities at 6th business forum

Business leaders, investors, innovative startups, young and female entrepreneurs from Africa and Europe are coming together for the 6th EU-Africa Business Forum. Andrus **Ansip**, Vice-President responsible for the EU's Digital Single Market, delivered this morning a [keynote speech] at the opening ceremony of the Business Forum, which takes place in Abidjan, Côte d'Ivoire, ahead of the African Union – European Union Summit (29-30 November). Vice-President **Ansip** said: "*This Business Forum will look at areas where the situation could be improved. Not only how to create the best conditions for* *long-term private investment, but also how to support jobs for young people – especially women*." At this occasion, Commissioner for International Cooperation and Development Neven **Mimica** added: "*Improving the conditions for investment in Africa is essential to create jobs for Africa's youth and promote sustainable development. This is a key focus of the AU-EU Summit, where the EU will present its new External Investment Plan. This innovative plan will help to unlock €44 billion of investment for decent jobs and sustainable growth.*"High Representative/Vice-President Federica **Mogherini** will give closing remarks at the Business Forum, which will be available on EbS. Vice-President **Ansip**'s keynote address is available here as well as via@Ansip_EU. This year Forum is dedicated to "Investing in job creation for Youth" and is centered around youth and women, sustainable investment in Africa, agriculture, sustainable energy and digital economy. The EU-Africa Business Forum contributes to the AU-EU Summit through high level discussions and concrete project proposals with a focus on developing solutions for youth employment and entrepreneurship, innovative financing instruments, public-private dialogue and digital policy development. For example, the Forum hosts a Startup Fair, a pitching session, a high level roundtable on the digital economy, investment workshops and many other activities designed to reinforce the digital links between the EU and Africa. Participants will furthermore develop a declaration with concrete recommendations to leaders on how to improve the business and investment climate. The Forum provides a unique platform for young European and African entrepreneurs and startups to express their vision for the future, to exchange views with mature companies and to interact with government representatives. More information on the 6th EU-Africa Business Forum can be found online atwww.euafrica-businessforum.com. Join the debate on Twitter#EABF2017. *(For more information: Catherine Ray – Tel.: +32 229 69921; Carlos Martin Ruiz De Gordejuela – Tel.: +32 229 65322; Nathalie Vandystadt – Tel.: +32 229 67083)*

Payment services: Consumers to benefit from safer and more innovative electronic payments

The Commission has today adopted rules that will make electronic payments in shops and online safer. This will also allow consumers to access more convenient, cost-effective and innovative solutions offered by payment providers. These rules implement the EU's recently-revised Payment Services Directive (PSD2) which aims to modernise Europe's payment services so as to keep pace with this rapidly evolving market and allow the European e-commerce market to blossom. Today's rules allow consumers to use innovative services offered by third party providers, also known as FinTech companies, while maintaining rigorous data protection and security for EU consumers and businesses. These include payment solutions and tools for managing one's personal finances by aggregating information from various accounts. Valdis **Dombrovskis**, Vice-President in charge of Financial Stability, Financial Services and Capital Markets Union said: *"We have struck the delicate balance between security and convenience. Thanks to these new rules, there will be exciting new opportunities for all market players, old and new, to offer better consumer services. At the same time, the new rules will make* *electronic payments safer."* A key objective of PSD2 is to increase the level of security and confidence of electronic payment. In particular, PSD2 requires payment service providers to develop strong customer authentication (SCA). Today's rules therefore have stringent, built-in security provisions to significantly reduce payment fraud levels and to protect the confidentiality of users' financial data, especially relevant for online payments. A full press release and MEMO can be found online. *(for more information: Vanessa Mock – Tel.: +32 229 56194; Letizia Lupini – Tel.: +32 229 51958)*

Une compétitivité économique accrue en Pologne grâce à de meilleures connexions de transport financées par l'UE

66,3 millions d'euros du Fonds de Cohésion sont investis dans l'amélioration du réseau ferroviaire au sud de la Silésie, près de la République tchèque, entre les communes de Chybie, Żory et Rybnik et entre Nędza et Turze. Dans cette région polonaise industrielle, notamment autour de la ville de Rybnik, de meilleures connexions permettront de réduire les temps de trajet, tant pour le transport de fret que pour les passagers. La Commissaire à la politique régionale Corina **Creţu** a commenté: *"Ce projet, qui promeut une mobilité propre en Silésie, contribuera directement à la croissance locale, en facilitant le transport des biens. Investir dans de meilleures connexions ferroviaires, c'est investir directement dans l'économie régionale."* Certaines sections du réseau régional font partie du réseau global de transport transeuropéen (RTE-T). L'UE finance la rénovation des voies sur sept sections différentes ainsi que la construction de 30 ponts et viaducs. Le projet devrait être opérationnel d'ici l'été 2019. *(Pour plus d'informations: Johannes Bahrke – Tel.: +32 229 58615; Sophie Dupin de Saint-Cyr – Tel.: +32 229 56169)*

Commission launches public consultation on a European Labour Authority, as well as a European Social Security Number

Today the European Commission has launched a public consultation to gather views of the broader public on setting up a European Labour Authority and the introduction of a European Social Security Number. Both initiatives were announced by President **Juncker** in his 2017 State of the Union address. The European Labour Authority should ensure that EU rules on labour mobility are enforced in a fair, simple and effective way. Concretely, building on existing structures, the Authority would support national administrations, businesses, and mobile workers by strengthening cooperation at EU level on matters such as cross-border mobility and social security coordination. It would also improve access to information for public authorities and mobile workers and enhance transparency regarding their rights and obligations. The European Social Security Number (ESSN) aims at simplifying and modernising citizens' interaction with administrations in a range of policy areas. An EU Social Security Number would facilitate the identification of persons across borders for the purposes of social security coordination and allow the quick and accurate verification of their social security insurance status. It would facilitate administrative procedures for citizens by optimising the use of digital tools. Legislative proposals for both initiatives are announced in the European Commission's Work Programme for 2018 and planned to be tabled by spring 2018. Find more information on the European Labour Authority in this factsheet and online. The public consultation can be found here. *(For more information: Christian Wigand– Tel.: +32 229 62253; Sara Soumillion – Tel.: + 32 229 67094)*

Publication of latest agri-food trade figures: EU agri-food trade balance has an increasing surplus

The latest monthly trade report published today by the European Commission, shows that the value of EU agri-food exports in September 2017 kept its very high level, now at €11.7 billion. The trade balance further improved to a surplus of €2.8 billion, with agri-food imports to the EU going down to a monthly value of €8.8 billion. Over the past 12 months, wine and milk powders exports have been performing very well, while exports of wheat and other cereals decreased. Agri-food imports from third countries increased by 4% compared to the same period one year ago. Imports from Indonesia increased most significantly. The full report is online. *(For more information: Daniel Rosario – Tel.: +32 229 56185; Clémence Robin – Tel: +32 229 52509)*

State aid: Commission opens in-depth investigation into Spain's support for coal power plants

The European Commission has opened an in-depth investigation to assess whether Spain's "environmental incentive" for coal power plants is in line with EU State aid rules. At this stage, the Commission has concerns that the support has been used to implement mandatory environmental EU standards as regards sulphur oxide emissions, which applied to coal power plants at the time. If confirmed, this means that the scheme did not actually have any environmental incentive effect. Furthermore, the financial support may breach an established principle of EU State aid rules, namely that Member States may not grant State aid to companies to meet mandatory environmental EU standards. Commissioner Margrethe **Vestager**, in charge of competition policy, said: *"If you pollute, you pay – this is a long-standing principle in EU environmental law. EU State aid rules do not allow Member States to relieve companies of this responsibility using taxpayer money. We currently believe that this Spanish scheme did not incentivise coal power plants to reduce harmful sulphur oxide emissions – they were already under an obligation to do so under EU environmental law. Therefore, we are concerned that the support gave these coal power plants an unfair competitive advantage. We will now investigate this issue further."* The opening of an in-depth investigation gives Spain and interested third parties an opportunity to submit comments. It does not prejudge the outcome of the investigation. The full press release is available online in EN, FR, DE and ES. *(For more information: Ricardo Cardoso – Tel.: +32 229 80100; Yizhou Ren – Tel.: +32 229 94889)*

Mergers: Commission clears the acquisition of EXIM Holding by DER Touristik Deutschland

The European Commission has approved, under the EU Merger Regulation, the acquisition of sole control over EXIM Holding A.S. of the Czech Republic by

DER Touristik Deutschland GmbH of Germany. EXIM is a Czech company with four subsidiaries active in the tourism sector in the Czech Republic, Poland, Hungary and Slovakia. DER Touristik forms part of the Travel &Tourism Division of REWE Group of Germany, which operates in the tourism sector as well as in the food and non-food retail sector via a separate branch. DER Touristik was already jointly controlling EXIM before the transaction. The Commission concluded that the proposed acquisition would raise no competition concerns because of the limited changes it brings to the market. The transaction was examined under the simplified merger review procedure. More information is available on the Commission's competition website, in the public case register under the case number M.8668. *(For more information: Ricardo Cardoso – Tel.: +32 229 80100; Maria Sarantopoulou – Tel.: +32 229 13740)*

Mergers: Commission clears a joint-venture between Deutsche Alternative Asset Management and M&G Alternatives Investment Management

The European Commission has approved, under the EU Merger Regulation, the acquisition of joint control over Belmond JV by Deutsche Alternative Asset Management (Global) Limited ("DAAM") and M&G Alternatives Investment Management Limited ("MAGAIM"), all three of the UK. Belmond JV will be established as a full-function joint venture and will be active in the operational leasing of rolling stock to the West Midlands rail franchise in the UK and, potentially, in associated ancillary capital investments. DAAM is an affiliate of the Deutsche Bank Group of Germany and provides investment management and fund management services. MAGAIM is the investment management division of Prudential Group of the UK in Europe. The Commission concluded that the proposed acquisition would raise no competition concerns because of the limited changes it brings to the market. The transaction was examined under the simplified merger review procedure. More information is available on the Commission's competition website, in the public case register under the case number M.8667.*(For more information: Ricardo Cardoso – Tel.: +32 229 80100; Maria Sarantopoulou – Tel.: +32 229 13740)*

Study on digital public services points out room for development in using eIDs and eDocuments

The new 2017 eGovernment Benchmarking report shows that European countries are providing better digital public services, but they still need to improve on their use of supporting technology to boost cross-border accessibility and transparency. The study found that public administrations across 34 countries in Europe score highly (80%) in the provision of readily available, mobile and user friendly online public services. The study also reveals that there is progress in cross-border availability of digital services but suggests that these services could further benefit from increased use of key enablers like eIDs or eDocuments. The report is based on the findings from EU Member States but also from Iceland, Norway, Montenegro, Serbia, Switzerland, and Turkey. The study implies that more needs to be done to inform users about issues such as the duration of administrative processes or when personal data is used to complete an administrative task. To address these areas, the development of the proposed Single Digital Gateway regulation will give EU Member States centralised access to people and businesses to information on cross-border rights and procedures. This study confirms once again the need for more action – a point which Member States agreed to tackle in the recently adopted Tallinn declaration on eGovernment which will help to improve better digital public services in the EU. Furthermore, the annex to the Tallinn declaration contains user-centricity principles agreed on by the Member States, which puts citizens and businesses at the centre of digital public services. Further details on the report are available here. (*For more information: Nathalie Vandystadt – Tel.: +32 229 67083; Inga Höglund – Tel.: +32 229 50698*)

ANNOUNCEMENTS

Commissioner Andriukaitis to award NGOs for initiatives that promote vaccination

Today Vytenis **Andriukaitis**, Commissioner for Health and Food Safety,will present the EU Health Award 2017 for NGOs promoting vaccination, at the Health Policy Platform annual meeting in Brussels. To see the results as they happen, tune-in live. In the run-up to the award ceremony, Commissioner **Andriukaitis** said: *"Immunising people against diseases caused by viruses or bacteria is one of the most cost-effective public health measures available today. Yet, worryingly, misconceptions and scepticism about the need to vaccinate is growing. The public-facing role of Non-Governmental Organisations is crucial in the effort to ensure high vaccination coverage. Picking the top three initiatives was a challenging task for the jury, and while I will be proud to announce the overall winners, all 10 NGOs on the shortlist should be proud of their contribution to better public health through vaccination."* For more information:EU Health award for NGOs 2017, EU action on vaccination. *(For more information: Anca Paduraru – Tel.: +32 229 91269; Aikaterini Apostola – Tel.: +32 229 87624)*

Commissioner Andriukaitis on official visit to Veghel, the Netherlands

On 28 November,European Commissioner for Health and Food Safety, Vytenis **Andriukaitis** is in Veghel, the Netherlands. He will visit Agrifirm, member of the Dutch association of former foodstuff processors. Later on Tuesday, he will visit Three Sixty, Ecosystem for circular economy in action, together with Ms Carola Schouten, Minister of Agriculture, Nature and Food Quality of the Netherlands. The Commissioner will also meet with the Dutch Taskforce Circular Economy in Food. For more information: *Anca Paduraru – Tel.: +32 229 91269*; Aikaterini Apostola – Tel.: +32 229 87624)

Commissioner Avramopoulos in Lisbon to discuss security on land, at sea and on the internet

Commissioner for Migration, Home Affairs and Citizenship Dimitris

Avramopoulos will be in Lisbon on 28 November to meet the directors of the nine EU agencies working on justice and home affairs – Europol, the European Border and Coast Guard Agency, the European Asylum Support Office (EASO), eu-LISA, the European Monitoring Centre for Drugs and Drug Addiction (EMCDDA), the European Police College (CEPOL), Eurojust, the Fundamental Rights Agency (FRA), and the European Institute for Gender Equality (EIGE). They will discuss their collaboration on migration and security issues with a focus on border management and the fight against organised crime. The meeting is being hosted by the EMCDDA and is part of the ongoing close cooperation between the agencies, formally established in a network since 2006. Commissioner Avramopoulos will also meet the newly-appointed Portuguese Minister of Internal Affairs, Eduardo Cabrita, and the Director of the Maritime Analysis and Operations Centre, Michael O'Sullivan. In a press conference at 11:45 CET Commissioner **Avramopoulos**will present a report on drugs and the darknet co-authored by Europol and the EMCDDA, together with the directors of the two agencies, Rob Wainwright and Alexis Goosdeel respectively. The press conference will be available on EbS. *(For more information: Natasha Bertaud – Tel.: +32 2 296 74 56, Tove Ernst – Tel.: +32 229 86764; Thomas Kramer – Tel.: +32 229 58602)*

Commissioner Bulc hosts the EU-Turkey High Level Transport Dialogue

Commissioner for Transport Violeta **Bulc** today received Mr Ahmet Arslan, Minister of Transport, Maritime Affairs and Communication of Turkey, for the EU-Turkey High Level Transport Dialogue. Together, they discussed a number of issues of mutual interest, including the infrastructure connections between the EU and Turkey, road safety and aviation cooperation. They also agreed on a concrete roadmap to pursue and deepen the High-Level dialogue in the future. Commissioner **Bulc** said, "*Transport clearly is an area of common interest for the EU and Turkey. The High-Level dialogue can create a new momentum in our cooperation, and I look forward to continue building on this positive agenda.*" Press statements by Commissioner **Bulc** and Minister Arslan will shortly be available on EBS. *(For more information: Enrico Brivio – Tel.: +32 229 56172; Alexis Perier – Tel.: +32 229 6 91 43)*

Commissioner Bulc and EESC President Dassis launch platform for equal opportunities in the transport sector

Commissioner for Transport Violeta **Bulc** and Georges Dassis, President of the European Economic and Social Committee (EESC) will be joined by Kadri Simson, Minister of Economic Affairs and Infrastructure of Estonia and Karima Delli, Chair of the Transport Committee of the European Parliament, for the launch of the EU Platform for Change later today in Brussels. This initiative aims to increase female employment and equal opportunities in the transport sector. The Platform was developed in cooperation with the European Economic and Social Committee to give transport companies and organisations the possibility to highlight their initiatives for gender equality and to exchange good practices. To show their commitment, organisations dedicated to equal opportunities in transport will sign an official Declaration at the event. The Declaration will also be opened for signature online. Commissioner **Bulc** said: "*Only 22% of transport workers are women. There is a huge potential for the sector to improve equal opportunities and I am excited that* *companies and organisations agree on this and are committing themselves to the increase of female employment. By engaging women and men together towards gender equality we will ensure that our societies will flourish at all levels."* More information here. *(For more information: Enrico Brivio – Tel.: +32 229 56172; Alexis Perier – Tel.: +32 229 6 91 43)*

Commissioner Jourová participates in the European Platform for Roma Inclusion on the transition from Education to Employment

Tomorrow and Wednesday, the European Commission is organising the 11th European Platform for Roma Inclusion. On Tuesday morning, Commissioner **Jourová** will open his edition dedicated to the topic of the transition of young Roma from education to employment, as Roma are still the most underrepresented group on the labour market. Věra **Jourová,** Commissioner for Justice, Consumers and Gender Equality said ahead of the Platform: "*Europe cannot afford to let young Roma fail to fulfil their potential. The growing proportion of young Roma not in education, employment or training is worrying. Policy-makers need to look carefully at the causes and address them. Poverty, low levels of education, discrimination in both education and employment constitute serious barriers for Roma to obtain stable jobs."* Over these two days, government representatives, local and regional authorities, civil society organizations, international organizations, and European institutions representatives participants will engage in debates related to the transition of young Roma from education to employment**.** The outcomes of the discussions will be presented to decision makers, representatives of education, employers, businesses and other stakeholders. More information about the event can be found here. You can follow the event live online here. *(For more information: Christian Wigand – Tel.: +32 229 62253; Mélanie Voin – Tel.: +32 229 58659)*

Commissioner King to speak at meeting of National Parliaments

Tomorrow Commissioner **King** will be in Tallinn, Estonia, where he will take part in a meeting of the Conference of Parliamentary Committees for Union Affairs of Parliaments of the EU (COSAC), hosted by the Estonian Council Presidency. Commissioner King will deliver a keynote speech on "State of play – building an effective and sustainable Security Union" during the fourth session of the conference. More information is available on the COSAC website here. *(For more information: Tove Ernst – Tel.: +32 229 86764; Kasia Kolanko – Tel.: +32 229 63444)*

Upcoming events of the European Commission (ex-Top News)

[Payment Services Directive (PSD2): Regulatory Technical Standards (RTS) enabling consumers to benefit from safer and more innovative electronic payments]

1. Rationale, objectives and process

What are the objectives of PSD2?

The revised Payment Services Directive (PSD2), which enters into application on 13 January 2018, will facilitate innovation, competition and efficiency. It will give consumers more and better choice in the EU retail payment market. At the same time, it will introduce higher security standards for online payments. This will make consumers more confident when buying online. PSD2 scope extends to innovative payment services and new providers in the market, such as FinTechs. These players are also called third party payment services providers (TPPs). TPPs include:

- payment initiation services providers (PISPs): these initiate payments on behalf of customers. They give assurance to retailers that the money is on its way.

- aggregators and account information service providers (AISPs): these give an overview of available accounts and balances to their customers.

What are the objectives of the Regulatory Technical Standard?

Market players need specific requirements to comply with the new obligations in PSD2. To this end, PSD2 empowers the Commission to adopt regulatory technical standards (RTS) on the basis of the draft submitted by the European Banking Authority (EBA).

The security measures outlined in the RTS stem from two key objectives of PSD2: ensuring consumer protection and enhancing competition and level playing field in a rapidly changing market environment.

Consumer protection is achieved through increasing the level of security of electronic payments. This is why the RTS introduces security requirements that payment service providers must observe when they process payments or providing payment-related services. Payment services providers include banks and other payment institutions. These standards define the requirements for strong customer authentication and the instances when payment service providers can be exempted from such authentication.

Another key objective is bringing more competition and innovation in the retail payment market. In this context, the RTS includes two new types of payment services, the so-called payment initiation services and the account information services.

Has the Commission amended the RTS submitted by the EBA?

The Commission made some limited substantive amendments to the draft RTS submitted by the EBA. This was done to better reflect the mandate of PSD2 and to provide further clarity and certainty to all interested parties.

When will the new rules become applicable?

PSD2 will become applicable as of 13 January 2018, except for the security measures outlined in the RTS. These will become applicable 18 months after the date of entry into force of the RTS. Subject to the agreement of the Council and the European Parliament the RTS is due to become applicable around September 2019.

To what type of accounts will this RTS apply to?

The RTS only covers payment accounts in the scope of PSD2, i.e. accounts held by one or more payment service users which can be used for the execution of payment transactions. While this definition has not changed with the adoption of PSD2, the list of payment services has evolved. It includes payment initiation services and account information services.

2. Strong Customer Authentication (SCA)

How will the new RTS enhance security for electronic payments?

Thanks to PSD2 consumers will be better protected when they make electronic payments or transactions (such as using their online banking or buying online). The RTS makes strong customer authentication (SCA) the basis for accessing one's payment account, as well as for making payments online.

This means that to prove their identity users will have to provide at least two separate elements out of these three:

- something they know (a password or PIN code);
- something they own (a card, a mobile phone); and
- something they are (biometrics, e.g. fingerprint or iris scan).

Strong customer authentication is already commonly used throughout the EU. For example, when customers pay with a card at brick-and-mortar shops they are required to validate a transaction by typing their PIN codes on card readers. However, this is not the case for electronic remote payment transactions, be it a card payment or a credit transfer from an online bank.

For these transactions, SCA already is applied in some EU countries only (including Belgium, the Netherlands and Sweden). In other EU countries some payment service providers apply SCA on a voluntary basis.

The RTS sets out that strong customer authentication must be used to access one’s payment account and to make online payments. Banks and other payment service providers will have to put in place the necessary infrastructure for SCA. They will also have to improve fraud management. Consumers and merchants will have to be equipped and trained to be able to operate in a SCA environment.

The RTS also allows for exemptions from strong customer authentication. This is to avoid disrupting the ways consumers, merchants and payment service providers operate today. It is also because there may be alternative authentication mechanisms that are equally safe and secure. However, payment service providers that wish to be exempted from SCA must first apply mechanisms for monitoring transactions to assess if the risk of fraud is low.

All payment service providers will need to prove the implementation, testing and auditing of the security measures. In case of a fraudulent payment, consumers will be entitled to a full reimbursement.

For online payments, security will be further enhanced by linking, via a one-time password, the online transaction to its amount and to the beneficiary of the payment. This practice ensures that in case of hacking, the information obtained by a potential fraudster cannot be re-used by for initiating another transaction. This procedure is already in application in countries such as Belgium and has led to significant fraud reduction for online payments.

When will strong customer authentication become mandatory?

The use of SCA will become mandatory 18 months after the entry into force of the RTS, i.e. once the RTS is published in the Official Journal of the EU, scheduled for September, 2019.

This will allow payment service providers, including banks, sufficient time to adapt their security systems to the increased security requirements defined in PSD2.

What about security of corporate payments?

The RTS also caters for the security of payments that are carried out in batches. This is the way most corporates make payments, rather than one by one. The new rules also take into account host-to-host machine communication, where for example the IT system of a company communicates with the IT system of a bank to send messages for paying invoices. Security mechanisms for this type of communication systems can be as effective as strong customer authentication. Therefore, they can benefit from an exemption from the SCA, if this is approved by national supervisors.

Could SCA have a negative impact on e-commerce?

The Commission wants to foster the development of e-commerce by building consumer trust. At the same time, the Commission wants to reduce fraud affecting online payments, which are particularly at risk. This entails a higher level of security and may require e-commerce market players to adapt their IT systems or their business models so that they are more secure.

Merchants will still be able to apply risk analysis to transactions with their customers. This method is often applied to card payments. The RTS does not prevent merchants from continuing to do so. Both PSD2 and today's RTS are addressed only to payment service providers, including the banks of the consumers and those of the merchants. Merchants are not in the scope of the RTS. It will be for merchants and their payment service providers to agree on how to meet the objective of reducing fraud.

3. Common and secure communication

How will common and secure communication work?

PSD2 establishes a framework for new services linked to consumer payment accounts, such as the so-called payment initiation services and account information services. In this context, the RTS specify the requirements for common and secure standards of communication between banks and FinTech companies.

Consumers and companies will be able to grant access to their payment data to third parties providing payments-related services (TPPs). These are, for example, payment initiation services providers (PISPs) and account information service providers (AISPs). TPPs are sometimes FinTech companies, but could also be other banks.

Customers will have to give their consent to the access, use and processing of their data. TPP will not be able to access any other data from the payment account beyond those explicitly authorised by the customer.

Banks will have to put in place a communication channel that allows TPPs to access the data that they need. This communication channel will also enable banks and TPPs to identify each other when accessing customer data and communicate through secure messaging at all times.

Banks may establish this communication channel by adapting their customer online banking interface. They can also create a new dedicated interface that will include all necessary information for the payment service providers.

The rules also specify the contingency safeguards that banks have to put in place when they decide to develop a dedicated interface (the so-called "fall back mechanisms"). The objective of such contingency measures is to ensure continuity of service as well as fair competition in this market.

What makes a good dedicated communication interface?

According to the RTS, all communication interfaces, whether dedicated or not, will be subject to a 3-month 'prototype' test and a 3-month 'live' test in market conditions. The test will allow market players to assess the quality of the interfaces put in place by account servicing payment service providers, including banks.

A quality dedicated communication interface should offer at all times the same level of availability and performance the interfaces made available to a consumer or a company for directly accessing their payment account online. In addition, a quality dedicated interface should not create obstacles to the provision of payment initiation or account information services.

Payment service providers, including banks, will have to define transparent key performance indicators and service level targets for the dedicated communication interfaces, if they decided to set them up. These performance indicators should be at least as stringent as those set for the online payment and banking platforms used by the customers.

The Commission is promoting the set-up of a market group, composed of representatives from banks, payment initiation and account information service providers and payment service users. This group will review the quality of dedicated communication interfaces. This follows up on the work carried out by the Euro Retail Payments Board on payment initiation services.

Can banks be exempted from setting up a fall-back mechanism?

Yes. They can be exempted if they put in place a fully functional dedicated communication interface responding to the quality criteria defined by the regulatory technical standards. National authorities will grant the exemption to individual banks by national authorities, after having consulted the EBA. The role of the EBA is to ensure that national authorities have similar interpretations when they assess of the quality of dedicated interfaces. Divergences of interpretation would be detrimental to the good functioning of the Single Market for retail payments.

A national authority can revoke the exemption where a dedicated communication interface no longer meets the quality criteria defined under the RTS, for more than two consecutive calendar weeks. In this case, the national authority also informs EBA. The national authority also ensures that the bank establishes an automated fall-back mechanism. This must happen in the shortest time possible, and within 2 months at the latest.

4. Protection of personal data

How is personal data protected?

Account holders can exercise control over the transmission of their personal data under both PSD2 and the Data Protection Directive (under the General Data Protection Regulation or GDPR as from May 25 of 2018). No data processing can take place without the express agreement of the consumer. In addition, payment service providers can only access and process the personal data necessary for the provision of the services the consumer has agreed to.

PSD2 regulates the provision of new payment services which require access to the payment service user´s data. For instance, this could mean initiating a payment from the customer’s account or aggregating the information on one or multiple payment accounts held with one or more payment service providers for personal finance management. When a consumer seeks to benefit from these new payment services, she or he will have to request such service explicitly from the relevant provider.

Payment service providers must inform their customers about how their data will be processed. They will also have to comply with other customers' rights under data protection rules, such as the right of access or the right to be forgotten. All payment service providers (banks, payment institutions or new providers) must comply with the data protection rules when they process personal data for payment services.

What data can TPPs access and use via "screen scraping"?

PSD2 prohibits TPPs from accessing any other data from the customer payment account beyond those explicitly authorised by the customer. Customers will have to agree on the access, use and processing of these data.

With these new rules, it will no longer be allowed to access the customer's data through the use of the techniques of "screen scraping". Screen scraping means accessing the data through the customer interface with the use of the customer's security credentials. Through screen scraping, TPPs can access customer data without any further identification vis-à-vis the banks.

Banks will have to put in place a communication channel that allows TPPs to access the data that they need in accordance with PSD2. The channel will also be used to enable banks and TPPs to identify each other when accessing these data. It will also allow them to communicate through secure messaging at all times.

Banks may establish this communication channel by adapting their customer online banking interface. They may also create a new dedicated interface that will include all necessary information for the relevant payment service providers.

The RTS specifies the contingency safeguards that banks shall put in place if they decide to develop a dedicated interface. This will ensure fair competition and business continuity for TPPs.

5. Transition period

Can TPPs continue to use screen scraping during the transition period?

There will be transition period between the application date of PSD2 (13 January 2018) and the application date of the RTS (18 months after publication of the delegated act in the Official Journal of the EU). Payment market players need this transition period to upgrade their payments security systems so that they meet the RTS requirements.

This means that the PSD2 provisions on strong customer authentication and on secure communication, which are directly specified in the RTS, will not apply immediately. In other words, the application of security measures in Articles 65, 67 and 97 of PSD2 is postponed until the RTS becomes applicable. However, those parts of Articles 65, 67 and 97 that are not dependent on the RTS will apply as of 13 January 2018.

The delayed application of the RTS should not create any difficulties for the provision of existing payment-related services by market players that have been operating in Member States before 13 January 2016. Article 115(5) of PSD2 ensures the continuity of these services. These payment services providers should still apply for the relevant authorisation under PSD2 to their national authority as soon as possible.

New payment initiation service providers and account information service providers willing to provide these services must obtain the relevant authorisation to enter the market during the transition period.

Keynote speech by Vice-President Ansip at the opening ceremony of the 6th EU-Africa Business Forum

Distinguished guests, ladies and gentlemen

Today, we face one simple question. How to provide enough jobs for young people in Africa?

There is no obvious or simple answer.

I can, however, offer a partial answer: Africa’s private sector.

It can help to tackle youth unemployment. It can help to provide sustainable quality jobs and create inclusive growth.

By 2035, according to the IMF, sub-Saharan Africa will have more working-age people than the rest of the world’s regions combined.

Such a rapid rate of growth should be encouraging for the region.

But how do you create enough jobs to absorb a growing labour force with hundreds of millions of new workers?

We are not just talking about numbers of jobs. They should also be decent and sustainable.

For young people, and here I quote the International Labour Organization, job quality is a major concern – especially in emerging and developing countries.

If it does not satisfy, employment becomes vulnerable. People think about looking for a better life elsewhere with better conditions.

Quality jobs matter – for people, and for a country’s development.

This Business Forum will look at areas where the situation could be improved.

Not only how to create the best conditions for long-term private investment, but also how to support jobs for young people – especially women.

By connecting and developing business partnerships: locally, regionally and beyond. By going digital as far as possible. And by developing the right skills, matching them with market needs.

That is why we are all here today.

I often hear the message that money is not always the sole issue.

Yes, investment is vital.

But it has to be targeted and considered to get the maximum benefit.

I mentioned the importance of job support for youth and women.

Both of these themes will run through our discussions today.

There is a long list of how the private sector can help. More access to finance, improving financial and business advisory services, vocational training, mentorship – just to start with.

Our EU’s External Investment Plan addresses many issues relevant to Africa. It identifies priority areas for investment, including support for businesses of all sizes, including micro-startups. It focuses on three of our discussion areas: sustainable energy, agriculture and the digital economy.

Briefly, with sustainable energy, Africa has huge potential.

At the moment, its largest source of electricity generation is based on fossil fuels, despite this being the world’s most expensive way of producing energy.

Agriculture’s importance to the African economy is well known.

If you include post-harvest activities, agriculture-related industry accounts for nearly half of all economic activity in sub-Saharan Africa.

Africa has huge amounts of fertile and unused land. But it spends many billions of euros every year to import food.

Digitisation is reshaping Africa, where about half of the continent’s population now owns a mobile phone.

In some countries, more people have access to a mobile phone than to clean water, a bank account or electricity. The explosion in mobile payments has created more financial inclusion than ever before.

But there is still a long way to go.

And it is where Europe can help, with the DSM and our D4D initiative. To invest in digital infrastructure, develop the right skills, help emerging tech startups to grow and scale up; to encourage cross-sector digital services like e-government, e-health and e-agriculture.

It is how we can form a digital partnership between EU and African digital entrepreneurs.

But to succeed in all these areas, we need the involvement and commitment of investors and the business community.

They are the ones taking the opportunities. But most of all: the risks.

That requires political commitment from governments and decision-makers – to create stable and predictable environments that are based on fair competition.

This Business Forum is a chance to find the best ways to work together, to build our economies and create more jobs for our youth – on both continents.

Thank you.

For More Information

6th EU-Africa Business Forum