

MFSA

MALTA FINANCIAL SERVICES AUTHORITY

Circular to Payment Services Providers on EBA Consultation Paper on draft Regulatory Technical Standards specifying the requirements on authentication and communication under PSD2

On 12 January 2016, the [Directive \(EU\) 2015/2366](#) on payment services in the internal market (hereinafter ‘PSD2’) entered into force in the European Union, and will apply from 13 January 2018. Article 98 of the PSD2 mandates the European Banking Authority (hereinafter “EBA”) to develop draft regulatory technical standards (hereinafter “RTS”), in close cooperation with the European Central Bank, on, *inter alia*, the requirements of strong customer authentication, and any exemptions thereto, as well as the requirements on common and secure communication. In this regard, on 12 August 2016, the EBA published a [Consultation Paper](#) on draft technical standards on strong customer authentication and common and secure communication under the PSD2, with the aim of ensuring appropriate levels of security, while at the same time maintaining fair competition between all payment service providers and allowing for the development of user-friendly, accessible and innovative means of payment.

Pursuant to the above, the Authority would hereby like to draw the attention of all payment services providers to the above-mentioned Consultation Paper. Payment service providers may also wish to note that the EBA plans to publish the final draft RTS, as provided by the PSD2, within 12 months of entry into force of the PSD2 (i.e. by 12 January 2017). In accordance with Article 115 of the PSD2 however, the RTS will only be applicable 18 months after its adoption by the European Commission, which would suggest an application date of the RTS of October 2018 at the very earliest. **Once applicable, the RTS will replace the current framework under the EBA Guidelines on the security of internet payments as implemented locally through Financial Institutions Rule FIR/04.** The Authority would therefore encourage payment services providers to keep up to date on the developments relating to the requirements of strong customer authentication and any exemptions thereto.

The intervening period should provide the industry with sufficient time to develop industry standards and/or technological solutions that are compliant with the EBA's RTS.

Any comments on the Consultation Paper are to be sent to the EBA by 12th October 2016, by using the relevant link on the following webpage:

<http://www.eba.europa.eu/regulation-and-policy/payment-services-and-electronic-money/regulatory-technical-standards-on-strong-customer-authentication-and-secure-communication-under-psd2>

Interested third parties may also attend a public hearing being organised by the EBA on the subject matter, which will take place at the EBA premises on Friday 23 September 2016, from 14.00 to 17.00 UK time. Registrations can also be made by filling in the registration form available at the above webpage.

Communications Unit
Malta Financial Services Authority
12th September 2016