



**Electronic Money Association**

Crescent House

5 The Crescent

Surbiton

Surrey

KT6 4BN

United Kingdom

Telephone: +44 (0) 20 8399 2066

Facsimile: +44 (0) 870 762 5063

[www.e-ma.org](http://www.e-ma.org)

Bank of Lithuania  
Gediminas ave 6,  
LT-01103 Vilnius

By email: [gpeseckaite@lb.lt](mailto:gpeseckaite@lb.lt)

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Dear Sirs

**Re: Bank of Lithuania consultation on improvement of reporting procedures**

The EMA is the EU trade body representing electronic money issuers and innovative payment service providers (“PSPs”). Our members include leading payments and ecommerce businesses worldwide, providing online payments, card-based products, electronic vouchers and mobile payment instruments. Most members operate across the EU, most frequently on a cross-border basis, and a number of EMA members have recently obtained – or are currently applying for- licences in Lithuania.

A list of current EMA members is provided at the end of this document.

The EMA welcomes the opportunity to provide our comments to the Bank of Lithuania on the consultation on improvement of reporting procedures. Please see annex A of this letter for our comments.

Please let us know if you have any questions.

Kind regards

Thaer Sabri  
Chief Executive Officer  
Electronic Money Association

## **Annex A**

### **Bank of Lithuania Questions on the consultation on improvement of reporting procedures:**

#### **Q1 What challenges (clarity, efficiency, convenience or other) do you face when preparing and submitting reports or data sets to the Bank of Lithuania?**

1. The Bank of Lithuania currently does not provide any overview of reporting requirements and deadlines. Such an overview would ensure markets participants have a correct and complete understanding of what is expected from them.
2. Reporting tools are adopted to use via Windows environment, which is inconvenient for institutions that work in Mac OS environment.
3. Reporting requirements are provided in Lithuanian which complicates work for centralized reporting teams.
4. The requirement to submit reports in Lithuanian increases costs and complicates work for centralized reporting teams.
5. FRAUD reports: the current reporting format for FRAUD reports (on the refusal to reimburse a payment transaction and, where applicable, to recover the balance of the account where the fraud is suspected) requires a responsible person to sign in to the system with a security token and enter the data manually. Not only is this process inefficient in terms of firm resources, it is also subject to a high degree of risk of human error. We propose that an automated system be introduced for this reporting requirement.

#### **Q2 Please estimate, if possible, how many FTEs (full-time equivalents (full working day)) does your company need per year (on average) to prepare and submit reports to the Bank of Lithuania before approving them? Please indicate which reporting phases (stages) lasts the longest and require the most resources (an approximate expert assessment is also appropriate):**

- **preparation or collection of data in the company;**
- **data processing, report preparation;**
- **reconciliation of reports with management;**
- **submission of reports to the Bank of Lithuania and signing;**
- **data reliability assessment at the Bank of Lithuania (before approval of reports).**

No comments.

**Q3 Please, describe briefly how and to what extent the current reporting to the Bank of Lithuania could be changed. We invite you to provide suggestions, how to reduce the administrative burden of data (reporting) collection.**

The EMA suggests that the Bank of Lithuania should consider providing consolidated reporting templates (using SQL for example), which could then be relied upon by firms for a reasonable period of time. As long as the templates were not updated frequently, this would assist firms significantly in reducing the administrative burden, and in developing internal procedures for more efficient regulatory data reporting.

FRAUD reports: we propose that an automated process be introduced for the reporting of the required data, without the need for an individual to login. This would streamline the reporting process, increase the efficient use of resources and reduce the risk of human error.

**Q4 How would you rate the centralization of the reporting system and where this feature could be concentrated?**

The EMA sees benefit in centralizing the reporting system and therefore unifying it between EU countries. Financial Market Participants (hereinafter FMP) established in multiple jurisdictions would benefit from such unification. Moreover, the number of resources available for other compliance and regulatory work would increase.

**Q5 Which reports do you think should start with the smooth implementation of the changes you have indicated (in response to questions Q3 and Q4)?**

No comments.

**Q6 Are you applying or planning to apply BIRD – Banks Integrated Reporting Dictionary. If you apply other data management standards, please identify it and share your experience with it.**

The application of the BIRD demands a lot of time and resource. We acknowledge that unifying the data dictionary could potentially enhance the quality of reporting and (partly) eliminate bias between market participants when interpreting requirements. However, it would require changes to the current data models in order to align them with BIRD. This may introduce significant cost, outweighing the apparent benefits for FMPs.

**Q7 Please name what way of microdata transfer would seem most perspective to you:**

**(a) according to the specification published by the Bank of Lithuania, the technical solution is prepared by your company (organization) with its IT resources;**

**(b) The Bank of Lithuania prepares a technical solution, and your company (organization) uses its own IT resources to implement it;**

**(c) the Bank of Lithuania acquires the technical solution and the incurred costs are covered in accordance with the methodology;**

**(d) Other (please specify).**

We prefer option (a).

**Q8 Please indicate which microdata that is used in the reports would not be able to be provided to the Bank of Lithuania. Which reports use this microdata and what are the reasons for confidentiality?**

In general whilst we understand and support the Bank of Lithuania's objective to improve the efficiency of reporting data for regulated entities, the proposal to introduce a "pull" method to obtain microdata gives rise to broader concerns for EMA members.

The impact on consumer trust could be profound, as consumers may begin to see payment service providers as the channel by which their personal data is transferred to government. This personal and potentially sensitive data may include information regarding the services or merchants purchased by the consumer for example. We do not believe that the wholesale collection of such data is consistent with consumers' expectations of privacy and trust in business dealings.

We therefore urge the Bank of Lithuania to pay due regard to data protection<sup>1</sup> and the right to privacy<sup>2</sup> when developing this solution.

We suggest the following

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<sup>1</sup> The third data protection principle states: "*Personal data shall be adequate, relevant and not excessive in relation to the purpose or purposes for which they are processed.*" (Paragraph 3 Part I Schedule 1 to the Data protection Act 1998). Additionally, articles 8(1) and 8(2) of the Charter of Fundamental Rights of the European Union ("CFREU") state: "*1. Everyone has the right to the protection of personal data concerning him or her. 2. Such data must be processed fairly for specified purposes and on the basis of the consent of the person concerned or some other legitimate basis laid down by law. Everyone has the right of access to data which has been collected concerning him or her, and the right to have it rectified.*"

<sup>2</sup> Data privacy: Article 8 of the European Convention on Human Rights (set out in Schedule 1 to the Human Rights Act 1998) and article 7 CFREU.

- Limitations should be introduced to ensure the Bank of Lithuania only has access to the data necessary to perform their supervisory functions, and not to personal or sensitive data belonging to the clients of regulated entities.
- Internal safeguards should be introduced around the storage and processing of the data by the Bank of Lithuania, once collected.

**Q9 Please indicate what reports or insights you would like to receive:**

**(a) reports based only on the data provided by your company (organization), which allow for a more in-depth analysis of this data (readability of the report with access to the raw data);**

Yes

**(b) reports based on aggregated market-wide data, which allow for a more in-depth analysis (to the extent that the rights granted allow);**

Yes

**(c) reports to be submitted to other supervisory authorities (e.g. ECB, EBA);**

Yes

**(d) alerts, other reports (specify);**

Alerts for any (potential) inconsistencies

**(e) other (please specify).**

Benchmarking report, comparisons against other market participants. Variance analysis between periods.

**Please provide a broader comment.**

**Q10 Any other your comments or suggestions.**

A roadmap of any upcoming changes to the current reporting system and requirements should be provided to market participants so they can plan in advance to ensure the necessary resources for testing and implementation are available.

## List of EMA members as of September 2020

[AAVE LIMITED](#)  
[Account Technologies](#)  
[Airbnb Inc](#)  
[Airwallex \(UK\) Limited](#)  
[Allegro Group](#)  
[American Express](#)  
[Azimo Limited](#)  
[Bitstamp](#)  
[BlaBla Connect UK Ltd](#)  
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[Crypto.com](#)  
[Curve](#)  
[eBay Sarl](#)  
[ECOMMPAY Limited](#)  
[Em@ney Plc](#)  
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[Facebook Payments International Ltd](#)  
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[Flex-e-card](#)  
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[Globepay Limited](#)  
[GoCardless Ltd](#)  
[Google Payment Ltd](#)  
[IDT Financial Services Limited](#)  
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[myPOS Europe Limited](#)  
[Nvayo Limited](#)  
[OFX](#)  
[OKTO](#)  
[One Money Mail Ltd](#)  
[OpenPayd](#)  
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[Own.Solutions](#)  
[Park Card Services Limited](#)  
[Paydoo Payments UAB](#)  
[Paymentsense](#)  
[Payoneer](#)  
[PayPal Europe Ltd](#)  
[Paysafe Group](#)  
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[TrueLayer Limited](#)  
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[Vitesse PSP Ltd](#)  
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[WEX Europe UK Limited](#)  
[Wirecard AG](#)  
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