



**Electronic Money Association**

68 Square Marie-Louise

Brussels 1000

Belgium

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

Gabriel Makhoulouf  
Governor  
Central Bank of Ireland  
PO Box 9708  
Dublin 1  
D01 F7X3

[strategy@centralbank.ie](mailto:strategy@centralbank.ie)

7 May 2021

Dear Gabriel

**Re: EMA submission to the Central Bank of Ireland on the Strategic Plan 2022 – 2025**

Thank you for the invitation to submit our views on the Central Bank of Ireland's Strategic Plan 2022 – 2024. We are very grateful for the opportunity to contribute towards the CBI's process for future planning and prioritisation setting.

The EMA is the EU trade body representing electronic money issuers and alternative payment service providers. Our members include leading payments and e-commerce businesses worldwide, providing online payments, card-based products, electronic vouchers, cryptocurrencies, open banking, and mobile payment instruments. Most members operate across the EU, most frequently on a cross-border basis, and a large number (around 25% of our 87 members) have obtained – or are applying for - licences to operate from the Central Bank of Ireland. A list of current EMA members is provided at the end of this document.

I would be grateful for your consideration of our suggestions.

Yours sincerely,

A handwritten signature in black ink that reads 'Thaer Sabri'. The signature is written in a cursive style with a long horizontal stroke underneath.

Dr Thaer Sabri  
Chief Executive Officer  
Electronic Money Association

## EMA response

### **Q1. What do you consider to be the key current and emerging risks and issues that the Central Bank should consider in the development of our next strategic plan?**

We have set out our response to this question in two parts: firstly the emerging risks and issues that the CBI should consider in general, and secondly the emerging risks and issues that should be considered specifically in the context of the payments services and e-money sectors.

#### i) Broad risks/issues:

(a) Financial stability; the long-term impact of the COVID 19 pandemic on financial stability is as yet unknown, and is likely to lead to numerous knock-on effects on consumers and businesses, not only in Ireland but at a wider EU/global scale. Addressing the risks related to this development should shape the CBI's priorities for the next few years.

(b) Consumer protection; a long-standing priority of the CBI, maintaining a positive consumer focused culture within regulated firms will be all the more important in the coming years, as consumers and businesses alike take action to recover from the impact of the COVID 19 pandemic. In particular the risk of financial service providers exiting the Irish market should be addressed, and appropriate run-off regimes agreed and applied in order to provide protection for consumers and their investments.

(c) Growth of the Fintech sector, and in particular non-bank providers of traditional financial services – please see below a number of emerging risks and issues related to the growth of the Fintech sector in Ireland.

#### ii) Payments/E-money risks/issues:

(a) Ongoing challenge of managing the changes brought about by Brexit: although the transition period ended on 31 December 2020, the impact of Brexit continues to be felt in the payment services/e-money sector. The number of firms applying for a licence with the CBI to offer payments, e-money or crypto asset services continues to increase, and existing applications will continue to require ongoing and substantial CBI resources. Not appointing sufficient resource to this process may have a reputational impact on the CBI over time.

(b) Growth in volume of PSPs authorised in Ireland; the risks associated with supervising a varied, complex and growing sector may be very different from those identified and associated with the traditional banking or payments sector in Ireland. The CBI will need to ensure both that there are enough resources in terms of staff numbers, and that those staff have appropriate levels of expertise and understanding of these entities in order to identify, quantify, and manage any new risks, or familiar risks in new forms.

(c) Competition issues; as more fintechs enter the marketplace, competition with the traditional banking/payments sector may increase, leading to anti-competitive reactions. Activities that may have been acceptable in the past may no longer be accepted by non-traditional players. For example the Synch JV project proposes to introduce a new instant payments solution in Ireland, but without the use of SEPA Instant, which is used by the

majority of PSPs operating across the EEA, and creates a barrier for firms wishing to enter the Irish market. Another area where competition issues arise is in the provision of banking or payment accounts for non-bank PSPs. The CBI will need to play a facilitation role, promoting dialogue and cooperation within the sector.

## **2. In the context of our role and mandate, what do you consider the Central Bank's priorities should be for the next strategic plan?**

i) Broad priorities:

(a) Enhanced engagement and dialogue within the CBI, and externally with the regulated sector: we welcome the CBI's ongoing CP 136 on enhancing engagement with stakeholders, and consider this should continue to be an overall priority for the CBI. In particular, we would welcome the inclusion of the payments, e-money, and crypto sector at any formal CBI industry dialogue opportunities. We support a more formalised engagement with the e-money and payments sectors in particular. We also encourage greater cross-departmental engagement/sharing of information; firms find they must repeatedly present their business models and products to different teams post-authorisation.

(b) Enhanced CBI Capability: as the payments and e-money sector increases in size, and variety of business model/product type, it will be important to ensure CBI staff have the appropriate understanding and experience to be able to identify and mitigate the risks arising through the growth of this sector.

(c) Encouraging innovation within financial services sector: we would welcome further support for innovation in the financial services sector. Brexit has offered the CBI a unique opportunity to welcome a large number of international firms, and encouraging innovation and entrepreneurship will continue to ensure Ireland remains an attractive home for these firms as well as many others. We welcome the setting up of the Innovation Hub, and suggest that the CBI consider other measures that can be taken to reduce barriers to business for smaller Fintech startups. For example the Innovation Hub could offer a forum for discussion regarding the interpretation of regulatory requirements, thus increasing consistency and transparency of approach by the CBI, and a common understanding with the regulated sector at the same time. The CBI may also wish to consider opening up the strategy-setting process for the Innovation Hub to market participants in order to ensure that issues that are of most importance for start-ups are addressed.

(d) Review of the Fitness & Probity approval process and regime; a common theme from firms in the regulated sector are issues associated with the F&P approval process. This includes:

- The hiring of new staff, who have to wait for lengthy F&P process to complete before they can take on their responsibilities. This results in a great deal of uncertainty for both the role-holder and the firm. A new methodology for F&P pre-approval of PCF roles would greatly improve this situation.
- The challenge of identifying individuals with the appropriate skill-set based in Ireland. Firms seek recognition that some individuals will build their experience in the role over time.

- An inconsistent approach towards expected competencies and capabilities of role-holders, and towards communication with the firm.

(e) Learnings from Covid 19: firms' experience adjusting their operations and working practices to allow individuals to work remotely offers the CBI an opportunity to reconsider CBI policy around the location of staff. We would welcome a review of the risks to the core objectives of the CBI that working remotely does (or does not) pose, and a reconsideration of the policy of requiring staff to be present in Ireland.

(f) Transparency and clarity around supervisory expectations and published data: we welcome the publication of various forms of Guidance over the last year or so, as well as the regular dialogue with the regulated sector that the CBI has engaged in. Firms would also welcome more transparency around, for example:

- supervisory plans e.g. any themed inspection plans so firms can plan proactively.
- the annual agenda for reporting requirements, as well as publication of the aggregate statistics collected from firms. This could include the quarterly financial data submitted by EMIs and PIs, as well as payment fraud and volume data. This can help firms understand their relative exposure to certain types of risk, and thus take steps to manage this risk.
- Complaint resolution: further detail around the data published in relation to complaints, such as how many complaints remained outstanding or were resolved over determined periods of time; and any action taken by the CBI to address complaint resolution efforts. This will help firms improve their complaints handling processes.
- Applications for Authorisation being Withdrawn or Dormant: for example any rationale behind the numbers, what "dormant" means, a breakdown showing which markets are most affected, what percentage of Withdrawals were initiated by the Central Bank, and how many dormant applications resume at a later stage.

## ii) Payments/E-money priorities:

(a) Open banking – ensuring an active and vibrant ecosystem is able to develop. PSD2 introduced an opportunity for a whole sector of new PSPs to innovate and grow. However, the success of Open Banking in Ireland will be dependent in large part on the role of the CBI. A successful open banking ecosystem will require effective supervision of banks' APIs, including sanctions where necessary, and an improved communication mechanism/channel between TPPs & the CBI on technical issues.

(b) Retail payments – migration to SEPA instant and ensuring clearing and settlement over the weekend; this will ensure interoperability across the EU, and will support a variety of innovative payment solutions in Ireland, benefiting consumers and Fintech alike.

(c) Crypto regime – developing a regulatory regime that is fit for purpose.

(d) Ensuring sufficient resource in the payments/e-money authorisation and supervision departments, including in relation to the F&P approval process, in order to deal with the increased number of authorisations, variations of permission, activities and operations, F&P

applications and day-to-day supervisory engagements. As Ireland becomes the jurisdiction of choice for many firms entering the EU, it is important that the process can adjust accordingly, with sufficient resource, and efficiencies introduced where possible.

This is particularly important as the electronic money and payment industry develops and evolves rapidly, and firms compete on their ability to provide new products and services to their customers, and to adapt to new trends and developments in a timely manner. In this regard, it is important that firms regulated in Ireland can remain agile in order to compete effectively with those regulated elsewhere in Europe, and this requires a responsive regulator.

(e) Access to bank accounts/de-risking: this is an increasingly acute challenge for EMIs, PIs and crypto asset issuers and exchanges, not only in the EU, but globally. The challenge with the Irish banking sector remains, and is one of the main barriers to business for many firms in the EMI and PI sectors. The CBI should play a role understanding banks' risk appetites, and pre-empting any steps to de-risk the EMI/PI/crypto sectors.

**3. Are there any other considerations that you feel the Central Bank needs to take into account in the development of our next strategic plan?**

As mentioned in response to Q2, we strongly encourage the CBI to engage with the e-money and payments sectors, and in particular with industry representative bodies as well.

Changes to taxation rules: the international spotlight currently focused on the offering of advantageous corporate tax rates may eventually result in an adjustment to the corporate tax regime in Ireland. If these changes reduce its attractiveness as jurisdiction of choice to enter the EU market, it will be all the more important that the CBI process and engagement with new firms continues to attract new firms to the Irish market.

**4. In terms of our public sector duty obligations, are there any specific issues the Central Bank should consider in developing our next strategic plan?**

No comment.

## Members of the EMA, as of May 2021

[AAVE LIMITED](#)  
[Account Technologies](#)  
[Airbnb Inc](#)  
[Airwallex \(UK\) Limited](#)  
[Allegro Group](#)  
[American Express](#)  
[Azimo Limited](#)  
[Bitpanda Payments GmbH](#)  
[Bitstamp](#)  
[BlaBla Connect UK Ltd](#)  
[Blackhawk Network Ltd](#)  
[Boku Inc](#)  
[CashFlows](#)  
[Circle](#)  
[Citadel Commerce UK Ltd](#)  
[Contis](#)  
[Corner Banca SA](#)  
[Crosscard S.A.](#)  
[Crypto.com](#)  
[Curve](#)  
[eBay Sarl](#)  
[ECOMMPAY Limited](#)  
[Em@ney Plc](#)  
[emerchantpay Group Ltd](#)  
[ePayments Systems Limited](#)  
[Euronet Worldwide Inc](#)  
[Facebook Payments International Ltd](#)  
[Financial House Limited](#)  
[First Rate Exchange Services](#)  
[FIS](#)  
[Flex-e-card](#)  
[Flywire](#)  
[Gemini](#)  
[Globepay Limited](#)  
[GoCardless Ltd](#)  
[Google Payment Ltd](#)  
[HUBUC](#)  
[IDT Financial Services Limited](#)  
[Imagor SA](#)  
[Ixaris Systems Ltd](#)  
[Modulr FS Europe Limited](#)  
[MONAVATE](#)  
[Moneyhub Financial Technology Ltd](#)  
[MuchBetter](#)  
[myPOS Europe Limited](#)  
[OFX](#)  
[OKTO](#)  
[One Money Mail Ltd](#)  
[OpenPayd](#)  
[Optal](#)  
[Own.Solutions](#)  
[Oxygen](#)  
[Park Card Services Limited](#)  
[Paydoo Payments UAB](#)  
[Paymentsense Limited](#)  
[Payoneer](#)  
[PayPal Europe Ltd](#)  
[Paysafe Group](#)  
[Plaid](#)  
[PPRO Financial Ltd](#)  
[PPS](#)  
[Remitly](#)  
[Revolut](#)  
[SafeCharge UK Limited](#)  
[Securiclick Limited](#)  
[Skrill Limited](#)  
[Snowy Pay Ltd.](#)  
[Soldo Financial Services Ireland DAC](#)  
[Square](#)  
[Stripe](#)  
[SumUp Limited](#)  
[Syspay Ltd](#)  
[Token.io](#)  
[Transact Payments Limited](#)  
[TransferMate Global Payments](#)  
[TransferWise Ltd](#)  
[TrueLayer Limited](#)  
[Trustly Group AB](#)  
[Uber BV](#)  
[Vitesse PSP Ltd](#)  
[Viva Payments SA](#)  
[WEX Europe UK Limited](#)  
[Wirex Limited](#)  
[WorldFirst](#)  
[WorldRemit LTD](#)