**Main changes brought by PSD2**

- **Strong Customer Authentication (SCA):** Ensures a higher level of security for transactions, requiring customers to authenticate themselves in a stronger manner. This is especially relevant for transactions that are considered high risk.
- **Sandbox Regime:** Allows companies to test new services in a controlled environment before they are deployed to the public, ensuring they meet the required standards.
- **Third-Party Payment Service Providers (PSPs):** PSPs must comply with new rules and standards to provide services securely and transparently.
- **Payment Institutions:** Notifications to customers when services are suspended, and increased transparency regarding service discontinuation.
- **Customer Communication:** Customers are informed about changes in their accounts, ensuring they are aware of any potential issues or risks.
- **National Decisions:** Each country can decide whether to implement the new rules or not, although most are likely to adopt them to maintain the legal framework.

**Why was the revised Payment Services Directive (PSD2) created?**

The PSD2 was created to modernize payment services and make banking more accessible and secure. It aims to enhance the security of online transactions by requiring stronger authentication methods, such as biometric or multi-factor authentication. Additionally, it introduces new services, such as instant payments and payment initiation services, to make the payment process more efficient and user-friendly. The Directive also seeks to reduce costs for customers by promoting competition and innovation in the financial sector. It covers a wide range of payment services, from direct debits to payments initiated by third parties, ensuring a comprehensive regulatory framework for the evolving payment landscape.

**What will PSD2 actually entail?**

PSD2 will have several key implications:

- **Increased Security:** SCA will be mandatory for certain transactions, ensuring that customers are protected against fraud and unauthorized access.
- **New Services:** Innovation will be encouraged through the introduction of new services, such as person-to-person (P2P) payments and account information services.
- **Competition:** PSD2 will promote competition among financial institutions and payment service providers, leading to better service offerings and prices for customers.
- **Customer Protection:** Customers will have more control over their data and access to their payment records, ensuring transparency and accountability.

**Who will PSD2 affect?**

PSD2 is aimed at all providers of payment services, including banks, credit institutions, and non-bank payment service providers. It also targets end customers, as they will significantly benefit from the increased security and new services provided by PSD2. The Directive impacts a wide range of stakeholders, including businesses, consumers, and regulatory bodies at national and EU levels.

**When will PSD2 be fully implemented?**

The implementation timeline for PSD2 is as follows:

- **2019:** The Directive enters into force, with new requirements for financial institutions and providers.
- **2020:** Financial institutions must implement the new rules to comply with the Directive.
- **2021:** End customers will start to experience the new services and enhanced security measures.

**Key dates:**

- **24 July 2013:** The European Commission publishes its PSD2 proposal.
- **27 November 2013:** The European Parliament and the European Council agree on the final PSD2 Directive.
- **OCTOBER AND NOVEMBER:** The European Parliament votes on the adoption of PSD2, with the European Council and the European Parliament reaching a common position.