

Navigating the Impacts of PSD3

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Whilst the legislative proposals for a Directive on payment services and electronic money services (PSD3) and a Regulation on payment services in the EU (PSR) are wide-ranging and will require payment service providers (PSPs) to make further changes, this latest chapter in payments regulation is more “evolution” than the “revolution” of its predecessor, the second Payment Services Directive 2015/2366 (PSD2). However, many of the required changes will be significant - requiring tech and ops implementation projects.

Key changes include:

Licensing

There are no significant changes concerning the procedures of application for authorisation, control of shareholding and prudential requirements under PSD3. However:

- additional information would be required to be submitted to address ICT, data sharing, passporting and winddown arrangements;
- changes required to the way authorised payment institutions (APIs) and e-money institutions (EMIs) safeguard to mitigate concentration risk would need to be notified to the regulator; and
- EMIs would need to register their distributors (like APIs do agents).

Current APIs and EMIs would have two years to demonstrate compliance with the incoming prudential requirements.

Strong Customer Authentication (SCA)

Changes to SCA requirements including:

- account information service providers (AISPs) being able to access accounts for 180 days post-initial SCA without further authentication unless there are fraud concerns ;
- SCA elements not necessarily needing to belong to different categories (e.g knowledge, possession and inherence) provided independence is observed; and

SCA solutions would need to accommodate diverse customer needs - a requirement applying in addition to and independent of European Accessibility Act requirements.

Fraud prevention and liability

PSPs would be required to provide a free confirmation of payee service to customers that notifies the customer of any discrepancy, and the degree of such discrepancy, between a unique identifier and the payee name provided by the customer. The requirement would not apply to transactions where the payer did not input the



unique identifier and the name of the payee themselves, or to instant credit transfers under SEPA.

PSPs would also have to share unique identifiers linked to fraud, which will require a joint Data Protection Impact Assessment between PSPs under the General Data Protection Regulation and engagement with the authorities.

The proposed PSR also introduces a new obligation on PSPs to refund a consumer within 10 business days where the consumer is tricked into authorising a payment by a fraudster impersonating the PSP. The European Parliament's proposed amendments go significantly further in extending this liability to payments that result from impersonation of "any other relevant entity of a public or private nature".

Open banking

Account servicing payment service providers (ASPSPs) would be required to provide at least one dedicated interface for third party provider (TPP) data access. In the event the dedicated interface

is unavailable, ASPSPs would have to offer an alternative interface without delay, with TPPs able to lobby regulators that they should have use of the customer interface if this takes too long.

What's next and what should PSPs be thinking about?

The PSD3 legislative process is ongoing. Subject to a number of factors within the legislative process which could cause delays, PSD3 may not come into effect until Q1 2027 (and the PSR could take effect in H2 2026). However, affected firms should monitor the evolution of the PSD3 and PSR texts to identify changes they might need to make within their businesses in anticipation of the final position. The proposals would affect different payments market players in different ways.

Our [PSD3 Impacts Report](#) summarises the impact of the legislative proposals thematically, highlighting the areas where the EU trialogue process might shift the dial further before the texts are finalised, and flagging where changes might need to be reflected in PSPs' businesses.