



© 25 July 2022, 17:50 (CEST)

PSD2 - we had our say, now have yours

[PSD2](#) is the second Payment Services Directive, designed by the European Union. It came into effect in 2018 and has done a lot of great things for consumers. For example, it allows you to pay online in a more secure way and to pay via bank transfer without having to type in all the information in your banking app.

The European Commission has started a review process of the PSD2. They are asking how they can improve PSD2 so it works better for people and businesses across the EU.

We believe that three key changes will go a long way to making finance better, fairer and easier. Here's what we told the European Commission.

1. No more hidden fees

Transparency is a key part of our mission. We believe consumers should always know what they are being charged when they make payments in a different currency. Today, banks and other providers can hide the majority of the cost in inflated exchange rates - what we call an exchange rate mark-up. They usually give consumers an exchange rate that's much worse than the "real" mid-market rate you can see on Google, Bloomberg or Reuters. Consumers need to resort to serious maths to figure out the real cost of an international payment is impossible for consumers to compare costs - especially as they cannot see the mark-up they are being charged. It means international payment costs remain high as people are paying fees that they don't even know about!

[YouGov research showed that only 14% of EU consumers understood what they were really paying for an international payment.](#) The current system means that EU consumers lost €12.5billion in hidden fees in a single year - without even realising it.

We believe that the law should change. A landmark EU law ('CBPR2') has already introduced more transparency for cross-border payments within Europe - a step in the right direction. But we believe that everyone should benefit from knowing what fees they are paying. Now, the EU should ensure all payments sent from Europe to the rest of the world are truly transparent - this will help those sending money home, young people studying abroad and people living international lives. This would improve competition and enable consumers to compare prices and shop around.

2. Cutting out the middleman

Fair access to payments systems was another of our big asks. We think it is important that all licensed fintechs and banks should have fair access to payments systems. Currently, payment companies like Wise have to rely on a sponsor bank to access the payments infrastructure.

Banks are able to charge us, and others like us, a price per payment that is significantly higher than the wholesale payment cost. If we were able to have direct access to the payments system, it would make the market more competitive, encourage innovation - and would mean that we could reduce costs for our customers.

If we are able to get Direct Access to the Central Bank, it would mean we were no longer reliant on Banks to act as intermediaries for us. We could lower costs, and improve service for our customers. For example, when we became a direct participant in the Hungarian instant scheme, we were able to reduce costs for our Hungarian customers by 15%!

3. Progress on Open Banking

Open Banking lets you securely share your banking and other financial data with banks, third-party financial services and apps.

PSD2 led to banks opening up their Application Programming Interfacing (APIs) to enable this information sharing. This meant lots of new companies entered the market to better serve European customers. Open Banking has the potential to help us to make payments more quickly and with less hassle as it allows Wise to connect directly to your bank with all your data and information pre-filled - but it's not there yet..

In Europe right now, banks have criteria that they have to meet on their Open Banking APIs. However, the interpretation and implementation across Europe has been different. This has slowed down the progress of Open Banking as companies have to treat each Bank's APIs differently - this leads to greater friction.

If there was a standard approach to APIs, Open Banking would make the market far more competitive and transparent. This would mean a cheaper, better, and faster service for European consumers when they make payments.

Where do you come in?

If we work together, we have a real chance of ensuring that the next version of PSD2 injects transparency into the financial services industry. In turn, this should help us to make your international payments more convenient and faster.



Join us in calling on the European Commission to end hidden fees when sending money abroad — Have your say!

ABOUT WISE

Wise is a global technology company, building the best way to move money around the world. With the Wise account people and businesses can hold over 50 currencies, move money between countries and spend money abroad. Large companies and banks use Wise technology too; an entirely new cross-border payments network that will one day power money without borders for everyone, everywhere. However you use the platform, Wise is on a mission to make your life easier and save you money.

Co-founded by Kristo Käärmann and Taavet Hinrikus, Wise launched in 2011 under its original name TransferWise. It is one of the world's fastest growing, profitable technology companies and is listed on the London Stock Exchange under the ticker, WISE.

13 million people and businesses use Wise, which processes over £6 billion in cross-border transactions every month, saving customers over £1 billion a year.

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