

## Joint association statement and call to retain the CDD exemption for low-risk e-money products (Article 12 AMLD) within the future AML/CFT framework

### Background

- In the current EU AML/CFT legislation, **Member States are allowed to exempt obliged entities from carrying out certain customer due diligence (CDD) measures with respect to e-money products with a proven low risk** (Article 12 AMLD).
- To be able to make use of the exemption, **various requirements must be met**. These include a low threshold of **150 Euro for offline transactions and 50 Euro in the case of remote/online transactions**. In addition, issuers are obliged to **conduct sufficient monitoring** of the transactions or business relationship **to detect unusual or suspicious transactions**.
- **This exemption is no longer included in the latest EU Commission's AML/CFT proposal, without any justification and without actually contributing to the fight against ML/FT.**
- The important exemption, which is to the great benefit of customers, is **currently being applied to offer numerous prepaid products, like e-money gift cards and vouchers**. It plays a very important role in order to **maintain the attractiveness of these products** and to provide customers with easy access to digital means of payment. These products are now **at risk of disappearing from the market**. This would also entail **negative consequences for issuers, their customers, merchants and businesses distributing such products, as well as for the digital economy as a whole**.
- The signatories of this position paper firmly advise and call on the co-legislators **to retain the exemption for low-risk, low-value e-money products in the AML Regulation** for the benefit of customers, proportionate data collection, financial inclusion and to support digitisation and innovative business models.

### Justification

- **Customers benefit** from the CDD exemption as it enables **uncomplicated access to low-risk e-money products**. These products can easily be bought at sales outlets without the need of, e.g. having a bank account or a payment card and therefore **support financial inclusion**.
- **E-money gift cards** enable customers to make low-value digital gifts, without obliging the giver or recipient to carry out unnecessary customer identification. This would **contradict the idea of a gift card**, which is meant to be given to another person, and endangers the existence of these products.
- The CDD exemption is important in terms of **data protection**. For many transactions, identification of the customer is simply not needed. Without the exemption, customers will no longer be able to pay small amounts online with e-money products without having to identify themselves; there would be no possibility to make **anonymous low-risk, low-value e-money transactions** on the internet or at the physical point of sale (PoS).
- The exemption is also needed to protect issuers from the **cost of CDD** for transactions of a low value for which the risk does not warrant CDD and for which consumers are unwilling to undergo lengthy verification procedures.
- The application of the CDD exemption is **subject to strict requirements**. Removing it **without justification or impact assessment** is **disproportionate** and **contradicts** the implementation of the **risk-based approach**.
- The **close-meshed and sophisticated transaction monitoring systems** of the issuers **can detect and prevent unusual and suspicious transactions**, even without collecting data on the identity of the customer. Transactions with e-money are very well traceable and leave an electronic footprint.

## About Us

### **BrancheVereniging Cadeaukaarten Nederland**

BVCNL is the industry organisation representing the interests of the gift card industry in the Netherlands. It represents the Dutch Key Players in a €1.7 billion gift card market. With over 40 members including retailers, issuers and service providers BVCNL provides a platform and infrastructure for members to collaborate, share best practice and keep up to date with a fast growing and dynamic industry. BVCNL actively promotes the collective interests of its members. It monitors the reputation of the industry and liaises with stakeholders to create maximum benefits opportunities for its members.

### **Electronic Money Association**

The Electronic Money Association (EMA) is the trade body representing the interests of e-money issuers and innovative payment service providers globally for over 20 years. Our membership includes large e-commerce businesses, fintech service providers, prepaid card issuers, crypto currency businesses, AIS/PIS providers, acquirers, bill payment providers, corporate incentive providers, mobile payment specialists, and business to business services. The EMA acts as a forum for industry, enabling the sharing of know-how and the development of good practice. It represents its members in discussions with governments, EU policymakers, consumer bodies and other parties. We have offices in Brussels and London. The EMA also has local branches in 5 European countries: Ireland, Lithuania, Luxembourg, Malta, and the Netherlands.

### **EPIF**

EPIF, founded in 2011, represents the interests of the non-bank payment sector at the European level. We currently have over 190 authorised payment institutions and other non-bank payment providers as our members offering services in every part of Europe. EPIF thus represents roughly one third of all authorized Payment Institutions ("PI") in Europe. All our members operate online. Our diverse membership includes a broad range of business models, and we aim to play a constructive role in shaping and developing market conditions for payments in a modern and constantly evolving environment. It is our desire to promote a single EU payments market via the removal of excessive regulatory obstacles.

### **EuroCommerce**

EuroCommerce is the principal European organisation representing the retail and wholesale sector. It embraces national associations in 27 countries and 5 million companies, including leading global players and many small businesses. Over a billion times a day, retailers and wholesalers distribute goods and provide an essential service to millions of business and individual customers. The sector generates 1 in 7 jobs, offering a varied career to 26 million Europeans, many of them young people. It also supports millions of further jobs throughout the supply chain, from small local suppliers to international businesses. EuroCommerce is the recognised European social partner for the retail and wholesale sector.

### **Gift Card & Voucher Association (GCVA)**

The Gift Card & Voucher Association (GCVA) is a not for profit trade body & membership organisation, which represents the key players in the gift card and stored value solutions market. With over 80 members representing key retailers, issuers and suppliers operating in the UK and EU, the GCVA provides an information and reference point for the Gift Card & Voucher industry and is at the forefront of the issues affecting the industry. Its main objective is to provide a platform and infrastructure for the industry and to raise the profile and use of gift cards, positively positioning the sector to consumers, businesses, government and their interested parties.

### **Independent Retail Europe**

Independent Retail Europe is the European association that acts as an umbrella organisation for groups of independent retailers in the food and non-food sectors. Our members are groups of independent retailers, associations representing them as well as wider service organizations built to support independent retailers. Independent Retail Europe represents 24 groups and their 403.900 independent retailers, who manage more than 759.000 sales outlets, with a combined retail turnover of more than 1,314 billion euros and generating a

combined wholesale turnover of 484 billion euros. This represents a total employment of more than 6.620.000 persons. Find more information on our [website](#), on [Twitter](#), and on [LinkedIn](#).

### **Payments Innovation Forum (PIF)**

The Payments Innovation Forum (PIF) is the not-for-profit industry body representing regulated payment service providers. Our members are delivering innovative products and solutions for consumers, businesses and public sector organisations in the UK and EU. PIF's primary goal is to support and champion innovation in payments by promoting the highest possible standards of regulatory compliance, advocating for our members on important policy matters, improving the perception of new and existing payment services and facilitating the exchange of knowledge and experience to drive performance across the industry.

### **Prepaid Verband Deutschland e.V.**

Founded in 2011, Prepaid Verband Deutschland (PVD) e. V. is an industry association representing the interests of the prepaid industry operating in Germany. These include, for example, providers of prepaid payment methods (such as banks and electronic money institutions), processing companies, retailers and E-Commerce companies issuing gift cards, technical service providers of loyalty and prepaid systems and distributors of prepaid payment products in the retail sector. By actively developing the prepaid market, the association represents the interests of its members and is the point of contact for politicians, authorities and the public. At present, more than 20 companies are members of the PVD.