



Financial Regulation Advisory

Financial Services Regulation and Compliance - Banking and Payments May 2024

Domestically, the Minister for Finance holds a workshop on the National Payment Strategy and the CBI publishes its 2023 Annual Report. At European level, the EBA comments on divergences in the application of regulation on virtual IBANs in the EU.

27 Jun 2024

Domestic

Minister McGrath holds workshop on future of payments

On 1 May 2024, Minister for Finance Michael McGrath TD held a workshop of stakeholders on the National Payments Strategy (**NPS**) at the Central Bank of Ireland (**CBI**) where he presented the findings of the recent public consultation on a new NPS for Ireland and discussed next steps for the project.

Minister McGrath noted the importance of supporting both cash acceptance and seeking a stronger focus on inclusion across all payment types stating at the workshop that:

cash will be an integral part of our lives for many years to come and ensuring that consumers can both access and use cash as needed is a priority for [him].

The Department of Finance is developing a strategy on this topic (the **strategy**) which is set to be published at the end of the 2024. The strategy will set out a roadmap for the evolution of the payments system, accounting for the developments in digital payments, cash usage and how future changes should be made to the legislation relating to access to cash.

The CBI publishes 2023 Annual Report & Performance Statement

On 30 May 2024, the CBI published its Annual Report 2023 & Annual Performance Statement 2023 – 2024 (the **report**). The report sets out the work undertaken by the CBI in 2023 and the financial results as well as the CBI's priorities for 2024.

The report outlines the following key priorities for the CBI for 2024:

- implementing a revised and modernised Consumer Protection Code
- addressing system risks from the non-bank sector and deepening analysis and understanding of macroprudential risks in this sector
- implementing the Individual Accountability Framework
- preparing for the implementation of the Digital Operational Resilience Act
- implementing the Markets in Crypto Asset Regulation
- implementing the Credit Union (Amendment) Act 2023
- developing policy and supervisory expectations regarding the use of artificial intelligence including preparing for the implementation of the EU's Artificial Intelligence Act

European

EBA comments on the divergences in the application of regulatory requirements in respect of “virtual IBANs” across the EU

On 24 May 2024, the EBA published a report on the issuance of ‘virtual IBANs,’ (the **report**). The report notes that there is a lack of uniformity between Member States in defining virtual IBANs and the application of regulatory requirements.

The report sets out the characteristics of virtual IBANs, provides various examples of virtual IBANs in use, demonstrates the potential benefits of virtual IBANs and examines the various challenges that may arise. The EBA noted that discrepancies arise between national authorities in interpreting and applying existing EU financial services law to virtual IBANs, such as the Anti Money Laundering Directive, the Payment Services Directive, the Capital Requirements Directive, and the SEPA Regulation which inherently undermines the EU Single Market.

The report contains recommendations on how EU law could be clarified and what actions national competent authorities could take to address these issues.

ECB publishes guide on effective risk data aggregation and risk reporting

On 3 May 2024, the European Central Bank (**ECB**) published its guide (the **guide**) on effective risk data aggregation and risk reporting (**RDARR**).

The guide outlines prerequisites for RDARR in an effort to assist banks in building good practices while also specifying supervisory expectations in the field, particularly guided by the Basel Committee on Banking Supervision’s Principles for effective risk data aggregation and risk reporting, the BCBS 239 principles.

The guide is part of a wider strategy by the ECB to help supervised banks to remedy their identified structural shortcomings in risk data aggregation. The ECB notes that despite increased supervisory scrutiny, the progress made by in scope banks so far has been “*generally insufficient*”. A focus of the publication is to facilitate a targeted focus of supervisory activities on the preconditions deemed essential for facilitating further progress in institutions’ governance and risk data aggregation capabilities.

The EBA consults on draft technical standards on equivalent mechanism for unfinished property under the standardised approach of credit risk

On 13 May 2024, the European Banking Authority (**EBA**) launched a public consultation on its draft RTS under the Capital Requirements Regulation (**CRR3**) regarding the equivalent mechanism for unfinished property. This is a part of the first phase of the implementation of the EU Banking Package by the EBA. The RTS subject to the consultation paper specify the conditions that a legal mechanism should meet in order to recognise a property under construction in the own fund requirements calculation under the standardised approach of credit risk.

Comments to the consultation paper can be submitted until 13 August 2024. Further, a public hearing on the draft RTS is set to take place via conference call on Tuesday, 11 June 2024.

EBA publishes consultation paper on draft guidelines on acquisition, development, and construction exposures to residential property under the CRR

On 17 May 2024, the European Banking Authority (**EBA**) published a consultation paper on draft guidelines (the **guidelines**) under the Capital Requirements Regulation (**CRR3**) on acquisition, development and construction (**ADC**) exposures to residential property. The guidelines specify the credit-risk mitigating conditions required to assign a risk weight of 100% for ADC exposures to residential property instead of 150%.

The guidelines also address the adjusted criteria for lending to public housing and not-for profit entities across the Union that are regulated by law and that exist to serve social purposes and to offer tenants long-term housing.

The consultation will run until 19 August 2024.

European Payments Council launches a call for interest for the SEPA Payment Account Access scheme ‘tactical’ pilot

On 23 May 2024, the European Payments Council (**EPC**) introduced a “call for interest” to participate in the SEPA Payment Account Access (**SPAA**) scheme tactical pilot. The scheme tactical pilot is set to commence in September 2024 and is aimed at asset holders (account servicing payment service providers (**ASPSPs**) and asset brokers (payment initiation service providers (**PISPs**) and account information service providers (**AISPs**)).

The main aim of the tactical pilot is to:

- gain insights on what is required to migrate from PSD2 compliance to SPAA compliant APIs
- encourage stakeholder engagement and gain momentum

Any interested asset holders and asset brokers have been requested to submit their interest to the EPC by 24 June 2024.

For more information on these topics please contact any member of A&L Goodbody's [Financial Regulation Advisory](#) team.

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