



24 April 2020

# Raising Contactless Thresholds in response to COVID-19



## DIGITALEUROPE recommends to

- » Limit COVID-19 transmissions to encourage the use of contactless cards and mobile payments
- » Address the need for acceptance of electronic payments. There is still a large share of payments in Europe made in cash
- » Raise the contactless per transaction limit to €50 in line with the EBA opinion of 25 March
- » Raise the cumulative limit for contactless transactions to 250€



## Introduction

Europe is facing an unprecedented public health crisis as it seeks to address the COVID-19 pandemic.

Governments and financial institutions are investing resources to mitigate the impact of COVID-19 on the economy, citizens and businesses, and to respond effectively and efficiently to society's new needs.

DIGITALEUROPE's members are committed to continuously providing safe and efficient card-based methods of payment. In these exceptional circumstances, the focus is on providing a stable and reliable service to consumers and merchants across Europe. Like most industries, this crisis has substantial implications for the payments sector as resources are required to be shifted where it is needed the most. At the same time, payment methods such as contactless payments might be part of the solution and help prevent the spread of the virus.



## Encouraging electronic and contactless payments

In order to limit the transmission of COVID-19 via the use of chip & pin on payment terminals, DIGITALEUROPE encourages the use of contactless cards and mobile payments at the point of sale (POS). We welcome that the European Banking Authority (EBA) is encouraging consumers and merchants to take all necessary sanitary measures when using POS terminals that require a PIN, “including by considering all payment methods available, such as contactless or remote payments”.

### Raising the per transaction limit to €50

DIGITALEUROPE welcomes the EBA’s opinion of 25 March 2020 that encourages payment service providers, where possible, to increase contactless limits up to the maximum threshold of €50 per transaction as allowed under Article 11 of the Regulatory Technical Standards (RTS) on Strong Customer Authentication (SCA). While we believe the decision should be taken by each issuer individually based on their risk analysis, we believe that this measure will contribute to the increasing use of contactless card-based payments.

### Raising the cumulative limit to €250

The current PSD2 RTS on SCA allow for exempting contactless transactions from SCA. To date, issuers – based on their individual risk assessment - can set parameters for the application of SCA, either at five consecutive transactions or a cumulative limit of €150.

However, in order to really spur the uptake of safe and secure contactless payments, we would recommend raising the cumulative threshold from €150 to €250 before SCA is required, which is equal to 5 consecutive transactions at the maximum amount for a single contactless transaction. This would also allow consumers to carry out more transactions until they reach the €250 limit. Such increase of the cumulative threshold could take effect through passive enforcement of the existing backstop limits and would allow consumers and merchants to deal with each other in a more sanitary way, and therefore limit the risks associated with the pandemic. Moreover, this will have no detrimental effects on the safety and security of the payments, as data shows that the contactless fraud rate remains the lowest amongst all types of payments, typically below two basis points.

## Encouraging acceptance

DIGITALEUROPE also encourages governments and regulators to address the lack of acceptance of electronic payments at certain retailers with targeted and timely measures, given the uncertain timeline of this pandemic and the general value that electronic payments bring. Indeed, a large share of payments in Europe are still made in cash. In the last years, several national governments have stepped up efforts to boost acceptance, to the benefit of the economy. We strongly encourage these efforts.

FOR MORE INFORMATION, PLEASE CONTACT:



Ray Pinto

**Digital Transformation Policy Director**

[ray.pinto@digitaleurope.org](mailto:ray.pinto@digitaleurope.org) / +32 472 55 84 02



Vincenzo Renda

**Senior Policy Manager for Digital Industrial Transformation**

[vincenzo.renda@digitaleurope.org](mailto:vincenzo.renda@digitaleurope.org) / +32 490 11 42 15

## About DIGITALEUROPE

DIGITALEUROPE represents the digital technology industry in Europe. Our members include some of the world's largest IT, telecoms and consumer electronics companies and national associations from every part of Europe. DIGITALEUROPE wants European businesses and citizens to benefit fully from digital technologies and for Europe to grow, attract and sustain the world's best digital technology companies. DIGITALEUROPE ensures industry participation in the development and implementation of EU policies.

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