



Trilogue Recommendations on PSD3/PSR Ensuring Legal Certainty for E-Money Distribution

September 2025

The trilogue negotiations on PSD3 and PSR are a decisive moment to ensure that **millions of Europeans** can continue to buy, gift, and use **simple electronic money products** such as prepaid vouchers and gift cards. These products are not just a convenience, they are a tool of **financial inclusion**, offering an easy, cash-like solution for people without bank accounts or credit cards, and a trusted gift or budgeting tool for millions of households.

E-money products are available at over 800.000 retail outlets across the EU, from supermarkets and petrol stations to local shops. These outlets are not providing payment services; they are simply offering consumers access to popular and trusted products. If PSD3 creates unnecessary complexity by misclassifying such actors, consumers risk losing access to these products and SMEs face disproportionate new burdens.

This **industry coalition of electronic money issuers, distributors, and retailers** therefore urges co-legislators to consider the following:

Recommendations

- ✓ **Ensure clarity:** Retain Council's Recital 45 and Article 20(4) to confirm that the selling, distribution, and redemption of e-money do not constitute payment services and therefore are not agent activities.
- ✓ **Consistency:** Add "redemption" explicitly to Article 20(4) to align with Recital 45.
- ✓ **Avoid unnecessary burdens:** Remove the legal notion of "distributor" to prevent disproportionate compliance costs for retailers and SMEs that only sell or redeem e-money vouchers or gift cards.

Why This Matters

- **Consumer choice and Inclusion:** Prepaid vouchers and gift cards are a widely used budgeting and gifting tool. Moreover, they provide an accessible payment alternative for people without a bank account or credit card.
- **SMEs:** Retailers and local shops should not face disproportionate compliance burdens for simply selling or redeeming vouchers.
- **Supervisors:** Legal clarity avoids confusion, avoids unnecessary bureaucracy, and keeps accountability with the issuing payment institution.

Council's Position - The Right Balance

The Commission was right to identify the need for clarity on roles in the e-money value chain. The Council's proposal offers a more proportionate solution that works even better in practice for all actors involved:

- Remove the legal term "distributor" (Article 2(36) PSD3 and Article 3(51) PSR).
- Clarify instead in Article 20(4) and Recital 45 that the **mere selling, distribution, or redemption** of e-money does not constitute a payment service and therefore is not the activity of an agent.

This approach ensures clarity for supervisors, avoids undue burdens for retailers, and preserves the Commission's objectives of consumer protection and legal certainty.

Redemption – The Missing Piece

Council's Recital 45 makes clear that persons acting on behalf of a payment institution may facilitate distribution and redemption without providing payment services. But **Article 20 remains inconsistent**: while it allows agents to redeem e-money, it leaves uncertainty over whether redemption by other actors automatically makes them "agents."

This ambiguity could disrupt existing business models. Redemption is simply the right of the e-money holder to exchange e-money for funds, it's not an independent payment service.

Proposed Legal Clarification

To align Article 20(4) with Recital 45 and current market practice, we propose the following wording:

"The mere selling, ~~or~~ distribution or redemption of electronic money, including the receipt of funds by the person distributing the electronic money on behalf of the payment institution in exchange for the electronic money issued, on behalf of the issuer of electronic money, shall not by itself constitute the activity of an agent."

This is a **technical alignment**, not a political change: it ensures consistency across the text, legal clarity and avoids unintended disruption.

Oversight and Accountability

- The **issuing payment institution is always legally responsible** for the distribution chain.
- Oversight is ensured through **contractual arrangements** with distributors and points of sale.
- If an entity provides services beyond simple distribution (e.g. carrying out payment services on behalf of the payment institution) it is rightly classified as an agent and must comply with the full agent regime.

This ensures a proportionate framework: **consumer protection is safeguarded, supervision is effective, and the market remains open and innovative.**

Conclusion and Call to Action

We call on the co-legislators to endorse the Council's approach in Recital 45 and Article 20(4), and to include an explicit reference to "redemption" in Article 20(4). This solution:

- Provides **legal certainty** for supervisors, issuers, and retailers.
- Safeguards **consumer access** to trusted and inclusive e-money products.
- Reduces **unnecessary regulatory burdens** on SMEs and retailers.
- Avoids **unnecessary bureaucracy** and **supervisory burden** for supervisory authorities.
- Ensures that the issuing payments institution remains **fully accountable** for the distribution chain.

By adopting this clarification in trilogue, the EU will strengthen financial inclusion, preserve consumer choice, and maintain a proportionate and effective regulatory framework for e-money.

Appendix

3rd Payment Services Directive

	Commission Proposal	EP Mandate	Council Mandate	Industry Coalition Proposal
1	2023/0209 (COD)	2023/0209 (COD)	2023/0209 (COD)	2023/0209 (COD)
55	<p>(45) To expand the reach of their services, payment institutions may need to use entities providing payment services on their behalf, including agents or, in the case of electronic money services, distributors. Payment institutions may also exercise their right of establishment in a host Member State, different from the home Member State, through branches. In such cases, it is appropriate that the payment institution communicates to the national competent authority all the relevant information related to agents, distributors and branches and informs national competent authorities of any changes without undue delay. To ensure transparency vis-à-vis end users, it is also appropriate that agents, distributors or branches acting on behalf of a payment institution inform payment service users of that fact.</p>	<p>(45) To expand the reach of their services, payment institutions may need to use entities providing payment services on their behalf, including agents or, in the case of electronic money services, distributors. Payment institutions may also exercise their right of establishment in a host Member State, different from the home Member State, through branches. In such cases, it is appropriate that the payment institution communicates to the national competent authority all the relevant information related to agents, distributors and branches and informs national competent authorities of any changes without undue delay. To ensure transparency vis-à-vis end users, it is also appropriate that agents, distributors or branches acting on behalf of a payment institution inform payment service users of that fact.</p>	<p>(45) To expand the reach of their services, payment institutions may need to use entities providing payment services on their behalf, including agents or, in the case of Payment institutions issuing electronic money services, distributors should be allowed to distribute electronic money via persons acting on their behalf, without such activity constituting a payment service. Payment institutions may also exercise their right of establishment in a host Member State, different from the home Member State, distribute and redeem electronic money through branches. In such cases, it is appropriate that persons acting on their behalf for those activities. These persons may involve other natural or legal persons. Neither this person nor the parties they involve should be deemed as agents and the activities they perform on behalf of the payment institution communicates to the national competent authority all the relevant information related to agents, distributors and branches and informs national competent authorities of any changes issuing electronic money should not be deemed as a payment service. They only facilitate</p>	<p>(45) To expand the reach of their services, payment institutions may need to use entities providing payment services on their behalf, including agents or, in the case of Payment institutions issuing electronic money services, distributors should be allowed to distribute electronic money via persons acting on their behalf, without such activity constituting a payment service. Payment institutions may also exercise their right of establishment in a host Member State, different from the home Member State, distribute and redeem electronic money through branches. In such cases, it is appropriate that persons acting on their behalf for those activities. These persons may involve other natural or legal persons. Neither this person nor the parties they involve should be deemed as agents and the activities they perform on behalf of the payment institution communicates to the national competent authority all the relevant information related to agents, distributors and branches and informs national competent authorities of any changes issuing electronic money should not be deemed as a payment service. They only facilitate</p>

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			<p>electronic money distribution and the redemption of electronic money. The distribution of electronic money should also cover the receipt, in exchange for electronic money, of funds from the holder acquiring the electronic money. Where a person distributing or redeeming electronic money acting on the behalf of payment institutions receives, in exchange for electronic money, funds from a holder acquiring the electronic money, those funds should be considered to have been received by the payment institution itself, considering that this person is acting on behalf of the payment institution. Persons distributing or redeeming electronic money on the behalf of payment institutions for those entities should always act on behalf of the payment institution issuing the electronic money, which remains ultimately liable for any acts of these persons in the distribution of electronic money, and for compliance with AML/CFT requirements as regards the activities carried out via these persons. This principle should not be circumvented by contractual provisions stating that these persons purchase the electronic money from the issuer and resell it, in their own name, to electronic money holders. The mere selling or distribution of electronic money by a third party acting on behalf of the issuer, including the</p>	<p>electronic money distribution and the redemption of electronic money. The distribution of electronic money should also cover the receipt, in exchange for electronic money, of funds from the holder acquiring the electronic money. Where a person distributing or redeeming electronic money acting on the behalf of payment institutions receives, in exchange for electronic money, funds from a holder acquiring the electronic money, those funds should be considered to have been received by the payment institution itself, considering that this person is acting on behalf of the payment institution. Persons distributing or redeeming electronic money on the behalf of payment institutions for those entities should always act on behalf of the payment institution issuing the electronic money, which remains ultimately liable for any acts of these persons in the distribution of electronic money, and for compliance with AML/CFT requirements as regards the activities carried out via these persons. This principle should not be circumvented by contractual provisions stating that these persons purchase the electronic money from the issuer and resell it, in their own name, to electronic money holders. The mere selling, or distribution or redemption of electronic money by a third party acting on behalf of the issuer, including the</p>



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Electronic Money Association
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payment service providers



European Payment Institutions Federation aisbl



Retail & Wholesale



EPSM



Gift Card
& Voucher
Association



Independent
Retail Europe



Prepaid
Verband
Deutschland

	Commission Proposal	EP Mandate	Council Mandate	Industry Coalition Proposal
			<p>collection of funds on behalf of the issuer, from the holders of e-money in exchange for electronic money, without undue delay the provision of any other payment services should not be deemed to be the activity of an agent. Where a payment institution providing electronic money service makes use of an agent, said agent may not issue electronic money itself but may redeem it on behalf of the payment institution. Moreover, it should be noted that in order to be classified as an agent, it is not sufficient for a given entity to merely participate in the provision of a payment service or to merely carry out some client-facing activities. Only a natural or legal person acting in the name and on behalf of a payment institution in providing payment services that (i) enters into possession of the funds on behalf of the payment institution; or (ii) is directly involved in the payment institution's provision of payment services should be classified as an agent of a payment institution. To ensure transparency vis-à-vis end users, it is also appropriate that agents, distributors persons distributing e-money on behalf of a payment institution or branches acting on behalf of a payment institution inform payment service users of that fact.</p>	<p>collection of funds on behalf of the issuer, from the holders of e-money in exchange for electronic money, without undue delay the provision of any other payment services should not be deemed to be the activity of an agent. Where a payment institution providing electronic money service makes use of an agent, said agent may not issue electronic money itself but may redeem it on behalf of the payment institution. Moreover, it should be noted that in order to be classified as an agent, it is not sufficient for a given entity to merely participate in the provision of a payment service or to merely carry out some client-facing activities. Only a natural or legal person acting in the name and on behalf of a payment institution in providing payment services that (i) enters into possession of the funds on behalf of the payment institution; or (ii) is directly involved in the payment institution's provision of payment services should be classified as an agent of a payment institution. To ensure transparency vis-à-vis end users, it is also appropriate that agents, distributors persons distributing e-money on behalf of a payment institution or branches acting on behalf of a payment institution inform payment service users of that fact.</p>

	Commission Proposal	EP Mandate	Council Mandate	Industry Coalition Proposal
97	Article 2 Definitions	Article 2 Definitions	Article 2 Definitions	Article 2 Definitions
136	(36) 'distributor' means a natural or legal person that distributes or redeems electronic money on behalf of a payment institution;	(36) 'distributor' means a natural or legal person that distributes or redeems electronic money on behalf of a payment institution;	(36) ' distributor ' means a natural or legal person that distributes or redeems electronic money on behalf of a payment institution;	(36) ' distributor ' means a natural or legal person that distributes or redeems electronic money on behalf of a payment institution;
369	Article 20 Distributors of electronic money services	Article 20 Distributors of electronic money services	Article 20 Distributors of Agents of payment institutions that provide electronic money services	Article 20 Distributors of Agents of payment institutions that provide electronic money services
370	1. Member States shall allow payment institutions that provide electronic money services to distribute and redeem electronic money through distributors.	1. Member States shall allow payment institutions that provide electronic money services to distribute and redeem electronic money through distributors.	1. Member States shall allow payment institutions that provide electronic money services to distribute and redeem electronic money through distributors agents . Payment institutions shall not issue electronic money through agents	1. Member States shall allow payment institutions that provide electronic money services to distribute and redeem electronic money through distributors agents . Payment institutions shall not issue electronic money through agents
371	2. Member States shall ensure that payment institutions that intend to provide electronic money services through a distributor apply the requirements laid down in Article 19 mutatis mutandis.	2. Member States shall ensure that payment institutions that intend to provide electronic money services through a distributor apply the requirements laid down in Article 19 mutatis mutandis.	2. Member States shall ensure that payment institutions that intend to provide redeem electronic money services through a distributor an agent apply the requirements laid down in Article 19 mutatis mutandis .	2. Member States shall ensure that payment institutions that intend to provide redeem electronic money services through a distributor an agent apply the requirements laid down in Article 19 mutatis mutandis .
372	3. Where the payment institution intends to distribute electronic money services in another Member State by engaging a distributor, Articles 30 to 33, with exception of Article 31(4) and (5) of this Directive, including the delegated acts adopted in accordance with Article 30(5) of this Directive, shall apply mutatis mutandis to such payment institution.	3. Where the payment institution intends to distribute electronic money services in another Member State by engaging a distributor, Articles 30 to 33, with exception of Article 31(4) and (5) of this Directive, including the delegated acts adopted in accordance with Article 30(5) of this Directive, shall apply mutatis mutandis to such payment institution.	3. Where the payment institution intends to distribute redeem electronic money services in another Member State by engaging a distributor through an agent , Articles 30 to 33, with exception of Article 31(4) and (5) of this Directive , including the delegated acts adopted in accordance with Article 30(5) of this Directive, shall apply mutatis mutandis to such payment institution.	3. Where the payment institution intends to distribute redeem electronic money services in another Member State by engaging a distributor through an agent , Articles 30 to 33, with exception of Article 31(4) and (5) of this Directive , including the delegated acts adopted in accordance with Article 30(5) of this Directive, shall apply mutatis mutandis to such payment institution.

	Commission Proposal	EP Mandate	Council Mandate	Industry Coalition Proposal
372a			4. The mere selling or distribution of electronic money, including the receipt of funds by the person distributing the electronic money on behalf of the payment institution in exchange for the electronic money issued, on behalf of the issuer of electronic money, shall not by itself constitute the activity of an agent.	4. The mere selling, or distribution or redemption of electronic money, including the receipt of funds by the person distributing the electronic money on behalf of the payment institution in exchange for the electronic money issued, on behalf of the issuer of electronic money, shall not by itself constitute the activity of an agent.

Payment Services Regulation

	Commission Proposal	EP Mandate	Council Mandate	Industry Coalition Proposal
1	2023/0210 (COD)	2023/0210 (COD)	2023/0210 (COD)	2023/0210 (COD)
210	Article 3 Definitions	Article 3 Definitions	Article 3 Definitions	Article 3 Definitions
264	(51) 'distributor' means a natural or legal person that distributes or redeems electronic money on behalf of a payment institution;	(51) 'distributor' means a natural or legal person that distributes or redeems electronic money on behalf of a payment institution;	(51) ' distributor ' means a natural or legal person that distributes or redeems electronic money on behalf of a payment institution;	(51) ' distributor ' means a natural or legal person that distributes or redeems electronic money on behalf of a payment institution;