

POSITION PAPER

The upcoming proposal for a new Payment Services Directive (PSD II)



AVERE welcomes the European Commission's initiative to revise the Payment Services Directive (PSD II). This revision is timely and could help accelerate the transition to sustainable mobility by making charging infrastructure more user-friendly, while reducing the costs and efforts associated with any requirements for payment card readers and processing at charging points under Article 5(2) of the Alternative Fuel Infrastructure Regulation (AFIR).

The PSD II indeed has the potential to smooth out the transition costs associated with the installation of card readers by exempting charging stations from installing card readers with pin-pads. AVERE therefore calls on legislators to provide an exemption for EV charging points from the strong customer authentication (SCA) requirements found in the Payment Services Directive and to raise the payments cap in order to facilitate the roll-out of a widespread and user-friendly charging network throughout Europe.

Background: AFIR ad-hoc charging obligations

As mentioned above, Article 5(2) of the Alternative Fuels Infrastructure Regulation of the European Commission's proposal suggests making it mandatory to install payment card readers at public charging stations and to retrofit existing charging points with a power rating above 50kW by 2027. The current position of the European Parliament goes further by requiring that all charging stations, regardless of their power, be equipped with payment card readers.

While AVERE fully supports the goals of making charging more accessible and user-friendly by ensuring the availability of ad hoc charging, we remain concerned that a mandate on payment card readers with pin-pads at all charging points (both normal and fast charging), as proposed by Parliament, could impede user-friendliness and have unintended effects by slowing the speed of the transition to e-mobility, as well as reducing the availability of cost-effective charging options for EV users. AVERE therefore reiterates its call to mandate the installation of card readers on charge points over 50 kW only.

Either way, this obligation must be considered in conjunction with PSD II, which currently requires the use of a credit card terminal with PIN authentication input for every fifth payment transaction, whenever an amount of more than €50 is purchased or for a cumulative transaction of €150 with the same credit card. The future provisions of AFIR, combined with the current requirements of the Payment Services Directive, therefore mean that card-readers with PIN pads - or touch screens serving as such - would have to be installed at a significant number of, or even all, public charging stations.

1. Remove PIN-pads requirements for charging points

A future-proof PSD II should be built in tandem with the new AFIR requirements and facilitate the implementation of any new card payment transaction requirements. As such, the revised PSD II should exempt EV charging sessions from the SCA requirement in PSD II.

An exemption for EV charging sessions from the SCA requirements would mirror the exemptions given to parking and public transportation. Given that EV charging sessions often involve small amounts of money, and in the interest of making charging more user-friendly, payments for EV charging should be treated in the same way as public transportation.

This would ensure convenience, user-friendliness and safety by allowing EV owners to use their preferred payment method, including their smart devices, to pay for charging sessions. In addition, removing the PIN pad requirement would reduce hardware costs for existing and future charging infrastructure.

2. Enhancing user-friendliness while ensuring consumer safety

European society is seeing a shift away from traditional credit card payments with PIN pad. While most EV users currently rely on subscription-based payment options when paying at charging stations or use plug-and-charge functionalities, those who don't tend to look for user-friendly options such as contactless payment without the need to enter a PIN.

Currently, small transaction amounts are at the heart of the EV charging industry and must remain easy for users to complete. Most payment transactions at a normal AC charging station for a full charge average about 8 euros per charging transaction.¹ These amounts are well below the limits set for contactless transactions in the EU (e.g., the €50 limit in Germany).

At the same time, it is essential to set a higher limit for payment transactions, as charging sessions along highways can often cost more than €50. Setting a higher limit would give users the freedom to use the contactless option without having to limit their charging sessions to less than 50 euros.

Setting a higher payment limit does not mean compromising consumer safety. Our ecosystem remains committed to the fight against fraud. While new technologies (smartphones, smartwatches, etc.) are rapidly revolutionizing the electronic payment market, the security provided by strong customer authentication (SCA) such as fingerprinting, facial recognition and other methods remains a bulwark against fraudulent practices. A future-proof legislation on payment services should thus take into account the transition from physical credit card payment to mobile payment with integrated SCA.

It should also be noted that it is difficult to commit fraud at a charging station, as a vehicle must remain stationary for a certain amount of time and accumulate a certain amount of energy before a transaction can be made. In addition, data between charging stations and vehicles is increasingly shared, making it easier to identify fraudulent transactions.

Finally, implementing an exemption from the PSD II requirement at charging stations would help increase usability, as the customer card hold refund would allow real-time authorisation and instantaneous refund, meaning that the hold placed on a customers' card can be released in real-time. Currently, the amount marked as a customer card hold can take two to three days to be refunded, which jeopardizes consumer experience and can even create financial difficulties particularly for less wealthy users.



3. Impacts of PIN-pad card-readers deployment at charging points

From a perspective of charging point rollout, requiring full card readers with PIN pads at every charging point in the European Union would be disproportionately expensive and counterproductive, especially for relatively low-cost charging points with less than 50kW of power output. Indeed, the cost of the payment card readers would represent an investment cost of about 3000€ per pad with ongoing costs of 600€ per pad each year and transaction costs of 1-3% plus 10 cents per transaction. This data also does not take into account the software and backend changes necessary, nor the testing procedure which is necessary after changing the hardware of the infrastructure.² In some cases such as “lantern charging”, the installation of fully fledged card readers may not even be technically feasible because of space restrictions.

¹ <https://www.aveve.org/joint-industry-position-the-need-to-remove-pin-pad-obligations-for-ev-charging-payments/>

² Numbers provided by WienEnergie

The installation of PIN-pad card terminals also comes with longer certification periods, as the PIN-pads are part of the certified charging station. A PIN pad requirement may thus slow down the future deployment of charging infrastructure.

Additionally, the operational and maintenance costs of normal power charging points should be considered. Due to their high number, normal power charging points are particularly impacted in terms of operational and maintenance costs when additional parts are added, like in the case of card readers (e.g. transaction costs, cost for software/backend changes, testing procedure, etc). Card payment requirements with PIN pad obligations would significantly decrease the availability of charging points - particularly those under 50kW, which are one of the cheapest charging options for EV users according to the European Alternative Fuels Observatory.³

It would therefore effectively phase out one of the most convenient charging options for consumers and increase costs for EV drivers, thereby reducing incentives to switch to zero-emission mobility.

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