

EU financial regulation

Santander chair calls EU rules on payments unfair

Tech start-ups given advantage over traditional banks, Botín tells FT

Ana Botín, executive chairman of Santander © Bloomberg

Nicholas Megaw in London and Rochelle Toplensky in Brussels APRIL 17, 2018

The head of the eurozone's biggest retail bank has called for the EU's flagship new payments regulation to be reformed to avoid hamstringing banks' ability to compete with large technology groups.

Ana Botín, executive chairman of [Santander](#), told the Financial Times that the EU's Second Payments Services Directive "needs to be reviewed for the digital age. The theory is good but it needs to be fair — at the moment it's not symmetrical."

Under PSD2, banks are required to give third parties access to customer data, allowing rivals to offer new services such as letting online shoppers see their bank balance and pay directly from their account.

However, while the legislation allows tech groups combine information from banks with their own customer data to make more personalised products, it does not entitle banks to access other companies' data in the same way.

"We like competition, but what we like is fair competition," Ms Botín said. "The value of PSD2 is everyone knows how we're using it, but anyone with data on, say, more than 50,000 customers should have the same rules."

The rules [came into force](#) across Europe in January and were extended with "Open Banking" legislation in the UK.

So far most of the companies offering services under the new rules have been smaller fintech groups, but Ms Botín's comments highlight a growing concern in the sector about the threat posed by larger potential rivals.

Amazon already offers loans to small businesses, and last month it was reported to be [in talks](#) with JPMorgan Chase to develop a checking account-like product.

The chairman of another European bank said PSD2 had done a good job of making the process of fintechs working with banks' data more efficient and well monitored, but said "it's quite different if big tech decide to come in".

"If they decide to go into banking they will have to be subject to the equivalent regulation," he said.

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Julian Skan, senior managing director for banking at Accenture, said open banking creates an opportunity for companies to find new revenue streams, but added: "I do think that the banks have a point in that this was written to regulate banks, and it is not a level playing field."

Companies outside banking regulation "have much less to worry about", Mr Skan said, whereas "banks have got their hands tied behind their back — and it is going to hurt".

A recent report by Citigroup estimated that European banks [could lose](#) more than a third of their revenues from payments, investments and SME lending business to disruptive models by 2025.

The European Commission declined to comment directly on Ms Botín's comments, but said PSD2 "will promote the development of innovative online and mobile payments, which will benefit the economy and growth".

The commission added that the EU's approach "caters for the needs of both emerging and existing business models in this rapidly evolving market in which enhanced competition should result in lower costs of payments and innovative payment solutions".

Despite the worries, however, Mr Skan suggested that recent controversies over companies such as Facebook's use of [customer data](#) could work in banks' favour.

"I definitely think it's a tipping point because it's woken up the public and they're now thinking about their data," he said. "A big frustration for the banks over the last 10 years was people didn't seem to care about their own safety — the banks could spend all this money in cyber security et cetera, but get no credit for it — that idea of being a safe haven now might help them capture value again."

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