

Prague 20 June 2012

**Subject: Public consultation on Recommendations for the security of internet payments**

With reference to the public consultation on Recommendations for the security of internet payments the Czech National Bank presents following comments.

We welcome the effort for standardization of the requirements for the security of internet payments, which has currently the leading role in the framework of the communication channel by the vast majority of credit and financial institutions and their consumers.

We also support the layout of the recommendations in the Part 2. We consider this layout to be practical and useful, there were chosen critical and problematic areas.

**Substantial comments**

Our substantial comments refer mainly to Annex 1. The Czech National Bank agrees with the recommendations' proposal. However, we cannot agree with its setting in the legal regulation – Payment Service Directive (Annex 1). In our opinion, the assumption that each of the national regulator should implement the recommendations in its jurisdiction as the ideal security standard is unworkable. Nevertheless, it is desirable that each of the national regulator publishes the recommendations on its website as a non-obligatory recommendation of ideal standards for internet payments.

In our opinion, general regulation for both bank and non-bank subjects has no sense. It is not possible to put the same security requirements for both the bank and e.g. the mobile operator which offers at the same time payment services in the framework of micropayments only. It is also necessary to pay attention to the geographical point of view and customs in the certain area. Specific security ensuring should be in competence of the regulated subject, with respect to assessed risks (mainly recommendations 1 – 4, 10, 13).

In general, we warn about definitions unclearness and suggest to use current definitions in existing legal provisions (EMD, PSD and last time the so-called SEPA regulation). What does exactly mean “other internal services provided by a PSP via its payment website (e.g. e-brokerage, **online contracts**)?” We do not understand mainly the specification “online contracts”. According to our practice, we can say that the majority of providers offer their services via internet, remote contracts are offered for services enabling to handle an account also via the so-called internet banking. These providers are also credit institutions.

Creating the definition “card payments”, we suggest to be inspired by the definitions in the recently published SEPA regulation (260/2012, par. 1/2/c).

We do not understand the reason why “transfers of electronic money between two e-money accounts” should be excluded from the scope of the recommendations. According to the PSD, e-money accounts are payment accounts to which there is an access via the internet banking application as well, and it cannot always be the case of e-money in micropayments.

## **Specific comments**

Rec. 6

6.1.B.P: We do not consider to be useful to define exactly in the document how the contract between the customer and payment service provider should be written.

Rec. 14

14.2.KC: We do agree with the provision that the basic information should be always given /made available in a secure environment. However, if the customer explicitly asks for providing him with information through an alternative channel, where this secure environment is not available (e.g. letter, SMS, e-mail), we do not consider as appropriate to set in a directive manner how to provide information and the extent of its specification.

Best regards,

**Jan Pilbauer**

Executive director of Cash and Payment  
Systems Department

**Ivan Fencel**

Director of Payment Systems  
Policy and Development Division