

3.4. Payment Services Bill 2015 – Second Reading approved

Mr Teare to move:

That the Payment Services Bill 2015 be read a second time.

The Speaker: We move now to the Payment Services Bill and again I call on the mover, Mr Teare.

Mr Teare: Thank you, sir.

It gives me great pleasure to move the Second Reading of the Payment Services Bill. This is a short and rather technical Bill, but it is necessary to enable the Island's banks to compete in the field of payment services, involving payments into the European Union and the other countries which form part of a Single Euro Payments Area, otherwise known as SEPA. That area now embraces 31 states, many of which are within the European Union, but also including Switzerland, Monaco and the French territories of Saint Pierre and Miquelon.

The Council of Ministers approved the principle of the Island making an application for the Island to become part as SEPA as long ago as 2009. However, internal difficulties within the European Payments Council (EPC), which regulates the SEPA payment schemes into filing the criteria for administration for non-EU states led to discussions stalling early in 2010. Serious negotiation only became possible in early 2014 when after an approach from staff at the Island's Brussels office, together with Channel Island colleagues, the EPC published a revised set of criteria.

The Bill seeks to deal with two aspects of those criteria. If the Island becomes a jurisdiction within SEPA, banks which are based here will be able to apply to become members of the SEPA schemes. The schemes cover international direct debits and international credit transfers. Before an application by an individual bank can be made, the jurisdiction in which it is based must itself be approved for membership of SEPA.

There are a number of criteria which are set in the EPC's 2014 publication. Many of these relate to international probity standards and are already met here. Two of the criteria, namely the applications of Titles III and IV of the 2007 European Payment Services Directive and the Electronic Money Directive could have been achieved by statutory documents, under sections 2A and 2B of the European Communities (Isle of Man) Act 1973. However, another criterion which relates to the application of EC competition law, in the context of payment services within SEPA, could not be achieved except by new primary legislation and that is because of the fundamentals of European competition law were originally located within the founding treaties of the European Communities and now found in articles 101 and 102 of the Treaty on the Functioning of the European Union.

The meat of the Bill, Mr Speaker, is to be found in clauses 4 to 6.

Clause 4 will permit the Financial Supervision Commission to make regulations in relation to the application of the two directives I mentioned.

Clause 5 will enable the Isle of Man Office of Fair Trading to make regulations containing special provision to achieve the necessary level of regulation in relation to competition law for the purposes of SEPA applicants, participants and payment transactions.

The Bill includes an element of future proofing in clause 7, which will permit the Council of Ministers to make an order to amend the Act to reflect changes, either in relation to technology or methods of regulation for payment services. All statutory documents under the Act will be subject to Tynwald approval and regulations under clauses 4 or 5 will also be the subject of statutory consultation before they are made.

Mr Speaker, I beg to move that the Payment Services Bill 2015 be read for a second time.

The Speaker: Mr Henderson.

Mr Henderson: Gura mie eu, Vainstyr Loayreyder.
I beg to second, sir, and reserve my remarks.

The Speaker: I put the question that the Payment Services Bill be read for the second time. Those in favour, say aye; against, no. The ayes have it. The ayes have it.