

3 Specific focus on e-money protection

Sarah CHETOUANE – Thierry DISSAUX - FGDR

Définition (EBA)

Electronic money (e-money) is broadly defined as an electronic store of monetary value on a technical device that may be widely used for making payments to entities other than the e-money issuer.

What does DGSD2 say about e-money issuers?

Electronic money issuers are not Credits Institutions

The failure of an e-money issuer is therefore not covered par EU DGSD2.

To protect electronic money of clients from a possible failure, e-money issuers must be insured (through a contract with an insurance company) or must open an “*ring-fenced account*” with a credit institution.

→ what about a possible failure of the bank which holds the e-money issuer account?

What is the current DGSD2 protection for e-money issuers clients in case the bank holding the ring-fenced account fails?

1 – FGDR appreciation: DGSD2 does not allow to protect e-money holders in case of a failure of the bank whom handle the ring-fenced account.

a/ the ring-fenced account might be considered as a beneficiary account and compensated “looking through” the e-money issuer as the direct depositor.

b/ But DGSD2 excludes such an approach for financial institutions (article 5-1) except for banks holding an account for their clients (article 5.1.a)

What do the French authorities do about this problem?

The French authorities are considering the possibility of enlarging, by the law, the beneficiary account regime recognized to banks, to e-money issuers.