

PSD2 & International Payments and Foreign Currencies

What has changed?

PSD1 only applies to:

- a) Payment transactions within the EEA: it does not cover so-called 'one-leg-out' transactions where either party's payment service provider (PSP) is outside the EEA
- b) European currencies: it only applies to payments in euro or another EEA currency of a member state outside the Eurozone (e.g. Sterling or Swedish Krona)

PSD2 extends the scope to include:

- a) Payments that take place to and from PSPs outside the European Economic Area (EEA)
- b) Payments in non-EEA currencies

The impact on change projects?

During PSD1, many products and services (e.g. USD accounts) would have been excluded from the scope of PSPs' implementation projects

Those scoping decisions will need to be revisited for PSD2 to ensure relevant products and services are brought into scope

Are there any exceptions?

- Certain limited PSD requirements continue not to be applied to either one leg out or non-EEA currencies
- Different exceptions apply for each of one-leg-out and foreign currency payments

Changes to correspondent banking

PSD2 could have a significant impact because of:

- The extension of scope to cover the European legs of so many international transactions
- Questions about impact on agency arrangements that take place outside the EEA, but on behalf of a PSP in the EEA

Find out more

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For any advice about the world of payments and what it means for you, contact:



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