

Press Release: Will low-value gift cards survive the Anti-Money Laundering Regulation?

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An industry association coalition of electronic money issuers, distributors, and retailers strongly calls on the European Parliament and the Council to keep the use of popular and everyday low-value, low risk e-money products such as e-money gift cards and vouchers and to abstain from introducing a mandatory customer identification for such products.

Both consumers and retailers greatly benefit from the current e-money exemption in the Anti-Money Laundering Directive. The associations estimate that in 2022, 50 to 70 million consumers in Europe made use of an e-money product that is offered under the e-money exemption.

The associations are very concerned that these products will no longer exist if the co-legislators adopt the European Commission's proposal for an Anti-Money Laundering Regulation (AMLR). Currently, Article 12 of the Anti-Money Laundering Directive allows low-value prepaid products to be sold and used without customer identification, provided there is a proven low risk of money laundering and terrorist financing. That widely used and well-working exemption no longer exists in the Commission's proposal for the new AMLR.

The exemption has played an important role in driving innovation in the e-money sector, as it enables uncomplicated access to these vouchers and gift cards and supports privacy of personal data. Furthermore, it has been instrumental in fostering financial inclusion by providing access to electronic money services for a broad range of users, particularly underbanked or underserved people. The possible disappearance of these gift cards or vouchers will have a major, negative impact on local economies consumer choice and the value chain of such products.

The industry and concerned value-chain actors have a distinct need for such an exemption to be able to offer low-risk e-money products in a legally secure way. The AMLR should ensure that the continued existence of the exemption is clearly reflected in its final text, providing much-needed planning and legal security. Otherwise, these gift cards and vouchers in shops are likely to disappear to the detriment of customers and the fintech location Europe, without actually contributing to fulfilling the goals of the legislation, given that the risk of such products is low anyway.

“The proposal to remove the exemption is not necessary and disproportionate. There is a very low risk of such products being misused for illicit purposes. The regulatory regime governing the issuance of these products is already very strict and issuers comply with various statutory requirements. Today's spending and loading limits are extremely low, with a limit of 50 euros for online transactions and 150 euros for offline transactions, and the issuers of such products carry out sophisticated measures to prevent any misuse,” says Nickolas Reinhardt, Head of the EPIF Secretariat.

“Consumers are very reluctant to give their personal data. If the buyer of an e-money gift card would have to provide identification details, e.g. at the supermarket checkout, such products will no longer

be used by citizens and will vanish from the supermarket shelf”, say Atze Faas from EuroCommerce and Alexis Waravka from Independent Retail Europe.

Without the exemption, retailers selling such gift cards would be obliged to store customer’s personal information in a GDPR compliant way. For many points of sale, this would be hard to implement and could drive up costs disproportionately, keeping in mind that 95% of retailers are SMEs, so that these products could no longer be offered.

“Depriving citizens of the ability to purchase or offer as a gift to friends and family e-money products of limited value is simply unjustified,” says Thaeer Sabri, chief executive of the Electronic Money Association. “On the contrary, such e-money products should be actively supported by future regulation given that they come with many benefits for the users, e.g. in terms of privacy or financial inclusion. Abolishing the exemption would also lead to an encroachment on fundamental rights of European citizens. We therefore support the European Parliament's proposal to retain the exemption for such products from mandatory customer identification. At the same time, we still see room for improvement and hope that the co-legislators will be able to find a compromise to the benefit of many regular customers.”

About Us

BrancheVereniging Cadeaukaarten Nederland (BVCNL)

BVCNL is the industry organisation representing the interests of the gift card industry in the Netherlands. It represents the Dutch Key Players in a €1.7 billion gift card market. With over 40 members including retailers, issuers and service providers BVCNL provides a platform and infrastructure for members to collaborate, share best practice and keep up to date with a fast growing and dynamic industry. BVCNL actively promotes the collective interests of its members. It monitors the reputation of the industry and liaises with stakeholders to create maximum benefits opportunities for its members.

Electronic Money Association (EMA)

The Electronic Money Association (EMA) is the trade body representing the interests of e-money issuers and innovative payment service providers globally for over 20 years. Our membership includes large e-commerce businesses, fintech service providers, prepaid card issuers, crypto currency businesses, AIS/PIS providers, acquirers, bill payment providers, corporate incentive providers, mobile payment specialists, and business to business services. The EMA acts as a forum for industry, enabling the sharing of know-how and the development of good practice. It represents its members in discussions with governments, EU policymakers, consumer bodies and other parties. We have offices in Brussels and London. The EMA also has local branches in 5 European countries: Ireland, Lithuania, Luxembourg, Malta, and the Netherlands.

European Payment Institutions Federation (EPIF)

EPIF, founded in 2011, represents the interests of the non-bank payment sector at the European level. We currently have over 190 authorised payment institutions and other non-bank payment providers as our members offering services in every part of Europe. EPIF thus represents roughly one third of all authorized Payment Institutions ("PI") in Europe. All our members operate online. Our diverse membership includes a broad range of business models, and we aim to play a constructive role in shaping and developing market conditions for payments in a modern and constantly evolving environment. It is our desire to promote a single EU payments market via the removal of excessive regulatory obstacles.

EuroCommerce

EuroCommerce is the principal European organisation representing the retail and wholesale sector. It embraces national associations in 27 countries and 5 million companies, including leading global players and many small businesses. Over a billion times a day, retailers and wholesalers distribute goods and provide an essential service to millions of business and individual customers. The sector generates 1 in 7 jobs, offering a varied career to 26 million Europeans, many of them young people. It also supports millions of further jobs throughout the supply chain, from small local suppliers to international businesses. EuroCommerce is the recognised European social partner for the retail and wholesale sector.

European Association of Payment Service Providers for Merchants (EPSM)

The EPSM is a non-profit trade association mainly for card acquirers and other merchant facing PSPs in the SEPA region. Non-voting members include major card schemes, terminal manufacturers, and processors. There are currently more than 60 members based in more than 15 countries across Europe. Main activities are regular

physical and virtual meetings, online-working groups as well as contributions to European policy makers. A more detailed profile can be found at www.epsm.eu.

Gift Card & Voucher Association (GCVA)

The Gift Card & Voucher Association (GCVA) is a not for profit trade body & membership organisation, which represents the key players in the gift card and stored value solutions market. With over 80 members representing key retailers, issuers and suppliers operating in the UK and EU, the GCVA provides an information and reference point for the Gift Card & Voucher industry and is at the forefront of the issues affecting the industry. Its main objective is to provide a platform and infrastructure for the industry and to raise the profile and use of gift cards, positively positioning the sector to consumers, businesses, government and their interested parties.

Independent Retail Europe

Independent Retail Europe is the European association that acts as an umbrella organisation for groups of independent retailers in the food and non-food sectors. Our members are groups of independent retailers, associations representing them as well as wider service organizations built to support independent retailers. Independent Retail Europe represents 24 groups and their 403.900 independent retailers, who manage more than 759.000 sales outlets, with a combined retail turnover of more than 1,314 billion euros and generating a combined wholesale turnover of 484 billion euros. This represents a total employment of more than 6.620.000 persons. Find more information on our [website](#), on [Twitter](#), and on [LinkedIn](#).

Payments Innovation Forum (PIF)

The Payments Innovation Forum (PIF) is the not-for-profit industry body representing regulated payment service providers. Our members are delivering innovative products and solutions for consumers, businesses and public sector organisations in the UK and EU. PIF's primary goal is to support and champion innovation in payments by promoting the highest possible standards of regulatory compliance, advocating for our members on important policy matters, improving the perception of new and existing payment services and facilitating the exchange of knowledge and experience to drive performance across the industry.

Prepaid Verband Deutschland e.V. (PVD)

Founded in 2011, the Prepaid Verband Deutschland (PVD) e. V. is an industry association representing the interests of the prepaid industry operating in Germany. These include, for example, providers of prepaid payment methods (such as banks and electronic money institutions), processing companies, retailers and E-Commerce companies issuing gift cards, technical service providers of loyalty and prepaid systems and distributors of prepaid payment products in the retail sector. By actively developing the prepaid market, the association represents the interests of its members and is the point of contact for politicians, authorities and the public. At present, more than 20 companies are members of the PVD.