

## ACCIE – Statement on Credit Cards and Payment Accounts

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The Association of Credit Card Issuers Europe stresses that accounts linked to **credit cards are not** – and should not be treated as – payment accounts.

As funds cannot be deposited into a credit card account, a **credit card is a payment instrument** and not a payment account.

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### 1. Definition of payment account, the European Banking Authority's view

First, ACCIE would like to draw attention to the EBA's answer<sup>1</sup> on the nature of a payment account:

- A **'payment account'** is defined in Article 4 (12) of the PSD<sup>2</sup> as "an account held in the name of one or more payment service users which is used for the execution of payment transactions".
- A **'payment transaction'** is defined in Article 4 (5) of the PSD<sup>2</sup> as "an act, initiated by the payer or on his behalf or by the payee, of placing, transferring or withdrawing funds, irrespective of any underlying obligations between the payer and the payee".

The fact that a credit card is coupled with a reference account for technical reasons does not in itself affect its qualification as a payment account. To determine whether an account qualifies as payment account, one must assess whether the account can be used for the execution of payment transactions in conformity with the definitions above as interpreted by the European Court of Justice in its ruling in Case C-191/17<sup>3</sup>. The account should allow for **sending and receiving funds**, including to and from a third party. Also, transactions should be made **directly from the account** without the use of an intermediary account.

### 2. Common use cases and payment flows of credit cards

Below, ACCIE presents the three possible use cases of credit cards, which are underlining the statement that credit cards are not payment accounts.

#### *Settling a credit card balance*

The technical customer account (IBAN) linked to each credit card is only used for the settling of the customer's credit card balance. When customers want to settle their balance, a payment is initiated from their reference account (which can be held in another financial institution). Therefore, an IBAN has been created for each customer account only to allow for easy transfer to the correct technical customer account. Monthly settlements are carried out using SEPA Credit Transfers, and sometimes, SEPA Direct Debits.

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<sup>1</sup> [https://www.eba.europa.eu/single-rule-book-qa/-/qna/view/publicId/2018\\_4272](https://www.eba.europa.eu/single-rule-book-qa/-/qna/view/publicId/2018_4272)

<sup>2</sup> <https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=celex%3A32015L2366>

<sup>3</sup> In which the European Court of Justice ruled that the determining criterion of a payment account is "the ability to perform daily payment transactions from such an account", and the possibility of making payment transactions to a third party from an account or of benefiting from such transactions carried out by a third party. **An account from which such payment transactions cannot be made directly, but for which use of an intermediary account is necessary, cannot therefore be regarded as being a 'payment account'.**

*Making a purchase with a credit card*

When a credit card is used to make purchases or cash withdrawals, the transaction is immediately posted in TARGET2-Securities from the client's technical credit card account.

*Third-party payments are not possible from a credit card technical customer account*

Outgoing SEPA Credit Transfer payments are generally not allowed from a technical customer account, with the exception of transfers to external reference **own** accounts held in another financial institution in the case of settling the customer's credit card balance. Customers are also not permitted to use their technical customer account to make SEPA Direct Debit payments.