

EUROPEAN COMMISSION'S IIA ON INSTANT PAYMENTS IN THE EU - PAYMENTS EUROPE'S RESPONSE

Payments Europe welcomes the opportunity to provide feedback on the European Commission's Inception Impact Assessment on the Initiative on instant payments in the EU. Payments are the foundation of the economy and will be a key element in the post-pandemic efforts towards full recovery. For these reasons, Payments Europe believes that now more than ever it is crucial to have a well functioning payments market.

The European payments market is a success story stemming from the combination of trust, innovation driven by consumer demand and safety and security standards that have allowed a multitude of payment methods to thrive and grow. The variety of payment methods available to European consumers is evidence of positive competition, which in turns stimulates innovation.

Moving forward, we call on the European Commission to ensure that further regulatory interventions are well considered and are addressed at proven market failures. If not, it could undermine market dynamics and ultimately the trust that consumers currently have in the existing solutions. Continuous regulatory intervention will also create regulatory uncertainty and hamper investments. It creates additional hurdles, including costs, that could impact the ability of payment services providers to deliver value to the detriment of consumers and businesses alike.

For all these reasons, and keeping in mind that the market has been very effective in driving new payment initiatives, Payments Europe recommends that with this Inception Impact Assessment, the EC pursues the proposed baseline option (1), which includes monitoring the market evolution and assessing the effects of voluntary efforts to put forward initiatives delivering on the above objectives, as the most effective means of enabling the market to continue innovating to meet consumer needs.

Instant payments as the 'new normal'

Making instant payments the new normal is one of the propositions put forward by the European Commission in its Retail Payments Strategy.

Payments Europe supports the uptake of instant payments. It is a payment method that is complementary to others and brings unique features, value proposition, functionalities.

Provided with a wide array of choices, consumers will have the option to decide which payment method better suits them for each specific purchase. But for consumers to be able to make an informed choice, it is necessary that they have access to all the relevant information about solutions and their features and are aware of the benefits and risks related to any payment method. Currently, instant payments are unable to offer the same guarantees offered by other payment methods, such as high level of protection against fraud, well-developed reimbursement options and enhanced safety features.

In addition to the importance of informed choice, Payments Europe advocates that consumers' safety

and security should always be at the centre of every initiative, be it regulator- or market driven. Without a guarantee of safety, security and reliability, it will be impossible for new means of payments to become a consumer's preferred choice. The payments industry is already working towards the development of new solutions to increase safety and security, and Payments Europe welcomes and participates in these efforts.

The market for instant payments is advancing, driven by technological development and consumer demand. New solutions should be built on sustainable business models that recognize the commercial drivers of participants and can be developed to meet the demands of future growth and innovation. For these reasons, we believe that no further regulatory measures are required for the development and uptake of instant payments.

As far as adherence to the EPC SEPA Instant Credit Transfer rulebook (SCT Inst.) is concerned, we believe that the existing regulatory requirements are fit for purpose. The SCT Inst. scheme already has a wide base of participants. For this reason, we find that the fixing of mandatory end date for adherence to SCT Inst. is not necessary. We stress that the implementation of SCT Inst. would require substantial system changes and upgrades for payments service providers.

ABOUT PAYMENTS EUROPE

Payments Europe is an association of global and European card-based payment solutions providers created to strengthen the voice of the industry. Payments Europe's members are active throughout Europe representing card issuers, card acquirers, four-party card schemes and other stakeholders active in the ecosystem that offer card-based payment solutions. Our mission is to promote a better understanding of the complexity of card payments and the inherent value it brings to society. We support a vibrant, innovative, and competitive European payments market, that is based on a balanced regulatory framework and puts consumers and consumer protection at the heart of everything.

For more information, please visit www.paymentseurope.eu/