

PAYMENTS EUROPE'S VISION FOR THE NEXT 5 YEARS

The European payments market has thrived in the past years. Today, there is more **innovation and choice** than ever before, making the vast majority of consumers and merchants satisfied about the way they pay and get paid¹.

This has been achieved thanks to **investment and innovation** brought about by the industry to respond to user needs and **supported by regulation**. The 2019-2024 EU institutional mandate saw several frameworks established or amended. Open banking and instant payments enabled a framework for alternative payment methods; a pan-European payments initiative was launched; and improved transparency measures were established. Moreover, the framework for fraud is being updated, work on the Digital Euro is progressing, and more developments are ongoing, all the while merchants' acceptance costs have dropped.

Looking ahead, Europe faces strategic challenges to foster growth, competitiveness, and resilience within the Union, whilst protecting investment and guaranteeing an inclusive digital transition. **The payment sector is a committed partner in helping achieve these objectives.** Within this diverse sector, the **card payment ecosystem** is an important player that has **created much of the value** that payments bring to society. Cards also remain the preferred means of payment across Europe².

Payments Europe's study *"The True Value of Cards"* (2023) asked merchants about their and their costumers' level of satisfaction with available payments solutions:

I am satisfied with the payment solutions that are available to me



My customers are satisfied with the payment solutions that are available to them



Payments Europe, representing all type of card solutions across Europe, is a collaborative partner to the European institutions. With our vision, based on 4 principles, we want to contribute to Europe's competitiveness.

These 4 principles are:

- 1 Openness
- 2 Security
- 3 Future-proof Regulation
- 4 Education



These 4 principles should drive the strategic agenda of the EU in the next 5 years to set Europe and its payments market up for continued success in an increasingly volatile world.

¹ 88% of consumers and 76% of merchants are satisfied with the payments options available and feel these respond to their needs. "The Evolution of the European Payments Market" (2021) and "The True Value of Cards" (2023), reports by Payments Europe.

² 67% of consumers and 72% of merchant prefer cards over other means of payments, including cash. "The Evolution of the European Payments Market" (2021) and "The True Value of Cards" (2023), reports by Payments Europe.

Payments Europe's 4 Principles

1

Openness

- Europe's competitiveness will be fostered by having **an open and fair market**. Indeed, by attracting innovation and investments from across the world, and ensuring equal competition, the EU will stimulate growth. Pending and future legislation should reflect these principles.
- Regulatory **technological openness is fundamental** to foster innovation and allow the market to continue developing modern and user-friendly solutions whilst also ensuring the highest level of consumer protection and fraud prevention.
- **Regulatory simplification, harmonisation, and the elimination of duplicative supervisory requirements** would also increase competition by reducing barriers to entry, fostering cross border growth and lowering costs.
- The **EU should continue to support global harmonisation and alignment** in accordance with the approach adopted for the G20 Roadmap on enhancing cross-border payments, which has demonstrated the importance of public-private sector collaboration while also promoting the EU's role as a global standard setter.

2

Security

- Cybercrime and fraud constantly evolve. To ensure users keep trusting the payments ecosystem, policy makers should **tackle the challenges posed by new types of fraud** by seeking to address them at the source. This can only be done through an **integrated and collaborative cross-sectoral approach** by the regulator, law enforcement, and all parties in the ecosystem, extending beyond the payment industry. Support for fraud and cyber-crime-related data-sharing initiatives should also be given.
- Financial fraud is borderless. This requires flexibility and, within the boundaries established by EU law, the possibility for firms to **leverage data globally to identify and mitigate global cyber risk**.
- **Integrating AI** into the ecosystem can further enhance security measures.

Example:

Payments Europe encourages the development of a strong regulatory framework on fraud prevention, in particular in relation to the emergence of new payments solutions and new types of fraud. As fraud evolves fast, we would welcome the establishment of an expert group on fraud prevention that can support the Commission in this important fight.

Example:

A Digital Euro should be built on open acceptance and interoperability with existing technologies and networks to minimise complexity for both consumers and merchants and ensure quicker uptake. Similarly, wherever possible, payment service providers should be allowed to use existing infrastructure for Digital Euro transactions to reduce additional costs and fees.



Future-proof regulation

- To stand the test of time, legislation should be outcome-based, define clear principles, align with pre-existing norms, and guarantee pragmatic implementation. Indeed, **this prevents the need for continuous legislative updates, increasing legal certainty.**
- In light of the many new pieces of legislation coming into force in the near future, **appropriate time should also be allowed to evaluate their implementation** before further changes to the legislative framework are proposed.
- **Appropriate enforcement** should be put in place **before new legislation** is introduced. Regulatory guidance should be provided when required.
- Public-private partnerships and structured exchanges at technical level will help achieve this and **ensure that recently adopted legislation set the payments market up for success.**

Example:

Payments Europe recommends that special attention be given to the enforcement of existing regulation before new rules are considered. For example, European rules currently require that consumers are given clear and fair choice between card brands when paying, with all different options displayed on the payment terminal, PC screen or other point of sale. Unfortunately, this is not yet the reality in all cases, and consumers are often not given a choice. The regulation should be fully enforced before new rules are considered.

Education

- In a market with abundant choice, it is fundamental to ensure consumers and (small) merchants are **sufficiently educated to make informed choices** about the use of payment method based on the value each of them delivers. Moreover, consumers and merchants need to be **made aware of the risks specific to each payment method.**
- Appropriate levels of user education will not only **ensure users' protection and prevent financial and digital exclusion**, but also ensure a level playing field is maintained amongst payment services.
- A clear understanding of each payment method with its **unique characteristics, benefits and risks** will release the full potential of today's diverse market, ultimately driving competitiveness and resilience. The European institutions as well as national authorities play a crucial role in this and should **continue to collaborate with the industry** to ensure adequate levels of transparency and comparability of information.

Example:

Payments Europe's members are actively invested in increasing the level of user education in relation to available payment methods. For even better results, we would welcome and support institutional campaigns to help consumers and small merchants better understand the differences between payment methods, such as cards, instant payments, etc. The recent European Commission campaigns about IBAN discrimination are a great example of how this can be achieved. Collaboration with consumer and small merchant association will further enhance impact and reach.



Payments Europe's position on legislative files currently under review

Digital Euro

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- Payments Europe welcomes a Digital Euro that has defined use cases and clear benefits.
- To preserve the level playing field, the ECB's role as Digital Euro issuer, clearing and settlement provider, and supervisor should be clearly defined and separated.
- The timeline for rollout of the Digital Euro will need to take into account the need to build public trust as well as to prioritise the implementation of offline payments features. Rollout shall begin within the eurozone.
- A Digital Euro should be built on open acceptance and interoperability with existing technologies and networks.
- In relation to the compensation model, the market should be allowed to determine the appropriate fees between all entities involved.

PSD3/R

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- PSD3 and PSR shall set a future-proof and technology neutral framework for Strong Customer Authentication (SCA). Flexibility is key, and Payment Service Providers (PSPs) should be encouraged to select the best combination of authentication methods and technologies.
- PSP liability should be shared along the entire payment value chain and allocated proportionately.
- Transparent user permission dashboards and robust authentication protocols for Open Banking will allow consumers to control their data appropriately, which in turn will drive confidence and satisfaction.

Competition in the payments and card market

[View our paper \(TrueValue Study\)](#)

- Competition in the payments' ecosystem is strong and growing.
- The European payments environment is a vast, multifaceted one, with a wide variety of brands and solutions available – serving the different needs of merchants and consumers.
- While new payment methods are gaining in popularity, cards remain the preferred method for consumers and over 70% of merchants. The card business has kept up a steady level of innovation. 87% of European merchants agree that cards' value outweighs their costs. Moreover, the different fees that make up the total cost of cards have remained relatively stable over the last years.
- Further legislative intervention should be avoided, not the least because price regulation has serious unintended consequences and unlevel the playing field. Regulatory guidance and stricter enforcement, for example on consumer choice at point of sale, would be welcome.

FIDA

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- FIDA should strike a balance between regulating and incentivising open finance and needs to be coherent with all other existing regulation.
- Clear terminology, particularly for the definition of terms such as customer data, data holder, financial information services, and data sharing obligations for regulated entities, is essential.
- The interplay between data sharing requirements for Financial Information Service Providers and the Payment Services Directive's framework for Account Information Service Providers should be clarified.
- Cross-sector data sharing schemes should be incentivised, and the related implementation deadline should be extended.



ABOUT PAYMENTS EUROPE

Payments Europe is the voice of the card-based payment solution providers in Europe. Our mission is to promote a better understanding of the complexity of card-based 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 that puts consumers and consumer protection at the heart of everything. Payments Europe's members are card issuers, card acquirers, card schemes and other businesses that offer card-based payment solutions in Europe.

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