

POLICY PRIORITIES IN THE PAYMENT AREA



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Achieving strategic autonomy in EU payments by building on strong foundations

Digital payments are of great strategic importance, not only for the further development of efficient financial markets but also for a prosperous economy as a whole. The increasing trend towards digital payments has also led to a growing dependence on non-European card schemes and BigTechs, especially those based in the United States. The ECB's recently published "Report on card schemes and processors" revealed that international card schemes accounted for approximately 61% of euro area card payments in 2022. The domestic payment methods used in Europe are often country-specific, rather than being available throughout the entire euro area: Germany's popular Girocard scheme and the French Cartes Bancaires ecosystem are two such examples.

The retail payment strategies of the European Commission and the Eurosystem have highlighted the need for the EU to take strategic measures to lessen reliance on non-EU payment providers, a necessity further underscored by recent geopolitical developments.

These strategies and regulatory policies complement each other, building upon one another, enabling Europe to achieve a remarkably efficient payments infrastructure for account-based payments governed by rulebooks drawn up by the European payments industry and running on infrastructure mainly owned by European banks or, in some cases, by European central banks. The SEPA Regulation established a standardised framework across EU Member States, facilitating seamless and efficient transactions throughout Europe. The Instant Payments Regulation then took things a step further. It brought substantial benefits, such as enabling instant transfers around the clock, enhancing the speed and reliability of transactions, and supporting the growing demand for digital and mobile payment options among consumers and businesses alike. The Payment Services Directives (PSD and PSD2) provided the foundations for opening up the banking system and fuelling the development of innovative payment services whilst improving consumer protection. Building on these achievements, the upcoming PSD3/PSR regulation, currently undergoing the legislative process, will press ahead with the objectives of its predecessors. The Digital Operational Resilience Act (DORA) is a significant stride towards strengthening resilience in the digital space, especially in the financial sector. DORA contains extensive regulations on cybersecurity and the management of cyber risks.

What is still missing is a European payment solution at the point of interaction for end users that builds on these foundations – a solution which allows payments across Europe, offering a uniform user experience and European governance. The European Payments Initiative (EPI) is aiming to provide such a solution through their Wero wallet, using SEPA instant payments to move funds. EPI's focus has now turned to introducing further use cases such as e-commerce and payments in bricks-and-mortar retail. They are looking into offering additional functionalities and working towards ultimately achieving greater geographical coverage beyond the five participating core countries where the market base is already strong. There needs to be a concerted commitment to forging ahead in the direction set by Wero's launch.

Strategic autonomy is crucial for ensuring the EU's long-term competitiveness and resilience in the global payment.

The introduction of a digital euro would do much to strengthen Europe's sovereignty, resilience and efficiency. With the digital euro, over 350 million people in Europe would have a standardised digital means of payment that they could use throughout the euro area and it would consequently bring euro cash into the digital era by providing a public alternative to private payment instruments. The digital euro would run on European payment rails and help make private payment solutions more competitive by reducing the current fragmentation of the digital payment landscape in the euro area through European standards and it could serve as the basis for new, innovative value-added services.

Strategic autonomy is crucial for ensuring the EU's long-term competitiveness and resilience in the global payment landscape. Progress has been made but the journey ahead is complex. By working together, European stakeholders can carry on building a thriving, innovative and resilient payment ecosystem for the benefit of all.



ULRICH BINDSEIL

Director General, DG Market Infrastructure & Payments – European Central Bank (ECB)

ECB supporting innovation and competition in EU payments sector

In a world of increasing uncertainty, it is not surprising that risks of financial instability and the international role of the euro are foremost in the minds of European central bankers. Ensuring that the euro continues to be the monetary anchor in the EU is of utmost importance to the ECB. The ECB is actively pursuing key policy initiatives to uphold the integrity of our financial systems, paving the way for increased innovation and competition in the payments sector to strengthen EU autonomy and unlock opportunities. Embracing digital transformation while ensuring that our payment systems remain safe, efficient, and inclusive is at the heart of the Eurosystem's retail payments strategy (RPS). The primary goal is to support the creation of homegrown pan-European point-of-interaction payment solutions. Currently, most retail payment solutions focus on national markets resulting in being unable to achieve the economies of scale that the euro area offers and a dependency on a few non-European market players for payments across the Single Euro Payments Area (SEPA). This also hampers competition, innovation and resilience, and is thus an issue of concern.

The ECB has continually encouraged market participants to develop and implement pan-European instant payment end-user solutions. In tandem, the ECB has worked closely with the industry to ensure that the clearing and settlement layer can support instant payments. The Instant Payments Regulation is aimed at accelerating the roll-out of instant payments in Europe. In preparation for the various deadlines therein, the Euro Retail Payments Board (ERPB), chaired by the ECB, has developed a high-level communication strategy to raise awareness of instant payments. Furthermore, the ECB recently adopted a decision to implement its policy to allow non-bank payment service providers access to central bank-operated payment systems, including TARGET. The broader access criteria are aimed at enhancing the efficiency of the European retail payments market, fostering competition and innovation, and supporting the uptake of instant payments in the EU.

Under the RPS, the ECB is also championing open banking initiatives. Central to this effort is the SEPA Payment Account Access (SPAA) scheme, developed by the European Payments Council under the direction of the ERPB. The SPAA scheme enables 'premium' payment services beyond the regulatory requirements of PSD2 and supports a wide variety of payments use cases. By promoting interoperability and standardisation, the SPAA scheme aims to dismantle barriers to entry for new market participants and foster innovative payment services environment. Fostering collaboration between established financial institutions and fintech firms through ongoing dialogue and cooperation aims to address potential conflicts of interest and align strategic objectives.

The digital euro project is key to European sovereignty and complementary to the RPS. It would provide a digital means of payment for citizens and businesses across the euro area in shops and in e-commerce. The digital euro would ensure that the European payments landscape is not dependent on foreign solutions. Not only the potential threat of service withdrawal but also the growing prevalence of foreign-denominated stablecoins make the euro area vulnerable to economic coercion: it is key for monetary policy transmission that the euro is the unit of account. This is important to maintain efficiency, avoid fragmentation and ensure sound inflation measurement. However, the ECB has challenges ahead in implementing a digital euro. Those include robust data protection for a high level of privacy while deterring illicit activities and the technical implementation of an offline functionality, which is important for user-friendliness and resilience.

The ECB is paving the way for innovation and competition in the payments sector.

Looking at wholesale transactions, building on the Eurosystem's recent exploratory work in which 64 participants, across 9 jurisdictions, settled almost €1.6bn of DLT-based transactions, the Eurosystem will expand its initiative to develop a solution which is interoperable with existing infrastructures as soon as feasible while further analysing a more integrated, long-term solution for settling DLT-based transactions in central bank money.

The above ECB's initiatives are not merely about keeping pace with change; they represent a concerted effort to position Europe as one of the leading areas in the digital economy. By embracing this transformative journey with a spirit of collaboration and innovation, Europe can build a payment ecosystem that is not only resilient and secure but also competitive and forward-looking.



ULRIK NØDGAARD

Governor – Danmarks Nationalbank

Improving security and efficiency in payments through collective effort

In a time of geopolitical uncertainty and fragmentation, the demand for resilience and strategic autonomy in payments is growing. This is also the case in Denmark. Different initiatives with the Danish central bank as catalyst seek to improve both security and efficiency in payments.

As in other European countries, digital retail payments in Denmark are largely based on card payments, and the use of international payment cards is on the rise. This increases dependence on large non-European card companies.

In a digital society like Denmark, where 9 out of 10 payments in physical stores are made digitally, citizens' payments are highly dependent on digital payment solutions working. Therefore, work is being done in Denmark to ensure a nationwide contingency measure with payment cards. The ambition is that all adult Danes with a payment card from one of the three widespread card brands (Dankort, Mastercard and Visa) should be able to make offline payments in pharmacies and nationwide grocery stores for at least one week. This ensures that citizens with their payment cards will be able to pay for basic necessities for an extended period if the connectivity is disrupted.

Although card payments make up the majority of digital payments in Denmark, alternative digital payment solutions to payment cards, notably credit transfers, have existed for many years. In addition, the efficiency of credit transfers has increased with the modernization of the Danish payment infrastructure, for example, it became possible to make instant transfers between bank accounts at the end of 2014. In 2024, instant payments accounted for about 45 per cent of total credit transfers in Denmark, in part due to person-to-person payments. However, so far credit transfers only make up 6 per cent of digital payments in physical stores and e-commerce.

More instant payments in physical stores and e-commerce can increase the efficiency and resilience of retail payments and strengthen strategic autonomy. This is because instant payments use a different, separate infrastructure than other payment solutions, including payment cards, and can involve fewer intermediaries. Widespread use of instant payments in retail can therefore put citizens in a better position if another widespread payment solution is unavailable.

Several factors support that instant payments can constitute a larger part of retail payments in physical stores and e-commerce in the future. New European regulation specifically for instant payments and access to central bank payment systems will come into force in April 2025. In addition technical barriers such as lack of access to the NFC chip in iPhones have been removed. Both will likely strengthen competition and innovation in the payment area.

After Easter this year, Denmark will become the first EU country with its own currency that have migrated the entire payment settlement to Target Services. This will contribute to increased harmonization of European payment infrastructure.

In this context, participation in the TIPS cross-currency project, a joint project between the ECB, the Riksbank and Danmarks Nationalbank, is being prepared, which will enable instant payments across countries and currencies; initially between Denmark, Sweden, and the euro countries. The project supports the strategic goals set in the G20 roadmap to create a faster, cheaper, more transparent, and accessible global payment system, while also supporting secure and efficient settlement of instant payments based on infrastructure owned by the Eurosystem.

More instant payments can increase resilience and strategic autonomy.

The TIPS cross-currency platform can open up new business opportunities for payment service providers and foster competition, innovation, and smoother payment flows within and outside Europe. Preliminary indications from payment service providers in Denmark have been predominantly positive. Going forward, broad engagement from the private sector across countries and currencies and user-friendly payment solutions will be crucial for the project's success.

Improving security and efficiency in payments requires a collective effort from private companies and authorities, including central banks. Only then, it will be possible to harvest the full potential of the abovementioned initiatives, but possibly also others.



MARIANNE DEMARCHI

Chief Executive EMEA – Swift

Shaping the future of finance in an ever-evolving payments ecosystem

Swift is a critical financial infrastructure, facilitating the flow of value equivalent to the world's GDP every three days. As the payments ecosystem and the world-at-large rapidly evolve, Swift is working to stem financial fragmentation and ensure value of any kind can continue to flow securely and seamlessly across geographies and technologies, while driving the industry forward towards the G20's roadmap for cross-border payments.

Adapting to an ever-changing payments environment

The payments industry is undergoing profound transformation and becoming increasingly complex because of technological advancements, higher consumer expectations and increasing fragmentation. Swift is embracing innovation and enhancing its infrastructure to support faster, more secure, and more transparent transactions, working to interoperate an ecosystem in which value can flow seamlessly across multiple networks and infrastructures across the globe, connecting 'digital islands' and supporting European and global trade. By fostering stronger international collaboration and prioritising interoperability, we can work together for a resilient and interconnected global economy that works for everyone.

New forms of value – innovating for the future

Interest in digital assets and currencies continues to grow. For those new forms of value to succeed on a global scale, it is critical that they can seamlessly co-exist with each other and with traditional forms of money.

More than 130 countries are currently exploring Central Bank Digital Currencies, and almost 70% of central banks expect to issue one within the next decade, while the tokenised asset market is projected to reach \$16 trillion by 2030. But the development of CBDCs is fragmented, with different central banks using various technologies and standards, risking the creation of siloed 'digital islands.'

Through its collaborative innovation, Swift has demonstrated that it can interoperate CBDCs, digital currencies and fiat currency: in 2024 we completed a second phase of CBDC sandbox testing involving 38 central and commercial banks, facilitating over 750 transactions across use cases like trade, securities, and foreign exchange. Now, in 2025, live trials of digital assets and currencies are starting on the Swift network. These will allow institutions to transact interchangeably across both existing and emerging asset and currency types, using existing Swift connectivity.

Swift will continue to expand its ability to interoperate new systems and technologies and orchestrate transactions across different forms of value.

Creating faster, smarter, and more secure transactions

In the past few years, the EU has aimed to further develop the European payments market by reaping the benefits from innovation and the opportunities that come with digitisation. By enhancing cross-border payment efficiency and security, and by interoperating cross-border and European systems, Swift supports the EU's vision of a more integrated and resilient financial ecosystem.

We are committed to enhancing the efficiency, security, and interoperability of cross-border payments through several key initiatives. First, by promoting improvements in the speed, transparency, and traceability of cross-border payments. Today, 90% of payments across Swift reach the beneficiary bank within an hour, but delays often occur between that point and settling in the end account. We're committed to collaborating with private and public sector stakeholders to drive improvements across the payment lifecycle, end to end. We're also working to increase usage of our suite of solutions that help address friction in cross-border transactions, to ultimately offer the best payment experience possible to end users. From upfront checks of beneficiary information to a centrally orchestrated solution that streamlines payment investigation processes, and solutions that use AI to enhance real time detection of fraud and other anomalies, Swift is working to reduce friction from international payments for the good of end customers. And, finally, by ensuring that our community can utilise the data-rich ISO 20022 standard that enhances the quality and granularity of payment information, facilitating better compliance, risk management, and user experience.

Swift's mission is to promote an inclusive and resilient financial ecosystem.

Swift has been adapting to change since its creating, embedding and interconnecting new technologies, currencies, and geographies. As the sector's evolution continues, we'll continue to ensure the global economy can function quickly and smoothly, and with the highest levels of security.



METTE GROLLEMAN

Senior Vice President, Government Engagement, Europe – Visa Europe

The EU payments ecosystem: Innovation, regulation and the role of global players

The global payments industry has undergone a fundamental transformation in recent decades, driven by technological innovation and shifting consumer expectations. Today, payments are faster, safer, and more accessible, enabling merchants to attract and retain customers while offering seamless transactions across multiple channels. For global players like Visa, the value of innovation lies in the ability to provide better security, prevent fraud and deliver the next-generation of payment services and technology.

To underscore the value of innovation in payments the Visa network is capable of handling up to 65,000 transactions a second, all of which have 27 different routing options, across digital and physical network infrastructure which could stretch around the world over 400 times to ensure payments work seamlessly for merchants and consumers in real time. To maintain robust network security, Visa has invested approximately €10 billion in cybersecurity over the past five years. These contributions to Europe's payments landscape are something we are rightly proud of.

Innovation also drives the development of new payments solutions. For instance, contactless payments and secure cryptography, are the result of investment and global expertise that payment networks contribute to the European payments landscape. For example, in the last decade alone, contactless and mobile payments have become commonplace – as has tapping your payment card to pay for a transit journey on public transport or paying for groceries. As Digital identity emerges as the next frontier in payments innovation, Visa is committed to support EU's ambition to develop the European Digital Identity Wallet and promote functionalities to drive adoption, such as payments. Innovation sometimes is less visible for the user, especially when it enhances security and resilience. Visa is enabling payment credentials to become cryptographic tokens, shielding sensitive payment data throughout the entire transaction process. In 2023, Visa helped prevent almost €40 billion worth of fraud attempts globally, nearly double the previous year's figure. Our commitment to innovate in security has kept fraud on Visa transactions at historic lows: less than 0.1% of transactions – among the lowest of all payment forms.

For Europe to keep up with the innovation momentum reshaping the globe, investments in cutting-edge technology and skilled workforce will be critical. Visa is proud that Poland will serve as Visa's fifth major strategic global Technology and Product Hub, and the first of its kind in Central and Eastern Europe to help bring innovation to new frontiers. The Hub will accelerate product development and innovate at scale to bring value to consumers, clients, buyers and sellers around the world, while attracting high-skilled talent from across the region.

In Europe, a level playing field regulatory environment for payments has allowed competition to grow and new solutions, offered by new players, to emerge. The benefits of Europe's open regulatory approach has supported the payments ecosystem to introduce and deploy technological advances that benefit Europe's customers and enable merchants. To maintain and futureproof the EU's regulatory framework would depend on fostering an open approach, that supports choice, innovation and competition.

When customers have choices about how to pay, this inherently fosters positive incentives and firms have to prioritise and invest to earn and maintain customers' trust. For instance, when it comes to resilience, market-led competition can create higher standards for resilience than regulation alone could achieve.

Digital identity emerges as the next frontier in payments innovation.

In some markets in Europe, there is a strong political push to promote additional payment methods and reduce overreliance on certain or global networks. Whilst an important concern, developments must ensure there remains many options available to Europe's consumers and merchants to choose from. We believe that an open and inclusive payment landscape, where different technologies and solutions coexist and compete, brings significant benefits to the entire ecosystem. For instance, the availability of multiple solutions to choose from helps prevent a single point of failure and ensures that the best resilience practices are accessible to Europeans.

Europe has the ambition to remain the world leader in innovation, and the success will depend on investment in technology and regulatory framework that enables competition and choice. The coexistence of global payment solutions alongside regional alternatives will enhance market stability, while competition will drive innovation and improve consumer choice.



JÖRG KABLITZ

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Austria & Switzerland – PayPal

Driving European competitiveness with digital payments

Europe's vibrant payments market is a key driver of the region's competitiveness, fueling innovation, competition and digital commerce. With a diverse range of fast, efficient, and secure payment solutions, Europeans can seamlessly transact – whether between individuals or (small) businesses, locally or across borders.

Europe successfully capitalized on technological innovation and the digital revolution to establish an enabling regulatory framework for digital payments. This has spurred investment, accelerated the introduction of innovative payment solutions, and created a level playing field where all payment service providers (PSPs) can compete on fair and open terms.

Consumer protection measures strengthened user trust in digital payments, driving widespread adoption of new and diverse payment products and services across the European Union (EU). At PayPal, we have witnessed the rise of online commerce and understand that without customer trust, there would be no digital payments and no digital commerce.

As the EU considers its policy priorities for the next five years, we see opportunities to strengthen a framework that fosters innovation, trust, and fair competition, while empowering consumers and businesses, especially small businesses. The EU Commission's focus on reducing administrative burdens and assessing legislative impact on small businesses and new entrants is a positive step.

To unlock the full potential of digital payments in the EU, the enabling regulatory framework should furthermore:

- **Ensure future-proof regulation and policy, fit for the digital age.** Regulations should avoid mandating (even indirectly) specific technologies. Regulatory frameworks should allow for innovation and focus on technological neutral, risk- and outcomes-based objectives, allowing multiple solutions to compete and to foster innovation. Revising the framework for Strong Customer Authentication (SCA) is crucial to enable the deployment of state-of-the-art solutions that embrace the technologies of our era for superior security and usability.
- **Apply the principle of “same activity, same risk, same regulatory outcome” at the center of policymaking.** Competition must be fair and open, and proportionate, giving everyone – new entrants and incumbents – a level playing field. As we continue to observe the rise in consumer adoption of digital wallets across the EU, the EU should ensure regulatory parity between all digital wallet providers to provide consumers meaningful choice and comparable user experiences.
- **Adapt the regulatory perimeter to embrace technological evolutions.** The EU should consider how the increasing

prominence of major tech platform providers in payments is impacting customer experiences and competition. Platforms that own both the mobile device and the operating system often provide competitive advantages to their proprietary payment service. Interoperability and parity of access (under FRAND terms) to device functionalities and data in the context of mobile payments, are critical, such that all PSPs including new market entrants can compete on equal footing.

- **Design policy to enable choice.** Transparency and education are key to helping customers understand both the benefits and risks of emerging technologies. As we see the growth of digital identity tools – whether government-issued or private – access should be fair and open to all, ensuring consumers have the freedom to choose where to store and use their digital identity. This approach allows businesses to offer secure and seamless experiences while safeguarding individual rights.

**Europe's vibrant payments market
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Digital payments are a crucial driver of European competitiveness, fueling economic growth and enhancing competition. By enabling seamless cross-border transactions, supporting innovation, and strengthening the digital economy, they position Europe, including its small businesses, at the forefront of global trade and commerce.

To fully harness the potential of digital payments, policymakers must continue to foster secure, interoperable, and consumer-friendly payment solutions. By embracing digital payments, Europe can maintain its leadership in the global economy, ensuring long-term prosperity and resilience in an increasingly digital world.