

Accompanying letter – EDPIA response to the European Commission public consultation on instant payments

23 June 2021

The European Digital Payments Industry Alliance (EDPIA) welcomes the opportunity to provide its members' views to the European Commission's public consultation on instant payments. The EDPIA sees the benefits this could bring for a competitive European payments market.

The EDPIA welcomes the European Commission's ambition to promote competitive, home-grown and pan-European payment solutions and shares the view that the EU-wide roll-out of instant payments requires European payments infrastructure. Should existing infrastructure be used, the **EDPIA would highlight the need for the infrastructure to be inclusive of non-banks**. Non-direct access for non-banks would operationally twist the level playing field between banks and non-banks. To have a truly competitive landscape, inclusivity of non-bank PSPs should be ensured in the envisaged instant payments scheme. It is of critical importance to the competitive landscape in Europe as well as functioning of the European retail payment space that non-banks are able to participate in the facilitation of the settlement flow between consumers and merchants.

Finding a solution to the challenge of instant fraud is crucial to the success of EU-wide instant payments uptake while instant payments is on its way to become the new normal. As we move towards real-time payments, this could imply adapting internal controls to reflect real-time or instant controls. Strong Customer Authentication plays a crucial part in preventing large scale fraud and has already proven this in some EU Member States (e.g. Sweden). At the same time, it is important to realize that there will always be a degree of "exception handling" in retail payment, be it based on third, first party fraud, merchant related fraud or non-fraudulent exception scenarios. Therefore, all solutions proposed must be able to tackle this. To foster the creation of a solution to instant fraud, EDPIA welcomes the European Commission's effort to maintain an open communication line with industry stakeholders to fully understand the scale of these changes and possible safeguards to be put in place as well as provide further clarification on how this transition is envisaged. The EDPIA believes that harmonised rules are needed and a high degree of confidence should be built by the industry into the instant payments solution to manage the risk in a reasonable manner.

EDPIA members support the offering of various options to end-users by merchants, which would e.g. in the event of having a European payments infrastructure, ensure continued access for non-EU end-users when completing a purchase with an EU merchant. To add to this, we do not believe that instant payments should replace card-payments, as both methods are not mutually exclusive. To achieve the goal of making instant payments an attractive alternative to the current payment methods in a P2P context, consumers would value the instant confirmation of funds received.

Finally, the EDPIA supports a voluntary approach to foster the uptake of instant payments, as it would allow the European payments landscape to gradually adopt instant payments through tackling the obstacles and promoting its benefits. Instant payments have already become the norm in several Member States (e.g. Denmark, the Netherlands) and their use is rising across the EU. Continued dialogue between the regulators and industry stakeholders would be paramount in this development and the EDPIA and its members stand ready to work together in achieving EU-wide instant payments.