

# BUILDING ON AN AMBITIOUS EUROPEAN PAYMENTS STRATEGY TO REINFORCE THE EU'S LEADERSHIP

The payments industry has changed significantly in recent times. Socio-economic and political shifts have shed light on the European Union's need to foster its independence and an acceleration of the digitalisation of payments. The pandemic has notably shown the key role the digital payments industry plays in supporting the European economy, and PSPs have demonstrated that they are more than ever at the very heart of the European digital transformation agenda. Our industry's solutions are key to unlocking the potential of European commerce and our investments in innovation support the EU's ambition to empower businesses and people in a more prosperous digital future.

The vision of the European Digital Payments Industry Alliance (EDPIA) is for Europe to become a global leader in digital payments, which can fuel the completion of the Digital Single Market for the benefit of citizens, businesses, and the public sector. EDPIA is doing so by contributing the voice of European payment service providers to policy discussions impacting the EU payments sector.

EDPIA believes in a strong and properly enforced European policy framework that enables competition between transparent and market-based solutions that compete for the trust of payment service users. We are therefore committed to supporting public authorities in fostering a more resilient and autonomous EU.

We look forward to engaging in the debate on key issues for the industry, including:

## KEY ISSUES

### THE REVIEW OF THE 2<sup>ND</sup> PAYMENTS SERVICES DIRECTIVE

The European Commission is currently conducting a thorough review of the Payment Services Directive (PSD2). The Commission will assess whether the current framework is fit for purpose when looking at today's EU payments market, given for example the arrival of new payments actors in the market and the further development of digital payments products. Capgemini's World Payments Report 2021 notes that there will be over 400b non-cash transactions in Europe by 2025.

EDPIA believes in innovation. We believe that this is a chance to improve the functioning of the payment market.

EDPIA sees this review as a crucial opportunity for Europe: not only to update the rulebook for today's market but to set a solid foundation for future innovation across fields ranging from machine-machine transactions to the use of cutting-edge technology to prevent fraud, while maintaining and strengthening the level playing field for all parties involved across Europe

EDPIA has already been actively monitoring development on the review of the PSD2, while seizing opportunities for dialogue, such as the ongoing public consultations or via its participation in the payment systems market expert group monitored by DG FISMA. We will continue to engage on this file in order to ensure EU competitiveness on the global stage, whilst ensuring high levels of consumer protection.

### THE EU'S INSTANT PAYMENTS INITIATIVE

Making instant payments the new normal has been presented as a flagship for the current European Commission's mandate.

EDPIA supports the development of instant payments as part of a diverse landscape where different payment options can offer different values to users.

SEPA Instant Transfers have risen by 76% in volume and 123% in value in 2021, according to EBA CLEARING's Annual Report 2021. We believe that the success of instant payments in Europe depends upon providing equal access to the underlying payment and settlement infrastructure, including for payment firms such as our members.

Today, unequal access to this infrastructure undermines the incentive for firms to participate in instant payment initiatives. The revision of rules on access to infrastructure, regulated under the Settlement Finality Directive, will be vital to ensure that all kinds of payment firms can get on board which will support the uptake of instant payments across Europe.

The private-sector ecosystem that has been built around card payments offers significant value for consumers, including for example on consumer protection. Providing a viable foundation for companies to build an ecosystem with the same kind of added value is an important step for rolling out instant payments. EDPIA has responded to the public consultations on instant payments and looks forward to continuing to actively engage with policymakers following the proposal expected later this year.

### THE DIGITAL EURO PROJECT

Whilst we're stepping in the new world of commerce, metaverse, blockchain, cryptos and CBDCs are raising everyone's attention. These projects have given new momentum to discussions around the future of payments. Central bank digital currencies have clearly moved out of the academic realm.

EDPIA believes that the European payment sector has a vital role to play in continuing to provide the crucial intermediary services that brings innovation, makes payments work smoothly and combat financial crime. Therefore, EDPIA supports the digital euro project, a fast, easy, and secure instrument for retail payments, that fosters the digitalization of the European economy and actively encourage innovation in retail payments.

We are proud to contribute technical expertise to the discussions in the context of the Euro Retail Payments Board (ERPB) and look forward to continuing this discussion with policymakers around the legislative proposal expected next year.

EDPIA is convinced that successful use cases for the digital Euro will best be developed by market forces. Policy makers should limit interventions to enable real competition between digital payment methods.

Non-bank payment service providers have a significant value to offer in supporting the development, roll-out, and uptake of new payment methods. The regulatory framework should ensure that non-banks can be equally involved in the distribution of a digital euro and the development of products based upon it.

## THE EUROPEAN DIGITAL PAYMENTS ASSOCIATION

Launched in May 2020, the European Digital Payments Industry Alliance (EDPIA) represents the interests of independent Payment Services Providers (PSPs) headquartered in Europe.

Our purpose is to contribute to EU policy debates that define the business environment for digital payments, and to strengthen the visibility and understanding of the European payments industry amongst policy makers and European society.

In only two years, we've achieved much in:

### DEVELOPING A COMMON VISION FOR THE INDUSTRY

- **Developing policy papers**, including on the digital euro, the Interchange Fee Regulation (IFR), Digital Operational Resilience Act (DORA) and on the impact of COVID-19 on European PSPs supporting the EU economy
- **Responding to European public consultations**, such as the European Commission's public consultations on the review of the PSD2 Directive, digital euro, Instant Payments and Settlement Finality Directive

### EXCHANGING VIEWS WITH POLICYMAKERS

- **Hosting a series of constructive exchanges** with the EU institutions, national governments as well as the other industry bodies in the EU payments sector
- **Joining the European Commission's Payment Systems Expert Group (PSMEG)** as a member and **European Central Bank's (ECB) Euro Retail Payments Board (ERP)** as a guest member



## Today EDPIA's membership accounts for:

- Above **50 billion** transactions annually in the EU
- Serving over **4 million** merchants globally
- With over **30,000** employees worldwide

#### Members

**nexi** **WORLDLINE** 

 **vivawallet**

#### Associate Members

 **aircash** **BUCKYROO**

 **Klarna**

