

EDPIA's Strategic Policy Agenda 2023

Encourage EU-wide active promotion of digital payment methods to the benefit of the whole society

Despite their recognized benefits, the use of digital payment means continues to vary widely across European Economic Area (EEA) countries. Europe's payment market continues to be highly fragmented despite a common currency and overarching legislation in place.

It is widely recognized that the uptake of digital payments has benefited merchants but also consumers and society at large. Digital payments are essential not only to make the economy function, they also increase financial transparency, help reduce tax evasion, corruption, and crime.

Creating an enabling policy environment, promoting the digitalization of payments, and further broadening access to formal accounts and financial services especially amongst vulnerable groups are vital towards a more digitalised and fairer European Union.

Given that only a few member states have presented national initiatives to promote the use of digital payment, we believe that EU policymakers should take a more proactive lead on such initiatives at pan-EU level.

In order to further achieve this uptake, the European Digital Payment Industry Alliance also believes that EU policymakers should act on the three following elements.

Ensure a regulatory level playing field that encompasses the payments sector's diversity

EDPIA calls on the EU to pave the way and foster further development of the European payments' ecosystem:

1. by keeping the diversity of PSPs, scalability of financial institutions' licence types;

The creation of distinct regulatory categories, subject to scaling requirements based on their risk profile, is a major success in European payments legislation. The distinction between payment institutions (PIs) and e-money institutions (EMIs) is significant and plays a crucial role, just like the distinction with credit institutions.

2. by allowing non-bank PSPs to access necessary infrastructure and auxiliary services when offering their core payment services

The lack of access to a settlement account at the central bank and legal requirements in PSD2 and the Settlement Finality Directive (SFD), force non-bank PSPs, no matter how large in operations, to open accounts at commercial banks in order to indirectly access payment systems. This inhibits both competition and innovation, and the ability to offer a wider range of payment services, while creating dependencies and vulnerabilities.

Take the appropriate measures to address market failures

To guarantee fair competition within the EU, EDPIA encourages European decision-makers to investigate the successive increase in scheme fees that have followed the introduction of the Interchange Fee Regulation (IFR) and propose the necessary regulatory changes.

At the same time, EDPIA looks forward to the implementation of the Digital Markets Act for PSPs to compete on a level playing field and to stimulate European innovation. EDPIA stresses the importance of effective enforcement.

Harmonise EU payments legislation

The lack of harmonisation in payments legislation in Europe causes competitive disadvantage compared to third-country players with a large home market and potential for regulatory arbitrage.

EDPIA therefore believes the Payment Services Directive should transition into a Regulation, following the approach which has been taken for the EU's anti-money laundering framework.