

EDPIA views on the Digital Markets Act's potential for payments

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The European Digital Payments Industry Alliance welcomes the recent designation of gatekeepers under the Digital Markets Act (DMA) and the benefits the DMA can bring to the digital payments landscape.

The universal nature of the payments industry and the many steps and technologies involved in a payment transaction means there is always a material risk that gatekeepers with control over these technologies can restrict access or create rules which favour their own solutions. This can allow them to insulate themselves from competition and unfairly capture a large part of the value chain. The DMA is therefore an important tool in preventing these unfair market practices. As such, EDPIA would like to highlight two important ways the DMA can immediately boost competition in the payments sector.

Unbundling of core platform services from payment services

Firstly, Article 5(7) of the DMA promises to drive the unbundling of payments services from gatekeepers' core platform services, including application stores. Businesses such as app developers will have the right to use third-party payment services when trading on a gatekeeper's core platform services rather than being obliged to use the gatekeeper's services. This will bring more competition and a freedom to choose their best-fit payment service providers for online businesses.

Opening up access to crucial mobile payment infrastructure

Secondly, the DMA can help accelerate the digitalisation of payments and commerce by making mobile payments more accessible.

As mobile payments become more popular, the technology underlying them should be seen as a critical piece of infrastructure that must remain accessible and interoperable with third parties under fair conditions, as prescribed by Article 6(7) of the DMA. More specifically, third parties such as fintechs and payment service providers must be free to leverage what is commonly seen as one of the most convenient technologies for in-store payment acceptance: Near-field Communication (NFC) contactless payments. This is currently not the case for a large number of mobile phones.

By democratizing a smartphone's full capabilities, this convenient and well secured in-store contactless payment technology can be used not only for payment cards, but also for any alternative payment method, such as SEPA Instant Payments. That would foster competition and help the creation of a level playing field stimulating an open choice of Merchants and Banks to work with their Payment Service provider of choice.

Mobile payments promise to bolster financial inclusion by enabling any consumer or business to make or accept digital payments within seconds, and any PSP to enter the market and compete on a level playing field. We should all be in favour of making sure this technology is effectively used to democratise payments and boost financial inclusion.

The Commission must prioritise payments to push forward the EU's Digital Agenda

Payments is an industry that touches virtually every aspect of our society. Gatekeeping practices in this industry mean a few firms are able to extract tolls and act as bottlenecks on the European economy. EDPIA therefore calls on the European Commission to prioritise the application of the DMA to payment services, bringing cost-efficiencies and innovation to end-users whilst pushing forward the EU's Digital Agenda.

About EDPIA: The European Digital Payments Industry Alliance (EDPIA) represents the interests of independent Payment Services Providers headquartered in the European Union. Its purpose is to contribute to EU policy debates that define the business environment for electronic payments, and to strengthen the visibility and understanding of the European payments industry amongst policy makers and society as a whole.

Find out more about EDPIA and its membership [here](#).