

Our position

Strategic autonomy in payments



AmCham EU speaks for American companies committed to Europe on trade, investment and competitiveness issues. It aims to ensure a growth-orientated business and investment climate in Europe. AmCham EU facilitates the resolution of transatlantic issues that impact business and plays a role in creating better understanding of EU and US positions on business matters. Aggregate US investment in Europe totalled more than €3 trillion in 2020, directly supports more than 4.8 million jobs in Europe, and generates billions of euros annually in income, trade and research and development.

Introduction

Payments are undergoing fundamental change, driven by the digital revolution and its impact on the demand and supply of innovative payment services and the consequential response of public authorities. However, despite the recent digitalisation progresses, the payments market in Europe is still fragmented. This fragmentation is leading to an increasingly complex environment that is constantly pushing for innovation. This innovation attracts new players that are progressively shaping the market and that have the potential to bring more choice, efficiency and inclusion to payments. Fragmentation offers opportunities such as competitiveness, but it can also entail risks. In order to avoid those risks, the payment market needs to keep core values to capitalise on the opportunities and lay the foundations for an open and levelled playing field that benefits Europeans. Citizens and businesses in Europe should further benefit from a broad and diverse range of high-quality payment solutions, supported by a competitive and innovative payments market and based on safe, efficient and accessible infrastructures.

It is therefore fundamental to welcome new payment options that provide more choices to European payment users, and that reflect how today's society and economy is global in nature. Political considerations should not hamper a competitive, safe and sovereign payment landscape in Europe. We have thus outlined the below recommendations, which aim to establish the basic and future-proof framework that should be kept in mind to enhance the future payments market.

Competition

A competitive payments market supports independence and sovereignty and it gives consumers access to various safe, secure, fast and convenient payment solutions that adhere to high global standards and regulations. It ensures access to numerous solutions and avoids the risk of over-dependency on one option.

The European payments market is becoming increasingly competitive. Today, Europe has more diversity in payment methods than at any other point in its history, ranging from digital wallets, mobile apps, co-badged cards and new payment methods that use instant credit transfers directly from their bank account. Europe should continue down this road. Openness to global competition is crucial to foster innovation and will strengthen confidence and trust on the European markets.

Level-playing field

The European payment market should be based on a level playing field, where all payment solutions are treated equally by policy makers, and where the ultimate choice sits with the end users.

Consumers will continue to expect payment variety, convenience and speed, alongside the highest level of safety and security. The principle of 'same business, same risks, same requirements' should be prioritised to avoid regulatory arbitrage. Similarly, it will be necessary to have a properly designed oversight framework. Interoperability, safety and reliable solutions are paramount for a European market exuding trust and confidence in cross-border transactions to consumers and business alike.

It is key that European citizens and retailers can benefit from smooth, fast and secure payments based on global standards that are not subject to geopolitical influence. Thus, any new initiative compliant with European and global regulation and that is capable of delivering value to end-users - regardless of its origin or nationality - should be welcomed. It is also fundamental that the European payment system continues to be equipped to protect its users from any global threats, including online fraud or cyber crime.

Sovereignty in instant payments

Instant payments were chosen as one of the pillars of the Retail Payment Strategy given their potential to contribute to the EU's strategic autonomy and their ability to compete with rival payment methods. Instant payments are complementary to existing payment methods, and neither option should be promoted over the

other by policy makers – this should be left up to consumers, merchants and the market in general. Rather, a variety of payment methods grants consumers the choice to decide which payment method better suits them. This diversity leads to a more resilient European payments sector.

Conclusion

Given the fundamental change that payment services are undergoing, the solutions offered to the customer are becoming more diverse. Alongside new developments on the payments market, the large variety of innovations need to be paired with the right conditions to allow for safe, stable and interoperable transactions across borders. There is no ‘one-size-fits-all’ solution when talking about payments. In order to foster and strengthen a European payments market that is globally competitive, a level playing field and openness are key. Europe should not be ‘an island’ isolated from global conditions, and no payment solution should receive preference based solely on their geographic origin. Instead, openness to global competition fosters innovation and ultimately strengthens confidence and trust of consumers and on the European markets overall. The inevitable changes that will arrive to the payment ecosystem might shape it beyond the control of users, institutions and stakeholders. Thus, we must agree on a common set of recommendations in order to establish a forward-looking framework that can shape out the changes arriving to the market in a fair way for all actors involved.