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European retail payments at a crossroads

We are at crossroads in the payment and banking sector, driven together on one side by innovators and disruptors in the FinTech world and governments and regulators who see an opportunity to put the consumer in control of their money and financial data.

Open finance is where they converge, all centered on putting consumers in control of their money and their financial data. This opens the banking market to new players, services and possibilities while giving consumers more choice than ever imagined.

Europe is at the leading edge of that change. European regulation, such as the revised Payment Services Directive (PSD2), through a focus on open access and standard-setting, has paved the way for open finance to flourish and created new opportunities for innovations that consumers need and want to adopt.

Importantly, the design of the PSD2 regulation has enabled businesses to innovate in an unfettered and consistent way across the single market. It has allowed consumers to benefit from the best of what the world has to offer, and empowered consumers to make that choice for themselves.

In a world that is moving fast and digital, Europeans continue to have high expectations for security, reliability, control and protection. They want choice and simplicity as they manage their financial lives.

When we think about the future of payments, we should stay grounded in consumers' expressed needs and on enabling choice to maintain a level playing field and continued innovation, without prescribing operational solutions and technology.

There are also inherent trade-offs if infrastructure is local or regionalized rather than global. International payment networks offer some of the highest levels of cyber –and operational resilience.

The ability to route data through multiple data center around the world, with instant fail-over capabilities, contribute to best-in-class operational resilience. At the same time, access to global data for cyber threat analysis allows for the detection of fraud/scams outside of Europe in order to react faster to threats to European citizens.

If Europe wants to stay ahead in payment innovation and encourage the emergence of FinTech players, it is better to promote innovation and set common and open standards that facilitate change, rather than build new European-only infrastructure.

This approach would support operational and cyber resilience, while expanding the opportunities for competition, growth and innovation – which drives the best results for consumers. This will be ever more important as we move towards open finance. ●