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Payments in Europe - set the course now!

The increasing momentum in the payment transactions sector has accelerated significantly in recent months. But what are the drivers that have caused payments - an area which might previously have been considered boring - to reach the attention of decision-makers in the banking industry? The answer to this is complex: the rapid technical development seen over the last few years has been a global driver, enabling an increasing number of new services in this area and leading to dramatic changes in existing payment offers and the processes behind them.

Closely linked to this are the entirely new customer requirements and the resultant offers in the area of payments and additional payment services, for example in the area of data usage. Whereas payment business was previously the domain of banks or bank-related service providers, there are now a large number of providers in the market which are outside the banking sphere and which just a few years ago played only a minor role. These not only damage the banks' position as payment service providers, but also their important role as account managers, because third-party providers will foreseeably expand their services, which are currently still based on payments, to other lucrative business areas. This gives the subject a completely different, existential dimension in addition to the purely financial consideration: the anxious question that arises for the banks is whether they will continue to be the account-holding entity for customers in future, and thus the first port of call for financial services, or whether they will be displaced to a secondary role.

How should European banks respond to this development? Certainly not with «business as usual» as this is sure to lead very predictably and quickly to the situation described above. Despite the recent political and economic challenges, Europe is a strong continent - if it acts in a concerted, consistent and focused manner. And this is particularly true for the payments sector. Why not join forces and put all our weight behind this? With almost 513 million inhabitants, around 697.5 million current accounts and more than 112 billion payment transactions annually, the European Union has the potential to shape the European payments market with a focus on European requirements and to offer customers modern and exciting payment services. The Savings Banks Finance Group has already completed valuable preliminary work in this area. For example, instant payments were implemented very early and consistently in the Group, currently enabling around 10 million transactions (incoming and outgoing payments, as at the beginning of April) to be

processed each month. In addition to this, a highly customer-oriented P2P process has been developed on the basis of instant payments to serve as the basis for further expansion stages, e.g. for P2B transactions. A further focus of activities is the provision and expansion of convenient smartphone-based POS payment solutions, whether based on credit cards or on the German debit card payment scheme girocard.

The German Savings Banks Finance Group, as the market leader for payments in Germany, wishes to play an active role in shaping European payment transactions and is therefore intensively involved in the work of the European Payments Initiative (EPI). The aim must be to create uniform payment scheme throughout Europe with the potential for innovation in all customer-relevant use cases, based on sustainable business models. This is the only way to create a successful counter-model to internationally operating and financially strong players. ●