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### Building a competitive landscape for payments in Europe

A new and dramatically different era for the European retail payments space has begun. Every choice the EU takes now will help determine Europe's influence and position in the global payments market of tomorrow. It is vital that we get it right from the start.

Policymakers as well as the industry are working on several solutions to offer European consumers, businesses, and merchants' access to better services and better prices. Fundamentally, this is grounded in the understanding that all market players deserve more choice, and that **any forward-looking payments market should have competition at its heart.**

The creation of a pan-European scheme is therefore a step on the right direction. Initiatives such as the European Payments Initiative (EPI) are focused on encouraging real competition to the dominant schemes – whether from FinTech's, European-led initiatives or alternative models such as American Express and Diners.

The development of pan-European solutions is no doubt important, but we believe there are also other paths the EU could – and should – consider, to increase competition even further.

At the top of that list must be addressing the shortcomings of PSD2. The changes to the open access rules, for instance, combined with other onerous regulatory requirements, have made it even harder for alternative and innovative fintech players to enter this space and compete with the dominant four-party schemes. Similarly, the current restrictions in place regarding the passporting of credit services are an obstacle to the single market. PSD2 stipulates that PIs can issue credit on a passported basis only up to 12 months outside their home member state. Such a restriction puts non-bank PSPs at a disadvantage vis-à-vis banks when offering personal loans and credit cards.

The much talked about move from Open Banking to Open Finance is another essential part of the puzzle. To make a swift and seamless transition to this broader scope, we first must ensure that Open Banking is fully implemented. Without API standardization, further developments into Open Banking/Finance/Data could lead to inconsistent customer experiences that differ across products and providers, and cause delays to financial institutions updating and enhancing their external APIs. Not least, the definition of “payment account” still needs to be further

detailed and clarified, as the overly broad contours of the definition in current EU regulations have led to a divergence in views and implementation across the EU.

Ultimately, if we work on these different workstreams in parallel, together we can empower European consumers, businesses, merchants, and payment service providers with different choices, and we can achieve a truly innovative and competitive payments market.