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Retail payment strategy: three pillars for the future

One year after the world went to lockdown following the emerging spread of COVID-19, all domains of our lives have been shaken to the core. The payment landscape is no exception, as the pandemic accelerated existing consumer trends, such as contactless payments, digital consumer-to-consumer and consumer-to-business payments, and indeed the increased use of digital apps for all kind of payments.

While fundamental needs related to payments have not changed – it is still and always will be about transferring money in an easy and secure manner – the solutions for retail consumers are more and more diverse and creative.

Private stakeholders continue to compete to provide better solutions for businesses and consumers. As Vice-Chair of the ECON committee in the European Parliament, my role is to ensure this productive competition does not lead to a race to the bottom, and respects the core principles of our European regulatory values.

The recent European Commission Retail Payments Strategy provides a strong basis for the crucial discussions in the coming years on adapting our EU rulebook on payments, including the wider policy landscape related to distribution of financial products, financial reporting, financial innovation, audit, post-trading, Anti-Money Laundering and Countering Terrorism Financing.

We should anchor our actions going forward in three pillars: fair competition on the open finance field; increased trust through increased transparency; protection of our EU autonomy.

Firstly, we should be proud of the pioneering role that the EU has played in opening competition in the retail payment space with the second Payment Services Directive (PSD2). This approach can be an inspiration for further open finance initiatives related to payments, and even beyond in the broader financial services space. The 'same business, same risk, same rules' principle and reciprocal access to relevant data will ensure a level playing field across providers, and that entities outside of the traditional remit of financial services, including BigTechs, are not unduly getting the lion's share.

Secondly, consumers should be empowered to challenge their payment providers on the quality of their services and associated charges, thanks to clear disclosure on how much and for what they pay. This will build trust overtime. Only a coherent EU approach on the payments rulebook and on its enforcement, involving all relevant supervisors and stakeholders, will rebuild the trust severely eroded by the Wirecard scandal.

Thirdly, our eyes should remain wide open to the challenges to our European autonomy linked to payments, alongside the opportunities they bring. The EU is leading the way in creating the first Digital Operational Resilience framework, also applicable to payment infrastructures. Similarly, the European Payments Initiative (EPI) is a key milestone to preserve the independence of our foreign policy decisions.