POLICY PRIORITIES FOR THE PAYMENT SINGLE MARKET

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Time to address the EU payment market fragmentation

Despite the success of SEPA standards and schemes, which cover 41 countries and territories, despite having a single currency, despite decades of efforts, the EU payment market still remains fragmented along national lines.

Fragmentation can be observed in every part of the payment chain but mostly as concerns end-user solutions. We have multiple national and European payment systems and infrastructures, We have a myriad of successful but still mostly national payment solutions designed for domestic purposes. Swish in Sweden, Bizum in Spain, Blik in Poland are national champions, highly popular at home but cannot be used abroad. We also have 9 remaining domestic card schemes, again very successful at home but unknown even in neighbouring EU countries where they cannot be used without being co-badged with an international card scheme. Our European champions are mostly to be found either in domains like acquiring and processing, in technologies like chips and terminals or in specific services such as remittances or open banking. The conclusion is clear and not so satisfactory: today a consumer wishing to pay with the same payment instrument throughout the European Union inevitably needs to use one of the international cards schemes.

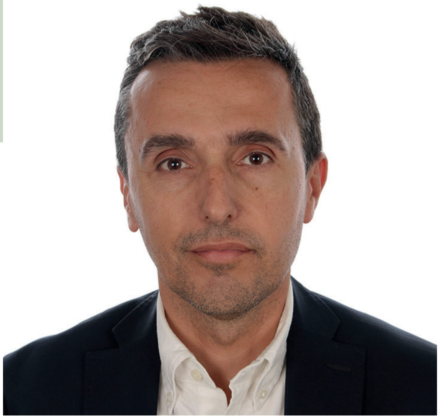
Payments is a critical activity, relying on critical infrastructures.Addressing this fragmentation, which is a huge source of costs and inefficiency, was the main priority of the 2020 European Commission's Retail Payments Strategy.

After years of unsuccessful attempts, we are witnessing the emergence of initiatives whose scope and objectives are resolutely European. I see three main reasons for this:first the growing conviction that there is no future for purely national solutions, with many of them increasingly challenged on their domestic turf by international players. 'Unite or die' seems to be the prevailing motto. Second, EU legislation has created a very conducive legal framework. A striking example is the Instant Payment Regulation which promotes instant payments as a driver for innovation, competition and integration. With our revised legal framework for payment services currently being negotiated in trilogues our ambition is to offer a stable, clear, modern and future-proof rulebook on the basis of which our market will compete and innovate. Third:the planets populating the European payments galaxy are today aligned as never before. EU institutions (with Commission and ECB/ERPB in the lead), Member States, national central banks and all private stakeholders are determined to address fragmentation, realising that there is no other choice and that there can be no successful outcome without full, joint and strong public and private commitments.

These new initiatives are private-led, like the European Payment Initiative (EPI) and EuroPA, or public-led like the digital euro. This multiplication of initiatives is not seen by the Commission as a bad thing. After so many years of failed attempts we cannot complain that there are too many of them.But this can potentially be a source of fragmentation. This requires tight cooperation and, again, a fully efficient private and public partnership under a strong and coherent leadership. We were pleased to hear in July that EPI and EuroPA are engaged in very serious discussions to make their respective projects interoperable. We look forward to seeing white smoke coming out of their conclave. We support both initiatives, whilst recognizing their significant differences in nature.We are convinced that what unites them-the fundamental objective of joining forces to promote pan-European solutions- is stronger than what divides them (integration model versus interoperability).

We believe that there is room in a competitive landscape for both private and public pan-European initiatives as is already the case today with the coexistence of public (cash) and private money. We fully appreciate the reasons having led the ECB to work on a retail CBDC and we support this project. It is however of critical importance that the digital euro finds its place in harmony with private solutions and not in antagonism with them.

The Commission has proposed capping the merchant service charges and the inter payment service providers (PSPs) fee related to digital euro point of interaction transactions at Union level. The proposed caps would be based on fees charged for comparable means of payment and on costs incurred by PSPs. While PSPs may apply lower fees below the caps, the Commission's proposal stipulates that Member States cannot set individual caps that deviate from the harmonised caps. We trust that the digital euro and the single caps will contribute to reducing fragmentation in the retail payment market.



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Bizum: a successful solution paving the way for European payment autonomy

"Bizum me!" is what you are likely to hear when you owe a friend half of the restaurant check. It's no wonder why this Spanish account-to-account payment solution has taken root into the daily vocabulary: since its launch in 2016, Bizum quickly gained traction in Spain as a peer-to-peer (P2P) payment service. Its user-friendly experience and seamless integration with existing banking apps allowed it to rapidly achieve widespread adoption, accumulating over 29 million users and processing more than 1.09 billion transactions by 2024.

Beyond P2P, Bizum has expanded its reach to e-commerce, and BBVA's commitment to digital innovation has been shown by its steadfast support to Bizum's evolution: as evidence, 25% of electronic payments and 11% of e-commerce payments at BBVA are already made through this service. These are highly relevant figures for a relatively young payment solution.

Since last April, Bizum is progressively making inroads into physical store payments thanks to BBVA, who became the first bank in Spain to integrate Bizum as a payment method in physical Point of Sale (POS) terminals, offering businesses an agile and secure alternative to card payments (using request to pay from the POS to the consumer phone). This strategic evolution reflects BBVA's foresight in anticipating the demand for instant, versatile, all-around and accessible payment methods.

Bizum's remarkable success in Spain offers a compelling case study for Europe. Its high penetration rate and intuitive user experience (UX) has made it a benchmark for instant payment solutions. The model's inherent scalability and adaptability suggest its potential for replication and widespread adoption across other European geographies.

The interoperability of domestic instant payment solutions is crucial for achieving a truly European scope. Initiatives like EuroPA, which already facilitates interoperability between Bizum and its counterparts in Italy and Portugal —with more countries joining—, exemplify the potential of private collaboration. Further interconnecting existing solutions, and those currently under development, across the continent and extending them to physical store payments would significantly contribute to a cohesive European payment landscape.

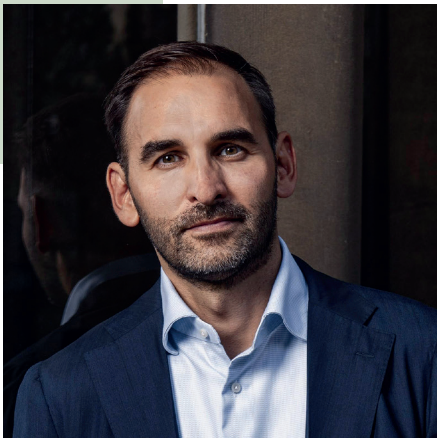
Building on the success and experience gained by solutions like Bizum, the industry has an opportunity to demonstrate that it can quickly deliver a pan-European, cost-effective, user-oriented payment solution. This solution would be recognizably the most efficient and rapid pathway to achieving strategic autonomy in payments, a shared objective among European authorities. Recent global events and changes in the geopolitical landscape have intensified concerns about the EU's reliance on non-European payment companies. This context creates a renewed impetus for European strategic autonomy and resilience in payments.

The industry collaboration effort that is underway, including between EuroPA and EPI/Wero, is essential and European authorities should support it. The interconnection and expansion of instant payment solutions leverage the instant payments regulation, contribute to its objectives, and help achieve the broader goal of European strategic autonomy.

Interoperability of domestic instant payment solution, crucial for achieving a truly European scope.

The role of a European CBDC as a complement to those private solutions warrants careful consideration, emphasizing the importance of efficient resource allocation and avoiding redundant investments. While the private sector can naturally offer account-to-account payment solutions, the European Central Bank's natural contribution would be the offline digital euro. The offline functionality would be the real added value of the digital euro, as this service is not fully covered by any initiative of the private sector; it would provide an equivalent to cash, enhancing the resilience of payment services in emergency situations and addressing financial inclusion objectives for the unbanked population.

This public-private combination will result in a payments ecosystem where European solutions — that efficiently coexist and complement each other, rather than compete — would be available to consumers and merchants, ultimately delivering substantial and tangible benefits to European citizens, while strengthening strategic autonomy and resilience within the Union.



AGUSTIN REYNA

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Digital payments are convenient, but what about security, inclusion and privacy

Digital payments are becoming so mainstream in our daily lives that consumers almost do not realise anymore that they are making a payment. But when it comes to security, inclusion and privacy, much more is needed to protect people against scams and payment exclusion.

86% of the losses occurring from fraudulent credit transfers are paid for by consumers, according to the EBA & ECB[1]. Systemic security measures are often missing. Evidence from BEUC's German member vzbv[2] reveals, for example, a case where fraudsters could make 43 transactions of €1,000 without any fraud suspicion being raised by the bank. Worse, investigations show that the payment group Worldline processed fraudulent payments to secure its revenue streams.[3] Similarly, large online platforms make major profits out of fraudulent advertising while consumers foot the bill. It's time that financial losses are paid by those who provide online payments and from where fraudulent practices originate, namely the banking system and online platforms to incentivise stronger fraud measures.

Fraud risks diminish consumer trust in digital payments, especially among those who do not feel at ease using online and mobile banking. The problem is that often consumers are left with little alternative: access to cash and in-person services are disappearing with the number of bank branches dropping by 43% between 2008 and 2023 in the euro area[4]. In parallel, non-digital services are also becoming much more expensive. Would you ever pay €4.90 to make a credit transfer? Probably not, but if you cannot use online banking this is unfortunately the price to pay in a major Austrian bank as shown by the market monitoring of bank fees conducted by BEUC's Austrian member, Arbeiterkammer[5]. Similar levels of fees can be observed across Europe.

It might feel counterintuitive, but convenience does not automatically mean inclusion. The EU Accessibility Act applies since 28 June this year, but payments are still not inclusive. Technical solutions exist but are often not offered; for example, some banks offer card-blocking services only via phone which creates an issue for deaf people[6]. Blind people often encounter trouble using touchscreens and may even need to give their PIN code to the merchant. This is not an ideal solution, either from a privacy or a security perspective. In the context of fraud, such consumer behaviour would even be considered as "grossly negligent" by their bank. To fully take part in society, accessing goods and services of all sorts, you need payments. Around 80 million people in the EU are affected by a disability of some degree – inclusive payments are not a niche market and improved accessibility often brings additional convenience to all consumers.

Another challenge in payments is the vast amount of data generated which reveals a lot about consumers' lives – their favourite restaurant, how frequently they go to the doctor, which political group or charity they donate to. This data is very powerful for targeted advertising and personalised pricing and with the help of AI, even with anonymised data, the person behind it can be relatively easily re-identified. This is why solutions like the digital Euro, which can provide a higher level of privacy - at least for offline, proximity payments - are highly valuable for consumers.

Much more is needed to protect people against scams and payment exclusion.

The digital Euro is also a solution to break our dependence on US-card systems, creating a more resilient European payment system. Visa and Mastercard have a combined market share of 90% of EU cross-border payments[7]. Instant payments might be a good alternative for buying a coffee or paying your hairdresser, but in the absence of charge-back mechanisms, they fall short fraud protection. What's more, consumers still largely prefer to pay by card[8], many still lack the digital skills or tools to use a QR-codes. If the digital Euro provides those characteristics, it can fill the gap on security, privacy and inclusion which many consumers will value.

1. *EBA/ECB : 2024 report on payment fraud*
2. *vzbv (2024): Due diligence obligations for payment service providers*
3. *Reuters (2025) : Payments group Worldline shares tumble 41% after allegations by media consortium*
4. *ECB (2024) : The changing landscape of bank offices in the euro area*
5. *Arbeiterkammer (2025) : Bankenmonitoring über Spesen 2025*
6. *BEUC (2024) : 'Call me maybe'...How do you call your bank to cancel your credit card if you're deaf?*
7. *European Court of Auditors (2025) : Digital payments in the EU – Progress towards making them safer, faster, and less expensive, despite remaining gaps*
8. *ECB (2024) : Study on the payment attitudes of consumers in the euro area (SPACE)*