

Policy priorities for the payment single market

1. Strategic autonomy requires more than harmonisation: addressing Europe's dependence on the non-European layers of the payment ecosystem

1.1 SEPA's account-to-account rails are sound, but the EU remains exposed to both economic and geopolitical vulnerabilities through reliance on non-European providers

An official opened by noting that payments have risen high on Europe's agenda: PSD reforms, SEPA Instant, Interchange and MiCA represent real progress, but the payment landscape remains fragmented along national borders and is being reshaped by geopolitical developments. The core policy questions — how to balance innovation, fair competition and strategic interests, and how public and private stakeholders can best work together — set the scene for the debate. Another official then framed the structural challenge: SEPA has created a harmonised environment for euro payments, but strategic autonomy requires more than harmonisation — it demands control over the whole payment ecosystem. Key points of consumer and merchant interaction remain heavily dependent on non-European providers, exposing the EU to vulnerabilities shaped by political or legal decisions taken outside its borders. The issue is compounded by value capture: even where European infrastructure exists, much of the economic value — data, consumer interfaces, commercial models — is captured by non-EU platforms. The priority is not to fix SEPA itself, but to close the gap between Europe's role in core infrastructure and its limited influence over the strategic layers that sit above it.

1.2 Strategic autonomy as a spectrum: a diverse, innovative and vibrant European ecosystem is already emerging through domestic schemes, Wero and EuroPA

An industry representative pushed back against binary framings of strategic autonomy, arguing it should be understood as a spectrum — a degree of independence protecting Europeans from economic coercion — rather than an all-or-nothing proposition. The European landscape is already more diverse, innovative and vibrant than the prevailing narrative suggests: in Germany and France, domestic schemes are the strongest players, making international networks challengers rather than dominants. Wero counts approximately 50 million users; EuroPA has a similar initial rollout with potential to reach 100 million after expansion; and a memorandum of understanding to create an interoperability hub between the two is already in place. For perspective, Europe's dependency in payments is structurally less acute than in

semiconductors — where 90% of cutting-edge chips are manufactured in Taiwan — or in artificial intelligence. An official reinforced this: strengthening Europe's own payment capabilities is not merely a market ambition but a strategic priority. The importance of resilience, autonomy and inclusiveness — in both economic and social terms — has never been more evident than in the current geopolitical environment.

1.3 Digital euro and wholesale CBDC (Pontes/Appia): public anchors for integration rather than fragmentation and European strategic autonomy

A Central Banker set out the role of public infrastructure as the central bank's response to fragmentation. The digital euro is not a competitive threat to private payment schemes; it is the retail anchor — a digital form of euro cash, available to all households and businesses, online and offline, including with offline functionality that ensures payments remain possible even during infrastructure disruptions. At the wholesale level, Pontes will provide central bank settlement in a DLT environment from Q3 2025, and Appia will build a European tokenised financial ecosystem with central banks at its core — a platform on which private-sector innovation can flourish. These initiatives anchor European payment infrastructures in public money governed by European institutions, preventing incompatible and non-interoperable systems from taking hold. An official added that the digital euro must not remain a limited pilot — it must be widely available and actively used. An industry representative noted that productive public-private dialogue requires transparent impact analysis: the gap between the private-sector estimate of approximately €182 million impact on major banks and the ECB's €152 million is not that large and welcomed shared analytical basis as a precondition for structural discussion.

2. Interoperability and consistent open standards as the conditions for pan-European scale and competitiveness

2.1 EuroPA-EPI: a promising path to around 130 million users, but effective scale requires technology-neutral, solution-neutral regulation and a level playing field

An official summarised the emerging consensus: a sovereign European payments ecosystem requires a diverse landscape of complementary payment methods, a mixture of private and public infrastructure, and the involvement of partners well beyond payment service providers alone. An industry representative identified EuroPA-EPI — combining the experience of Bizum and Wero — as the most concrete interoperability response,

targeting around 130 million users once fully joined up, with P2P expected shortly and e-commerce and point-of-sale coverage to follow. Three conditions are essential: regulation must be technology-neutral and solution-neutral, allowing market and public solutions to coexist without tilting the playing field. An official pointed to the DLT review, DORA, MiCA, instant payments and Financial Data Access (FiDA) as solid regulatory foundations for scale, interoperability and trust. An industry representative added that large-scale retailers and marketplaces can serve as a powerful testing engine: Amazon is already sharing merchant and consumer insights with digital euro prototypes and offering interoperability recommendations to local payment methods ahead of their cooperation agreements.

2.2 Europe does not need 27 sets of scheme rules: consistent open standards to end cross-border friction and enable competitive alternatives to cards

An industry representative gave the most concrete account of fragmentation as a daily operational reality. Cards remain the only payment method delivering a truly seamless, pan-European experience at scale. Around two in ten cross-border transactions still fail for purely technical reasons — authentication flows, timeouts, latency — each one a lost sale and a barrier for the more than 280,000 SMEs selling on Amazon across Europe. For competitive alternatives to emerge, European payment solutions must cover the same use cases as cards: recurring payments, frictionless journeys and reliable cross-border acceptance. Local payment methods accepted across the EU today bring different refund timelines, dispute processes, settlement speeds and technical specifications — fragmentation that prevents consistent customer experiences. Europe does not need 27 sets of scheme rules; it needs consistent, open standards that work everywhere. An official noted that the market itself remains fragmented along national borders. Another industry representative added that existing standards should be reused, duplication avoided, and access to key device functionalities — NFC and secure elements — revised to ensure genuine openness to all players. Harmonisation is the precondition for competitiveness.

2.3 Flexible and forward-looking regulatory frameworks — from DORA and MiCA to the DLT review — to enable innovation while managing emerging risks

An official argued that innovation cannot be left to chance, but the public sector's role is to enable the market, not to replace it. Regulatory frameworks must be flexible, forward-looking and neutral, capable of adapting to technological evolution while remaining alert to new risks. DORA, the DLT pilot regime and MiCA show that Europe has understood this balance: they support experimentation while safeguarding financial stability and consumer protection. But regulation cannot be a 'set it and forget it' exercise — frameworks must be continuously reviewed and refined. An industry representative highlighted the distinctive contribution of banks: deep client relationships, proven AML expertise, and a collaborative posture with regulators; CaixaBank's participation in Pontes and Agora illustrates the private sector's active role in building the tokenised financial infrastructure of the future. A Central Banker described the Eurosystem's approach: regulatory

sandboxes, DLT wholesale settlement tests in 2024, stakeholder engagement on digital euro design in 2025, and a recently published discussion paper on DLT and tokenisation — all aimed at making the Eurosystem an enabler of innovation while developing the standard-setting and infrastructure on which private-sector innovation can thrive.

3. Trust as the foundation of every well-functioning European payment ecosystem: inclusion, security and resilience

3.1 Financial inclusion demands trust, access and usability: digital payments will not succeed because they are mandated but because they are designed for everyone

An official emphasised that achieving genuine financial inclusion is a long and demanding process with no shortcuts: people adopt what they trust, understand and find genuinely useful — mandating digital payments without meeting those conditions will not work. Three requirements must be satisfied simultaneously. First, trust: digital payments must be secure, protect privacy and be underpinned by a robust regulatory framework. Second, access: payments must work for everyone in practice and not merely on paper, in all circumstances — online and offline alike; the digital euro's offline functionality directly addresses this requirement. Third, usability: solutions must be intuitive, interoperable and widely accepted; if they are not seamless, they will simply not be used. Digital payments will succeed not because they are mandated, but because policymakers design them to be genuinely trusted, accessible and useful for everyone, including the most vulnerable. An industry representative added that people generally like to buy things but do not like to pay — the payment experience must therefore be as smooth and friendly as possible, and banks have accumulated significant expertise in making this happen.

3.2 Fraud prevention requires collaboration across actors: outcome-based authentication, data-sharing and risk-based approaches over prescriptive rules

An industry representative asserted that there is no commerce without payments, and no customer trust without payment trust. Amazon's approach rests on four pillars: robust proactive controls, customer protection and education, cross-industry collaboration, and holding bad actors accountable. In 2024, it invested over \$1 billion in fraud prevention, taking down over 55,000 phishing websites and more than 12,000 fraudulent phone numbers. The increased harmonisation brought by the new Payment Services Regulation — particularly the framework for cross-border cooperation and fraud data-sharing — is strongly welcomed: different actors (merchants, PSPs, banks, telecom operators) hold complementary information, and combining those signals in a privacy-preserving way dramatically improves prevention. On authentication, a more outcome-based approach to SCA would be preferable to prescriptive technical requirements:

success rates currently vary from 60% to over 90% across the EU, reflecting implementation differences rather than inherent security trade-offs. A risk-based framework — where low-risk transactions proceed with minimal friction — is the right direction. Another industry representative reinforced that banks bring a critical asset to this effort: long and proven experience in anti-money laundering and fraud prevention, which could otherwise serve as a backdoor to criminal activity.

3.3 Cybersecurity and decentralised infrastructure as a shared public-private responsibility: the payments network is only as secure as its weakest link

A Central Banker underlined that operational resilience requires cooperation between the public and private sectors: diversity in payment rails, offline capabilities and cash as a contingency are all essential layers. An industry representative gave the operational perspective: Mastercard processed over 180 billion transactions across

200 countries last year, backed by multilayered business continuity contingencies. Cyber risks are by definition transnational — cybercriminals do not respect national borders — and protecting networks requires a global view; the interdependence between domestic, regional and global markets is critical. Structural adaptation is under way: Mastercard has committed €250 million to shift from a centralised to a decentralised processing infrastructure model in Europe, adding data centres to create more resilience and fewer single points of failure — a clear signal that the private sector is deeply aware of its responsibility. An official concluded the session by acknowledging the panel's unanimous finding: the foundation of every well-functioning European payment ecosystem is trust — something all participants, from central bankers to commercial banks, payment schemes, large merchants and regulators, are working towards from their respective roles.