THE EU PAYMENT SINGLE MARKET

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European payments: promoting strategic autonomy, innovation and interoperability

The payments sector is more strategic than ever. Breakthrough innovation may shift the landscape for stakeholders. At the same time, resilience and strategic autonomy sit at the top of the European agenda. In a globalised technological ecosystem where consumers have the final say, public authorities face challenges in designing an enabling regulatory environment.

Consumers, merchants and other stakeholders keep welcoming ever faster and safer payment solutions. The contribution of international card schemes and of major mobile wallets to the modernisation of European payments and innovation is substantial. Continuous innovation brings new solutions and models and new realities — such as agentic payments, where AI agents initiate transactions on users' behalf —constantly pushing the boundaries of innovation.

Consumers are free to choose whatever payment methods they like best. That is the cornerstone of trust in money and in payments, but also a key enabler for innovation. Consumers benefit from a broad range of options: cash, cards, instant credit transfers and digital wallets. To attract customers, merchants have to accept a wide array of means of payment. The innovation of the payments sector shows that, for merchants, ease of use and conversion rates often matter more than the cost of acceptance.

Innovation is not free of charge and European payments' industry needs viable business models that incentivise and provide value for all stakeholders. Fair competition between solutions and providers is key to ensure that costs are reduced and consumers benefit from the most effective payment services.

Policy and Regulation have to take into account these features, together with other concerns, such as preventing fraud, which expands together with any new payment solution.

The European strategic autonomy also requires that European sovereign solutions are not left behind. Three structural issues call for heightened vigilance. First, an economic dependence: part of the value created leaves Europe. Second, a technological dependence: payment data largely transit through infrastructures located outside the Union. Third, a strategic dependence: these vulnerabilities expose us to a risk of disruption in the event of geopolitical tensions.

An updated strategy on retail payment sovereignty in the European Union will need to focus on ensuring innovation and interoperability, to offer various payment solutions to European consumers. Favouring various complementary solutions is key to ensure both resilience and fair competition.

Existing payment solutions that proved their efficiency and competitiveness already provide solid grounds for payment sovereignty. This includes domestic schemes, such as Cartes Bancaires (CB) in France, which routes the majority (>95%) of domestic payments. Such schemes are onboarded in broader payment solutions for consumers, through co-badging of payment cards: transaction routing and payment data remain on national infrastructure, while universality of use abroad is preserved.

Pan-European innovative solutions also provide useful contributions to the European payment landscape. In particular, the European Payments Initiative (EPI) rolled out since 2024 in France, Germany and several other European countries, where it already counts close to 55 million users. It runs on instant credit transfer rails, whose deployment and security are enabled through the recent Instant Payments Regulation. The interoperability agreement reached in February 2026 between EPI and the EuroPA alliance will ultimately extend coverage to 130 million users across 13 Member States, paving the way for the emergence of a sovereign European alternative.

The digital euro will bring another payment solution in the EU. Currently under trilogue, this project will introduce a central bank digital currency with legal tender status and hence provides an additional brick of sovereignty. Its success requires broad consumer adoption — grounded in a seamless experience—, close co-construction with market participants, and a viable pricing model that ensures complementarity with solutions already in place. The role of European technology providers in its distribution, particularly digital wallets, will also be key. As stated in the draft regulation, it is critical that the ECB relies as much as possible on existing payment infrastructures in order to allow a rapid roll-out of the digital euro with limited fraud risk.

In an ecosystem that is going digital, cash still remains key, in particular to address inclusion— digital illiteracy remains a reality — and resilience, as illustrated by the 2025 cyclone in Mayotte. Innovation is not just digital: a new, more secure series of Euro banknotes is currently being developed.

A broad range of payment methods will continue to coexist to meet varied use. It falls to both public authorities and market participants to ensure that such payments methods are interoperable and open to innovation.

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Beyond authentication: Strengthening trust in Europe's payments ecosystem

Europe's payments market has undergone a profound transformation over the past decade. Competition increased, digital payment solutions expanded, and instant payments are becoming a mainstream means of transferring money. Consumers now expect payments to be fast, seamless and available around the clock.

At the same time, payment fraud in general is growing in both scale and sophistication. The last EBA-ECB payment fraud report showed that the total value of payment fraud rose from €3.5 billion in 2023 to €4.2 billion in 2024. Fraudsters increasingly rely on social engineering techniques to persuade customers to authorise fraudulent transactions or disclose sensitive credentials. Many scams now originate outside the payment sector, through social media platforms, search engines, online marketplaces or messaging applications. For instant payments, fraud volumes increased by 175% over 3 years, outpacing the 98% growth in transaction volumes.

AI is accelerating this trend. Fraudsters can generate highly convincing phishing messages, create deepfake audio and video content, and automate large-scale scams with unprecedented efficiency. To help consumers, EBA with ESMA and EIOPA issued consumer factsheets describing how AI can trick consumers and what they can do to detect and react.

Fraud prevention must continue to evolve. Strong customer authentication (SCA) played a pivotal role in reducing unauthorised payment fraud. But it was not designed to address authorised payment fraud, where customers are manipulated into initiating payments. Protecting users requires moving towards prevention, detection and intervention across the payments ecosystem.

The industry is already adapting. Many payment service providers (PSPs) are strengthening real-time transaction monitoring and deploying AI-based tools to intervene before losses occur. Additional safeguards, such as tailored spending limits and targeted consumer awareness initiatives, are becoming more common. In parallel, several Member States introduced measures to combat telephone number spoofing and other forms of impersonation.

Regulation is evolving in the same direction. A key milestone is the introduction of Verification of Payee (VoP) for euro credit transfers under the Instant Payments Regulation. By enabling users to verify that a beneficiary's name matches the account identifier before a transfer is executed, VoP addresses a vulnerability frequently exploited by social engineering scams.

Trust in digital payments requires stronger fraud defences and cross-sector cooperation.

The forthcoming PSD3 and PSR framework will go further by strengthening transaction monitoring requirements, extending VoP to credit transfers in all EU currencies, facilitating targeted information sharing between PSPs and introducing anti-fraud obligations for actors beyond the payment sector. This reflects an important reality: fraud is rarely confined to the payment transaction itself. It often exploits vulnerabilities elsewhere in the digital ecosystem.

Under PSD3 and PSR, EBA will continue to support the reinforced fraud-prevention framework through new mandates on payment security, transaction monitoring and fraud reporting. In developing these we must recognise that individual actors often see only part of the fraud picture. Particular attention will need to be paid to ensuring that payment security and transaction monitoring measures remain effective, drawing on fraud intelligence available through information-sharing arrangements to better detect and prevent fraud, while remaining proportionate and avoiding undue friction for users.

Technology will also be part of the solution. AI can help institutions analyse large volumes of data in real time and detect emerging threats that escape traditional monitoring tools. Equally important will be mechanisms enabling institutions to exchange fraud intelligence rapidly and securely, allowing coordinated responses. As use of AI increase, PSPs remain accountable for its outcomes, maintaining oversight and ensuring they can explain decisions affecting customers.

Diversity and innovation are strengths of our payments ecosystem. But fraudsters are quick to exploit gaps between PSPs, sectors and jurisdictions. The challenge ahead is to make cooperation as interconnected as the threats faced, maintaining effective fraud prevention without undermining the speed, convenience and innovation that users expect. This requires real-time monitoring, effective information sharing and closer cooperation across the digital ecosystem, combined with continued vigilance from all stakeholders, including consumers, PSPs, online platforms, telecommunications providers and public authorities.

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Payments in Italy and the EU: Remaining obstacles and key opportunities

From Italy's perspective, one of the most significant remaining obstacles to the effective functioning of the EU payments single market is the lack of truly pan-European payment end-user solutions. Although the Single Euro Payments Area (SEPA) has successfully established a common set of European payment schemes based on harmonized technical standards and rules, end-user solutions remain fragmented along national lines and Europe continues to depend on a small number of non-European providers. In response to these challenges, the Eurosystem's comprehensive payments strategy, published in March 2026, recognizes the importance of fostering EU-governed, market-driven, pan-European solutions that cover all relevant use cases, thereby contributing to a resilient, integrated, innovative and competitive euro retail payments landscape. Ongoing initiatives such as EuroPA (European Payments Alliance) – which includes Bancomat, the Italian domestic debit card payment scheme, among its participants – and EPI (European Payments Initiative), together with their cooperation efforts to enhance interoperability, represent a promising step in this direction. Moreover, the digital euro project is expected to provide a pan-European digital means of payment available throughout the euro area, under European governance and distributed through European banks and payment service providers (PSPs). In a complementary manner the digital euro could enable providers to scale up across different use cases and borders, thereby making the European payments landscape more competitive and innovative.

A further challenge stems from the uneven implementation of existing rules across the EU and the resulting differences in consumer protection, which continue to hinder the integration of the European payments market.

However, the forthcoming new EU legislation on payment services based on the PSD3/PSR package is specifically designed to address these issues. Notably, the introduction of a directly applicable regulation (PSR) aims to minimize the national divergences that emerged under PSD2 and promote greater regulatory harmonization throughout the Union. In particular, the PSR seeks to strengthen consumer protection through a comprehensive anti-fraud framework, including measures aimed at addressing increasingly sophisticated payment scams, such as spoofing fraud. It also requires PSPs to participate in fraud information-sharing arrangements between themselves. In addition, the proposed framework promotes cross-sector cooperation between PSPs and a range of technological actors – namely providers of hosting and electronic communications services, as well as very large online platforms and search engines – to improve the prevention and detection of fraudulent payment transactions.

Banks and other PSPs are called upon to play a key role in shaping the future of payments in Europe.

PSPs, including banks, are key actors in the ongoing transformation of the payments market. As instant credit transfers become ubiquitous following the implementation of the Instant Payments Regulation (IPR), PSPs are expected to compete less on the execution of payment transactions and more on the innovative value-added services built on top of them. The full uptake of instant payments can also foster the development of innovative European payment schemes. As acknowledged in the Eurosystem's recently published strategy, PSPs can leverage the SEPA Request-to-Pay (SRTP), in combination with instant payments, to develop new point-of-interaction (POI) solutions. Another noteworthy innovation is the development of account-to-account (A2A) payment solutions based on instant payments, which are emerging as a viable alternative for certain use cases.

Market participants, including Italian banks and other PSPs, are actively participating in the digital euro project and will play a central role in its distribution. The digital euro could also act as a catalyst, encouraging market players to develop value-added services such as conditional payments, whereby transactions are executed automatically once predefined conditions are met.

Banks and other PSPs are therefore called upon to play a key role in shaping the future of payments in Europe, and to cooperate closely with both EU and national institutions in fostering a secure, innovative, resilient and competitive payments ecosystem. To this end, the Italian Payments Committee (IPC), chaired by Banca d'Italia and with the participation of representatives of the supply and demand sides of the market, as well as public authorities, including the Ministry of Economy and Finance, provides a permanent forum for dialogue and cooperation in this area. The IPC also serves as a key point of contact with other national and European committees and fora, including the Euro Retail Payments Board (ERPB).

Ultimately, addressing the remaining obstacles while seizing emerging opportunities will be essential to ensure that the European payments market continues to evolve in a way that benefits consumers, businesses and the broader economy.

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Europe's payments future: innovation, choice and resilience

The payments landscape is evolving rapidly, driven by technological innovation and changing consumer and merchant expectations. Payments are becoming faster, more secure and more seamless, while new models such as digital wallets, account-to-account payments, stablecoins and a future digital euro are expanding choice. In this increasingly competitive environment, payment providers must continue to innovate and invest while maintaining the security, resilience and trust that underpin the payments ecosystem.

Europe's payments landscape has much to celebrate, with greater digitization, diversity, innovation, and competition delivering more choice for consumers and businesses. While cards remain among the most preferred payment methods, providing seamless cross-border acceptance, interoperability, strong consumer protection, and broad merchant reach at scale, new initiatives are expanding the range of available options. Domestic schemes, European initiatives, as well as the digital euro reflect European policy objectives around innovation, competition and availability of payment options.

Visa recognises these priorities and is adapting accordingly. From an Irish perspective, our national Visa strategy is largely consistent with the ambitions set out in Ireland's National Payments Strategy and wider EU payments strategy: ensuring consumers and businesses have access to modern payment options, supporting innovation, maintaining trust and resilience, and keeping Europe globally competitive as payments continue to digitise.

As the market evolves, Visa is adapting its model in three important ways.

First, trust, security and resilience remain the foundation of digital payments. As consumers and businesses adopt new ways to pay, maintaining confidence in the payments ecosystem becomes even more important. Fraud prevention, cyber resilience and strong consumer protection are not optional features; they are prerequisites for the trust and effective functioning of the payments market. As Europe continues its digital transition, it is equally important to ensure consumers and businesses can access and benefit from new payment solutions. For Irish consumers, trust in digital payments underpins everyday commerce and will become increasingly important as payments become more digital and AI-enabled. Maintaining strong safeguards against fraud, scams and cyber threats will be critical to ensuring consumers can embrace innovation with confidence.

> **Europe's payments landscape has much to celebrate, with greater digitization, diversity, innovation.**

Second, Visa continues to invest in security and innovation in Europe. Visa has recently announced a €500 million investment plan across Europe over the next decade, reinforcing our long-term commitment to the region and supporting the next phase of secure and innovative digital growth, while addressing the challenges faced in Europe. Visa is strengthening its long-term commitment to Europe through a new regional hub in Frankfurt, a Eurozone data centre, a European Innovation Centre and Cyber Fusion Centre, and the expansion of its Technology and Solutions Centre in Poland. Together, these investments will support the development of secure, resilient, and next-generation payment solutions across Europe. These investments will help strengthen fraud prevention and cyber resilience areas where Ireland performs strongly while supporting the next generation of digital payments. The Central Bank of Ireland has noted that Irish payment fraud rates are below the EU average for most payment types. As payments become increasingly AI-enabled, maintaining these high standards of security and trust will be critical to the success of emerging agentic commerce and payments.

Third, we are deepening collaboration across Europe. As part of Europe's payments ecosystem for more than six decades, Visa remains committed to supporting banks, fintechs, merchants and payment providers. We support an open and competitive payments market that fosters innovation and consumer choice, and have helped many of Europe's leading fintechs scale internationally through our network. The same principles should guide the development of a digital euro: delivering clear consumer value, preserving choice, supporting innovation, fostering financial inclusion and ensuring strong consumer protections against fraud and financial crime.

Ultimately, Visa's investment priorities are not an either/or choice between new rails, AI or partnerships. Europe's future payments ecosystem will require all three.

Nearly 50 years after establishing our presence in Ireland, Visa remains committed to supporting Europe's payments future through continued investment, innovation and partnership. As the payments landscape evolves, Europe's success will depend on maintaining an open, competitive and interoperable ecosystem where different payment methods can coexist, innovate and compete on the basis of value, security and consumer benefit.