The EU payment single market

1. From an enabling legal framework to effective implementation

The Chair observed that the EU payments market is moving beyond harmonisation towards integration, innovation, resilience and strategic autonomy, reflecting the growing economic, geopolitical and technical significance of payments.

An EU official recalled that an integrated payment market has been a core EU ambition for some 20 years. Public authorities must provide a framework promoting competition, innovation and trust, alongside private initiatives. A regulator cautioned that a harmonised legal framework is not an end in itself, and it is not enough.

Summing up the first round, the Chair called for a coherent framework rather than more legislation, and for the private sector to contribute to shared objectives.

1.1 Instant payments are gaining ground

An EU official described the Instant Payments Regulation as a great success: close to 80% of EU payment service providers (PSPs) have joined the Single Euro Payments Area (SEPA) instant credit transfer scheme, and the share of instant payments in credit transfers has risen from 13% in 2022 to around 40% in Q2 2026. A regulator added that instant payments now provide a common European infrastructure for transferring funds within seconds, at any time.

1.2 The priority now is delivery and coherence, not more regulation

A regulator made delivery and coherence the priority, rather than more regulation. The third Payment Services Directive (PSD3) and the Payment Services Regulation (PSR) will bring more consistent rules and supervision, stronger competition and better fraud protection, but implementation will require considerable work over the next couple of years.

A policymaker identified regulatory fragmentation as a remaining obstacle, since divergences persist across member states; the PSR, being directly applicable, will foster convergence.

An EU official hoped for final adoption of the package by the end of 2026, with implementation in mid-2028. The framework must be technology-neutral and future-proof, notably regarding artificial intelligence (AI), and strengthen open banking to support innovation. She also highlighted access for non-bank PSPs to settlement services since 2025, removing their dependency on banks for that access.

1.3 Technical details can have unintended consequences

An industry representative acknowledged that Europe is world class in payments but warned against inadvertently favouring certain champions. He criticised a recent European Banking Authority (EBA) Q&A on the definition of e-money: in his view, its legalistic reading does not address any particular risk and threatens to upset an entire sector that has operated for over 20 years. This illustrated how apparently technical details can cause significant problems.

2. The remaining gap: effective pan-European reach at the point of use

A regulator identified the remaining gap as effective pan-European reach at the point of use, online and at physical points of sale. An industry representative contrasted this with an instant, convenient and frictionless digital economy: why should a refund take five to ten days, or a cross-border purchase differ from a domestic one?

2.1 End-user solutions remain too fragmented along national lines

A policymaker highlighted the lack of pan-European end-user solutions, while noting encouraging developments: the Eurosystem's strategy for EU-governed, market-driven solutions, efforts to make the European Payments Initiative (EPI) and EuroPA interoperable, and the digital euro.

An industry representative explained that offering local methods entails high cost and high complexity: each requires a separate integration yet serves customers in one member state. The 11 local methods her firm has enabled succeed domestically but lack pan-European reach; some still do not support subscriptions. Merchants are agnostic about payment methods, but these different rails should be allowed to compete fairly.

2.2 Common standards and infrastructure for interoperability

An EU official called for interoperability between private solutions and with the digital euro, based on common European standards and infrastructure: all these EU retail payment solutions need to speak the same language. She welcomed the EPI–EuroPA memorandum of understanding and the European Central Bank's (ECB) commitment to EU standards for the digital euro. A conducive regulatory framework combined with interoperability was the recipe for a truly integrated payment market.

An industry representative also welcomed the agreement between local national champions, noting that cards are what already works cross-border today, in a standardised way.

A policymaker cited cards linked to different schemes as an example of interoperability and ease of use. An industry representative said better integration of local methods into merchant-to-consumer payments would

help. The Chair also saw interoperability as key to a European payment product.

2.3 From interoperable infrastructure to customer adoption

An industry representative set out three conditions for scaling. First, interoperability and cross-border reach must be an intentional day-one design decision, not an afterthought: domestic interbank rails do not scale across the EU, whereas SEPA instant credit transfers do. Second, industry-level standards are needed, as with Pay by Bank in the UK. Third, she called for a compelling customer experience rather than mandated use: we need to work backwards from customer needs.

A regulator emphasised that SEPA instant provides common rails, but success requires broad acceptance, ease of use and a compelling proposition that customers and merchants can buy into and trust. This means PSPs, schemes and merchants working together, including on viable business models.

An EU official highlighted antitrust enforcement opening access to near-field communication (NFC) payment solutions, with Bizum Pay using NFC on Android and iOS. She saw such competition measures as potential game changers for user experience.

3. Payment choice, resilience and sovereignty

A policymaker considered the single market our best tool, but a single market does not mean a single way of paying: consumers want a variety of means of payment, including cash, and efficient domestic solutions must not be lost inadvertently – Wero and EPI themselves started out as more of a local solution.

An EU official called for cash, traditional cards and innovative methods to coexist, alongside work on stablecoins and deposit tokenisation. An industry representative stressed that cash remains a route into the digital economy through e-money instruments he described as low-risk, and that it adds safety.

3.1 Payments must work even when it rains

A policymaker described payments as a critical function in society that must work both in normal times and during disruptions. Digitalisation and network effects have brought efficiency gains, but heavy concentration can also create vulnerabilities. In Finland, around 80% of daily payments are by card, dominated by two international schemes, with no domestic card scheme. Cash accounts for less than 10% of daily payments, yet 60% of survey respondents still consider its use very important.

He noted that most card users are satisfied, but merchants face acceptance fees with very little choice, and these costs feed into consumer prices. Geopolitical risks also raise the question of how daily needs would be met if card infrastructure failed.

A policymaker advocated greater optionality through instant payments and the digital euro, although scale is hard to reach when customers do not realise that current payment methods are expensive. On resilience, he highlighted offline functionality, cash and contingency plans for extreme scenarios; it is not sufficient for only one participant in the value chain to prepare.

An industry representative said merchants live this operationally every day, pointing to the Iberian blackout discussed in the previous panel. An industry representative stressed that payments must always work, even when it rains, citing €11 billion invested in technology and security for his company's global network over five years and at least six nines of availability – less than 32 seconds of downtime a year.

3.2 Different perspectives on payment sovereignty

A policymaker noted that large-scale private investment expected in AI, agentic payments and fraud prevention raises the stakes of the sovereignty debate, which spans technology, governance, data location and dependencies. He proposed a layered approach: cash and the digital euro as a fully sovereign first layer, then European-wide or domestic systems, and a broader layer in which simply having a variety of payment methods supports resilience and sovereignty.

An EU official said that the digital euro's envisaged legal-tender status would make it a European public good and therefore a sovereign means of payment. A regulator saw European solutions reducing dependence on a small number of providers. An industry representative highlighted a recent additional €500 million investment in Europe, including a eurozone data centre.

An industry representative stressed that sovereignty – a payment method being European – is not a design feature: adoption depends on customer experience and fair competition. She welcomed PSD3/PSR measures seeking to align card and non-card payments, including extending strong customer authentication (SCA) exemptions to credit transfers. The Chair called for cooperation between banks and PSPs and a level playing field reflecting consumer and merchant preferences.

3.3 The digital euro: remuneration, access and adoption

A policymaker said Parliament and Council shared the aim of making room for new tools benefiting consumers and merchants, while benchmarking the digital euro against comparable means of payment. In his view, less ambitious methods not yet international or European-wide did not necessarily warrant the same treatment. However, the co-legislators' positions on the economic model still differed.

An industry representative was very concerned that the compensation framework discussed in trilogue would perpetuate card fees and scheme-based fees in a payment method that does not share the features of cards. She questioned why SEPA instant rails were not included in the benchmark used in those discussions.

On access, an industry representative feared that non-banks – in his view, the more innovative part of the payments system – might not be able to offer the digital euro from day one under the legislative approach being

discussed. In his reading, they would need individual agreements with banks, which could be rather slow to cooperate, as with open banking.

An EU official took careful note of these remarks, stressing that success will depend on the user experience: if the wallet and interface fall short, we will to some extent miss the purpose.

4. Trust in payments is more important than ever

An industry representative stated that users want safe, secure, simple and reliable payments: trust is more important than it has ever been, as criminals increasingly use AI. An EU official noted that PSD3/PSR will provide a strengthened toolkit to prevent fraud.

4.1 Fraud is becoming faster, more scalable and more adaptive

A regulator observed that fraud is becoming faster, more scalable and more adaptive; for instant payments, fraud volumes are growing much faster than payment volumes themselves, calling for real-time monitoring. A policymaker confirmed that payment fraud in Finland has been increasing sharply. An industry representative contrasted record-low card fraud in Ireland – below three basis points – with credit transfer and direct debit fraud in that market, up 23% and 28% respectively in 2025.

4.2 AI is a powerful tool, but not a shortcut or a black box

An industry representative argued that fraud must be stopped as it happens, or ideally before. His company's network has used predictive AI for 32 years, checking 500 transaction data points. Most retail SEPA transactions in Ireland are now scored using the same technology.

He also reported €40 billion of fraud blocked by his company's network in 2025. Separately, the company's global scam disruption unit shut down 25,000 scam merchants in its first year.

A regulator explained that AI can detect what rules-based monitoring might detect too late, and that the PSR will improve data sharing, helping smaller PSPs. But AI must not turn things into a complete black box. He stressed explainability, regular testing and monitoring, proportionate complexity, and oversight in line with the general requirements of the AI Act, while noting that fraud prevention is not part of the high-risk classification.

A policymaker noted that no single PSP can have the full picture, making AI and information sharing powerful, but they are not shortcuts: shared data must remain confidential and secure, AI tools must themselves be resilient against fraudsters, and accountability must accompany explainability.

4.3 Victims of fraud should not be left holding the bag

A policymaker considered that the customer is often left holding the bag, calling for some shift of responsibility towards service providers. He noted that a strict interpretation of the General Data Protection Regulation (GDPR) by Finland's parliamentary Constitutional Law Committee hampers information sharing.

A policymaker called for better articulation of information sharing, burden sharing and coordination, including existing obligations on platforms. A policymaker noted that the PSR will extend cooperation to digital service providers. An industry representative urged an ecosystem-wide response, citing Ireland's anti-fraud forum including telecoms and tech platforms. He also emphasised that cards can help protect innocent fraud victims and provide easy resolution.