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DIGITALEUROPE's response to the Commission's roadmap consultation on instant payments

Our position

DIGITALEUROPE believes the baseline policy option detailed in the inception impact assessment is the most suitable to advance instant payments today in Europe. **At this stage, monitoring the market evolution and assessing the effects of voluntary efforts is the most sensible decision to foster the growth of instant payments, while the industry works to address their challenges.**

Importance of technology-neutrality

The EU should promote greater choices for consumers without any bias for any specific technology solution, be it instant payment, credit cards, electronic bank transfers or any other. Consumer preference should continue to drive the evolution of the payments market.

It is critical the Commission considers all digital payment solutions as equally relevant for merchants, as long as they guarantee safe, secure, simple and efficient transactions.

At the same time, corporates have a significant need for SEPA Instant Credit Transfer (SCT Inst.) as they do not have many other choices to enter the "instant" payment world for instant treasury management.

Mandating the adherence to the SEPA Instant Credit Transfer (SCT Inst.) scheme, replacing the SEPA Credit Transfer (SCT) with SCT Inst. or introducing other similarly binding provisions would stifle Europe's payment innovation.

Key aspects for consideration

We support the development of emerging instant payments as part of the mix of solutions at consumers' disposal. The value of instant payments, which defines transactions completed within ten seconds, is set to reach north of 12.5 trillion euro by 2025 thanks to increased consumer confidence in the technology, its

ease of use and checkout time reduction.¹ Yet, the real-time nature of instant payments present challenges too. These include:

- *Fraud prevention*: the real-time processing nature of these solutions requires a faster Anti-Money Laundering (AML) screening process for the detection of financial crime. Instant payment providers have actively introduced offerings to fill this gap.
- *Charge-back process*: the industry is working to reduce the complexity of the dispute process in instant payments, which is due to the existing lack of a centralised authority in the system.
- *Viable business model*: the uptake of instant payments rests on the presence of a tangible business model justifying the upfront infrastructure costs attached to these solutions. Payment market actors need time to redesign their business strategies with regards to these emerging solutions.

Overall, we believe that the adoption of instant payments should remain market driven, and that the number of use cases may increase as additional functionalities are developed. Instant credit transfers will enable corporate treasury departments to better manage their cash, having an instant prediction of incoming cash flows, forecast liquidity needs and forex. In that sense, SCT Inst. will be complementary to the SWIFT gpi initiative in corporate banking. From a consumer perspective, instant settlement of funds already underpins sales in the gig economy, faster disbursement of insurance claims, digital remittances and peer-to-peer payments. If the European Commission does propose a legal mandate for Payment Service Providers (PSPs) to adhere and be reachable under SCT Inst., it should grant sufficient time for PSPs setting-up instant payments to make any required information system changes, evolutions and upgrades. This would also give PSPs the necessary time to establish efficient real-time fraud capabilities that will be essential to generate trust in instant credit transfers.

¹ Payment Industry Intelligence, [Europe leads instant payments evolution](#), 2020

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About DIGITALEUROPE

DIGITALEUROPE represents the digital technology industry in Europe. Our members include some of the world's largest IT, telecoms and consumer electronics companies and national associations from every part of Europe. DIGITALEUROPE wants European businesses and citizens to benefit fully from digital technologies and for Europe to grow, attract and sustain the world's best digital technology companies. DIGITALEUROPE ensures industry participation in the development and implementation of EU policies.

DIGITALEUROPE Membership

Corporate Members

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Austria: IOÖ

Belarus: INFOPARK

Belgium: AGORIA

Croatia: Croatian Chamber of Economy

Cyprus: CITEA

Denmark: DI Digital, IT BRANCHEN, Dansk Erhverv

Estonia: ITL

Finland: TIF

France: AFNUM, SECIMAVI, Syntec Numérique, Tech in France

Germany: bitkom, ZVEI

Greece: SEPE

Hungary: IVSZ

Ireland: Technology Ireland

Italy: Anitec-Assinform

Lithuania: INFOBALT

Luxembourg: APSI

Netherlands: NLdigital, FIAR

Norway: Abelia

Poland: KIGEIT, PIIT, ZIPSEE

Portugal: AGEFE

Romania: ANIS

Slovakia: ITAS

Slovenia: ICT Association of Slovenia at CCIS

Spain: AMETIC

Sweden: Teknikföretagen, IT&Telekomföretagen

Switzerland: SWICO

Turkey: Digital Turkey Platform, ECID

United Kingdom: techUK