

Position Paper

European Commission Consultation Instant Payments

2021-April-07

Page 1

According to Bitkom, instant payments offer added value across all payment use cases. As supporters of a technology-neutral approach, however, we also want to stress the merit of digital payment solutions in general. Hence, we consider instant payments as complementary to existing products and as enabler for new payment solutions and products (e.g. Instant Lending). The uptake of instant payments depends on several factors, such as pan-European market readiness (i.e. infrastructure), rules/alignment with existing rules, and consumer adoption of new solutions. To facilitate higher market penetration, several obstacles need to be considered when tackling instant payments, especially: high investment efforts to be stemmed by the payments industry, the need for viable business models in the context of instant payments, and the lack of standardization. Moreover, it is crucial to bear in mind the challenges which instant payments pose, such as security, consumer protection, competition, anti-money laundering, and combating the financing of terrorism.

The European Commission's *Inception Impact Assessment* indicates potential measures linked to the uptake of instant payments. It is important to stress that instant payments need time to develop for achieving market-driven acceptance among consumers. Regulatory measures should only be taken cautiously, may not come premature, and shall follow the principle of technology neutrality to uphold fair competition. In this context, we want to emphasize the importance of regular exchange among political decision makers and the entire payment ecosystem, composed of incumbents, new players, European, and international players. Moreover, we suggest modernizing political governance structures: market participants shall be able to swiftly seek regulatory guidance when implementing new rules through a centrally organized body in addition to EBA's Q&A tools.

Specific remarks on the Inception Impact Assessment

Alignment with existing rules, practicality thereof, and level playing field: any targeted political measures require close alignment with given rules and regulations. Particularly, upcoming legislative proposals for the revision of the AML/CFT framework, the extension of the eIDAS-Regulation to the private sector, or the planned PSD2 review will

Bitkom
Bundesverband
Informationswirtschaft,
Telekommunikation
und neue Medien e.V.
(Federal Association
for Information Technology,
Telecommunications and
New Media)

Kevin Hackl

P +49 175 5848805
k.hackl@bitkom.org

Albrechtstraße 10
10117 Berlin
Germany

President
Achim Berg

CEO
Dr. Bernhard Rohleder

Position Paper Consultation Instant Payments

Page 2|2

be of particular relevance in this context. Given the fast paced technological advance that generally alleviates both security as well as convenience, we want to stress the importance of outcome based rules and technical standards that allow for the ongoing improvement of the European payment landscape. Such an approach would also help to overcome market fragmentation. Requirements for SCA, for instance, are not harmonized for all types of payment instruments and underlying payment infrastructures. To instill trust among end users, it is important that instant payment transactions adhere to the same set of rules, security standards, and convenience levels independent from the entity offering the service.

Operating Business models under increased fraud risk: operating, innovating, and setting up an instant payments infrastructure require ongoing investments. Fraud risk, for instance, is inherently higher for instantly settled payments, which encompasses additional costs for implementing the needed risk-mitigating technologies. Pricing shall thus not only be discussed as consumer charges and merchant acceptance costs but also as a mean for investments to further the European payments landscape. Allowing for viable business models for all members of a payment value chain on the basis of transparency is key for the uptake of instant payments.

To conclude, Bitkom would like to stress that potential political incentives shall not lead to market distortion or hazard fair competition. An equilibrium needs to be achieved among market participants which have already invested in instant payments vs. those who have not thus far.

Bitkom represents more than 2,700 companies of the digital economy, including 2,000 direct members. Through IT- and communication services alone, our members generate a domestic annual turnover of 190 billion Euros, including 50 billion Euros in exports. The members of Bitkom employ more than 2 million people in Germany. Among these members are 1,000 small and medium-sized businesses, over 500 startups and almost all global players. They offer a wide range of software technologies, IT-services, and telecommunications or internet services, produce hardware and consumer electronics, operate in the digital media sector or are in other ways affiliated with the digital economy. 80 percent of the members' headquarters are located in Germany with an additional 8 percent both in the EU and the USA, as well as 4 percent in other regions of the world. Bitkom promotes the digital transformation of the German economy, as well as of German society at large, enabling citizens to benefit from digitalisation. A strong European digital policy and a fully integrated digital single market are at the heart of Bitkom's concerns, as well as establishing Germany as a key driver of digital change in Europe and globally.