



# Payment Methods Report 2019

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## Europe of Payments: The Challenge of European Sovereignty



**About Andréa Toucinho:** Payments and financial services expert, Andréa Toucinho worked for ten years as Journalist – Editor-in-Chief of Point Banque magazine and Head of ‘PayForum’ and ‘Banque et Innovation’ events. Since 2018, she is working in the consulting area, with activities in Paris as Director of Studies, Prospective and Training of Partelya Consulting, and France’s Ambassador of European Women Payments Network (EWPN). She also developed activities in Portugal and Spain as France Representative of Aefi and Afip Fintech Associations.

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Despite real initiatives in the field of harmonisation, the Europe of payments remains a real puzzle of use cases and strategies. Southern European countries, such as Spain, Portugal, France and Italy, testify to this situation with differences between habits, payments tools, and even strategies. Nevertheless, all these countries are conscious that developing a real European vision provides the possibility to address the global payments market and to compete with big tech companies and Internet giants in this field.

### Digitalisation, new usage, European sovereignty

Southern Europe is facing big challenges when it comes to payments. First of all, there is social evolution. The development of the Internet, mobile, and ecommerce fosters payments usage based on digital solutions. For example, Italy is witnessing a growth in digital payments, which is two times higher than the European average.

This evolution is not a surprise: new usage is boosted by the new generation, which is connected to the smartphone and social media channels. The emergence of instant payments is also a part of this evolution that aims to provide an ‘instant’ payment for modern society and usage. Thus, the Italian financial market – and, above all, the Italian banks – welcomed instant payments as a modern way to address B2B and B2C new habits, despite huge problems, such as business models and costs. These remain real topics for a traditional market in which people don’t want any costs for the payment and don’t hesitate to return to cash, if necessary. Therefore, sociological evolution occurs.

### Sociological evolution and geopolitical challenge

In many countries, such as Italy, Portugal, or even Spain, we witness a duality in the payments market between traditional generations, who use cash and national tools, and new generations, Millennials, who are better connected to new means of payments. Some institutions have already realised the importance of this challenge and are constantly informing and educating people in order to boost the evolution of the payments market. Portugal finds itself in this situation, as supervisor Banco de Portugal has invested in a communication campaign to promote instant payments across the country. This innovation is presented in video tutorials as a new means of payment linked to mobile and modern usage.

Last but not least, Europe (especially Southern Europe) is facing a geopolitical challenge: the necessity to create a real European framework in the area of payments and globalised economy. Instant payments represent one of the symbols of this challenge. We can also mention GDPR, or the necessity to create a European regulatory framework in the field of data, and PSD2, which opens the European payments market for more competition and innovation. Nevertheless, how can a real European payments and regulatory framework be created when each country has its own specificities? That’s one of the major challenges encountered by the European market and economy. →

The differences are clearly visible in South Western Europe, with a French payments market symbolised by the power of payments card, a Portuguese payments market represented by SIBS – a big actor which provides several tools, from ATM to Internet and mobile (MB WAY) –, or an Italian payments market boosted, even today, by cash and checks. How to harmonise the situation?

### Developing a European vision

First of all, a European vision can be developed by creating a real regulatory framework, as wanted by the European authorities, as well as investing in communication and information in order to boost real European payment tools such as instant payments. However, we cannot forget that all these countries and markets need to work together in order to develop a European vision and sovereignty. Fostering a real European strategy is a necessity – and the same goes for the field of regulation or economy. Thus, not only banking actors, but also new entities, such as fintechs, have to collaborate at a European level.

New services and models have to be inspired by a European vision as well, for example Open Banking and the development of APIs, with a huge necessity to promote standardisation of APIs in order to harmonise the European market and to create a good way to facilitate the development of cross-border solutions, more adapted within a globalised context.

Today, several national markets have launched APIs – such as France with STET, the UK with Open Banking UK, Germany with the Berlin Group, and Portugal with SIBS API Market. But how will these solutions work together? This is a real question when we know that the market is also composed of many globalised actors, such as

big tech companies and Internet giants. What is the value of Europe in this globalised market? This is yet another real question to be addressed in the context of tomorrow. Europe (especially Southern Europe) comprises of many differences and many tools, but above all else, of a secured and harmonised regulatory framework. This is one of the aces to face new globalised actors. That's why it is important to invest in regulation, in security, and in a collaboration between markets and countries in order to create – in the market as it is already the case in institutions – a real European strategy.



**About company:** Created in 2008, Partelya Consulting is a French consulting company specialised in means of payment. It works with all actors of the market, from banks to schemes and retailers, on technological and strategic issues. The company works at an international level (France, Europe, Morocco etc) and it is a member of the French Association du Paiement.

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