

Payment Systems Market Expert Group (PSMEG)

Report to DG FISMA

Instant Payments at Point of Sale (POS)

November 2025

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Executive summary

The Instant Payments Regulation (IPR) aims to promote the adoption of instant payments in euro in the European Economic Area (EEA) by requiring payment service providers that offer regular credit transfers on payment accounts to also offer instant credit transfers. The legislation ensures the widespread availability of instant payments in euro across the EEA. Given their continuous availability and fast processing time, instant payments, including the euro and the currencies of seven non-euro Member States¹, have the potential to serve as a foundation for new payment solutions. This includes the application of instant payments at point of sale (“IP @ POS”), meaning in-store, therefore not addressing e-commerce use-cases, where it has the potential to enhance efficiency, foster competition, contribute to the broader digital transformation of payments and, importantly, strengthen strategic autonomy of the European Union (EU).

Despite the potential benefits however, several obstacles currently hinder the successful implementation of instant payments at POS. The Payment Systems Market Expert Group (PSMEG) therefore decided to establish a subgroup on “IP @ POS” in December 2024. The scope of the subgroup was defined as the use-case of a plain-vanilla instant payment at POS. The purpose of the subgroup is two-fold:

1. To identify obstacles for instant payments at POS from various perspectives, including those from merchants, consumers, payment service providers, infrastructure and technology; and
2. To explore and evaluate possible approaches to overcome these obstacles.

The subgroup commenced its work in January 2025 by compiling a comprehensive inventory of the obstacles that prevent the successful roll-out of instant payments at POS. The obstacles were categorised and prioritised which resulted in a top 10 list of obstacles. Following this, the subgroup drafted recommendations to overcome each of the identified obstacles. A progress update was presented at the PSMEG plenary in April 2025, featuring the subgroup’s preliminary top 10 obstacles alongside initial draft proposals to address them. This report presents the finalised list of the top 10 obstacles and the associated recommendations.

The report describes each of the 10 obstacles and recommendations in depth. Here below follows a summary, any dissenting views are in the body of the document.

Nr.	Obstacle	Recommendation
1	For NFC-based instant payments: 1a) Pan-EU access to contactless kernels is hindered by market fragmentation. 1b) Lack of access to a Secure Element (SE).	Recommendation to overcome obstacle 1a): 1. In the short term: leverage an existing proprietary kernel. 2. In the mid-term: leverage the recent EMVCo standardised contactless kernel C8. Recommendation to overcome obstacle 1b): 1. In the short term: support Host Card Emulation (HCE) to enable the widespread adoption of NFC-based

¹ Bulgaria is expected to join the euro area as of 1 January 2026. As a result, the number of non-euro Member States falls to 6. Source: https://ec.europa.eu/commission/presscorner/detail/en/ip_25_1386.

		<p>(instant) mobile payments at POS for all payment solutions operating in Europe.</p> <ol style="list-style-type: none"> In the medium term: mandate open access to the Secure Element or support the development of a standardised and Original Equipment Manufacturer (OEM) independent method for loading applets onto the SE (such as the GlobalPlatform standard: SAM (Secured Application for Mobile)).
2	Lack of standards to enable advanced use cases of IP @ POS, such as pre-authorisation, refunds/reversals, payment initiation.	<ol style="list-style-type: none"> Survey stakeholders on what is missing either in legislation and/or the SCT Inst rulebook to enable advanced features. Use the results of the recent EPC consultation. Review rulebook and legislation where applicable. Building & operating the advanced use cases to be left to the commercial space.
3	<p>Different legal requirements applicable to IP @ POS and cards.</p> <ol style="list-style-type: none"> Refund obligation. SCA disparities. Rules on payment instruments. Competition law oversight usually add complexity and affects the time to market. Unequal AML rules. While IPR simplifies transaction screening to European sanctions list, purchases with cards benefit from FATF exemption allowing execution without payer screening. 	<ol style="list-style-type: none"> Provide EU-level interpretative guidance on the application of the IPR to IP @ POS transactions. Several recommendations: <ul style="list-style-type: none"> Amend PSD2 Article 97 (PSR Article 85) to allow re-execution of a payment on the basis of an already completed SCA in case of technical failure; Align the RTS provisions on exemptions and fraud-rate thresholds in Transaction Risk Analysis (TRA) exemptions; Amend PSD2 Article 75 (PSR Article 61) and associated recitals to extend fund-blocking capabilities beyond card-based transactions. Clarify that IP @ POS qualifies as a “payment instrument” under PSD2 art. 4(14) or amend PSD2 art. 62 to enable viable commercial schemes. Issue ex-ante EU-level guidance on competition law considerations relevant to IP @ POS schemes. Review AML legislation to extend to IP @ POS transactions the same exemption currently applicable to card payments for goods and services.
4	There is often too much friction for fast POS payments caused by unnecessarily cumbersome and inefficient Strong Customer Authentication (SCA) procedures.	<ol style="list-style-type: none"> Enable more SCA exemptions; Facilitate the use of more biometric SCA. Allow SCA factors from a single category when independency is preserved.

		<p>4. Mandate dynamic linking only for remote payments.</p> <p>5. Implement slick app-to-app redirects, decoupled and embedded flows.</p> <p>6. Enable more offline SCAs.</p> <p>7. Facilitate EUDIW-based SCA.</p>
5	Some public projects are competing with private ones and thereby creating uncertainties.	The relevant representatives of the public and private sectors should urgently take a joint initiative, work together in a robust public-private partnership and agree on a common roadmap towards pan-European IP @ POS payment solutions.
6	To raise consumer and merchant awareness of IP @ POS, a distinctive and universally recognisable mark – like the contactless symbol – is needed.	Develop a symbol that is easily recognisable, clearly understood by users and serves as recognition and acceptance mark for IP @ POS solutions. Such a symbol could be created through a pan-European competition to choose the best design for an EU instant payments recognition mark.
7	Open banking dedicated PSD2-API flaws.	Open banking regulation should: <ul style="list-style-type: none"> - be minimal and technology agnostic. - stipulate the desired outcome, i.e. “the what”, whilst leaving “the how” to the market players. - be enforced by National Competent Authorities more swiftly and more comprehensively, i.e. full implementation of all EBA guidance and opinions and sanctioning of non-compliance. - be indirectly enforced by EBA and DG FISMA by sanctioning non-compliant NCAs.
8	Lack of interoperability and governance ‘roaming rules’ between mobile instant payment solutions @ POS, including IBAN tokenisation, authorisation, cross-currency conversion and settlement of funds.	Establish a task force, mandated by the European Commission, to bring together key standardisation bodies to jointly address the four identified “roaming” issues (or any additional ones) and to develop a coordinated solution.
9	Non-zero payer fees charged by the issuer to the payer per transaction, which make instant payments at POS non-competitive.	Authorities should create the right conditions—through regulation, guidance, or by promoting industry-led self-regulation—for market participants to explore and define commercially viable business models for IP @ POS.
10	Lack of an EU public fund to support investments in the roll-out of instant payments at POS.	Allocate public funding to strengthen Europe’s autonomy and resilience in payments, supporting a targeted set of high-impact initiatives.

1. Introduction

This report aims to provide an overview of the key obstacles identified by the subgroup IP @ POS that currently hinder the successful roll-out of instant payments at POS, as well as the subgroup’s recommendations for overcoming these obstacles. Where possible, the report also seeks to identify the relevant stakeholders best positioned to address the respective obstacle.

A total of 14 experts participated in the subgroup (see overview in Annex I), which commenced its work in January 2025. The scope of the subgroup was defined as the use-case of a plain-vanilla instant payment at point of sale. Participants were invited to share input on obstacles that prevent the roll-out of instant payments at POS. These identified obstacles were subsequently categorised based on the ‘space’ in which they are ideally addressed: (i) institutional space, (ii) inter-PSP space and/or (iii) commercial space, as illustrated in figure 1. Obstacles that fell solely within the commercial space were considered outside the scope of the subgroup. Removing obstacles in the institutional and inter-PSP space will provide the right foundation for the commercial ecosystem to flourish. Following refinement and consolidation, the subgroup arrived at a list of 14 distinct obstacles.

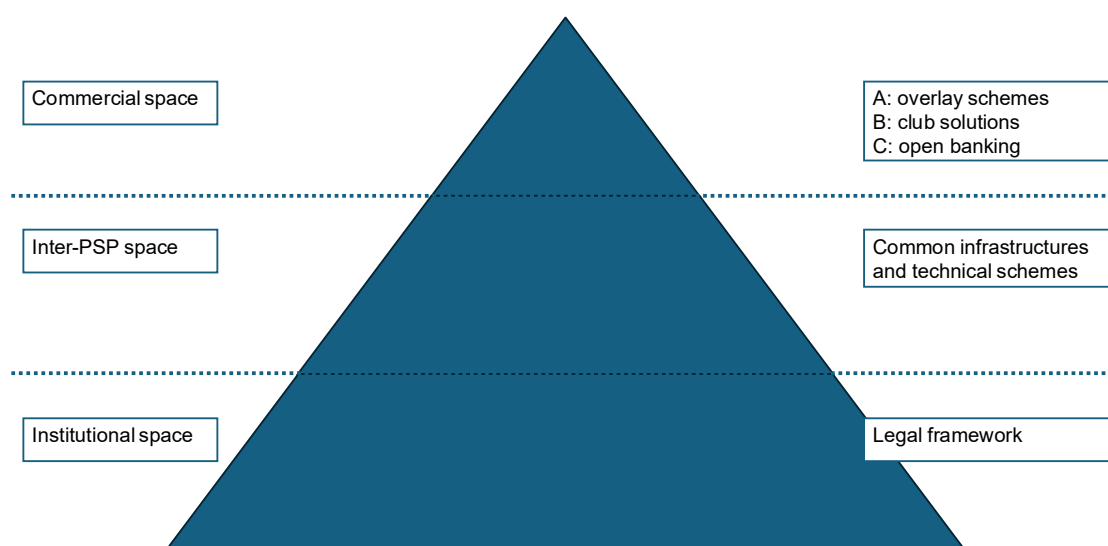


Figure 1

The subgroup then conducted a prioritisation exercise to determine the ten most pressing obstacles. Each participant was asked to rate the obstacles on a scale of 1 (low) to 5 (high), based on two criteria:

- (i) the urgency of the obstacle to be resolved, and
- (ii) the anticipated positive impact on the uptake of instant payments at POS once the obstacle is addressed.

This process resulted in the following top 10 list of obstacles, ranked in order of priority:

Nr.	Obstacle	Obstacle owners
1	Limited EU-wide access to NFC infrastructure	Jakub Górka Stéphanie de Labriolle
2	Lack of advanced SCT Inst features	Atze Faas

3	Different legal requirements applicable to IP @ POS and cards	Narinda You Jesús Lozano
4	SCA friction	Ralf Ohlhausen
5	Competing projects	Ralf Ohlhausen Atze Faas
6	Consumer and merchant awareness	Jakub Górká
7	PSD2 API issues	Ralf Ohlhausen
8	Lack of interoperability	Jakub Górká
9	Non-zero transaction fees for the payer	Ralf Ohlhausen Niels Pranger
10	Lack of EU public funding	Jakub Górká Atze Faas

Annex II provides an overview of the obstacles that were not included in the top 10. These obstacles were not subject to further discussion within the subgroup. Importantly, one of the initially identified obstacles concerned the current ban on surcharging for debit and credit card payments. However, due to divergent views among subgroup members on this topic, it was agreed that this particular obstacle would be excluded from the final list.

After determining a top 10 list of obstacles, the subgroup drafted recommendations to overcome the obstacles and, where possible, concrete next steps. The recommendations are to be considered possible solutions that should be further investigated.

The following chapter provides a detailed analysis of each of the top 10 obstacles followed by recommendations for resolution and actionable next steps. The report ends with a brief conclusion of the subgroup's work.

2. Obstacles and recommendations

In this chapter, each of the 10 obstacles is examined in detail, with each obstacle presented in a dedicated section following a consistent structure. First, the obstacle is described, including an explanation of how it hinders the implementation of instant payments at POS. This is followed by the subgroup's recommendations on how the obstacle may be addressed, along with concrete and actionable next steps.

One PSMEG member does not support the obstacles and recommendations #2, #4 and #9.

2.1 Limited EU-wide access to NFC infrastructure

For NFC-based instant payments:

- 1a) Pan-EU access to contactless kernels is hindered by market fragmentation.
- 1b) Lack of access to a Secure Element (SE).

2.1.1 Obstacle description

Tap-to-pay transactions are becoming increasingly common at physical points of sale across Europe. While the majority of acceptance devices remain **hardware-based terminals**, the adoption of software-based (**softPOS**) solutions is steadily rising.

To accept and process an electronic payment – whether a traditional card transaction or an instant payment using a card interface – the terminal requires a **kernel**: a dedicated piece of software that manages the transaction flow between the payment method and the acceptance device. While a single standardised **EMV contact kernel** exists, Europe, and the whole world, has long lacked a unified **EMV contactless standard**, resulting in significant **market fragmentation**.

Each payment scheme has developed its own **EMVCo-compliant contactless kernel**. However, apart from a few kernels developed by non-European card schemes, such as Mastercard’s C2 and Visa’s C3 kernels, most are **not widely deployed across the EU**. This **fragmentation** has posed challenges, particularly for new mobile (including instant) payment solutions attempting to scale across the EU or even within individual Member States.

These providers often face difficulties in gaining **broad NFC access** without entering into commercial agreements with the owner of the kernel – agreements that depend on the willingness of the kernel owner to allow access to it and its commercial strategy and tend to perpetuate **strategic dependence** on non-European card schemes. This situation is increasingly viewed as suboptimal from the perspective of **EU competition policy, innovation** and the broader goal of ensuring **European sovereignty in payments**.

To execute a payment at a terminal using a mobile NFC-enabled phone, access to the device’s NFC antenna and **secure element (SE)** or **Trusted Execution Environment (TEE)** is required. Alternatively, **Host Card Emulation (HCE) can be used, although this option is not as functional and secure as SE or TEE** (see below for a detailed explanation). For this reason, we have divided the obstacle into two parts:

- Obstacle 1a: Pan-EU access to contactless kernels hindered by market fragmentation.
- Obstacle 1b: Lack of access to a Secure Element (SE).

Describing **1b**), a payment application residing in a mobile phone should run in a secure environment that will protect cryptographic keys and algorithms, the customer PIN code or biometric data and the limits and other risk management parameters.

There are three types of secure environments:

- **The Secure Element:** This is a dedicated chip, similar to a smart card chip, present in some phones, such as Apple’s iPhone, and in which payment applets are stored. Apple Pay leverages a Secure Element.
- **The Trusted Execution Environment:** this is a Secure Enclave within the main phone processor. It has its own operating system and runs trusted applications with isolation from the main environment of the phone. Samsung Pay uses a TEE.
- **Host Card Emulation:** Both Android and Apple phones support HCE in Europe. An HCE based application runs in the open environment of the phone (main memory and processor). The phone operating system provides access to the NFC interface to an HCE application. **Such an**

application is robustified using techniques such as code obfuscation and white box cryptography. To reinforce security, cryptographic keys typically have a single use (one key used per transaction) and such keys have to be regularly replenished. Google Pay and bank or scheme wallets are based on HCE.

From the above options, **the Secure Element provides the best security** to host and run a payment application. It is also the best choice to support offline payments. While instant payments are necessarily online, credit transfers can be delayed. There is a renewed interest, for resilience purposes, to support offline payments and this may call for the use of the Secure Element.

Performance requirements in transport use cases are such that the mobile phone tapped at the gate operates offline and this would also point to the use of the Secure Element.

However, many phones do not feature such a chip and where they do, access to the Secure Element is **subject to agreement with the phone OEM** (Original Equipment Manufacturer). Some of them do not provide such access in Europe, despite providing it in some countries. In any case, access to the Secure Element is usually subject to bilateral agreements and the payment of fees.

Also, provisioning the required payment applet into the Secure Element is currently based on proprietary methods, albeit leveraging **Global Platform standards**, under the control of the phone OEM.

Finally, **the Secure Element may be constrained by its memory size**. For Apple Pay, for example, the Secure Element typically hosts today a Visa Applet, a Mastercard Applet, Apple's payment applet used with domestic schemes and often a transport applet. **This potentially leaves little space to add more payment applications.**

2.1.2 Recommendation

An EU instant payment solution should ideally rely on a **single EU EMV kernel** deployed across terminals in the EU market to ensure consistency and interoperability. However, it is worth noting that a **multi-kernel approach** is also feasible – **provided the mobile payment application can support multiple kernels**. This capability is already offered by the industry. Such an approach would provide flexibility by allowing the use of the kernel most commonly deployed in a given country, facilitating smoother integration and broader acceptance.

For overcoming obstacle 1a) (pan-EU access to contactless kernels hindered by market fragmentation) we recommend:

- 1. In the short-term: leverage an existing proprietary kernel.**
- 2. In the mid-term: leverage the recent EMVCo standardised contactless kernel C8.**
 - While this is the preferred option, one group member highlights that C8 currently has limited market penetration and adoption. Therefore, alternative approaches in the medium or long term —such as the use of other white-label kernels or even proprietary ones—should not be entirely ruled out. In any case, measures should be taken to ensure that access to any selected kernel is granted under FRAND (Fair, Reasonable and Non-Discriminatory) conditions.

In the short term, our recommendation is avoid to leverage an International Card Scheme (ICS) kernel or do so for the shortest time possible in order to preserve sovereignty and independence.

In the medium term, the recommendation for selecting a white-label kernel should be based on three key criteria: **(1)** current market adoption, **(2)** existing implementation by terminal vendors, and **(3)** the terms of the licence agreement required to use the kernel. Regardless of which kernel is ultimately chosen, it must remain **open and accessible**, with **NFC functionality made available to third-party mobile payment solutions** under **FRAND** conditions. Access should follow objective and transparent procedures and eligibility criteria. Ideally, the kernel should be made available **without transaction-based fees**, and **subject to a low licence fee** – potentially even as **open-source**. Furthermore, it must be ensured that the operating entity for the selected kernel remains open to new members from all EU countries, thereby upholding **principles of inclusiveness and European governance**. Appropriate safeguards should be established to **ensure transparent control over the governance** and operational management of the kernel owner.

There are three white label kernels coming from European actors:

- The **CPACE kernel** specified by **SRC**, a German consulting firm, and owned by ECPC (European Card Payment Cooperation), an association of European domestic payment schemes. The CPACE kernel is being deployed e.g. in Belgium, France and Portugal.
- The **PURE kernel**, specified and owned by **Thales**. In Europe, the PURE kernel is used e.g. in Italy, Bulgaria and Belgium.
- The **WLA kernel**, initially specified by **Idemia** and now owned by the **White Label Alliance**, is rarely deployed in Europe. However, through a licensing agreement with **JCB**, it enables the use of the non-European **JCB C5 kernel**. This solution is currently in use in countries such as Switzerland, Denmark, and Sweden.²

Alternatively, in 2022, EMVCo released a new specification for a standardised contactless kernel C8. This specification, leveraging ECC and AES cryptography, introduces new features such as Secure Channel, Relay Resistance, Data Storage, etc. The advantage of using this kernel is that it is **standardised and available royalty free**. The drawback is that there are **hardly any terminals** certified with the **C8 kernel**.³ There are also **very few EMV applications for devices** (such as cards or phones) that are compatible with the **C8 kernel**. It is important to emphasise that, in order to execute card payment transactions, a **kernel alone is not sufficient** – a **dedicated payment application** must also be in place.

Nevertheless, the C8 kernel could be considered for the medium to long term as, besides being a standard, it offers interesting features in terms of security.

Based on the above, **our short-term recommendation** is to select a **white-label kernel** that is **widely supported by terminal vendors, well adopted by existing schemes in Europe**, and available under **FRAND licensing terms**. We recommend initiating discussions with CPACE, PURE and WLA kernel owners, while keeping open the possibility of a multi-white-label kernel approach.

² A number of payment terminals are certified for specific kernels. Relevant information can be found here: <https://europeancardpaymentcooperation.eu/certified-products/#cpace-kernels>; <https://www.pure-payments.com/certified-products/#pos-kernel>; <https://wla-payment.org/certified-products/>.

³ Currently, only two. See https://www.emvco.com/approved-products/?search_bar_keywords=C8&type=acceptance_device.

In the longer term, the **standardised C8 kernel** would be the preferred option. Its implementation and deployment should be closely monitored to assess if and when a transition to C8 would be appropriate.

For overcoming 1b) obstacle (lack of access to a Secure Element (SE)) we recommend:

1. In the short term, **support Host Card Emulation** to enable the widespread adoption of NFC-based (instant) mobile payments at POS for all payment solutions operating in Europe.
2. In the medium term, **mandate open access to the Secure Element or support the development of a standardised and OEM-independent method for loading applets onto the SE** (such as the GlobalPlatform standard: SAM (Secured Application for Mobile)).

HCE offers a **reasonable level of security**, particularly given that **instant payments require online connectivity**. HCE technology has been in use for over a decade without any major security breaches or fraud incidents. Moreover, **EMVCo has established a security evaluation process for HCE applications**, and **comprehensive test plans** are already in place.

For a **pan-EU instant payment solution on mobile devices**, we recommend starting with **HCE**. Over time, the solution could evolve towards **Trusted Execution Environments**, which address some of HCE's limitations, and eventually towards **Secure Element**, particularly to support **offline use cases**.

2.1.3 Concrete next steps

With regard to the pan-European kernel, we recommend that the **European Commission (DG FISMA)** assesses the advantages and disadvantages of both a **single EU EMV kernel approach** and a **multi-kernel approach**. This should include initiating a dialogue with the providers of all three European kernels: **CSPACE**, **PURE** and **WLA**. Furthermore, it is suggested that DG FISMA explores how to ensure **FRAND licensing terms** for the selected kernel, as well as how to secure appropriate **governance oversight and control** over the kernel owner to safeguard long-term openness and accessibility.

With regard to the Secure Element we recommend that **DG FISMA**, in trilogue negotiations with the **Council** and the **European Parliament**, considers adopting **Article 88a of the Payment Services Regulation (PSR)** as proposed by the European Parliament.⁴

2.2 Lack of advanced SCT Inst features

Lack of standards to enable advanced use cases of IP @ POS, such as pre-authorisation, refunds/reversals, payment initiation.

2.2.1 Obstacle description

In recent years, Europe has seen a **proliferation of account-to-account payment solutions**. Many stemming from **domestic** success, starting with person-to-person payments, then into e-commerce and in-store payments, and now **expanding beyond the borders** of their original markets.

⁴ Page 102 of the European Parliament's report on PSR, available at [https://www.europarl.europa.eu/RegData/seance_pleniere/textes_adoptes/definitif/2024/04-23/0298/P9_TA\(2024\)0298_EN.pdf](https://www.europarl.europa.eu/RegData/seance_pleniere/textes_adoptes/definitif/2024/04-23/0298/P9_TA(2024)0298_EN.pdf).

The **EuroPA**⁵ initiative aims to achieve **cross-border interoperability** for P2P use case between Italy's Bancomat Pay, Spain's Bizum and Portugal's MB Way. They recently announced that Greece' IRIS will join soon with other members of EMPSA on their way. In parallel, the **European Payments Initiative (EPI)**⁶ has launched their '**wero**' **product for the initial 5 markets** France, Germany, Belgium, Luxembourg and the Netherlands. Further countries, including non-euro countries, are on the horizon. Both initiatives have recently announced their collaboration to expand the reach of their solutions.⁷

Based on PSD2, **Payment Initiation Service Providers (PISPs)** are using the **open banking APIs** provided by account servicing banks to enable merchants to make payments from 400 million accessible payment accounts.

Rooted in both the **Instant Payment Regulation**⁸ and the **SCT Inst scheme** by the EPC⁹, the above market participants have built their propositions. In addition, each of the above have developed or will develop **advanced features**, such as dispute resolution mechanisms, recurring payments, pre-authorization etc. However, this means or will mean that potentially consumers and/or merchants may see **different interfaces and processes for these advanced features**.

Therefore, this **lack of standardised advanced features** that might negatively impact uptake by consumers and/or merchants was identified as obstacle 2.

2.2.2 Recommendation

We identified several recommendations to overcome this obstacle:

1. **Survey** EMPSA members, EPI and open banking providers (PISPs) on what is missing in either legislation and/or SCT Inst rulebook to enable advanced features.
2. **Use** the results of the recent EPC consultation.¹⁰
3. With the above, **review** rulebook and legislation where applicable, **leveraging** existing standards such as the SEPA Request to Pay scheme (SRTP)¹¹ or **adding** standards to enable advanced use cases to ensure consistent customer and merchant journeys (e.g. nexo standards at the point of interaction).
4. **Building & operating** the advanced use cases to be left to the commercial space.

2.2.3 Concrete next steps

DG FISMA is well positioned to either run the survey or appoint a third party to do that during the 2nd half of 2025.

DG FISMA and EPC then to jointly review the results of both surveys taking into consideration initiatives ready to be rolled out either at the end of 2025 or early 2026 and to consider amendments

⁵ More information available at https://empssa.org/wp-content/uploads/2024/12/241113_Leading-European-mobile-payment-solutions-BANCOMAT-BIZUM-and-MB-WAY-pioneer-interoperability-launching-first-instant-transactions.pdf.

⁶ More information available at <https://epicompany.eu/>.

⁷ More information available at <https://epicompany.eu/media-insights/europa-and-epi-launch-collaboration-to-expand-sovereign-pan-european-payments>.

⁸ IPR available via https://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=OJ:L_202400886.

⁹ More information available at <https://www.europeanpaymentscouncil.eu/what-we-do/sepa-instant-credit-transfer>.

¹⁰ Consultation available via <https://www.europeanpaymentscouncil.eu/news-insights/news/public-consultation-use-sct-inst-poi>.

¹¹ More information available at <https://www.europeanpaymentscouncil.eu/what-we-do/other-schemes/sepa-request-pay>.

to the legislation (level 1 or – if possible - level 2) and/or the SCT Inst rulebook and submit for consultation in the 1st half of 2026.

After finalisation following the consultation, **market participants** can use the amendments to enhance their propositions.

2.3 Different legal requirements applicable to IP @ POS and cards

Different legal requirements applicable to IP @ POS and cards.

- **Refund obligation.** IPR requires immediate refunds, preventing PSPs from retrying failed transactions.
- **SCA disparities.** PSD2 and RTS provisions often refer specifically to cards, resulting in different rules for funds blocking, limited access to Transaction Risk Analysis (TRA)-based exemptions, and the inability to re-execute a payment after a technical failure disrupts an instant payment.
- **Rules on payment instruments.** The unclear qualification of IP @ POS as a payment instrument under PSD2 limits the development of compensation models similar to those used for cards, as well as the creation of commercial schemes built on top of basic payment services.
- **Competition law oversight** usually add complexity and affects the time to market of IP @ POS solutions, particularly those driven by PSPs consortia. Unlike card schemes owned by single companies and subject to well established regulatory requirements, these initiatives face detailed, case-by-case scrutiny due to concerns over ownership concentration, market access and pricing.
- **Unequal AML rules.** While IPR simplifies transaction screening to European sanctions list, purchases with cards benefit from FATF exemption allowing execution without payer screening.

2.3.1 Obstacle description

Although instant payments at point of sale and card-based transactions are intended to deliver similar value propositions to consumers and merchants, they are subject to divergent legal and regulatory frameworks. These discrepancies create an unlevel playing field, impose a disproportionate compliance burden on IP @ POS providers, and discourage innovation and investment in real-time retail payments.

One relevant regulatory asymmetry concerns **refund obligations**. The IPR imposes a significant constraint to failed IP @ POS transactions. As the payer's PSP is required to refund the funds immediately, there is no room for retry mechanisms and contribute to their high reliability and user acceptance.

As regards **Strong Customer Authentication** (SCA) rules – originally set out in PSD2 Article 97 (to be replaced by Article 85 in the Commission's PSR proposal) – these also disadvantage IP @ POS. The inability to re-use a valid SCA (if technically possible) after a technical failure disrupts the usability and the reliability of instant payment-based means of payments. Furthermore, POS initiated transactions requiring internet access are currently classified as "remote", even when taking place in-store, which triggers dynamic linking obligations. This increases friction and negatively affects the user experience.

In addition, the fraud-rate thresholds for TRA exemptions differ between card use cases and IP @ POS, making it more difficult for the latter to develop use cases that are competitive with cards – particularly when fund blocking or pre-authorisation is needed, as PSD2 Article 75 (in the future PSR Article 61) only supports this functionality for cards.

With reference to the legal qualification of IP @ POS, it remains unclear whether they qualify as a “**payment instrument**” under PSD2 Article 4(14) (PSR Article 3(18)). This uncertainty hampers the development of structured business models, including commercial schemes and compensation flows. In particular, if IP @ POS are considered just instant credit transfers, PSD2 Article 62 (PSR Article 28) applies, thereby prohibiting payer PSPs from compensating other PSPs in the chain in payee-initiated transactions, which limits the design of viable economic models for IP @ POS.

Moreover, IP @ POS initiatives developed by PSP consortia face detailed, case-by-case scrutiny by **competition authorities**. Concerns over ownership, governance, access, and pricing result in extended timelines and legal uncertainty, ultimately slowing the development of cooperative IP-based payment models.

Finally, card payments benefit from an exemption stemming from FATF Recommendation 16, allowing them to be executed without full payer information. As a result, card transactions for the purchase of goods and services are not subject to **sanction screening**. IP @ POS transactions, by contrast, must currently comply with some sanctions screening obligations, increasing friction compared to card payments. This situation should be revisited considering the ongoing review of Recommendation 16 by the FATF, which may open the door to grant the same rights and same rules to IPs used for the same purpose.

2.3.2 Recommendation

Refund obligation: Provide EU-level interpretative guidance on the application of the Instant Payments Regulation to IP @ POS transactions, addressing issues such as payment order initiation, execution timing, settlement dynamics, and customer notifications, to enable retry mechanisms and batched accounting consistent with IPR requirements.

SCA disparities:

- Amend PSD2 Article 97 (PSR Article 85) to allow re-execution of a payment on the basis of an already completed SCA in case of technical failure and clarify that IP @ POS transactions requiring internet connectivity do not constitute remote transactions subject to dynamic linking requirements.
- Align the RTS provisions on exemptions and fraud-rate thresholds in Transaction Risk Analysis (TRA) exemptions to ensure equal treatment of all payment instruments, enabling IP @ POS to benefit from the same risk-based exemptions as cards.
- Amend PSD2 Article 75 (PSR Article 61) and associated recitals to extend fund-blocking capabilities beyond card-based transactions, giving IP @ POS providers and merchants the ability to ensure funds availability prior to execution.

Rules on payment instruments: Either clarify that IP @ POS qualifies as a “payment instrument” under PSD2 Article 4(14) (PSR Article 3(18)) or amend PSD2 Article 62 (PSR Article 28) and their recitals to allow PSPs to set up compensation schemes that align incentives and ensure commercial viability.

Competition law oversight: Issue ex-ante EU-level guidance on competition law considerations relevant to IP @ POS schemes, addressing governance structures, ownership concentration, access policies, and pricing transparency, with the aim of achieving harmonised supervisory approaches across Member States.

Unequal AML rules: Subject to the outcome of the ongoing FATF review of Recommendation 16, review AML legislation to extend to IP @ POS transactions the same exemption currently applicable to card payments for goods and services, thereby eliminating the obligation to perform real-time payer and payee screening in low-risk, retail contexts.

2.3.3 Concrete next steps

H2 2025: PSD2 Amendments. The highest priority is to ensure that the legal recommendations — specifically those concerning PSD2 Articles 4(14), 62, 75, and 97, and their corresponding PSR Articles 3(18), 28, 61, and 85—are actively fed into the trilogue negotiations of the PSR. This legislative window provides the clearest path to secure legal parity between IP @ POS and card-based payments. As Article 85a proposed by the EU Council advances this objective, we recommend that DG FISMA supports its adoption in the trilogue discussions.

Q4 2025 - Q1 2026: Clarify IPR and PSD2 Interpretations. In parallel with the legislative process, the European Commission and EBA should issue interpretative guidance to clarify the application of IPR provisions to IP @ POS, particularly regarding refunds and retry logic, as well as practical interpretations of PSD2/PSR SCA rules for IP @ POS transactions.

H1 2026: Ex-ante EU-level guidance on competition law. DG COMP should develop policy guidance on cooperative IP @ POS arrangements, building on lessons from SEPA governance and previous consortia-based models. This would provide legal certainty for market participants and facilitate supervisory convergence.

2026+: AML Regulation and PSR Secondary Regulation Adaptation. Once the review of FATF Recommendation 16 has been finalised and PSR has been adopted, AML legal framework and level 2 PSR legislation, RTS in particular, should be updated to eliminate card-centric provisions and support a more instrument-neutral regulatory environment. A signal would be appreciated as several payment solutions based on A2A instant payments are already offering, or nearing the launch of, payments to merchants including cross-border payments.

2.4 SCA friction

There is often too much friction for fast POS payments caused by unnecessarily cumbersome and inefficient Strong Customer Authentication procedures.

2.4.1 Obstacle description

Most POS payment use cases require a very fast, very slick and very easy to use payment flow, which does not go hand in hand with the **friction caused by many SCA procedures**.

2.4.2 Recommendation

SCA friction at POS could be reduced, for example by:

- **Enabling more SCA exemptions**, e.g. by:
 - aligning instant payment SCA regulation to the current cards SCA regulation as mentioned in the previous chapter (TRA).
 - expanding the scope of other existing exemptions (e.g. low value, whitelisting).
 - considering additional exemptions.
- **Facilitate the use of more biometric SCAs**, e.g. by:
 - avoiding legal requirements (outsourcing & audit stipulations) to become regulatory barriers.
 - allowing “non-physical” behavioural biometrics.
- **Allow SCA factors from a single category** as long as they are independent of each other, e.g. two (or more) (behavioural) biometric factors.
- **Mandate dynamic linking only for remote payments**, not for remote SCA.
- **Implement slick app-to-app redirects**, decoupled and embedded flows.
- **Enable more offline SCAs**, e.g. by implementing “Signed Payment Requests”.
- **Facilitate EUDIW-based SCAs**.

Each of these recommendations will lead to less SCA friction, and there are likely to be more that can be added in due course. Many are regulatory driven, but some can be achieved by more standardisation and/or commercial arrangements.

2.4.3 Concrete next steps

Consider existing recommendations resp. initiatives in this area such as:

- EPSG: Instant Payment Models and Flows.¹²
- EPC: MSCT NFC & BLE (use case C2B-7).¹³
- SPA: The Instant Payment Card Proposal¹⁴
- Berlin Group: Signed Payment Request (change request #59).¹⁵

2.5 Competing projects

Some public projects are competing with private ones and thereby creating uncertainties.
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2.5.1 Obstacle description

So far, we had a clear split between **central bank money** and **private money**, where the former is physical token-based (coins and notes) and the latter is electronic account-based. ECB’s plans for the digital euro will remove this split and the digital euro will **compete for resources in the digital**

¹² https://www.e-csg.eu/files/ugd/430691_38f164aba1474673930086e93c77cf78.pdf.

¹³ https://www.europeanpaymentscouncil.eu/sites/default/files/kb/file/2023-06/EPC287-22v1.0%20Interoperability%20of%20MSCTs%20based%20on%20NFC%20or%20BLE_0.pdf.

¹⁴ <https://www.smartpaymentassociation.com/publications-smart-payment-association/videos-smart-payment-association/entry/wednesday-july-1-2020-4-00-pm-europe-summer-time-paris-gmt-02-00>.

¹⁵ https://c2914bdb-1b7a-4d22-b792-c58ac5d6648e.usrfiles.com/ugd/c2914b_26c462a20b44454088c2c885e2be1135.pdf.

payments ecosystem, potentially at the expense of private sector solutions as an **unintended consequence**.

Furthermore, eIDAS 2.0 introduces the European Digital Identity Wallet (**EUDIW**) and requires financial institutions and merchants to accept the EUDIW for e.g. online identification, age verification. The EUDIW will have an impact on the payments industry and merchants and therefore also require resources for implementation.

2.5.2 Recommendation

The digital euro, private payment solution providers and the EUDIW, including stakeholders, should start working together in a **robust public-private partnership** and agree on a **common roadmap towards pan-European payment solutions** that will integrate both public money propositions, such as the digital euro and other CBDCs, private money solutions, including IP @ POS solution providers, and possible ways to leverage the EUDIW for this purpose. Such a common infrastructure/acceptance layer in a much more coordinated approach/roadmap will help stakeholders to **allocate resources more effectively and efficiently**, as well as enable both consumers, merchants, PSPs, schemes and technical service providers to **share the benefits of economies of scale** (network effects). It will **reduce uncertainty** once everybody understands the sequencing and prioritization and how it all fits together towards a common goal. It would not touch the commercial space for public or private propositions to thrive within this roadmap.

2.5.3 Concrete next steps

The relevant representatives of the public (ECB, DG FISMA, DG CNECT) and private sectors (e.g. EPI, EMPISA, EuroPA, PISPs, etc.) should urgently take a **joint initiative**, e.g. starting with a high-level round table. This group should coordinate their work with that of Chapter 2.8. in this document. A strategic roadmap towards completion of the single market for payments, will put Europe at an advantage offering ubiquitous, fast, affordable and secure payments.

2.6 Consumer and merchant awareness

To raise consumer and merchant awareness of IP @ POS, a distinctive and universally recognisable mark – like the contactless symbol – is needed.

2.6.1 Obstacle description

It is evident that **international payment card brands** enjoy **widespread trust** and **strong public recognition**, the result of years of **effective promotion** and **substantial investment** in **brand building**. However, for payment professionals, these brands also represent **highly profitable business models** characterised by **complex fee structures**. Ultimately, the **costs** of these models are borne by **end users** – both consumers and merchants – through **hidden fees**, raising legitimate concerns about proportionality and the value-for-money they offer.

That said, the success of the **US card networks** demonstrates the value of investing in a **strong and recognisable brand** – a **badge of pride**. Taking this lesson into account, and with European sovereignty, integrity, and the longstanding effectiveness of European payment schemes in mind, it

seems timely to call for the creation of a **common recognition mark**. Such a mark would make it **visible to the public** that **European payment solutions** are present and **working in the interest of Europeans**.

Moreover, this recognition mark should aim to build awareness and confidence that **European payment systems** can not only match but exceed global card standards – offering **superior quality** and features such as instant payments, and thereby positioning themselves as **competitive, forward-looking alternatives**.

2.6.2 Recommendation

To remain both currency- and country-agnostic, the **recognition mark** should serve as an **umbrella brand** – e.g., "EU Instant Payment", "EU Inst", or, when not limited to instant payments, "EU Pay". It should **unify** various (instant) **mobile payment brands** and **mechanisms** across both euro and non-euro Member States. The mark may also take a language neutral graphic form, provided it is **easily recognisable** and **clearly understood** by users. Notable examples of such graphic symbols include the widely recognised icons for contactless payments and Bluetooth connectivity.

If the recognition mark is also to function as an **acceptance mark**, it should indicate that a given **physical point of sale** accepts at least one **home-grown European payment solution**. The European Commission could consider requiring merchants in the EU to support at least one such European payment method.

2.6.3 Concrete next steps

A promising way to select the symbol could be through a **pan-European competition**, organised by DG FISMA, to choose the **best design** for an **EU instant payments recognition mark**. There is significant brand-building and marketing potential here, which aligns with the interests and strategic goals of EU policy makers.

Linking the recognition mark with the acceptance mark is certainly a valuable approach, as it helps to ensure that the symbol is not merely decorative but signifies real, practical functionality. This would ensure that whenever the recognition mark is displayed, at least one European payment method is accepted – where European explicitly excludes non-EU payment brands. Ideally, a shop window would display both the EU recognition mark and the logos of specific home-grown European payment solutions.

A strategy of **mandating European merchants** to accept **home-grown European payment solutions** bears some resemblance to requiring acceptance of a **digital euro as legal tender**. However, unlike the digital euro, **private European solutions** do not carry legal tender status. Therefore, in developing an effective policy-making tool, this distinction must be factored in, leaving room to consider which path would better serve the intended purpose – whether a more **regulatory approach** or an **industry-led model**.

With regard to the **industry-led path**, one possible avenue could be for the **European Payments Council (EPC)** to **organise a call for interest**. This would allow domestic European card and mobile payment systems to **voluntarily join** a **coalition of providers** committed to displaying their **brands** alongside a common **EU-wide payment symbol**.

Ultimately, this would lead to a situation **mirroring current practices**, where **payment symbols** are displayed at **physical points of sale** based on agreements between acquirers and merchants for the

acceptance of electronic payments. In this scenario, the new **EU-wide recognition mark** would be shown **alongside domestic European brands** and in parallel with international brands originating outside Europe.

2.7 PSD2 API issues

Open banking dedicated PSD2-API flaws.
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2.7.1 Obstacle description

Flaws in the performance of open banking dedicated **PSD2-APIs** are **hindering** the Payment Initiation Service (**PIS**) **process**, in particular at POS. These relate both to **functional** and **availability issues** as described in various assessments.¹⁶

2.7.2 Recommendation

Naturally, there are two sides and therefore two (often opposing) opinions on open banking regulation. Therefore, these recommendations can only reflect the common ground and mutual interests of all the stakeholders involved. Generally speaking, we would recommend a baseline functionality that **minimises the need for future regulation**, apart from relevant legislation for the protection of consumers, and to leave open banking, where possible, to **market self-regulation**, allowing **win-win solutions** to be developed in the best way, whereby the **EPC's SEPA Payment Account Access (SPAA) scheme**¹⁷ is providing a blueprint to follow. Whatever is still to be regulated should be **technology agnostic** to ensure future-proof and to allow for more innovation and competition, but must be strictly enforced.

Consequently, open banking regulation should:

- be **minimal** and **technology agnostic**.
- **stipulate the desired outcome**, i.e. “the what”, whilst leaving “the how” to the market players.
- be enforced by National Competent Authorities more swiftly and more comprehensively, i.e. **full implementation of all EBA guidance** and opinions and sanctioning of non-compliance.
- be **indirectly enforced by EBA and DG FISMA** by sanctioning non-compliant NCAs.

One group member is of the view that whilst ‘technology agnostic’ is an admirable principle it must not be at the cost of account access undertaken in a manner that undermines data being accessed

¹⁶ For example:

1. 2025 DG COMP Study on online payments (see section 4.2) https://competition-policy.ec.europa.eu/document/download/59b33910-8120-4245-bed8-694cea16cbaa_en;
2. 2023 Impact assessment accompanying the EC proposals on payments services: <https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=CELEX:52023SC0231>;
3. 2020 EBA opinion on obstacles under Article 32(3) of the RTS on SCA and CSC; and (EBA/Op/2021/02) Opinion of the European Banking Authority on supervisory actions to ensure the removal of obstacles to account access under PSD2;
4. ETPPA: <https://www.etppa.org/psd2-obstacles>.

¹⁷ More information available at <https://www.europeanpaymentscouncil.eu/what-we-do/other-schemes/sepa-payment-account-access>.

securely, with clear user consent, limited to what's necessary, and delivered through channels designed to protect both consumers and institutions.

2.7.3 Concrete next steps

Leverage the upcoming PSR and PSD3 trilogue to implement these recommendations.

2.8 Lack of interoperability

Lack of interoperability and governance 'roaming rules' between mobile instant payment solutions @ POS, including IBAN tokenisation, authorisation, cross-currency conversion and settlement of funds.

2.8.1 Obstacle description

The **strength** of the European payments landscape lies on one hand, in its numerous **successful domestic card** and **mobile (instant) payment** solutions. On the other hand, this diversity is also a **weakness**, as it results in a **fragmented market** that remains **vulnerable** to **international card schemes**, which operate globally – including across Europe – and benefit from strong network effects.

Therefore, there is a need to address the issue of **European "soverability"** (a blend of sovereignty and interoperability) to support the **deeper integration** of **home-grown pan-European payment solutions**. This would lead to greater competition, more choice for both payers and payees, and reduced reliance on non-European companies for data and technology.

Even though the problem of **lack of interoperability** and the need for establishing governing "roaming rules" have long been recognised by the EU payments industry and its trade bodies, several **unresolved issues** still remain. These continue to **hamper cross-country acceptance** of **domestic card** and **mobile instant payments**, both at the physical point of sale and in online shops. Key challenges include, inter alia, IBAN tokenisation, authorisation, cross-currency conversion and settlement of funds. The problem of the kernel has been characterised as obstacle 1.

While the SCT Inst scheme supports euro payments, underpinned by settlement infrastructures of both the public and the private sector, there remain **seven non-euro Member States** with their own currencies and distinct account-to-account and card payment systems. These systems need to be **interconnected** to enable effective **cross-currency conversion** and **settlement of funds**.

Moreover, even within eurozone Member States, similar challenges may persist. In addition, issues such as **IBAN tokenisation** and **authorisation** are relevant. The latter tends to be less critical for pure mobile instant payments, where settlement takes place within seconds. Nevertheless, there may still be legitimate grounds for **fund blocking** and **payment guarantees** in certain **use cases**.

2.8.2 Recommendation

Establish a task force, mandated by the **European Commission**, to bring together key **standardisation bodies** – such as the **ECB** (European Central Bank), **EPC** (European Payments Council), **EMPSA** (European Mobile Payment Systems Association), **EPI** (European Payments Initiative), **EuroPA** (European Payments Alliance), **EPSG** (European Payments Stakeholder Group) and **ERPF** (European

Retail Payments Framework) – to jointly address the four identified "**roaming**" issues (or any additional ones) and to develop a **coordinated solution**.

2.8.3 Concrete next steps

A useful starting point could be to build on the work of the **EPSG**¹⁸, formerly the European Card Stakeholder Group, which has investigated various **instant payment models and flows**. While originally focused on **card-related interoperability**, much of its work is also relevant to **instant payments**.

The EPSG explored different models, including both **open banking-based** and **scheme-based** approaches, distinguishing between **consumer-initiated** and **merchant-initiated payments**, as well as the various **interface technologies** involved (e.g. **NFC, QR codes, BLE**).

As an example of an interoperability solution, the EPSG proposed the concept of a **hub** serving as an **intermediary in inter-scheme payment transactions**. This hub would facilitate the **exchange and flow of data** between different schemes – including the secure transfer of transaction data, the communication of authorisation and the execution of payment details. Its role would be defined by interoperability agreements between the involved schemes.

For the issue of **cross-currency conversion** and **settlement of funds in a cross-currency context**, it would be advisable to draw lessons from the **modus operandi** of **international card schemes**, while also encouraging the CSMs and **ECB** to promote **cross-currency settlement** for all EU currencies, e.g. TIPS and TARGET2. Initial successful roll-outs with the Danish krone and Swedish krona could be treated as valuable proof-of-concept cases. Close **liaison with the ECB** would also be beneficial in identifying **synergies with the digital euro** initiative and in helping to **avoid duplication of costs**. Enhanced harmonisation of oversight frameworks for the settlement layer between eurozone and non-eurozone member states would facilitate cross-currency interoperability and level playing field. Evolutions of the OCT Inst scheme or their non-euro declinations may also facilitate and support enhanced conversion and settlement features.

Moreover, the initial **successes of EuroPA** could serve as a **blueprint**. EuroPA has connected Spain's Bizum, Italy's PagoBancomat, and Portugal's SIBS MB Way, and more participants are already joining – including Poland's BLIK and Norway's Vipps.¹⁹ However, the system currently enables only **interoperable P2P payments** and further development is needed – particularly in enabling **P2M payments**, which are essential for broader **retail adoption** and **merchant acceptance**.

It is important to emphasise that, for **future-proof solutions**, a departure from the traditional **card payments logic** will likely become **advisable** over time. This shift should be accompanied by a **simplification of data flows** and a more efficient use of **identifiers** – potentially eliminating the need for **card numbers**, with **IBANs** alone being sufficient in the future, especially for the purpose of enabling **mobile instant payments**. In this context existing European standards such as EPC's SEPA Request to Pay (SRTP) should be considered for exchange of necessary data and authorisation to enable the instant payment.

¹⁸ More information available at: <https://www.e-csg.eu/>.

¹⁹ More information available at: <https://vippsmobilepay.com/en/news/2025/05/05/europa>.

The work on this obstacle should be coordinated with that under 2.5.

2.9 Non-zero transaction fees for the payer

Non-zero payer fees charged by the issuer to the payer per transaction, which make instant payments at POS non-competitive.

2.9.1 Obstacle description

Existing **widely adopted in-store payment solutions** generally **do not** impose a **per-transaction fee** on the payer for the use of a respective payment method. If a new, competing payment solution would therefore **introduce such a fee**, the payer (i.e. the retail customer) would likely be (significantly) **less inclined to adopt** the new payment method. It is therefore **crucial** that emerging payment solutions do not involve per-transaction charges for the payer.

However, in certain jurisdictions, the **issuing PSP charges** the (retail) account holder a **per-transaction fee** for processing an instant payment. While the IPR stipulates that charges levied by a PSP on a payer in respect of the sending and receiving of instant payments shall not exceed those of regular credit transfers, it does not mandate these charges to be zero.

Importantly, in the case of debit card transactions, the issuing PSP **does not** – to the subgroup’s knowledge – **charge** the cardholder any **per-transaction fee** for making a **card payment**, mainly because the card issuer is typically **compensated** with a **fee paid by the card acquirer**. Moreover, payers are typically subject to a **fixed periodic fee** for the provision of a card, which is often included as part of the account maintenance fee. If an issuing PSP were to **apply a per-transaction fee** for instant payments at POS, this would **create a significant competitive disadvantage** for the instant payment-based payment solution. Under such circumstances, consumers would have a strong preference for using the transaction fee-free debit card.

2.9.2 Recommendation

We recommend that per transaction fees of issuing ASPSPs to their account holders for instant payments should not just not exceed those of non-instant payments, but also not those of card payments. Authorities should **create the right conditions** – through regulation, guidance, or by promoting industry-led self-regulation – for market participants to **explore** and **define commercially viable business models** for instant payments at POS that make possible for all P(I)SPs involved in the payment chain to develop sustainable, attractive and competitive business models vis-a-vis widely-adopted existing in-store payment solutions. To this end, authorities should carefully evaluate the pros and cons of measures such as:

- **Enable compensation flows** from the payee’s PSP to the payer’s PSP to help **rebalance incentives**, particularly where traditional card-based remuneration mechanisms are absent.
- **Consider pricing flexibility** that can sustain alternative models beyond the five-party card structure, including the assessment of alternative models such as user-facing remuneration or scheme-level incentives to foster PSP engagement.

2.9.3 Concrete next steps

We recommend IP @ POS scheme operator to consistently **monitor** whether issuing PSPs that offer their respective payment solution do **charge a per-transaction fee** for instant payments and, if that's the case, what the **impact is in terms of adoption** of the respective solution. In case the impact is significant and negative, the scheme operator should be able to formally reach out to the issuing PSP.

2.10 Lack of EU public funding

Lack of an EU public fund to support investments in the roll-out of instant payments at POS.
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2.10.1 Obstacle description

The **Mario Draghi report** rightly emphasises that if Europe is to **regain its competitiveness** vis-à-vis the United States and Asia, it must make bold strategic decisions and act swiftly. A key part of this strategy involves boosting investment by an additional **€800 billion annually**. The Savings and Investment Union should serve as a vehicle to mobilise these resources. Crucially, the funds must be channelled into areas that are both **financially effective** and **strategically vital** from a European perspective. In the context of ReArm Europe, defending our payment services must be a key objective to protect the European economy and in fact its society.

Among these areas, **payments infrastructure** stands out as a **backbone of the economy**, facilitating the seamless exchange of goods and services. It is also of strategic importance due to the data value it generates. In light of geopolitical tensions, growing cybersecurity threats, and Europe's heavy reliance on non-EU providers, it is essential to **strengthen the European payments ecosystem**.

Until now, support for this ecosystem has largely been **verbal or regulatory**, often well-intentioned but not always effective. However, this is no longer sufficient. **U.S. card schemes, platforms, and Big Tech firms** possess significant **competitive advantages**, including strong **network effects** and entrenched market positions. These cannot be overcome without **decisive and courageous action**.

In this context, the growing focus on **European strategic autonomy** must be matched by concrete steps. One such step is the **mobilisation of public funding** to support **European payments infrastructure** and **home-grown solutions**. This is not only an economic imperative but also a matter of resilience, sovereignty, and long-term competitiveness.

2.10.2 Recommendation

Allocate substantial public funding to strengthen Europe's **autonomy and resilience in payments**, supporting a targeted set of high-impact initiatives. This funding should cover all necessary measures to:

- Deploy a home-grown **pan-European infrastructure** featuring **open-source, standardised kernels** for both hardware and software terminals;
- Upgrade **merchant acceptance infrastructures** to support acceptance of **instant payments** and the **digital euro**;
- Ensure **interoperability** of European payment systems and solutions;
- Develop **cross-currency settlement capabilities** within European payment systems;

- Enhance high-quality, **standardised open banking APIs** to enable effective and seamless payments;
- Potentially provide **direct subsidies** to home-grown European payment solutions and merchants to better leverage the pan-European infrastructure.
- **Promote user adoption.**

The list of initiatives eligible for public funding should be **short, strategic, and well-targeted**. We recommend **benchmarking against other obstacles and recommendations** outlined in this report, with a clear focus on **prioritisation**. The initiatives must support the simplification agenda of the Commission and if that helps can be wrapped in an omnibus approach to reprioritise and reallocate funds to European payments.

To ensure **early impact and cost efficiency**, it is essential to **avoid duplication of efforts and investments**. This requires **close public–private collaboration**, particularly in areas such as improving the **interoperability of domestic card and mobile payment systems** and developing the **digital euro**.

The subgroup believes that the required public funding for these purposes could easily exceed €10 billion.

2.10.3 Concrete next steps

DG FISMA is well positioned to initiate a more ambitious agenda – one that goes beyond mobilising public funding solely for enhancing interoperability, sovereignty, and resilience in European payments. The broader goal should be to **deepen integration of the Single EU Financial Market** and lay the groundwork for launching a fully-fledged **Payment Services Union**.

As a first step, it is recommended that DG FISMA engages with **Maria Luís Albuquerque**, the European Commissioner for Financial Services and the Savings and Investment Union, to present the concept. From there, it should be escalated to higher levels within the **European Commission**, the **European Parliament**, the **Eurosystem** and the **Council**. Members of the PSMEG sub-group should also be encouraged to promote the initiative and begin advocating for it, supported by the broader set of recommendations outlined in this report. Over time, this effort could be joined by the full PSMEG and an expanding coalition of experts committed to advancing the public funding agenda for European payments.

To ensure clarity and impact, **eligibility criteria for public funding** should be defined in advance in a **clear and purposefully selective** manner.

If needed, **reallocations within the EU budget** should be considered to finance this effort. Redirecting resources from lower-priority areas to the high-priority objective of supporting European payments would be both pragmatic and strategically justified.

A dedicated working group consisting of public and private stakeholders should be established to further elaborate the framework for public funding. This group would be tasked with defining robust eligibility criteria that organisations must meet in order to qualify for public funding. Such criteria could encompass, a proven track record in relevant domains and European ownership or control.

Finally, this **public funding initiative** must align with a **coherent and forward-looking digital payments strategy** and execution plan – a successor to the 2020 Retail Payments Strategy. This new **strategic**

framework should bring together PSR/PSD3, the digital euro, EUDIW, instant payments, open banking and open finance under one umbrella. It should set **clear timelines**, promote **coordinated implementation**, be driven by demand and be guided by a **user-first approach**, with a focus on achieving **quick wins** to build **momentum** and **public trust**.

3. Conclusion

Instant payments at point of sale hold the promise of reshaping Europe's payment landscape, thereby regaining sovereignty in payments. Yet their widespread adoption is currently hindered by a variety of legal, technical, and structural barriers. Recognising this, the IP @ POS subgroup was established to identify the most pressing obstacles and explore possible approaches to overcome these obstacles. Through collaborative effort, the subgroup identified and prioritised the top challenges and developed targeted recommendations for resolution.

By addressing these barriers, stakeholders can create the right conditions for the industry to develop payment solutions at POS based on instant payments, unlocking the potential of instant payments. Doing so will not only enhance competition and user experience but also support digitalisation and strengthen EU's strategic autonomy in the payments sector.

Annex I: List of subgroup Instant Payments @ POS participants

First name	Last name	Institution
Co-rapporteurs		
Ralf	Ohlhausen	ETPPA
Niels	Pranger	Dutch Payments Association
Participants		
Nicolas	Adolph	EPSM
Pascale-Marie	Brien	Fidelis
Stéphanie	de Labriolle	SPA
Nilixa	Devlukia	OFA
Atze	Faas	EuroCommerce
Jakub	Górka	University of Warsaw
Erwin	Kulk	EBA CLEARING
Jesús	Lozano	BBVA
Mafalda	Moz Texeira	SIBS
Emóke	Péter	Worldline
Vinay	Pranjivan	DECO - the Portuguese Consumer Protection Association
Narinda	You	EPI

Annex II: List of obstacles outside the top 10

Nr.	Obstacle
11	Security challenges: Need to identify and mitigate security challenges associated to the specificities of each use case / mean of payment (in the absence of a PCI-like security framework).
12	Lack of an external authorisation tool that, in scenarios such as scanning a QR code, would enable automatic redirection to a payment app instead of a website with a paywall.
13	There are banks with different end-points based e.g. on the branch. There are no tables that indicates which account number belongs to which branch (e.g. Sparkasse in Germany). So, either a reach table is needed, or something that contains the correct route (like it is done in a PAN), or you issue the payment credential (with the right end-point) somewhere (e.g. in a wallet).
14	Availability of a dispute mechanism for specific use cases, e.g. MIT and e-commerce, without prejudice to the 14-days withdrawal right under Consumer Rights Directive.