



Mastercard's Position on the Proposal for Instant Payments Regulation

As a technology company overseen by the ECB and a global leader in electronic payments, Mastercard promotes a competitive market that includes a wide range of instruments such as cards, account-to-account (credit transfers), cash and other instruments. New technologies are also increasing consumer choice and Mastercard welcomes the Commission's initiative for legislating instant euro-denominated credit transfers (in this paper referred to as 'instant payments'), which will help to further promote an innovative environment and enhance the payments experience for European consumers.

A recent Ipsos study confirms that both consumers and merchants want to choose the payment method best suited to their preferences.¹ In all, we think that the Commission proposal strikes a good balance between legislative intervention and the market-driven innovation needed to support open competition and consumer choice. However, cost considerations are paramount in any action to promote instant payments and we share some of the concerns that market stakeholders have expressed, including the ability to price instant payments and regular credit transfers separately.

Mandatory provision of instant payments (Article 5a)

Mastercard welcomes the Commission's proposal. We believe that instant payments will complement, rather than replace, existing payment instruments, offer new use-cases and diversify payment methods for consumers. As more payment instruments come to market, it will be important that consumers have access to all the necessary information about the different payment solution features, such as the applicable fraud or consumer protection measures, to be able to make informed and conscious choices.

Discrepancies between the name and payment account identifier of a payee (Article 5c)

Consumer protections for instant payments are of paramount importance for both consumers and merchants.² Mastercard recognizes the Commission's desire to put these in place. Meanwhile, we note that the market is already innovating to provide solutions that meet these requirements and think that the market should be allowed to continue doing so.

At the same time, Mastercard also recognizes that there might be circumstances in which legislative intervention is required to establish de minimis consumer protections, and we therefore support the requirement on all PSPs offering the service of sending euro instant payments to provide confirmation of Payee.

Charges for instant payments (Article 5b and amendment to Regulation (EU) 2021/1230)

We understand that the Commission wants to keep the charges for instant payments to a minimum. However, Mastercard firmly believes price regulation, as a principle, is harmful and should only be used as a last resort. It tends to distort competition between different payment methods and create inefficiencies that do not benefit consumers in the long run.

¹ Ipsos survey 2022: 9 out of 10 consumers are satisfied with the amount of payment solutions available and 9 out of 10 merchants don't want policy makers determining the range of payment options available.

² Ibid. 2022: When choosing a payment method, consumers mostly look for a solution that is secure.



In addition, instant payments are a relatively new development that are hence prone to new operational risks. As the payment method offers instant settlement, customers can also be subject to instant fraud. Unlike other types of fraud, money recovery for instant payments is impossible

This will require newer, faster and more efficient protection layers. Processing a transaction within the defined time range means banking institutions must increase the security around the payments going through their fraud prevention system. This will increase the cost associated with each transaction. As incremental and operational cost of facilitating instant payments is also higher than for regular credit transfers, the market should be allowed to price instant payments separately from regular credit transfers. This will ensure that PSPs are able to deliver instant payment products tailored to customer preferences³, both now and in the future.

We therefore call for a more in-depth consideration of the pricing associated with instant payments, most notably in the creation of consumer protections, and propose that more options are given to take these into account when charging for instant payments. Mastercard believes this will ensure the creation of a robust legal framework that earns the trust of all European citizens and provides the industry with a level playing field which encourages continued investment in payments innovation.

³ Ipsos survey 2022: Although 2 out of 3 consumers, and 9 in 10 merchants, wish to have the same consumer protection features for A2A solutions as for cards, only 36% are willing to pay for these features.