A roadmap towards a resilient, prosperous and liveable Europe

Mastercard Manifesto on the European Elections 2024

With the European Elections approaching, we at Mastercard have a clear vision to address the main challenges ahead of us. With this manifesto, we suggest 14 recommendations that aim to contribute to building a resilient, prosperous, and liveable Europe while tapping into the full potential of innovative technologies – ultimately improving the lives of European citizens.

Our recommendations refer to four key policy priorities:

1. Open Strategic Autonomy
2. Vibrant Digital European Economy
3. Innovation Leadership
4. Liveable Future

1 Fostering Open Strategic Autonomy through international collaboration, sound regulatory oversight and innovative legal frameworks.

Sparked by increased geopolitical tension, the EU has progressively striven towards greater strategic autonomy and resilience with the aim of reducing dependencies on other countries and foreign providers. Strategic autonomy has become one of the European Commission's most important policy guidelines in recent years, with Member States committing to this for the long term with the Resilient EU2030 programme. It is expected that increasing autonomy and strengthening the EU's position as a global player will remain highly relevant for the next European Commission mandate.

Mastercard is convinced that promoting open strategic autonomy through international collaboration and public- private partnerships, while ensuring sound regulatory oversight and innovative legal frameworks, can form the basis for Europe's prosperity.

We fully support the need for greater resilience and autonomy. Considering the global nature of trade, supply chains, and the digital economy, partnering with like-minded allies is of vital importance for Europe to maintain its competitiveness, all the while managing mutual dependencies and increasing the level of autonomy. It is crucial that innovation and tools to strengthen European initiatives are sourced from the best available options, while acknowledging that when collaborating with partners, there is no positive correlation between the geographic proximity of a company's origins and its safety and/or resilience.

As we saw during the pandemic, a tightly connected digital economy strengthens the world's resilience by connecting citizens and keeping trade moving – an important factor for Europe's export heavy industries. To strengthen Europe's strategic global positioning and to create innovative digital services for citizens, it is vital to enhance **international cooperation** on governance issues, prioritize **global standards,** and promote **public-private partnerships**. Critical to these efforts is the establishment of convergent rules and consistent standards, particularly in AI, the use of data, and cybersecurity.

In addition, new European regulatory initiatives should **focus on fostering innovation that builds trust, encourages scalable investment, ensures a level playing field, and supports digital trade for businesses**, including seamless commerce, for instance. Europe has been and should stay at the forefront of creating "first-of-their-kind" innovative regulatory frameworks other markets look up to, which promote **new integrated and interoperable services** and increase competition, such as the General Data Protection Regulation (GDPR), the Markets in Crypto-Assets Regulation (MICA), the Digital Operational Resilience Act (DORA), and the Payment Services Directive (PSD2) which introduced Open Banking and Strong Customer Authentication (SCA) for digital payments.

Our recommendations

1. To avoid digital fragmentation, we encourage the EU to collaborate with the international community to establish globally interoperable and open standards, including fostering public-private partnerships.

2. We urge the EU to remain a standard-setter for innovative regulation of the digital economy, especially lifting barriers to cross-border services within the EU, enhancing integrated and inter-operable services, while also making sure that privacy and security principles are at the core of any policy designs.

3. A key component of open strategic autonomy is efficient and fair regulatory oversight across sectors. Maintaining and, where necessary, adapting existing supervisory regimes should be a key priority.

2 Creating a Vibrant Digital European Economy by enabling businesses and citizens to grow and thrive, while mastering cybersecurity challenges and further extending targeted support programs.

The EU has created strong initiatives to support the digitalisation of the economy, including supporting SMEs and citizens through major funding programs, such as NextGenerationEU and the European Skills Agenda. But the increased adoption of digital transformation has also increased the importance of cybersecurity. The European Commission's work program reflects this trend by promoting initiatives for cyber resilience and safeguarding communication and data. These topics will remain at the top of the agenda for the new European Commission. Extensive investments and partnerships with the private sector will be required to prepare for accelerated digitalisation and the associated challenges.

As a cybersecurity leader, we believe that businesses and citizens must be equipped with the skills and tools to thrive in the digital economy and be able to deal with the increasing challenges of cybersecurity and fraud detection. Combined with targeted support programs, aimed at accelerating the digital transformation, the EU will unlock its full economic potential.

The digital economy can boost growth and productivity as well as improve the quality of life for all. Initiatives to support European businesses of all sizes to participate in the digital economy, build their digital capabilities and resilience, in turn boosting their cyber-resilience, are crucial for the competitiveness and vibrancy of the economy. Meanwhile, it is essential that citizens acquire the skills and tools necessary to navigate the digital economy, ensuring they can grow their businesses and fully benefit from new opportunities in a fast-moving labour market and beyond.

FinTechs are vital for competition and innovation in the European financial sector. Not only does their offering bring more convenient digital services to European businesses and citizens, but they also contribute to Europe's growth and open autonomy. Therefore, **supporting the growth of European FinTechs** should be prioritised. Furthermore, Open Banking has changed financial services, with added convenience and valorisation of services, and **the framework for open finance will expand the benefits of open banking** to other services and sectors whilst ensuring the security and privacy of consumers. We believe that this is a step in the right direction and that Europe should work towards the ultimate goal of creating **a secure open data** framework to empower businesses and citizens to benefit from the full extent of convenient, secure, and trusted digital services.

The digital transition is evolving rapidly, having the potential to significantly change and improve the operating of European governments, businesses, and the lives of the citizens. We welcome the EU's work on **cybersecurity** so far whilst underlining that as new technologies and platforms evolve, work is still to be done to **prepare for the virtual worlds** and equip all their participants with the adequate tools, skills, and knowledge for a safe and seamless presence therein. As our lives go increasingly digital, criminals follow. Robust structures such as Mastercard's new European Cybersecurity Resilience Center, and new **AI-powered cybersecurity solutions** are a significant step forward in tackling the rising cybersecurity challenges. We expect that **the need to invest in cybersecurity and online safety will continue to increase** as cybercriminals become more aware, all the while consumers and businesses ask for more convenient digital services.

Our recommendations

4. We call on the EU to focus on lifting barriers to the cross-border provision of services and to support companies, especially SMEs, in their transition to a digital economy by, for example, updating the SME Strategy, focussing on targeted support for underserved business owners such as female founders, and the 2020 Digital Finance Action Plan.

5. We ask the EU to implement and further develop the 2023 European Skills Agenda, incentivising private sector engagement, to bridge the digital divide and improve digital literacy, capabilities, and resilience of all citizens.

6. We encourage the EU to work together with the private sector to launch initiatives to combat cybercrime, and to prepare fallback mechanisms to address those risks.

7. We recommend that EU policies enable and facilitate the use of emerging technologies, such as AI and biometrics, to strengthen the fight against fraud and financial crime to create a safer and more secured environment for citizens and industry.

3 Ensuring responsible Innovation Leadership by tapping into the full potential of new technologies, while creating trust in them.

Investing in breakthrough digital technologies and strengthening Europe's role as innovation leader is key. The EU is for example investing heavily in the future development of an AI, data, and robotics ecosystem; the Digital Europe Programme invests €84 million in strengthening AI, while Europe becoming the 'quantum valley' is a longstanding goal of the EU. The new European Commission will not only have to continue to drive research and the adoption of new technologies, but also will have to take measures to ensure that technologies such as AI are trustworthy and developed for the benefit of citizens.

We are certain that a prosperous Europe can only be achieved through a clear focus on innovation leadership in key industries. To this end, the potential of new technologies, including AI and the use of data, must be fully and responsibly exploited while building trust in them.

AI is one of the most important innovation drivers. Some of the world's leading **AI-powered innovations** are generated by companies based in Europe. The integration of such innovations into third-party risk management solutions can, for example, bolster the fight against next-generation cybersecurity challenges. But the digital economy can thrive only when participants trust it. We are convinced that all actors in the ecosystem must ensure that AI is used ethically and in a transparent and reliable manner – the only AI should be responsible AI. As data is the foundation of all AI models, the availability of data is key to unlocking its full potential.

For global businesses, open markets and **cross-border data flows are essential**, and there are several multi- and bilateral agreements that ensure a responsible use of data with a high level of data privacy in Europe and globally. **Data sharing for better consumer outcomes** will continue to be a priority for the EU Market. Important data sharing initiatives, including in the financial sector, will bring innovation to the market, offering more choice and better products/services for EU citizens, as well as strong privacy safeguards.

Aside from investments in new technologies, we will also see the physical, digital, and **virtual worlds** continue to blend. This will lead to hyper-personalized, tech-enabled consumer experiences. We believe that by the end of the next decade, we will witness significant innovations that will shape the future of commerce, transform how we think about exchanging goods and services, and deliver intelligent experiences.

Even more important than enabling European innovation leadership, **the state itself should act as a role model**. Enabling a **data-driven culture, digitising government programs and services** (from social welfare to tax collections) reduces costs, increases efficiencies, supports the growth and prosperity of start-ups and SMEs through public procurement, and drives financial inclusion. Digitisation also delivers data insights to enable policymakers to assess the impact of their work, helping governments spend smarter and foster greater public trust.

Our recommendations

8. We call on the EU to safeguard an environment that promotes and facilitates secure and trusted cross-border data flows, focused on the protection of fundamental rights of citizens and legal certainty for businesses.

9. We also support the EU's efforts in further encouraging data sharing and the creation of data ecosystems, in turn helping to unlock innovation in all markets to the benefits of the EU's economy and society at large.

10. We urge the EU to prepare a communication for fostering e-government services as well as encouraging the digitalization of public finance management for higher public services efficiency and inclusion for citizens.

11. We encourage the EU to generate a strategy fostering a secure and innovative environment for virtual worlds and extended realities.

4 Securing a Liveable Future by creating tools, frameworks, and initiatives across industries that enable businesses and citizens to fully commit to sustainability.

The EU aims to be climate-neutral by 2050 – an economy with net-zero greenhouse gas emissions. To achieve this goal, the European Green Deal, the EU's growth strategy for a modern, resource-efficient, and competitive economy, was introduced. Despite the EU adopting numerous laws and initiatives to reach carbon neutrality by 2050, it is currently falling behind on its short-term targets. Therefore, the next European Commission mandate must address the enforcement of the established legislative framework. This includes initiatives such as the Digital Product Passport framework that improves the transparency of information on product sustainability as well as the Carbon Removal Certification Framework that will help companies balance their emissions.

We urge the EU to further accelerate sustainability efforts by enforcing the necessary laws while creating tools and initiatives across industries to enable businesses and citizens to fully commit to sustainability.

For the EU to reach its target of carbon neutrality by 2050, society as a whole must embrace a sustainable lifestyle – governments, businesses, and citizens will all have to move to sustainable operating and consumption models. While **governments must lead by example** and create a legislative framework that fosters sustainability, companies can think creatively about optimising the sustainability of their operations, motivating and engaging consumers to be more conscious about their consumption. Hence, **by inspiring and informing more sustainable consumption and by making the more sustainable choice an easy choice, companies help** enable lower emissions outcomes from consumers. In addition, **consumers' trust in information** about products' sustainability should be strengthened. Carbon offsets are effective in ensuring companies balance their emissions, but a clear and transparent framework needs to be in place to avoid greenwashing whilst ensuring open competition and participation in the market by different types of verifiers.

We are convinced that sustainability efforts span across all sectors. However, we see an especially **high potential for lowering emissions and increasing sustainability in city planning, mobility, and tourism**, which currently account for a significant amount of Europe's overall emissions. Through investment in **integrated services and the use of data** to drive sustainable smart solutions and business models in these areas, Europe can significantly lower its emissions.

Our recommendations

12. We urge the EU to set ambitious implementation timelines and strong enforcement for legislation such as the Digital Product Passports and the Carbon Removal Framework.

13. We are convinced that smart cities should become the norm. Therefore, we ask the EU to take steps aimed at harmonising and simplifying urban mobility, such as facilitating the acceptance of universal digital payments easing consumer access to sustainable means of transportations across Europe.

14. We encourage the EU to launch a strategy that supports the transition towards a more sustainable, resilient and inclusive tourism economy.