



**ECRI POLICY BRIEF**

# **PAYMENT SOVEREIGNTY WITHOUT WALLS: THE CASE FOR EUROPE'S MULTI-RAIL ECOSYSTEM**

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## SUMMARY

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The debate on European payment sovereignty has intensified amid geopolitical tensions and growing concerns about the dominance of non-EU card schemes. However, the political discourse frequently conflates fundamentally different actors and layers of the retail payments value chain, treating card schemes, digital wallets and account-to-account overlay services as interchangeable threats.

This ECRI Policy Brief unbundles the payments value chain into its constituent layers, identifies where genuine dependencies exist, clarifies the distinct roles of international card schemes, processing infrastructure, digital wallets such as Apple Pay and Google Pay, and European account-to-account initiatives. It argues that strategic resilience is best achieved not through protectionism or excluding global players but through constructing a competitive, multi-rail ecosystem where European initiatives – the digital euro, EPI/Wero and interoperable national A2A schemes – coexist with and compete against international card networks.

Several policy recommendations are provided, which aim to ensure regulation supports the ecosystem's development without sacrificing the benefits of global interoperability or consumer choice.



The European Credit Research Institute (ECRI) is an independent, non-profit research institute that provides in-depth analysis and insight into the structure, evolution, and regulation of retail financial services markets in Europe. ECRI's operations and staff are managed by the Centre for European Policy Studies (CEPS).

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## INTRODUCTION – THE POLITICAL MOMENT

In January 2026, Aurore Lalucq, Chair of the European Parliament's (EP) Committee on Economic and Monetary Affairs, [called](#) for Europe to build 'an Airbus of payment systems', lamenting that 'almost all our payment systems today are American.' Her intervention echoed [earlier statements](#) by European Central Bank (ECB) President Christine Lagarde, who has repeatedly urged Europe to develop its own payment infrastructure, noting that "Visa, Mastercard, PayPal and Alipay are all controlled by American or Chinese companies." ECB Executive Board member Piero Cipollone [has framed](#) payment autonomy as a core component of European strategic sovereignty, while a [study commissioned by the EP](#) examined the legal mechanisms through which US authorities could, in principle, restrict European access to global payment networks.

These concerns aren't unfounded. In a geopolitical environment increasingly characterised by the weaponisation of economic interdependence, the concentration of critical infrastructure in non-EU hands deserves serious scrutiny. Approximately two thirds of card-based payments in the eurozone are processed through Visa and Mastercard, and thirteen Member States lack any domestic card scheme whatsoever. Russia's disconnection from SWIFT and international card networks demonstrated that payment infrastructure can indeed be deployed as a coercive instrument.

That said, the headline card-market figure overstates the breadth of the EU's dependency. When the scope is widened to include all consumer digital payments, i.e. account-to-account transfers, domestic card schemes and mobile payment solutions, the share attributable to international card schemes falls to approximately 35 % across the entire EU and is considerably lower in markets such as France and Germany where domestic schemes handle the majority of card volumes. The dependency is real – but it's concentrated in the [card rail](#), and particularly in cross-border transactions that have historically lacked domestic alternatives.

Yet the political discourse surrounding payment sovereignty suffers from a fundamental analytical weakness – it systematically conflates actors that operate at entirely different layers of the payments value chain. When policymakers place Visa, Mastercard, Apple Pay, Google Pay, and PayPal in the same category of 'American payment systems,' they obscure critical distinctions that should inform regulatory responses.

Apple Pay isn't a payment scheme; it's a digital envelope that carries a European consumer's existing bank card to a merchant's terminal. Google Pay doesn't set interchange fees or define clearing and settlement rules. Conflating interface with infrastructure leads to misdiagnosis, and misdiagnosis leads to misguided policy.

This ECRI Policy Brief brings analytical clarity to the debate. It unbundles the retail payments value chain into its constituent layers, identifies where genuine strategic dependencies exist (and where they don't) and makes the case for an open, multi-rail ecosystem as the most effective path toward both resilience and competitiveness. It argues that it's best to address Europe's legitimate sovereignty concerns not by excluding global players from the European market but by building credible European alternatives that compete on merit – something that's at last beginning to happen.

## UNBUNDLING THE PAYMENTS VALUE CHAIN

To assess where European dependencies truly lie, it's essential to deconstruct the retail payments ecosystem into its functional layers, as shown in Table 1. Each layer performs a distinct economic function, involves different actors, is subject to different competitive dynamics, and raises different sovereignty considerations. The political debate tends to collapse these layers into a single category – this section purposely separates them.

*Table 1: The European retail payments value chain*

Layer	Economic function	Examples of European actors	Examples of non-European actors	Governance and control features
Schemes and rails	Defines rulebooks, liability allocation, clearing and settlement standards, fee structures and access conditions.	Cartes Bancaires; girocard; Bancomat.	Visa; Mastercard; American Express.	International card schemes are incorporated outside the EU and retain global rule-setting authority, while operating under EU regulatory oversight within the Single Market.
Processing and acquiring	Operational execution of transactions: routing, authorisation, clearing support and merchant relationships.	Worldline; Nexi; Nets; Adyen; national bank processors.	Fiserv; FIS; Global Payments; PayPal.	The processing and acquiring landscape within the EU is predominantly owned and operated by Europeans.
Digital wallets and form factors	Consumer-facing interface that stores and presents tokenised payment credentials; doesn't define scheme rules.	No large-scale EU device-based wallet platforms comparable in scale.	Apple Pay; Google Pay; Samsung Pay.	Wallet providers operate at the interface layer and don't set interchange, liability or clearing rules; subject to EU competition and platform regulation.
Account-to-account overlay services	Initiates instant bank-to-bank payments over SEPA infrastructure, bypassing card scheme rails.	Bizum; iDEAL; Swish; Blik; MB WAY; Vipps MobilePay; Bancomat Pay; Wero; EuroPA alliance.	No structurally significant non-EU actors in EU domestic A2A overlays.	Built on SEPA instant infrastructure and governed within EU banking frameworks.

*Source: Authors' own elaboration.*

### LAYER 1: SCHEMES AND RAILS

A payment scheme defines the rules, standards, rights and obligations that govern how a payment transaction is executed. It establishes who bears liability if there's a dispute, how funds are cleared and settled between institutions, what security and authentication standards apply, and what fees may be charged at each stage of the process. In the card payments world, the dominant international schemes are Visa and Mastercard, which operate four-party models connecting cardholders, issuing banks, acquiring banks and merchants. In several

Member States, domestic schemes also exist, such as Cartes Bancaires in France, girocard in Germany, Bancomat in Italy and the Multibanco network in Portugal.

In the account-to-account (A2A) space, the relevant infrastructure is the Single Euro Payments Area (SEPA), specifically the SEPA Instant Credit Transfer (SCT Inst) scheme operated under the [European Payments Council](#), with settlement provided through the Eurosystem's TARGET Instant Payment Settlement (TIPS) platform. These are wholly European-owned and European-governed rails. The [Instant Payments Regulation](#), which entered into force in 2024, requires all EU payment service providers to offer instant euro transfers at a charge no higher than that of a regular credit transfer, thus making access to European A2A infrastructure universal.

The strategic significance of this layer is paramount. It determines who sets the rules, who governs the network and who has the power to grant or deny access. It's at this layer – and predominantly at this layer – that the European sovereignty question arises. When policymakers express concern about being dependent on Visa and Mastercard, they are, whether or not they realise it, expressing concerns about the scheme layer.

## LAYER 2: PROCESSING AND ACQUIRING

Processing and acquiring constitute the operational backbone of the payments ecosystem. Processors route, authorise, clear and settle transactions on behalf of banks and merchants. Acquirers maintain contractual and technical relationships with merchants, enabling them to accept electronic payments. This is the layer where transactions are technically executed.

Critically, the European processing and acquiring landscape is dominated by European companies. [Worldline](#) (France/Netherlands), [Nexi](#) (Italy), and [Nets](#) (Denmark/Nordic) are among the world's largest payment processors. European-origin fintechs such as [Adyen](#) (Netherlands) and [Stripe](#) – founded by two Irish entrepreneurs – rank among the world's leading payment technology companies. The acquiring market across the EU is overwhelmingly served by European institutions.

This is an important point that's routinely overlooked in the sovereignty debate. **The EU doesn't have a processing dependency.** The technical infrastructure that moves money between accounts, authorises transactions at the point of sale and manages the operational flow of payments is built, owned and operated by European companies. The fact that these processors may route certain transactions through Visa or Mastercard rails is a function of the scheme layer – not the processing layer. And that's why regulatory efforts should always target the appropriate layer.

## LAYER 3: DIGITAL WALLETS AND FORM FACTORS

Digital wallets – principally Apple Pay, Google Pay and Samsung Pay – are consumer-facing interfaces that store tokenised representations of a user's existing payment credentials and present them at the point of transaction. They are, in functional terms, digital containers. When a consumer taps their iPhone on a contactless terminal to pay for a coffee, Apple Pay tokenises their underlying Visa, Mastercard or domestic scheme card, transmits the token via Near-Field Communication (NFC) to the terminal, and the transaction is then routed, authorised, cleared and settled through the card scheme's existing infrastructure.

**This distinction is fundamental – Apple Pay and Google Pay are not payment schemes.** They don't set interchange fees. They don't define clearing and settlement rules. They don't

determine liability if there's a dispute. And they don't process transactions. They are pass-through interfaces that sit on top of the existing scheme infrastructure. A payment executed via Apple Pay using a BNP Paribas Visa card is, from the perspective of the scheme, the processor, the acquirer and the merchant, still a Visa transaction. Apple's role is limited to the presentation layer.

This isn't to suggest that digital wallets are irrelevant from a competition perspective. The European Commission has examined restrictions on access to Near Field Communication (NFC) functionality on iOS devices through its antitrust proceedings against Apple. These proceedings focused on limiting tap-to-pay NFC access to Apple Pay and the implications of such restrictions for competition at the wallet layer. The commitments accepted by the Commission – which provide access to NFC functionality for third-party wallet providers, including through Host Card Emulation (HCE), without charge – addressed these issues within the framework of competition law. The [Digital Markets Act](#) (DMA) subsequently introduced additional horizontal obligations applicable to designated gatekeepers.

Importantly, however, concerns related to NFC access and wallet-level competition are conceptually distinct from questions of payment sovereignty. Restrictions at the interface layer call for competition enforcement that targets that layer, rather than treating wallet solutions as payment systems comparable to card schemes such as Visa or Mastercard. Blurring these distinctions risks regulatory responses that are misaligned with the underlying source of dependency in the payments value chain.

Moreover, digital wallets are, in principle, rail-agnostic. There's no technical reason why Apple Pay or Google Pay couldn't carry a [Wero](#) token (a domestic A2A initiation) or, in the future, a digital euro credential, in addition to or instead of a traditional card.

Indeed, the [digital euro legislative proposal](#) explicitly envisages that digital euro payments could be initiated through existing private-sector wallet applications. Treating wallets as adversaries rather than potential distribution channels for European payment solutions is thus strategically counterproductive.

#### LAYER 4: ACCOUNT-TO-ACCOUNT OVERLAY SERVICES

The most dynamic layer of the European payments landscape today is the account-to-account overlay layer. Overlay services such as [Bizum](#) (Spain), [iDEAL](#) (Netherlands), Swish (Sweden), [Blik](#) (Poland), [MB WAY](#) (Portugal), [Vipps MobilePay](#) (Nordic countries), and [Bancomat Pay](#) (Italy) enable consumers and merchants to initiate instant payments directly from bank accounts, bypassing card scheme infrastructure entirely. These services ride on European rails – SEPA instant credit transfers, settled through TIPS – and are governed by European institutions.

Several of these services have done extremely well in their domestic markets. Bizum, launched in 2017 by the Spanish banking sector, surpassed 30.6 million users and over 3.4 million daily transactions by the end of 2025 – a clear success story of collective banking innovation built on collaborative infrastructure. iDEAL dominates online payments in the Netherlands, while Swish is near-universal in Sweden. These aren't speculative projects – they're proven, scaled payment solutions.

The main limit of these services has been their domestic scope – a Bizum user can't pay a merchant in France and a Swish user can't transfer money to a friend in Italy. This

fragmentation has historically been the core obstacle to a European payments alternative. However, two parallel developments are now converging to address it.

*First*, the [European Payments Initiative](#) (EPI), backed by 16 major European banks, has launched Wero – a pan-European wallet based on instant A2A payments, currently live for peer-to-peer transfers in Belgium, France and Germany, with 47 million enrolled users and retail payment functionality rolling out progressively from late 2025. *Second*, the [EuroPA alliance](#) – connecting Bizum, Bancomat, MB WAY/SIBS and Vipps MobilePay – has been operating cross-border P2P transfers since March 2025 across Spain, Italy, Portugal and Andorra.

On 2 February 2026, EPI and the EuroPA members signed a [Memorandum of Understanding](#) to establish a central interoperability hub by the first half of 2026, with cross-border P2P payments across all participating markets targeted for 2026 and e-commerce and point-of-sale payments for 2027. The combined reach of these solutions covers approximately 130 million users across 13 countries, representing some 72 % of the EU population (plus Norway).

This is, by any measure, the most credible European payments initiative to date.

## WHERE IS THE ACTUAL DEPENDENCY?

Having unbundled the value chain, we can now assess European dependencies with greater precision. The picture that emerges is more nuanced than the political narrative suggests.

### CARD SCHEME DOMINANCE: REAL BUT CONTEXTUALISED

The EU's dependency on international card schemes is genuine. Visa and Mastercard account for approximately two thirds of all card-based transactions in the eurozone, a share that has been growing as domestic schemes decline in several Member States. Thirteen eurozone countries have no domestic card scheme at all, meaning that every card-based payment – domestic or cross-border – traverses American-incorporated network infrastructure.

However, several factors need to be considered.

**Regulatory guardrails already exist.** The Interchange Fee Regulation (IFR), in force since 2015, caps interchange fees at 0.2 % for consumer debit transactions and 0.3 % for consumer credit transactions. A [2024 study](#) commissioned by the European Commission on card-based payment markets identified an upward trend in merchant service charges. However, the causes of these increases need to be carefully analysed. While scheme-level fees have attracted considerable attention, a significant share of acceptance costs is also driven by acquirer and PSP pricing strategies, and the relative contribution of each component varies substantially across markets. The study's findings, however, haven't been adopted as the European Commission's official position and remain subject to considerable industry dispute regarding the evidence presented. This suggests that any policy response should be grounded in updated and robust evidence rather than preliminary findings, and that the question is one of regulatory calibration rather than systemic vulnerability.

It's also important to compare the European framework with other jurisdictions. The IFR caps are significantly lower than interchange levels observed in jurisdictions without comparable regulatory ceilings. In the US, interchange fees on consumer credit cards typically range well

above 1.5 % and frequently approach or exceed 2 %, while merchant discount rates for certain three-party schemes may be even higher.

In this respect, the EU operates one of the world's most price-competitive major card markets. Whatever legitimate debates persist regarding the distribution of merchant service charges along the value chain, the structural containment of interchange fees stems directly from European regulation. This achievement should be acknowledged in sovereignty discussions that sometimes imply Europe has failed to exercise effective governance over its card market.

**The risk of operational disruption is low and existing networks do provide proven value.** Throughout two Trump administrations, multiple trade wars and sustained transatlantic tensions, Visa and Mastercard have continued to operate without interruption in Europe. The legal mechanisms identified in the EP-commissioned study (principally OFAC sanctions under the International Emergency Economic Powers Act) exist in theory but have never been deployed against allied nations' payment infrastructure, and doing so would impose enormous costs on US financial institutions with extensive European operations. This doesn't mean the risk is zero but it places it in a different category from the Russian scenario that often implicitly frames the debate.

It's also important to acknowledge what international card networks currently contribute to Europe's payment ecosystem beyond mere transaction routing. These networks maintain exceptionally high levels of operational reliability and have developed sophisticated fraud prevention systems, real-time risk scoring and continuity-of-service capabilities that include standing in for other operators during outages and facilitating offline payment processing in crisis situations. These capabilities represent decades of cumulative investment and operational learning. Any assessment of Europe's payment infrastructure should weigh the sovereignty risks associated with dependence on non-EU networks against the proven stability, security and resilience that those networks currently deliver.

The policy objective should be to build European alternatives that match this level of operational excellence, not merely to replace 'foreign' governance with domestic governance over less reliable infrastructure.

**Alternative European rails already exist.** Unlike in 2014, when the EPI was first conceived, Europe now has a functioning instant payment infrastructure (SCT Inst/TIPS) and a growing ecosystem of A2A overlay services. Dependency is specifically on card rails for cross-border retail payments and increasingly for e-commerce; it's not a dependency on all payment infrastructure.

**Visa and Mastercard provide enormous value to European consumers and businesses.** The EU is the world's most trade-dependent major economy. Europeans travel more internationally than any other population, European businesses sell globally and the EU receives more tourists than any other region. All this requires payment interoperability that works beyond the EU's borders. A European's card works in Tokyo, New York and São Paulo. A Wero payment, for the foreseeable future, won't. Dismissing international card schemes as mere 'dependencies' to be eliminated ignores the real service they provide – and the real cost to Europeans if that service were disrupted or restricted.

### THE PROCESSING LAYER: NO DEPENDENCY

As noted above, the European processing and acquiring market is dominated by European firms. Worldline, Nexi, Adyen and numerous national processors handle most transaction processing within the EU. There's no meaningful strategic dependency at this layer.

Claims of dependence on 'American payment systems' that implicitly encompass processing infrastructure clearly misrepresent the competitive landscape in Europe.

### THE WALLET LAYER: COMPETITION, NOT SOVEREIGNTY

Apple Pay and Google Pay's presence in the European market raises questions of competition and market power – not sovereignty. These wallets carry European consumers' European-issued bank cards and, in doing so, are subject to European regulation (specifically the PSD2/PSD3, PSR, GDPR and DMA). They don't control payment rails, they don't set fees and they don't determine clearing and settlement. Their market position derives from the ubiquity of the smartphone platforms they control (iOS and Android), which is an issue that the DMA is designed to address.

Crucially, wallets are potential allies in the sovereignty effort, not adversaries. If Europe succeeds in building a competitive A2A payment ecosystem, that ecosystem will need distribution channels. Smartphone wallets – including those operated by Apple and Google – are among the most effective distribution channels available. The digital euro legislative proposal is already considering this. Policymakers should be encouraging wallet-rail interoperability, not treating wallet providers as extensions of American scheme dominance.

## THE EUROPEAN ECOSYSTEM UNDER CONSTRUCTION

While the sovereignty debate often conveys a sense of helplessness, the reality is that Europe has much more payments innovation under way than at any point in the past two decades. Three parallel streams of development are reshaping the landscape.

### THE DIGITAL EURO

The ECB's [digital euro project](#) represents the world's most ambitious public sector initiative in the retail payments space. Following a two-year preparation phase that ended in October 2025, the ECB has now moved to the next phase, building the technical and operational capabilities needed to begin piloting in 2027. The vote on the digital euro's legal framework in the EP's ECON committee is expected in May 2026.

The digital euro would provide a public, risk-free digital payment instrument with legal tender status, usable for both online and in-store payments across the entire eurozone. It would serve as an anchor for the European payment ecosystem – a public infrastructure which private innovation can build upon – and would guarantee that every European citizen has access to at least one payment instrument that is wholly independent of non-European infrastructure.

However, the digital euro is a medium-to-long-term project. Even under the most optimistic timeline, it's unlikely to be broad available to the public until 2028 or even 2029. Its success will depend on governance design, distribution arrangements with banks and payment service providers, user experience, and resolving legitimate concerns raised by the banking sector regarding the commercial impact of holding limits and the investment required for implementation.

The digital euro should be understood as an essential component of the future European payment architecture – but not as a quick fix for current vulnerabilities.

### EPI/WERO AND THE EUROPA INTEROPERABILITY ALLIANCE

The private sector dimension of Europe's payment sovereignty strategy has seen remarkable momentum. EPI's Wero, launched for P2P payments in 2024, is now live in Belgium, France and Germany, serving 47 million users. Retail payment functionality (online and in-store) went live in Germany in late 2025, with a progressive rollout in France and Belgium throughout 2026. Major migrations are planned – Payconiq users in Luxembourg by 2026 and iDEAL users in the Netherlands by 2027.

The February 2026 MoU between EPI and the EuroPA alliance members marks a strategic inflection point. By connecting Wero with Bizum, Bancomat, MB WAY, Vipps MobilePay, Blik and IRIS through a central interoperability hub, the alliance creates a network that covers most of the European population. The phased rollout – cross-border P2P in 2026, e-commerce and POS in 2027 – is ambitious but grounded in existing, proven infrastructure.

This development's significance shouldn't be understated. Previous attempts to build pan-European payment alternatives (the Monnet Project in 2008-2012, earlier EPI iterations) failed due to insufficient commitment, the inability to agree on common standards and the 'free-rider problem' inherent in network effects. The current initiative benefits from several favourable conditions: the geopolitical urgency that concentrates political and institutional minds, the maturity of instant payment infrastructure (SEPA/TIPS), the proven domestic success of its component services and the regulatory tailwind provided by the Instant Payments Regulation and the upcoming PSR/PSD3 framework.

The principal challenges remain formidable, however, and shouldn't be understated. The history of payment innovation demonstrates that building infrastructure is necessary but far from sufficient. Success ultimately depends on achieving mass adoption, which is among the most difficult and costly challenges in two-sided markets.

Four structural conditions will determine whether Europe's A2A initiatives translate into effective payment sovereignty or remain technically impressive but commercially marginal.

*First*, merchant acceptance must be economically attractive. The EPI/EuroPA alliance must offer merchants a cost that's competitive with, or lower than, card-based payments. This isn't straightforward: while A2A payments avoid interchange fees and scheme fees, they carry their own processing costs, and acquirers need adequate margins to invest in acceptance infrastructure. The relevant comparison is the total cost of acceptance, not individual fee components, and this comparison must account for the value-added services (fraud prevention, reporting, reconciliation) that card acquirers currently bundle into their pricing.

*Second*, the consumer experience must be at least as seamless as what's currently being offered by existing card and wallet solutions. Consumers don't choose payment methods based on sovereignty considerations; they choose based on convenience, speed and reliability. Any friction during enrolment, authentication or checkout, particularly for e-commerce where card-on-file solutions offer one-click purchasing, will limit consumer adoption regardless of the underlying infrastructure's merits.

*Third*, consumer protection mechanisms must be developed that are comparable in scope and reliability to those embedded in card scheme rules. Chargebacks, zero-liability fraud frameworks and structured dispute resolution are not ancillary features of card payments; they are central to consumer trust and merchant conversion, particularly in e-commerce and cross-border transactions. These protections have been built over decades and require substantial ongoing investment by schemes, issuers and acquirers to maintain. Replicating them within an A2A architecture, where transfers are irrevocable by design, is a non-trivial technical and legal undertaking and the costs and complexity shouldn't be underestimated.

*Fourth*, the ecosystem requires a sustainable economic model that generates sufficient revenue to fund continuous investment in innovation, fraud prevention and network maintenance. A payment system that's cheaper for merchants but financially unviable for the institutions that operate it won't survive. The balance between competitive pricing and adequate returns is delicate and will require careful calibration as the network scales.

Without these four conditions, the risk is that formal sovereignty doesn't translate into effective sovereignty in the market, as consumers and merchants continue to default to incumbent solutions that better meet their needs.

### PSD3/PSR: THE REGULATORY FRAMEWORK

The provisional political agreement reached in November 2025 on the Payment Services Regulation (PSR) and the Third Payment Services Directive (PSD3) completes the regulatory framework that European payment innovation will operate within. Key provisions include strengthened fraud prevention obligations, the mandatory verification of payee (VoP) for all credit transfers, enhanced liability rules for payment service providers and the further development of the open banking framework.

For the sovereignty debate, the most relevant aspect of the PSR/PSD3 package is its potential to further level the playing field between card-based and A2A-based payments. By mandating instant payment capability, enhancing the open banking framework and ensuring non-discriminatory access to payment accounts for payment institutions, the new rules create the conditions that will allow A2A-based services to compete more effectively against card schemes. The transition period (expected to be approximately 21 months from formal adoption) means that the full impact won't be felt until 2027-28, broadly coinciding with the EPI/EuroPA network fully maturing and the digital euro's anticipated launch.

## THE CASE FOR AN OPEN, MULTI-RAIL ECOSYSTEM

The above analysis leads to a very clear conclusion – Europe's payment sovereignty is best served not by protectionism but by constructing a resilient, competitive, multi-rail ecosystem. The distinction is critical – protectionism seeks to shield domestic actors from foreign competition; ecosystem construction seeks to ensure that credible domestic alternatives exist alongside international players, with competition driving innovation and efficiency.

### RESILIENCE THROUGH REDUNDANCY

True strategic resilience requires redundancy. If the concern is that a hypothetical geopolitical situation could disrupt access to international card schemes, the appropriate response is to ensure that alternative payment rails exist and are sufficiently developed that economic life could continue without them. This is precisely what the digital euro and the EPI/EuroPA

infrastructure are designed to provide. But redundancy isn't exclusion – a system where European consumers and merchants can choose between international card schemes, domestic A2A services and the digital euro is far more resilient than one where only a single rail enjoys a monopoly.

The logic of redundancy also applies within European infrastructure itself. As European A2A payment volumes grow and converge on common settlement infrastructure, notably TIPS as the central instant payment settlement platform, policymakers should monitor concentration risks carefully. A system where most European retail payments settle through a single platform, however well-governed, introduces its own single-point-of-failure vulnerabilities.

That's why resilience planning should encompass not only diversification across payment rails but also adequate redundancy, disaster recovery and operational continuity within the European settlement layer.

### GLOBAL INTEROPERABILITY MATTERS

Europe is the world's most trade-dependent major economy. European citizens travel extensively, European businesses sell globally and Europe receives more international tourists than any other region. All these activities require payment interoperability that extends well beyond European borders. Visa and Mastercard, whatever their shortcomings from a sovereignty perspective, provide precisely this – a European's card works in Tokyo, New York and São Paulo. A Wero payment, for the foreseeable future, won't.

This isn't an argument against developing European alternatives; it's an argument against eliminating international options. The best architecture is one where European rails dominate domestic transactions (where they can offer lower costs and greater European control), while international schemes continue to serve cross-border and extra-European needs. Over time, as the EPI/EuroPA network matures and potentially develops bilateral arrangements with non-European instant payment systems, the relative importance of international card schemes may diminish organically. But forcing this transition prematurely would impose significant costs on European consumers and businesses.

### CONSUMER PROTECTION ASYMMETRIES

An often-overlooked dimension of the payments debate concerns consumer protection. Over the decades, international card schemes have developed a sophisticated apparatus of chargebacks, dispute resolution, fraud liability shifting and purchase protections that consumers rely upon. These protections are baked into the scheme rules and enforced through contractual relationships across the four-party model.

A2A payments, as currently structured, do not offer equivalent protections. An SCT Inst transfer is irrevocable; there's no chargeback mechanism. While the PSR introduces enhanced fraud prevention requirements and liability rules, the underlying architecture of A2A payments places different constraints on what consumer protections can be offered. For the EPI/EuroPA alliance to credibly compete with card schemes for merchant payments, it will need to develop its own consumer protection framework – a non-trivial undertaking that goes beyond technical interoperability.

## THE INNOVATION IMPERATIVE

Perhaps the most compelling argument for an open ecosystem is the innovation dynamic. Competition between payment rails drives innovation in ways that a monopoly – whether by an American scheme or a European one – does not. The entry of A2A-based services into the merchant payments space is already putting pressure on card schemes to reduce costs and improve services. The prospect of the digital euro is accelerating private sector investment in payment technology. Apple opening NFC access, due to EU competition enforcement, is enabling new wallet entrants.

This competitive dynamic is precisely what Europe should seek to preserve and intensify. The lesson from Stripe – two Irish entrepreneurs who built a EUR 70 billion payment technology company but headquartered it in San Francisco because of Europe's regulatory burden – is that Europe's problem is not foreign competition but an environment that has historically made it difficult for European innovators to scale. The [Draghi report](#)'s emphasis on competitiveness, the [Savings and Investments Union](#) agenda and other ongoing simplification initiatives (including the Digital and Financial Omnibus packages) all acknowledge this.

In short, payment sovereignty should be pursued through the logic of competitiveness – not the logic of protection.

### GOVERNANCE SOVEREIGNTY VS. TECHNOLOGICAL AUTONOMY

Another distinction needs to be explicitly discussed – namely the difference between sovereignty over *governance* and sovereignty over *technology*. The European initiatives currently being developed – Wero, the EuroPA interoperability hub and the digital euro – will achieve sovereignty primarily through the first channel. They establish European-governed rules, European-owned scheme frameworks and European institutional oversight over payment flows. There's no doubt that this is a significant and genuine achievement.

However, much of the underlying technical architecture which these initiatives are being built upon remains global and – in many cases – non-European. SEPA instant payments rely on ISO 20022 messaging standards developed by the International Organization for Standardization. Contactless payments depend on EMV specifications maintained by a consortium owned by the international card schemes. Consumer-facing payment experiences are done through smartphones running iOS and Android, manufactured overwhelmingly outside Europe, with operating systems controlled by American corporations. Core banking systems, cloud infrastructure and fraud prevention engines in many European institutions are provided by non-European technology firms.

This isn't a deficiency. Building on established global standards and proven technology reduces development costs, minimises implementation risk and ensures interoperability, all of these being advantages that shouldn't be underestimated, particularly given Europe's previous experience with ambitious payment projects that failed in part because they attempted to build too much from scratch. The pragmatic choice to focus on governance rather than on end-to-end technological autarky is arguably the most realistic path to delivering sovereign payment alternatives within a reasonable timeframe.

Yet policymakers should be clear-eyed about what this approach does and does not achieve. It delivers European control over rules, access and data governance. It doesn't deliver

independence from global technology supply chains, nor does it position Europe as a standard-setter in payment technology. There is a residual risk of what could be called ‘architectural dependency’, i.e. a situation where European institutions govern the scheme layer but remain reliant on non-European technology at the infrastructure layer.

Whether this residual dependency would be a strategic vulnerability or simply reflects the realities of a globalised technology ecosystem is a question that should be continuously monitored as the geopolitical environment evolves.

## POLICY RECOMMENDATIONS

Based on the analysis above, this ECRI Policy Brief puts forward five recommendations for European policymakers.

### 1. CLEARLY DISTINGUISH BETWEEN THE DIFFERENT LAYERS OF THE PAYMENT ECOSYSTEM WHEN POLICYMAKING

Policymakers should distinguish clearly between payment schemes, processors, wallets and overlay services in both legislation and public communications. Treating Apple Pay and Visa as equivalent ‘American payment systems’ would only result in incoherent regulation and misallocates political energy. Each layer has its own distinct issues – scheme governance, processing concentration, platform gatekeeping, market fragmentation etc. – that require distinct policy responses. The forthcoming IFR review, the implementation of the PSR/PSD3 and the Digital Euro Regulation should each be designed with the specific layer they address in mind.

### 2. ADVANCE THE DIGITAL EURO AS A PUBLIC GOOD – NOT A MARKET REPLACEMENT

The digital euro should be positioned as a public infrastructure layer that guarantees universal access to a European payment instrument, provides a risk-free settlement anchor and serves as a fallback in the event of systemic disruption. It shouldn’t be designed or marketed as a replacement for private-sector payment innovation, whether European or international.

The governance framework should ensure that distribution through existing private wallets and banking applications is encouraged, not impeded. Holding limits and remuneration policies should be calibrated to avoid excessive disintermediation of bank deposits while ensuring sufficient adoption to fulfil the digital euro’s function as a public good.

On pricing, the digital euro’s governance framework should be cautious about imposing regulatory caps on the fees that PSPs may charge merchants for accepting the digital euro. The European acquiring market is competitive, with multiple providers operating across Member States, and there are strong arguments for allowing market dynamics to determine pricing rather than prescribing fee ceilings *ex ante*. Excessive price regulation risks discouraging PSP investment in digital euro distribution infrastructure and reducing the quality of acceptance services.

If policymakers nevertheless consider some form of pricing guidance necessary to ensure merchants broadly adopt and accept the digital euro, it should take the form of principles-based oversight rather than rigid caps, and should be periodically reviewed as the market develops.

### 3. SUPPORT THE EPI/EUROPA INITIATIVE WITHOUT FORCING ITS ADOPTION

The interoperability hub being constructed between EPI and the EuroPA alliance represents the most promising private sector initiative for European payment sovereignty. Policymakers should support it through regulatory enablement – ensuring non-discriminatory access to payment infrastructure, mandating reachability for instant payments and potentially co-funding the interoperability hub as critical financial infrastructure.

However, the initiative's success must ultimately depend on how it would be valued by merchants and consumers, not on regulatory mandates that restrict alternatives. Forced adoption would undermine competitive discipline, risk complacency and potentially violate WTO commitments.

### 4. ENCOURAGE WALLET-RAIL INTEROPERABILITY

Rather than treating digital wallets as threats to sovereignty, policymakers should actively encourage their integration with European payment rails. Apple Pay and Google Pay, now operating under DMA obligations that ensure NFC access for competing wallets, could serve as powerful distribution channels for Wero, domestic A2A services and the digital euro. The Digital Euro Regulation should ensure that the digital euro is accepted by major wallet providers and the EPI/EuroPA alliance should be encouraged to develop technical standards that facilitate wallet integration.

The goal should be a landscape where a European consumer can choose their preferred wallet and their preferred payment rail independently of each other.

### 5. COMPLETE THE BANKING UNION AS A PRECONDITION FOR PAYMENT CHAMPIONS

Fragmented European banking markets is still the deepest structural obstacle for the growth of European payment champions. With over 300 stock exchanges, 14 clearing platforms and 28 central securities depositories, Europe's financial market infrastructure is still so that it impedes the scaling of pan-European payment services.

The Savings and Investments Union agenda, the December 2025 Market Integration Package, and the ongoing Banking Union discussions — including the deposit insurance and crisis management frameworks — are all essential for building a more competitive European payment ecosystem. Without genuine cross-border banking consolidation and harmonised supervisory frameworks, the ambition of payment sovereignty will remain structurally constrained.

## CONCLUSIONS

The debate on European payment sovereignty is timely and necessary. The geopolitical environment has changed in ways that make dependence on non-EU critical infrastructure a legitimate strategic concern. The concentration of cross-border card payments in two American-incorporated schemes is a fact that policymakers are right to address.

But addressing it effectively requires analytical precision. Visa isn't Apple Pay. A card scheme isn't a wallet. A four-party model isn't an A2A overlay. Europe's actual dependencies are narrower than the political narrative suggests and the tools available to address them – the digital euro, the EPI/EuroPA interoperability alliance, SCT Inst/TIPS, PSR/PSD3 and the IFR review – are more powerful and more advanced than the discourse of helplessness implies.

The path to payment sovereignty runs through competitiveness, not protection. Europe needs an ecosystem where multiple rails compete for the business of consumers and merchants: International card schemes for global interoperability and established consumer protections, European A2A networks for lower-cost domestic and cross-border payments, and the digital euro as a public anchor and systemic backstop. Each rail keeps the others honest. Each rail addresses a need that the others cannot fully serve.

What Europe doesn't need is an *'Airbus of payments'* – a dirigiste mega-project that substitutes political ambition for commercial viability. The history of European payment initiatives is littered with such projects, from the Monnet Project to early EPI iterations. The current generation of initiatives – Wero, the EuroPA alliance, the digital euro – has a better chance of success precisely because it builds on proven infrastructure, responds to genuine market demand and operates within a regulatory framework that enables rather than mandates.

The greatest contribution policymakers can make is to get the diagnosis right, regulate each layer of the value chain on its own merits, create the conditions for European innovation to scale and resist the temptation to frame every non-European participant as a threat.

Sovereignty in payments, as in other domains, is best achieved by building capacity – and not by building walls.



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