

Eurozone banks moot European payment system to rival Visa, Mastercard

November 5 2019, by Carole Guirado and Benoit Toussaint



The ECB has been pushing for a European payments system

Twenty European banks are working on setting up a pan-European payment system to challenge the dominance of Visa, Mastercard and

technology companies such as Google and PayPal, European banking and government sources said Tuesday.

The banks have been working on the project jokingly code-named PEPSI (Pan European Payment System Initiative) for a few months, four sources involved in the project told AFP.

Carlo Bovero, global cards and retail payments manager at France's BNP Paribas, alluded to the move Tuesday during a conference organised by banking magazine Revue Banque in Paris.

Bovero said banks "representing a big part of Europe" were involved in discussions on what he called a "very serious project".

In a sign of the sensitive nature of the discussions, none of the big banking groups contacted by AFP would speak openly about the plans.

But several sources said only banks in the eurozone were involved and that most French and German banks were on board.

A French banking source close to the subject said the idea came from the European Central Bank, which has been pushing for a euro-denominated instant-payment system to handle all types of cashless payments, whether by card, transfer, direct debit or mobile.

Political initiative?

The source, who asked not to be named, said the ECB was "worried about the sovereignty of payments and explained that it would appreciate if we looked into the issue," adding that it was chiefly a "political not a technical initiative".

Giving voice to concerns that European payments could be jeopardised

in the event of a row with the US, one banker complained: "All we need is for a disgruntled American president to take the decision to cut payments and then we'll see how dependent we are."

This is not the first time European banks have tried to launch a European payments system, following the Monnet card project launched in 2012 which never took off.

This time the banks are "ready to invest", a banking expert involved in the project told AFP.

Jerome Reboul, a senior French treasury official, told the Revue Banque conference that "in the past two years, opinions on the future of payments has changed considerably" in Europe.

The project, which has big ambitions to capture 60 percent of the electronic payments market in Europe and which has already been presented to European governments, is expected to cost several billion euros.

The banks are expected to make a final decision in December on whether to press ahead with it.

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