



FACTSHEET

How to make instant payments the new normal

What are Instant Payments?

Instant Payments are electronic payments by consumers that are carried out instantaneously (on average, within five seconds) and where the transferred funds become instantly available on the recipient's bank account. Instant payments are processed in real-time and can be made by consumers 24 hours a day, 365 days a year via mobile, PC but also in a bank branch.

This is compared to traditional bank transfers, which can take up to three full days to process. But this model is becoming outdated and consumers expect their payments to be made instantaneously. Instant Payments could offer significant benefits to consumers, but are currently not widely available to all in the EU due to a lack of adoption by banks and to barriers preventing their up-take.

What are the potential benefits of Instant Payments for consumers?

- **Instant Payments allow consumers to easily pay and receive money** from family, friends, or merchants, immediately, and at any time (e.g. one member of a group pays a restaurant bill and the others pay their share of the bill immediately via their phone).
- **The growth of Instant Payment solutions will further digitalise and diversify the payment options available, increasing consumer choice.** For instance, for the time being, consumers can only pay by card or cash in shops. Instant Payments will open up new opportunities for innovative payment solutions between retail customers and merchants both in stores (e.g. via a QR code) and online.

What are the barriers preventing the up-take of Instant Payment solutions?

BEUC supports the European Commission's goal in its Retail Payments Strategy to make Instant Payments the 'new normal' for consumer credit transfers in the EU. However, there are currently several barriers preventing their increased up-take by banks and consumers in the EU, which need to be urgently addressed:



Targeted consumer protections are needed. For instance, measures to allow consumers to dispute payment transactions e.g. when the wrong price was charged by a retailer.



The Commission should ask a European Standard body – e.g. CEN (the European Committee for Standardisation) – or an international one- to develop a standardised EU-wide QR code. A growing number of payment solutions rely on QR-codes to make Instant Payments. However, QR-codes are not standardised at EU level, which restricts their acceptance and makes it difficult for providers of instant payment solutions to offer merchants and consumers convenient payment solutions.



Membership of the ‘SEPA Instant Credit Transfer scheme’ should be made mandatory for payment providers (banks). Membership of this scheme is required for payment providers to be able to provide Instant Payments, but only 60% of them are currently members. This means that just 10% of payments in the EU today are Instant Payments.

What about the costs of Instant Payments?

The costs associated with Instant Payments remain prohibitively high in many EU countries, limiting their uptake. BEUC carried out a [survey](#) with its member organisations, which shows that **Instant Payment can be up to five times more expensive** than regular credit transfers. We live in a society of immediacy, and technological evolutions should benefit consumers and not just be monopolised by banks: the price of an **Instant Transfer should be the same as the price of a traditional transfer**, otherwise Instant Payments will remain a niche product.

What about fraud?

The digitalisation of the payment market has led to an increase in transfer fraud, where criminals pose as trusted organisations such as banks or companies and trick consumers into making payments to them. Instant Payments are [not immune](#) from this fraud. At the moment, payment transactions are **only verified** in many EU countries **using the IBAN number of the beneficiary**, without any other form of verification. However, in the [UK](#), and the [Netherlands](#), banks have implemented vital **name-checking services that warn consumers when a payee’s name does not match the account number** provided. In Belgium, lawmakers are [considering](#) legislation to mandate banks to carry out such IBAN Checks.

Consumers urgently need better protection. the Commission should **introduce EU-wide IBAN Check rules**, which would warn bank customers when a payee’s name does not match the account number provided. If implemented on an EU-wide basis, it could play a vital role in reducing the amount of money that is lost to bank transfer fraud in the EU. According to the European Payments Council, the IBAN Check rules in the Netherlands [reduced](#) instances of fraud by up to 81%.

Find out more on [our position paper](#).