

The European Payments Initiative's scaled-back pilot could boost instant payments

Article

The news: The European Payment Initiative (EPI) will pilot an instant payments scheme this year after agreeing to acquire two fintechs, Dutch payment scheme **iDeal** and mobile

payments app **Payconiq**, per Financial Times.

- The pilot will comprise a digital wallet and instant payments system using open banking in Germany and France before rolling out to other European countries.
- EPI also intends on adding buy now, pay later (BNPL) financing and digital identity features.

How we got here: EPI is a coalition of major European banks, credit institutions, and other payments firms that joined together to build a pan-European payment network to compete with the likes of **Visa** and **Mastercard**. But those plans were scuttled last year after multiple partners backed out of the initiative.

Why it matters: The digital wallet will support peer-to-peer (P2P) payments before extending to consumer-to-business (C2B) payments, both online and at the point-of-sale (POS). EPI chief executive Martina Weimert said the coalition's refocus was partly in response to proposed legislation from the European Commission last year to speed up instant payments adoption.

This pilot will bring it to two markets that can help it to reach this goal:

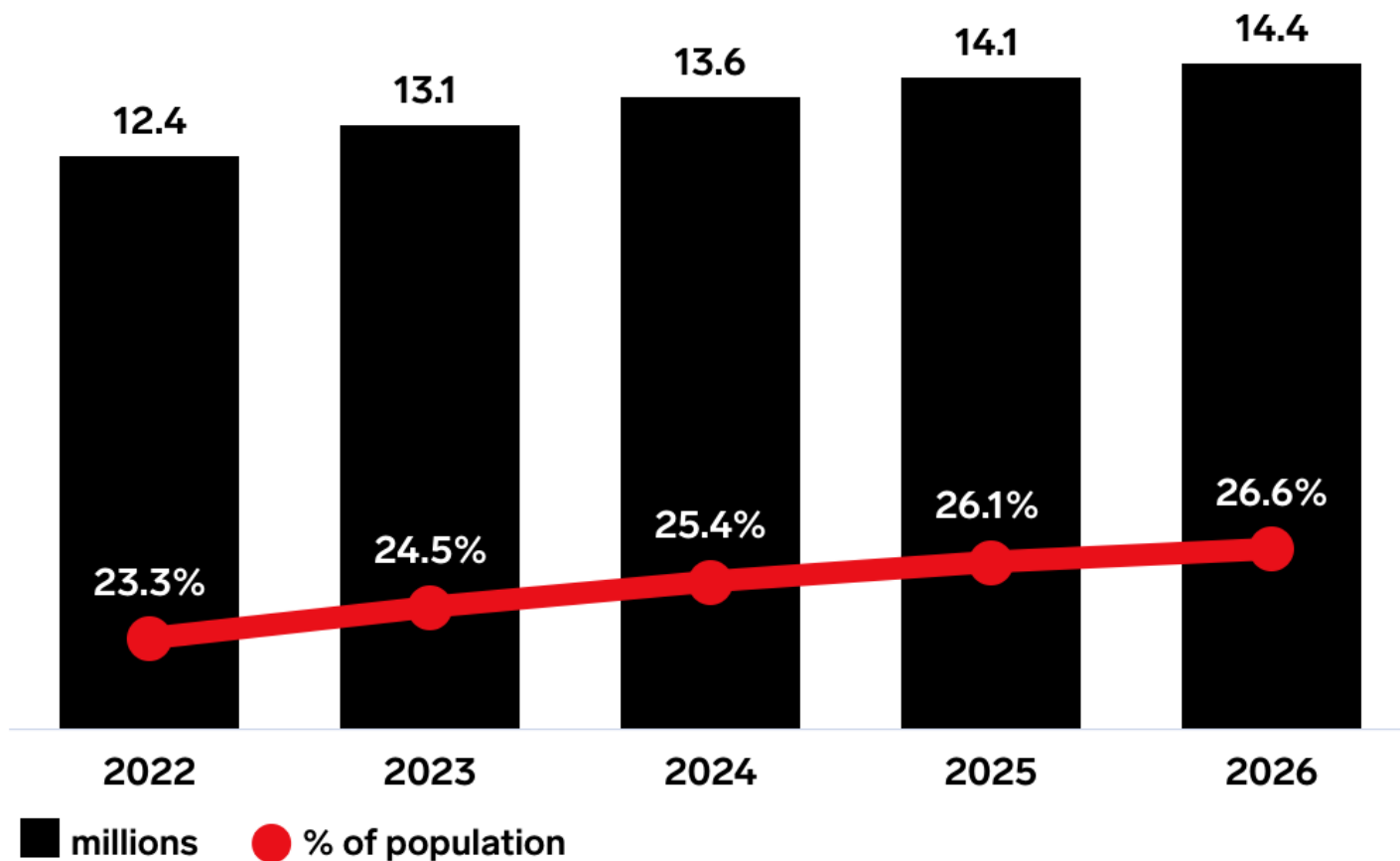
- We expect **16.1 million** people in Germany will use P2P mobile payments in 2023, growing 7.9% year over year (YoY) and representing 23.1% of the population, per our forecasts.
- France will have **13.1 million** P2P mobile payment users in 2023, making up 24.5% of the population.
- And when the EPI expands the pilot to additional markets and use cases, it will help reach the **78.7 million people we expect will use proximity mobile payments** in Western Europe.

Will it work? The EPI can address instant payments fragmentation and help the EU reach its instant payments goals outlined in the legislative proposal. But it will still have to contend with digital wallets like **PayPal**, which has a strong global presence of **112.3 million international core users**.

Being backed by banks could help the EPI stay competitive with other wallets by potentially charging lower prices. It may also become a threat to networks, which thrive on enabling cross-border payments.

P2P Mobile Payment Users

France, 2022-2026



Note: ages 18+; mobile phone users who have made at least one peer-to-peer (P2P) transaction via a mobile phone in the past month

Source: eMarketer, July 2022

eMarketer | [InsiderIntelligence.com](https://www.insiderintelligence.com)

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