

## Card Payment Sweden Newsletter Q1/25

April 2025

In this first quarter of 2025, the publication of the Commission Work Programme clarified the financial services policy priorities and legislative agenda for the year. In this newsletter, we cover key appointments within the cabinet of EU Finance Commissioner Maria Luis Albuquerque, the latest updates on the discussion related to the Payment Services Package within the EU Council, the implications of a report by the European Court of Auditors on EU rules on card fees, and the latest developments on the Digital Euro initiative. We also cover the latest developments in a case before the EU's Court of Justice pitting Amex & KLM against Visa and Mastercard on the interpretation of the Interchange Fee Regulation.

### About Card Payment Sweden

Card Payment Sweden (CPS) is an industry association that promotes the use of cashless payments by card in Sweden and in the Nordics. CPS was established in 2017 by card acquirers and card issuers in the Swedish market. We aim to ensure that payments are made securely, efficiently and in a commercially viable way.

The very high use of cards has given Sweden the reputation of having one of the world's most efficient payment markets. CPS strives to ensure that the regulatory framework in Sweden and the EU works effectively and facilitates fair competition among the different payment solutions.

### KEY APPOINTMENTS MADE WITHIN THE EU COMMISSION

Finance Commissioner Maria Luis Albuquerque has appointed [her cabinet](#), with Cristina Sofia Dias named Head of Cabinet. Dias previously served as Deputy Head of Unit at DG FISMA and managed Commissioner Albuquerque's transition. Philippe Thill, formerly an attaché to the Council's Ecofin Committee at the Luxembourg Permanent Representation, oversees payment-related dossiers.

Within Directorate-General for Financial Stability, Financial Services and Capital Markets Union ([DG FISMA](#)), Eric Ducoulombier has been appointed as Acting Director for Horizontal Policies, succeeding Marcel Haag, who has left the European Commission. Ducoulombier remains also Head of Unit in charge of Retail financial services (FISMA.B.3).

### **EU COMMISSION RELEASE ITS WORK PROGRAMME FOR 2025**

The European Commission published its [2025 Work Programme](#), emphasizing regulatory simplification and competitiveness. In financial services, key initiatives include a Communication on the European Savings and Investments Union in the first quarter, a review of the Securitization Framework in the second quarter, and a revision of the Sustainable Finance Disclosure Regulation in the fourth quarter. These measures aim to enhance financial stability, market efficiency, and transparency.

In the payments sector, legislative discussions on the Digital Euro and the Payment Services Directive (PSD3) and Payment Services Regulation (PSR) are ongoing, with trilogue negotiations on PSD3/PSR expected in the second half of 2025. While no new regulatory initiatives on payments are currently planned, the Directorate-General for Competition (DG Competition) is investigating payment scheme fees to assess potential anti-competitive practices.

### **EU COURT OF AUDITORS REPORT CRITICAL OF EU COMMISSION'S ACTIONS ON CARD FEES**

The European Court of Auditors (ECA) released a [report](#) evaluating the European Commission's regulation of card payment fees. The report examines the effects of EU rules on electronic money transfers via mobile devices and digital channels between 2013 and 2023, with a focus on the interchange fee cap and the "surcharge ban" under PSD2. The ECA identified significant gaps in the enforcement of these regulations.

The ECA report highlights a lack of empirical data to justify the ban on surcharges and insufficient assessment of competition impacts. It suggests that allowing monitored surcharges on credit card payments could benefit consumers. However, the Commission's ability to oversee fee controls is limited by data gaps and confidentiality clauses in card schemes. The report also notes variations in card fees based on merchant size, distribution channels, and customer type, while raising concerns over IBAN discrimination, with more than 3,500 cases reported since 2021.

The ECA recommends strengthening enforcement authorities, addressing NDA-related data gaps by 2027, and introducing periodic price reviews from 2028. It also proposes a task force on IBAN discrimination and increased transparency to improve competition in digital payments. The findings are expected to influence PSR/PSD3 discussions and may prompt further regulatory action.

### **ECB REPORT SHOWS RELIANCE OF EU COUNTRIES ON INTERNATIONAL CARD SCHEMES**

The European Central Bank (ECB) released a [report](#) showing that card payments accounted for 70 billion transactions in 2023, making up 54% of all non-cash payments in the EU. In 2022, international card schemes processed 61% of euro area card payments, while national schemes handled only 39%, reflecting a declining domestic share. Currently, only nine national card schemes remain active, each limited to a single Member State, and 13 eurozone countries now rely entirely on international systems.

The report also notes that among 80 identified card processors in the EU, only four operate across borders, with none fully EU-owned. These findings highlight concerns over the EU's strategic payment autonomy and may influence policy discussions on the Interchange Fee Regulation (IFR) review and the development of a digital euro.

### **ECB YEARLY REPORT ON PAYMENT BEHAVIOURS HIGHLIGHTS SHIFT FROM CASH TO DIGITAL PAYMENTS**

The European Central Bank (ECB) published its [2024 report](#) on payment behaviours in the eurozone, excluding the Netherlands and Germany. The study examined the use and value of cash and digital payments, including cards, mobile apps, and digital wallets.

While digital payments continued to grow, cash remained widely used, particularly for small-value and person-to-person transactions. Cash accounted for 52% of in-store payments, down from 59% in 2022. By value, cards were the most used payment method at 45% (down from 46%), followed by cash at 39% (down from 42%) and mobile apps at 7% (up from 4%). The increase in digital payments was driven by online transactions, which made up 21% of daily consumer payments by number (up from 17% in 2022) and 36% by value (up from 28%).

Regarding payment preferences, 55% of respondents favoured non-cash payments, 22% preferred cash, and 23% had no strong preference. Despite the shift towards digital transactions, 62% considered cash an important option, and 87% were satisfied with their access to it. ECB Executive Board member Piero Cipollone affirmed the ECB's commitment to supporting both cash and the digital euro to ensure payment choice for consumers.

### **POLISH EU COUNCIL PRESIDENCY EXPECTS AN AGREEMENT ON PAYMENT SERVICES PACKAGE BY JUNE 2025**

The Polish Council Presidency aims to [secure an agreement](#) on the revised Payment Services Directive (PSD3) and Payment Services Regulation (PSR) by the end of its term in June 2025. Poland has proposed additional anti-fraud measures for discussion, including transaction monitoring obligations, a "cooling-off period" for spending limit increases, enhanced data

sharing with authorities, and the creation of an EU-wide anti-fraud platform to advise the European Commission and monitor fraud prevention efforts.

Poland has also suggested expanding the definition of payment fraud to advance discussions on fraud liability and consumer refunds. However, Germany and several other Member States oppose this broader definition, arguing that liability should be limited to cases where fraudsters misuse specific provider details. In response, the Polish Presidency is preparing a compromise draft to address these concerns before its term concludes.

Other proposals in the ongoing EU Council discussions a French proposal that payment card systems disclose rules and fees to providers and end-users at least nine months prior to implementation to improve transparency and competition, with a review clause for the European Commission to evaluate the effectiveness of these measures after 18 months.

### **EU COUNCIL DISCUSSES DIGITAL EURO REVENUE MODEL AND ADOPTION TRENDS**

In the latest EU Council discussions on the Digital Euro, Spain has proposed a new revenue model to advance negotiations. The plan suggests that banks distributing the Digital Euro receive revenue similar to debit card transactions without scheme fees. It also calls for capping payment service provider (PSP) and merchant fees for five years to collect data for a long-term framework, including a 0.2% cap on inter-PSP fees and a “no worse-off clause” for merchants. Additionally, Spain advocates for a “preparedness-by-design” approach to enhance payment resilience, including a default offline spending limit for essential purchases. While no immediate agreement is expected, these discussions will shape the Digital Euro’s regulatory framework.

### **ECB RESEARCH SHOWS GROWING AWARENESS OF DIGITAL EURO**

The European Central Bank (ECB) published a [study](#) showing that despite growing public awareness of the digital Euro, adoption interest from the public remains limited. According to the research, in March 2024, 45% of respondents expressed a willingness to use it, up from 28% in August 2022, while 40% preferred existing payment methods.

### **EU COURT'S REVIEW OF THE AMEX/KLM VS. VISA & MASTERCARD CASE**

The Court of Justice of the European Union (CJEU) is reviewing a case concerning the application of the Interchange Fee Regulation (IFR) to American Express (Amex) and its co-branding partnership with KLM. The case, referred by a Dutch court, examines whether Amex’s co-branding fees should be subject to the IFR’s 0.3% cap, which applies to four-party card payment systems.

Amex argues that the IFR was designed to regulate larger networks like Visa and Mastercard and should not apply to its co-branding arrangements. In contrast, Visa and Mastercard

contend that all payments, rebates, or incentives related to co-branding should be included in IFR calculations to prevent unfair advantages.

EU Advocate-General Jean Richard de la Tour has issued a [legal opinion](#) supporting Amex's ability to deduct air miles purchased from airline KLM when assessing whether its interchange fee complies with the EU cap. However, he sided with Mastercard, Visa, and the Dutch payments regulator in ruling that Amex cannot deduct service charges paid to KLM. Additionally, he rejected Amex and KLM's argument that payments made by the credit-card scheme to the airline should be exempt from EU regulations since KLM is not a card issuer.

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We look forward to connecting with you in our next update and thank you for reading.

Wishing you all a lovely start of the springtime with family and friends.

Michael Hoffman  
*MANAGING DIRECTOR/CEO/VD*