



UNIVERSITÉ BRETAGNE SUD PRESENTATION

MONEY AND PAYMENTS IN THE DIGITAL AGE

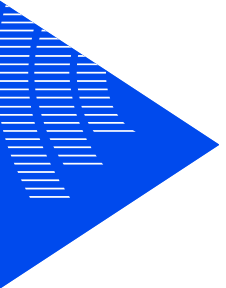
**DENIS BEAU
FIRST DEPUTY GOVERNOR**

10 NOVEMBER 2023



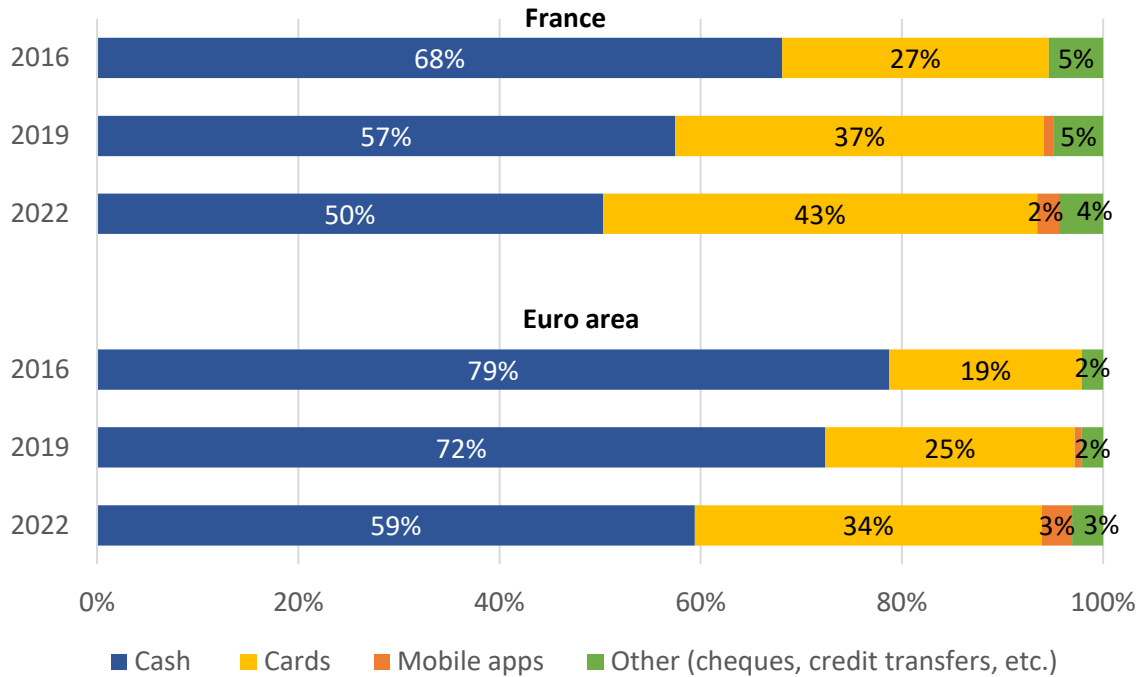
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Trends and challenges faced by French and European payment markets

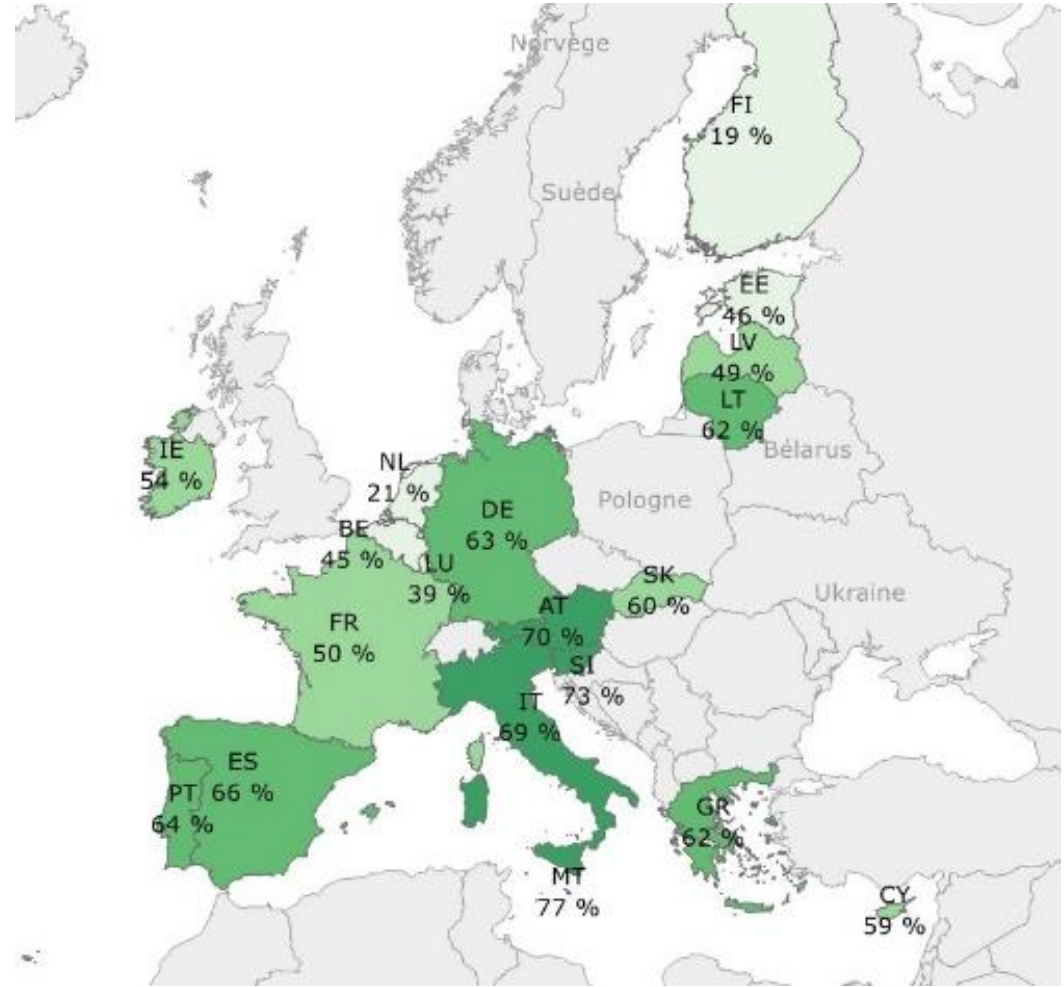


The use of cash is declining

Point of sale (POS) payment methods (by volume)



Share of cash in POS transactions in the euro area (by volume, in 2022)



The use of cashless payment instruments in France in 2022

42 578 MDS €
échangés

↑
+8%
du nombre de transactions
par des moyens de paiement
scripturaux

€
+85%
de paiements
par virement instantané
par rapport à 2021

-8%
de paiements par chèque
par rapport à 2021

près de
60%
des paiements
sont réalisés par carte

près de
6%
des paiements par carte
de proximité sont réalisés
par portefeuille
mobile

- **Legal definition: Means of payment:** “Any instrument which enables any person to transfer funds shall be deemed to be a means of payment, regardless of the medium or the technical process used.” (Article L. 311-3 of the Monetary and Financial Code)
- **Soaring increase in digitalisation of payment instruments:** digital versions of physical media (cards, wallets, vouchers/tickets) vs. digital natives (credit transfers, direct debits)
- **A new notion of time:** instant payments, buy-now-pay-later, recurring payments (subscriptions)

A diversified payment landscape: stakeholders and innovative payment solutions in a fast-changing ecosystem

- **New stakeholders have entered the payment landscape:** *FinTechs*, *Big Techs* (e.g. GAFAM, BATX), Telecom operators, subsidiaries of large retailers and more
- **Value added** is primarily **tech-based**.
- **Increasingly diverse and innovative** payment instruments.
- These shifts have been accelerated by the **rapid growth in e-commerce** and by the Covid-19 crisis



Challenges for payments: towards a European Payments Union

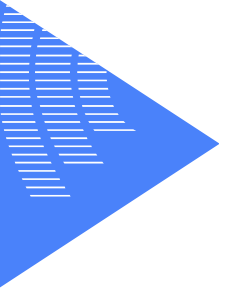


Issues raised by the fragmentation of the payment value chain:

- Trust in the currency
- Competition, sovereignty and strategic autonomy
- Consumer protection, accessibility and inclusion
- Data protection, operational resilience, cyber-enabled risks

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Our objectives for the future



What are our goals for the future?

REGULATE

SUPPORT

INNOVATE

Strengthen financial regulation at national, EU and international levels

- **Increased cooperation between payment regulators and supervisors:**
 - **at domestic level:** ACPR (*Prudential Control and Resolution Authority*), Banque de France, CNIL (*Data Protection Authority*), ANSSI (*National Agency for the Security of Information Systems*), Autorité de la Concurrence (*Competition Authority*)
 - **with international institutions** : European Banking Authority, Financial Stability Board, Bank for International Settlements, G20
- **Promote a harmonised and holistic European regulatory framework:** e.g. Regulation on instant payments, review of the second EU Payment Services Directive, Markets in Crypto-Assets (MiCA) Regulation
- **Develop long-term, ambitious and consistent strategies for retail payments:**
 - in France (via the National Committee of Payments Means)
 - in Europe (euro area, Eurosystem, European Union)
 - globally (G20, on cross-border payments)



Support private, public and public-private initiatives, as well as targeted actions



Support the **European Payments Initiative** for innovative retail payments



Continue to strengthen the **SEPA**: eliminate IBAN discrimination, promote instant payments and new B2B services



Provide input to discussions and work involved in the investigation phase of the **digital euro** project



Banque de France's role as an innovation catalyst via the National Committee of Payments Means

Digital euro: drivers and features

Preserve the most valued features of cash in the digital space



Legal tender to ensure universal acceptance throughout the euro area



An **offline** mechanism that can be activated to benefit from cash-like privacy



Basic services (e.g. account-keeping, provision of a means of payment) will be **free** for individuals



Features that will promote **digital financial inclusion**

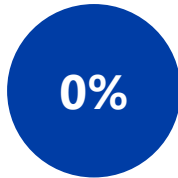
Strengthen consumers' freedom of choice



The central bank will **never be able to see the personal data** of digital euro end-users



The digital euro will **never be programmable money**, i.e. the central bank will never be able to restrict its use



The digital euro will **not bear interest**, positive or negative.



The digital euro **will not replace cash**

Support sovereignty, competition and innovation



Distribution will be entrusted to **private intermediaries** (banks and other licensed PSPs)



Distribution will be governed by a **scheme rulebook** under European governance



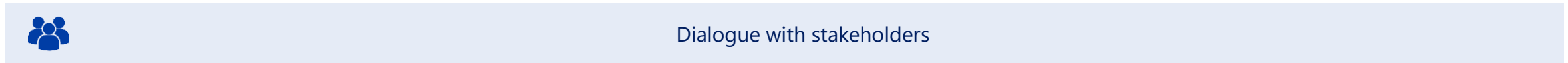
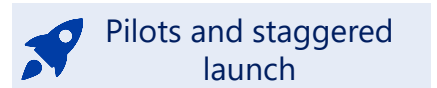
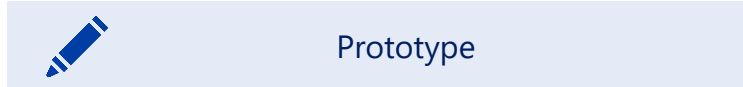
Open and harmonised standards of acceptance within the euro area



Existing infrastructure, such as terminals and cards, will be **reused** wherever possible to facilitate integration in the payment ecosystem

Digital euro: next steps

GovC Decision of 18/10/2023.



 **The decision to issue a digital euro will not be taken until the legislative text is finalised**

Thank you for your attention

