

CBDC vs. instant payments:
who wins out?

Key challenges in European retail payments

- Regional fragmentation
- Lack of competition
- Lack of strategic autonomy

Also important:

- Low cost
- Security
- Resilience

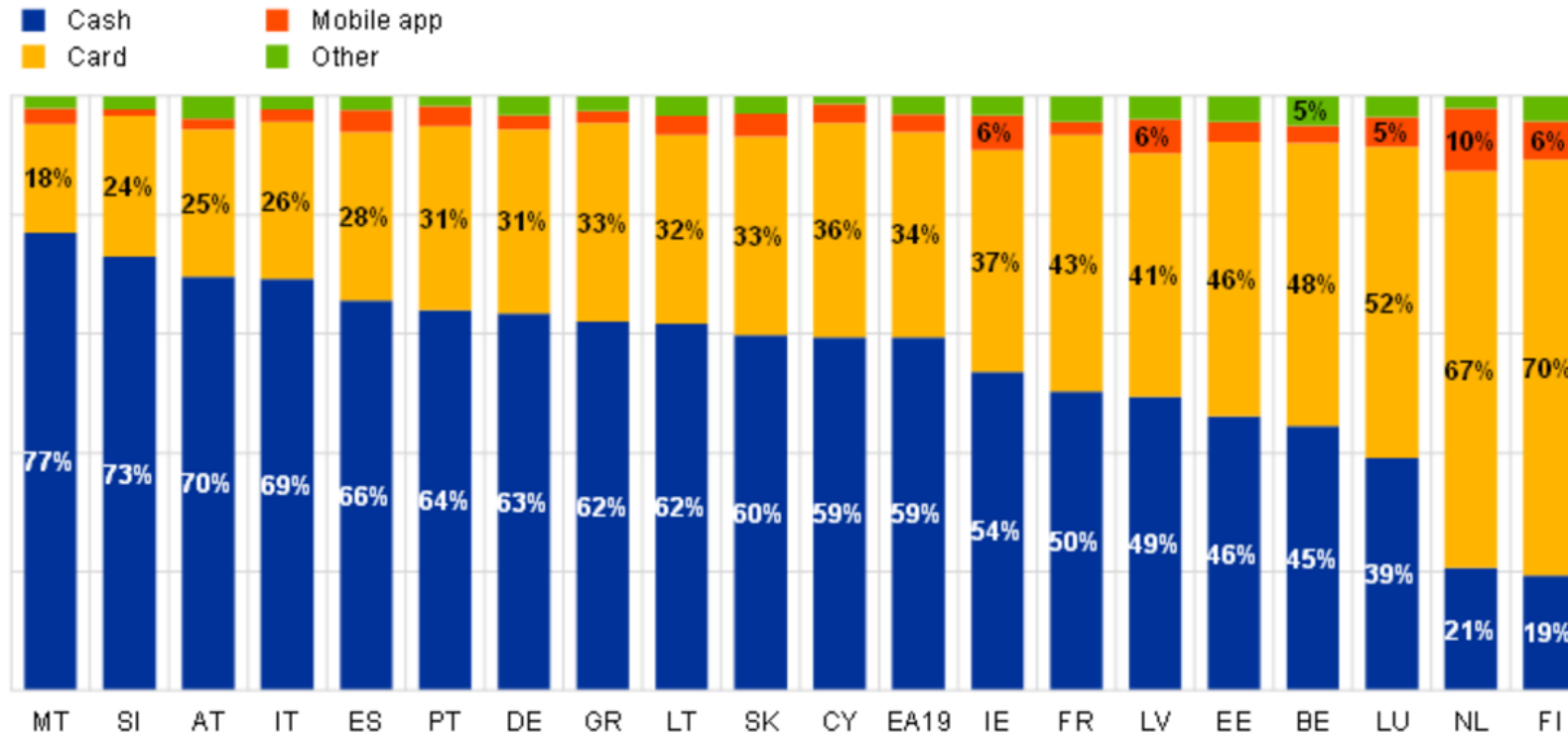


Payment instruments used in Europe

Share of payment instruments used at the POS in terms of the number and value of transactions, 2022, by country

(percentages)

Number of transactions



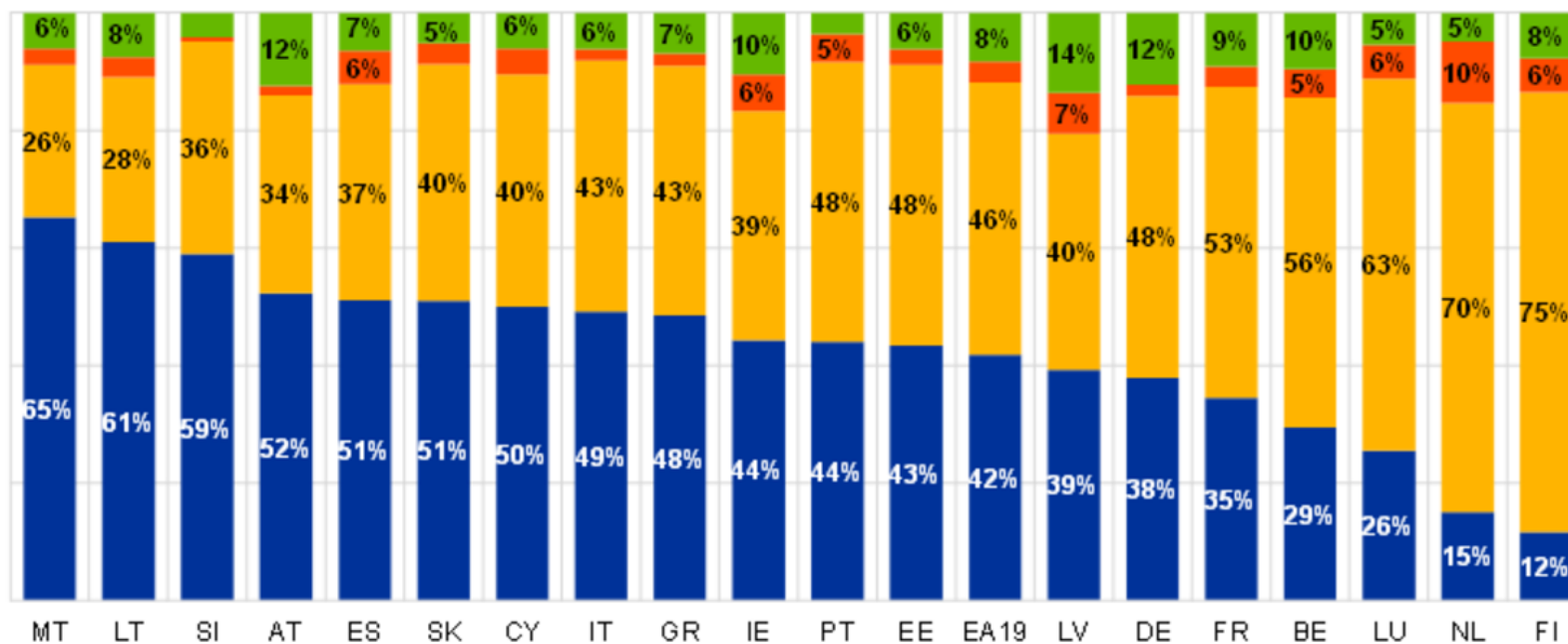
Payment instruments used in Europe

Share of payment instruments used at the POS in terms of the number and value of transactions, 2022, by country

(percentages)

Value of transactions

■ Cash ■ Mobile app
■ Card ■ Other



Potential solutions?

INSTANT PAYMENTS

- A2A at POS
- Mobile app / QR code
- Alternative to card schemes
- POS and P2P

- ✓ Strategic autonomy
- ✓ Competition
- ✓ Resilience

CBDC

- Digital cash
- Mobile app / QR code
- Alternative to card schemes
- POS and P2P

- ✓ Strategic autonomy
- ✓ Competition
- ✓ Resilience

Examples

INSTANT PAYMENTS

- PIX (Brazil)
- Wero (EPI)
- Bizum (Spain)
- UPI (India)
- Swish (Sweden)
- BLIK (Poland)

... and many others

CBDC

- Digital euro
- Digital pound
- Digital yuan
- Sand dollar
- e-Naira

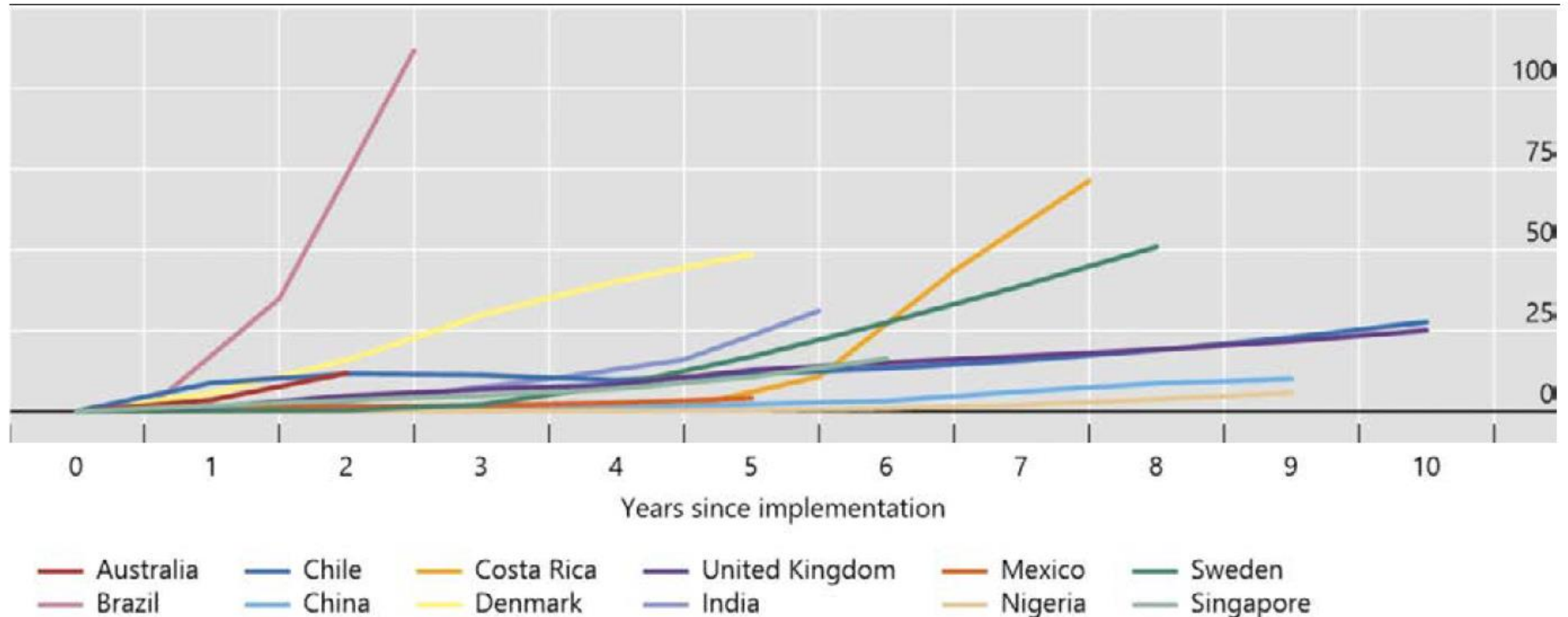
... and many others

Adoption of instant payments

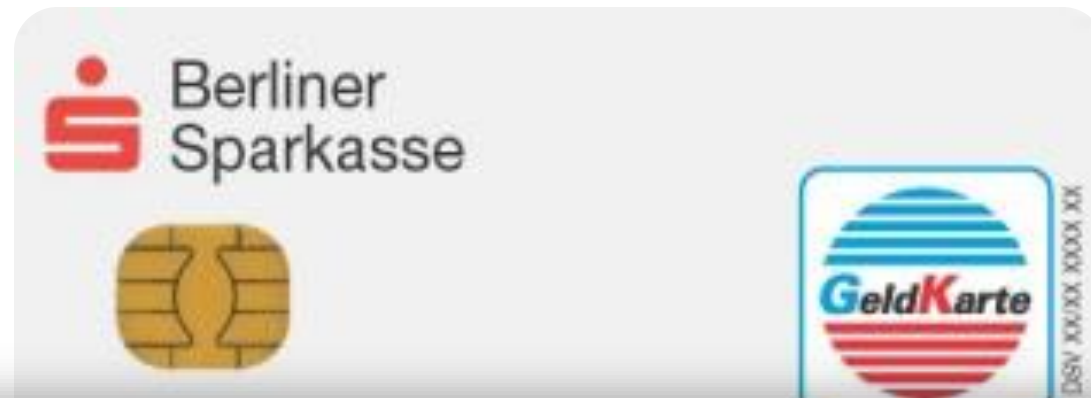
Source: BIS Papers No 151

Fast payments have become widely adopted in some jurisdictions

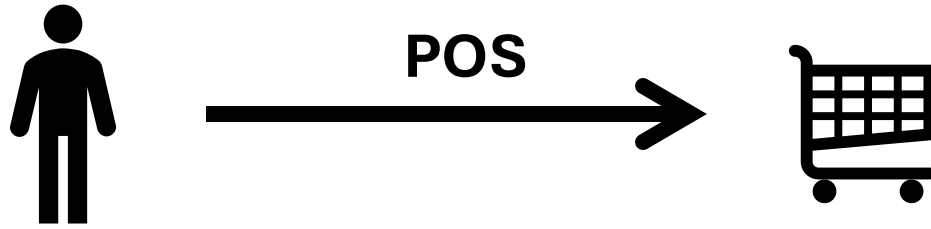
Number of transactions per capita per year



Bank of Finland launched the world's first CBDC

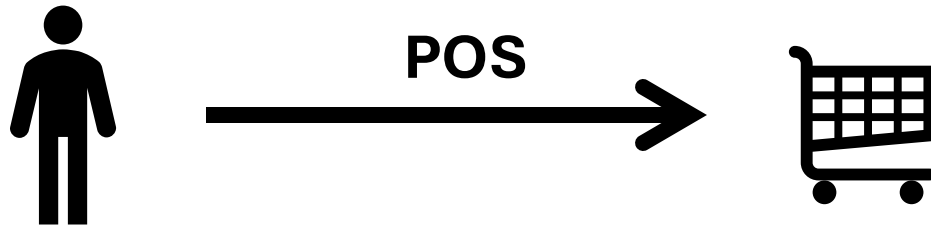


As of 2020, both Geldkarte and its contactless counterpart *girogo* are in the process of being phased-out. New cards were no longer being issued due to decreased demand. The system will be shut down by 2024, when all remaining cards have been replaced by [Girocards](#) with [contactless payment](#) functionality.^[1]

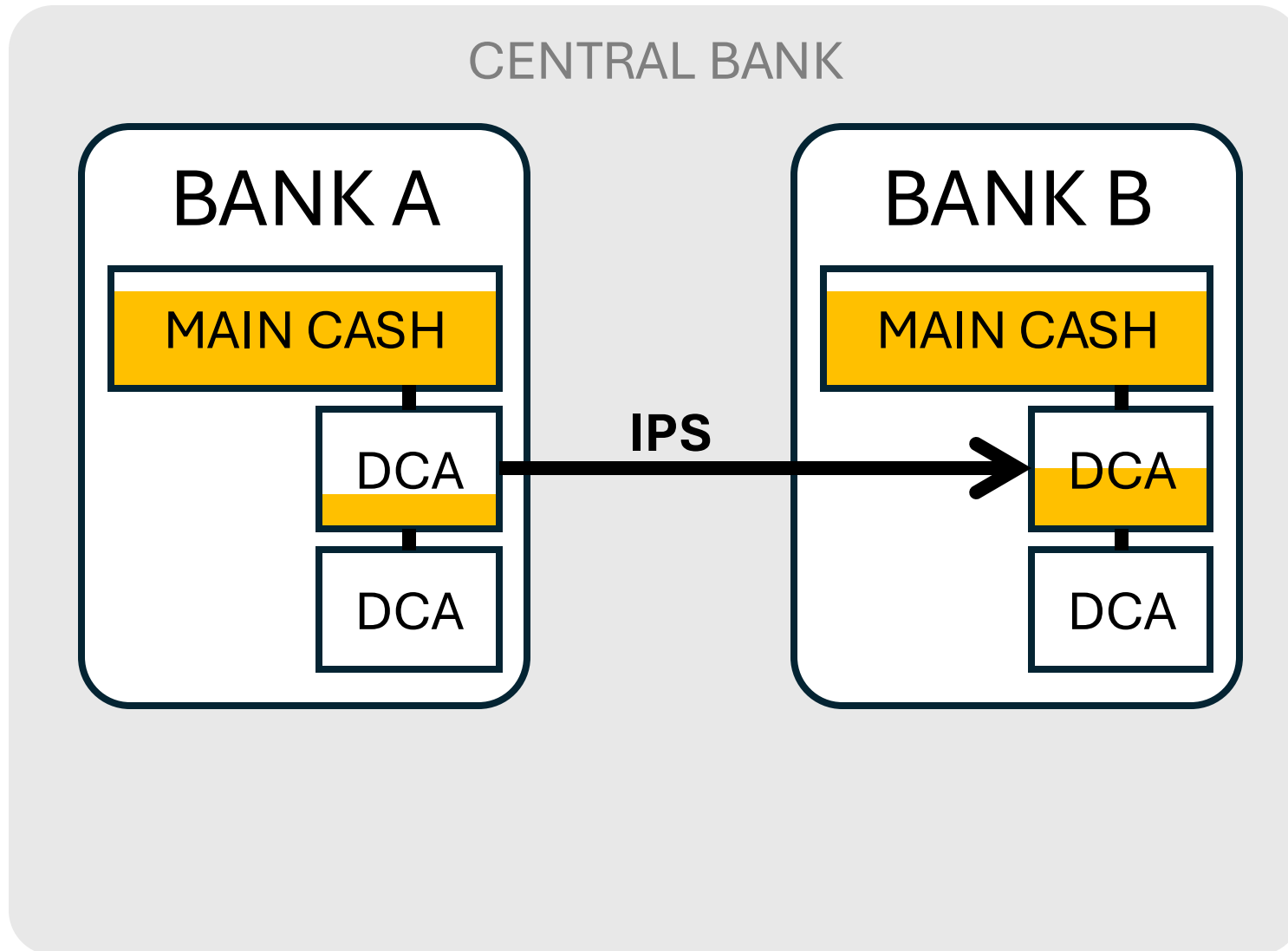


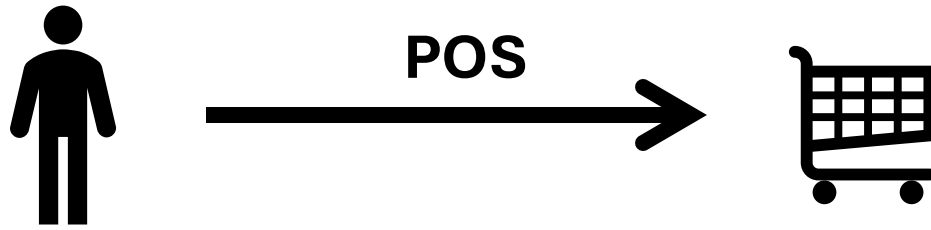
Retail payment scheme enabling
payment acceptance at POS
(ideally NFC, but QR code will also do)



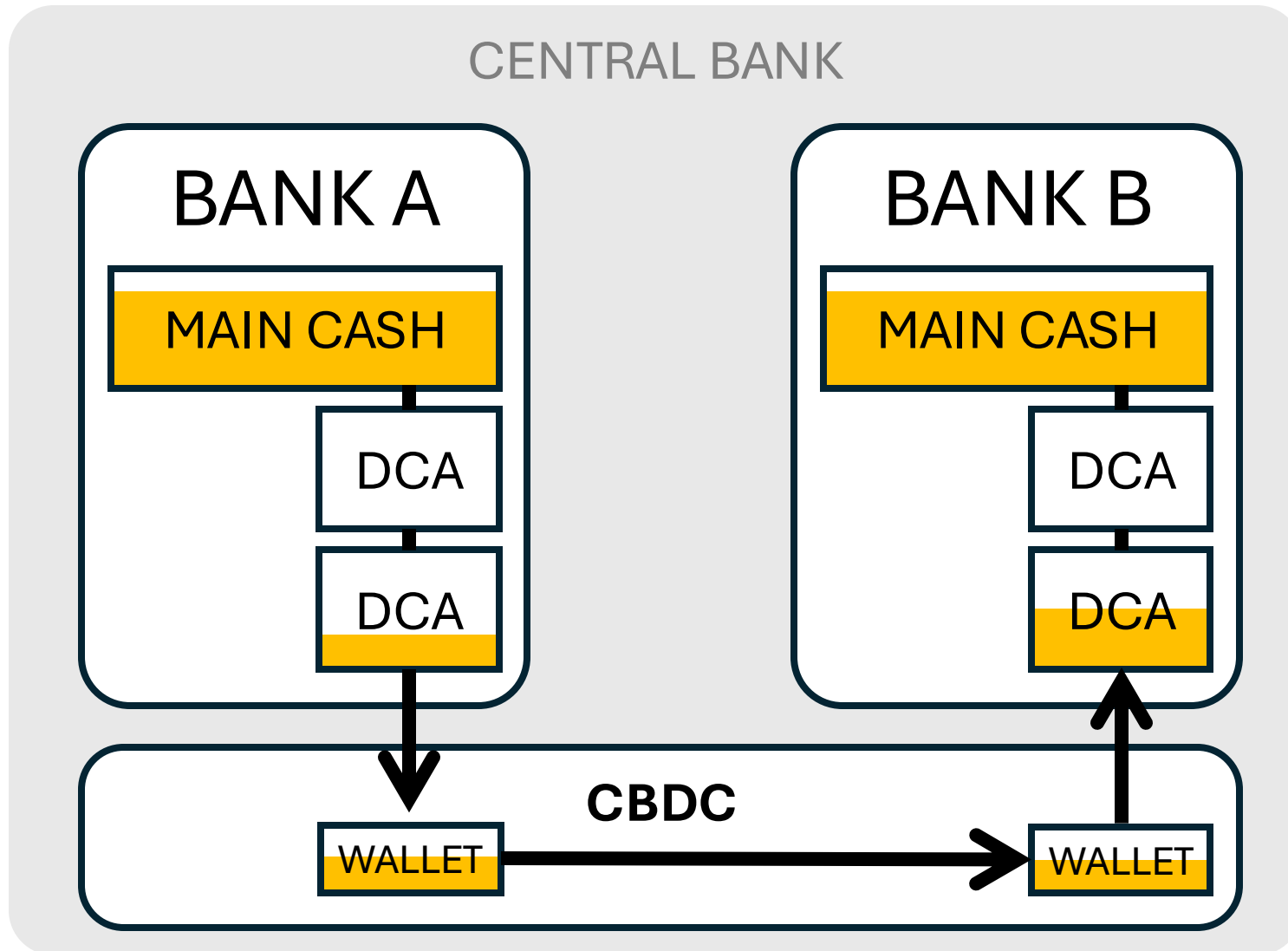


Retail payment scheme enabling payment acceptance at POS (ideally NFC, but QR code will also do)





Retail payment scheme enabling payment acceptance at POS (ideally NFC, but QR code will also do)



Reflections

- Both models have a similar “last-mile” solution at POS (card, NFC or QR code)
- In IPS, there is one pre-funding step:
BANK → DCA
- In CBDC, there are two pre-funding steps:
BANK → DCA
DCA → user wallet
- In both models, settlement is in central bank money

Your thoughts?