

ACI Worldwide®

Powering the world's payments ecosystem

Advancing European society through payments





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Behind every payment is a unique story. Whether it is paying a friend for your share of an evening out, paying bills, or receiving benefits, efficient and secure payments are crucial in today's fast-paced digital economy. Large corporations, financial institutions, small and medium-sized businesses, governments, public organisations, and consumers across the globe all rely on fast, frictionless, and secure payments to conduct their business and day-to-day financial affairs. Faster payments improve business efficiency and liquidity in the financial system and, consequently, drive economic growth and financial inclusion.



ACI Worldwide has been an original innovator and a financial technology provider to the players in the world's payments ecosystem for nearly 50 years. We have been instrumental in the growth of key global initiatives including the rise of credit and debit cards, the proliferation of ATMs, the growth of Real-Time Gross Settlement payments, and, more recently, the global adoption of real-time payments. We support all payments with a powerful real-time fraud management solution, powered by artificial intelligence (AI), machine learning, and network intelligence to quickly identify and mitigate financial fraud and protect end users.

ACI Worldwide is grateful for the opportunity to present our ideas about how payments modernisation, better fraud prevention, and improved security of payments in Europe can improve efficiency and remove friction for all users and suppliers. We have separated our recommendations into categories, with a focus on security and fraud protection throughout.



We also welcome an open and constructive dialogue with other industry and regulatory stakeholders in Europe to discuss our recommendations about how the European Commission can, in this new legislative term, advance the payments ecosystem and achieve payments that are affordable, secure, and processed without hindrance across the SEPA countries.





Financial institutions must constantly balance the allocation of budgets across operations, compliance, and innovation. Recently, banks have found it increasingly challenging to fund innovation adequately due to the demands of operations and compliance. Considering the recent global failures of Silicon Valley Bank, First Republic Bank, and CrowdStrike, the regulators' approach towards consumers and economic protection is intelligible. However, consumers and businesses benefit from payments innovation, as well. New products and improved delivery channels for payment services help increase convenience while reducing costs and enhancing security.

As an industry, we must find a way to balance the operations, compliance, and innovation required to move the entire system forward. The payments ecosystem isn't simply a bank-to-bank closed-loop economy — it sits at the heart of society connecting consumers, businesses, public-sector organisations, charities, and governments.

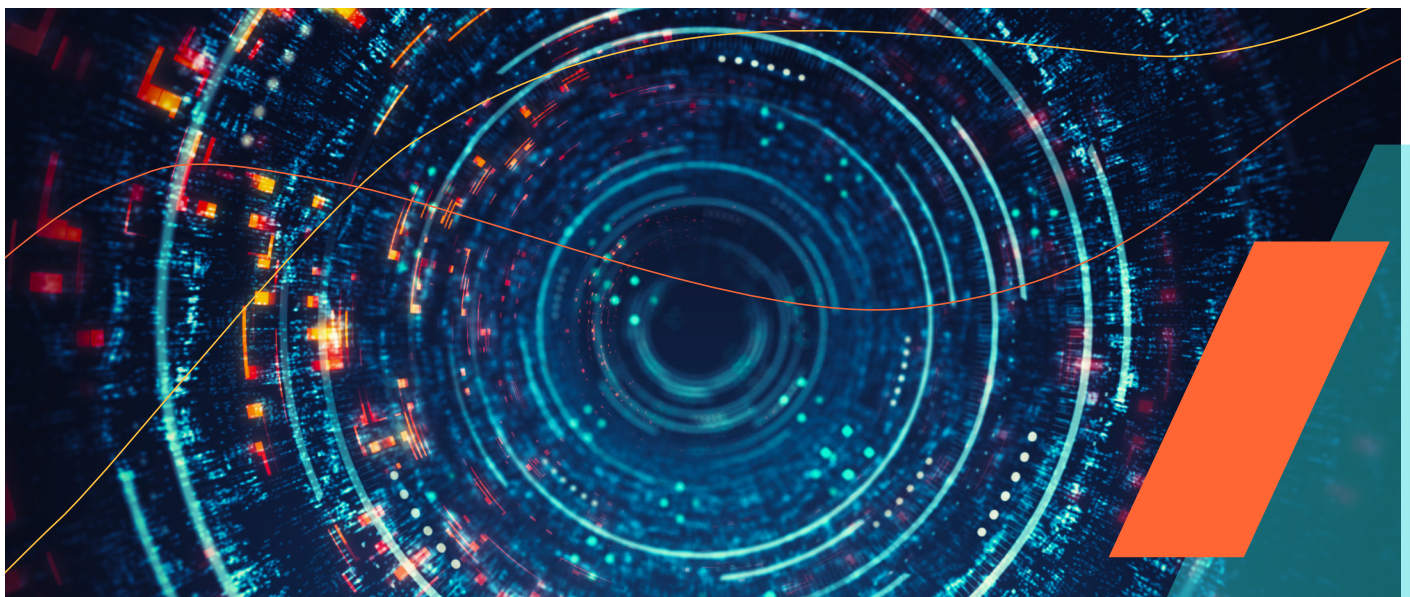
In this section, we would like to suggest some areas of focus for the European Commission in the next legislative term:

1. Promote investment by banks. Introduce a voluntary framework which would incentivise banks to invest in innovation. An innovation-focused framework would facilitate the introduction of new products and services and generate new revenue streams that reduce pressure on profit centres, such as payments. An innovation budget could, for example, be funded by an agreed upon percentage of banks' profits which would be allocated to innovation projects by the banks.

2. Reduce compliance costs. Have banks report on the cost of compliance-related operations and support banks by actively working with them to reduce these costs year on year, consequently enabling banks to move more funding to the innovation budget.

3. Create a clear payments scheme roadmap. Provide guidance on the future of payment schemes in Europe. We believe that simplifying payments in Europe could free up operational costs, which could then be used to fund innovation-related projects, ultimately benefitting customers and the payments ecosystem as a whole.

4. Provide transparent use of data. Finalise the Second Payment Services Directive (PSD2) review and the FIDA regulation with a focus on simplicity for the end user and visibility for the customer about how their data is being used.



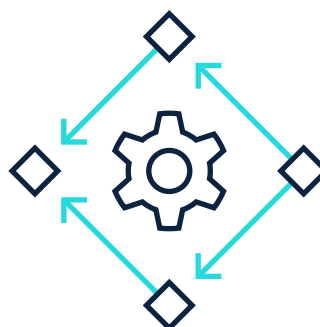


Operational resiliency is key to the provision of safe, secure, and trusted payment services. With this in mind, we recommend measures which can improve the resiliency of banks and support the ease of service recovery in times of stress. We are proposing that the European Commission continues its work, started with the Digital Operational Resilience Act (DORA), towards the provision of robust services and the delivery by all actors of the same level of operational stability.

In this context, we would like to suggest the following areas of focus for the European Commission in the next legislative term:

1. An advisory council for new technology. Establish a financial technology advisory council that can monitor new technologies and provide guidance to banks, fintechs, and software companies as to how such new technologies can be safely applied to service provisions within Europe.

2. Use of cloud technology. As a follow up to DORA, continue to provide clear direction about the ability of payment service providers (PSP) and their technical service providers to use cloud technology. Further, it would certainly be beneficial to provide the industry with clear guidance about what shall be included in service-level agreements for service recovery and geographical deployment.





While corporate business dominates the stock markets, and economic growth is often thought about in terms of multinationals and trade finance, economies function largely due to small and medium-sized enterprises. ACI's latest Economic Impact and Financial Inclusion Report in collaboration with the Centre for Economics and Business Research (Cebr) reveals that moving money faster and more efficiently across an economy boosts productivity improvements, economic growth, and financial inclusion. The payments industry has an opportunity to stimulate economic growth by enabling the lower cost of payments and increasing speed of trade, which will ultimately also increase liquidity.

Consequently, we would like to suggest the following areas of focus for the European Commission in the next legislative term:

1. Card network alternatives. Continue to promote genuine competition and low-cost alternatives for merchants by developing a framework that would make instant payments a viable and attractive alternative payment option at the point of sale.

2. Reduce domestic barriers. Continue to develop cross-border payments interoperability via the review of the PSD2.

3. Consumer-first convenience. Continue to develop the functionalities of the EU Digital Identity Wallet to establish a regional card and/or wallet network in the EU.

4. Inclusivity. Bring to completion the G20 Roadmap for Enhancing Cross-border Payments, which recognises the benefits of faster, cheaper, more transparent, and inclusive payment services by addressing the existing pain points around cross-border payments.

5. Standardise on lower cost of operations. Reflect on avenues to reduce the number of global standards, and foster consolidation through global adoption of the ISO messaging format, while working on interlinking SCT Inst with other payment schemes worldwide. By aligning with international norms, the EU can lead in setting comprehensive standards that benefit the global financial ecosystem. For example:

- a. OCT Inst (One-Leg Out Instant Credit Transfer)
- b. Interlinking existing instant payment networks (i.e., Nordics, U.K., Hungary, Poland, and other European non-SEPA countries)

6. Benefit from global best practice. One of the objectives of the European Commission for encouraging instant payments is the promotion of homegrown European solutions that can compete with the non-European firms currently present in the market. Interoperability is crucial in achieving this goal, requiring a focus on developing systems that can interact with each other seamlessly across national borders. We encourage the Commission to not limit innovation by restricting competition to EU member-headquartered firms only. Encouraging cross-border initiatives will facilitate smoother and more efficient transactions between member states, fostering greater economic integration within the EU.





ACI Worldwide has been studying the relationship between instant payments and financial inclusion. With a dataset covering 40 countries, our report in collaboration with Cebr finds an empirical link between increased volumes of real-time payments and a rise in financial inclusion. The focus on growth and adoption of instant payments must be continued to drive further financial inclusion, but it should be balanced with the needs of different users to ensure digital inclusivity at the same time.

In this section, we offer some considerations for how to achieve the goals of financial and digital inclusivity. Consequently, we would like to suggest the following areas of focus for the European Commission in the next legislative term:

1. Digital inclusivity. Support digital inclusivity for those that need it (for example, low-income families, the elderly, the vulnerable).

2. Let banks serve their target markets. Remove the pressure for banks to provide all services to their customers, addressing barriers faced by specific customer segments and allowing them to make their own decisions on payment types (for example, removal of cheques).

3. Digital money. Deliver on digital money for the digital age, including retail central bank digital currency (CBDC), wholesale CBDC, and commercial bank money tokens.

4. Digital enablers. Foster the development of other enablers of the digital economy, such as the EU Digital Identity Wallet project.

5. Access to central bank systems. Allow more financial entities to access central bank systems directly. A key provision in the instant payments regulation covers an amendment to the Settlement Finality Directive in this sense, with the aim of enhancing competition. This change allows payment institutions and electronic money institutions to participate directly in settlement systems established by member states. This amendment is significant, as it levels the playing field and promotes market access for new actors. By enabling more participants in the settlement process, the regulation fosters innovation and competition within the financial sector.

6. Complementary payment systems. Foster the debate about how various payment initiatives can complement each other, particularly when it comes to instant payments and the digital euro, as this will help designing a cohesive and integrated payments landscape. By considering how instant payments and the digital euro can work together, policymakers can ensure that each initiative supports and enhances the overall efficiency and effectiveness of the European payments system.





Globally, authorised push payment (APP) fraud has become a major concern, with losses exceeding \$2.64 billion from January 2022 to February 2023.¹ In the EU, payments fraud, including APP fraud, reached €4.3 billion in 2022.¹ This rise in fraud is significantly eroding consumer trust in payment systems, influencing their financial decisions and engendering increased caution in digital transactions.

Trust in payments erodes rapidly when a customer experiences fraud, either as a result of fraud in the payment execution, or as a scam causing a fraudulent payment to occur. It is therefore essential that the European Commission continues their important work to protect consumers, merchants, corporations, and banks.

ACI Worldwide protects billions of payments globally on a daily basis with sophisticated network intelligence and fraud prevention capabilities. We have extensive experience in bringing fraud protection best practices to the entire payments ecosystem.

Consequently, we would like to suggest the following areas of focus for the European Commission in the next legislative term:

1. Use of AI. Allow for further use of responsible AI to support customer service and fraud protection (removing bias in AI — establishing a minimum baseline data dictionary in modelling).

2. Proportionate settlement windows. Have a flexible and proportionate 24/7 payment completion window based on value to consolidate schemes while allowing for sufficient fraud checking (for example, <25K 10 seconds, <100K 15 minutes, <250K 1 hour, <1M 2 hours).

3. Remove fraud from the PSP competitive space.

Draft legislation that enforces a minimum and consistent level of fraud insight sharing across the EU (to aid in fraud prevention efforts and unlock the power of data analytics for everyday consumer spending).

4. Benefits of ISO 20022 data.

Acknowledge the data benefits of the new ISO 20022 standard being applied across the banking industry and the additional data allowances within it.

5. Regulatory pause to benefit innovation.

There is a need for a regulatory pause to thoroughly map the different types of payment systems from a consumer-centric perspective. Market players need time to set up and properly implement the various legislations approved in recent years. The impact of those initiatives and their effects on the market can only be assessed a few years after implementation. This approach also ensures that the diverse needs and preferences of consumers are considered adequately in the development of any future regulatory framework. By taking the time to analyse how various payment systems develop as a consequence of the recent regulatory changes, regulators can develop more effective and inclusive policies that enhance user experience and satisfaction.





Trillions of payments are processed across Europe on a daily basis. Making payments more sustainable can therefore have a significant impact. In this section, we focus on innovative ideas designed to promote the sustainability of payments.

1. Cloud carbon footprints. Introduce strict carbon usage targets for cloud service providers (including penalties for suppliers who do not comply). Apply minimum standards via an expansion of a rating platform like EcoVadis and/or an environmental license to operate.

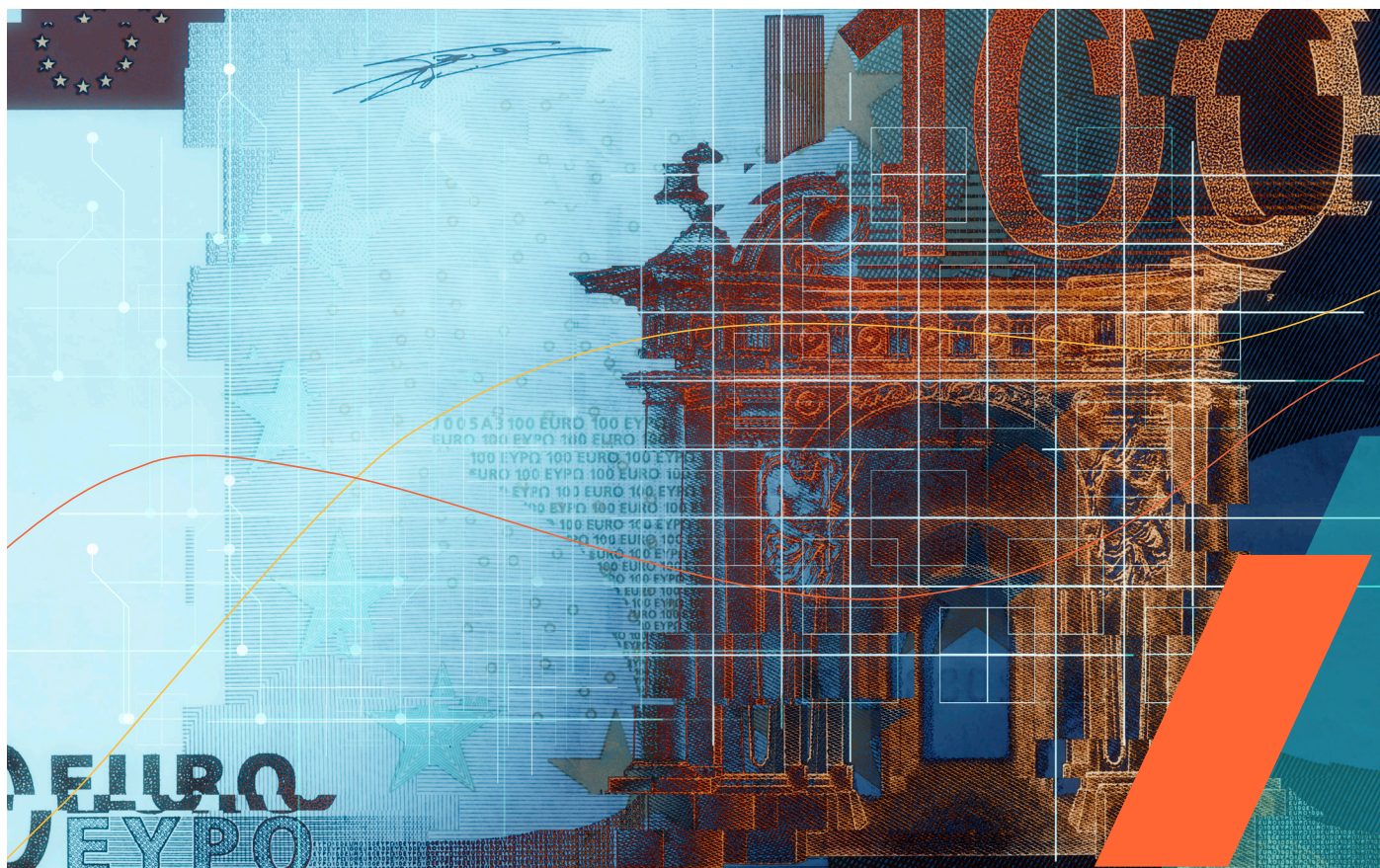
2. Financial literacy. Encourage financial learning in schools to promote responsible spending and investing at a grassroots level.

3. Tokenised society. Promote the development of a tokenised society to reduce the manufacturing impact, including material waste, while also removing plastic from the supply chain (cards). As a minimum, mandate the use of recycled plastic or alternative environmentally responsible materials with wide-scale recycling schemes for end-of-life cards.

4. Long-term impact of trillions of payments.

Reducing the complexity of processing transactions reduces energy required throughout the payments transaction process. Considering that trillions of electronic transactions are being processed in Europe every day, this could be highly impactful.

5. Footprint neutralisation. Offer consumers the opportunity to fund carbon footprint neutralisation through small transaction fees. Digital payments make it possible for consumers to select to give one cent towards carbon offsetting initiatives when they make a transaction. This could be something consumers would consider if, for example, interchange costs were removed. Considering the number of transactions being processed every day; a small “donation” could have a large impact on government carbon neutralisation projects.





[ACI Worldwide](#), an original innovator in global payments technology, delivers transformative software solutions that power intelligent payments orchestration in real time so [banks](#), [billers](#), and [merchants](#) can drive growth, while continuously modernising their payment infrastructures, simply and [securely](#). With nearly 50 years of trusted payments expertise, we combine our global footprint with a local presence to offer enhanced payment experiences to stay ahead of constantly changing payment challenges and opportunities.

In short, we're helping banks, billers, and merchants capture rising real-time opportunities and volumes, all to meet the changing needs of their consumers and business customers.

ACI Worldwide was founded in 1975 and drives the real-time digital transformation of payments and commerce. ACI's European headquarters is in Limerick, Ireland, and our global headquarters is in Omaha, Nebraska, USA. ACI has approximately 4,000 employees globally, including about 500 in Europe.

As a publicly traded company, ACI (NASDAQ: ACIW) publishes our financial records as a matter of public record. In 2023, ACI had annual revenues of \$1.45B.

More information on ACI Worldwide can be found at www.aciworldwide.com.

What we do

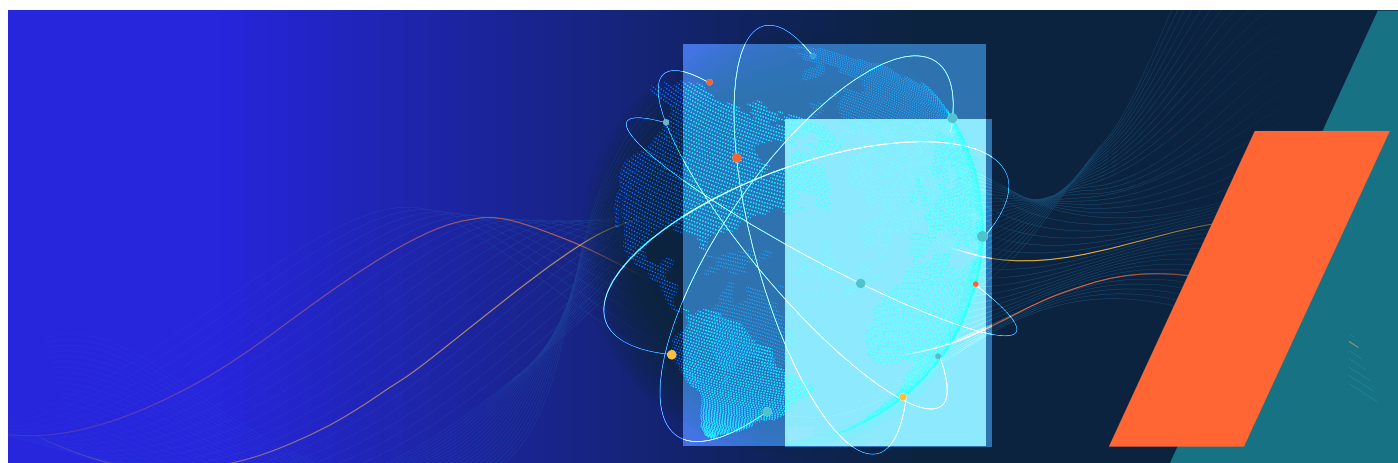
ACI Worldwide has customers in 94 countries, including:

- The top 10 banks worldwide²
- 80,000+ merchants
- 3,000 organisations utilising our electronic bill payment solutions
- Thousands of banks, intermediaries, and merchants preventing fraud with our solutions

Our broad and integrated suite of electronic payment software solutions processes billions of transactions per day equating to trillions of U.S. dollars. We support thousands of customers in the public, private, and hybrid cloud globally.

ACI is unique among payment software providers in its focus on real-time payments — also known as faster, immediate, and, in Europe, instant payments. Banks, processors, and national infrastructures recognise ACI as the number one brand delivering real-time payment solutions. As country and regional-level real-time payment schemes continue to be implemented around the world, ACI is delivering value-added services that enable banks, billers, and merchants to offer new real-time payment offerings to their customers.

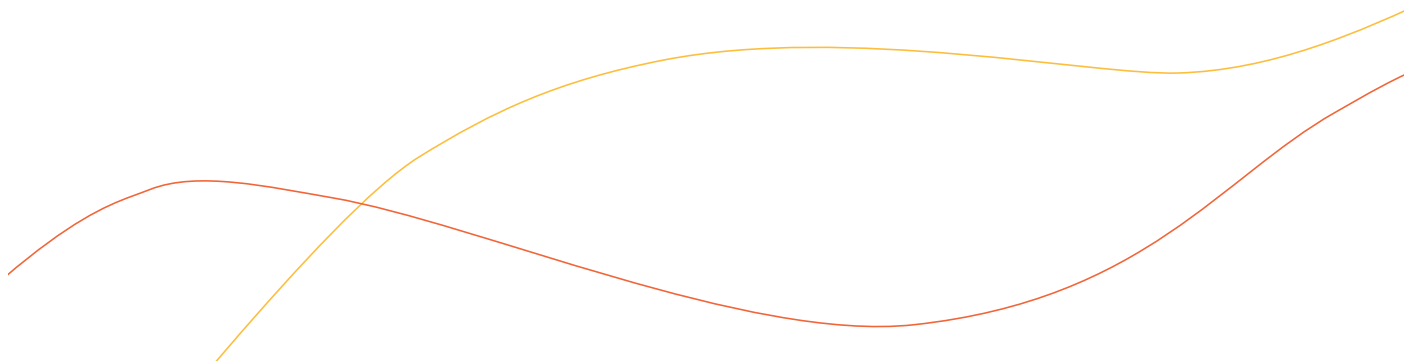
Unlike other payment software providers, ACI delivers software to all participants in the payments ecosystem. We combine battle-tested expertise with innovation to deliver large-scale modernisation projects that inherently deliver choice, availability, and scalability. Security and compliance are also fundamental to ACI's solutions. With a deep bench of experienced compliance experts committed to meeting security, risk, and network mandates, ACI enables customers to focus on their core business.



A selection of notable awards and rankings



- U.S. News & World Report — Best Companies to Work For 2024-2025 — ACI Worldwide
- MEA Finance Banking Technology Summit & Awards 2024 — Best Risk Management Solution Provider Award — ACI® Fraud Management™
- Datos Insights Matrix, Best in Class Payments Orchestration 2024 — ACI Worldwide
- National Technology Award — Security Innovation of the Year — ACI Fraud Management
- National Technology Award — Retail Tech of the Year — ACI Payments Orchestration Platform™
- Payments Award — Best Marketing Campaign of the Year
- Pay 360 Awards — Best Lending Initiative — ACI Pay After™
- Juniper Research Future Digital Awards 2023 — Instant Payment Innovation Platinum Award — ACI Instant Pay™
- Juniper Research Future Digital Awards 2023 — Payment Innovation of the Year — ACI Payments Orchestration Platform
- CFO Tech Outlook — Top Financial Fraud Detection Solution Providers — ACI Fraud Management
- Merchant Payments Ecosystem Awards 2023 — Best Payments Orchestration Platform — ACI Payments Orchestration Platform
- Paytech Awards U.S. — Best Consumer Payments Solution — ACI Payments Orchestration Platform
- Global Payments Innovation Awards 2023 — Highly Acclaimed: Best Payments-Led Financial Inclusion Initiative by a Vendor Digital Central Infrastructure
- Fintech Finance — Best Real-Time Payments — ACI Low Value Real-Time Payments™
- Fintech Finance — Cross-Border Payments — ACI Low Value Real-Time Payments



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