

# The Retail Payments Council's work programme for 2020–2022

Four different committees – the *Committee for supervision and regulation*, the *Committee to combat fraud and money laundering*, the *Committee for the accessibility of payment services* and the *Committee on crises and vulnerabilities in the payment system* – will carry out the work of the Retail Payments Council. In addition to the committees, there is also a reference group for payment statistics.

## Committee for supervision and regulation

*The Committee for supervision and regulation shall work to promote a dialogue between market participants and public authorities. The aim of the committee is to monitor and follow up relevant legislative work in the area of payments and to analyse this in a Swedish context. The Committee is primarily a forum for consultation and regularly reports to the plenary meeting on the status of relevant legislation in the area of payments, as well as on the challenges and problems facing the relevant actors. The Committee's activities and focus areas for 2020–2022 are presented below.*

### Follow-up of the second payment services directive (PSD2)

The second payment services directive (PSD2) was introduced into Swedish law in May 2018. Following this, the European banking authority (EBA) developed a number of technical standards, including technical standards on interfaces (APIs) and strong customer authentication (SCA), that have started to be applied from 14 September 2019. The assessment before then was that up to 30 per cent of card transactions would be denied due to the demand for strong customer authentication not being fulfilled. The problems do not seem to have been as extensive as feared and the Swedish Trade Federation, for example, has stated in the media that its members have been well prepared. To obtain a better view of how the application of the Payment Services Act and the technical standards has proceeded, the matter will be discussed by the Committee in the period ahead. Have any significant problems been discovered and can they be managed? If so, how? As the work programme stretches over two years, monitoring a possible revision of PSD2 may also become relevant.

### Evaluation of interchange fees (Interchange Fee Regulation, IFR)

The EU regulation on interchange fees for card-based payment transactions (IFR) entered into force on 8 June 2015. How has the regulation of interchange fees affected Sweden? The Commission was to submit a report on the application of the Interchange Fee Regulation to the European Parliament by no later than June 2019. However, the report has been postponed due to a low response frequency from the Member States. The Committee will monitor the report to be able to evaluate, for example, how the regulation has affected fees and competition in Sweden.

### Monitoring the Settlement Finality Directive

The Settlement Finality Directive is becoming outdated and does not take into account that a number of actors apart from the traditional banks have started to offer payment services. Different countries in Europe have interpreted and implemented the Settlement Finality Directive differently. Countries such as the United Kingdom and Hungary, for example, have opened up their RTGS systems for non-banking financial institutions such as third-party payment service providers. In a communication to the Commission, the ECB has noted that it is unsatisfactory that the Member States have interpreted and implemented the directive differently and that, consequently, there is a need to review the EU

legislation. Before the Settlement Finality Directive is opened up to new actors, the advantages and disadvantages should be analysed. At official level, the Commission has seen the need for a review of the Settlement Finality Directive. As the new Commissioners are not in place yet, it remains unclear which regulations will be prioritised in the financial market field. The Committee will therefore follow up this matter and monitor the Commission's action plan.

### **Monitoring the implementation of the Directive on the accessibility requirements for products and services**

The Directive on the accessibility requirements for products and services, which deals with banking services among others, is to be implemented in national legislation by summer 2022 at latest and is to be applied by summer 2025 at latest. The Committee will monitor the ongoing legislative work.

### **Follow-up and possible revision of the Payment Accounts Directive (PAD)**

The Payment Accounts Directive aims, among other objectives, to improve transparency and the possibilities of comparing fees regarding payment accounts, as well as to ensure access to payment accounts with basic functions. The Commission was to have submitted a report on the application of the Directive and any need for legislative measures to the European Parliament and Council by 18 September 2019 at latest. Among other things, the report is to include an assessment of average fees for payment accounts and an assessment of the profitability of implementing complete union-wide account number portability. This report has not yet been submitted. The Committee will monitor the report so as to be able to evaluate how the Directive has affected the level of fees in Sweden, for example, and to draw attention to any legislative proposals.

### **Combating VAT fraud**

The Commission has submitted proposed measures for the introduction of certain requirements for payment service providers and to strengthen the administrative work linked to combating value added tax fraud. The proposal entails introducing a new obligation for documentation for payment service providers as regards cross-border transactions. The payment service provider must document and store information on the payment recipient and payment transactions. This information is to be collected in a central electronic system for payment information (CESOP) and used to fight value added tax fraud. The proposals entail increased administration and costs for the payment service providers. In addition, the proposal is not in agreement with PSD2. The Committee will follow up the legislative work.

### **Cross-border payments**

Regulation (EU) 2019/518 of the European Parliament and of the Council of 19 March 2019 amending Regulation (EC) No 924/2009 as regards certain charges on cross-border payments in the Union and currency conversion charges aims, among other objectives, to ensure that charges for cross-border payments in euros within the union are aligned with charges for corresponding national payments in the national currency of the Member States in which the payment service user's payment service provider is located, as well as to ensure that currency conversion charges are transparent and comparable. The regulation will gradually start to be applied from 15 December 2019. The Committee will follow up the application of the regulation and any problems.

## **Committee to combat fraud and money laundering**

*The aim of the Committee to combat fraud and money laundering is to promote a dialogue between payment service providers and the relevant public authorities, as well as to monitor international events and report back on how the work against money laundering is being conducted and how it affects various actors. The Committee's work will focus on international monitoring and on keeping the members of the plenary meeting updated on the nature of discussions of fraud and money laundering issues in the payment area, rather than pursuing its own agenda. The Committee's activities and focus areas for 2020–2022 are presented below.*

### **Promoting continued dialogue with the Financial Intelligence Unit**

Over the spring, the Committee participants have emphasised that they desire better feedback from the Financial Intelligence Unit, among other reasons so that they can know whether they are reporting the right information. Due to their limited resources, the Financial Intelligence Unit are not able to report back to individual actors. The Committee will therefore work to promote a more general dialogue between the Financial Intelligence Unit and the market participants.

### **Monitoring the issue of requirements for information sharing to counteract money laundering**

The Committee participants have previously raised the problem of Swedish legislation making it impossible for them to share information to counteract money laundering. Among other things, the Swedish Bankers' Association has sent two submissions to the Government pointing out these regulations need to be revised as the current regulations are impeding the work against money laundering. The Committee will monitor the issue in the period ahead.

### **Highlighting the importance of raising awareness among consumers and companies to reduce the risk of fraud and money laundering**

Consumers and companies generally have little knowledge of fraud and money laundering or of the demands placed on them by the existing legislation. At present, they receive some information from their banks or payment service providers, but the members of the Committee consider that there is a need for more information. This is not only so that consumers and companies themselves will be able to reduce the risk of being exposed to fraud, but also so they can avoid being exploited in a money laundering arrangement. The Committee needs to shed light on where the need for information is greatest and discuss appropriate measures.

### **Highlighting costs of measures against money laundering in relation to their effects**

The Committee feels that new regulations have been introduced without there being a clear view of how extensive money laundering actually is, how much the measures being adopted will cost society, and what effects they will have. Put simply, there is a need to gain a better view of the situation so that regulations in the area can be designed in the best possible manner. The need for such a survey of money laundering in Sweden and the costs of the measures adopted have been presented by the Swedish Bankers' Association to most of the actors in society but, so far, nothing has happened. The Committee therefore wishes to raise the matter anew.

## **Committee for the accessibility of payment services**

*The Committee for the accessibility, scope and reliability of payment services shall work to promote a dialogue between market participants and public authorities. The Committee will have more focused discussions going forward, as it has been proposed that some Committee meetings be based on different themes (based on the activities and focus areas listed below) to which external actors also may be invited to contribute with new perspectives and knowledge. The Committee may also choose to pursue joint issues, when necessary. The Committee's activities and focus areas for 2020–2022 are presented below.*

### **Monitoring new payment services and new payment infrastructure, as well as monitoring access to cash services and their consequences for accessibility**

The payment market is undergoing a structural transformation meaning that the supply and use of digital payment services is increasing. A pan-Nordic payment infrastructure is emerging under the framework of the P27 project and the Riksbank intends to use the euro area's infrastructure for instant payments (TIPS). Both infrastructures may be in use in 2021. The Committee will monitor the emergence of new payment services and payment infrastructures from the perspective of accessibility.

The structural transformation of the payment market also means that the supply of cash services is decreasing. The Committee will be an important forum for sharing information over how cash use and access to cash services are developing over time.

### **Monitoring initiatives that promote digital participation**

Up to one million people in Sweden are estimated to be in digital exclusion, which creates problems in a situation where payment services are increasingly becoming digitalised at the same time as access to cash services has decreased in recent years. The Committee will monitor the initiatives existing to increase digital participation in the area of payments to learn more about which challenges that remain.

### **Following work with the Directive on the accessibility requirements for products and services**

The Directive on the accessibility requirements for products and services, which manages banking services among others, is to be implemented in Swedish legislation by summer 2022 at latest and is to be applied by summer 2025 at latest. It is proposed that the Committee monitors the work on the implementation of the Directive. One possible activity for the Committee would be to map various types of functional impairments with the proposals presented in the Directive regarding banking services. The point of this survey would be to gain an overall view of which problems can be managed by the new Directive, the challenges that remain, and thus which shifts would be needed for banking services to be accessible for all, regardless of functional impairment. As an example, the Swedish Bankers' Association has appointed a working group, which would be interested in hearing the opinions of the Committee in this matter. (The Committee for supervision and regulation will also monitor this matter.)

### **Monitoring the development of government e-identification**

In March 2019, an inquiry was published which proposed the development of government e-identification, among other things. The background to this is the increased digitalisation, which is making it harder and harder to manage in society without access to e-identification. The inquiry was thus of the opinion that it is important for everybody to be given the chance to obtain secure e-identification. The inquiry's proposals have been sent to the relevant bodies for consultation and will be sent to the Council on Legislation as a next step. The Committee will monitor the development of a new government e-identification from the perspective of accessibility.

## **Committee on crises and vulnerabilities in the payment system**

The committee has been without a chair for some of 2019 and will therefore develop proposals for a new work programme ahead of the Retail Payment Council's meeting in March 2020.

### **Reference group for payment statistics**

*Payment statistics of good quality are incredibly important to be able to follow the development of the Swedish payment market. The committee for statistics is being converted into a reference group. The aim of the reference group is to discuss statistics-related issues such as changes to the collection and reporting of payment statistics, for example. The reference group's activities and focus areas for 2020–2022 are presented below.*

#### **Cost study**

The Riksbank plans to carry out a cost study to obtain a view of how the economic costs to society of different payment methods, such as cash payments, card payments and direct debit, for example, look at present. The latest cost study was conducted in 2012. In addition, other European countries either have carried out or are planning to carry out cost studies, making it possible to compare the cost study for Sweden with other European countries. In broad terms, preparations will be made in 2020 so that the cost study can be conducted in 2021 (based on data from 2020) and the reference group will be particularly important to this work.

#### **IT support for the collection of payment statistics**

The Riksbank is planning to develop IT support for the collection of payment statistics in 2020. The reference group will be important to this, for example for discussions of its design, testing and so on.