



Finnish Payments Council's
Working Group on Fostering Instant
Payments

17 May 2023

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Fostering Instant Payments in Finland

In Finland, the development of solutions based on instant payments has progressed very slowly. Although real-time payment methods exist in Finland from the payer's perspective, there is no widely known instant payment solution that works uniformly and under the same conditions for the customers of all banks. Instant payments mean **real-time credit transfers** that can be made at any time, including nights, weekends and public holidays.

Both the Eurosystem and the European Commission strongly support the widespread implementation of instant payments and the creation of a pan-European payment solution based on instant payments. Instant payments are considered to offer a number of significant benefits to consumers, businesses, public administration and payment service providers. In addition to European retail payment strategies, in autumn 2022 the European Commission adopted a legislative proposal for a regulation to promote instant payments.

The mandate of the Finnish Payments Council's Working Group on Fostering Instant Payments was to develop a model for implementing in Finland the Eurosystem's and European Commission's objectives for instant payments, by introducing a European-wide interoperable instant payment solution that works for all users under uniform conditions. A Finnish instant payment solution would increase competition in the retail payments market, creating an alternative to card and cash payments. In its report (available only in Finnish), the working group has tried to compile the key elements required to implement an instant payments solution in Finland.

The design of a solution enabling instant payments in Finland has been restricted, in the initial phase, to three different use cases: consumer payments at points of sale, online payments and person-to-person payments. Other use cases could be implemented in subsequent work. A key prerequisite for the implementation and widespread introduction of the instant payment solution is that the solution is designed to meet the needs of end-users. The solution would use pan-European instant payment practices, such as the SEPA Instant Credit Transfer Scheme Rulebook.

In order to implement the solution, it will be necessary to create a Finnish instant payment rulebook and to establish a foundation, association or cooperative for its maintenance and administration. Membership will be open to all parties to the instant payment solution who agree to adhere to the rulebook. The rulebook will determine the operating methods, practices and processes that each party participating in the instant payment solution undertakes to follow. A separate administration model, on the other hand, will describe how and by which body the rulebook is maintained. Participation in the instant payment solution will be open to all parties, but will be conditional on joining the Finnish instant payment rulebook.

It is appropriate to leave the development of the instant payment solution to service providers and not to aim in the solution for a single mobile application, as this is considered to be potentially problematic in terms of competition law. End-user services could be described in user journeys for selected use cases. The rulebook



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and user journeys will include a proposal for the necessary common features of the user interfaces. The user experience must be as consistent as possible across all the different applications. With regard to the consumer application, the Finnish instant payment solution could be implemented by any mobile application adhering to the rulebook, with the functionality and appearance of the application being decided independently by service providers. In order to ensure efficient payment transactions, the possibility of utilising the exceptions to strong authentication provided by PSD2 will be explored. An implementation option for the Finnish instant payment solution could be a QR code and alongside this an NFC payment method for those device suppliers that support it.

The linking of the payee's identification information with an account number will require a register to be maintained. In the Finnish instant payment solution, a centralised user register, possibly selected based on a competitive tender, could be introduced. All payment service providers that fulfil the requirements set out in the rulebook will have their rights and obligations with regard to using the user register set out in the rulebook.

It would be appropriate to establish a separate project for the creation of the rulebook and for the detailed planning and implementation of the necessary measures. The project manager and project staff could be officials of the Bank of Finland. The key members of the project organisation would be representatives of the member organisations of the Finnish Payments Council, as well as a sufficient number of other market participants providing sufficient work input. The project could be established in the first half of 2023, and it is expected that its work will take at least a year to complete.

The design of the instant payment solution must also consider whether it should also include the possibility of further developing the solution to support national preparedness with regard to payments.