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Payments Council Annual Report

The Payments Council is a cooperation body created in 2014 on the initiative of the Bank of Finland. It is a forum that brings together payment service users, providers and authorities for open discussion and exchange of ideas on payments. The activities of the Payments Council are guided by a particular vision: *Finland to become a leader in the area of payment efficiency*. The main purpose is to facilitate the social efficiency of payments. This refers not only to technical or cost efficiency, but also to security, ease of use, non-discrimination, and integration of payments into companies' financial administration processes.

The objective of the Payments Council is to support the use of advanced, internationally compatible payment methods that are efficient for society as a whole. In its activities, the Payments Council puts particular emphasis on the security and reliability of payments, the availability and usability of payment services, and the efficiency of payment solutions.

Participants in the Payments Council

Responsibility for the practical organisation of the Payments Council's work lies with the Bank of Finland. Since July 2018, the Payments Council has been chaired by Tuomas Välimäki, member of the Board of the Bank of Finland. The Payments Council consists of representatives of payment service users, providers and authorities. The following are participants in the work of the Payments Council: the Confederation of Finnish Industries, the Finnish Federation for Communications and Teleinformatics (FiCom), Finance Finland, the Social Insurance Institution of Finland (Kela), the Finnish Commerce Federation, the Finnish Competition and Consumer Authority, the Consumers' Union, Nordea Bank Plc, OP Group, the Federation of Finnish Enterprises, the Ministry of Employment and the Economy, the Prime Minister's Office, the Ministry of Finance and the Bank of Finland.

The Payments Council usually convenes twice a year at the call of the chair. All material related to the meetings is published on the Bank of Finland website¹. This ensures the highest possible level of transparency in the flow and availability of information to all stakeholders in the payment chain.

¹ See <https://www.suomenpankki.fi/fi/raha-ja-maksaminen/maksujarjestelmat/suomen-pankki-katalystina-maksuneuvosto/maksuneuvoston-kokoukset/> (in Finnish)



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The Payments Council's practices and key tasks

The Payments Council has two roles: it is both a national body of cooperation and the national counterpart to the Euro Retail Payments Board (ERPBB)², whose purpose is to contribute to and facilitate the further development of an integrated, innovative and competitive market for retail payments. The Payments Council monitors closely the work of the ERPBB and strives to participate via its stakeholders in the work of the Board's working groups. The ERPBB's work in 2019 focused on promotion of real-time payments, standardisation of payment initiation services, e-invoicing related to retail payments, and mobile payments. Due to Finland's EU Presidency, Tuomas Välimäki, Chair of the Payments Council, participated in ERPBB meetings in June and November.

Payments Council activities in 2019

At the end of 2018, the Payments Council decided to establish a working group on real-time payments to examine the current situation of instant payments and the challenges of introducing them in Finland. The working group presented its findings to the Payments Council at its spring 2019 meeting, where it was also decided that the report could be published in connection with the Payments Forum in May.

During 2019, the work of the working group examining the future of cash services also continued in the Payments Council. The objective of the work is to form a view on the current situation regarding the use of cash and the availability of cash services and on future trends. The working group reported on its progress at both of the Payments Council's meetings in 2019.

The Payments Council continued to monitor the impact of the Payment Services Directive (PSD2), discussing the issue at both meetings on the basis of FIN-FSA presentations. Although an EU-wide study of retail payment methods did not take place to the full extent originally sought, a study was initiated in Finland. The Payments Council contributed via its member organisations to the implementation of the study.

² See <https://www.ecb.europa.eu/paym/retpaym/euro/html/index.en.html>.



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As usual, the work of the Payments Council was also presented to a wider audience in the spring 2019 Payments Forum³, which brought together more than 170 payment experts. This time, the key themes of the Payments Forum were real-time payments and payment security.⁴ In connection with the Payments Forum, a Payments Council working group report *Payments going real-time in Finland – instant payments* was also published.⁵

The Payments Forum session *Real-time payments* discussed the current situation of instant payments in Finland, their benefits and the challenges of their introduction. In addition, examples of ongoing projects and solutions were also presented in the session. The session *Payment security*, on the other hand, started with a presentation of the views of the European Central Bank on the development of a pan-European payments market. This was followed by an overview by the FIN-FSA of new payment services and a situation report by the Police on payment fraud in the online environment.

Payments Council's work priorities in 2020

In the first phase of further work on real-time payments, it was decided to hold bilateral discussions between the Bank of Finland and banks and service providers. Based on the discussions, the Payments Council working group on the realisation of payments will consider means to promote instant payments in Finland.

In addition, it was decided that the Payments Council will participate via its member organisations in implementing a study on the cost of payment methods and in monitoring the availability of cash services through the work of the working group on cash.

³ The programme and presentations of the Payments Forum are available in Finnish at:

<https://www.suomenpankki.fi/fi/raha-ja-maksaminen/maksujarjestelmat/maksufoorumi/maksufoorumi-2019/>

⁴ See Governor Olli Rehn's opening speech (in Finnish) "*Digitalisation is shaping the field of financial services – the ground rules must be critically examined*" <https://www.suomenpankki.fi/fi/media-ja-julkaisut/puheet-ja-haastattelut/2019/pajohtaja-olli-rehn-digitalisaatio-muovaa-finanssipalveluiden-kenttaa-pelisaantoja-ontarkasteltava-kriittisesti-14-5-2019/>

⁵ The report is available on the Bank of Finland's website:

https://www.suomenpankki.fi/globalassets/en/money-and-payments/the-bank-of-finland-as-catalyst-payments-council/payments_going_real-time_in_finland_report_en.pdf



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The Payments Council will also seek to support the work of the ERPB and respond via its member organisations to any European enquiries.

Furthermore, the Payments Council will continue to monitor the effects of PSD2 on payments as well as the digitalisation of financial administration in matters related to payments, such as e-invoicing and electronic receipts. Monitoring the development of strong identification and authorisation as well as related solutions was also seen as an important topic to follow.

The spring 2020 Payments Council meeting as well as the Payments Forum scheduled to be held on 13 May 2020 had to be cancelled due to the coronavirus pandemic. If possible, they will be held in autumn 2020.