



MAPE-info 12.6.2023

Statistics Unit
Financial Stability and Statistics, Bank of Finland

Agenda

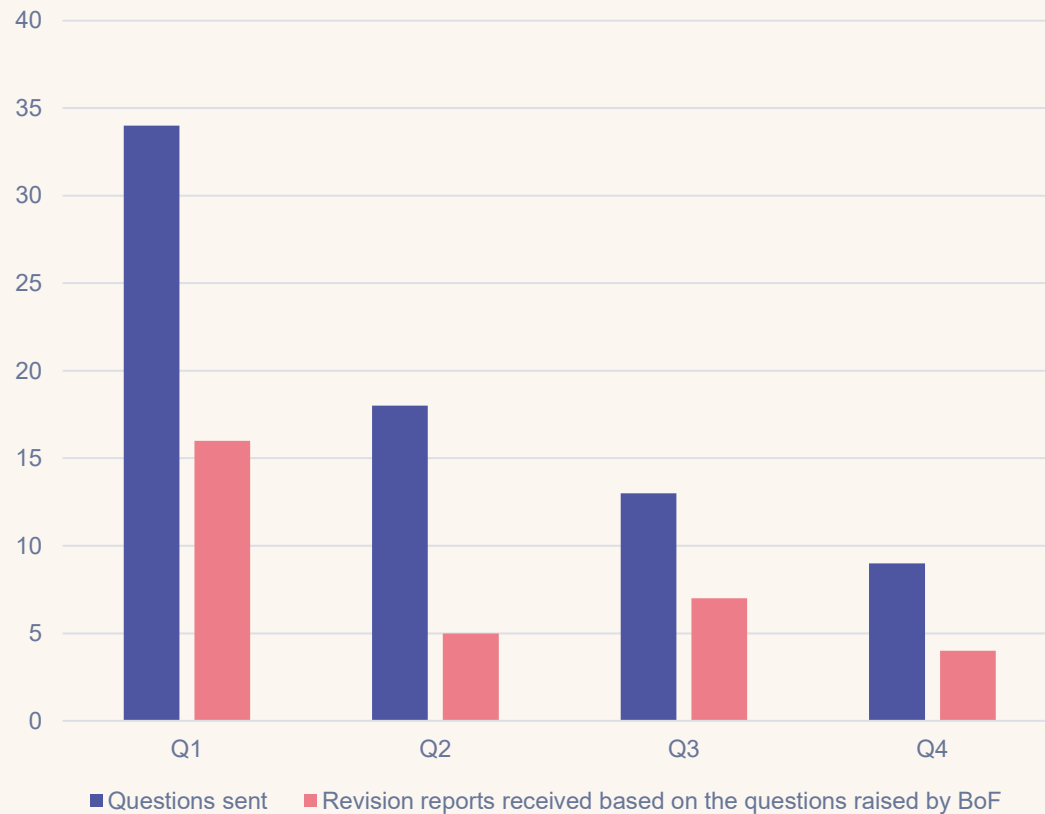
- Opening words
- Feedback on reporting cycles in 2022
- Infringement procedure
- The future of DCS2 reporting system
- Frequently asked questions
- The update of reporting instructions
- Free discussion

General feedback on reporting cycles in 2022

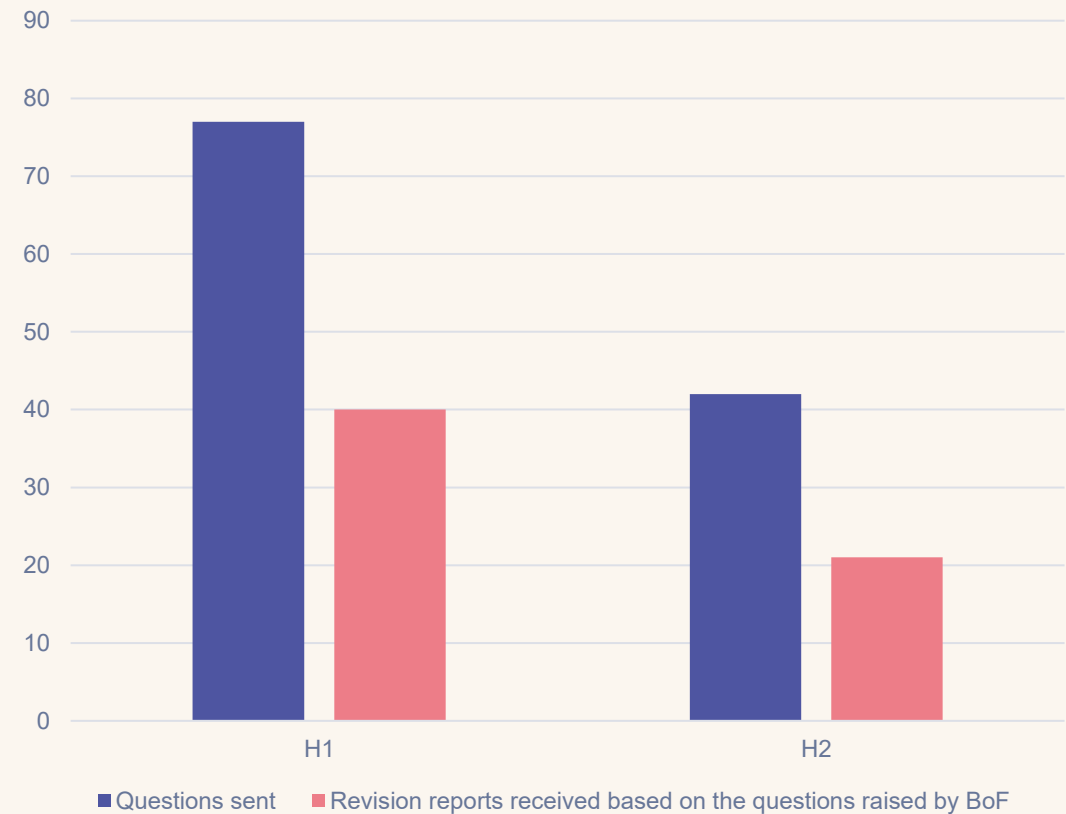
- In general, all reports have been submitted on time and reporting agents have responded to the questions raised by BoF
- Many reporting agents have contacted BoF to discuss and clarify any ambiguities in reporting beforehand
- Quarterly reporting (full reporters):
 - Quality of reports improved during the year
 - Very low number of quality control issues raised in the 2023Q1 reporting cycle
- Half-yearly reporting (full reporters):
 - Quality of reports improved from H1 to H2
 - Quality control process was more intensive and revision reports were received quickly
- Annual reporting (tail reporters):
 - All reporting agents were contacted at least once during the quality control process
 - The first reporting round was challenging in some respects and there were delays in the delivery of reports, which will hopefully not be repeated in the next annual reporting round

Quality control rounds for full reporters significantly accelerated

DQM of Q reports (full reporters)



DQM of H reports (full reporters)



Principles of quality control in 2022

- During the first reporting cycles, we verified with reporters that the information reported corresponds to the company's activities related to customer payments.
- In 2022, full reporters were allowed small differences between Q and H reports.
- Quality control focused on the reporting of payment transactions from the ECB time series perspective.

Quality control priorities in 2023

- From 2023 onwards, the gap between Q and H reports will start to close. The aim for the coming years is to have data reported at the same level of granularity to be consistent with each other
 - For example, electronic remote card payments reported by the issuer in Q1+Q2 equals H1
- Some subject areas to focus on:
 - Mobile payments and e-commerce
 - Payment transactions by country (counterparty's PSP location and terminal location)
 - Merchant category codes
 - Number of accounts and deposits

Fluency of quality control

- If the reporting agent's activities or services change, the reporting often changes too. We encourage reporters to get in touch well in advance if you need guidance on reporting new payment services or roles.
- We are constantly improving our quality control, so deviations from previous reporting periods may not be detected until later
- If the delivery of the report appears to be delayed, for example for technical reasons, we would appreciate early contact.
- If there are quality discrepancies in the report, please let us know.

Infringement procedures in cases of non-compliance with statistical reporting requirements – part 1

- Based on ECB Regulation (EU) 2022/1917 on infringement procedures in cases of non-compliance with statistical reporting requirements
- The infringement procedure applies to all statistics covered by the ESCB's statistical regulations, including the MAPE data collection.
- The new regulation will apply from 2024M03
- The regulation is binding on both the central bank and reporting agents

Infringement procedures in cases of non-compliance with statistical reporting requirements – part 2

- The Bank of Finland continuously monitors that reporting agents comply with the reporting requirements. Minimum reporting requirements defined in Annex IV of the Payment Statistics Regulation
- **Infringement procedure can be avoided by reporting data on time or by agreeing an extension to the reporting deadline with the central bank**

DCS2 reporting system

- DCS2's service provider Posti Messaging has terminated the contract on the DCS2 reporting system. The service will be phased out next year.
- Bank of Finland is preparing to introduce a replacement system and will inform reporters as soon as more information is available.
- We aim to minimise the changes for reporting agents.
- Although the DCS2 service will be discontinued within the next year, we remind reporters to still maintain contact lists and different roles in the DCS2
 - **Reporter:** User compiling and submitting the company's reports in DCS2
 - **Contact person:** User we can contact concerning inquiries on the validity and completeness of the reported data
 - **Administrator:** DCS2 main user, i.e. the company's user access rights and user roles manager

Frequently asked questions – part 1

- Payment service provider does not have any payment transactions to report
 - It is not possible to have a full exemption from the reporting. If the PSP has a valid licence or is registered, the PSP has a reporting obligation in the MAPE data collection.
 - The minimum requirement is to report one or more ACCO records.
- Reporting of number of offices
 - In ACCO record there are three office categories
 - Number of offices (A050), Number of offices offering payment services (A051) and Number of offices offering cash services (A052)
 - **Number of offices** includes all offices located in the reporting country. The number of offices includes the head office but not foreign branches.
 - **Number of offices offering payment services** includes the number of offices includes all offices where it is possible to make payment-services related transactions. These offices are also included in the item Number of offices (A050).
 - **Number of offices offering cash services** includes offices providing cash services. These offices are also included in the items Offices offering payment services (A051) and Number of offices (A050).

Frequently asked questions – part 2

- Definition of payment account
 - Payment accounts comprises payment accounts under Article 4 of the Payment Services Directive used to execute payment transactions. Payment accounts include transferable overnight deposits, e-money accounts and, for example, credit card accounts with a credit feature. All payment accounts are reported, regardless of whether the balance on the account is positive, zero or negative. Reportable number means the number of accounts at the end of the reporting period.
 - If a PSP reports payment accounts, some payment accounts should be reported as deposits (item A010 in ACCO record)
 - Two key criteria:
 - The payment account must be in the name of the payment service user
 - The payment account must be able to be used to execute payment transactions

Frequently asked questions – part 3

- Definition of payment account with basic features
 - Payment accounts with basic features refer to accounts defined in chapter 15, sections 6 and 6 a of the Act on Credit Institutions (610/2014), subject to the special termination and cancellation terms determined in section 6 b of said Act.
 - Opened payment accounts with basic features (A022) are reported by the credit institution where the payment account with basic features was opened. Refused applications for payment accounts with basic features (A023) are reported by the credit institution where the application for a payment account with basic feature was made. According to the definition of a payment account with basic features, it must be possible for the customer to make payments from the account and to deposit funds to the account. As payment institutions in Finland cannot accept deposits, they cannot maintain payment accounts with basic features for their customers. Therefore, items (A022 and A023) are not reported by payment institutions.

Update of reporting instructions

- New version of reporting instructions and record structure will be published on 19th of June 2023. Updated instructions will be valid from 2024 onwards
- All new reporting requirements and changes to old versions are highlighted in yellow
- Highlights of upcoming changes:
 - CARD record: reporting of Diners Club card scheme enabled
 - HPAY record: reporting the terminal location for fraudulent cash withdrawals required
 - APAY record: reporting e-money card-loading or unloading transactions and terminal location for fraudulent cash withdrawals required
 - New item: refunded card payments to be reported in HPAY, QPAY and APAY records

Update of reporting instructions – refunded card payments, part 1

- Reporting of refunds and chargebacks of card payments made on the card rail and other card payments in the opposite direction where funds are being credited to the payment card will become part of MAPE reporting
 - Previously, there has not been any detailed guidance on the reporting of refund transactions concerning card payment (not in the MATI data collection or in MAPE data collection until now)
 - Many reporters have previously deducted card payment refunds from the total card payment volume
 - The ECB instructs to report card payment refunds as separate transactions

Update of reporting instructions – refunded card payments, part 2

- Instructions on how to report refunded card payment transactions will be included in the upcoming version of reporting instructions. Key content of the instructions are:
 - Refund transactions and chargebacks of card payments made on the card rail and other card payments in the opposite direction where funds are being credited to the payment card are reported with their own code value "RCP" in field 6 Payment service
 - Reporter's roles in RCP transactions are the opposite of that in the original card payment transaction: the issuer of the card (i.e., the payer's PSP in the original card payment), which receives the refund transaction, reports the refunds in the role of the payee's PSP. The acquirer in the original transaction (the payee's PSP), who initiates the refund transaction with a physical or virtual terminal, reports the refunds as the payer's PSP.
- Cancellations of card payments are not reported as separate transactions, but they can be deducted from card payment volumes as before.

Example of refunded card payments

- A customer returns a product purchased by them to the merchant, who refunds the customer's funds to the customer's card. The refunded card payment is included in payment statistics as follows:
 - The initiator of the refund transaction, i.e., the merchant's PSP (acquirer), reports the card payment sent to the customer's card **in the role of payer's PSP.**
 - The acquirer of the refund transaction, i.e., the issuer of the card, reports the card payment received on a card issued by it **in the role of payee's PSP.**
 - Note! Only refund transactions made on the **card rail** are included in refunded card payments. If the refund is made as a credit transfer, the refund transaction is reported as a credit transfer.

Guidance for future reporting cycles

- In case it appears that the report cannot be submitted on time, for example due to technical reasons, remember to request for more time by 4:00 p.m. on the deadline date
- In case a report misses a deadline, the reporter will be sent an automatic reminder through DCS2
- Revision reports are submitted via DCS2
 - The revision report must be a complete, new report replacing the previous report version in its entirety
- If you encounter any difficulties in reporting, please do not hesitate to contact paystat@bof.fi

Next steps

- The presentation slides for the MAPE info will be uploaded on the reporting instruction website in Finnish, Swedish and English
- Link to the feedback survey will be sent after the event
 - There is an open-ended section to provide feedback on the info and the reporting round
- The deadline for the 2023Q2 report is **31st of July 2023**
- The deadline for the next H reports (2023H1) is **31st of August 2023**
- The deadline for the tail reporters A reports (2023H01 and 2023H02) is **29th of February 2024**
- We are happy to arrange bilateral meetings with reporters and respond to questions via email



Thank you!

Feedback survey: <https://www.lyyti.fi/questions/311120c280>

suomenpankki.fi

Infringement procedures in cases of non-compliance with statistical reporting requirements – Additional slides, part 1

- Terms used

- **Alleged infringement** = non-compliance by a reporting agent which has been identified by the competent Eurosystem central bank that has not yet been confirmed to be an infringement in a reasoned decision adopted by the Executive Board of the ECB
 - **Cumulative alleged infringement** = a series of at least three alleged infringements within four subsequent quarters (Q reporting rounds of full reporters) or a series of at least two alleged infringements (two subsequent H reporting rounds of full reporters or two subsequent annual reporting rounds of tail reporters)
- **Serious misconduct** = systematic or intentional failure, which is immediately reported to the ECB

- Harmonised framework for all central banks

- Monitoring and recording procedure
- Reporting procedure
- Notification procedure
- Endorsement and implementation of a remedial plan
- Infringement procedure

Infringement procedures in cases of non-compliance with statistical reporting requirements – Additional slides, part 2

- Regulation (EU) 2022/1917 of the European Central Bank on infringement procedures in cases of non-compliance with statistical reporting requirements and repealing Decision ECB/2010/10 ([ECB/2022/31](#))
- Decision (EU) 2022/1921 of the European Central Bank on the methodology for the calculation of sanctions for alleged infringements of statistical reporting requirements ([ECB/2022/32](#))