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Payments Council Annual Report 2014

The Payments Council was created as a new cooperation body, on the initiative of the Bank of Finland and for the purpose of further developing retail payments. It is a forum that brings together users and providers of payment services and the authorities for open discussion and exchange of ideas on payments. The start of the Payments Council's activities was prepared in cooperation with the various interest groups and stakeholders, and the Council convened for the first time on 9 January 2014. In its first year, the Payments Council also convened in April and November. All the material related to the meetings is published on the Bank of Finland website¹. This ensures the highest possible level of openness in the flow and availability of information to all participants in the payment chain.

Objective and participants of the Payments Council

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

The Payments Council consists of representatives of payment service users, providers, and authorities. The following are members of the Payments Council: the Confederation of Finnish Industries, the Finnish Federation for Communications and Teleinformatics (FiCom), the Federation of Finnish Financial Services, the Social Insurance Institution of Finland (Kela), the Finnish Commerce Federation, the Finnish Competition and Consumer Authority, Nordea Bank Finland, 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 first Chairman of the Payments Council was Pentti Hakkarainen, Deputy Governor of the Bank of Finland, and as of December 2014, the Council has been chaired by Seppo Honkapohja, Member of the Board of the Bank of Finland. The Council's work is organised by the Bank of Finland.

The vision of the Payments Council

The Payments Council adopted the following vision: *Finland to become a leader in the area of payment efficiency*. Efficiency refers to the social efficiency of payments, that is not only technical or cost efficiency but also security, ease of use, nondiscrimination and integration of payments into companies' financial administration processes.

¹ See http://www.suomenpankki.fi/en/rahoitusjarjestelman_vakaus/maksuneuvosto/Pages/default.aspx



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The Payment Council's practices and key tasks

The Payments Council assesses and analyses changes in the operating environment, ongoing payments initiatives and the impacts of regulation. The Payments Council contributes to the development of payments by publishing assessments, conclusions and reports. The results of the work are also presented in the annual Payments Forum.

The Payments Council is not only a national body for cooperation but also the national counterparty to the Euro Retail Payments Board (ERPB). The Euro Retail Payments Board was established in December 2013, and in 2014 it convened twice. ERPB's aim is to support and foster an integrated, innovative and competitive single market for retail payments. The Payments Council closely monitors the work of the Euro Retail Payments Board and participates, via its interest groups, in the work of the Board's subworking groups.

Payments Council activities in 2014

In its first meeting, the Payments Council established two working groups. Their task was to analyse and assess the current payments landscape and trends in Finland and internationally as well as the direct and indirect linkages of payments and ongoing initiatives on the digital economy. The working groups' interim reports were presented and discussed in the Payment Council's meeting in April. The preliminary results included in the reports were also presented in the Payments Forum held in spring 2014. Based on discussions in the Payments Council, the reports were finalised for the November meeting where they were approved for publication. The reports set out the following key findings and recommendations.

'The Current Payments Landscape and Trends'² report states that the overall standard of Finnish payments is good, but payment frictions were identified particularly in one-off payments. The report described ways to promote the efficiency of future payment solutions. The relevant means are: standardisation of the digital payment proposal, rapid introduction of electronic identity, an enhanced focus on payment services regulation, and application to payments data of the rules on the use of data collected via information networks.

² See http://www.suomenpankki.fi/en/rahoitusjarjestelman_vakaus/maksuneuvosto/Documents/PC_WG1_Report_The_current_payments_landscape_and_trends.pdf



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The report 'Payments in an increasingly digital economy'³ identified the key payments-related projects connected with the ongoing initiatives on the digital economy, i.e. the ICT 2015 project. These key projects are: income register, exploitation of data contents of electronic invoices, split payment and reporting, real-time economic and financial forecasting, exploitation of bank statement information, and the transmission and exploitation of information on purchase transactions. The report states that two of the projects are already well underway, but responsible parties should be designated to all the projects, to reap the full efficiency gains provided by digitalisation.

The Payments Council decided to support the recommendations given in the working groups' reports and to monitor progress in the implementation of the recommendations. The reports are also translated into English, which enables the presentation of the ideas in international fora.

Payments Council's focus of activity in 2015

One of the Payments Council's key tasks in 2015 is to monitor and promote the implementation of recommendations presented in the working groups' reports. The aim is create a standardised payment proposal in the first half of 2015. In this work block, the responsible party is the Federation of Finnish Financial Services. The working group that examined payments in an increasingly digital economy will designate and propose parties to be responsible for the key projects that it has identified. The Payments Council and its members seek to contribute, through their organisations, to advancing the projects and thereby to foster the efficient exploitation of the architecture for digital services.

As in 2014, the activities of the Payments Council and the issues examined in its reports were discussed in detail in the Payments Forum organised in spring 2015.

In addition, the Payments Council contributes, via its interest groups, to the work of the Euro Retail Payments Board. In its work schedule, the most important themes from the Finnish perspective are e-invoicing and mobile payments.

³ See http://www.suomenpankki.fi/en/rahoitusjarjestelman_vakaus/maksuneuvosto/Documents/PC_WG2_Payments_in_an_increasingly_digital_economy.pdf