

P27

A pan-Nordic payment infrastructure

16/04/2021

The European payments landscape is changing rapidly



Leading to pressure on the underlying infrastructure



Real-time payments – soon new normal

7.8m people in Sweden now using Swish*
Swish volumes of SEK 310 billion in 2020 – a seven folding increase since 2015*



Initiatives from authorities, regulators and the

sector. Open Banking, PSD2, TIPS and EPI some examples



New competition putting pressure on Mobile solutions



Simplification and standardization = lower cost and complexity. SEPA and ISO 20022 some examples



Cross border payments on the rise. Since 2010 the number of cross border transactions globally has doubled**

Fragmented payments infrastructure with:

- High costs
- Low efficiency
- Low transparency

Increased risk of fraud and money laundering



www.getswish.se ** McKinsey Global Payments report 2010

This is why the largest banks in the Nordics have come together and built P27

Imagine if people and corporates in the Nordics could...



Pay with mobile phones in other Nordic countries.



Have a cost-efficient direct debit scheme instead of existing old and expensive.



Pay and receive payments instantly also from other countries in a simple and secure way.



Have standardized and cost-efficient cross border payments.





Cornerstones in *creating a common payments region in the Nordics*





1. Fast, easy and efficient domestic and cross-border payments system

2. Robust, resilient and secure infrastructure secured

3. Innovation and adaptability to future demands ensured



Creating a common payments region in the Nordics

1. Fast, easy and efficient domestic and cross-border payments

From



- 8+ different clearing systems
- **Different products** in different countries, often with overlap
- **Platforms** with overlap of investment needs and limited scale
- Slow and Inefficient
- Low transparency

To

- One clearing system and platform – the initial vision at launch of P27
- Harmonized payment products where so required
- One point of entry for participants (including EUR transactions)
- Real-time with high Efficiency
- State-of-the-art transaction monitoring



Creating a common payments region in the Nordics

2. Robust, resilient and secure infrastructure secured

Resilient infrastructure

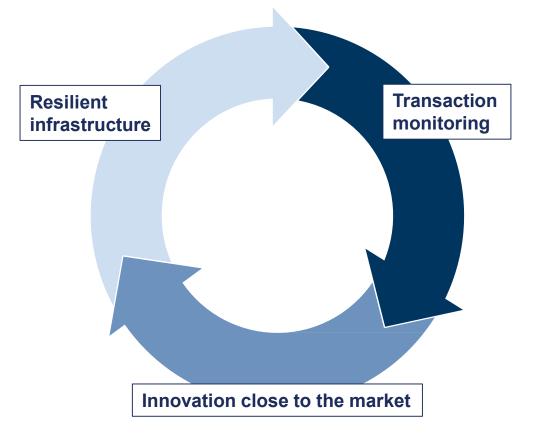
- Two active data centers in Norway and Sweden
- Crash recovery site in Finland
- Based on an ISO standard

Transaction monitoring

One single infrastructure enables transaction monitoring across borders

Innovation close to the market

Adaptable to future development





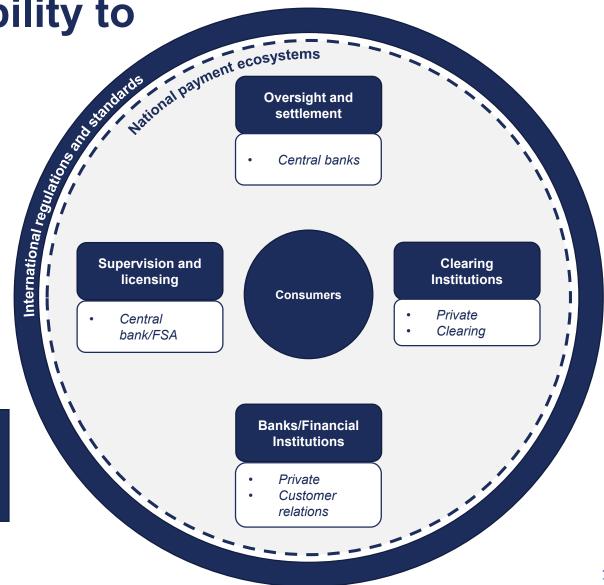
Creating a common payments region in the Nordics

3. Innovation and adaptability to future demands ensured

Oversight, supervision and settlement – government controlled.

- Clearing and innovation private sector.
- Financial and clearing institutions have capacity and freedom to innovate.

Retained roles in the payment ecosystem is crucial



There is broad political support across the Nordics for an integrated cross-border payments region

Government commitment to make the Nordics the world's most integrated region by 2030 (2019)

Support for P27 by the Nordic Council (Dec. 2020)

- "The project supports the vision of the Nordics as the most integrated region in the world."
- "Positive benefits for consumers, companies in facilitating cross-border trade that a common payment infrastructure provides."



Norden som världens mest hållbara och integrerade region

Handlingsplan 2021-2024

Nordisk råd

Til de nordiske lands finansministre Bjarni Benediktsson, Islands finansministe Jan Tore Sanner, Norges finansminister Per Bolund, Sveriges finansmarknads- och bostads-ministe Matti Vanhanen. Finlands finansministe Simon Kollerup, Danmarks erhvervsministe

Ny betalingsstruktur som fremme integrasjon og styrker Nordens

Utvalget for vekst og utvikling i Norden hilser visjonen om Norden som den mest integrerte regionen i verden velkommen. Visjonen inkludere målet om å fremme Nordens konkurransekraft og vekst basert på kunnskap, innovasion, mobilitet og digital integrasjon. For å realisere målet behøver vi flere initiativer og tiltak på mange ulike områder, inklusive på finansområdet.

Utvalget har nylig blitt informert om et initiativ hvis formål er å fremme et felles nordisk betalingsmarked. Initiativtakerne er Danske Bank, Handelsbanken, Nordea, OP Financial Group, SEB og Swedbank men systemet vil bli tilgengelig for alle banker. lfølge de planer som utvalget har fått presentert, vil den nye betalingsstrukturen, som går under betegnelse P27, kunne bli operasjonell for Danmark, Finland og Sveri-

Dette betyr at borgere og bedrifter i disse land vil ha tilgang til sikker mobilbetaling mellom landene i realtid. På sikt vil alle Nordens 27 millioner innbygger ha tilgang til et system der betaling mellom de nordiske land blir hurtigere og billigere. Det forventes å ha en positiv effekt på handel over grensen, styrke Nordens konkurransekraft og forenkle hverdagen for regionens borgere. Betalingsstrukturen er den først av sin type i verden, og den vil kunne tiene som modell for andre land.

Utvalget finner det hensiktsmessig at det i forbindelse med det pågående nordiske arbeidet med nordisk-baltisk elektronisk identifikasjon (eID) tas hensyn til en kom mende felles nordisk betalingsstruktur.

Utvalget er av den oppfatning at initiativet støtter opp om visionen om Norden som den mest integrerte regionen i verden, at det har et stort potensiale og fortiener oppmerksomhet og oppbakking fra de respektive myndigheter, regjeringer og nordiske samt europeisk organisasjoner

Journr. 20-00220-12 Ved Stranden 18 - DK-1061 København K - Tel +45 33 96 04 00



While our journey has been mostly positive, we still have a way to go



Summary

Key take-aways



P27 is far ahead in its preparations of establishing a world first cross border and multicurrency payments platform in the Nordics.



There is a regulatory pressure and an ambitious political agenda in the Nordics and the EU to enhance cross-border payments.



P27 solves this issue in the Nordics.



Retained roles in the payment ecosystem is crucial to maintain a dynamic, safe and innovative payments infrastructure.



Further regulatory collaboration can ease the implementation.





Jussi Snellman +358 50 325 8614 Jussi.Snellman@nordicpayments.eu