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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 safety 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. Until 31 January 2017, the Payments Council was chaired by Seppo Honkapohja, Member of the Board of the Bank of Finland. Since 1 February 2017, the Council has been chaired by Olli Rehn, Member of the Board. 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, the Consumers' Union, Nordea Bank AB (publ) Finnish Branch, 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 the material related to the meetings is published on the Bank of Finland



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website¹. This ensures the highest possible level of openness in the flow and availability of information to all participants in the payment chain.

The Payment Council's practices and key tasks

The Payments Council is not only a national body of cooperation; it is also the national counterpart to the Euro Retail Payments Board (ERPB)². The objective of the ERPB 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 Euro Retail Payments Board and participates, via its interest groups, in the work of the Board's working groups. The ERPB's work in 2016 focused on contactless proximity payments, mobile payments and e-invoicing related to retail payments. Promotion of pan-European instant payments was also of key importance. The expectation is that such payment solutions will become available in November 2017.

Payments Council activities in 2016

The Payments Council continued the 'Payment Methods 2020' project. The purpose of the project is to extensively examine payments in the 2020s, and it is implemented as a series of separate reports and analyses. As the first project input, the Payments Council published an ebooklet *How do we pay in the 2020s? Perspectives on future payment solutions*.³ The ebooklet is a compilation of writings by the Payments Council's member organisations and other stakeholders, expressing their views on future payments solutions and the related underlying trends.

As usual, the work of the Payments Council was presented to a wider audience in the spring 2016 Payments Forum⁴, which brought together more than 160 payment experts. The Payment Forum's key themes were

¹ See <https://www.suomenpankki.fi/en/money-and-payments/payment-systems/the-bank-of-finland-as-catalyst-payments-council/>.

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

³ See ebooklet in Finnish at https://www.suomenpankki.fi/globalassets/fi/raha-ja-maksaminen/maksujarjestelmat/suomen-pankki-katalystina-maksuneuvosto/maksuneuvoston_e_kirjanen_2016.pdf https://www.suomenpankki.fi/globalassets/fi/raha-ja-maksaminen/maksujarjestelmat/suomen-pankki-katalystina-maksuneuvosto/maksuneuvoston_e_kirjanen_2016.pdf.

⁴ The programme and presentations of the Payments Forum are available in Finnish at <https://www.suomenpankki.fi/fi/raha-ja-maksaminen/maksujarjestelmat/maksufoorumi/maksufoorumi-2016/>.



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digitalisation and its effects on payments.⁵ The session *Digitalisation visions on payments* focused on the key phenomena in a digital age: fintech companies, mobile payments and cyber security. The session *Disruption of traditional payments*, in turn, discussed the possibilities of blockchain technology and startup entrepreneurs' experiences on the challenges of entrepreneurship. The Payments Forum ended with a panel discussion on the key findings of the ebooklet *How do we pay in the 2020s?* The topics included the following trends identified in the ebooklet: 1) payment solutions will become fragmented through the entrance of new operators; 2) payments will move increasingly to real-time; and 3) payments will become more invisible and a more seamless part of the purchase process, which in turn heightens the need for 'new financial literacy'. The closing speech⁶ of the 10th jubilee Payments Forum was given by chairman Seppo Honkapohja, who examined the history of payment developments and outlined future paths of development.

Payments Council's work priorities in 2017

The 'Payment Methods 2020' project will be continued in 2017. Other priority areas that the Payment Council will promote and foster in 2017 are: 1) e-invoicing and instant payments in Finland and Europe; 2) smooth implementation of the revised Payment Services Directive (PSD2); 3) utilisation of digitalisation in payments and the related financial administration systems; and 4) financial literacy amid ongoing digitalisation of financial services.

In addition, the Payments Council seeks to promote, via its stakeholders, the work of the Euro Retail Payments Board. In the ERPB's work plan for 2017, the most important themes from the Finnish perspective are pan-European instant payments and e-invoicing.

⁵ See Governor Erkki Liikanen's opening speech '*Digitalisation: Old game, new rules or an entirely new game*' <https://www.suomenpankki.fi/en/media-and-publications/speeches-and-interviews/2016/governor-erkki-liikanen-digitalisation-old-game-new-rules-or-an-entirely-new-game-payments-forum-helsinki-10-may-2016/>.

⁶ See Honkapohja's speech available in Finnish at https://www.suomenpankki.fi/globalassets/fi/raha-ja-maksaminen/maksujarjestelmat/maksufoorumi/mf16_honkapohja_puhe.pdf.