

## Communiqué on the Retail Payments Council's sixteenth meeting, 22 May 2023<sup>1</sup>

The Retail Payments Council's sixteenth meeting took place on Monday 22 May 2023, chaired by Deputy Governor of the Riksbank Aino Bunge. At the meeting, the participants shared reflections on the state inquiry into the role of the state in the payment market, the so-called Payment Inquiry, which submitted its final report [The State and payments](#) to the Minister of Finance on 31 March 2023. At the meeting, participants presented current issues connected with the work of the council. The work committees and the reference group appointed by the Council provided information on the work carried out since the previous meeting.

The Riksbank presented the results of the study [Costs for payments in Sweden](#), which was commissioned by the Retail Payments Council. The study shows that the cost of payments to society corresponds to about 0.93 per cent of Sweden's GDP. Card and Swish payments have the lowest socioeconomic unit costs, SEK 4.4 per transaction. Cash payments have a relatively high socioeconomic unit cost, SEK 13.4 per transaction. The study only estimates the costs of payments. Assessing the effectiveness of the payment system or a specific payment method requires taking into account other socioeconomic values. The study indicates that different payment instruments have different values, for example in terms of resilience and inclusion.

The Riksbank and Finansinspektionen also held a presentation about their respective work on civil preparedness. This was done in the light of the fact that since 1 January 2023 the Riksbank has been responsible for ensuring that the general public can make payments in peacetime crisis situations and at heightened alert, and that Finansinspektionen has been the emergency authority and sector responsible authority for the Financial Services preparedness sector since 1 October 2022. The Riksbank and Finansinspektionen both emphasise the importance of cooperating and clarifying the division of roles and responsibilities between the authorities.

During the meeting, the members of the Retail Payments Council decided to grant the application for membership of the Council from Getswish AB. The Council members also decided to instruct the Retail Payments Council's secretariat to head up an evaluation of the Retail Payments Council in accordance with a proposal from the secretariat (see Annex). The main purpose of the evaluation is to ensure that the resources of the Council are used efficiently and that the work of the Council is adapted to the needs of the participants involved. The evaluation shall include a review of the purpose and mandate of the Retail Payments Council, how the Council shall work and communicate, which trends are important for the Council to follow and which working committees are needed. It is also part of the evaluation to propose new work programmes for the working committees, when the current work programmes expire at the end of 2023.

The members of the Retail Payments Council also decided to pause the work of the committees regarding crises and vulnerabilities in the payments system, as well as money laundering and fraud, until the evaluation is completed. The reasons for this are described in the status reports of the committees and in the Annex.

The next meeting of the Retail Payments Council will be held during the fourth quarter of 2023.

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<sup>1</sup> Bankgirot, Card Payment Sweden, the Swedish Competition Authority, the Swedish Consumer Agency, the County Administrative Board of Dalarna, the Swedish Civil Contingencies Agency, P27 Nordic Payments, the Swedish Post and Telecom Authority, the Riksbank, the Swedish Fintech Association, the Swedish Trade Federation, the Swedish Bankers' Association, the Confederation of Swedish Enterprise and the Swedish Consumers' Association. The Ministry of Finance, Finansinspektionen and the Swedish National Debt Office participate as observers and are not involved in the Council's decision-making. The Swedish Trade Federation was absent from this meeting.

## Status report from the from the committee for supervision and regulation

The committee has monitored and discussed current issues in Sweden and in the EU. In Sweden, the Riksdag (Swedish Parliament) has decided on [the implementation of the Accessibility Directive](#), which will increase the accessibility of products and services, including banking and payment services, for people with disabilities. The Government has submitted a [proposal](#) to the Swedish Council on legislation containing new regulations for clearing companies. Part of the legislative proposal is to extend the definition of clearing operations to cover the entire payment process. If the bill is adopted, for example, Getswish AB may need to apply for a permit as a clearing company.

At EU level, several regulatory proposals are being prepared that may affect the Swedish payment market. For instance, the European Commission has [proposed](#) that banks which offer their customers traditional account-to-account payments in euros (SEPA payments) should also offer instant payments in euros. The Commission is also carrying out a review of the second Payment Services Directive (PSD2) and is expected to present a proposal for a revised Directive and a framework for open financial services in 2023. Further, it is expected to present a legislative proposal on the digital euro in 2023.

The committee has invited guest speakers to two of its meetings. The Riksbank has presented [Payment Report 2022](#) and the study on Costs for payments in Sweden (link above). The County Administrative Board of Dalarna has presented [Monitoring of basic payment services 2022](#).

## Status report from the committee on crises and vulnerabilities in the payment system

The committee has followed the events in Ukraine and shared information about the efforts being made to strengthen Sweden's civil preparedness. Among other things, the committee has followed the work on the new authority structure for the civil preparedness system, where Finansinspektionen is the responsible authority for the preparedness sector Financial Services. The Swedish Social Insurance Agency has also been invited to a committee meeting to report on its government mission to analyse and propose how social security payments can be secured during war and risk of war. The Swedish Social Insurance Agency [presented](#) its proposals to the Government in October 2022. The committee has also received information from the Riksbank about the [E-krona pilot phase 2](#) and contingency aspects of a possible e-krona.

As of 1 January 2023, a new Sveriges Riksbank Act has been in force, which gives the Riksbank responsibility for payments functioning in peacetime crisis situations and in heightened alert. The Riksbank's new responsibilities largely overlap the committee's area of responsibility, and within the framework of its new responsibilities, the Riksbank will need to establish new collaboration groups that may to some extent involve the same actors as in the committee. In order to avoid duplication of work with parallel collaboration groups, the committee's participants have discussed dismantling the committee. This is one reason why the Retail Payments Council decided to instruct its secretariat to carry out an evaluation of the Retail Payments Council (see Annex).

## Status report of the committee on the access to payment services

One event that has impaired access to certain payment services is the closure of the Kassagirot service by ClearOn on 1 September 2022. This has been highlighted in the Riksbank's Payment Report 2022 (link above) and the County Administrative Board of Dalarna's Report Monitoring of basic payment services 2022 (also link above). Problems related to the closure of Kassagirot have also been discussed within the committee. One problem is that some people, especially those without a payment account, have had difficulty paying bills and redeeming payment notices.

The committee has followed the work on the accessibility directive and discussed problems for certain consumers and companies to access payment accounts. At one meeting, the committee invited the County Administrative Board of Örebro County to hold the presentation "Payment

services are not available to everyone”, which described some groups in society who often need support to use basic payment services, and what challenges these groups often face.

## Status report of the committee on anti-money laundering and fraud

The committee has shared information on money laundering and fraud, as well as on measures to prevent and counteract this type of crime. It is common for fraud to occur through social manipulation, for example, so-called authority fraud. Older people are often the victims of this type of fraud. The Swedish Bankers’ Association has published an [information sheet](#) with tips and advice on how to reduce the risk of being exposed to authority fraud and theft.

At one meeting, the committee had three guest speakers on the topic of transaction monitoring: The Financial Intelligence Unit, which talked about trends in submitting suspicion reports on money laundering or terrorist financing, BIS Innovation Hub Nordic Centre, which talked about its [project Aurora](#) which aims to facilitate information sharing and transaction monitoring, as well as Uppdrag Granskning, which told us about how they worked to detect money laundering in the Baltics.

Participants in the committee have noted that the need for a special committee against money laundering and fraud under the Retail Payments Council has decreased and that, due to relatively low participation, the committee does not completely fulfil its purpose. This is one reason why the Retail Payments Council decided to instruct its secretariat to carry out an evaluation of the Retail Payments Council (see Annex).

## Status report from the statistics reference group

The reference group has not held any meetings since the last Council meeting. The chair of the reference group informed the Retail Payments Council that the Riksbank is investigating what it would entail to set up a regulation for the collection of payment statistics.

## Annex – Proposal for evaluation by the Retail Payments Council<sup>2</sup>

### The payment market has changed

The Retail Payments Council was founded in 2015 with the aim of promoting the functioning of the Swedish market for payment services. The Council's objective is to contribute to the economically-efficient production and consumption of safe, efficient, accessible and appropriate payment services on a market characterised by competition on equal terms and with well-balanced regulation. The Retail Payments Council conducts its work in four committees and a reference group. The Council has decided on work programmes for its committees, which are valid until the end of 2023.

Since the establishment of the Retail Payments Council, the payment market has undergone major changes, as a result of rapid technological development, new payment habits, international harmonisation and even new regulation. The geopolitical situation abroad has also deteriorated and demands on the resilience of the payment system have consequently increased. The division of roles between authorities has changed, for example through the new structure for civil preparedness, where Finansinspektionen has become the authority responsible for the Financial Services preparedness sector, while at the same time the Riksbank has been given a clear responsibility for ensuring the public can pay in peacetime crisis situations and heightened alert.

### Need for change in two committees

The purpose of the *committee against money laundering and fraud* is to promote the exchange of information between payment service providers and relevant authorities, thereby facilitating and streamlining the work against fraud, money laundering and terrorist financing.

Cooperation in this area takes place in several forums besides the committee, many of which have been created after the establishment of the Retail Payments Council.<sup>3</sup> The need for a special committee against fraud and money laundering under the Retail Payments Council has therefore declined. Moreover, there are few organisations participating in the committee, and according to several of the committee members, the low participation means that the committee does not fulfil its purpose.<sup>4</sup> The members of the committee have agreed to dismantle the committee and redistribute certain coverage of money laundering and fraud issues to other committees.

*The committee against crises and vulnerabilities in the payment system* acts to promote an exchange of information between the actors in the Swedish payment market to increase understanding of market vulnerabilities and to promote a functioning national payment system in the event of a crisis.

As of 1 January 2023, the Riksbank has responsibility for ensuring that the public can continue to make payments during peacetime crisis situations and times of heightened alert. The new responsibilities largely overlap with the responsibilities of the committee. Within the framework of its new responsibilities, the Riksbank will need to establish new collaboration groups that may to some extent involve the same actors as in the committee. In order to avoid duplication of work with parallel collaboration groups with similar responsibilities and participants, the members of the committee have supported the possibility of dismantling the committee.

Although there are arguments in favour of dismantling the committees on *anti-money laundering and fraud* and *crisis and vulnerabilities in the payment system*, the Retail Payments Council secretariat considers it important that the Council closely follows these issues. The topics have

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<sup>2</sup> The Annex is originally a basis for a decision to be taken at the plenary meeting of the Retail Payments Council on 22 May 2023.

<sup>3</sup> Examples include the Swedish Tax Agency's anti-money laundering network (founded in 2007), the Swedish Institute against money laundering (2016), the Swedish Police's national coordination function for measures against money laundering and terrorist financing (2018), and the police and banks' cooperation to prevent fraud offences (2022).

<sup>4</sup> The participating organisations are Klarna, P27, the Riksbank, the Swedish National Debt Office, the Swedish Bankers' Association and Trustly.

increased in significance and it is therefore good that they are to some extent monitored by the other committees of the Retail Payments Council.

## Evaluation of the Retail Payments Council

In connection with the preparation of new work programmes, the Retail Payments Council's secretariat proposes that an evaluation of the Council be carried out. The main reason is to ensure that the Council's resources are used efficiently and that the work is adapted to the participants' needs. The secretariat considers it appropriate to review the steering documents, including the criteria for participation, at the same time. The secretariat therefore proposes that the following be included in the evaluation:

- The purpose and mandate of the Retail Payments Council.
- Criteria for participation in the Retail Payments Council.
- How the Payment Council will work, and how it will document and communicate its work.
- How many and which committees (existing or new) are needed in the Retail Payments Council.
- Overall trends and challenges in the payment market over the next 2-3 years, as well as an assessment of what is important for the Payment Council to follow.
- Work programme for the committees.

The secretariat proposes that the evaluation be carried out in collaboration with the Retail Payments Council's working committees and that the results be presented at the Retail Payments Council's autumn meeting in 2023. The secretariat also proposes that the committees against money laundering and fraud and against crises and vulnerabilities in the payment system meet to participate in the evaluation, but that they are otherwise dormant or meet when necessary.

## Proposed decision

1. The Retail Payments Council decides to instruct the secretariat to carry out an evaluation of the Retail Payments Council in accordance with this memorandum.
2. The Retail Payments Council decides that the committees against money laundering and fraud and against crises and vulnerabilities in the payment system participate in the evaluation, but remain dormant until the evaluation is completed. Committees can meet if necessary.