

Communiqué on the Retail Payments Council's nineteenth meeting, 29 November 2024¹

The Retail Payments Council's nineteenth meeting took place on Friday 29 November 2024, chaired by Deputy Governor of the Riksbank Aino Bunge. The meeting started with the council deciding to set up a new working committee on cash. The plan is to transform the Cash Management Advisory Board from a board into a committee of the Retail Payments Council, as the issues dealt with by the Cash Management Advisory Board often had broad overlaps with the payments market as a whole and also with what is discussed in the framework of the Retail Payments Council.

The Council received a presentation from the Swedish Post and Telecom Authority (PTS), which commissioned Ramboll to conduct a study on the need for basic payment services. The background to the study is PTS's assignment to promote access to basic payment services together with the county administrative boards, i.e. cash withdrawals, deposits of daily takings and payment intermediation. Ramboll's assignment has been to identify which groups have problems making payments independently. Within the framework of the assignment, Ramboll has also investigated the challenges and needs of these groups and, as far as possible, described the size of the groups and whether the problems are increasing or decreasing. The focus has been on bill payments, but also on other problems identified during the study.

The study shows that there are four main groups that lack the means to manage their payments independently:

- People who do not have a Swedish ID document and are therefore denied a Swedish payment account
- People who lack the capacity to use existing payment services
- People who have had their payment account cancelled by the bank
- People who favour a cash-based solution for payment services.

These groups face significant barriers in their daily lives as they are unable to manage their payments independently. People without a Swedish ID document and other people who are denied a payment account or have their account cancelled risk being completely excluded from the financial system. For example, they may face problems when looking for a job if they do not have an account into which their salary can be paid. People who lack the capacity to use existing payment services risk exclusion, as well as inadequate autonomy and integrity when they need to rely on the help of others. For those who prefer cash, it is becoming increasingly difficult to pay in an environment where cash solutions are gradually disappearing, which can lead to exclusion from basic public services and some commerce.

Status report from the Committee on Supervision and Regulation

The Committee has held one meeting since the last plenary session. At the meeting on 12 September, the Riksbank presented its written communication on *Measures to maintain the cash chain* which was submitted to the ongoing inquiry into the possibility of paying with cash for essential goods. The participants in the committee discussed the Riksbank's analysis and proposals for amended legislation presented in the communication.

The committee also discussed current legislative and regulatory work relevant to the payments market. Including ongoing consultations in the financial sector.

¹ The members of the Retail Payments Council are Bankgirot, Card Payment Sweden, GetSwish AB, the Swedish Competition Authority, the County Administrative Board of Dalarna, the Swedish Civil Contingencies Agency, the Swedish Post and Telecom Authority, the Riksbank, the Swedish Fintech Association, the Swedish Trade Federation, Finance Sweden, 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 next meeting of the committee will take place on 5 December 2024, when the Agency for Digital Government (DIGG) will visit the committee.

Status report of the Committee on the Accessibility of Payment Services

The Committee has held one meeting since the last plenary session. At the meeting on 4 October, the Riksbank presented its written communication on *Measures to maintain the cash chain* (which was also presented to the Committee on Supervision and Regulation), which has been submitted to the ongoing inquiry on cash at the Ministry of Finance. The Riksbank's analysis and proposals were also discussed here.

PTS presented the study conducted together with Ramboll on the need for basic payment services for private individuals.

The next meeting of the committee will take place on 10 December, when the County Administrative Board of Dalarna County will present the results of this year's monitoring of access to basic payment services.

Status report of the Committee on Digitalisation and New Services

Since the last plenary meeting, the Committee on Digitalisation and New Services has held three meetings. On 13 June, the Riksbank gave a presentation on the potential impact of the digital euro on Sweden. During the ensuing discussion, various aspects and issues related to the digital euro were raised, such as some ambiguities in the proposal - including the possibility for businesses in non-euro countries to receive payments in digital euro.

On 13 September, the first meeting with the new President Roslana Cederhage took place. The topic of the meeting was tokenisation. Fintech company Centiglobe presented how tokenisation works in relation to payments, especially cross-border payments. Centiglobe presented a concrete application of tokenisation and predicted the impact tokenisation may have in the future, e.g. making cross-border payments faster and more decentralised. In the ensuing discussion, it was emphasised that the end consumer is unlikely to experience any major difference; it is mainly the underlying infrastructure that may change. On the other hand, large companies could build their own networks, replacing internal payments with the transfer of tokens.

On 28 November, the Riksbank presented a G20 roadmap aimed at improving cross-border payments. The G20 has identified APIs as an important part of this. In addition, Roslana Cederhage gave a report on the Fintech Day, organised by the Swedish Fintech Association.

Annex: Establishment of a new committee within the Retail Payments Council

The Riksbank proposes that a new working committee be established within the Retail Payments Council for issues relating to the function of cash in the Swedish payment system.

Background and purpose

Since 2006, the Riksbank has dealt with issues linked to the handling of cash and its function as a means of payment in a coalition of actors (private organisations and authorities) called the Cash Management Advisory Board. In recent years, the Cash Management Advisory Board has dealt with issues with broad overlaps with the payments market as a whole, and at the last meeting in spring 2024, the board took a strategic decision that the issues could be better discussed within the Retail Payments Council. The purpose of including the Cash Management Advisory Board's issues in the Retail Payments Council as a working committee could streamline the dialogue and strategic collaboration between different parts of the payment system, as the parts form a whole with both analogue and electronic payments that should work for the whole of society.

To establish a new working committee within the Retail Payments Council, a decision needs to be taken in plenary. It is proposed that the work is initially led by a chairperson from the Riksbank, who will structure and administer the work of the committee and report on the work at the next plenary session of the Retail Payments Council.

The Cash Management Advisory Board's transition from an advisory board to a working committee

The Cash Management Advisory Board currently consists of a significant number of participants, many of whom no longer manage cash or have an active role in the Swedish cash chain. Transferring the issues from an advisory board to a committee would allow the number of participants to be limited to relevant actors with clear roles in the functioning of cash in the payment system. See suggestions for participants as listed below.

Working arrangements for a cash working committee

In a cash working committee, the work would follow a similar structure to that of the other working committees of the Retail Payments Council, with around 2-4 meetings per year, depending on need, which would be evaluated on an ongoing basis, with a report on the work in the plenary sessions of the Retail Payments Council. The issues expected to be addressed include the usability of cash, the functioning and accessibility of the infrastructure, security and the contingency of the payment system to handle cash payments in the event of disruptions. The delimitation between the new cash working committee and the Committee on the Accessibility of Payment Services, which to some extent deals with similar issues, is that the proposed cash committee shall deal specifically with cash issues, while any overlapping issues shall be dealt with either between the committees or in plenary.

Clarification of the Secretariat's proposal

What? The Retail Payments Council Secretariat proposes the establishment of a new working committee within the Retail Payments Council for cash-related issues.

How? The Retail Payments Council Secretariat proposes that the work initially be led by a representative from the Riksbank as chair of the committee.

When? The Retail Payments Council Secretariat proposes the establishment of a cash working committee starting in spring 2025.

Who? The Retail Payments Council Secretariat proposes that the participants in the Payment Council plenary remain unchanged for the time being, but that the question of participation in the committee should be sent to existing participants in the group of organisations with clear roles for cash and payments among those that make up the Cash Management Advisory Board (Finance Sweden shall be allowed to represent the banking sector, which in turn can nominate 1-2 of its members for participation in committee work).

Proposed committee members:

1. Bankomat
2. Finansinspektionen*
3. Ministry of Finance*
4. Forex
5. Loomis
6. County Administrative Board of Dalarna*
7. Swedish Civil Contingencies Agency*
8. Nokas
9. Swedish Post and Telecom Authority*
10. The Riksbank* (chair)
11. Swedish Savings Bank Association
12. Swedish Trade Federation
13. Finance Sweden* (including 1-2 member representatives)

*Existing participants in the Retail Payments Council