

## Communiqué on the Retail Payments Council's eighteenth meeting, 31 May 2024<sup>1</sup>

The Retail Payments Council's eighteenth meeting took place on Friday 31 May 2024, chaired by Deputy Governor of the Riksbank Aino Bunge. The meeting was organised partly in conjunction with the Cash Management Advisory Board, which is a forum for discussing cash management issues with relevant stakeholders. The Riksbank informed about plans to merge the two bodies. Retail Payments Council participants also presented current issues connected with the work of the council. The working groups appointed by the council informed about the work they had done since the previous meeting. In addition, the Council decided on a new work programme for 2024-2026 (see the annex "Work programme 2024-2026").

Finansinspektionen (FI) presented the authority's supervision of how payment service providers work to prevent fraud. The presentation is based on a government assignment that FI received in October 2023. The assignment covered, among other things, how FI in its supervision takes into account the risk of payment service providers' products and services being used for fraud, and what supervisory measures FI has taken or intends to take in order for payment service providers to reduce the risk of fraud. In addition, the assignment involved presenting how the statistics on fraud that FI collects can be used to reduce the risk of such transactions. The presentation included some aggregated statistics on fraud. Statistics show that fraud in payment services has increased significantly in recent years, with the total amount of fraudulent transactions roughly tripling in the second half of 2023 compared to the second half of 2020. Fraud through social engineering has increased significantly and consumers often have to bear the losses themselves. The assignment is presented in a [report](#) published on 31 May 2024.

Finance Sweden presented the banks' [action plan](#) to counter fraud. The action plan is based on a presentation made by Finance Sweden, together with a number of banks and the Swedish Police Authority, to the government on 13 May. The measures aim to strengthen customer protection against fraud. The presentation highlighted the fact that banks are actively working to counter fraud through the continuous provision of information to customers for preventive purposes, as well as training employees to detect suspicious behaviour. It continues to develop identification and signing solutions, performs real-time transaction monitoring and works on improving accuracy. Finance Sweden emphasised the importance of cooperation between banks, industry associations and authorities to exchange information and experiences.

A number of measures have been identified to further strengthen customer protection against fraud:

- Customising the product range
  - time delays of certain transactions
  - limits on the amount of payments and enable changes to them to be made securely
  - additional checks on payments, e.g. by notification to the customer or authorisation by a person trusted by the customer
- Developing systems for monitoring transactions
- Restricting criminals' ability to use banks' products or closing them down completely, e.g. blocking the use of Swish and BankID for fraudsters and money launderers

The Council received a presentation by Mr Johan Almenberg, State Secretary to the Minister for Financial Markets, who outlined the government's focus on payment issues. The focus is mainly on three areas: internal threats from organised crime in Sweden, external threats given the

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international security situation, and technological developments. Curbing crime, including fraud, is a priority for the government as it represents a significant cost to society and a threat to basic security. The Government Offices are holding talks with certain banks, Finance Sweden and law enforcement authorities about the problem of fraud. Mr Almenberg also informed about the establishment of the [Hawala Inquiry](#). The inquiry will make proposals on how to strengthen the requirements for money remittance and foreign exchange activities. Among international efforts, the Government is following the work of the Financial Action Task Force (FATF) and the establishment of a European anti-money laundering authority. The work on the Payment Services Regulation and the revised Payment Services Directive (PSD3) is being monitored. Mr Almenberg also mentioned that proposals related to instant payments and a digital euro are also being monitored.

Dennis Dioukarev, investigator at the Ministry of Finance, then gave an update on the work of the [inquiry into the possibility of paying with cash for essential goods](#). The inquiry has its background in the [Payments Inquiry's](#) proposal to review the status of cash and access to cash services by 2025. Among other things, the report will examine the possibility of paying in cash for essential goods such as food and fuel. The inquiry was also tasked with identifying the services, products and geographical areas where cash plays a particular role, including during peacetime crisis situations, states of heightened alert and ultimately war. During the spring, the inquiry has been working on information gathering including round table discussions with cash market stakeholders and reference group meetings. In the autumn, the inquiry will draft proposals and assessments to be submitted to the Minister for Financial Markets by 31 December 2024.

## Status report from the Committee on Supervision and Regulation

Since the last plenary session in November 2023, the committee has held two meetings. At one of these, FI presented the report [Right to a payment account](#). In the committee, the Swedish Fintech Association has also presented the organisation's annual [Fintech Report](#). In addition, the Riksbank has presented its work on producing new regulations for payment statistics. The purpose of the regulations is to collect data that will improve the Riksbank's analytical base in several areas. In addition, the statistics will be more closely aligned with those of the ECB. Furthermore, Finance Sweden has reported on its work to [strengthen customer protection against fraud](#).

## Status report from the Committee on the Accessibility of Payment Services

The Committee on the Accessibility of Payment Services has also held two meetings since the last plenary session. At one of these, the Swedish Post and Telecom Authority (PTS) presented a government assignment aimed at improving the conditions for digital inclusion. The assignment is being carried out, among other things, by analysing ongoing initiatives in the area and proposing indicators to monitor the effects of the initiatives. A final report is due on 21 December 2024, but [an interim report was delivered](#) on 1 March.

FI has also presented the government assignment on the right to a payment account to this committee (see link above). The committee discussed the problem and asked for clarification on how credit institutions should act in practice. Furthermore, the Riksbank has presented the [Payments Report 2024](#). Finance Sweden has also presented its work on strengthening customer protection against fraud (see link above). Finally, the Swedish Agency for Economic and Regional Growth has presented the report [Accessibility to basic commercial services 2024](#).

## Status report from the Committee on Digitalisation and New Services

The new Committee on Digitalisation and New Services held its first meeting on 22 March 2024. Proposals for a work programme and working arrangements were discussed. The work programme focuses on the rapid digitalisation of the payments market and will monitor new payment services and their potential impact on the Swedish payments market. It was also decided to meet 3-4 times a year. It was stated that the primary purpose of the committee is information sharing and business intelligence. It was noted that there is the possibility to invite more participants and that these can

vary according to the topic of the meeting. The committee will get a new chairperson from the Swedish Fintech Association.

## **Appendix – Mandate description for the Retail Payments Council**

This document specifies the purpose, mandate, organisation and communication concerning the Swedish Retail Payments Council.

### **Purpose and mandate**

The Swedish Retail Payments Council has the task of promoting the functioning of the Swedish payments market. Its objective is to ensure the economically efficient production and consumption of safe, efficient, accessible payment services on a market characterised by competition on equal terms and well-balanced regulation. The Council will assist with a comprehensive examination of central issues on the payments market from the producer, end-user and authority perspectives.

### **Composition and organisation**

The council is a dialogue forum initiated by the Riksbank. The Council shall strive for a comprehensive composition in which relevant authorities, representatives of end-users of payments, and key players in the Swedish payments market have the opportunity to make their voice heard.

Representatives of producers and end-users shall be represented as far as possible at sectoral level.<sup>2</sup>

The Council may appoint working groups in the form of so-called working committees under its own power. The participation in these committees does not need to reflect the composition of the council but shall be based on the committee's need for competence and a balanced perspective.

The Riksbank will act as the convenor of the council and be responsible for the required practical administrative work by providing the council's secretariat. This responsibility does not cover the administration of working committees, in which responsibilities and roles are determined separately for each committee.

### **Communication**

The council is a joint resource for all the stakeholders on the market and will therefore strive for transparency in its work. As a rule, the results of the work of the council and its working committees will be published. The secretariat is responsible for taking care of the practical aspects of communication. If there are clear reasons not to publish, the council can refrain from publishing reports or notes.

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# The Retail Payments Council's work programme for 2024–2026

**The work of the Retail Payments Council will be conducted in three committees - *Committee on Supervision and Regulation, Committee on the Accessibility of Payment Services and Committee on Digitalisation and New Services.***

## **Committee on Supervision and Regulation**

*The Committee on Supervision and Regulation shall work to promote a dialogue between market participants and authorities and to monitor, analyse and follow up legislative work in the field of payments both in the EU and in Sweden. Adopted regulation that requires increased or changed supervision by authorities should also be included in the work. The committee reports regularly to the plenary on, among other things, the status of relevant legislation in the field of payments and the challenges and problems faced by public authorities and private operators. The committee's activities and focus areas for 2024–2026 are presented below.*

### **Proposals for EU legislation on payment services - PSR and PSD3**

In June 2023, the European Commission presented a proposal for new rules in the payment services area. This followed a long process of evaluation of the Second Payment Services Directive (PSD2). The proposal consists of a regulation (PSR) and a directive (PSD3). The proposed changes are relatively extensive and mainly concern improving competition and strengthening consumer protection. Negotiations on the legislative acts in the Council of the European Union and the European Parliament began in autumn 2023. The committee should analyse and discuss the effects of the proposal on Swedish businesses and authorities and on the general public, as well as the advantages and disadvantages for different stakeholders. As the work programme stretches over two years, monitoring the implementation of the regulation in Sweden may also become relevant.

### **Negotiations on changes to the Finality Directive**

The proposal for a Payment Services Package includes a proposal to amend the Finality Directive to allow non-bank payment service providers to become participants in settlement systems (refers to payment institutions). The committee will monitor the ongoing negotiations. In particular, the committee should analyse the demand of market participants for participation in the Swedish settlement systems, the consequences for market participants and the settlement systems. In addition, the committee should analyse what changes are needed, both in the Settlement Act, in the terms of agreement for RIX and in Bankgirot's clearing and settlement service, when the amendments to the Directive are to be implemented in Sweden.

### **Instant payment regulation - effects for Sweden**

[The proposal](#) from the European Commission means that banks which offer their customers account-to-account payments in euros shall also offer instant payments in euros. The fee for such a payment shall not exceed the fee for a traditional SEPA payment. Member States whose currency is not the euro shall have a longer phasing-in period. One of the requirements in the proposal is that such payments can be made around the clock, every day of the year. The European Commission's proposal is to introduce the requirements into the SEPA framework. The committee will monitor the effects of the regulation on Sweden, e.g. Swedish banks offering EUR payments, but also discuss whether a similar requirement should be implemented for corresponding payments in SEK.

### **New Payment Clearing and Settlement Act (New Clearing Act)**

The government has proposed a new law for clearing houses that, among other things, broadens the definition of clearing activities to cover the entire payment chain. There are also requirements regarding risk management, contingency planning, cybersecurity, capital buffers and governance. There are also new requirements regarding the outsourcing of services by clearing houses. The new law affects some private operators as a result of amended requirements and a wider group, and affects the supervision and monitoring carried out by the authorities. The committee should monitor the legislative process and its impact on the various stakeholders involved, as well as other possible consequences of the law.

### **Follow-up of the implementation of the Payment Accounts Directive (PAD)**

The Payment Accounts Directive aims, among other things, to ensure access to payment accounts with basic features for all legal residents of the EEA. In addition, it aims to improve the transparency and comparability of fees related to payment accounts and payment account services. The Directive is implemented in Swedish law through the Payment Services Act. The Payments Inquiry's final report *The State and the Payments* proposes a number of measures to make it easier for more people to obtain or keep a payment account. The committee should monitor the application of PAD, as well as the Payments Inquiry's proposals.

## **Committee on the Accessibility of Payment Services**

*The Committee on the Accessibility, Scope and Reliability of Payment Services shall work to promote a dialogue between market participants and public authorities. The committee's work will provide a meeting place for all relevant stakeholders in Sweden regarding the accessibility of payment services. It has been proposed that some Committee meetings, as before, be based on different thematic areas (based on the activities and focus areas listed below) to which external actors may also be invited to contribute new perspectives and knowledge. One example is national comparisons and other countries' measures to increase inclusion in the payments market. The committee may also decide to commission or produce joint analyses if necessary. The Committee's activities and focus areas for 2024–2026 are presented below.*

### **Monitoring new payment services and new payment infrastructure, as well as monitoring access to cash services and their consequences for accessibility**

The payments market is undergoing a rapid structural transformation resulting in an increase in the supply and use of digital payment services. Innovations in payment services can in some cases help people who currently experience difficulties in the digital payments market. Examples of this are biometric authentication methods and contactless payments with payment cards. However, the rapid pace of change can make it difficult for people who have just learnt to use a digital payment service to relearn another one. Digitalisation also reducing the supply of cash services. The committee should continuously monitor the development of digital payment services and the extent to which they improve or impair accessibility. The committee will be an important forum for sharing information on how cash use and access to cash services develop over time. This is also an important accessibility issue for people who are completely outside the digital payments market.

### **Monitoring initiatives that promote digital participation**

It is estimated that up to one million Swedes experience some form of digital exclusion. This creates problems at a time when payment services are increasingly becoming digital. Moreover, access to cash services and, to an even greater extent, the ability to pay in cash have declined rapidly in recent years. The committee will monitor and analyse the initiatives taken by both public authorities and businesses to increase digital participation with a particular focus on payments.

### **Monitoring the work on the Accessibility Directive**

The Accessibility Directive, which includes banking and payment services, shall be implemented by summer 2025 at the latest. The committee should monitor the work on the implementation of the directive. This is a matter that will also be monitored by the Committee on Supervision and Regulation.

### **The role of a government electronic ID for payments**

In March 2019, an inquiry was presented which proposed, among other things, the development of a government electronic ID. The background to this is the increased digitalisation which is making it increasingly difficult for people to cope in society without access to an e-identification. In October 2023, a new government inquiry submitted proposals on how a governmental electronic ID at the highest level of trust can be designed and provided by a governmental authority. This is in accordance with the requirements of the eIDAS Regulation. Currently, Bank ID is required for almost all digital payments. The committee will monitor the development of a new government electronic ID and how it may affect the accessibility of the payments market.

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## **Committee on Digitalisation and New Services**

*The accelerating digitalisation of payments is changing the conditions in the payments market. In addition to new services based on conventional bank money and e-money, central bank digital money initiatives are under way around the world for various areas of use. The Swedish e-krona is one such initiative. In addition, there are innovations based on blockchain technology, such as the issuance of stablecoins, tokenisation of assets and DeFi (decentralised finance) with smart contracts. One of the aims is to make payments cheaper and more efficient. The Committee on Digitalisation should monitor and analyse new payment services and payment methods and their potential impact on the Swedish payments market.*

### **New services based on both new and existing technologies and infrastructure**

The committee should study new services that only involve efficiency improvements and innovations, for example in so-called open banking. New services for cross-border e-money payments are also of interest. The conditions and possible barriers to further innovation should also be explored, e.g. the lack of instant account-to-account transfers in Sweden beyond Swish. Furthermore, the committee should monitor the impact of new technologies on the accessibility and security of the payments market.

Interest in new technologies and infrastructure such as blockchains and cryptoassets has increased in a short time. The committee should monitor how new payment services built on blockchains, such as stablecoins and other cryptoassets, are used for payments both in Sweden and internationally. In addition, the committee should follow the development of decentralised finance (DeFi), which involves decentralised financial services built on blockchains. The committee should monitor and analyse the use of tokenisation in the field of payments.

### **The role of the e-krona in the Swedish payments market**

As part of the digitalisation of the payments market and the development of new services, the new committee should also discuss the market perspective of an e-krona from the perspective of end users, payment service providers and public authorities. Almost all central banks are investigating the

conditions for issuing central bank digital money<sup>3</sup> and it is therefore important that the Retail Payments Council, with its broad range of stakeholders, follows developments, discusses and has the opportunity to influence Sweden's direction going forward.

### **Negotiations on the digital euro regulation**

In June 2023, the European Commission presented a legislative proposal for a legal framework for a future digital euro. The proposal has been under negotiation since autumn 2023. The regulation will have a major impact on Sweden, both in terms of a possible Swedish e-krona and how and in what way a digital euro will affect the Swedish payments market. The committee should follow the negotiation work but also conduct joint analyses of how the introduction of a digital euro in accordance with the proposed regulation could affect the Swedish payments market, i.e. individuals, companies, payment service providers and authorities.

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<sup>3</sup> According to a [study](#) from the Bank of International Settlements (BIS), 93 per cent of the world's central banks are exploring the possibility of issuing a CBDC.