



OESTERREICHISCHE NATIONALBANK

EUROSYSTEM

Efficiency of retail payments in Austria and the Euro Area

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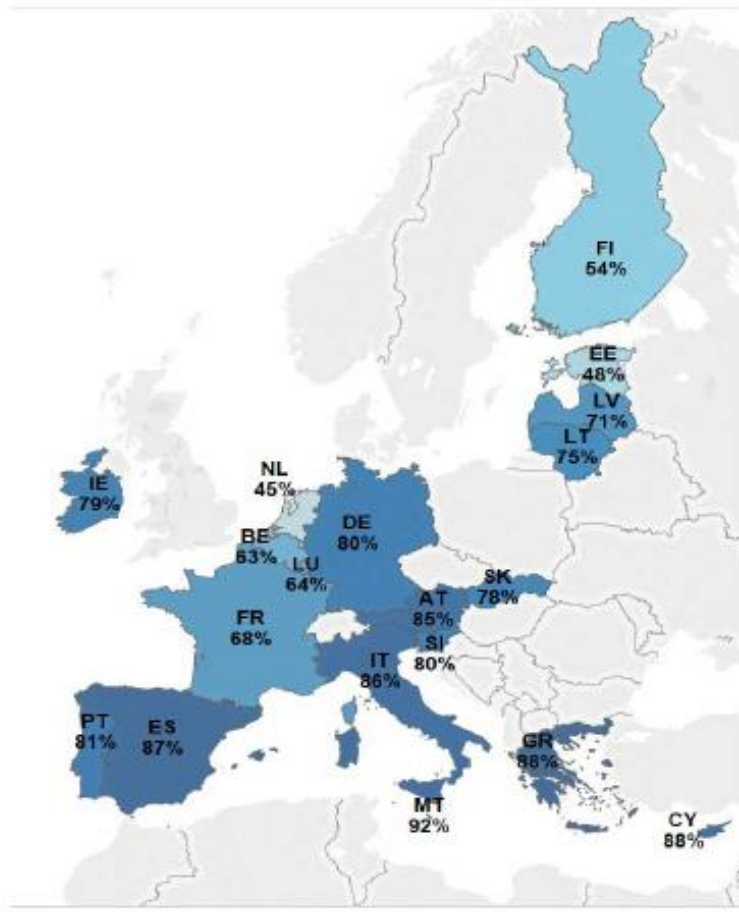
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Paying in the Eurozone

Share of cash transactions per country at points of sale

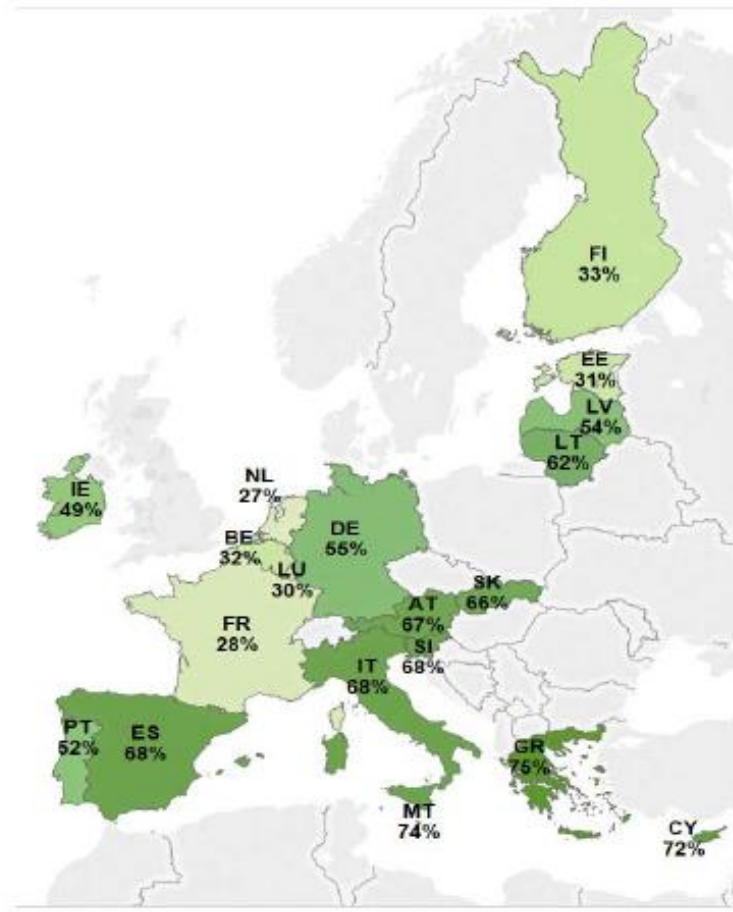
(number of transactions)



Sources: ECB, Deutsche Bundesbank and De Nederlandsche Bank.

Share of cash transactions per country at points of sale

(value of transactions)

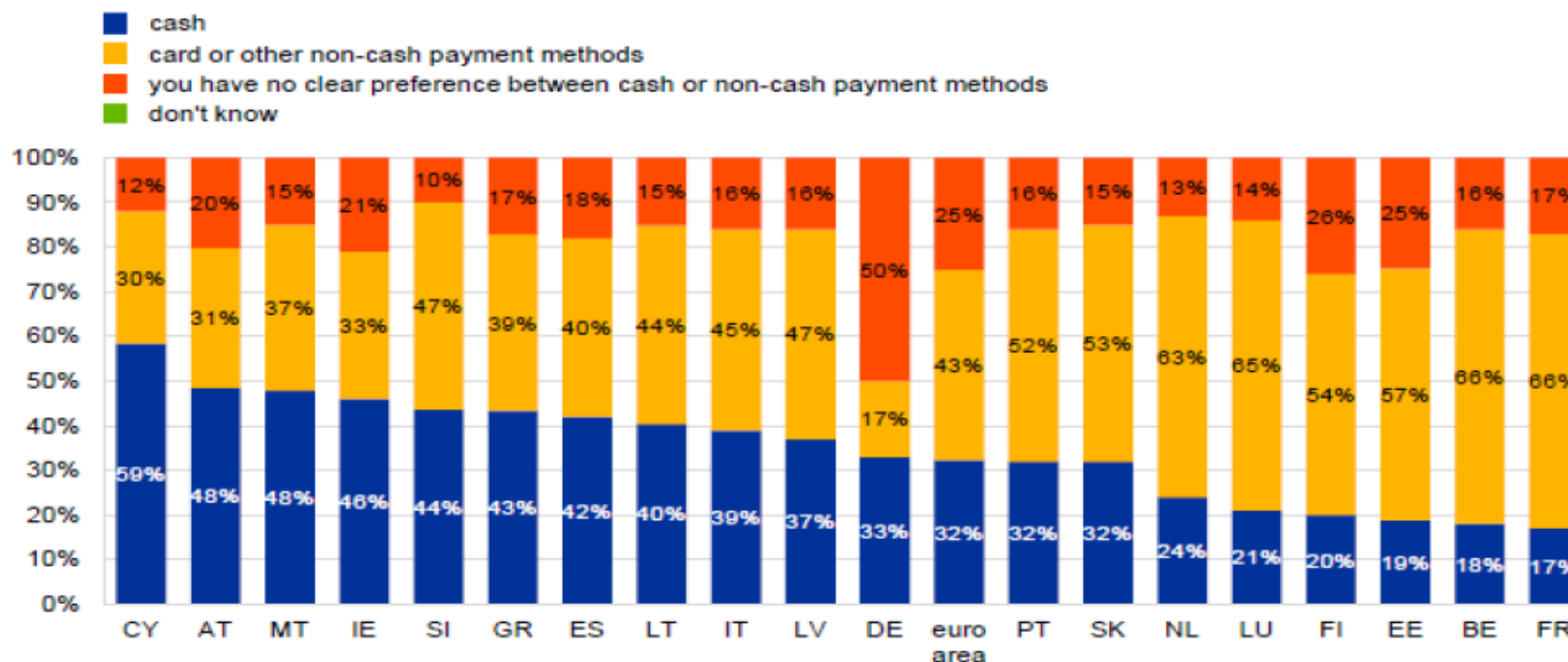


Sources: ECB, Deutsche Bundesbank and De Nederlandsche Bank.

Consumers preferred payment instrument by country

Question: Assuming you were offered various payment methods in a shop, what would be your preferred payment method? (%)

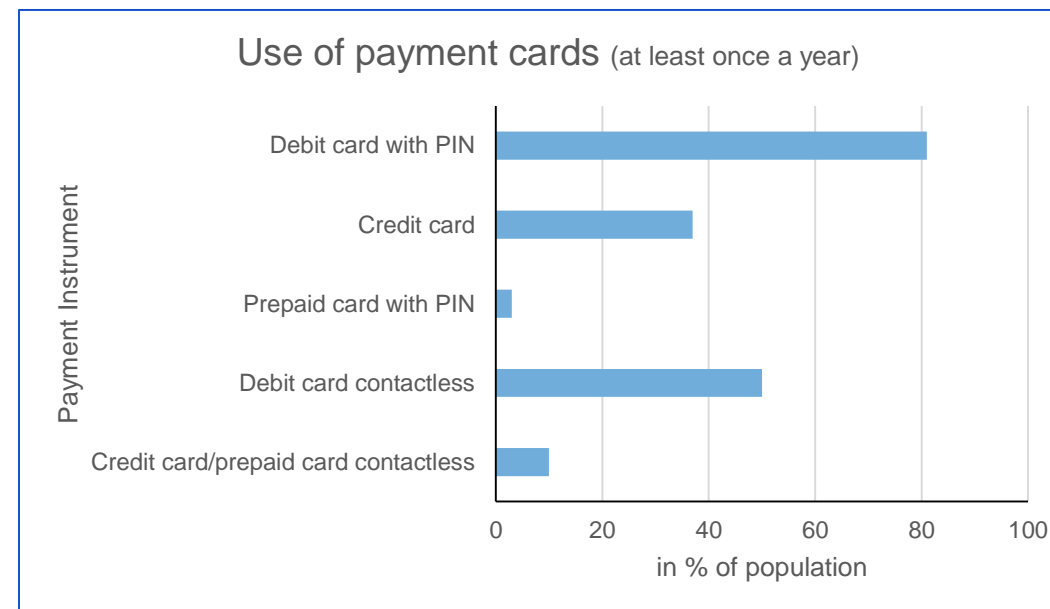
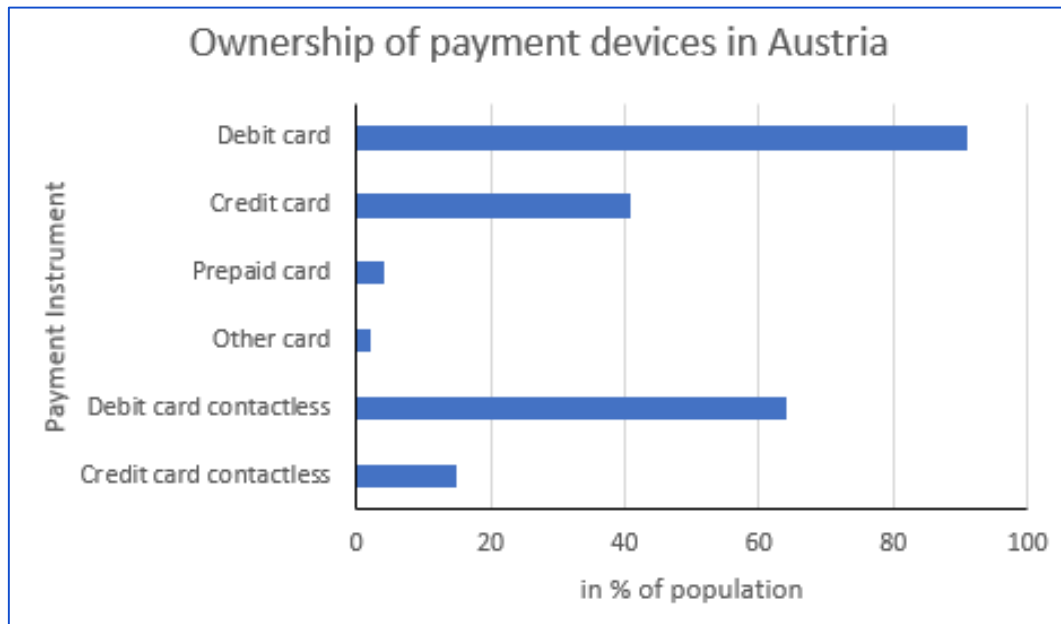
(percentages; based on 42,957 respondents from the euro area)



Sources: ECB, Deutsche Bundesbank and De Nederlandsche Bank.

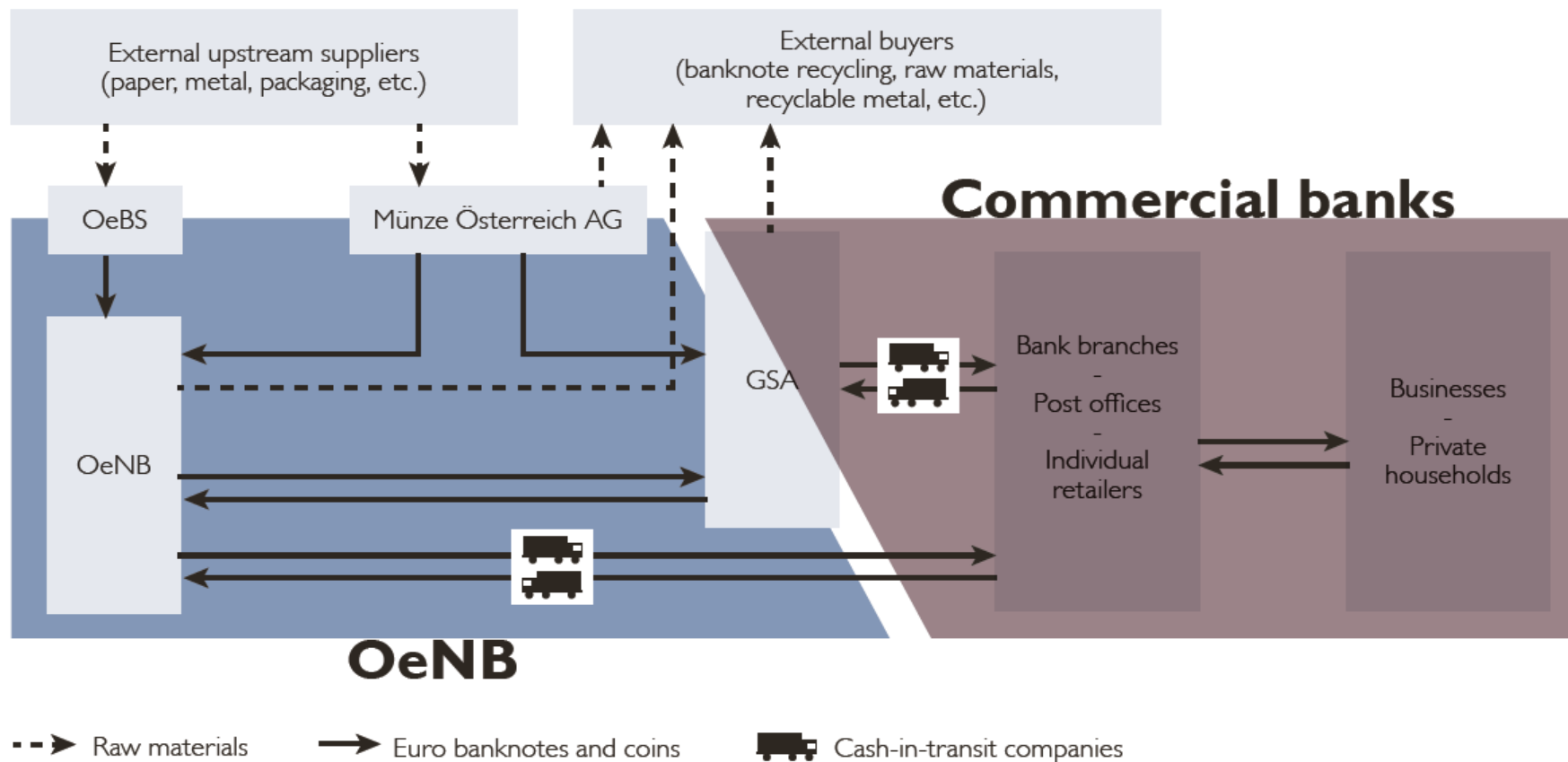
Notes: In the German survey of 2014 the question was: "Let's assume you have the choice between various payment options when shopping. How would you pay for your purchases?", and the categories were: "Cash only", "Predominantly cashless means of payment" and "Either cash or with a cashless means of payment, depending on the shopping situation". The latter category has been allocated to "You have no clear preference between cash or non-cash payment methods".

Card ownership and usage in Austria



How cash logistics is organised in Austria

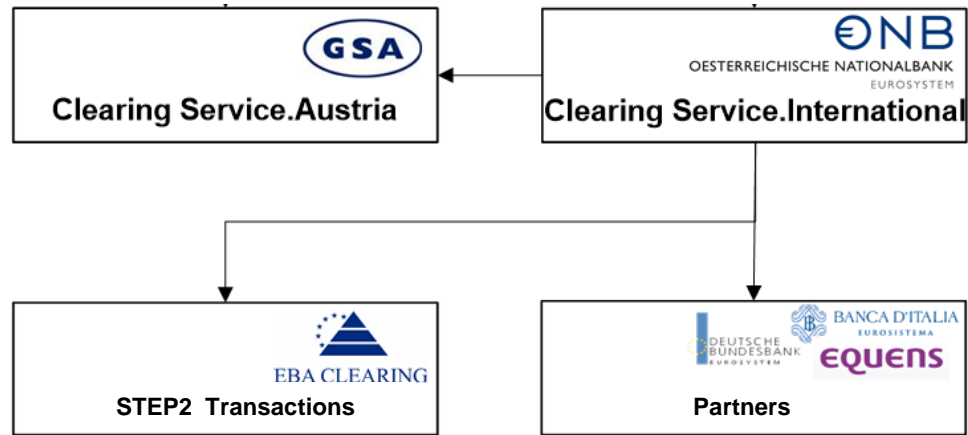
Cash Logistics in Austria



Source: OeNB.

Cashless payments: Interoperability & cooperation lead to efficient products

Clearing & Settlement of credit transfers & direct debits



Processing of debit card transactions & ATM network



Standardisation



The world of payments is changing



Cash => Electronic



New Devices

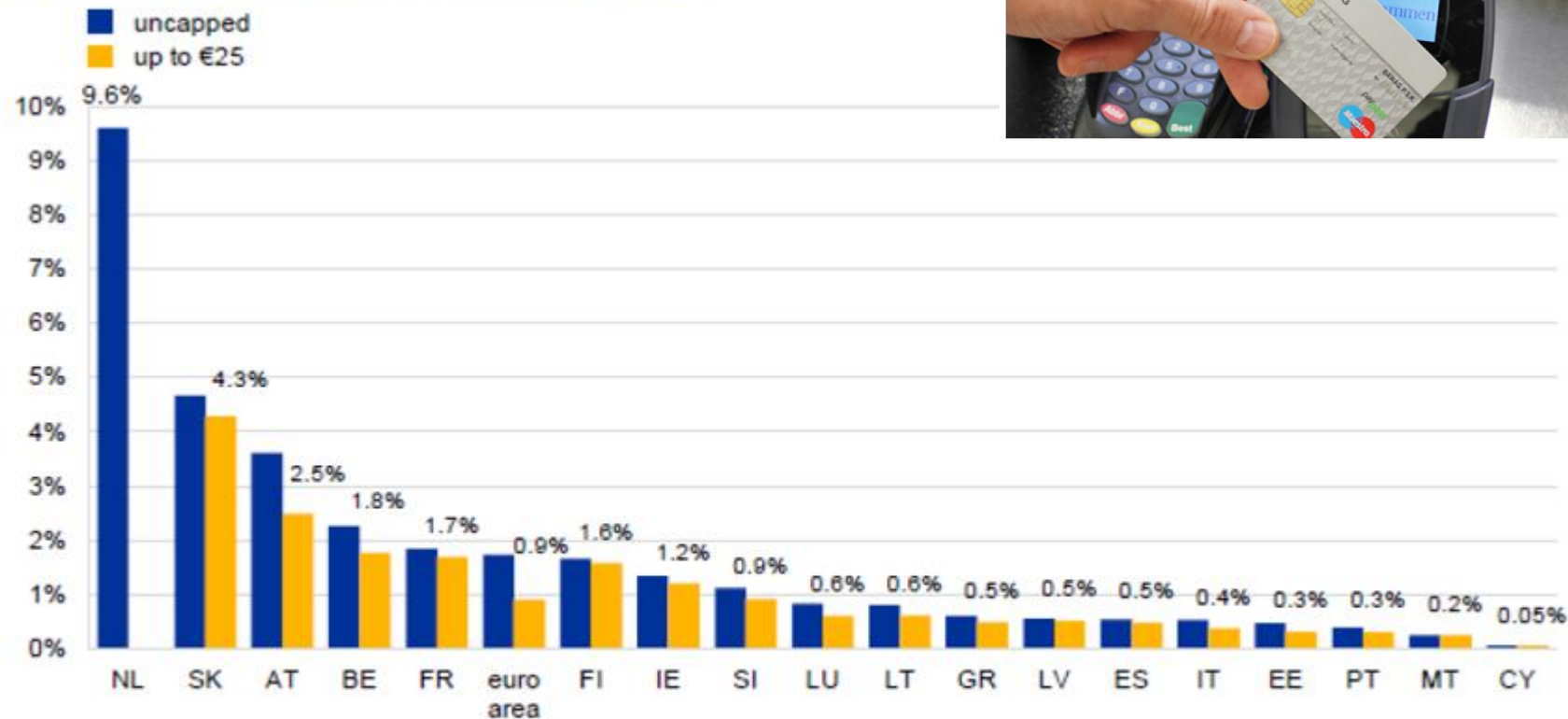


Face-to-Face => Remote

Contactless payments in Europe



(percentage of contactless from all POS payments in 2016)



NFC payments gaining popularity in **Austria**

- 82 % of **terminals** are equipped with NFC functionality
- 66 % of POS **card transactions** are done contactless

Sources: ECB and De Nederlandsche Bank.

Notes: Data labels refer to contactless payments up to €25. The share of contactless payments in the Netherlands is based on official bank statistics as reported by De Nederlandsche Bank and the Dutch Payment Association (DPA) (see Jonker et.al 2016) and presents data from the whole of 2016. The rest of estimations are based on the SUCH diary survey, which was carried out up until to July 2016. Data from Austria is in line with statistics published in September 2016 by Payment Services Austria.

Trends in the area of cashless payments

<p>Non-Cash Payments</p>	<p>Looking through 2020, global payments growth will increase on average by 10.9%. The number of transactions will likely increase to 725,9 billions*. It is expected that in Europe cashless transactions will rise by 6.5% per year*.</p>
<p>PSD2</p>	<p>PSD2 will influence the business models sustainably. Banks are requested to provide parts of customer data to other payment providers. In the beginning this means investments without immediate profit.</p>
<p>PSD2</p>	<p>PSD2 will improve the customer experience by the introduction of open APIs from September 2019 on. Cooperation with „non-bank businesses“ will be simplified. Open Banking platforms will set new technological courses.</p>
<p>Fintechs / Bigtechs</p>	<p>With the implementation of an uniform standard for APIs more Fintechs but also Bigtechs (e.g. Apple, Amazon, Alipay) will enter the European payments market and provide their services directly to the bank customers.</p>
<p>Instant Payments</p>	<p>The roll-out of instant payments offers end-users a new digital way to conduct their payments in real time. In combination with the introduction of PSD2 and open banking new use cases will be generated and increase the customer experience.</p>

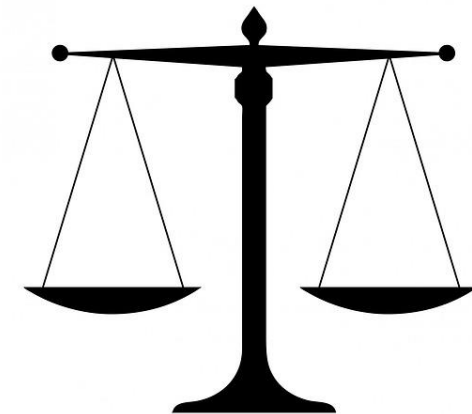
* Based on the number of 433,1 billion transaction in 2015
 Source: Capgemini World Payments Report 2017 – <https://worldpaymentsreport.com>



Payment Regulation in Austria

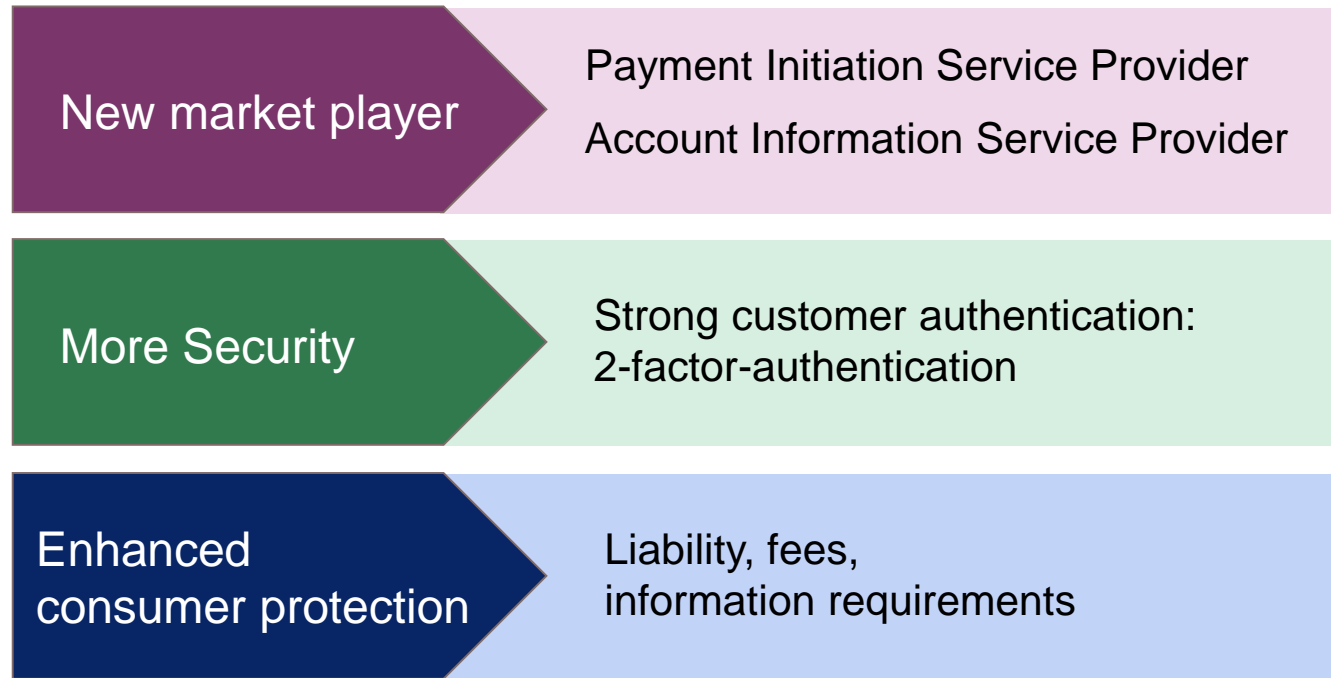
In general all EU rules have been adopted in Austrian law

- Regulation on cross-border payments (1 November 2009, as of 15 December 2019)
- E-money Directive ⇨ E-Geld-Gesetz 2010 (30 April 2011)
- SEPA Regulation (1 February 2014)
- PSD2 ⇨ Zahlungsdienstegesetz 2018 (1 June 2018)
- GDPR ⇨ Datenschutzgesetz (25 May 2018)
- *National specificity: law on limits for ATM-fees*



Payment Services Directive 2

- PSD2 was adopted in November 2015 and came into force on 13th January 2018
- Target: Increase transparency, competition, innovation and security in the payments services industry



PSD2 – Access to bank accounts



Participants: PSA; SIA; DE Bankenverband; VISA; equensWorldline; STET; Swedbank; Deutsche Bank; Finance Latvia Association

Technology: REST/JSON/ISO 20022

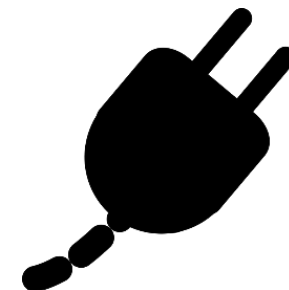


Austrian banks will support Berlin Group Standard as of 14 September 2019

National features possible

Avoidance of fragmentation on technical level (interface)

Tests for banks and TPPs possible since March 2019



European payments market – Quo Vadis?

- Cards market is dominated by American and Asian schemes: A European card scheme has not been evolved yet..



VISA

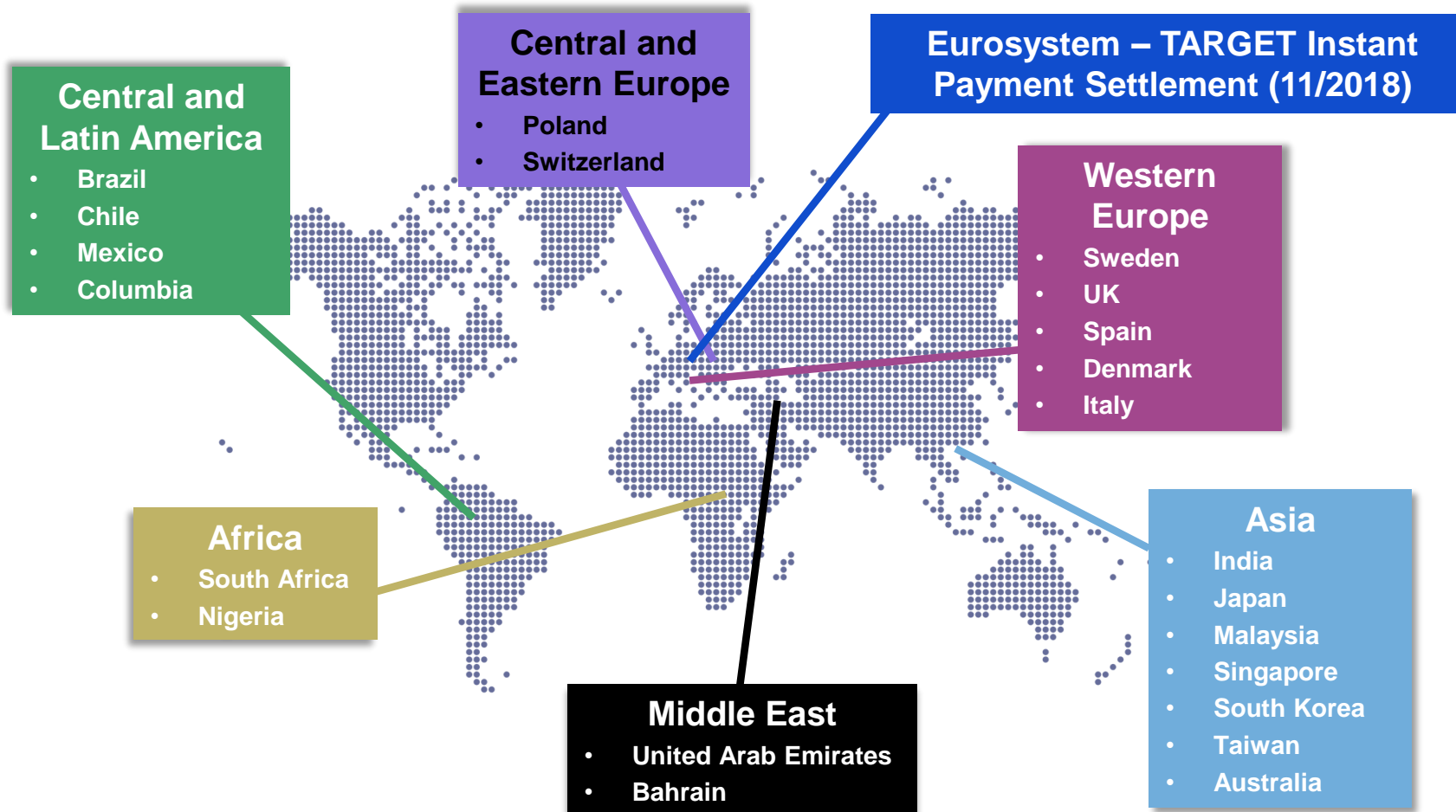


- Most and most popular innovative payment methods have been developed and are run by American and Asian companies.



- Loss of control about European payments and data
- Eurosystem could lose the information about payment flows
- Impact on stability and oversight

Worldwide Instant Payments Initiatives

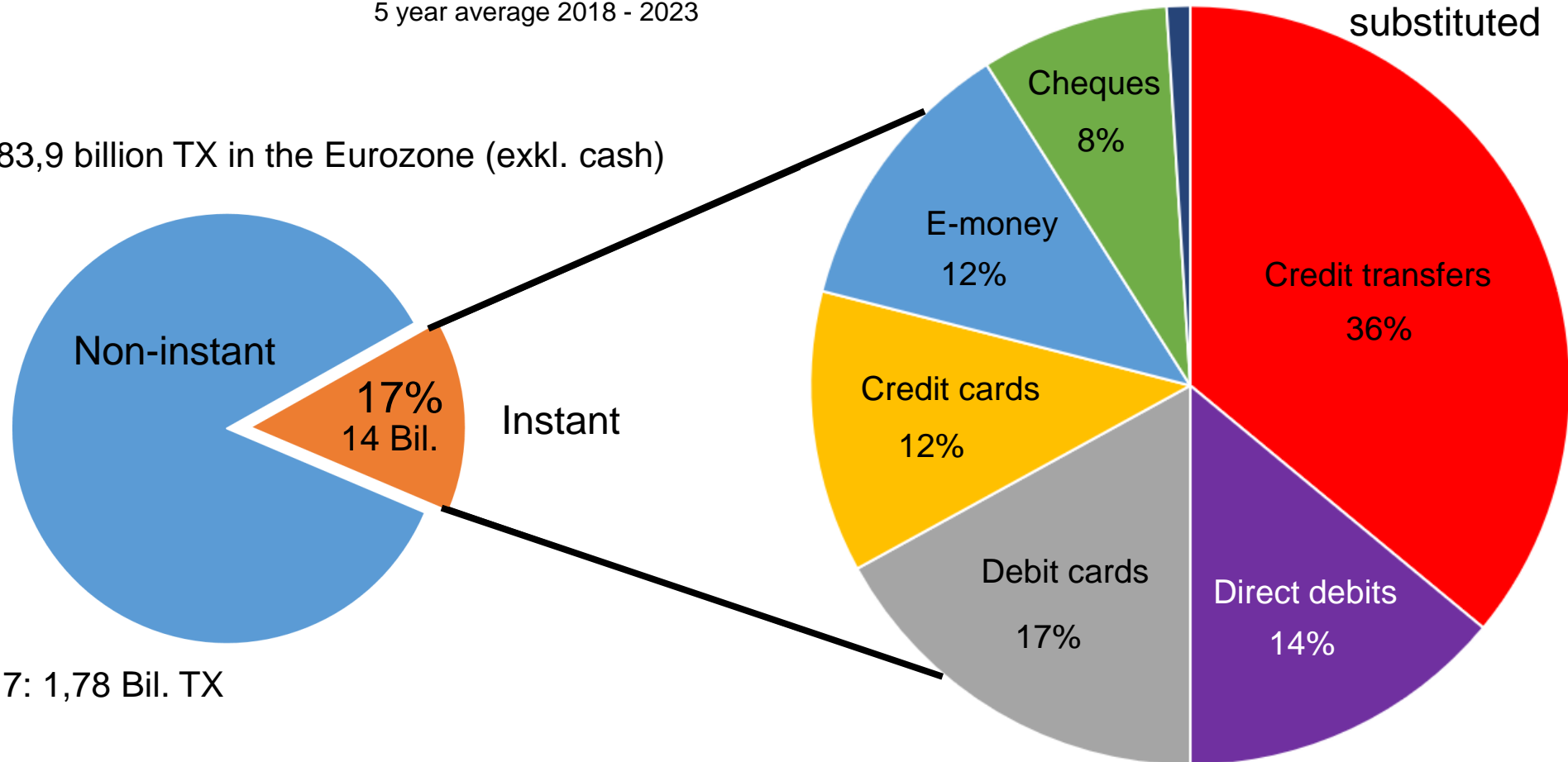


Share Instant Payment in the number of cashless payments (Eurosystem; estimated development until 2023)



Estimated market share of instant payment transactions
5 year average 2018 - 2023

€ 2017: 83,9 billion TX in the Eurozone (exkl. cash)



AT 2017: 1,78 Bil. TX

TARGET Instant Payment Settlement (TIPS)

since November 30, 2018

Eurosystem solution



target | TIPS
services



- ✓ Availability 24/7/365
- ✓ Real-time Settlement
- ✓ SEPA-compliance
- ✓ Finality
- ✓ Central bank money
- ✓ Accountable to minimum reserve
- ✓ Low price

TARGET Instant Payment System (TIPS)

Reduction of risks

- Liquidity risk
- Credit risk
- Systemic risk



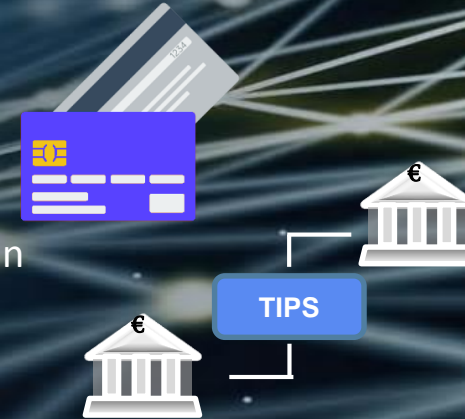
As alternative for

- Credit transfers
- Cash
- Debit- and credit cards



TIPS participation

- Chance for banks to strengthen their position in the payment chain
- Cooperation with payment initiation services and Fintechs



Amount limit: 15.000 €

- Higher limits to be negotiated bilaterally

Innovations in Austria – Example ▶ bluecode® – Facts:

▶ bluecode® is a product of Secure Payment Technologies

- ✓ Austrian Start-up (with Swiss investors) founded in 2011
- ✓ Could be used at physical POS, online shops, apps and vending machines (omni-channel)
- ✓ Value Added Services possible
- ✓ Currently used instrument: SDD
- ✓ Blue Code instant: pilot planned in summer 2019, go-live September 2019

Innovations in Austria – Example bluecode™ : Reachability

Local Pilot AUT 2014



1 Merchant

1 Bank

Blue Code starts with a local pilot started with one bank and one merchant ...

National Rollout Scheme AUT & GER 2015-2016 2017



Within one year Blue Code is accepted at 85% of all food retailers in Austria. 18'000 POS.



Blue Code becomes the official and exclusive mobile payment provider at the Oktoberfest.

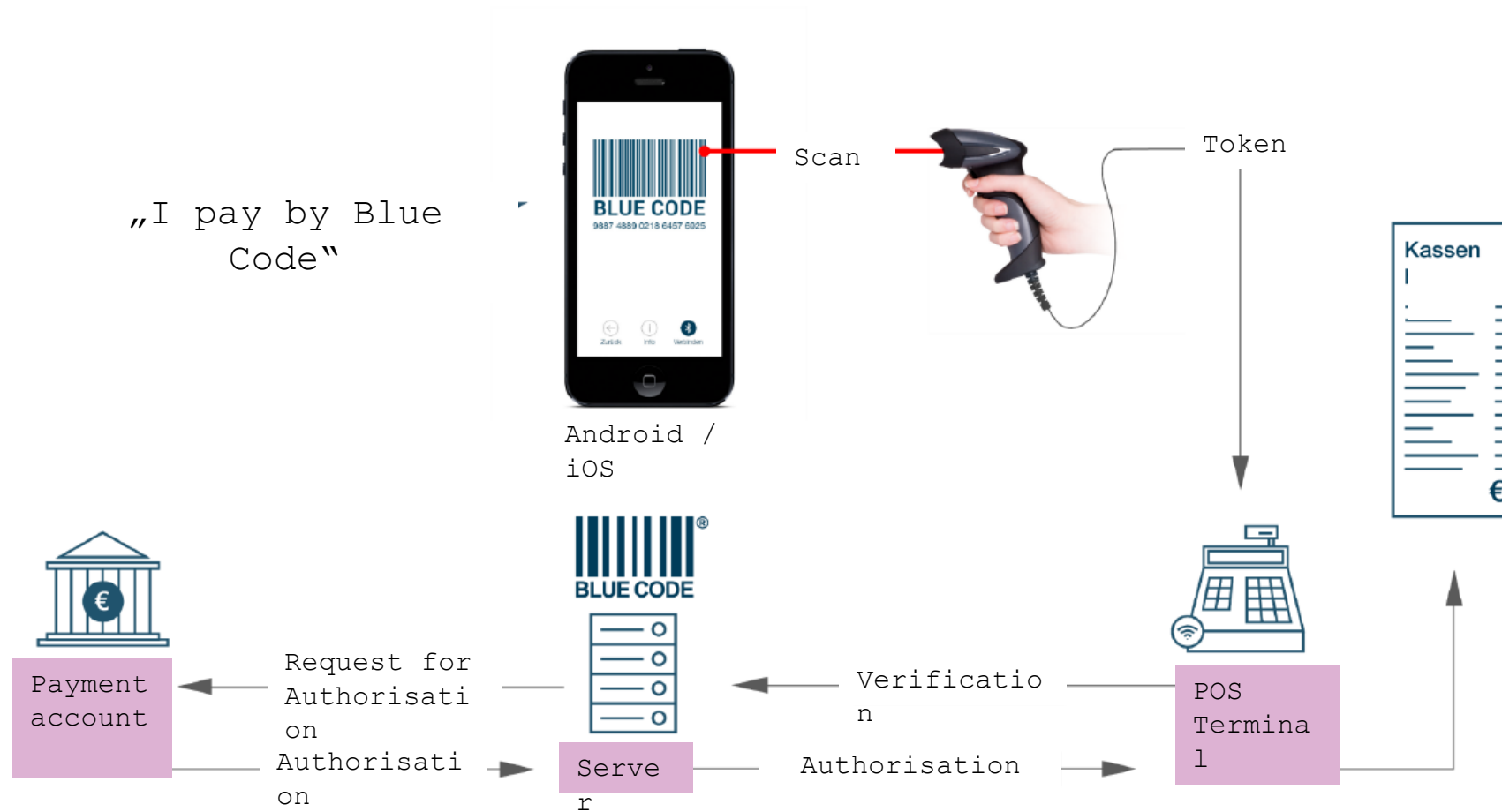
- Several new
- Issuer Contracts
 - Acquirer Contracts
 - App Integrations

Scheme EU 2018 -



Source: Blue Code, ECB Conference – May 6/7, 2019

How does bluecode® work?





Payment behavior is changing - but slowly



European laws, technical standards and common business procedures make payments more efficient



New kids on the block: PSD 2 opens the door for non-bank payments provider & innovations.



New technologies (e.g. DLT) are evolving



Global Trend towards instant payments. Important factors are interoperability of POI solutions and convenience



The Eurosystem supports innovation if the developments are safe and efficient and open the same opportunities to everyone in Europe.

Thank you for your attention

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Payment behavior in Austria



Cash versus noncash payment shares in 2011 and 2016

%	Value share		Volume share	
	2016	2011	2016	2011
Cash	64.9	73.2	81.8	85.9
Debit card	17.3	15.6	10.9	9.5
Credit card	6.1	5.6	2.7	1.9
NFC contactless	0.8		1.2	
Direct debit payments/transfers	8.2	4.2	1.7	1.5
Internet/mobile	1.9	0.2	0.8	0.2
Other	0.9	1.2	0.9	1.0



Source: OeNB payment survey 2011 & 2016

Payment instrument share by transaction value

