

Summary of the twelfth meeting of the Irish Retail Payments Forum (IRPF) – 19 November 2024

This note summarises the outcome of the twelfth meeting of the IRPF, which focused on the following:

1. Rotational Members;
2. National Payments Strategy (NPS) Implementation;
 - a. NPS Overview;
 - b. Pay-by-Account Working Group;
 - c. Cost of retail Payments Study;
3. Instant Payments Implementation;
4. Digital Euro Update;
5. Updates from EU Working Groups; and,
6. Mobile Consumer Confidence Survey.

The meeting was hosted in the Central Bank of Ireland's (Central Bank) building in North Wall Quay, Dublin 1.

List of Attendees:

Chair: John Geelon (deputising for Karen O'Leary), Head of Function, Payments and Securities Settlements Division, Central Bank of Ireland.

1. An Post
2. Banking and Payments Federation Ireland (BPFI)
3. Central Bank of Ireland
4. Competition and Consumer Protection Commission (CCPC)
5. Convenience Stores and Newsagents Association (CSNA)
6. Department of Finance (DoF)
7. Department of Social Protection (DSP)
8. Electronic Money Association (EMA)
9. Fintech and Payments Association of Ireland (FPAI)
10. Irish League of Credit Unions (ILCU)
11. Mastercard
12. National Transport Authority
13. Retail Excellence
14. Retail Ireland (Ibec)
15. TrueLayer (Rotational)
16. Visa

Apologies:

1. Credit Union Development Association (CUDA)
2. Danske Bank (Rotational)
3. Retail Grocery Dairy & Allied Trades Association (RGDATA)
4. Square (Rotational)

Welcome Address

The Chair opened meeting by welcoming everyone. The Chair noted the meeting's full agenda, which covers many of the key domestic and EU developments underway and encouraged member's contribution throughout the discussion. He also welcomed Pamela Crilly, representing Truelayer, and acknowledged her predecessor Joe Morley's considerable efforts and contributions to the forum.

1. Rotational Members

The Chair introduced the agenda item noting the comprehensive review of the IRPF conducted in 2022. Post review the Central Bank introduced rotational membership for individual payment service providers (PSPs). Rotational members are appointed for a period of twenty-four months, with the term for the current rotational members ending in December 2024.

The Chair thanked the current rotational members – Danske Bank, TrueLayer, and Square.

In October 2024, the Central Bank launched a call for interest for new rotational members, seeking two credit institutions representatives, and two non-bank PSPs (i.e. payment institutions (PI) and electronic money institutions (EMI)). The tenure for the new members will cover IRPF meetings arranged in 2025 and 2026. While no decision has been made, the Chair introduced some potential members for consideration:

- Remitly (a PI put forward by the Electronic Money Association (EMA)), and Stripe (an EMI who directly expressed interest with the Central Bank) are being considered for the non-bank PSP positions.
- For the credit institution positions, after consulting with BPF, it is proposed that the Chair of the Irish Payment Council will become a standing member of the IRPF. A domestic bank is being considered for the remaining rotational position.

The Chair advised that the information on the selection process was being shared in the interest of being open and transparent and welcomed the members to provide any feedback.

Member Discussion

It was acknowledged that the proposed non-bank PSPs members appeared to be a good fit for the forum. The IRPF covers multitude of business models and a money remitter would provide a different perspective.

No standing member raised any objection to the proposed new members and the Chair advised that the Central Bank will consider and finalise ahead of the next meeting.

2. National Payments Strategy (NPS) Implementation

a) NPS Overview (Department of Finance)

Susan O'Reilly (Department of Finance - DoF) opened the agenda item noting the forum's likely familiarity with the NPS and provided a brief summary of the strategy. The strategy reflects the desire to safeguard cash as a means of payment; expand the offering of electronic payment solutions; enhance the availability of payment data; reduce fraud rates etc.

DoF thanked IRPF members for their contribution to the strategy.

Member Discussion

IRPF member queried how quickly a functional digital identity wallet would be ready for use for the private sector, in line with the EU Digital Identity Framework - noting AML requirements and how digital identities could assist PSPs meeting some of these requirements (e.g. accepting digital identities for onboarding purposes). DoF noted it is expected that there will be a certified public digital identity solution available by January 2025, but that interoperability with other EU digital identity wallets will come at a later stage. The OGCI are leading the technical implementation of Ireland's requirements under the EU Digital Identity Framework, but there are a variety of actors involved (e.g. Department of Social Protection, Department of Justice and the Data Protection Commissioners).

DoF were asked how the actions identified in the NPS will be monitored and how this will be reported (i.e. governance). DoF noted that action owners have incorporated recommendations into their respective business plans and this is where responsibility for reporting will lie. DoF explained the anti-fraud forum will be different given there will be various owners. The Chair of the anti-fraud forum will report regularly to relevant Ministers.

Members noted that government department, agencies, or bodies who decide to use a third party to facilitate the acceptance of cash could make significant savings. DoF noted the importance of accepting cash and that each government agency would have autonomy to choose its own provider to accept cash payments.

The Chair noted this forum could be used to provide updates on actions owned by the Central Bank. BPFi advised it would be happy to support this by providing updates on actions it owns. Members agreed that an annual roundtable on NPS action updates should be facilitated via the IRPF.

b) Pay-by-Account Working Group

Mikela Trigilio, Central Bank, presented a structure for the Pay-by-account¹ "PAYBAC" working group, which was a recommendation under the NPS. It was proposed that the working group would follow an agile development approach. The Central Bank is looking to identify around 10 representatives from industry for the working group, which will be chaired by the Central Bank. The Central Bank expects to issue invites in December 2024 with the first meeting of the group expected to take place in January 2025. The working group will report into the IRPF, and to the Minister for Finance.

¹ E.g. instant payments or Open Banking

Member Discussion

The members supported the establishment of the group and questioned whether the structure of the Open Banking Implementation Entity (OBIE) in the UK was considered. The Central Bank noted that it had some conversations with OBIE in relation to specific elements of the proposed PAYBAC Terms of Reference (ToR), but noted that the mandate, structure and objectives of OBIE are different. It was also noted that the level of granularity considered by OBIE on certain issues is not suitable for the Irish market, given the Open Banking market in the UK is more advanced.

Members asked if representation on the working group would be via representative bodies (e.g. would banks be represented by the BPF). The Central Bank noted it preferred to have representatives from individual firms/organisations noting the group would benefit from those developing or accepting pay-by-account solutions. The Central Bank advised it wanted to preserve the IRPF as the “strategic thinker” with the working group being a more technical and action orientated.

The Chair noted the catalyst role of the Central Bank to drive positive change in the market, and that the development of pay-by-account solutions remains a key objective. The Central Bank will draft the ToR for the working group in consultation with the proposed members and report back to the IRPF.

Members agreed with the proposal.

c) Cost of Retail Payments Study

Mikela Trigilio presented the Central Bank’s preliminary scoping activities for a proposed study on the costs of retail payments. This piece of research was recommended under the NPS.

Member Discussion

Members were asked for their views on creating a market advisory group (MAG) to support relevant pieces of research conducted by the members of the IRPF. MAGs are being used by other national central banks conducting payment research.

One member raised concerns regarding the sensitivity of data from a competition perspective. The Central Bank clarified data would be collected and retained by the Central Bank, and that shared data would be in aggregate form, where no underlying firms could be identified. The MAG could be utilised to conduct quality assessments of the data/trends.

Members’ queried timelines for the study and questioned whether the Eurosystem planned to conduct a European study. The Central Bank noted a tentative timeline of early 2025 to begin the national study. The Central Bank is not aware of any immediate plans to conduct a European cost of retail payment study.

Retail members welcomed the study and committed their support. It was suggested that the Central Bank should seek support from Department of Enterprise, Trade and Employment.

The Central Bank noted that the frequency of the study was yet to be determined but that it was unlikely that it would be an annual study.

3. Instant Payments Implementation

Gillian Byrne of BPFi provided an update on the implementation of the Instant Payments Regulation by its members. BPFi advised that members are expected to meet the January 9 deadline to receive instant payments; implement pricing in line with standard credit transfers; and implement the sanctions screening procedures.

Member Discussion

The Central Bank asked if there were any issues regarding the interpretation of some of the requirements within the regulation, BPFi noted there may be slight variances but that each firm follows their own legal advice and if there was an overarching concern with interpretation or agreement for an industry interpretation of a certain aspect, the BPFi would discuss with the Central Bank.

BPFi confirmed they had not been informed by any of their members that the timeline for compliance was an issue.

4. Digital Euro Update

Gillian Phelan and Helen Cosgrave, from the Central Bank's Digital Euro Unit, presented an update on the digital euro project at the level of the European Central Bank (ECB) and the Central Bank. The digital euro project is now one year into the preparation phase, which is focused on laying the foundations for the possible issuance of a digital euro. The main activities in this phase of the project include the development of the rulebook, selecting providers, experimentation (pilots), technical discussions and deep dives on elements such as offline functionality.

A digital euro would be a digital means of payment, backed by and a liability of the ECB and available for use anywhere across the entire euro area.

In recent months, a key focus of the project has been developing a methodology to calibrate the digital euro holding limit. The holding limit will set a maximum amount of digital euro that can be held by end users (customers). Research and engagement with industry on this topic is ongoing, initial feedback from the market has been positive and the team noted plans for further engagements.

Stakeholder engagement has also commenced, with a focus on the digital euros 'Fit in the Ecosystem' which is structured under three core themes: (i) Competition, (ii) Synergies, and (iii) Business model. The European Retail Payments Board (ERPB) will act as a key forum to facilitate these discussions to fully understand what a digital euro would mean for consumers, distributors, National Central Banks etc.

The digital euro legislative proposal is progressing in tandem to the ECB project and it was noted that a decision to launch a digital euro will only be taken once the legislation has been finalised and adapted. It was also noted that while the Central Bank wants to avoid front running the project with respect to the legislative process, it is recognised that early engagement with

industry is also important. As such, the Central Bank will continue to engage with the Irish payments market.

The Central Bank noted it conducted a digital euro sentiment survey to understand public awareness of a digital euro. Although carried out to establish a baseline, it was notable that the results were broadly in line with other EU area countries.

Member Discussion

There was interest from members on the public sentiment survey. Some members indicated that it should be published as it could be a support in raising awareness amongst the association's respective membership. Central Bank advised that the results would not be published immediately. However, follow up surveys will be run as the project progresses and it is planned to publish them so that trends can be established.

Members expressed interest in the holding limit and the decision on whether to allow customers hold multiple accounts. The Central Bank advised that this is a complex issue and a large body of research is underway to define the methodology to calibrate the holding limit and then decide at what level the holding limit should be set.

In terms of broader stakeholder engagement activities, the focus for the Central Bank in 2025 is to engage with industry. However, public engagement will increase once there is more clarity on the European legislative process.

Members reflected that user adoption would be a key success factor, that education only goes so far, and that PSPs are best placed to advance 'excitement and interest' within their respective customer bases.

The ECB has issued a call for innovation partnerships (pioneers and visionaries) to get involved in the next stage of the project's preparation phase. The Central Bank encouraged PSPs to consider.

5. Updates from EU working Groups

The Department of Finance provided an update on the relevant legislative files currently progressing through the European Commission. Payments files are complex so are not progressing quickly. It is anticipated that two more council working parties on the third Payment Services Directive (PSD3) and the Payment Services Regulation (PSR) will take place before year-end.

Member discussion

One member raised concerns about the Eurosystem's decision regarding access by non-bank PSP to Central Bank payment systems, particularly on the challenges associated with safeguarding funds, which they do not consider to be commercially viable. The Chair advised that the Eurosystem has extensively considered the issue and that the ECB Governing Council decision is final, with an official ECB written response issued to industry representative bodies following their recent correspondence on the subject.

6. Mobile Consumer Confidence Survey

The Commission for Communications Regulation (ComReg) presented the results of their recent survey on Mobile Consumer Confidence with respect to consumer usage of online banking and mobile payment solutions. The survey consisted of 1,001 adults in a nationally representative sample. The findings showed strong usage of mobile banking and/or payments across Ireland, among which the vast majority use their mobile wallet on a weekly basis. In general, usage in younger age groups and in Dublin tends to be slightly higher. The survey also contained insights on fraud illustrating that there is strong appetite for informative videos on scam awareness and prevention. In contrast, low audience numbers for scam awareness videos were reported among young people, whom also reported higher levels of being subject to fraud.

Member Discussion

There was a great degree of interest amongst members, who welcomed the insights. ComReg noted that the findings are not for public dissemination at this point. The goal of the survey is to inform public policymaking.

Members suggested considering further research on topics such as Buy-Now-Pay-Later.

AOB

ACTION: Members to advise, via written procedure by end December 2024, of any activities relating to sustainability in payments currently underway or planned in the near-term.
