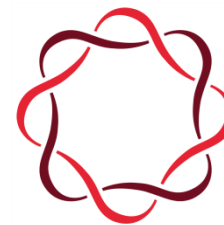


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**FINANS  
DANMARK**

# Finance Denmark's response to the Commissions consultation on instant payments

## Høringsvar

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Finance Denmark welcomes the opportunity presented by Finanstilsynet to comment on the Commissions consultation on instant payments.

4. maj 2021  
Dok: FIDA-151247800-702947-v1  
Kontakt Louise Fjord

The Commission is seeking input on the remaining obstacles as well as possible enabling actions that it could take to ensure a wide availability and use of instant payments in the EU.

The Danish banks have made massive investments in the Danish digital payment infrastructure and introduced instant payments for the benefit of Danish customers as early as November 2014. Instant payments have become quite popular, and instant payment transactions have (since 2018) outnumbered intraday transactions in Denmark. In our experience the development has very much been demand-driven and the need for instant payments primarily depends on the proximity of payer/payee and the urgency/finality of the payment. E.g., P2P payments via the Danish mobile payment solution, MobilePay, that is used by more than 4.2 million (more than 82 pct. of the Danish population over 13). The app is downloaded on 9 out of 10 mobile phones. Large transaction volumes will not necessarily derive any significant additional benefits from transitioning to instant payments. E.g., this would apply to the payment of recurring bills, salary payments etc.

Experiences from Denmark also show that consumers and merchants demand a variety of payment solutions – both card-based and mobile payment solutions - and instant payments currently work for some use-cases but not all. Finance Denmark therefore finds it important to give the consumers the choice of their preferred payment method, depending on the payment situation.

The deployment of instant payments to be used for purchases in both physical shops and online (point of interaction) needs to be based on a thorough analysis. It is among other things necessary to look at the consumer rights for instant payment as instant payment can lead to increased fraud. To ensure the consumers trust in digital payments instruments in general, the balance between fast, user friendly and secure solutions need to be a continued focus.

When encouraging initiatives that support a further deployment of instant payments the demands for strong cybersecurity, fraud prevention and AML risk management should therefore be an inherent part of the discussion. In Denmark we see a rise in fraud from e.g., social engineering, mule accounts etc. and instant payments makes it very difficult to stop these types of fraud in time. The market participants, both PSP's and CSM's, are working actively to reduce the risk, and in that regard, regulators should work together to ensure that the regulatory framework supports that information stemming from fraud/money laundering from instant payments can be shared between banks and between banks and authorities.

On the question of value added services, Finance Denmark finds the forthcoming rulebook on Request to Pay to be an important element in spurring future bill payment solutions based on account-to-account transfers, which could also be instant. A more consistent use of Confirmation of Payee (COP) services could also make instant payments more useful. COP could strengthen the security in payments while at the same time improve the efficiency of payments and enable better user experiences. Clarifications on how COP can function within the present regulatory framework could ensure further use of COP in connection with instant payments. This should be seen in context of looking at other legal barriers to introduce fraud prevention/AML measures related to instant payment as mentioned above.

When promoting further use of instant payments, it is important to ensure that instant payment solutions - whether facilitated by an ACH or through TIPS - has adequate features to ensure robust, reliable, and flexible liquidity management during e.g., weekends and bank holidays when central bank RTGS-system are closed. Such a setup should ensure that customers will not experience unexpected interruption of instant payments, as well as ensuring that clearing participants receives warnings if transaction volumes and liquidity needs are different than expected. This way the clearing participant will be able to allocate more liquidity if needed or otherwise stop liquidity outflow if a bank run is occurring. When that is said it is still important that all instant payments are settled in central bank money, and there is no credit risk between the clearing participants.

## Hørings svar

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Finance Denmark is available for further dialogue and we will share our full response to the consultation when it has been submitted.

Med venlig hilsen

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## Hørings svar

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