

Nordic Financial Unions

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NFU Response to Green Paper “Towards an integrated European market for card, internet and mobile payments”

Summary of main points

- NFU are generally positive towards integrating the European market for card, internet and mobile payments since it would create a level playing field.
- One advantage with an integrated market for electronic payments is that it could decrease the use of cash in Europe, which in turn could decrease work place violence, certain criminal activity and greenhouse gas emission.
- If we want to reduce cash use, customers must find electronic payments easy to use, understandable, cheap, accessible and trustworthy.
- Customers must also be certain that the data collected is not misused.
- NFU would also like to stress the importance of financial inclusion, in the sense that it is important that we do not create payment systems that not all citizens have access to.

General remarks

NFU are generally positive towards integrating the European market for card, internet and mobile payments since it would create a level playing field. But there are also other advantages with an integrated market, one being that it could decrease the use of cash in Europe. During the last decade, as other means of payment have become accessible, the problems of cash markets have been increasingly visible. Workplace violence is for many professions tightly linked to cash use, as employees become victims of robberies. This is a large working environment problem for bank tellers, bus drivers, shop attendants, taxi drivers and many more. It can only be avoided by cash free working environment.

Cash use is also vital for the black market economy, smuggling, drug dealing and criminal activity in general and is furthermore associated with tax avoidance. According to the Swedish Central bank, two thirds of the cash in circulation in Sweden are used in a black market or

criminal context. Less cash use in society in total could dampen some criminal activity. There is also the environmental aspect on cash use – transportation of cash contributes to the emission of greenhouse gases.

With this in mind, we can look on card, internet and mobile payments from a slightly different angle. If we want to reduce the amount of cash used in Europe, customers must find electronic payments easy to use, understandable, cheap, accessible and trustworthy. The customers must also be certain that the data collected is not misused.

NFU would also like to stress the importance of financial inclusion. In today's society, not all citizens have access to electronic payment methods. How can this be guaranteed? We have to be careful not to create a society built on payment systems that exclude certain groups.

Specific remarks

Question 13

Is there a need to give non-banks access to information on the availability of funds in bank accounts, with the agreement of the customer, and if so what limits would need to be placed on such information? Should action by public authorities be considered, and if so, what aspects should it cover and what form should it take?

NFU can understand the need to give non-banks access to information on the availability of funds in bank accounts. This could, however, cause both financial risks and loss of integrity risks. NFU would like to point out that it has to be clearly and precisely regulated which of the institutions involved that is responsible for any risks that might occur.

Question 15

Should merchants inform consumers about the fees they pay for the use of various payment instruments? Should payment service providers be obliged to inform consumers of the Merchant Service Charge (MSC) charged / the MIF income received from customer transactions? Is this information relevant for consumers and does it influence their payment choices?

NFU does not believe that this information is relevant to customers. Furthermore, it would be very difficult for merchants to accurately calculate the costs connected to their use of cash (i.e. costs for security systems, working time for counting and delivering cash to banks). This means that information would only be given for electronic payment systems and not for cash, which could work as an incentive towards cash use. NFU sees that as unfortunate, as there are several problems connected with cash use, such as workplace violence/robberies, black market and criminal activity in general.

Question 16

Is there a need to further harmonise rebates, surcharges and other steering practices across the European Union for card, internet and m-payments? If so, in what direction should such harmonisation go? Should, for instance:

- *certain methods (rebates, surcharging, etc.) be encouraged, and if so how?*
- *surcharging be generally authorised, provided that it is limited to the real cost of the payment instrument borne by the merchant?*
- *merchants be asked to accept one, widely used, cost-effective electronic payment instrument without surcharge?*
- *specific rules apply to micro-payments and, if applicable, to alternative digital currencies?*

In order for customers to avoid cash and use electronic payments, customers need to find the electronic payments easy to use, understandable, cheap, accessible and trustworthy. From this point of view, surcharging could be harmful even if they are limited to the real cost of the payment instrument borne by the merchant, especially since the merchants also have costs connected with cash payments. The cash system costs are however difficult to calculate and in practice never surcharged. A surcharge for electronic payments could therefore work as an incentive towards cash use, which NFU sees as unfortunate.

Question 18

Do you agree that the use of common standards for card payments would be beneficial? What are the main gaps, if any? Are there other specific aspects of card payments, other than the three mentioned above (A2I, T2A, certification), which would benefit from more standardisation?

NFU agrees that the use of common standards for card payments would be beneficial, as it would create a level playing field and at the same time make it easier for customers to use card payment systems.

NFU however question the view that customer mobility should be seen as a goal in itself. Our opinion is that a multitude of choices should be available, but customers should not be pressurized in any way. Many customers seek a long-term relationship based on continuous good advice and confidence. When confidence and trust is in place, mobility will follow. A European labour market depends on easy access to basic financial services for mobile customers.

Question 19

Are the current governance arrangements sufficient to coordinate, drive and ensure the adoption and implementation of common standards for card payments within a reasonable

timeframe? Are all stakeholder groups properly represented? Are there specific ways by which conflict resolution could be improved and consensus finding accelerated?

NFU would like to point out the importance of employee and customer representation in the processes, since both employees within banking, commerce and transportation and customers in general are highly affected.

Question 24

How could the current stalemate on interoperability for m-payments and the slow progress on e-payments be resolved? Are the current governance arrangements sufficient to coordinate, drive and ensure interoperability within a reasonable timeframe? Are all stakeholder groups properly represented? Are there specific ways by which conflict resolution could be improved and consensus finding accelerated?

NFU would like to point out the importance of employee and customer representation in the processes.

Question 28

What are the most appropriate mechanisms to ensure the protection of personal data and compliance with the legal and technical requirements laid down by EU law?

NFU sees advantages with encouraging customers to use electronic payments, since it could diminish the number of employees being victim to robberies. In order for customers to use electronic payments, they must be certain that their personal data is not misused by any actor in the chain of payment.

Shopping data is extremely sought after for marketing use, and this might need to be counter balanced. Legislation could be one way. In that case, it need to be specified what kind of data that can be saved and for how long, and how it can be used.

Question 30

How should current governance aspects of standardisation and interoperability be addressed? Is there a need to increase involvement of stakeholders other than banks and if so, how (e.g. public consultation, memorandum of understanding by stakeholders, giving the SEPA Council a role to issue guidance on certain technical standards, etc.)? Should it be left to market participants to drive market integration EU-wide and, in particular, decide whether and under which conditions payment schemes in non-euro currencies should align themselves with existing payment schemes in euro? If not, how could this be addressed?

NFU would like to point out the importance of employee and customer representation in the processes.

Question 32

This paper addresses specific aspects related to the functioning of the payments market for card, e- and m-payments. Do you think any important issues have been omitted or under-represented?

One advantage with an integrated market for electronic payments is that it could decrease the use of cash in Europe, which in turn could decrease work place violence, some criminal activity and greenhouse gas emission. Workplace violence is for many professions tightly linked to cash use, as employees become victims of robberies. Cash use is also vital for the black market economy, smuggling, drug dealing and criminal activity in general and is furthermore associated with tax avoidance. The environmental aspect on cash use is connected to transportation of cash which contributes to the emission of greenhouse gases.

With this in mind, we can look on card, internet and mobile payments from a slightly different angle. If we want to reduce the amount of cash used in Europe, customers must find electronic payments easy to use, understandable, cheap, accessible and trustworthy. The customers must also be certain that the data collected is not misused.

However, NFU would like to stress the importance of financial inclusion. Not all citizens have access to electronic payment methods. How can this be guaranteed? We have to be careful not to create a society built on payment systems that excludes certain groups.

NFU also wants to point out that there are already examples of how the new initiatives in the payments area might lead to outsourcing and centralisation. Certain vulnerability might follow from this, both for employees and consumers. Centralisation of services is often known to have negative effects on consumers, i.e. on pricing of services and the range of services available. We would also like the Commission – in its communication with the industry – to launch a discussion on employment effects and on how these can be tackled.

About NFU

Nordic Financial Unions (NFU) is the voice of the employees in the Nordic financial sectors. We are an organisation for co-operation between trade unions in the banking, finance and insurance sectors of the Nordic countries. Through our eight affiliated unions in Denmark, Sweden, Norway, Finland and Iceland we represent 160 000 members – a vast majority of the employees in the Nordic financial sectors.

Yours sincerely, Nordic Financial Unions (NFU)

Jorunn Berland
President

Christina J. Colclough
General Secretary