

Oranjestad, 29 November 2023

Enhancing inclusiveness for resilient growth: the Dutch experience

Inaugural meeting of the Foro di Pago Nacional

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EUROSYSTEM

The Dutch National Forum on the Payment System (NFPS)

- High-level platform of users and providers of payment services
- Aim is to ensure **secure, accessible, efficient** and **reliable** payments by:
 - Discussing bottlenecks and social consequences of new developments in area of payments
 - Making agreements about measures related to payments
 - Collaborating on collection, analysis and publication of data
- Inaugural meeting in 2003



Members of the NFPS

- **Chair:** DNB (in its central bank role)
- **Supply side**
 - Dutch Payments Association (incl. electronic money – and payment institutions)
 - Dutch Banking Association
- **Demand side**
 - Dutch Consumers' Association
 - Senior citizens' organisations
 - Senior migrant citizens' organisations
 - Organisations of physically impaired people
 - Organisation of low literate people
 - Retailers, hotels and restaurants, SMEs, large companies
- **Observer:** Ministry of Finance

Three Working Groups and two Taskforces

Working groups

- Efficiency and European Affairs
- Security
- Accessibility and Availability

Taskforces (temporarily)

- Cash
- Digital Euro
- De-risking

Meetings: 4–6 times a year

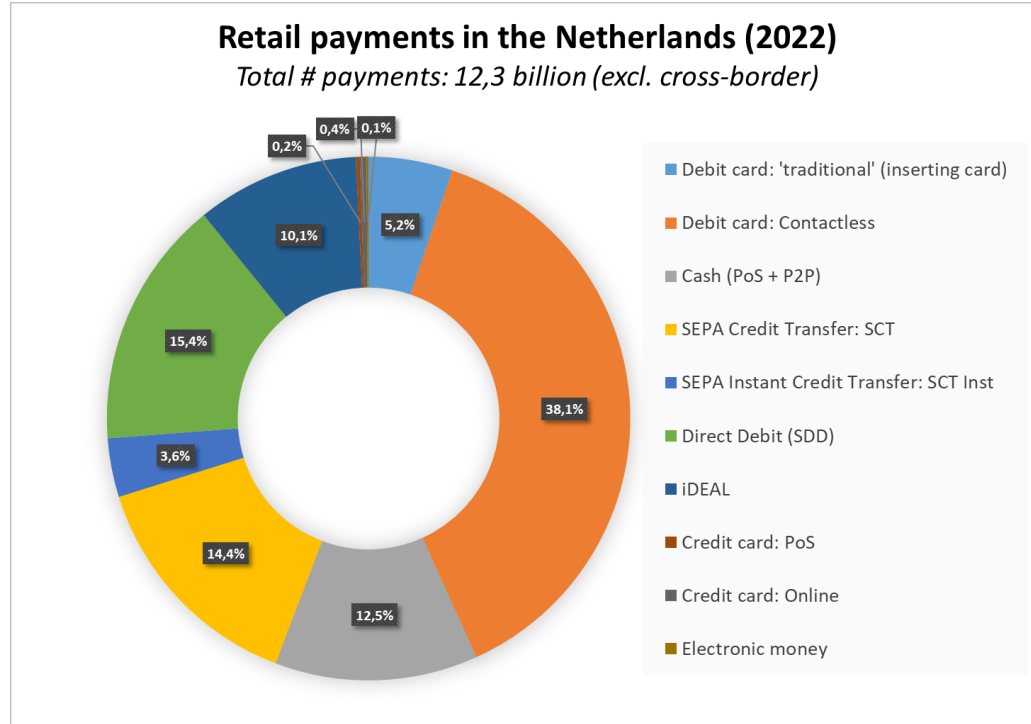
Results of the NFPS

- 2004: Agreement on rounding cash payments to 5 eurocents
- 2007: Agreement on a reachability for ATMs: *5-kilometer norm*
- 2013: Establishment of the Euro Retail Payments Board (ERPB) by the ECB
- 2019: Introduction of instant payments
- 2022: Cash Covenant
- 2023: Accessibility commitment of banks

The Dutch payment landscape

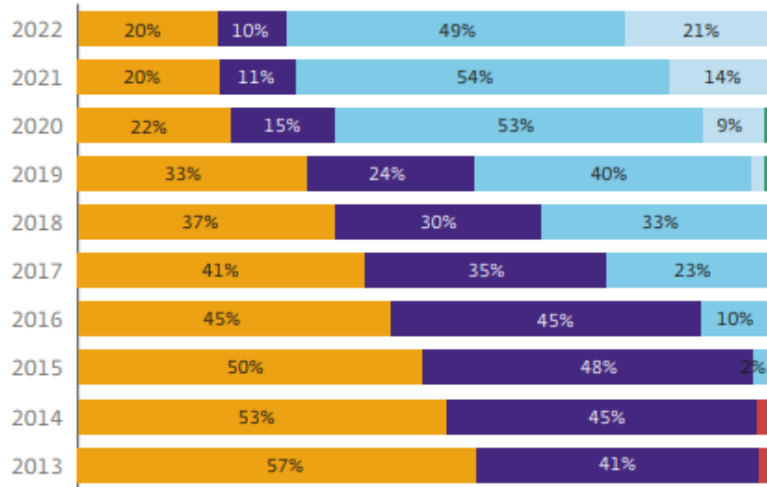
- 99% have access to banking services
- 32 million debit cards, 6 million credit cards
- High internet penetration: 98%
- Less than 1% of credit transfers are paper-based
- Number of local bank branches in 2023 fewer than 600 (in 2010 almost 3,000)
- Number of ATMs in 2023: 5,100 (in 2010: more than 8,400)
- Citizens having access to an ATM within a 5 KM radius: 99,8% (2023)

Dutch payment mix



Point of Sale payments in NL (2022)

Figure 2a Breakdown of total number of payments



Cash

Mobile phone/wearable (contactless)

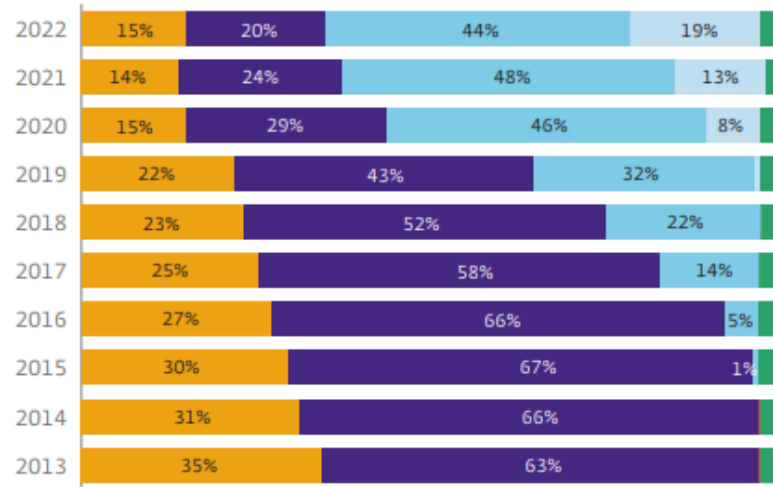
Debit card (contact-based)

Credit card

Debit card (contactless)

Electronic purse

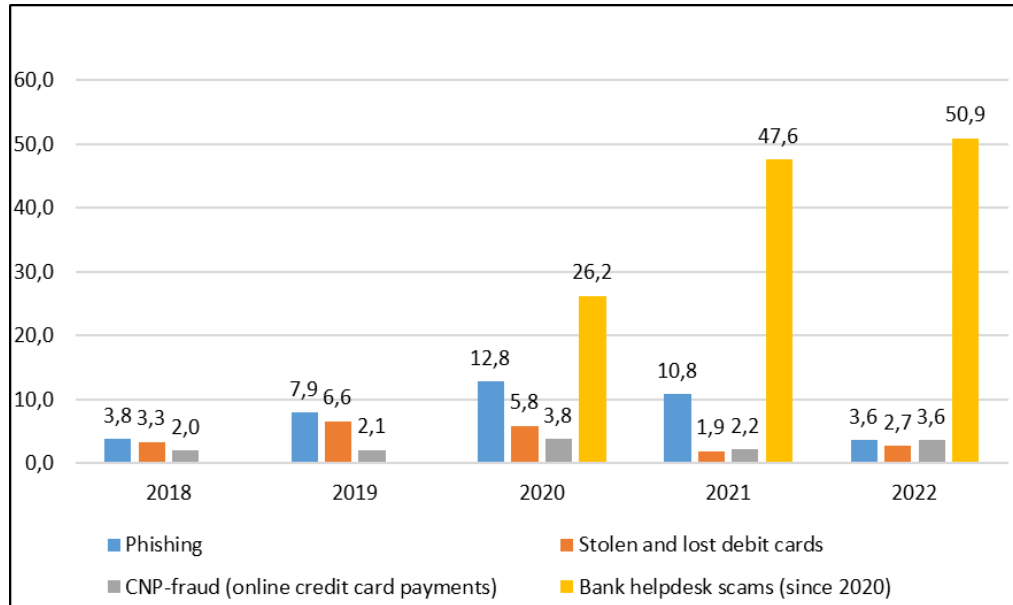
Figure 2b Breakdown of total value of payments



Source: DNB and the Dutch Payments Association

Fraud in non-cash payments

Increasing Authorised Push Payment (APP) Fraud (89% compensated by banks)



NFPS case I

Improving accessibility for vulnerable groups

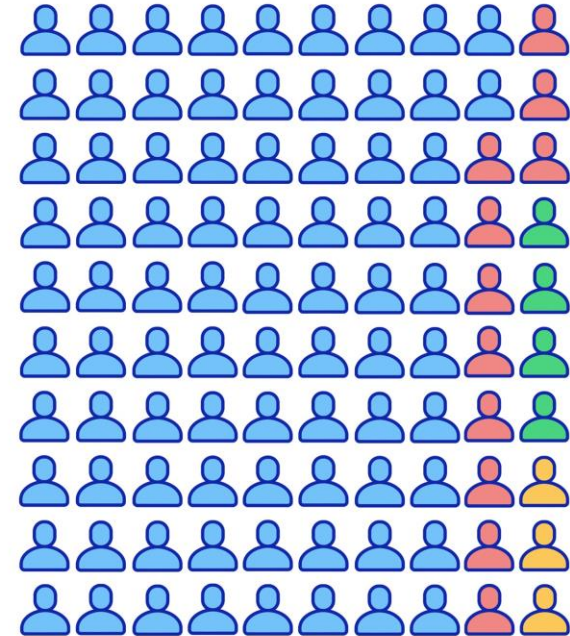
- Since 2019 there is growing awareness of the need to take action to improve the accessibility to payments for vulnerable groups
- Satisfaction with payment services has been declining in vulnerable groups such as
 - senior citizens
 - disabled people
 - people with low digital skills
 - people with lower incomes
 - people who are low-literate
- NFPS felt the need to conduct more in-depth research



NFPS case I

DNB report "Digitalisation of the payment system: a solution for some, a challenge for others"

- The increasing digitalisation is accompanied by a decline in accessibility
- One in six Dutch adults (2.6 million) do not manage their banking affairs independently
- Issues they face include:
 - Having difficulty with devices as ATMs, POS terminals, smartphones
 - Understanding texts and instructions,
 - Remembering codes
 - Meeting time limits for specific actions
 - Finding right support of the bank



Independent (82%) Help from others (4%)
Help from partner (11%) Handed over (3%)

NFPS case I

The DNB study prompted a call for action in the NFPS

How did we find banks prepared to enhance commitment?

- Results of the DNB study were alarming for many stakeholders in the NFPS
- Consumers called for more action
- DNB decided to postpone publication by 2 months to give banks time to prepare a response
- Banks responded positively, they saw necessity to act and came up with their banking commitment

NFPS case I

Commitment of banks to improve the accessibility of payment services

- Guaranteed access to basic non-digital banking services
- Create new interbank Information Service Points for customer support
- Improve bank support via telephone
- Improve the communication of existing solutions
- Develop tools to exercise and learn digital (banking) skills



NFPS case I

NFPS ambitions regarding improvement accessibility

The NFPS members agreed – on instigation of DNB – also on the ambition levels regarding accessibility:

- In 2027, the ratio of adults who don't use payment services independently should decline to 1 out of 7, compared to 1 out of 6 in 2023
- The gap in satisfaction valuation between average consumers and consumers from vulnerable groups should have declined to 0.1 (on a scale of 1-10)

"Any dependence is one too many."



NFPS case II

Cash Covenant: background

- Declining number of cash payments
- Rapidly declining number of ATMs and deposit machines
- Banks observe an increasing cost per cash transaction, leading to higher fees for cash services
- This raises a few issues
 - 1) Cash is important for people in a vulnerable situation
 - 2) Cash must be available for people who prefer to pay with cash
 - 3) Cash serves as fall-back option in case of outage in digital or card infrastructure
 - 4) Cash is still the only form of public money



NFPS case II

Cash Covenant: content and soon to be anchored in legislation

- Aim of the Covenant is to ensure that cash continues to function properly as a means of payment
- 23 involved organisations signed the Covenant (April 2022)
- Agreements on:
 - Minimum number of ATMs and deposit machines (banknotes + coins)
 - Standards regarding maximum distance (5 km) and availability of machines
 - A cap on the percentage annual increase of fees for cash transactions.
 - Continuity of the Cash-in-Transit companies
- Study (May 2023) jointly commissioned by Ministry of Finance and DNB revealed that Cash Covenant is not sustainable in long run and legislation is required
- Minister of Finance announced in June 2023 that new legislation is coming up soon

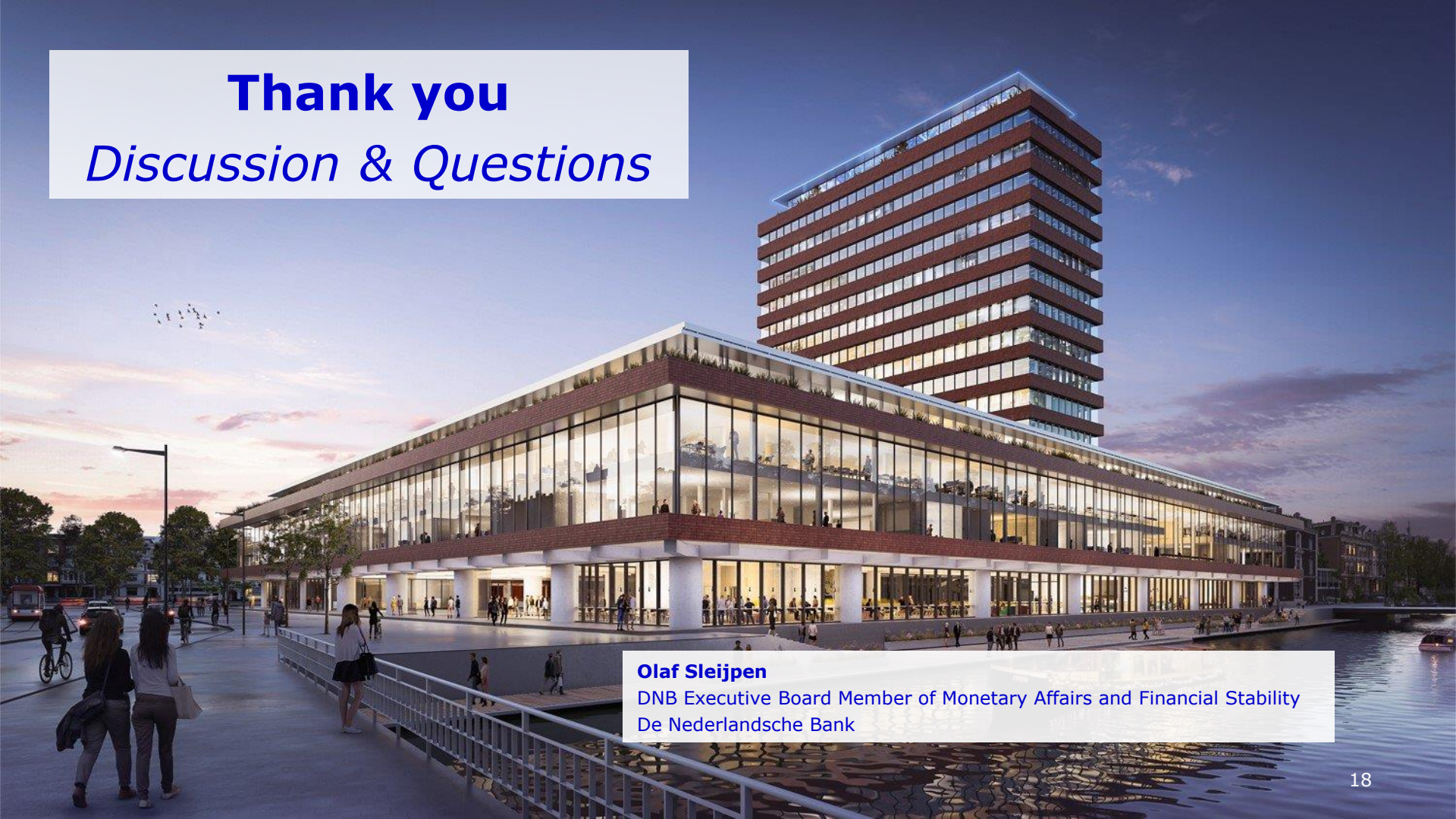
Recommendations NFPS self-evaluation 2023

- Summer and Autumn 2023: self-evaluation of the functioning of the NFPS
- Written survey among members of the NFPS, followed by in-depth interviews
- Results: NFPS members are broadly satisfied with the NFPS's functioning However, several improvements are possible
- The NFPS secretariat (DNB) suggested 5 recommendations, which will be followed-up in the next 6 months



Thank you

Discussion & Questions



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