



NARODOWY
BANK POLSKI

November 2022

Assessment of the Polish payment system functioning in the first half of 2022

SUMMARY



November 2022

Assessment of the Polish payment system functioning in the first half of 2022 SUMMARY

The material was prepared by the Payment Systems Department

Summary

The “Assessment of the Polish payment system functioning” is a cyclical material, prepared by the Payment Systems Department, which provides a basis for the NBP Management Board to carry out a periodic assessment of payments and monetary circulation, i.e. to fulfil the task set out in Article 17(4)(3) of the Act on Narodowy Bank Polski.¹

The “Assessment of the Polish payment system functioning in the first half of 2022”, hereinafter referred to as the “Assessment”, presents the major facts and events related to the functioning of the Polish payment system in the first half of 2022, as well as statistical data reflecting the development of the Polish payment system during this period and the level of development at the end of June 2022.² Due to the war in Ukraine, which started on 24 February 2022, the material presented in the relevant chapters includes information describing the impact of the war on specific areas of the functioning of the Polish payment system.

The most significant events for the payment system in the first half of 2022 included:

1. issues relating to the functioning of the Polish payment system in connection with Russia's aggression against Ukraine. These include, in particular:
 - a) huge increase in the demand for cash as of 24 February 2022 on the part of bank customers, manifested in the increased cash withdrawals from ATMs and bank's cash desks and the conversion of a form of storage of part of the savings from funds in bank accounts to physical money. This was evidenced by the following data:
 - a significant increase in the circulation of cash outside cash desks from PLN 338 billion in January 2022 to PLN 354 billion at the end of February 2022,
 - a decrease in the value of the population's current accounts from PLN 892 billion in January 2022 to PLN 883 billion at the end of February 2022,
 - b) above-average growth in banks' demand for cash in the first period after 24 February 2022 to meet increased cash withdrawals by customers, which manifested itself in an increase in the value of cash withdrawals from NBP by banks and an increase in the volume of cash in banks' cash desks. In the period of increased withdrawals of Polish currency during the eight operational days (i.e. 24 February - 7 March 2022), banks withdrew an average of PLN 5.3 billion from NBP on a daily basis. The above-mentioned value corresponded to 7 times the daily average of withdrawals from NBP in the stable period, i.e. 2021 (PLN 0.7 billion). On 28 February 2022, historically high cash withdrawals from NBP were recorded, amounting to PLN 12.5 billion, which corresponded to 17 times the daily average of withdrawals reported in 2021. As a result, from 24 February to 7 March 2022, banks' withdrawals from NBP totaled PLN 42 billion. The significant size of demand for cash in this period is evidenced by the fact that the latter amount is close to the value of the Polish currency withdrawn from NBP in the whole first quarter of 2021 (PLN 44 billion). The desire to meet increased cash needs was also reflected in the volume cash in banks' cash desks, which increased from PLN 14 billion at the end of January 2022 to PLN 25 billion at the end of February 2022.

¹ Journal of Laws [Dz. U.] of 2022, item 2025.

² Apart from the semi-annual Assessment, the NBP prepares and publishes quarterly information: on interbank clearings and settlements, where information and data on payment systems is presented, and on payment cards.

- c) introduction in March 2022 of two amendments to the Regulation of the Minister of Internal Affairs and Administration on the requirements to be met by the protection of monetary values stored and transported by entrepreneurs and other organisational units. Both of the aforementioned acts (i.e. episodic legislation - the first one remained in force from 2 March 2022 to 15 March 2022 and the second from 16 March 2022 to 31 March 2022) were issued in connection with the aggression of the Russian Federation against Ukraine, and were legislated due to the increased demand for cash withdrawals from ATMs and banks' cash desks at the territory of the Republic of Poland.
 - d) change introduced by the NBP Management Board on 3 March 2022 of the criterion for listing areas, facilities and equipment subject to mandatory protection by specialised armed security formations or appropriate technical protection. The amendment was to increase the volume of monetary values, above which banking facilities are added to the aforementioned list and also to include monetary values held in ATMs, machines with deposit functionality and other customer-operated devices in the applicable limits. These limits currently amount to more than 3 calculation units³ for the amount of monetary values stored outside ATMs, machines with deposit functionality and cash recycling machines (CRMs), and more than 6 calculation units regardless of how monetary values are stored.
 - e) actions undertaken by NBP in the area of the SORBNET2 system to analyse the adequacy of existing contingency solutions and the possibility of introducing additional contingency solutions in cooperation with NBP departments and SORBNET2 system participants,
2. accession of NBP, on 14 June 2022, to the new *Continuous Gross Settlement* (CGS) model in the STEP2-T system for euro payments operated by EBA Clearing. Launch of the CGS model in STEP2-T system for the first group of participants on 22 June 2021, started the process of phasing out session-based clearing under STEP2-T. The introduction of the CGS model in STEP2-T involved changes mainly in liquidity management and processing of settlement orders. In the CGS model, the processing of payments, contrary to the previous session-based clearing, takes place in real time due to the fact that the settlement of bulks of transaction is carried out by simultaneously adjusting participants' positions in STEP2-T, i.e. debiting and crediting them accordingly on the EBA Clearing technical account held in TARGET2, where system participants' funds are kept. On 12 July 2022, the former session-based clearing model in STEP2-T was finally replaced by the CGS model.
 3. entry into force, on 1 January 2022, of the Act of 24 June 2021 amending the Act on the social insurance system and certain other acts. The Act concerns, among other things, a change in the method of payment of long-term benefits (retirement pensions, disability pensions), granted starting from 1 January 2022. According to the new law, payment of the aforementioned benefits will be made in a non-cash form to the payment account indicated by the entitled person or through entities active in the field of benefit delivery.
 4. in the scope of activities concerning oversight of payment systems - initiation of administrative proceedings upon the request of Krajowa Izba Rozliczeniowa S.A. concerning the change in the rules of operation of the Euro Elixir payment system, consisting in enabling the execution of inter-system orders received from and transferred to the STEP2-T system based on continuous gross settlement

³ In accordance with § 1 subparagraph 5 of Regulation of the Minister of Internal Affairs and Administration of 7 September 2010 on the requirements to be met by the protection of monetary values stored and transported by entrepreneurs and other organisational units the "calculation unit" is defined as "120 times the average wage and salary in the previous quarter, which is announced by the President of Statistics Poland in the Official Journal of the Republic of Poland "Monitor Polski" on the basis of Article 20 subparagraph 2 of the Act of 17 December 1998 on old-age and disability pensions from the Social Insurance Fund (Journal of Laws of 2015, item 748, 1240, 1302 and 1311)".

in the STEP2-T system. The proceedings were concluded with the issuance of a decision by the Governor of NBP authorising the aforementioned changes.

At the same time, in the first half of 2022, events occurred that could have an indirect impact on the payment system in Poland and a number of actions were taken that will have a significant impact on the functioning of the Polish payment system in the near future. These include, in particular:

1. continuation by NBP of work on the SORBNET3 Project, under which the launch of a new RTGS system in zloty conforming to the ISO 20022 standard is planned for 2025,
2. continuation by NBP of work on the consolidation of the TARGET2 system and the T2S platform,
3. review, consultation and opinion-gathering by the European Commission, between 10 May and 2 August 2022, on the application and impact of EU rules on payment services, as required by the review clause of the PSD2 Directive, and in compliance with the provisions of the EC Retail Payments Strategy,
4. entry into force, as of 1 January 2022, of a number of provisions of the Act of 29 October 2021 amending the Personal Income Tax Act, the Corporate Income Tax Act and certain other acts. The act mainly refers to taxation issues, but also includes regulation of some aspects interesting from the point of view of the wider payment system. These regulations include, among other things, provisions related to limits for cash payments, i.e. the introduction of a maximum limit for cash payments in transactions between consumers and entrepreneurs of up to PLN 20,000 (payments of PLN 20,000 and above must be made in cashless form) and a reduction of the limit for cash payments between entrepreneurs in mutual settlements from PLN 15,000 to PLN 8,000. Due to the amendment made to the aforementioned Act by the provision of Article 2 subparagraph 1 of the Act of 5 August 2022 amending the Act on Mortgage Credit and Supervision of Mortgage Credit Intermediaries and Agents and the Act amending the Act on Personal Income Tax, the Act on Corporate Income Tax and certain other acts (Journal of Laws of 2022, item 1719), the abovementioned limits will come into force not on 1 January 2023, as previously agreed, but on 1 January 2024. In addition, the aforementioned Act of 29 October 2021 introduces the obligation to allow businesses to accept non-cash payments as of 1 January 2022.
5. continuation of the legislative work on the draft Act on the Financial Information System, which stems from the obligation to implement into the Polish legal order the EU law covering regulations aimed at prevention of the use of the financial system for money laundering and terrorist financing,
6. continuation of work on the draft Directive of the European Parliament and of the Council amending Directive (EU) 2019/1153 of the European Parliament and of the Council as regards access by competent authorities to centralised bank account registers through a single access point. According to the proposal put forward by the European Commission to amend the abovementioned directive, Member States will have to ensure that the information stored in centralised bank account registers is accessible through a single access point to bank account registers to be set up and operated by the EC. As a result of the interconnection of the aforementioned registers, authorities with access to a single access point to bank account registers will be able to quickly determine whether a person has bank accounts in other Member States, without having to go to all their counterparts in each Member State.
7. continuation of work on the legislative package prepared and announced by the European Commission on 20 July 2021,⁴ aimed at strengthening the EU legal framework on anti-money laundering and countering the financing of terrorism. The package comprises four projects, which

⁴ [Anti-money laundering and countering the financing of terrorism legislative package | European Commission \(europa.eu\)](https://ec.europa.eu/anti-money-laundering-legislation/)

- together constitute a set of measures to modernise the EU system for counteracting money laundering and terrorist financing (AML/CFT).⁵
8. announcement by the European Commission of the necessary acceleration of the introduction of instant payments within the EU, which should be linked to the presentation of an appropriate legislative proposal in the second half of 2022.
 9. continuation of work on the draft Regulation (EU) of the European Parliament and of the Council on the Digital Operational Resilience Act (DORA) for the financial sector, which sets out requirements for financial entities in the area of cybersecurity, such as central securities depositories and central counterparties (CCPs). The project is currently at the stage of preparations for announcement. It is expected that the announcement of the final version of the draft will take place in the second half of 2022, which means that the DORA regulation is likely to enter into force before the end of 2022 or at the beginning of 2023.
 10. continuation of legislative work on the draft Regulation (EU) of the European Parliament and of the Council on Markets in Crypto-assets and amending Directive (EU) 2019/1937 (MiCA). The purpose of the draft regulation is to establish regulations for crypto-asset service providers and crypto-assets issuers in the European Union, replacing the existing national crypto-assets legal frameworks. In the first and second quarter of 2022, the compromise text of the regulation was agreed over four rounds of negotiations between the EU Council, the European Parliament and the European Commission (the so-called political trilogue negotiations). By the end of June 2022, the French Presidency had agreed on all the main contentious points of the regulation, but the text still needed to undergo final legal drafting.
 11. adoption on 30 May 2022 of a Regulation (EU) of the European Parliament and of the Council on a pilot regime for market infrastructures based on distributed ledger technology (DLT). The aforementioned regulation is the first attempt at the European Union level to regulate the market for financial instruments based on distributed ledger technology and to lay down requirements on operators of multilateral trading facilities and central securities depositories using DLT technology in their operations. The regulation aims to reduce obstacles to the issuance, trading and settlement of DLT-based securities as well as to support the development of innovative technological solutions in the area of market infrastructure, while ensuring a high level of consumer and investor protection, the integrity of market trading and reducing risks to the stability of the financial system. The Regulation will enter into force on 23 March 2023. By that date, Member States are required to adopt the national provisions necessary to enable the provisions of the Regulation to operate, in particular regarding the possibility for financial instruments to exist in the form of tokens that comply with the requirements of the Regulation.
 12. continuation of work on the draft Regulation (EU) 909/2014 of the European Parliament and of the Council on improving securities settlement in the EU and on central securities depositories (CSDR). In June 2022, the European Commission sent draft revision of CSDR regulation for consultation. The proposed legislation aims to improve cross-border settlement in the EU, integrate capital markets in the EU and contribute to building a project called the Capital Markets Union (CMU) Action Plan.
 13. continuation of work on the draft European Commission delegated regulations to be issued under Regulation (EU) No 648/2012 of the European Parliament and of the Council on OTC derivatives, central counterparties and trade repositories (*European Market Infrastructure Regulation/EMIR*). In June 2022, the draft regulations were submitted by the European Commission for consultation.
 14. continuation of work on the draft guidelines and regulatory technical standards (RTS) prepared by ESMA on the basis of Regulation (EU) 2021/23 of the European Parliament and of the Council of 16

⁵ Anti-Money Laundering/Combating the Financing of Terrorism

December 2020 on a framework for the recovery and resolution of central counterparties. These regulations are expected to come into force at the end of 2022.

15. as regards activities concerning the oversight of payment schemes, administrative proceedings were conducted, initiated at the request of the card organisations - Mastercard Europe SA and Visa Europe Limited, for the purpose of obtaining permission to introduce changes to the rules of the payment schemes operated thereby, i.e. Mastercard and Visa Europe payment scheme, respectively. Both proceedings involved a change in the form of an increase in the limit on the value of a single transaction for cash withdrawals made during payment transactions at commercial and service outlets within the territory of the Republic of Poland (i.e. cash back service) to the amount of PLN 1,000.⁶ In the first half of 2022, the Governor of NBP completed the administrative proceedings concerning the Mastercard payment scheme, issuing a decision authorising an increase in the aforementioned limit.

The key statistics reflecting the development of the Polish payment system in the first half of 2022 compared to the previous six months are as follows:

1. in large-value payment systems, the following developments were recorded:
 - in the SORBNET2 system – an increase of 9.2% in the number of executed orders with a simultaneous decrease of 4.8% in their value,
 - in TARGET2-NBP – an increase in both the number and value of executed orders of 2.8% and 11.6%, respectively,
2. in retail payment systems, the following developments were recorded:
 - in the Elixir system – an increase in both the number and value of executed orders by 1% and 4.6%, respectively,
 - in the Euro Elixir system – an increase in both the number and value of executed orders, of 5.2% and 18.3%, respectively,
 - in the Express Elixir system, which offers clearing of instant payments, an increase of 33.4% in the number of executed orders and at the same time an increase of 17.9% in their value,
 - in the BlueCash system – an increase in both the number and value of executed orders, of 8.9% and 13.2%, respectively,
 - in the BLIK system – a further increase in both the number and value of executed orders, of 24% and 22%, respectively,
 - in the KSR system – a decrease in both the number and value of executed orders, of 14% and 3%, respectively,
3. in securities clearing and settlement systems, the following developments were recorded:
 - in the settlement system operated by KDPW S.A. – a decrease of 5% in the number of operations and at the same time an increase of 25.9% in their value,
 - in the clearing system operated by KDPW_CCP S.A. – an increase in both the number and value of executed orders, of 16.9% and 15.3%, respectively,
 - in the SKARBNET4 system operated by the NBP:

⁶ The card organisation Mastercard Europe SA requested an increase in the said limit from PLN 300 to PLN 1,000, while Visa Europe requested an increase in the single transaction for a cash withdrawal made during a POS transaction from PLN 500 to PLN 1,000. Both Mastercard Europe SA and Visa Europe Limited have implemented the new limits in September 2022.

- an increase of 18.3% in the number of transactions in NBP bills, with a simultaneous decrease of 15.9% in their value,
 - no transactions in T-bills were performed in the first half of 2022,
4. as regards the remaining infrastructure of the Polish payment system, the following developments were recorded:
- increase of 3% in the number of institutions providing payment services and a decrease of 1.2% in the number of their outlets,
 - increase of 2.5% in the number of KIPs (Domestic Payment Institutions),
 - increase of 16.3% in the number of MIPs (Small Payment Institutions),
 - increase of 4.7% in the number of BUPs (Payment Service Offices),
 - increase of 0.5% in the number of ATMs,
 - increase of 9.5% in the number of payment card merchants, accepting payments by card at POS terminals and online, in comparison to the previous semi-annual period,
 - increase of 6.1% in the number of points of sale equipped with POS terminals,
 - increase of 6.3% in the number of POS terminals,
 - increase of 3.5% in the number of points of sale offering cash back payments,
 - increase of 3.7% and 4.8% in the number and value of cash back payments, respectively, in comparison to the previous semi-annual period,
5. as regards bank accounts and non-cash payment instruments, the following developments were recorded:
- growth of 2.5% in the number of current accounts of natural persons operated by banks,
 - increase of 2.8%, i.e. to 138.2 transactions, in the average number of non-cash transactions on a single bank account, which represents a growth of 2.1% in the average activity of users per one account,
 - increase of 1.6% in the number of payment cards issued (to the level of 43.9 million), with a simultaneous decline of 3% in the number of credit cards issued. The payment card was the instrument of non-cash payments most commonly used by bank account holders, through which approximately 63.87% of all non-cash transactions were performed.
 - increase in the number and value of non-cash card transactions (of 2.5% and 4.8%, respectively),
 - growth of 8.6% in the number of payments by credit transfer,
 - decrease of 3.5% in the number of payments by direct debit,
 - increase of 3.5% in the number of fraudulent transactions made with payment cards, with a simultaneous decrease of 22.4% in their value (according to data provided by the banks),
 - decrease of 25% in the average value of a fraudulent transaction made with a payment card,
6. as regards cash and non-cash transactions, the following developments were recorded:
- growth of cash in circulation outside banks' cash desks from PLN 340.4 billion in December 2021 to PLN 363.8 billion in June 2022 (growth of 6.9%),
 - significant growth in the share of cash in the M1 monetary aggregate from the level of 19.7% in December 2021 to the level of 22.4% in June 2022,

- decrease in the share of household deposits in the M1 monetary aggregate from the level of 52.1% in December 2021 to the level of 50.3% in June 2022.

It is worth emphasising that the first half of 2022 was also a period of dynamic development of the market of innovative payment instruments and services, comprising in particular contactless cards and mobile payments. Poland is among the countries with the highest level of use of contactless cards in the world. At the end of June 2022, the number of payment cards with a contactless function reached 41.5 million, which is 1.3 million more than in December 2021. Contactless cards accounted for 94.5% of all payment cards in Poland, with an increasing share in the number and value of card transactions. In the first half of 2022, the share of transactions with the use of contactless cards in the total number of non-cash card transactions reached the level of 98.3%. It should be noted that as from the first half of 2019, 100% of POS terminals were adapted to support payment cards with a contactless function. In addition to contactless cards, mobile payments (e.g. BLIK) are developing very dynamically and steadily, becoming increasingly commonplace. The BLIK system allows users to make payments using, for example, mobile phones or tablets, both online and in conventional shops, service outlets, public transport, public offices and between mobile phone users (P2P). Users of the BLIK system most often make non-cash payments at POS terminals (an increase of 71% in their number and of 62% in their value). P2P payments are also highly popular as the first half of 2022 saw a very dynamic growth in their number and value (of 42% and 45%, respectively), which clearly confirms the growing interest in this type of service.

Taking into account the above statistical data, the detailed information and opinions contained in the whole report, the following key assessments of the functioning of the Polish payment system in the first half of 2022 can be formulated:

1. the payment systems (SORBNET2, TARGET2-NBP, Elixir, Euro Elixir, Express Elixir, BlueCash, BLIK and KSR) functioned properly, ensuring safe and efficient interbank clearings and settlements,
2. the securities settlement and clearing systems (including the system operated by KDPW S.A., the SKARBNET4 system operated by NBP and the clearing systems operated by KDPW_CCP S.A.) operated in a stable manner,
3. the infrastructure enabling users to perform retail payments developed further, in particular:
 - the payment card acceptance network was growing, in particular as regards points of sale accepting contactless cards,
 - dynamic development was recorded in the Express Elixir instant payment system, allowing the customers of participating banks to make a transfer to another bank very quickly (usually in a few to several seconds), and the BLIK system, which clears mobile payments,
4. the number of locations and services providing access to cash has changed:
 - the ATM network increased, with a simultaneous decrease in the number of cash withdrawals and an increase in their value,
 - cash withdrawals from ATMs under the BLIK system using a mobile phone increased,
 - *cash back* withdrawals increased, while their number and value is still significantly lower compared to standard ATM card withdrawals,
 - the number of payment cards with a contactless function increased, with a simultaneous increase in the number and value of contactless payments,

- the number of credit transfers increased, with a simultaneous increase in their share in the total number of all non-cash transactions as compared to the second half of 2021,
- 5. there was an increase in the number of bank accounts accompanied by an increase in the average number of non-cash transactions on a single bank account – in connection with a growth in the number of card transactions and credit transfers,
- 6. the use of person-to-person (P2P) mobile payments was on the rise and further growth was observed in the number and value of online non-cash payments in the BLIK system.

Apart from the above-mentioned key facts and events related to the functioning of the Polish payment system in the first half of 2022, as well as to the statistical data which reflect the current condition of this system, it should be added that the presented material also contains information on the results of selected studies and analyses in the field of the payment system.

The following research and analysis is presented in the current edition of the material:

- analysis of fees and commissions associated with the use of a payment account in Poland (according to data as for 31 December 2021),
- study entitled “Zwyczaje płatnicze a rozwój sieci akceptacji kart w Polsce: badanie konsumenckie” [Payment habits and the development of card acceptance networks in Poland: a consumer survey],
- survey entitled „Postawy wobec form płatności” [Attitudes towards forms of payment],
- study entitled „Sytuacje, w których przydaje się możliwość realizacji przelewu natychmiastowego” [Situations in which it is useful to be able to make an instant transfer],
- report entitled „Szara strefa 2022” [Grey Economy 2022],
- report entitled „Cyberbezpieczny portfel” [Cybersecure Wallet],
- report entitled „NetB@nk bankowość internetowa i mobilna, płatności bezgotówkowe (II kwartał 2022 r.)” [NetB@nk online and mobile banking, cashless payments (Q2 2022)],

It should be added that the functioning of the payment system in Poland is the resultant of the actions and decisions of multiple entities (the most important of them are indicated in Chapter 1). While implementing its statutory task of organising payments, Narodowy Bank Polski fulfils not only the regulatory, oversight and operational functions in this area but also – as other central banks – the function of the catalyst for change, which involves, among others, initiating or supporting activities of a number of other entities and institutions within the system. However, it should be kept in mind that by accepting the role of the catalyst, NBP does not always have the final say in all decisions and actions of entities related to the payment system.

Taking into account the information and data presented above, the functioning of the Polish payment system in the first half of 2022 should be assessed as positive.

www.nbp.pl

