



NARODOWY
BANK POLSKI

October 2023

Assessment of the Polish payment system functioning in the first half of 2023

SUMMARY



October 2023

**Assessment of the Polish
payment system functioning
in the first half of 2023
SUMMARY**

Prepared by:

Payment Systems Department in collaboration with
Cash and Issue Department

Narodowy Bank Polski
00-919 Warszawa
ul. Świętokrzyska 11/21
tel.: +48 22 185 10 00
fax: +48 22 185 10 10
www.nbp.pl

This study and its preceding editions are available on the NBP website

<https://nbp.pl/system-platniczy/dane-i-analizy/ocena-funkcjonowania-systemu-platniczego/>

© Copyright Narodowy Bank Polski, 2023

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 2023*, 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 2023 as well as statistical data reflecting the development of the Polish payment system during that period.

The most significant events for the payment system in the first half of 2023 included:

- successful migration from the TARGET2 system to TARGET between 17 and 19 March 2023 and the implementation of the Polish component of the TARGET system, i.e. of the TARGET-NBP system, on 20 March 2023. In the new TARGET-NBP system, NBP provides comprehensive services, and in particular opens and keeps accounts of participants in various services that form part of the consolidated TARGET system: T2 (interbank settlement of payments in EUR), TARGET2-Securities (T2S) (settlement of securities transactions) and TARGET Instant Payment Settlement (TIPS) (the service enabling the settlement of instant payments).
- migration of the STEP2-T system and its participants, including NBP, to the new TARGET system as of 20 March 2023. NBP acts as an intermediary in providing the Euro Elixir system participants with access to SEPA credit transfers in the STEP2-T system. A technical account for funds to make payments in STEP2-T is held in TARGET system in the component TARGET-ECB.

The most important changes in the area of payment system regulation include:

- adoption of the act on limiting cash payments.² The implementation, as of 1 January 2024 onwards, of the obligation for a consumer to make a payment with the use of a payment account if the value of a single business transaction between a consumer and an entrepreneur is greater than or equal to PLN 20,000.00 was abandoned. The reduction of the limit for a single business transaction between entrepreneurs to be made with the use of a payment account from the current limit of PLN 15,000.00 to PLN 8,000.00 in mutual settlements was also abandoned.

¹ Act of 29 August 1997 on Narodowy Bank Polski (Journal of Laws [Dz. U.] of 2022, item 2025).

² Act of 16 June 2023 amending the Act amending the Personal Income Tax Act, the Corporate Income Tax Act and certain other acts and the Act on Lump-sum Income Tax on Certain Personal Income (Journal of Laws [Dz. U.] item 1414).

- adoption of the EU Regulation on Markets in Crypto-assets (MiCA).³ The regulation sets out uniform legal requirements for crypto-asset service providers and crypto-assets issuers in the European Union. It also introduces special rules relating to the so-called stablecoins (one of the categories of crypto-assets). The regulation enters into force on 30 December 2024, except for the provisions concerning the ART and EMT tokens, which enter into force on 30 June 2024. For the MiCA Regulation to function in Poland, further national regulations are to be adopted in order to assign supervision over the market in crypto-assets and entities that provide services on this market to the Polish Financial Supervision Authority (KNF).

The first half of 2023 also saw activities (including in the regulatory area) that may have a significant impact on the functioning of the Polish payment system in the near future. These include, in particular:

- 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 in 2025;

and in the regulatory area:

- publication on 28 June 2023 of a package of proposals for regulations on payment services and access to financial data,⁴ including a proposal for *Payment Services Directive* (PSD3)⁵ and a proposal for *Payment Services Regulation* (PSR).⁶ A major change in the proposed PSD3 is the amendment to the SFD Directive,⁷ according to which payment institutions are to be included in the definition of institutions that are eligible to be participants in the designated systems, including the RTGS payment systems organised by central banks.⁸ For cash payments, it is of major importance that it is proposed that retail shops be excluded from the scope of both the PSD3 and the PSR, if they provide *cash back* services. Such exclusion is to be applicable regardless of whether customers make purchases in such shops. It is then clarified that such entities do not need to apply for the payment service provider licences. Such services should

³ Regulation (EU) 2023/1114 of the European Parliament and of the Council of 31 May 2023 on markets in crypto-assets, and amending Regulations (EU) No 1093/2010 and (EU) No 1095/2010 and Directives 2013/36/EU and (EU) 2019/1937 (MiCA). (Official Journal of the European Union L 150 of 09/06/2023, pp. 40-205).

⁴ [Financial data access and payments package \(europa.eu\)](https://europa.eu)

⁵ Proposal by the EC of 28 June 2023 for a Directive of the European Parliament and of the Council on payment services and electronic money services in the internal market amending Directive 98/26/EC and repealing Directives 2015/2366/EU and 2009/110/EC.

⁶ Proposal by the EC of 28 June 2023 for a Regulation of the European Parliament and of the Council on payment services in the internal market, amending Regulation No 1093/2010/EU.

⁷ Directive 98/26/EC of the European Parliament and of the Council of 19 May 1998 on settlement finality in payment and securities settlement systems (Official Journal of the European Union L 166 of 11/06/1998, pp. 45-50, as amended).

⁸ Except for payment institutions benefiting from exemptions defined in Article 34, 36 and 38 of PSD3, i.e. registered PSPs benefiting from national exemptions, providers rendering only services of access to account information, and ATM operators offering cash withdrawal services, neither holding payment accounts nor providing other payment services.

have a positive impact on access to cash by persons who in certain circumstances may not or wish not to use non-cash payment instruments.

- publication on 28 June 2023 of a legislative package concerning a single currency – the euro.⁹ One of the regulations proposed as part of the package and aiming at establishing the digital euro¹⁰ defines legal bases for introducing a single digital currency by the ECB and for its functioning in the euro area. In turn, the proposal for a regulation on rules for providing digital euro services by non-euro area PSPs¹¹ sets out specific obligations that must be fulfilled by PSPs registered in the non-euro area EU states for the purpose of distributing the digital euro. The proposal also defines rules for enforcing and monitoring the fulfilment of such obligations. The EC also published a proposal for a regulation recognising euro banknotes and coins as legal tender.¹² The digital euro is only intended to complement and not to replace cash. The aforementioned regulation is to govern the status of euro banknotes and coins as legal tender and access to them. According to the proposal, euro banknotes and coins and their digital equivalents are to be fully exchangeable at their nominal value. The EC also proposes that everybody in the euro area should have sufficient and effective access to euro banknotes and coins.
- Proposal by the EC in April 2023 of a delegated regulation amending Delegated Regulation 2018/1229/EU¹³ with regard to penalty mechanism for failures to make settlements concerning transactions settled by CCP.

The key statistical data, excluding data on TARGET-NBP,¹⁴ reflecting development of the Polish payment system in the first half of 2023, as compared to the preceding half-year, is as follows:

⁹ All the documentation, including the three proposals for EU regulations and the analyses of the digital euro impact, in particular, on the functioning of the banking sector have been published here: [Digital euro package](#) .

¹⁰ Proposal by the EC of 28 June 2023 for a Regulation of the European Parliament and of the Council on the establishment of the digital euro – COM (2023) 369.

¹¹ Proposal by the EC of 28 June 2023 for a Regulation of the European Parliament and of the Council on the provision of digital euro services by payment services providers incorporated in Member States whose currency is not the euro and amending Regulation (EU) 2021/1230 of the European Parliament and the Council (EU) 2021/1230 – COM(2023) 368.

¹² Proposal by the EC of 28 June 2023 for a Regulation of the European Parliament and of the Council on the legal tender of euro banknotes and coins.

¹³ Commission Delegated Regulation (EU) 2018/1229 of 25 May 2018 supplementing Regulation (EU) No 909/2014 of the European Parliament and of the Council with regard to regulatory technical standards on settlement discipline (Official Journal of the European Union L 230 of 19 September 2018, p. 1).

¹⁴ The documentation provides no data on the number and value of transactions in TARGET-NBP, a system which in the period analysed replaced the TARGET2-NBP system (the last transaction date of which was 17 March 2023). Due to the high complexity of the consolidated TARGET system implemented on 20 March 2023, certain auxiliary functions, including the data warehouse, did not reach their full functionality in the period analysed. Therefore, the ECB, which is the TARGET system operator, has not yet published on its website any data on the number and value of transactions made in the system and has not yet provided the NBP with such data on transactions made in the Polish component of the system, i.e. in TARGET-NBP.

Table 1. Data on the number and value of orders executed in payment systems in the first half of 2023 and changes compared to the second half of 2022

Payment system	Number of orders	Change in the number of orders	Value of orders	Change in the value of orders
SORBNET2	2.7 million	-1.9%	PLN 66.2 trillion	-1%
Elixir	1.1 billion	2.3%	PLN 4.1 trillion	1.0%
Euro Elixir	25.4 million	1.9%	EUR 181.4 billion	-0.5%
Express Elixir	162.5 million	25%	PLN 91.5 billion	12.1%
BlueCash	7.3 million	-1.9%	PLN 9.4 billion	2.3%
BLIK	800 million	15%	PLN 108 billion	16.4%
KSR	25.4 million	-1.2%	PLN 7.6 billion	-3.5%

Source: NBP data

Table 2. Data concerning the number and value of operations/transactions executed in securities clearing and settlement systems in the first half of 2023 and changes compared to the second half of 2022

Systems	Number of operations	Change in the number of operations	Value of operations	Change in the value of operations
Securities settlement system operated by KDPW	4.8 million	0.6%	PLN 6.3 trillion	1.3%
SKARBNET4 operated by NBP	2.5 thousand	19.8%	PLN 15.6 trillion	31.5%
Financial instrument settlement systems operated by KDPW_CCP	19.9 million	3.1%	PLN 576 billion	25.1%

Source: NBP data

Table 3. Selected data on the development of the infrastructure of the Polish payment system in the first half of 2023 and changes compared to the second half of 2022

Infrastructure of the Polish payment system	Number	Change
Payment services providers, including:	2,008	3.1%
Banks and branches of credit institutions	557	-0.7%
Domestic Payment Institution (DPI)	42	5%
Small Payment Institution (SPI)	174	26.1%
Payment Services Office (PSO)	1,201	2.4%
SKOK	18	-5.3%
Providers rendering only services of access to account information	15	-
Poczta Polska	1	-
ATMs	21,787	2.2%
Points of sale providing cash back service	280.4 thousand	0.3%
Merchants offering <i>cash back</i> service	186.4 thousand	-0.5%
Merchants accepting payments by card at POS terminals	570.6 thousand	0.2%
Merchants accepting online card payments	50.1 thousand	2.8%
POS terminals in points of sale	1.2 million	1%

Source: NBP data

Table 4. Selected data on bank accounts and non-cash payment instruments in the first half of 2023 and changes compared to the second half of 2022

Bank accounts and non-cash payment instruments	Number	Change
Current accounts of natural persons operated by banks	50.1 million	4.6%
Average number of non-cash transactions on a single payment account	151.8	-1.2%
Payment cards, including:	44.9 million	0.8%
Credit cards	4.9 million	-0.3%
Credit transfer	2.8 billion	9.5%
Direct debit	15.1 million	1.5%

Source: NBP data

The period under review saw a slight decline in cash in circulation (including banks' cash desks) from PLN 368.3 billion at the end of December 2022 to PLN 367.8 billion at the end of June 2023. In addition, the value of lodgements of currency to NBP slightly exceeded the value of withdrawals from NBP, i.e. by PLN 0.5 billion compared to PLN 10.7 billion in the second half of 2022. The value of lodgements in the first half of 2023 decreased by 9.5% compared to the second half of 2022.

The first half of 2023 was also a period of dynamic development of the market of modern 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 2023, contactless cards accounted for 96.3% of all payment cards in Poland, and their share in

the number and value of card transactions continued to increase. In the first half of 2023, the share of contactless card transactions in the total number of non-cash transactions with cards reached 98.5%, which is due, among others, to the fact that 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 are developing very dynamically, in particular, those made in the BLIK system. 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 online payments (the number and value of such transactions in the first half of 2023 increased compared to the second half of 2022, by 8.9% and 14.2%, respectively). P2P payments were also very popular. The first half of 2023 saw a very dynamic growth in the number (by 28.4%) and value (by 34.7%) of such payments.

In the first half of 2023, fraudulent card transactions were as follows:

- according to data reported by banks – the number of fraudulent transactions decreased by 14.3% compared to the second half of 2022 (down to 134.5 thousand), but at the same time their value increased by 7.9% to reach the level of PLN 46.6 million;
- according to data reported by acquirers – the number and value of fraudulent transactions decreased by 3.1% (down to 20.9 thousand) and 4.1% (down to PLN 17.9 million), respectively.

Taking into account the above statistical data as well as 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 2023 can be formulated:

- the payment systems (SORBNET2, TARGET-NBP, Elixir, Euro Elixir, Express Elixir, BlueCash, BLIK and KSR) functioned properly, ensuring secure and efficient interbank clearings and settlements;
- the securities settlement systems (operated by KDPW and by NBP) and financial instrument settlement systems (operated by KDPW_CCP) operated smoothly and transactions were processed in a stable manner;
- the retail payment infrastructure was developed further, in particular:
 - the payment card network was growing, in particular as regards points of sale accepting contactless cards;
 - the volume of transactions in the Express Elixir instant payment system that is intended for very quick (usually in a few to several seconds) transfers to other banks, as well as in the BLIK system that is used for making (instant) mobile payments, increased dynamically;
- the number of points and services providing access to cash has changed:
 - the ATM network grew, with a simultaneous increase in the number and value of cash withdrawals;
 - under the BLIK system, transactions made with the use of a PIN or contactless card at payment terminals as well as withdrawals from the ATMs with the use of a mobile phone became more frequent;

- *cash back* withdrawals increased, while their number and value is still minor compared to ATM withdrawals;
- the number of payment cards with a contactless function increased, as did the number of contactless payments;
- the number of credit transfers and their share in the total number of all non-cash transactions increased;
- the number of bank accounts increased, with a simultaneous decrease in the average number of non-cash transactions on a single bank account;
- the significance of person-to-person (P2P) mobile payments grew and further growth was observed in the number and value of online cashless payments under the BLIK system;
- the number of fraudulent card transactions decreased, the scale of fraud remained insignificant, and the vast majority of fraudulent transactions was carried out outside Poland, which demonstrates the high level of security of the Polish payment infrastructure.

The number of incidents, including cyber-attacks, in the first half of 2023 in the domestic payment systems, payment schemes and securities clearing and settlement systems was slightly higher than that recorded in the second half of 2022. No incident was considered critical or significant. The incidents reported related in particular to the ITC infrastructure. The operational reliability indicators of the aforementioned payment system elements reflect a high level of accessibility in the first half of 2023.

Key conclusions arising from the studies and analyses in the scope of the payment system discussed in the *Assessment*:

- At the end of 2022, with very few exceptions, the minimum and maximum fees and commissions for services relating to the use of payment accounts in Poland, as applicable according to the price lists of providers of payment services to individuals, entrepreneurs and small and medium enterprises, remained unchanged as compared to the end of 2021. Despite insignificant changes in the price lists, the analysed providers of payment services experienced increases in their revenues from fees and commissions. This was probably triggered by an increase in the number of accounts and payment cards and by the higher value of transactions for which certain fees were collected (expressed as percentages).
- The share of non-cash transactions in the total number of the transactions made in 2022 reached an all-time high of 62% (compared to 43% in 2018). The group of consumers using non-cash payment instruments on a regular basis has been increasing. In 2022, 19% of adult Poles made non-cash payments only¹⁵ compared to 5% in 2018. Unbanked persons who had no bank account and who paid only in cash accounted for 14% of consumers (15% in 2018). The payment practices of Poles differ depending on their age, education and place of residence.

¹⁵ A maximum of 5% of transactions per year are made in cash.

- In terms of the payment card acceptance network – supermarkets, chemists, pharmacies and petrol stations are perceived as places at which non-cash payments are almost certainly accepted. However, in some services and transport industries cards are not always accepted.

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 other entities within the domestic payment system. However, NBP does not always have a say in the final decisions and actions of these entities.

Taking into account the information and data presented above, NBP assesses that in the first half of 2023 the individual elements of the Polish payment system functioned correctly, safely and fulfilled their functions. The domestic payment system developed smoothly and demonstrated a high level of security against fraudulent card transactions. The trends initiated earlier in the use of non-cash payment instruments continued and projects were implemented to adapt the payment infrastructure and the securities clearing and settlement infrastructure to new market regulations and standards. The importance of innovative payment services was increasing, along with the large degree of openness to innovations in this area.

nbp.pl

