



NARODOWY
BANK POLSKI

May 2024

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

SUMMARY



May 2024

Assessment of the Polish payment system functioning in the second 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, 2024

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 perform a periodical 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 second half of 2023*, hereinafter referred to as the *Assessment*, presents the major trends and events in the Polish payment system in the second half of 2023 as well as statistical data reflecting the development of the Polish payment system during that period.

The most important regulatory changes in the Polish payment system in the second half of 2023 were:

- adoption of the *Act on the amendment of some acts with a view to ensuring financial market development and safeguarding investors on this market*.² This act modified the rules for submitting data to NBP (as a consequence of the implementation of *Regulation (EU) 2020/2011³ of the ECB*). The reporting obligation was extended to additional entities, including ATM and cash deposit machine owners. NBP is also to be provided with information on the number of these devices, on the number and value of transactions carried out on them, and on the number of fraudulent transactions. Providers holding payment accounts will be bound to submit data about the number of accounts held, as well as information about the number of accounts which can be accessed by providers offering services of access to account information. The obligation to submit data to NBP was also introduced for providers offering services of initiating payment transactions and providers offering services of access to account information.⁴ This also applies to providers offering services in Poland within the framework of cross-border activities or through an agent.

Another change introduced by the said act is releasing the Polish Financial Supervision Authority (KNF), as of 29 September 2023, from the requirement to obtain the NBP Governor's opinion before granting permission to provide the acquiring service by a domestic payment institution.

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

² Act of 16 August 2023 on the amendment of some acts with a view to ensuring financial market development and safeguarding investors on this market (Journal of Laws [Dz. U.], item 1723).

³ Regulation (EU) 2020/2011 of the European Central Bank of 1 December 2020 amending Regulation (EU) No 1409/2013 on payment statistics (ECB/2013/43) (Official Journal of the EU L 418, 11.12.2020, pp. 1-78).

⁴ ATM owners will be obliged to submit the information quarterly – by 30 April 2024 for the first time. Providers holding payment accounts, providers offering services of initiating payment transactions and providers offering services of access to account information will submit half-yearly reports to NBP – by 31 July 2024 for the first time.

- adoption of an EU regulation amending the CSDR.⁵ The key changes introduced by this regulation concern further specification of the regulations concerning settlement discipline, introduction of the mandatory purchase of financial instruments in the open market if the seller fails to provide them (buy-in⁶), and the facilitation of access to banking-type ancillary services by allowing authorised CSDs to offer such services to other CSDs. The regulation came into effect on 16 January 2024.

The second 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;
- holding by KIR (the National Clearing House) of consultations with the banking community on the migration of the Elixir system to the new message standard in the XML format, based on the ISO 20022 standard,

and in the regulatory area:

- finalisation of work on the draft EU regulation as regards instant credit transfers in euro (IPR – Instant Payments Regulation).⁷ In November 2023, the EU Council and the European Parliament reached a preliminary political agreement on the aforementioned draft.⁸ The mutually agreed regulations took into account:
 - 1) the requirements concerning the obligation to offer the service of sending and receiving instant credit transfers in euro,
 - 2) solutions aimed at enabling payment institutions and electronic money institutions to apply for participation in the so-called designated payment systems⁹ within the meaning of the SFD Directive.¹⁰ In Poland, these systems include Elixir and Euro Elixir, operated by KIR, as

⁵ Regulation (EU) 2023/2845 of the European Parliament and of the Council of 13 December 2023 amending Regulation (EU) 909/2014 as regards settlement discipline, cross-border provision of services, supervisory cooperation, provision of banking-type ancillary services and requirements for third-country central securities depositories and amending Regulation (EU) No 236/2012 (Official Journal of the EU L 2845, 27.12.2023, p. 1).

⁶ Buy-in is a process of purchase of financial instruments initiated by the buyer in the open market if the seller fails to deliver them by the end of the designated period, as a result of which the seller will be obliged to pay the price difference between the original transaction and the new one as well as all the related costs.

⁷ Proposal for a Regulation of the European Parliament and of the Council amending Regulations (EU) No 260/2012 and (EU) No 2021/1230 and Directives 98/26/EC and (EU) 2015/2366 as regards instant credit transfers in euro.

⁸ The compromise text of the IPR proposal was published at:
<https://data.consilium.europa.eu/doc/document/ST-15764-2023-REV-1/en/pdf>.

⁹ The term “designated payment systems” refers to systems which due to their significance were defined by Member States as included in the scope of the SFD and notified to the ESMA in accordance with Article 10(1) of the SFD.

¹⁰ 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 EU L 166, 11.6.1998, p. 45).

well as SORBNET2 and TARGET-NBP systems, managed by NBP.¹¹

To ensure the possibility of applying for participation in designated systems to payment institutions and electronic money institutions, an amendment to the SFD was proposed, accompanied by an amendment to the PSD2.¹² According to recital 15 of the compromise proposal for the IPR, including the aforementioned entities in the requirements of the IPR should contribute to facilitating the uptake of instant credit transfers in euro. The inability of these entities to participate in designated payment systems within the meaning of the SFD was qualified as an impediment to providing services of instant credit transfers in euro by these entities effectively and competitively.

According to the developed solutions, access to a designated system will be possible only if an entity from the aforementioned categories both meets the requirements defined in the PSD2 and meets the requirements and respects the rules of designated payment systems (recital 16 of the agreed Regulation).¹³

The agreed proposal for the IPR sets a relatively short, 12-month period for member states to adopt and publish national legislation necessary to execute the amended provisions of the PSD2 and SFD and to start applying them (counted from the twentieth day following the publication of the regulation in the Official Journal of the EU).¹⁴

¹¹ Article 15 items 1 and 2 of the Act of 24 August 2001 on Settlement Finality in Payment and Securities Settlement Systems and the Rules of Oversight of these Systems (Journal of Laws [Dz.U.] of 2022, item 1581, as amended).

¹² Directive (EU) 2015/2366 of the European Parliament and of the Council of 25 November 2015 on payment services in the internal market, amending Directives 2002/65/EC, 2009/110/EC, 2013/36/EC and Regulation (EU) No 1093/2010, and repealing Directive 2007/64/EC (Official Journal of the EU L 337 of 23.12.2015, pp. 35-127).

¹³ Moreover, the press release of the Council of the EU of 26 February 2024 concerning the adoption of the IPR in the context of amendments to the SFD contains a statement saying that the regulation includes appropriate safeguards to ensure that the access of payment institutions and electronic money institutions to payment systems does not carry additional risk to the system: [Council adopts regulation on instant payments - Consilium \(europa.eu\)](https://www.europa.eu/press-room/en/infobox-item-0).

The agreed proposal for the IPR was adopted by the European Parliament at first reading on 7 February 2024: https://www.europarl.europa.eu/doceo/document/TA-9-2024-0065_PL.pdf.

¹⁴ The compromise proposal for the IPR was passed by the EP at first reading on 7 February 2024 and then adopted by the Council of the EU on 26 February 2024. The regulation was promulgated in the Official Journal of the EU of 19 March 2024 and entered into force on 8 April 2024. EUR-Lex: https://eur-lex.europa.eu/legal-content/PL/TXT/?uri=OJ:L_202400886.

The key statistical data reflecting the development of the Polish payment system in the second half of 2023 in comparison to the previous semi-annual period are as follows:

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

Payment system	Number of orders	Change in the number of orders	Value of orders	Change in the value of orders
SORBNET2	2.9 million	7.3%	PLN 70.2 trillion	6.0%
TARGET-NBP	1.2 million	-0.3%	PLN 1.6 trillion	6.95%
Elixir	1.1 billion	-0.9%	PLN 4.3 trillion	5.4%
Euro Elixir	26.6 million	5.0%	EUR 178.3 billion	-1.7%
Express Elixir	206.8 million	27.2%	PLN 111.4 billion	21.8%
BlueCash	7.2 million	-1.4%	PLN 10.8 billion	14.6%
BLIK	961.8 million	20.2%	PLN 135.2 billion	25.2%
KSR	26.3 million	3.7%	PLN 8.1 billion	6.7%

Source: NBP study based on data from NBP, the ECB, KIR, Autopay S.A., PSP Sp. z o.o. and Fiserv Polska S.A.

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

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 6.99 trillion	10.5%
SKARBNET4 operated by NBP	2.5 thousand	0.9%	PLN 16.6 trillion	6.3%
Financial instrument settlement systems operated by KDPW_CCP	21.97 million	10.6%	PLN 596.1 billion	3.5%

Source: NBP study based on data from KDPW, NBP and KDPW_CCP

In the period studied, the SORBNET2 system recorded an increase in both the number and value of executed orders (Table 1). The number and value of orders executed in the Express Elixir and BLIK systems increased significantly. This results from the growing popularity of P2P payments, which are initiated in the BLIK system and, if they involve customers of different banks, are settled in the Express Elixir system. The growing popularity of P2P transactions, whose average value in the second half of 2023 amounted to PLN 151, simultaneously leads to the average value of a single transaction in the Express Elixir system falling gradually.

The systems operated by KDPW_CCP (Table 2) saw an increase in both the number and value of settled transactions. These changes were mostly driven by increased activity in the organised market, including the development of the market of repo transactions for government bonds made in the alternative trading system TBSP.

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

Infrastructure of the Polish payment system	Number	Change
Payment services providers, including:	1,898	-2.3%
Banks and branches of credit institutions ¹	556	-0.2%
Domestic Payment Institution (DPI)	43	4.9%
Small Payment Institution (SPI)	181	11.7%
Payment Services Office (PSO)	1,084	-8.4%
SKOK	18	-
Providers rendering only services of access to account information	15	-
Poczta Polska	1	-
ATMs	22,085	1.5%
Points of sale providing cash back service	278.6 thousand	-1.4%
Merchants offering cash back service	185.3 thousand	-1.6%
Merchants accepting payments by card at POS terminals	573.1 thousand	-1.6%
Merchants accepting online card payments	52.7 thousand	4.8%
POS terminals in points of sale	1.3 million	6.7%

Note: ¹ the table does not include NBP, which also provides payment services to a particular group of customers, including state budgetary entities.

Source: NBP study based on data from the KNF, KSKOK, Poczta Polska S.A. and NBP

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

Bank accounts and non-cash payment instruments	Number	Change
Current accounts of natural persons operated by banks	51.0 million	1.8%
Average number of non-cash transactions on a single payment account	148.3	4.9%
Payment cards, including:	45.2 million	0.8%
Credit cards	4.9 million	0.2%
Credit transfers	2.6 billion	3.3%
Direct debits	16.1 million	6.6%

Source: NBP data

The period under review saw an increase in cash in circulation (including banks' cash desks) by PLN 9.4 billion, to PLN 377.2 billion (a 2.5% change compared to the first half of 2023). The value of withdrawals of currency from NBP increased by 9.8% (to PLN 99.8 billion), while the value of lodgements to NBP decreased by 1.0% (to PLN 90.4 billion).

The second half of 2023 was also a period of continued development 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 December 2023, contactless cards accounted for 97.2% of all payment cards in Poland, and their share in the number and value of card transactions continued to increase. In the second half of 2023, the share of contactless card transactions in the total number of non-cash transactions with

cards reached 97.1%, 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 second half of 2023 increased compared to the first half of 2023, by 16.5% and 22.1%, respectively). P2P payments were also very popular. The second half of 2023 saw a very dynamic growth in the number (by 27.8%) and value (by 38.1%) of such payments.

The innovative payment solutions that enjoy popularity include payment applications such as Google Pay and Apple Pay, installed on smartphones or other mobile devices, which enable users to make contactless NFC payments in conventional shops, and to make payments in shopping apps or selected online shops. SoftPOS terminals, i.e. applications enabling acceptance of cashless payments on standard smartphones or tablets with an NFC module, are becoming increasingly popular with merchants. In payment-related services, we can observe the development of delayed payments (BNPL), which are a form of short-term consumer loan allowing the customer to pay for their shopping at a later date, after the receipt of goods or provision of a service. In 2023, the top two BNPL companies in Poland granted loans worth PLN 10.3 billion in total.

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

- according to data reported by banks – the number and value of fraudulent transactions increased by 16.2% (to 156.3 thousand) and 5.4% (to PLN 49.1 million), respectively,
- according to data reported by acquirers – the number and value of fraudulent transactions decreased by 26.2% (down to 15.4 thousand) and 35.5% (down to PLN 11.5 million), respectively.

Fraudulent card transactions accounted for 0.003% of the number and 0.008% of the value of all the transactions made using the payment cards issued by the banks reporting to NBP. According to data reported by acquirers, fraudulent transactions accounted for 0.0003% of the total number and 0.003% of the value of the card transactions handled by them. These figures indicate that Poland is among the EU countries with the lowest ratio of fraudulent transactions to the overall number and value of card transactions.

The period under analysis saw 18,139 frauds with the use of credit transfers (up by 3.6% compared to the first half of 2023) worth PLN 138.4 million (a significant increase, by 49.6%). The majority of such frauds, both in terms of their number and value, were committed in online banking. The average value of a single fraudulent transfer in the second half of 2023 increased by 44.5% compared to the first half of 2023 and amounted to PLN 7,630.9.

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

- According to the indicators calculated on the basis of data for 2022 published on the ECB data portal,¹⁵ Poland was below the EU average in terms of payment infrastructure (i.e. the number of ATMs and POS terminals per million inhabitants). The indicators in which Poland was above the EU average concerned the number of establishments per million inhabitants and bank accounts per inhabitant. Compared to 2021, Poland recorded an increase in the number of performed credit transfers per inhabitant by 16.4% and in the number of transactions made with the use of cashless payment instruments per inhabitant by 13.1%. In terms of these two measures and the number of cashless transactions with the use of payment cards per inhabitant, with a single payment card, Poland was also above the EU average.
- Currently, 79% of Polish internet users shop online. To 21% of customers the availability of a simple payment method is the key factor in deciding whether they will make the first purchase at an online shop they have never used before. The prevalent method among the payment methods most frequently chosen by online shop customers is BLIK (47%). The next most preferred payment methods are instant bank transfer via payment service (26%) and card payment upon placing an order (10%).

Taking into account the above statistical data as well as detailed information and opinions contained in the whole report, the following key assessments regarding the functioning of the Polish payment system in the second 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 volume of orders directed to the Express Elixir instant payment system, intended for very quick (usually in a few to several seconds) transfers to other banks, continued to grow dynamically; this trend is associated with the increasing popularity of P2P payments, initiated in the BLIK system, but cleared in the Express Elixir system;
- the dynamic growth in the significance of BLIK mobile payments continued:
 - the number and value of cashless payments in the internet continued to grow,
 - the popularity of P2P transfers increased,
 - the number of transactions in payment terminals performed with the use of a code or contactlessly increased significantly,
- 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 number of bank accounts increased, with a simultaneous increase in the average number of non-cash transactions on a single bank account;

¹⁵ Data is published on the ECB site at <https://data.ecb.europa.eu/>

- with regard to payment cards:
 - the number of payment cards with a contactless function increased, as did the number and value of contactless payments;
 - the network of payment card acceptance in the internet expanded,
 - the number of fraudulent card transactions increased slightly, but the scale of fraud remained insignificant, and the vast majority of fraudulent transactions were carried out outside Poland, which demonstrates the high level of security of the Polish payment infrastructure.
- the number of credit transfers increased, while their share in the total number of all non-cash transactions decreased;
- the number of points and services providing access to cash has changed:
 - the ATM network increased, with a simultaneous decrease in the number and value of cash withdrawals,
 - cash withdrawals from ATMs under the BLIK system using a code increased;
 - cash back withdrawals increased, while their number and value was still minor compared to ATM withdrawals.

The number of incidents in the second half of 2023 in the domestic payment systems, payment schemes and securities clearing and settlement systems was distinctly lower than in the first half of the year. An analysis of the indicators of accessibility and performance of the payment system infrastructure demonstrates the high level of its security and stability of its functioning.

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 in the payment system, 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 second 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 in the Polish market. The value of frauds with the use of credit transfers increased significantly, while their number increased slightly. 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 consumers' openness to innovations in this area.

nbp.pl

