



BANCO CENTRAL DO BRASIL

Workshop on Fast Payments

Brasília-DF
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BANCO CENTRAL DO BRASIL

Instant Payments in Portugal

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1. Framework

- The evolution of payments
- Current challenges
- Instant payments

2. Instant payments in Portugal

- Overview
- Caixa Plim
- MB Way

3. Cooperation in the payments area

- CISP
- Payment Systems Forum

4. 41 days with innovative payment solutions

1. Framework

Instant Payments in Portugal

Where do we come from?

5

Payment instruments have evolved through time in order to address user needs



Bartering



Convertible currency



Fiat money



Cheque



Credit transfer



Bank card

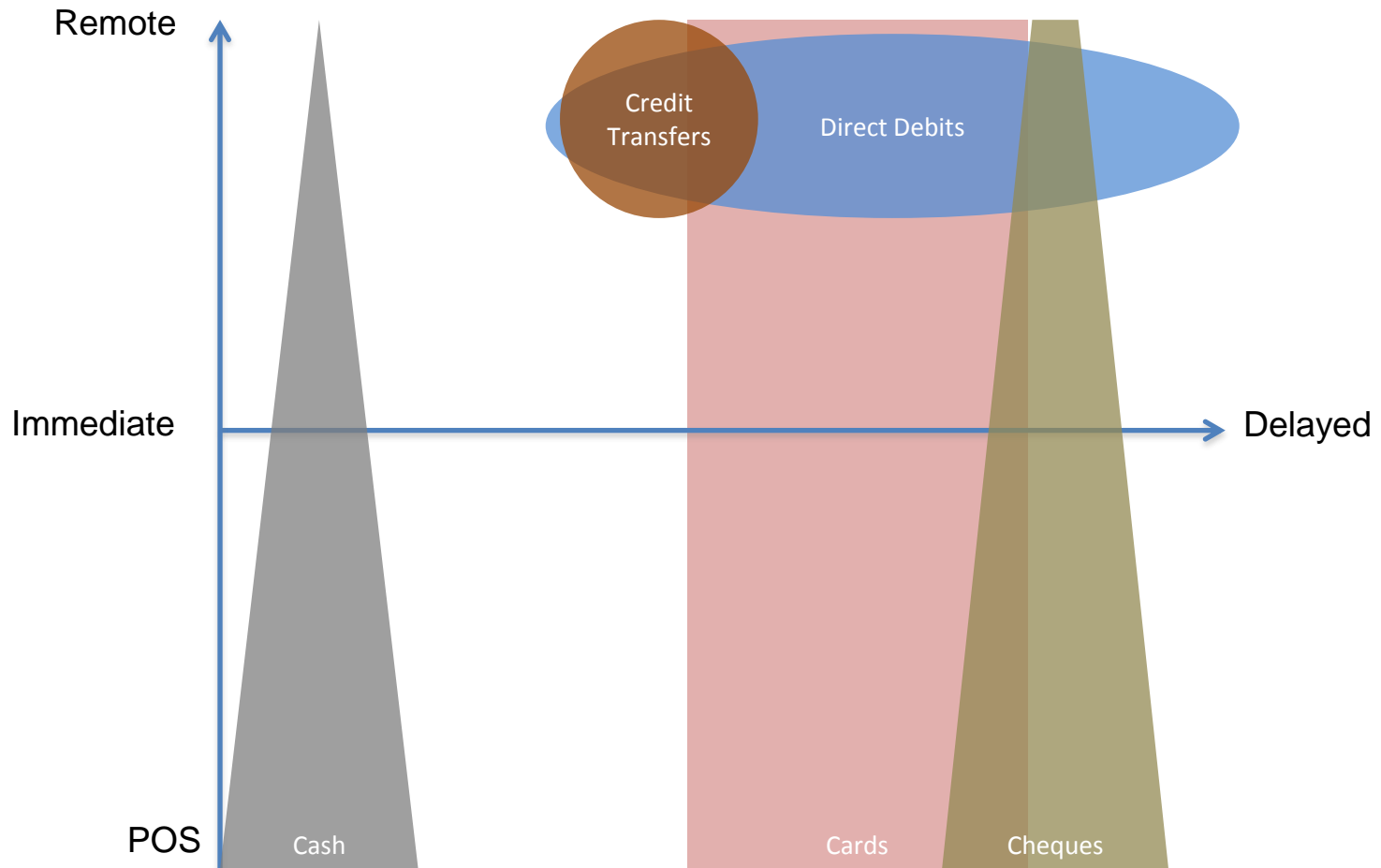


Direct debit

Instant Payments in Portugal

Availability of funds vs point of interaction

6



World | Jan. 2016



**7395 million
inhabitants**



27%

Active
mobile
social
users



31%

Active
social
media
users



46%

Internet
users



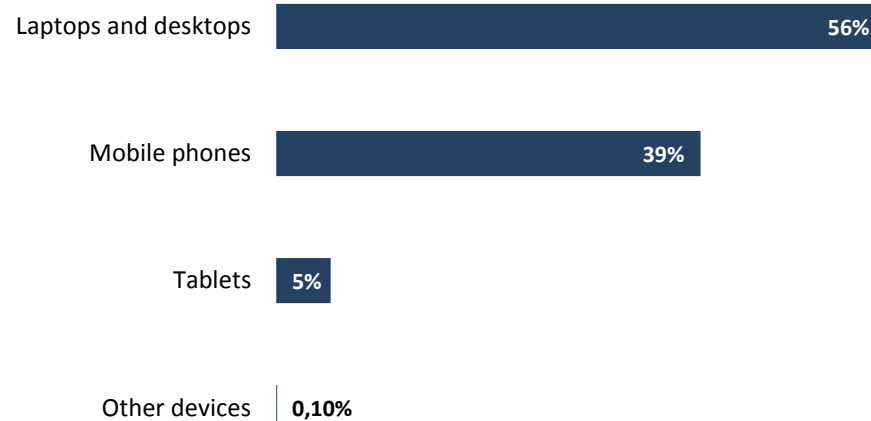
51%

Unique
mobile
users

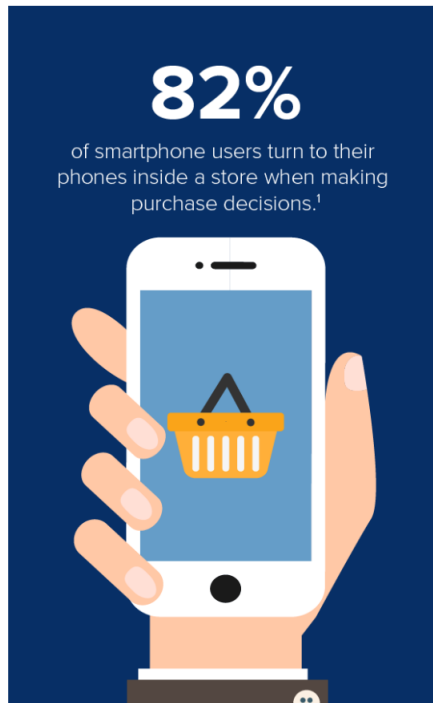
World | Jan. 2016



Share of web traffic by device



Mobile trends



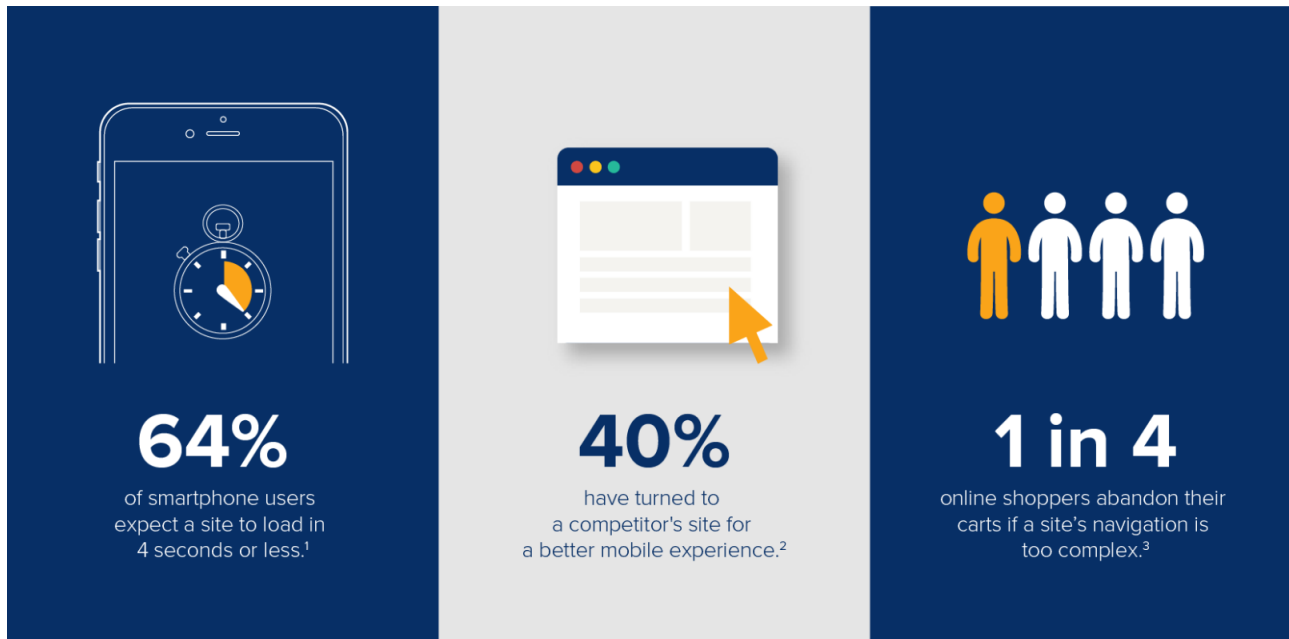
50%
who purchased from a retailer online also had an in-store experience in that same period.²



Over
25%
of in-store shoppers have interacted with the retailer online in the last 3 months.²

¹Google, "I Want-to-Buy Moments: How Mobile Has Reshaped the Purchase Journey."
²ForeSee Experience Index (FXI): Retail Edition, 2015.

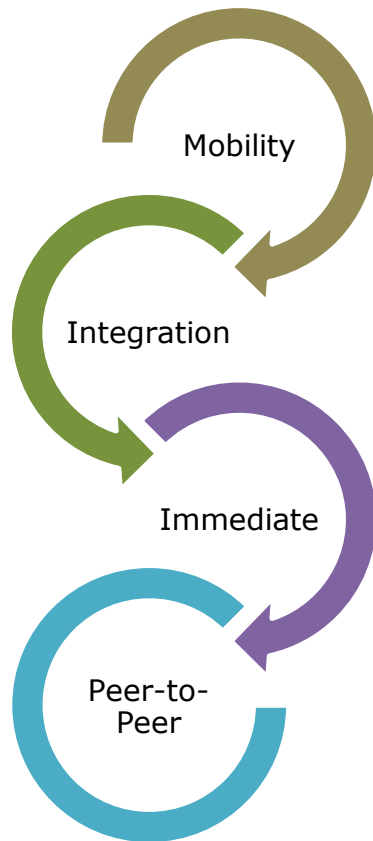
Mobile trends



¹Gomez, "What Users Want from Mobile." ²Google, The Mobile Playbook, 2nd Edition. ³Statista, "Why do online shoppers leave without paying?"

User needs are changing... again...

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- . Mobile payments
- . Mobile POS (*MPOS*)
- . Mobile banking
- . Digital wallets
- . *Contactless* payments (*NFC*)
- . DLT & Blockchain
- . **Instant payments**

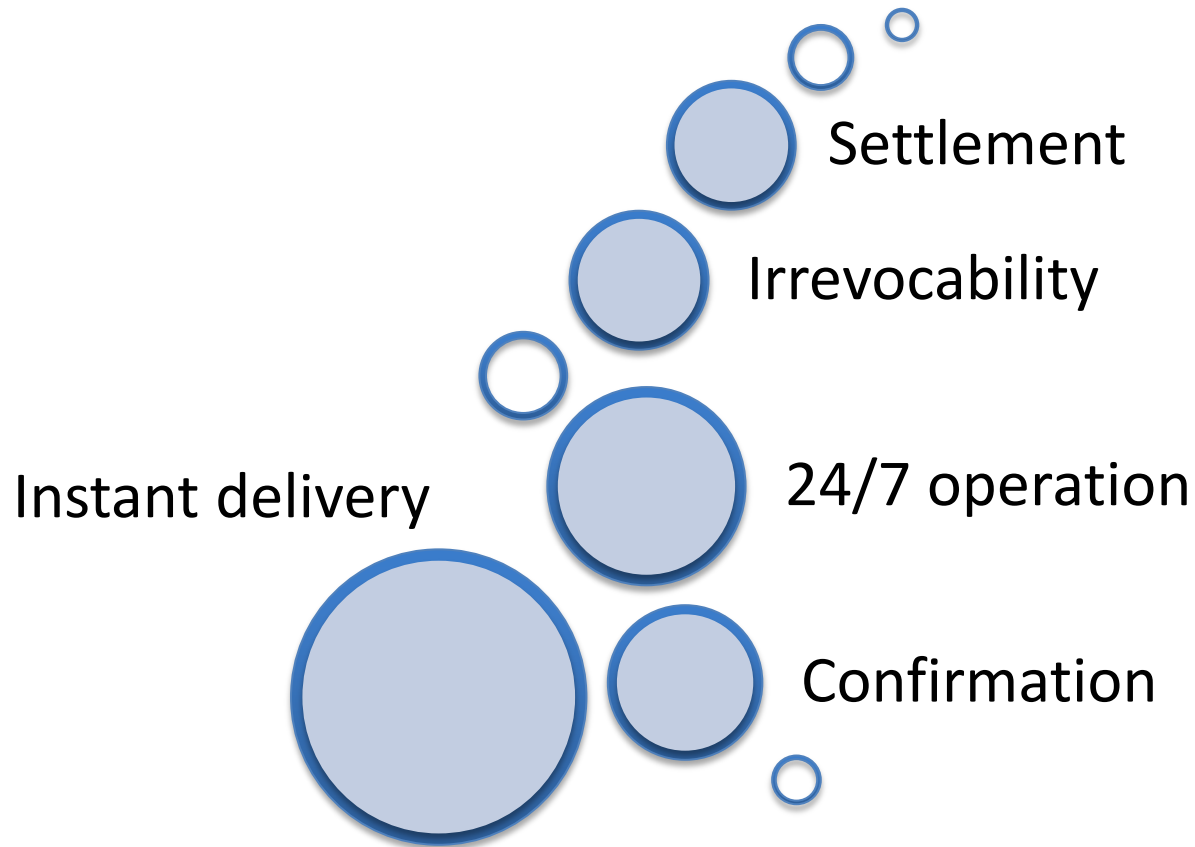
*"fast payments can be defined as payments in which the transmission of the payment message and the **availability of final funds** to the payee occur in **real time** or near-real time and on as near to a **24-hour and 7-day (24/7)** basis as possible."*

Bank for International Settlements

*"electronic retail payment solutions **available 24/7/365** and resulting in the **immediate** or close-to-immediate **interbank clearing** of the transaction and **crediting** of the payee's account with confirmation to the payer (within seconds of payment initiation).*

This is irrespective of the underlying payment instrument used (credit transfer, direct debit or payment card) and of the underlying arrangements for clearing (whether bilateral interbank clearing or clearing via infrastructures) and settlement (e.g. with guarantees or in real time) that make this possible."

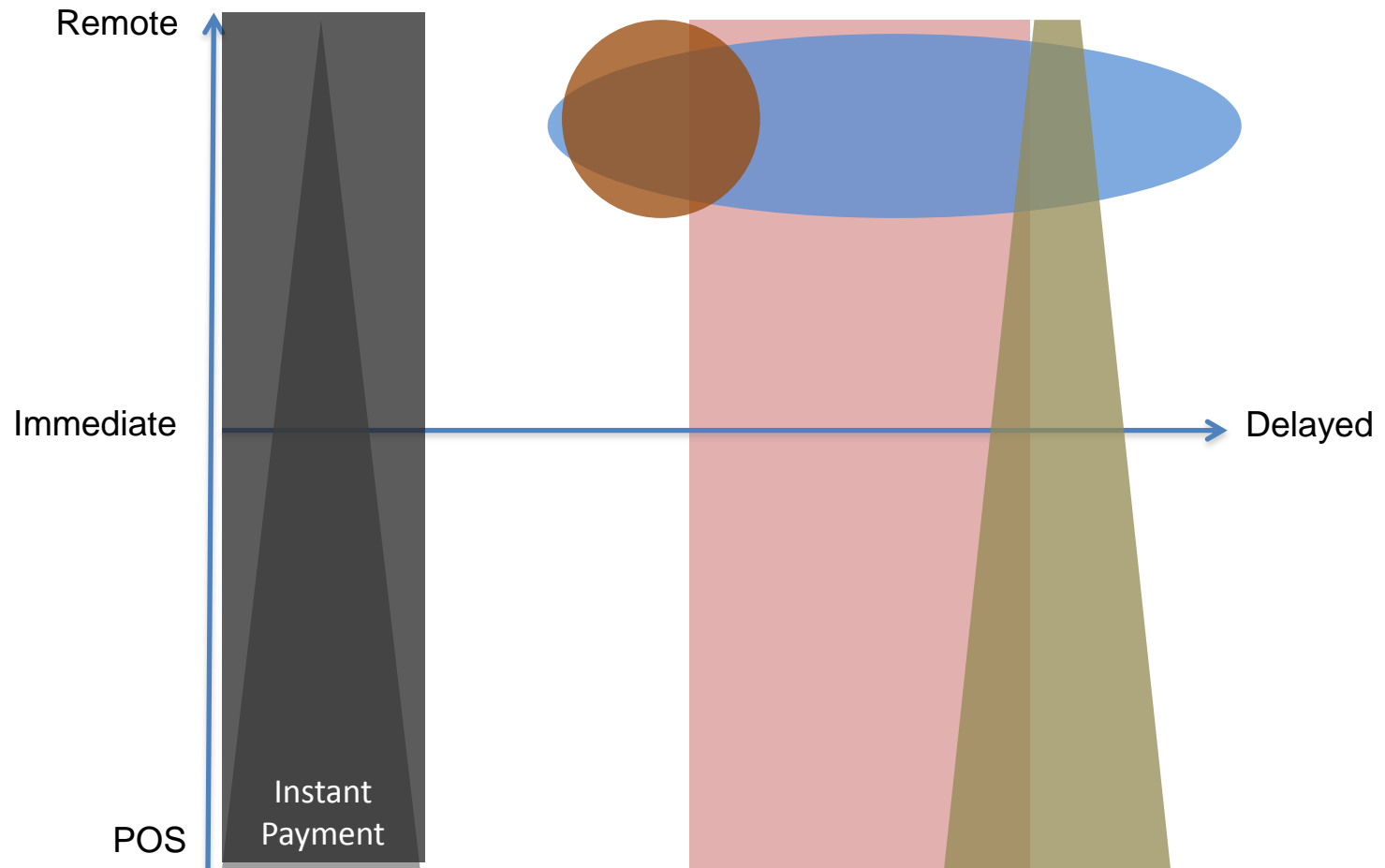
Euro Retail Payments Board



Instant Payments in Portugal

Availability of funds vs point of interaction

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Instant Payments in Portugal

Instant payment solutions across the world

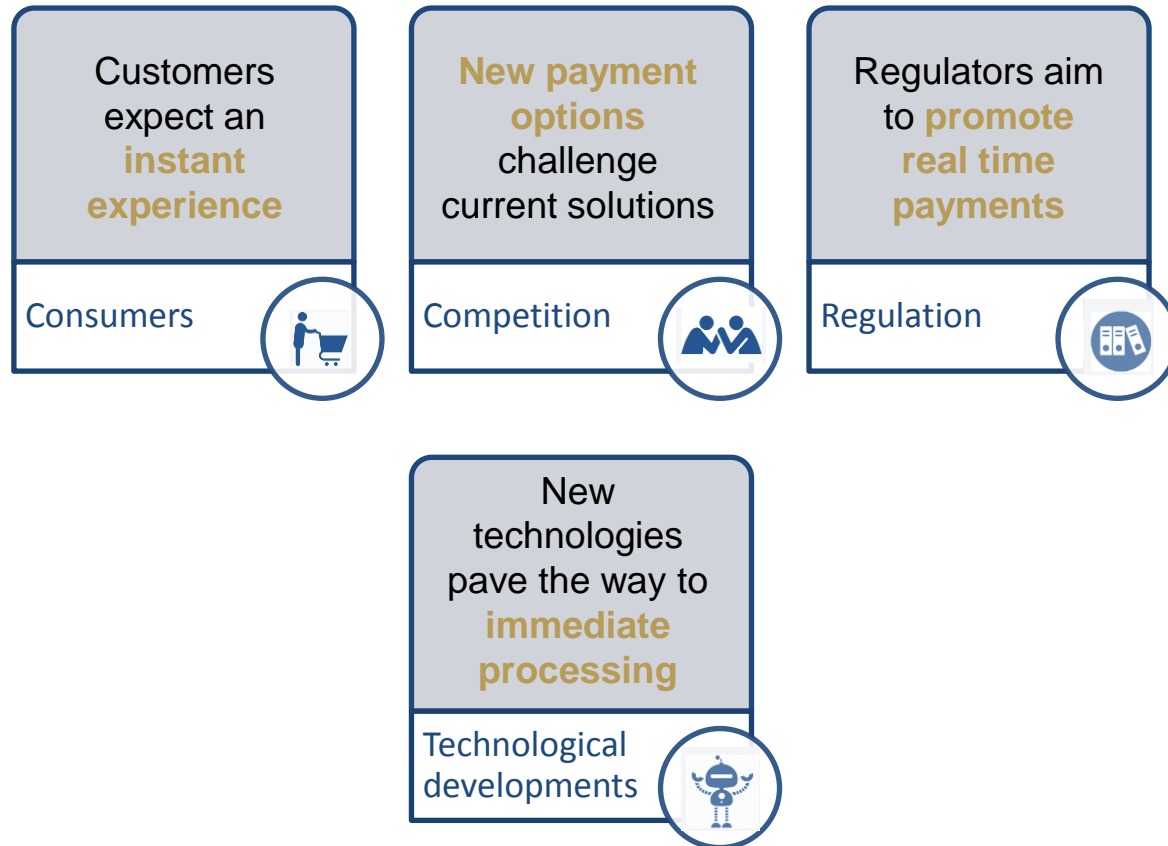
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InstaPaytracker
SPONSORED BY ICON SOLUTIONS

SOURCE: InstaPay.today

Source: InstaPay.Today



Consumers

- Immediate transfer of funds 24/7/365
- Immediate peer-to-peer payments
- Flexible and convenient
- Eases the development of innovative products on smart devices

Merchants

- Immediate transfer of funds 24/7/365
- Facilitates payment reconciliation and cash flow management
- Promotes e-invoicing and e-billing
- Reduces delays in payments
- Reduces risks in e-commerce

Banks

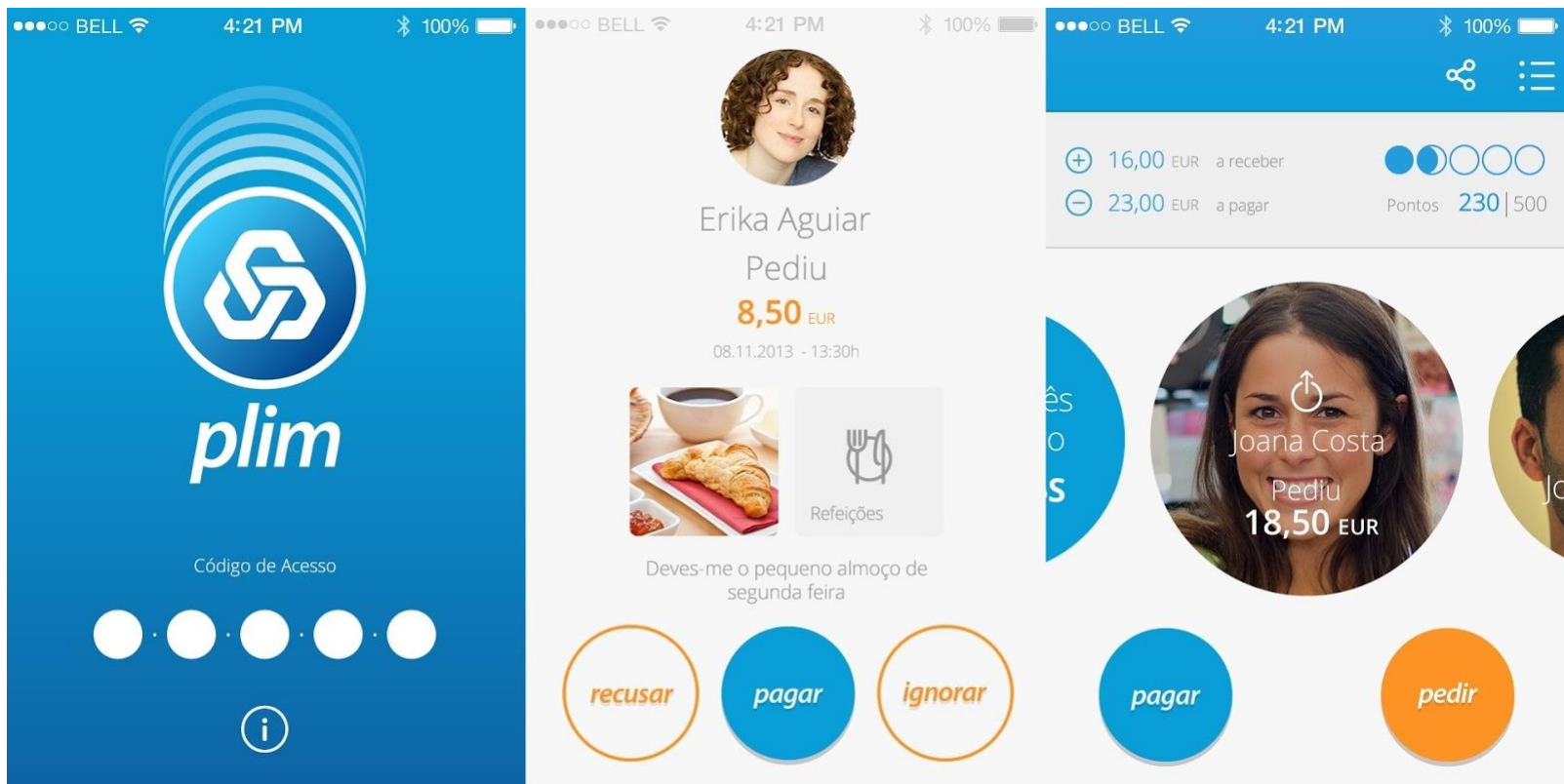
- Promotes new business opportunities
- Strengthens the relation with costumers
- Increases the number of clients
- Generates competitive advantages
- Modernizes the infrastructures

2. Instant Payments in Portugal

Instant Payments in Portugal

Caixa Plim

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- . Service of immediate transfers available for clients of a Portuguese bank
- . Uses the phone number
- . Service provided through an APP
- . Maximum amount per operation: EUR 20
- . Maximum amount per day: EUR 60

Instant Payments in Portugal

MB Way

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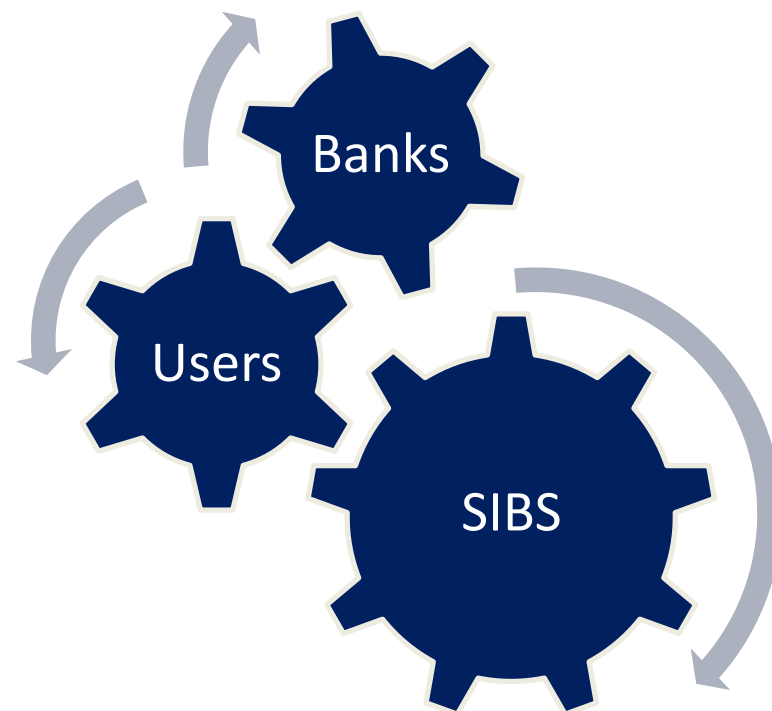


- . New platform for mobile payments
- . Card based operations (connected with phone number)
- . Funds immediately available with the transfer, after the acceptance by the beneficiary
- . Limit of EUR 750 per transaction, EUR 2500 sent or received and 20 transactions per month

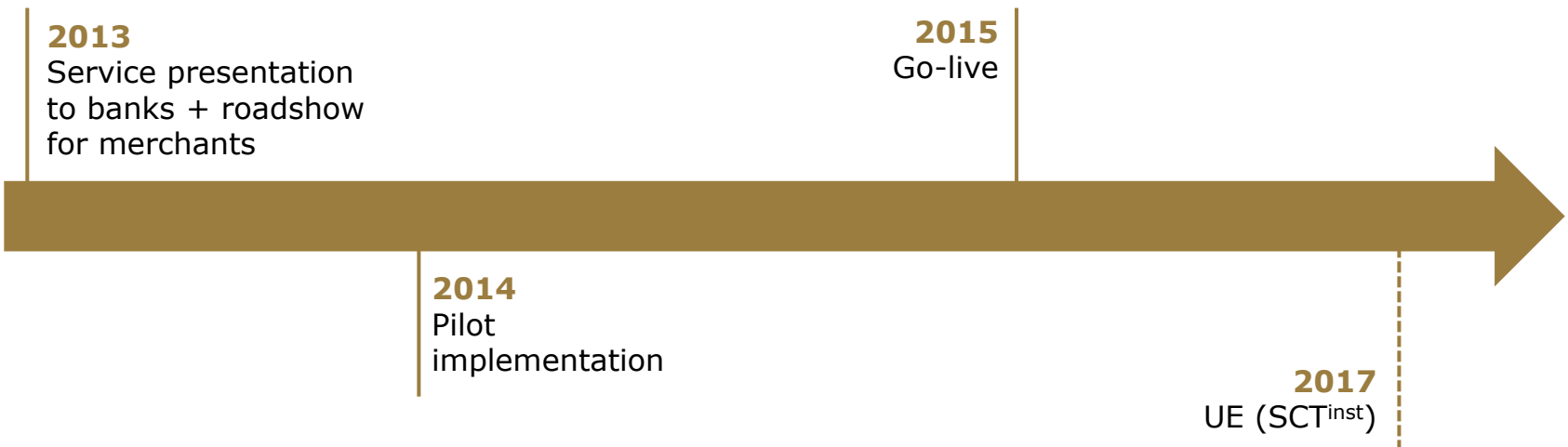


Implementation process

- . MB Way was mainly a technical development, based on existing card infrastructure
- . SIBS and banks were the key players of this project
- . Regular reporting to Banco de Portugal on the implementation and go-live



Implementation process



Implementation main challenges

- . Liaise with payment service providers in order to implement a common solution (take advantage of MB brand awareness)
- . Ensure an adequate implementation schedule agreed with participants
- . Banks needed to be able to ensure the immediate availability of funds in the account
- . Guarantee minimum critical mass in terms of users and merchants (both at POS and online)

Adoption of SCT^{inst}

Settlement layer

- Deferred net settlement in TARGET2

Clearing layer

- Single model for risk management
- Full pre-funding in cash
- Real time clearing
- Pan-European reach

Scheme layer

- EPC SCT^{inst} scheme

Adoption of SCT^{inst}



In a maximum of **10 seconds**, the money will be available in the account of the beneficiary of the payment



Up to **15,000 euros** can initially be transferred



The scheme will cover credit transfers in **euro**



SCT Inst has a potential scope of **34 European countries**



It is an **optional** scheme. Payment Service Providers (PSPs) can adhere as receivers only, or as both originators and receivers of SCT Inst transactions

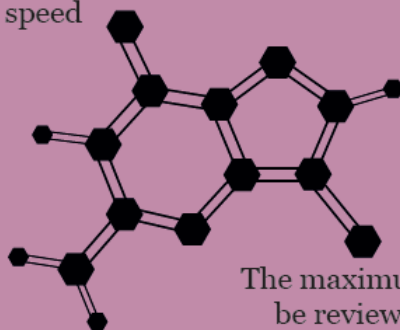


To ease its implementation, the scheme is based on the existing **SEPA credit transfer scheme**

Adoption of SCT^{inst}

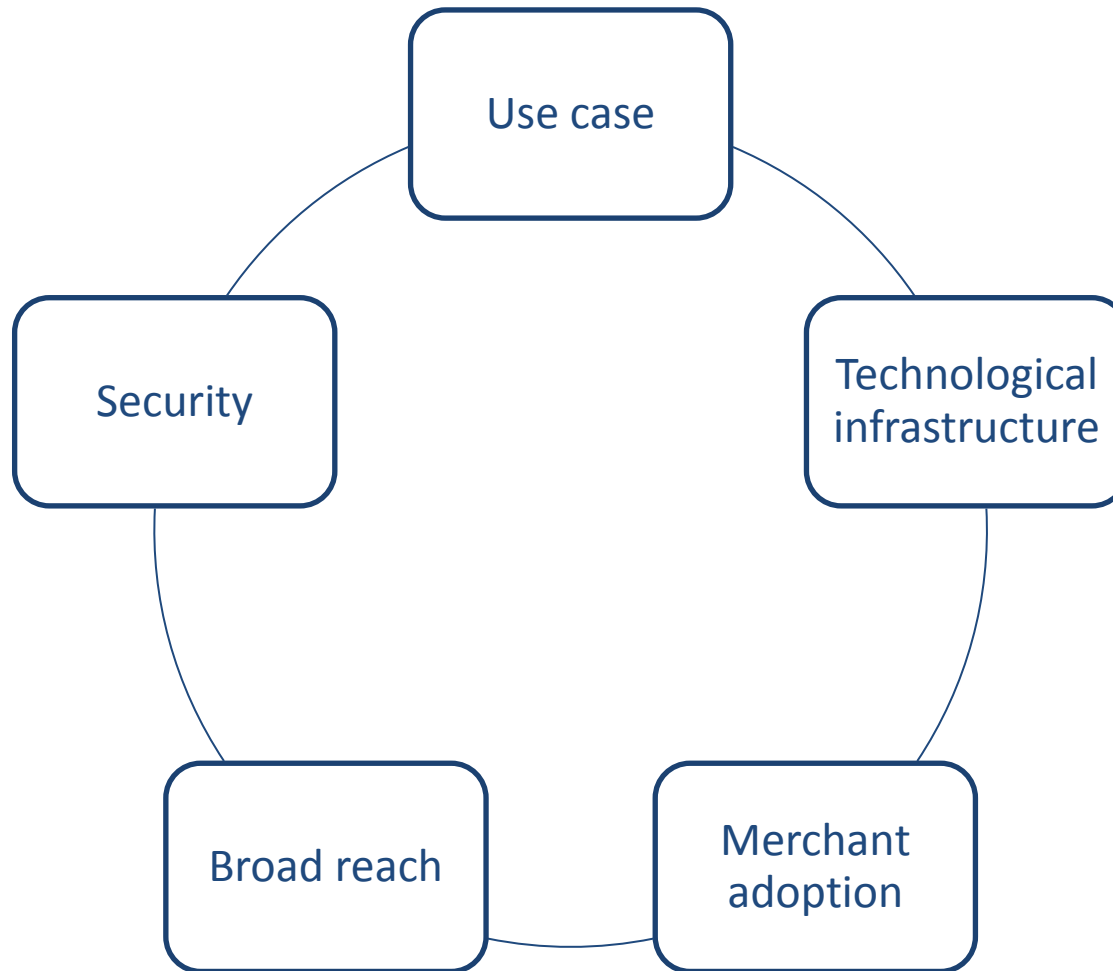
FLEXIBILITY IS IN THE DNA OF SCT INST

PSPs can bilaterally or multilaterally agree to increase the transfer limit and speed



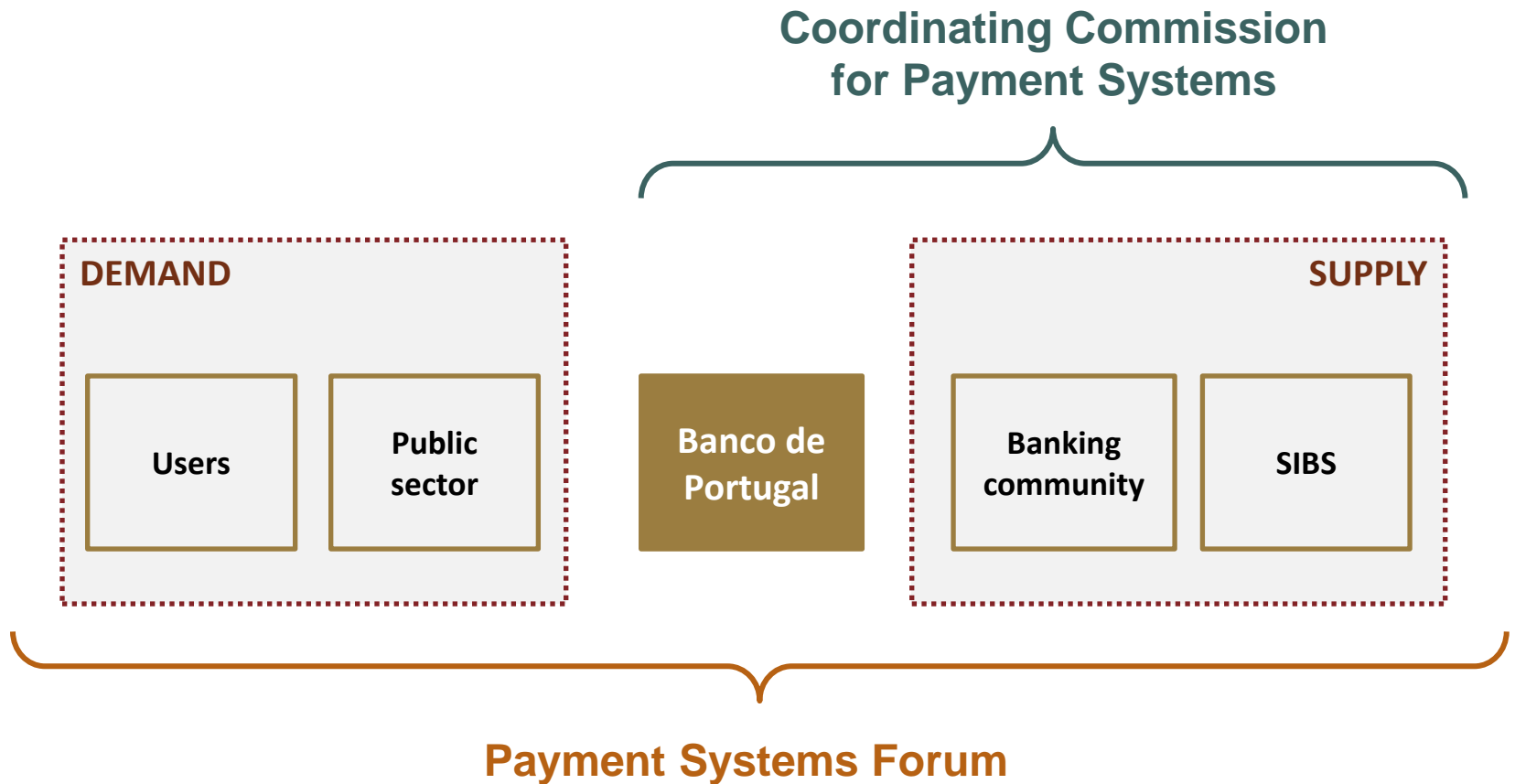
Public consultations will be regularly organised to make sure that the scheme still meets market needs.

The maximum amount will be reviewed, and quickly changed if necessary, every year as of 2018



3. Cooperation in the payments area

Current structure



CISP

- . Cooperation in the payments area in Portugal dates back to the 70's. In that period the main goal was to introduce developments in cheques and bills of exchange
- . In 1977, a commission for the technological coordination and organization of the banking sector (CCOI) was implemented. Both Banco de Portugal and commercial banks participated in this commission
- . In 1983 SIBS was created to install ATMs and POS terminals in Portugal
- . In 1997 CISP – **Coordinating Commission for Payment Systems** – was created. Banco de Portugal, commercial banks, the Treasury, the Portuguese banking association and SIBS participate in this committee

CISP

.CISP seeks to:

- . Promote interbank cooperation for developing and modernizing payment systems and instruments, for greater efficiency and transparency of market practices and for minimizing actual or potential risks
- . Identify the strategic themes and define work priorities
- . Adopt common positions or statements to the benefit of development, efficiency and security of payment systems and instruments in Portugal, in the form of proposals for intervention addressed to Banco de Portugal

CISP

CISP Portuguese Payment Systems Interbank Commission (Comissão Interbancária para os Sistemas de Pagamentos – CISP)

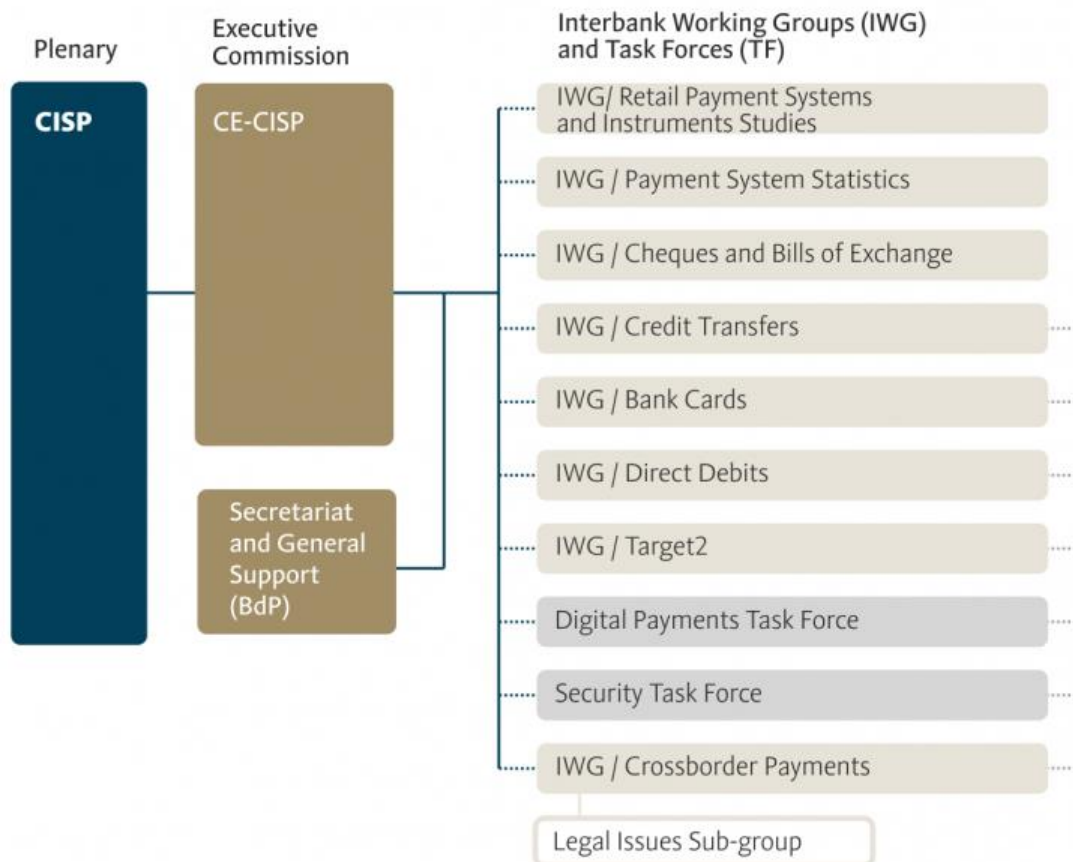
Permanent members

- Banco de Portugal BdP (chairs the Commission)
- Portuguese Banking Association
- SIBS Forward Payment Solutions, S.A.
- Portuguese Treasury and Debt Management Agency

Non-permanent members

Payment service providers operating in Portugal which participate significantly in payment systems and instruments are non-permanent members.

CISP



Payment systems forum

- . Established in October 2009
- . To promote the dialogue among the main national stakeholders involved in retail payments
- . The Forum is an advisory structure of Banco de Portugal and comprises representatives of the national banking community and of the main users of retail payment instruments, such as consumer associations, general government bodies and the corporate sector

**4. 41 days with
innovative payment
solutions**

A real experience

.Challenge: 41 days avoiding coins, cash and bank cards

.Resources:

.SEQR

.MB Way

.Caixa Plim

.Contactless bracelet



A real experience

Made 17 km to buy grapes using SEQR in a vending machine

Buying in physical shops required large preparation: checking participating retail stores before any purchase and ensuring phone battery

The list of things that I couldn't buy is bigger than this article. I was not able to use these solutions in my usual restaurant, grocery store and book shop

High technology!

I received the receipt 12 minutes and 6 attempts after my purchase

It took 43 minutes to install the three APPs in the smartphone + 34 km, EUR 13, 82 minutes in the bank branch and 3 weeks to get the contactless bracelet



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