



Expert Forum

Instant payments systems in Poland



Twinning Project UA 19 ENI FI 01 19

Strengthening the institutional and regulatory capacity of the National Bank of Ukraine to implement EU-Ukraine Association Agreement



Instant payment solution on the Polish market



Instant payments systems:

- Express Elixir – instant payment system operated by the Polish National Clearing House (KIR SA)
- Blue Cash – instant payment system operated by the Blue Media SA


BLIK P2P mobile payments

Mobile payment system operated by Polski Standard Płatności allows exchanging P2P mobile payments in 24/7/365 mode which are cleared in Express Elixir


Other solutions

- internal banking credit transfers
- P2P mobile payments
- RTGS system – SORBNET2

Business model




Perform transfers of funds between the sender and the receiver in real time in 24/7/365 mode



Instant payments service is provided by commercial and cooperative banks



Product is addressed to bank's clients (a natural person, a small and medium companies or a corporate client)



Each bank individually decides on access channels and the pricing policy

Instant payments use cases in Poland



P2P

C2B - mass
payments
(invoices, bills)

credits/ loans
repayment

E-commerce

tax,
administrative
payments



The NBP's role

- Fiduciary institution - NBP's escrow account in SORBNET2 on the Express Elixir system
- Cooperation with Elixir operation rules: liquidity adjustment procedure, implementing changes in the central module, in legal documentation
- Overseer of systems (including the... requires a license of the...)

Cooperation

Overseer

Express Elixir - main features



- ❑ Launched in June 2012, operated by the KIR SA - Krajowa Izba Rozliczeniowa SA (Polish National Clearing House)
- ❑ Payments are processed and cleared on a real-time basis in 24/7/365 mode
- ❑ System based on a deposit model (prefunding)
- ❑ Payments denominated in PLN
- ❑ Message standard: ISO 20022 and CSV format
- ❑ Funds are credited to payee's account within seconds of payment initiation
- ❑ Bank's customers can initiate instant payments via Internet banking, mobile application or in bank branches
- ❑ Payments processed: credit transfers, BLIK mobile P2P payments, tax and social insurance payments (from 2017)
- ❑ System Transaction Limit - 100,000 PLN (about 22,000 EUR) for credit transfer and 250,000 PLN (about 55,000 EUR) for tax and social insurance payments
- ❑ Participants: NBP, 18 banks, 274 cooperative banks have access to the system via associating bank

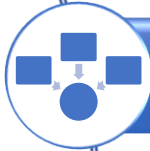
Express Elixir - clearing & settlement rules



Clearing is performed within seconds and the message flow ensures real-time confirmation of successful credit to receiver's account



Clearing payments in the system is based on deposit model (prefunding), with the usage of funds collected on the special Settlement Account in the SORBNET2 system (KIR's escrow account maintained by NBP in the SORBNET2 system)



Participants deposit funds on the Settlement Account. The deposited amount is defined individually by each Participant and depends on estimated turnover of that Participant – basic limit



The funds collected on the Settlement Account are used by KIR S.A. only for Express Elixir purposes



Payments are processed and settled one by one on a real-time basis only within each participant's limits defined by funds deposited on KIR escrow account by participants

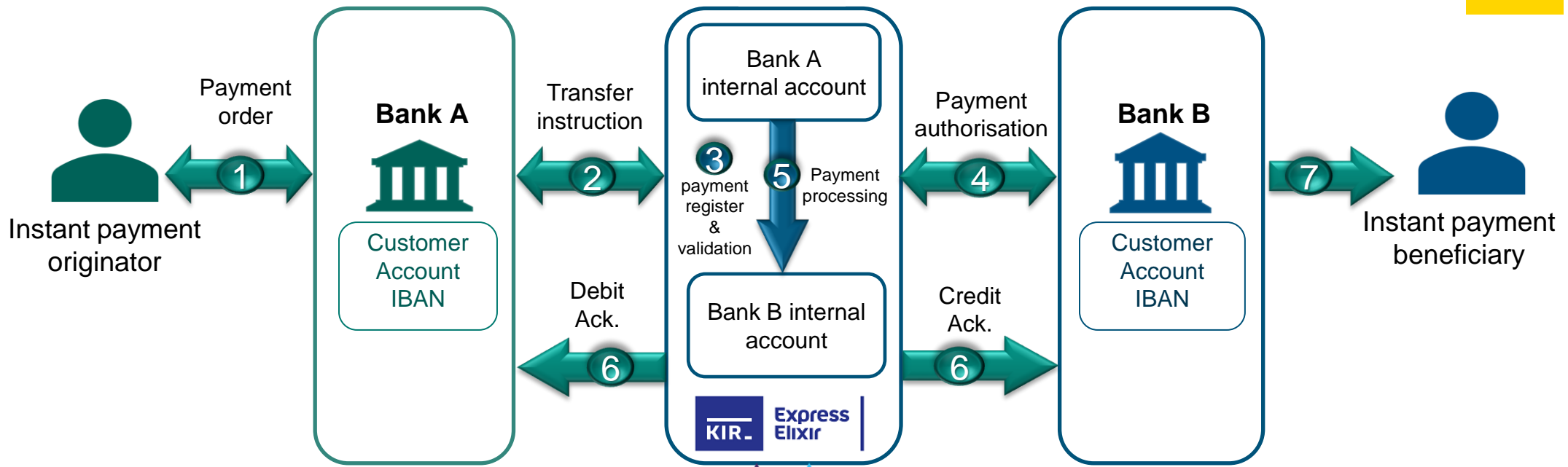


Each incoming transfer increases the receiving bank's internal account balance; each outgoing transfer decreases the respective Participant's internal account balance. Internal account is a mechanism implemented in Express Elixir to register each Participant's balance change in real-time



Special alert is sent to participant if the lower limit of liquidity is exceeded (20% of basic limit and may not be lower than 500,000 PLN)

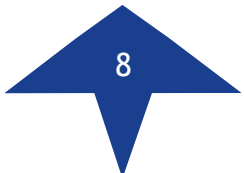
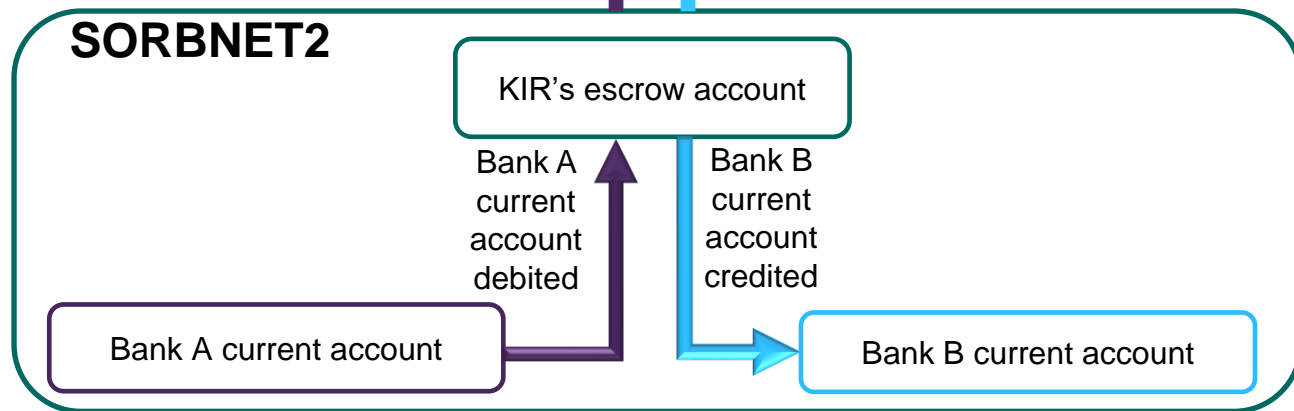
Payments processing in Express Elixir



NBP Narodowy Bank Polski

Bank A internal account balance increased
Bank B internal account balance reduced

Liquidity adjustment process in SORBNET2



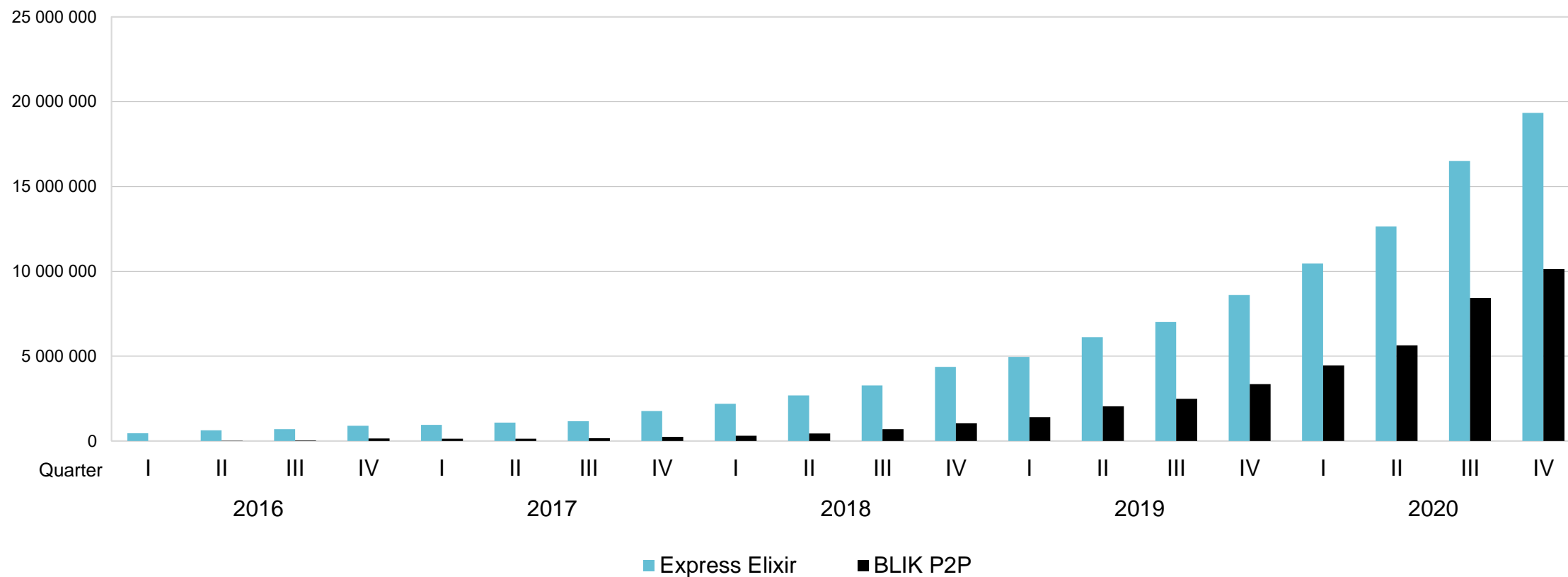
BLIK P2P mobile payments - transfer to a mobile



- Enabling making P2P payments between users of the bank mobile app, using only the mobile phone number of the payee
- No necessity of knowing receiver's account number
- Customer has to link mobile phone number with their bank account number (only one account number is possible to link but it can be change via bank mobile app)
- A BLIK transfer to a mobile is available 24/7 and the money reaches the recipient instantly
- Final clearing is performed in Express Elixir
- Free of charge
- alias base containing phone numbers of registered users with the relevant bank account numbers linked with them is maintained by BLIK operator - PSP



Volume of payments settled in the Express Elixir



BlueCash - main features



- ❑ Launched in November 2012, operated by Blue Media SA,
- ❑ Payments are cleared on a real-time basis in 24/7/365 mode
- ❑ Deferred net settlement on D+1
- ❑ Payments denominated in PLN
- ❑ Message standard: ISO 20022
- ❑ Funds are credited to payee's account within seconds of payment initiation
- ❑ Bank's customers can initiate instant payments via Internet banking, mobile application or in bank branches
- ❑ Payments processed: credit transfers, cash payments, possibility of making payments using the payee's mobile phone number (proxy)
- ❑ Possibility of accepting payment order both from a sender acting as a client of a system participant and a sender acting as a client of a bank which is not a system participant
- ❑ System Transaction Limit - 20,000 PLN - about 4,405 EUR
- ❑ Participants: 113 banks (including 107 cooperative banks), possibility of sending/receiving payments from/to 7 banks which are not participants of BlueCash

BlueCash - clearing & settlement rules



Clearing is performed within seconds and the message flow ensures real-time confirmation of successful credit to receiver's account



Clearing payments in the system is based on funds collected on the participant's technical accounts (Dedicated Participant Accounts) maintained by participant in its own Bank and Central Settlement Account by the Blue Media



The deposited amount maintained on Dedicated Participant Accounts is defined individually by each participant



The funds collected on the Dedicated Participant Account and Central Settlement Account are used only for BlueCash purposes



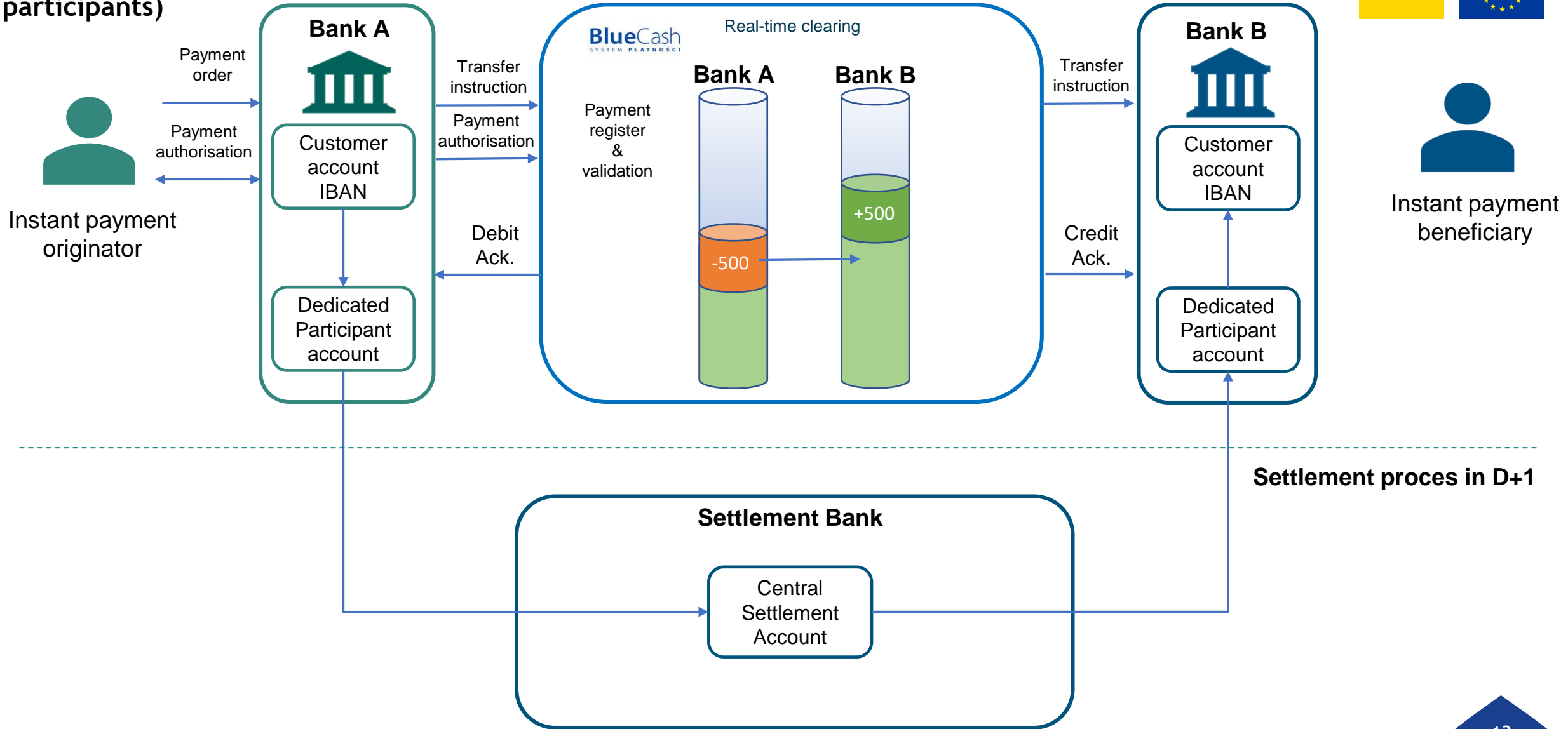
Payments are processed one by one on a real-time basis during payment cycle between 00:00 and 23:59:59 only within participant's limit



Settlement is performed via commercial bank acting as a settlement agent (in commercial bank money) on D+1 on the net basis with the usage of Central Settlement Account

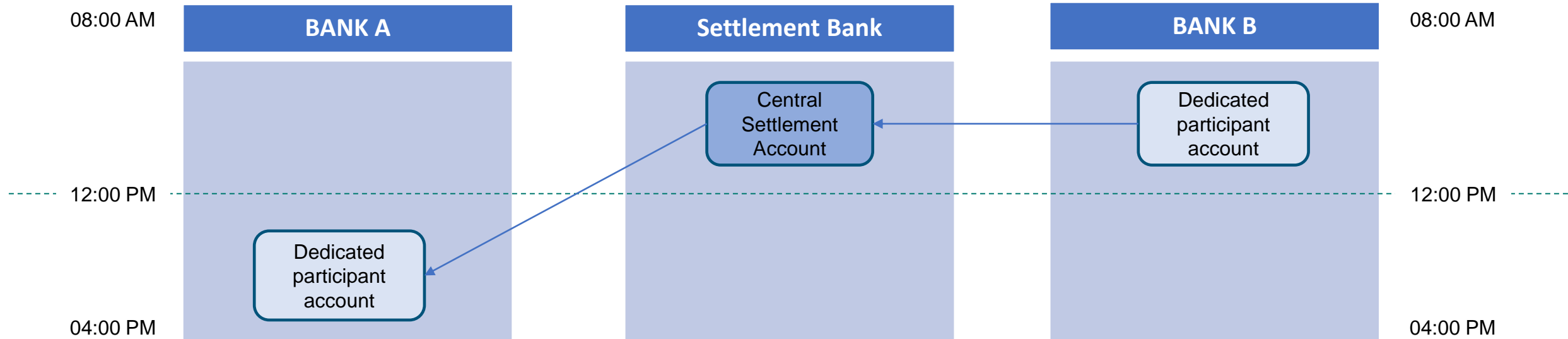


Payments processing in BlueCash (between participants)



Instant payment beneficiary

BlueCash - Settlement process



- ▶ Net settlement in commercial bank money on D+1.
- ▶ Two steps:
 - ❑ 8am-12am: banks with obligation to the system must transfer funds from their Dedicated Participant Account into Central Settlement Account (via SORBNET2 or Elixir)
 - ❑ 12am-4pm: Blue Media submits a payment order in Settlement Bank to transfers funds from Central Settlement Account to Dedicated Participant Accounts of the banks that have claim to the system (via SORBNET2 or Elixir)

Express Elixir vs BlueCash



	Express Elixir	BlueCash
System operator	Krajowa Izba Rozliczeniowa S.A. (KIR S.A)	Blue Media S.A.
Transfer executed in a seconds	Yes	Yes (in the direct model) In other cases crediting the payee's account may take up to 15 minutes
System available 24/7/365	Yes some banks do not ensure 24h access, e.g. switching off the system for the weekend and at night on weekdays	Yes some banks do not ensure 24h access, e.g. switching off the system for the weekend and at night on weekdays
System Transaction Limit	100,000 PLN for credit transfer 250,000 PLN for tax and social insurance payments	20,000 PLN
Clearing & Settlement method	Deposit model (prefunding) based on funds deposited on the KIR's escrow account in the SORBNET2 system – the interbank settlement is not performed in the system. The clearing of payments is backed by central bank money in SORBNET2.	Deferred net settlement performed in the commercial bank on D+1. The source of liquidity is the commercial bank money – funds deposited on dedicated participant's account and Central Settlement Account.

Express Elixir vs BlueCash



	Express Elixir	BlueCash
Credit risk mitigation method	Deposit model (prefunding) and limits Transactions are executed only up to the current level of liquidity of a given participant.	A collateral pool maintained by each participant on the dedicated participant's account, equal to at least a double value of the limit of transactions set for it. Additional collateral pool maintained by Blue Media on the Central Settlement Account equal to 100% of the level of security pool of the participant holding the highest pool of securities, defined in the participation agreement.
System range	NBP, 18 banks, 274 cooperative banks have access to the system via associating bank	113 banks (including 107 cooperative banks), possibility of sending/receiving payments from/to 7 banks which are not participants of BlueCash
Payments processed	credit transfers, BLIK mobile P2P payments, tax and social insurance payments	credit transfers, cash payments, possibility of making payments using the payee's mobile phone number (proxy)

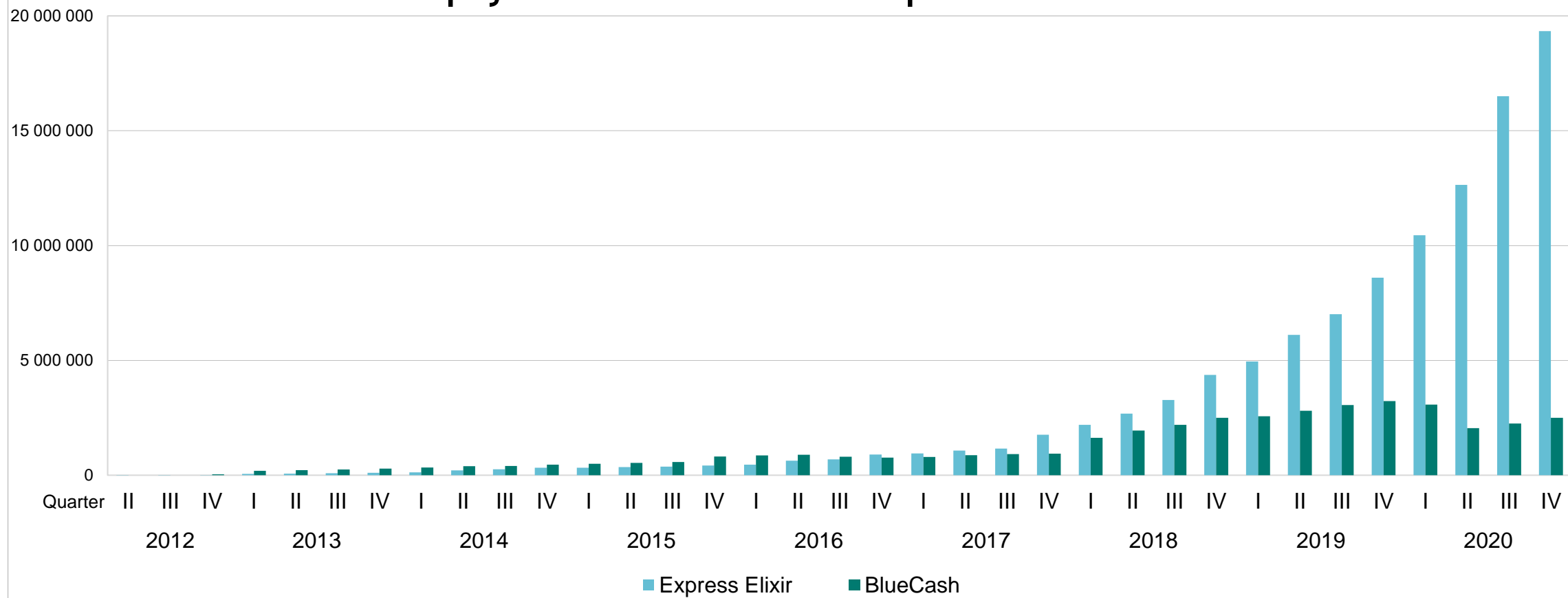
Express Elixir vs BlueCash



	Express Elixir	BlueCash
Additional features		Possibility of accepting payment order both from a sender acting as a client of a system participant and a sender acting as a client of a bank which is not a system participant, and accepting orders by both a receiver acting as a client of a system participant and a receiver acting as a client of a bank which is not a system participant.

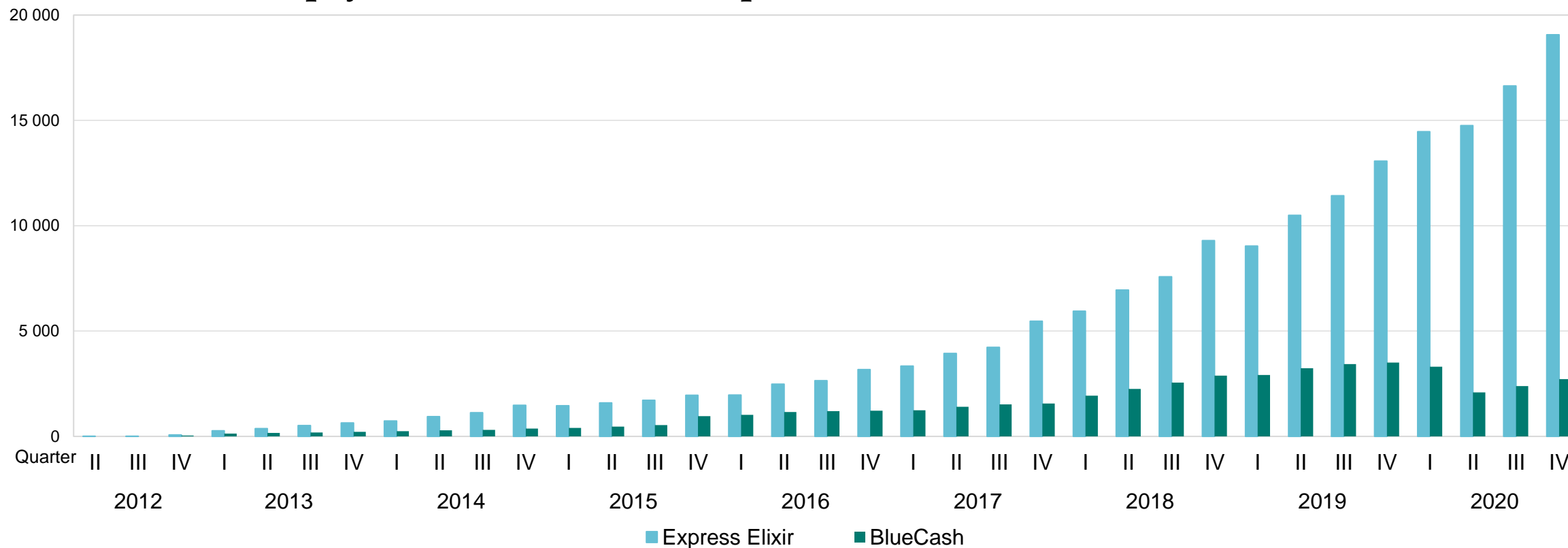


Volume of payments settled in the Express Elixir and BlueCash



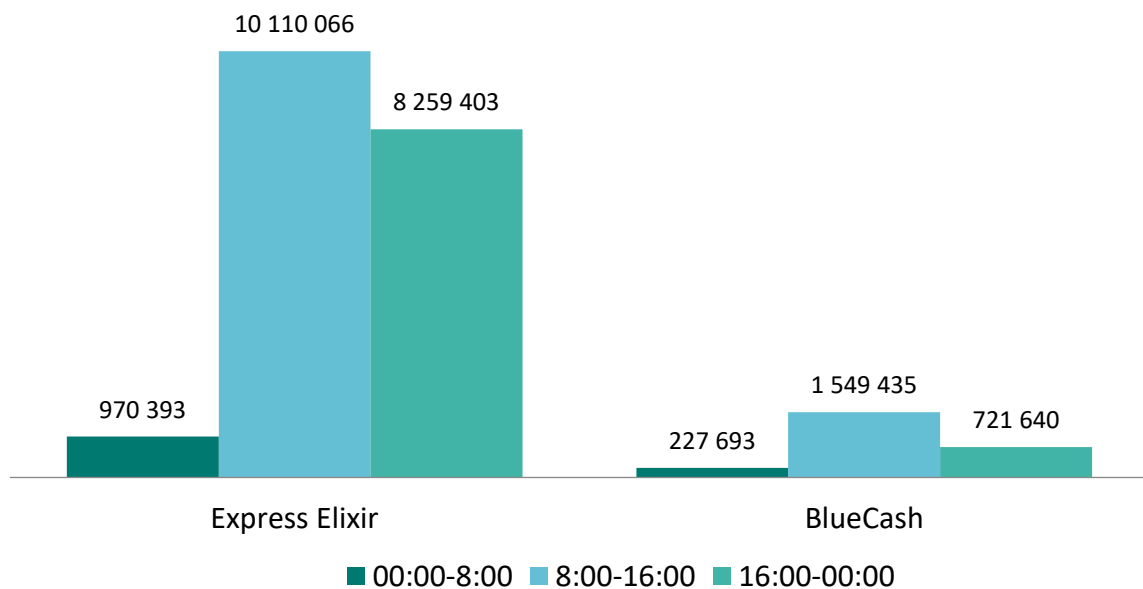


Value of payments settled in the Express Elixir and BlueCash (in milion PLN)

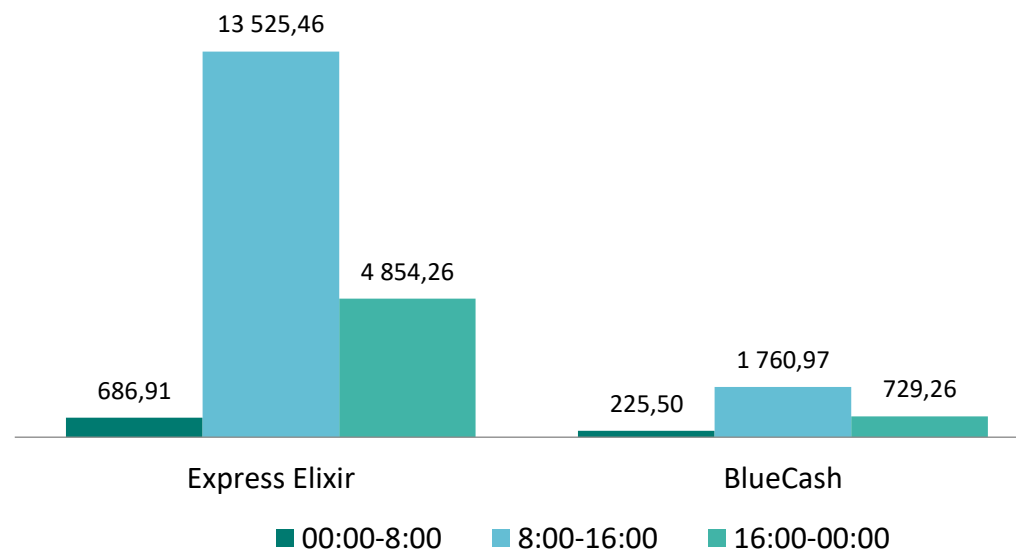




Volume of payments per time band in the 4th quarter 2020

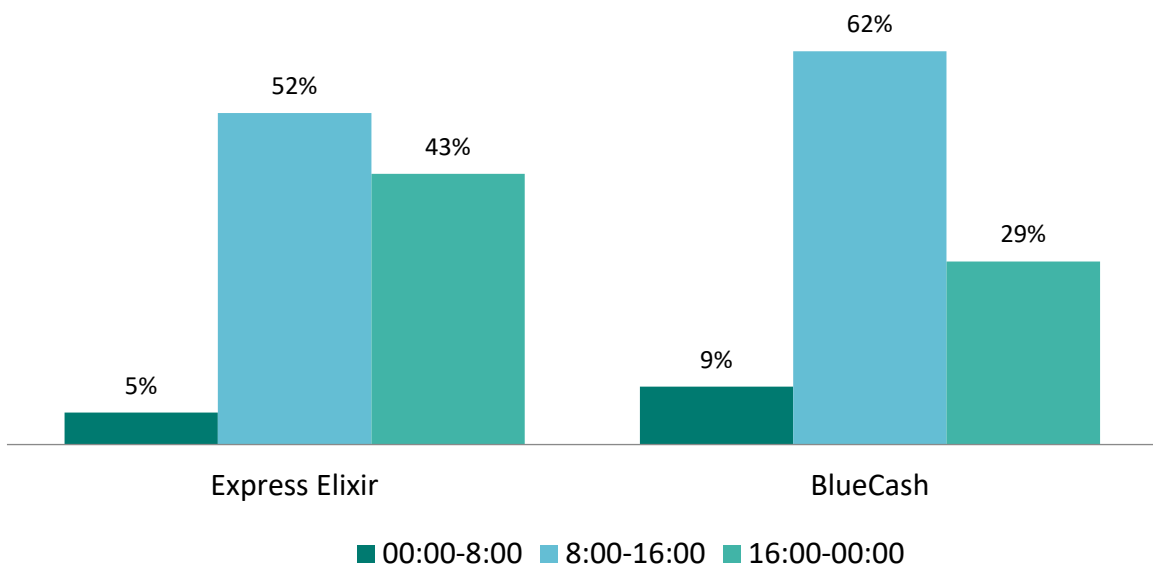


Value of payments per time band in the 4th quarter 2020 (in million PLN)

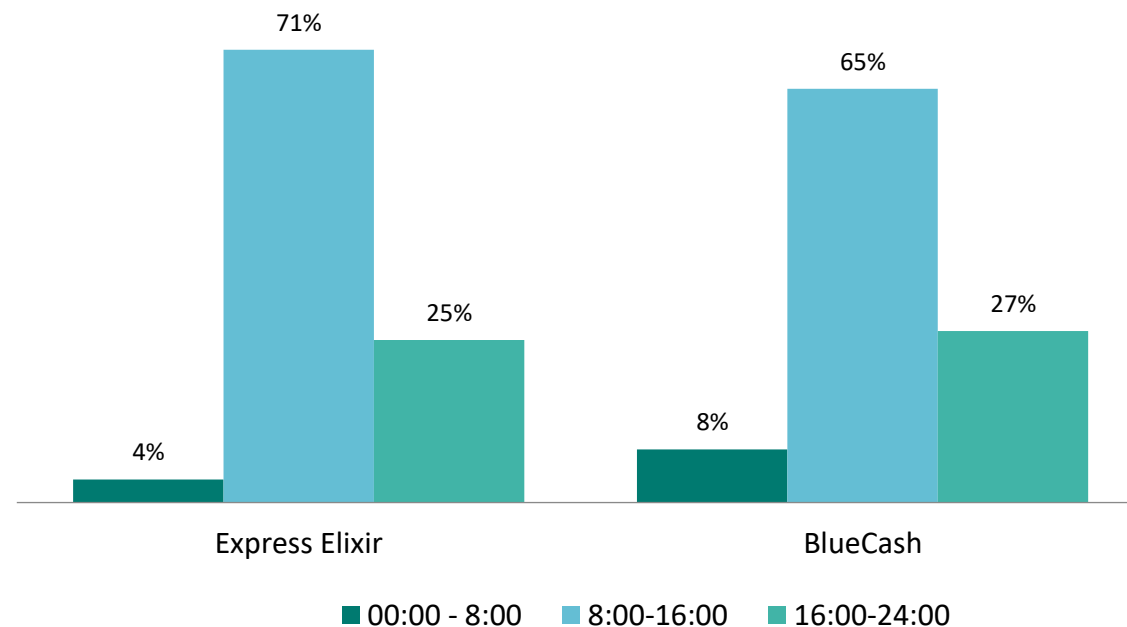




Percentage share of the volume of payments per time band in the 4th quarter 2020

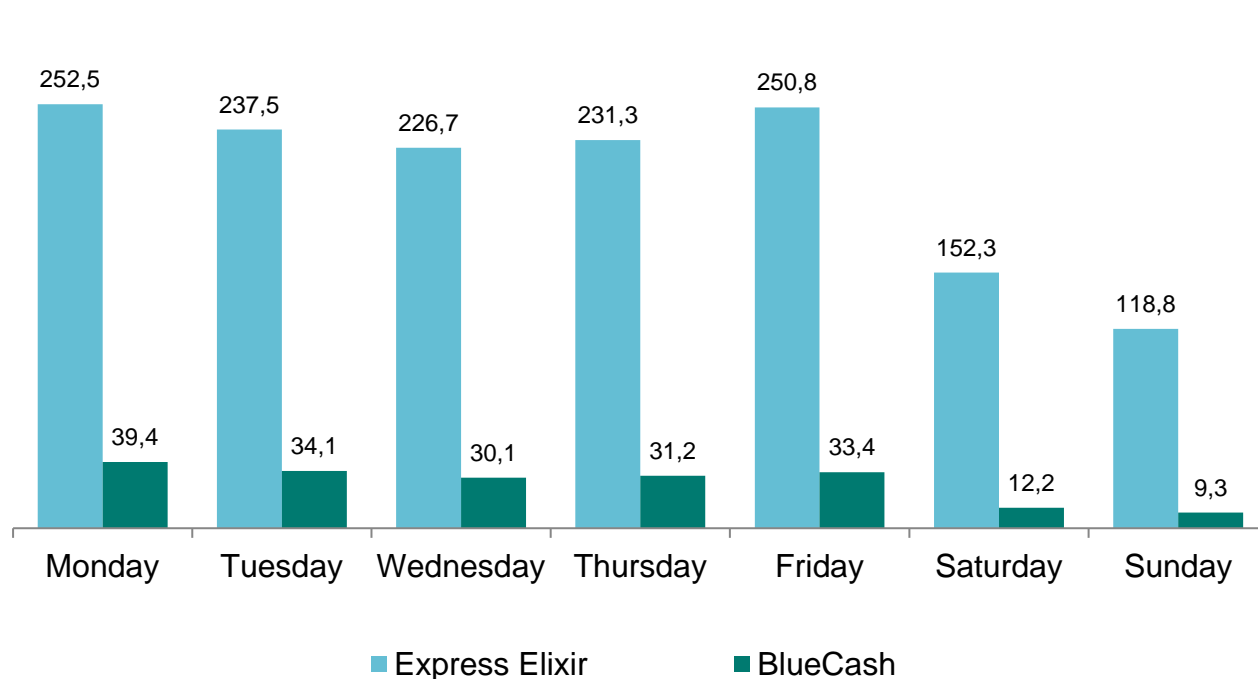


Percentage share of the value of payments per time band in the 4th quarter 2020

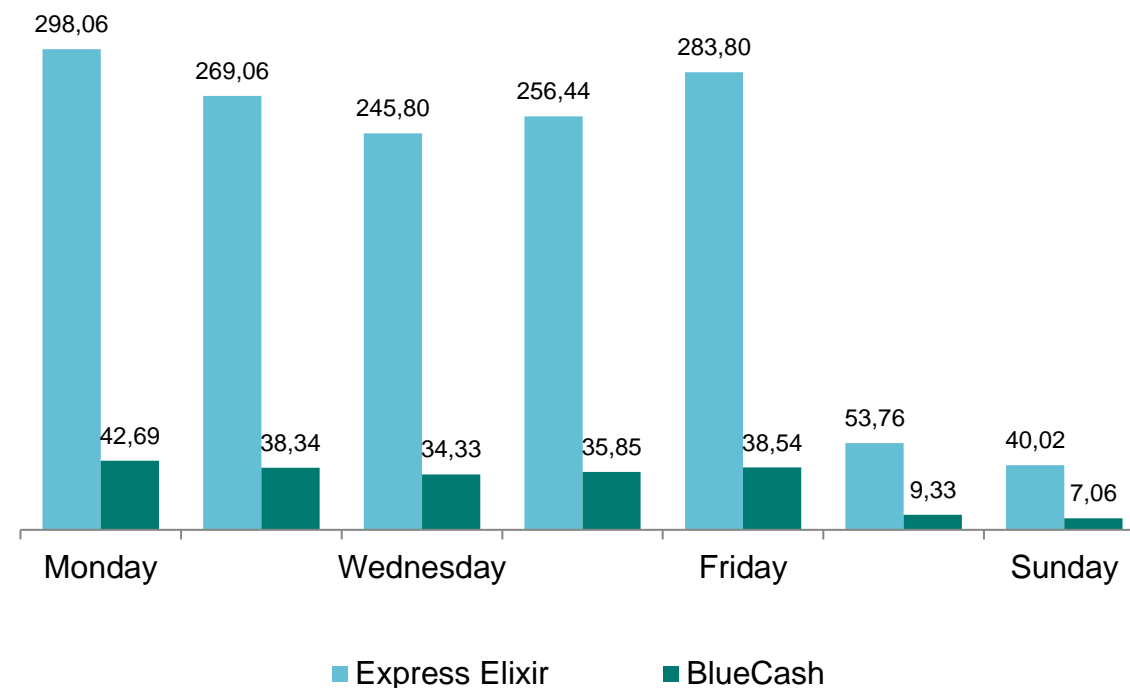




Average daily volume of payments settled on individual days of the week in the 4th quarter 2020

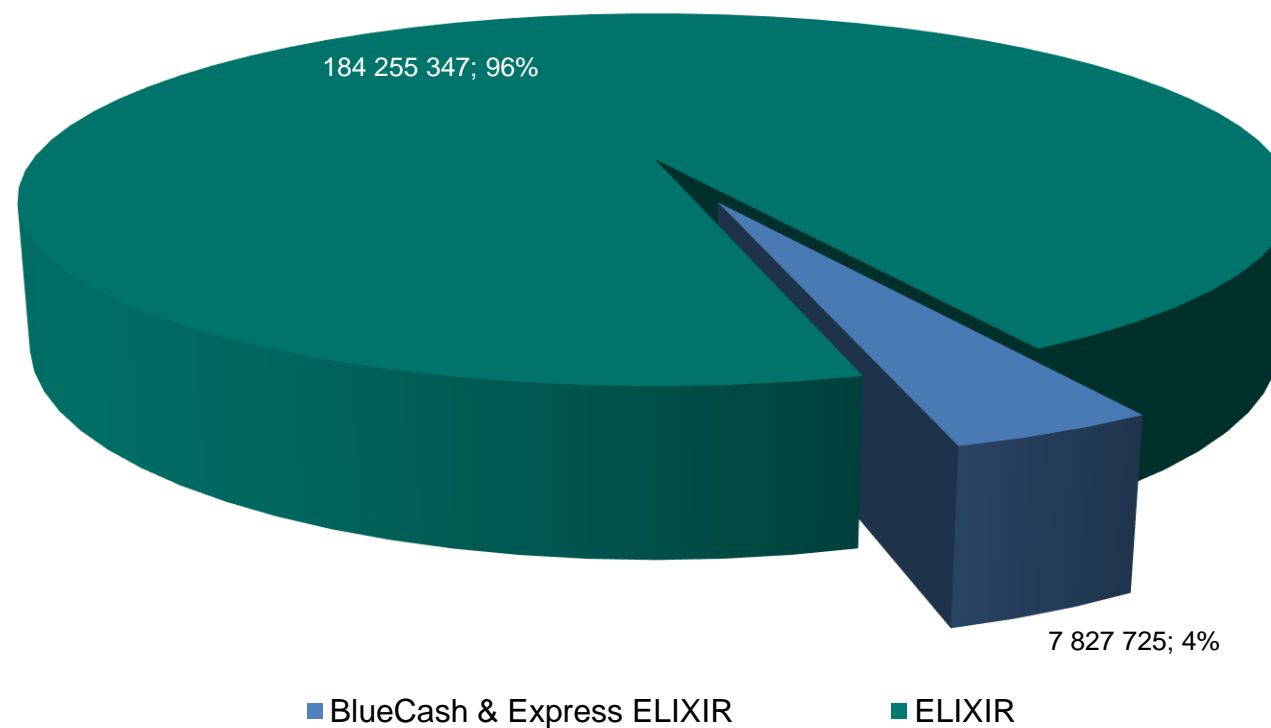


Average daily value of payments settled on individual days of the week in the 4th quarter 2020 (in million PLN)



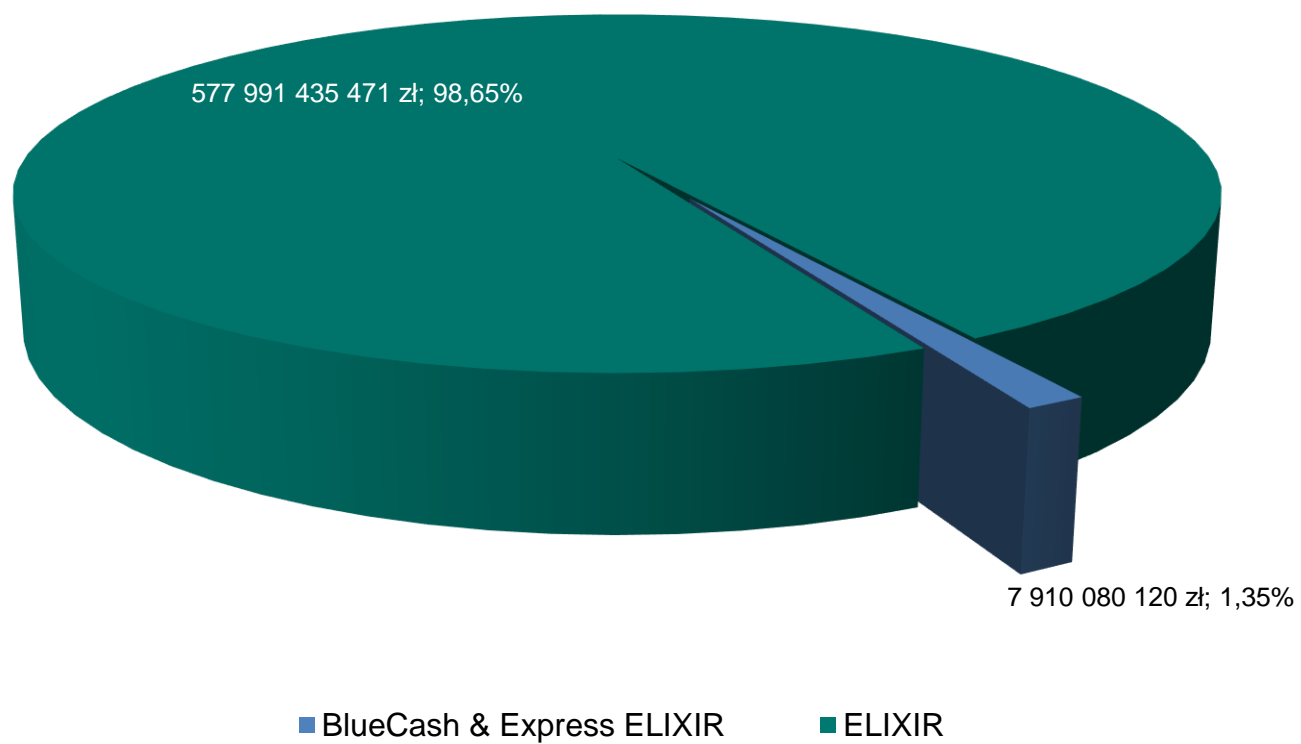


Volume of payments settled in the Elixir vs Express Elixir & BlueCash in December 2020





Value of payments settled in the Elixir vs Express Elixir & BlueCash in December 2020



Transaction fees charged by banks



	Internet banking		In bank branch		Phone banking	
	Instant payment	Credit transfer	Instant payment	Credit transfer	Instant payment	Credit transfer
Average fee for individual clients	5,38 PLN (1,2 EUR)	0,05 PLN (0,01 EUR)	11,66 PLN (2,5 EUR)	8,46 PLN (1,8 EUR)	13,79 PLN (3 EUR)	7,2 PLN (1,6 EUR)
Minimum and maximum fees for individual clients	0 – 15 PLN (0 – 3,3 EUR)	0 – 0,6 PLN 0 – 0,1 EUR	5 – 30 PLN (1,1 – 6,5 EUR)	2 – 20 PLN (0,4 – 4,4 EUR)	5 – 30 PLN (1,1 – 6,5 EUR)	2 – 20 PLN (0,4 – 4,4 EUR)

1 EUR = 4,59 PLN

Instant payments in euro



- KIR is preparing to offer Polish banks access to SCT Inst payments in euro as Instructing Party in TIPS
- KIR is currently testing new solution
- Polish banks will be able to access TIPS via KIR either as direct participant or as Reachable Party
- KIR as Instructing Party will allow Polish banks send (or receive) instant payments to (or from) TIPS

Instant payments in Poland - summary



- 2 instant payments systems
- Service 8 years on market
- Premium paid service positioned higher than a standard credit transfer
- Not mandatory for PSPs
- Only banks participating
- Payments processed: credit transfers, BLIK mobile P2P payments (proxy - transfer to a mobile), tax and social insurance payments
- Relatively high transaction fees compared to standard credit transfer (apart from BLIK P2P payments)
- Volume and value of instant payments processed are steadily growing but the service is not very popular
- BLIK P2P payments are the most popular use case of instant payments
- Preparing to offer SCT Inst payments in euro by KIR as an Instructing Party in TIPS



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