

Instant Payments

Kasper Sylvest, Head of Financial Market Infrastructures and sector collaboration

The history of the Danish Payment infrastructure – quick version

The Danish payment infrastructure has gone over significant changes over the years and more changes are yet to come.

- 1997 – Introduction of ‘Sumclearingen’ - batch processing of retail payments (cards, direct debits, giro, credit transfers, cheques etc.)
- 2011 – Danish banks with support of the Danish central bank initiated a project to modernize the payment infrastructure.
- 2013 – Introduction of intraday clearing (5 settlement cycles pr. day)
- 2014 – Introduction of Express clearing (Straksclearingen) – **Instant payments**
- 2017 -End of cheque clearing collaboration
- 2018 -Kronos 2 (new RTGS system)
- 2020 - P27



Danish Instant Payments – some facts

- Scheme is based on ISO20022 and not that different than SEPA Instant
- Available 24/7/365
- 6 batch settlement cycles pr. day.

- Mandatory to receive but optional to send
- 52 direct participants and 31 indirect participants (settlement)

- Max value of DKK 500.000 (EUR 67.000)
- 600.000 payments / day (2017)
- DKK 1500,- (EUR 200) is the average value (2017)

Learnings from Denmark

Danske Bank decided early on letting instant be the default channel for retail customers while it is a product for corporate customers.

Other banks have taken different approaches.

The primary use case is 'cash replacement' – P2P mobile payments

However we do see some customers 'splitting payments' due to the amount limitation

Discussions in the industry are ongoing about increasing the limit to DKK 7.5m (EUR 1m).

Fraud monitoring, screening, recalls is a challenge.



The P27 project is the new Nordic payment platform

The P27 vision and scope...



Single Nordic infrastructure for multi-currency clearing and settlement platform



Standardized products and services across the Nordic countries



Modular functionality, with potential for country-specific overlay services and functionality

...is to create an open-access pan-Nordic payments infrastructure

*Establish within the Nordic countries the **world's first integrated region for domestic and cross-border payments** in multiple currencies through an open-access, common infrastructure that should **deliver state-of-the-art payment experiences to customers across the Nordics***

Thank you!

Kasper Sylvest

Head of Financial Market Infrastructure and Sector Collaboration

ksy@danskebank.dk

