



# **PROGRAMME FOR NON-CASH PAYMENTS DEVELOPMENT IN POLAND FOR THE YEARS 2014-2020**

---

## **Part 3**

### **Recommendations for Public Administration**

---

**Warsaw, December 2015**

## TABLE OF CONTENTS

List of abbreviations.....	3
Introduction .....	5
Map of the Programme.....	<b>Błąd! Nie zdefiniowano zakładki.</b>
Specific Objective 1 - Increase of financial inclusion.....	7
Specific Objective 2 - Breaking mental barriers and changing of payment habits of consumers, enterprises and public institutions towards greater use of non-cash payments .....	12
Specific objective 3 – Popularisation of payment infrastructure and non-cash payment instrument acceptance network.....	14
Specific Objective 4 – Ensuring security and effectiveness of electronic payment instruments, expansion of their offer and development of innovative payment instruments. ....	17
Specific Objective 6 – Increasing competitiveness and innovativeness of payment services providers and other entities of the payment sector in Poland and ensuring the security of their operations. ....	20

## List of abbreviations

**BFG** – Bank Guarantee Fund

**GDDKiA** – General Directorate for National Roads and Motorways

**KIG** – Polish Chamber of Commerce

**KIR** – National Clearing House

**KNF** – Polish Financial Supervision Authority

**Coalition** – Coalition for the Development of Non-cash Payments and Micropayments

**KRUS** – Agricultural Social Insurance Fund

**MC** – Ministry of Digital Affairs

**MEN** – Ministry of National Education

**MF** – Ministry of Finance

**MiB** – Ministry of Infrastructure and Construction

**MKiDN** – Ministry of Culture and National Heritage

**MNiSW** – Ministry of Science and Higher Education

**MOPS** – Municipal Social Assistance Centre

**MR** – Ministry of Economic Development

**MRPiPS** – Ministry of Family, Labour and Social Policy

**MS** – Ministry of Justice

**SME** – Small and medium-sized enterprises sector

**MSWiA**– Ministry of the Interior and Administration

**NBP** – Narodowy Bank Polski

**PAD** (The Payment Accounts Directive) – the Directive of the European Parliament and of the Council 2014/92/UE of 23 July 2014 on the transparency and comparativeness of payments associated with maintaining a payment account, transferring a payment account and access to a basic payment account.

**PFRON** – State Fund for Rehabilitation of Disabled Persons

**PIIT** – Polish Chamber of Information Technology and Telecommunications

**PKN** – Polish Committee for Standardization

**Plan** – Operational Plan for 2016-2018

**PROB** – Programme for Non-cash Payments Development in Poland for the years 2014 – 2020

**Programme** - Programme for Non-cash Payments Development in Poland for the years 2014 – 2020

**PSD2** (The Payment Services Directive 2) - the Directive of the European Parliament and of the Council on payment services within the internal market, replacing Directive 2007/64/WE

**UE** – European Union

**UKE** – Office of Electronic Communication

**ZBP** – Polish Bank Association

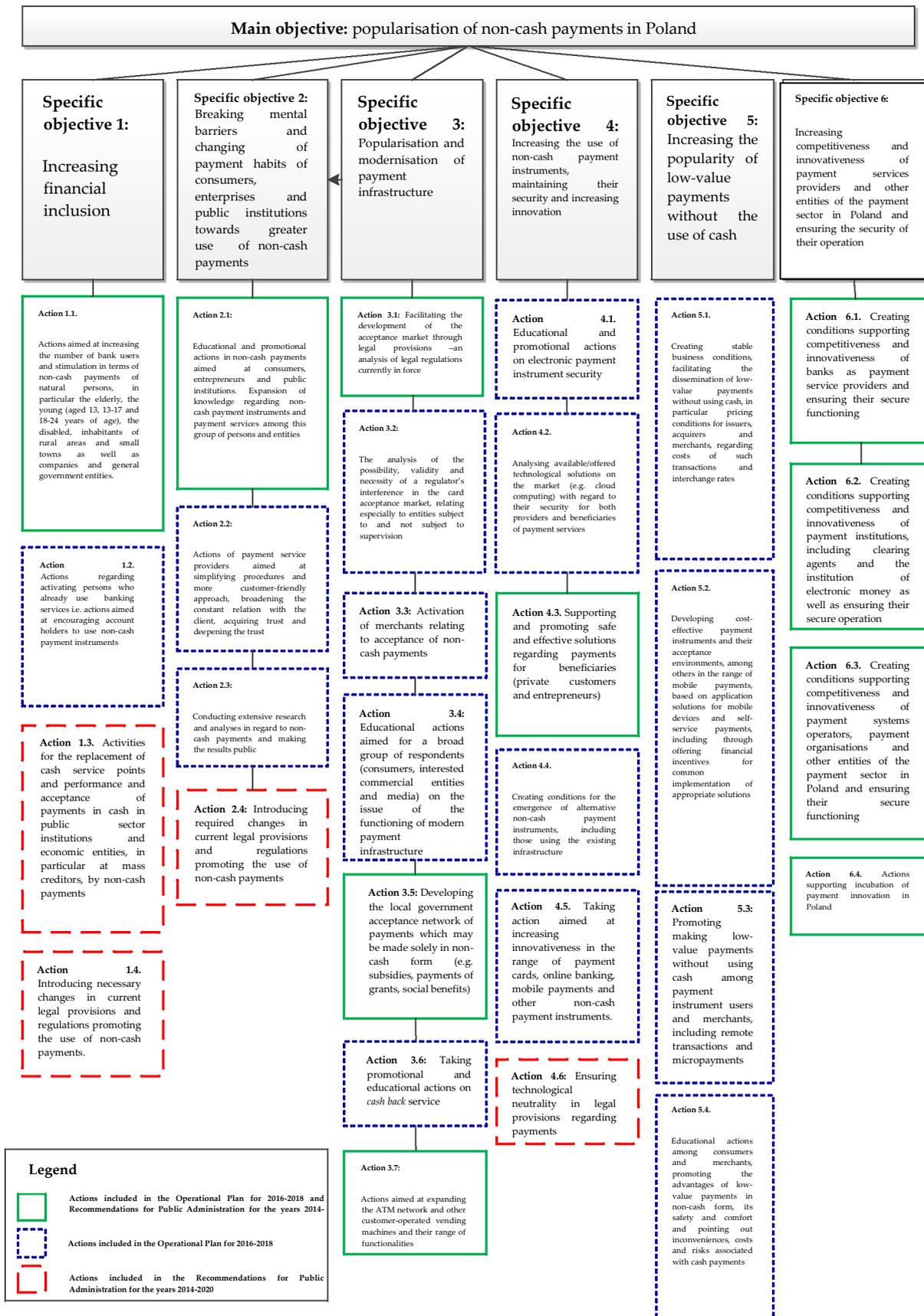
**ZUS** – Social Insurance Institution

## Introduction

“Recommendations for Public Administration” is the third, besides the “Strategic Document” and three-year operational plans, document comprising the “Programme for Non-cash Payments Development in Poland for the years 2014-2020”. In 2015, “Recommendations for Public Administration” replaced the document entitled “Recommendations for the Government”, adopted in December 2013. This document contains a list of suggested actions and activities falling on the side of the generally understood public administration sector, i.e., ministries, institutions and entities of government administration, local government units as well as institutions and entities falling within the purview of local government administration; the implementation of these actions and activities is necessary to fully achieve the objectives set in the Programme for the years 2014-2020. Changing the title of Part 3 of the Programme from “Recommendations for the Government” to “Recommendations for Public Administration” is aimed at reflecting the focus of many recommended actions not only on ministries or government institutions, but also on local government units, entities and institutions being part of the local government sector.

Similarly to the “Operational Plan for 2016-2018” in reference to the previous operational plan, “Recommendations for Public Administration” is largely a continuation of actions and activities that were included in “Recommendations for the Government”. Moreover, similarly to the “Operational Plan for 2016-2018, the new “Recommendations” contain new actions and activities identified and formulated as well as one more Specific Objective, Objective 5, which regards the development of non-cash payments of low value, called micropayments.

# Map of the Programme



## Specific Objective 1 – Increasing financial inclusion

### Action 1.1. Taking actions aimed at increasing the number of bank users and stimulation in terms of non-cash payments of natural persons, in particular the elderly, the young (aged 13, 13-17 and 18-24 years of age), the disabled, inhabitants of rural areas and small towns as well as companies and local government and government entities

The broadly defined public administration, on central as well as local level, should play a particular role in increasing the number of bank users and stimulating in terms of non-cash payments of natural persons, companies, government and local government units. One of the main objectives of these entities should be to increase the consumers' availability both of the appropriate devices to enable better use of payment services as well as the Internet. Such actions should be directed at specific geographical areas (small towns, villages) as well as specific social groups, which for various reasons may not have access to goods mentioned above (mental or economic barriers). A basic way of providing citizens-consumers access to devices allowing for use of payment services is to provide government and local government institutions etc. with computer stations with an Internet connection, which could be used by local communities. The security of use of lent equipment must be primarily provided, for example by installing anti-virus software. When taking such actions, the needs of the disabled and the elderly should be particularly taken into account, as these persons often require specific software facilitating access to computers, phones or mobile devices. Due to the large variety of this type of software, as well as due to difficulties to reach the relevant facility by people with certain kinds of disability, it would be relevant to conduct actions (programmes) aimed at equipping persons with special needs with the required devices. A relevant fact is that for some people, non-traditional, i.e. out-of-office, banking is the only option of using these kinds of services. Innovative service channels and payment instruments are in some cases not just a modernisation, but the only option available.

Due to the above mentioned reasons, the authors of the *Programme* support the creation of platforms enabling remote payment of public law liabilities. The Ministry of Finance as well as individual local governments should be involved in the performance of this Action.

Engaging public administration in actions aimed to associate identification documents with payment instruments in order to issue such associated documents by payment service providers is also crucial. The relevant bodies and the Polish Committee for Standardization, in order to implement this action, are required to remove any barriers, primarily of legal nature, that currently prevent payment services providers from issuing of such documents.

The authors of the Programme devote much attention to the nature of educational actions taken towards financial inclusion, which should concentrate not only on encouraging

consumers to open an account, but also to actively use it. The effectiveness of such actions would be greater with coordinating with, or at least engaging the public administration.

**Proposed scope of activities within the framework of Action 1.1:**

Item	Activities	Recipient of the recommendation
1.	Creating computer stations with Internet access or other devices enabling access to remote access channels to financial services in local and municipal offices and local cultural institutions	MC, MKiDN, local governments
2.	Conducting a programme by local governments to equip the disabled and the elderly with computer workstations or other remote means enabling the use of electronic channels	Local governments, PFRON
3.	Creating platforms enabling remote regulation of public payments	Ministry of Finance, Ministry of Justice, Ministry of Digital Affairs, Ministry of Economic Development, MSWiA, local governments
4.	Increasing the availability to broadband Internet	MC, UKE
5.	Removing barriers preventing the possibility to create identification documents with a payment instrument in order to enable the issuing of such combined documents, and their standardisation	Relevant ministries, Polish Committee for Standardization
6.	Educational actions for financial inclusion	MF, local governments
7.	Creating conditions (incentives) for parents to open accounts for minors, e.g. introduction of regulations enabling tax deductions for amounts transferred to the children's accounts	Ministry of Finance

**Action 1.3. Activities for the replacement of cash service points and performance and acceptance of payments in cash in public sector institutions and economic entities, in particular at mass creditors, by non-cash payments**

The involvement of public administration is also necessary to change the payment habits of citizens. The action may be implemented through introducing recommendations and developing mechanisms supporting more common and

effective use of non-cash payment forms in payment of salaries to employees or benefits to citizens. From the point of view of relevant bodies and local governments, it would be most fitting to introduce recommendations advising non-cash payments of salaries to employees of given local government and state institutions.

Providing the option of non-cash payment of benefits to citizens would not only positively affect non-cash payments development, but also ultimately relieve cash service points in the public administration.

**Proposed scope of activities within the framework of Action 1.3:**

Item	Activities	Recipient of the recommendation
1.	Introducing recommendations regarding the payout of salaries or other benefits in non-cash form to employees of state and local government institutions	Relevant ministries, local governments
2.	Development of the mechanisms of non-cash payments of benefits by public institutions	Relevant ministries, local governments
3.	Introducing the option to pay out consumer loans on a payment account on demand of the borrower to legal provisions	Ministry of Finance
4.	Developing the options of making payments with cards and other payment instruments in every local government unit, including payment receiving machines and payment platforms	Ministry of Finance, local governments
5.	Providing the option to pay for services and local taxes using non-cash payment instruments (e.g. payment cards)	Ministry of Finance, local governments
6.	Equipping tax administration, customs and fiscal control offices with payment terminals	Ministry of Finance

**Action 1.4. Introducing required changes in current legal provisions and regulations promoting the use of non-cash payments**

One of the factors that negatively influence an increase in the number of bank users is the existing legal provisions which designate cash operations as a basic method of settlement. Implementing changes in the current legislation and introducing regulations promoting the use of non-cash payments as well as encouraging both

consumers and entrepreneurs to use non-cash payments would decisively speed up non-cash payments.

Furthermore, following the establishment of new legal frameworks on a European level regulating basic accounts offered by banks (PAD), the Polish legislator is obliged to implement this legal act into national legal order. It is important that one of the aims that the directive sets out, which assumes giving the option accessing a basic banking product to people not using banking services, is not distorted, but is consistently implemented in a Polish act. A too broad range of free services within the framework of a basic account and inefficient verification mechanisms may cause a migration of people already using banking products to products aimed at the excluded people. Such a scenario should be deemed undesirable. An important element of the PAD is to support independent price comparison platforms for services associated with payment accounts, which are to allow consumers to choose more favourably priced products.

Furthermore, the *Programme's* authors have concluded that apart from systemic actions, public administration, in order to develop non-cash payments, may also take internal action, affecting the method of the functioning of given government and local government units. It is therefore recommended for the relevant ministries and local governments to take up recommendations affecting the option to make non-cash payments in establishments of economic activities at the premises of offices and public administration offices.

**Proposed scope of activities within the framework of Action 1.4:**

<b>Item</b>	<b>Activities</b>	<b>Recipient of the recommendation</b>
1.	Preparing draft amendments to the Labour Code and regulations regarding social security and social assistance on the use non-cash money transfers as a preferable form of payment, retaining the option to pay in cash	MRPiPS
2.	Introducing relevant regulations regarding the basic account	
<b>Item</b>	<b>Activities</b>	<b>Recipient of the recommendation</b>
	(Implementation of PAD)	MF

3.	In the processes of selection of economic operators wishing to conduct business within the premises of offices and public administration units, including local governments, e.g. kiosk or buffet agents, using one of the following as a preferred criterion: the option to make a non-cash payment, in the form of a payment card or mobile payment, for persons who would like to use such a form of payment – retaining the option to pay in cash	Relevant ministries, local governments
4.	The option to pay with a payment card or other non-cash payment instrument for a traffic ticket – changes in legal provisions are necessary	Ministry of the Interior and Administration, General Police Headquarters
5.	The option to pay using a payment card or other non-cash payment instrument for taxes/duties – changes in legal provisions are necessary (Tax Code, Customs Law)	Ministry of Finance

## Specific Objective 2 – Breaking mental barriers and changing of payment habits of consumers, enterprises and public institutions towards greater use of non-cash payments

Any changes regarding the awareness and attitudes aimed at the general public, that is the collective recipient of struggle for the development of non-cash payments in Poland, must by definition take into account at least accepting this kind of socio-economic aim by the bodies of the public administration of central and local governments, as well as actively including themselves in this process.

### Action 2.1. Educational and promotional actions in non-cash payments aimed at consumers, entrepreneurs and public institutions. Enhancing knowledge on non-cash payment instruments and payment services among these groups of persons and entities

#### Proposed scope of activities within the framework of Action 2.1:

Items	Activities	Recipient of the recommendation
1.	Creating favourable conditions for non-cash payments development, among others, through the Digital Poland Operational Programme	Relevant ministries
2.	Preparing and conducting a broad, nationwide educational campaign on the safety of funds deposited on accounts operated by banks and credit unions	BFG, KNF, MF
3.	Promoting and supporting actions among local governments aimed at introducing the option of non-cash services towards citizens and business partners or the development of these options as well as conducting educational actions in this regard	Local governments
4.	Conducting trainings for local social leaders regarding basic counselling towards financial inclusion of citizens	Relevant ministries, local governments

5.	Including in “Programme basis of general education for middle and high schools, the graduation from which allows for receiving a secondary school leaving certificate after passing a secondary school leaving examination”, which is an appendix to the Regulation of the Minister of National Education, in the part regarding civics on the III or IV educational stage, issues associated with making payments, with particular attention given to introducing classes aimed at raising awareness regarding the necessity of maintaining security when using payment instruments	MEN with ZBP and NBP as well as MF (Government Plenipotentiary for Financial Education)
<b>Item</b>	<b>Activities</b>	<b>Recipient of the recommendation</b>
6.	Including “Recommendations for Public Administration” when updating the National Plan for the Introduction of Euro, and National Communication Strategy in particular	Ministry of Finance
7.	Creating the function of a change leader for promoting non-cash payments in public administration through expanding the range of actions of the Government Plenipotentiary for Financial Education	Ministry of Finance
8.	Promoting and supporting non-cash payments between entities of public administration and local governments and subordinate units (e-Faktura)	Relevant ministries, local governments
9.	Conducting an information campaign aimed at raising awareness of the society regarding the option to access a basic account	MF in association with NBP

#### Action 2.4. Introducing required changes in current legal provisions and regulations promoting the use of non-cash payments

A basic instrument of action of public government is the law applied by it and modification of provisions adequate to the changing social and economic reality. That is why, we deem it necessary to introduce legislative actions associated with the promotion and functioning of non-cash payments in the age of modern e-commerce into the catalogue of legislative actions.

##### Proposed scope of activities within the framework of Action 2.4:

Item	Activities	Recipient of the recommendation
------	------------	---------------------------------

1.	Conducting a thorough analysis of the issue of the “gray area” in Poland from the point of view of acquiring additional income to the state budget and the influence of the development of non-cash payments on the economic development and the reduction of the “gray area”	Ministry of Finance
2.	Lowering the amount limit above which there is an obligation to make payments in non-cash form by entrepreneurs to PLN 12,000	Ministry of Economic Development
3.	Analysing the possibilities of limiting cash transactions according to payment type and transaction volumes. Including relevant provisions in this matter to applicable law	Relevant ministries
4.	Introducing EU provisions regarding the universal use of electronic invoices and e-procedures in central and local administration and subordinate units	Ministry of Economic Development, Ministry of Finance

### **Specific Objective 3 – Popularisation and modernization of payment infrastructure**

A dynamically developing non-cash payments market has been observed for several years. New payment instruments appear, as well as new places, where one can make such a payment in various forms. Widespread use of card or phone payments is an attractive solution for public administration for such issues as for example reducing the costs of accepting payments or round-the-clock availability.

The Digital Poland Programme, which was recently approved, fits the achievement of objectives very well. It is assumed that thanks to that programme, by 2020 every inhabitant will have access to a fast Internet connection, open public information and modern e-services.

#### **Action 3.1: Facilitating the development of the acceptance market through legal provisions – an analysis of legal regulations currently in force**

Making the changes in an effective manner requires firstly the cataloguing of areas, where modifying existing legal provisions may positively influence the development of non-cash payments.

These include, among others: in reference to the mission and strategy of BGK – the role of a payment systems coordinator and user, introduction of e-receipts and integrating cash registers with a payment terminal.

Introduction of tax reliefs for entrepreneurs actively participating in non-cash payment development seems no less important or effective, as well as reliefs for

purchase of relevant devices or the option of introducing of an obligation for non-cash settlements for some settlements of government bodies with citizens, or employers with employees.

It is appropriate to introduce common practice during the making of legal provisions that take into account the compliance and completeness of new regulations with recently introduced changes in non-cash payment regulations.

**Proposed scope of activities within the framework of Action 3.1:**

<b>Items</b>	<b>Activities</b>	<b>Recipient of the recommendation</b>
1.	Introduction of incentives/ease of use associated with installing terminals or creating new establishments accepting non-cash transactions, such as: tax reliefs on expenses on infrastructure for merchants and entities building the infrastructure	Ministry of Finance
2.	Introduction of provisions enabling integrating cash registers with payment terminals	Ministry of Finance
3.	Conducting an analysis by the Ministry of Finance in cooperation with the Ministry for Economic Development in 2016, regarding the option of introducing provisions obligating offices, government and local government administration and supervised entities to accept non-cash payments, including card and mobile payment, in the case of citizens willing to choose that payment method, simultaneously retaining, in the case that is regulated by law, the rule of acquiring the full amount of the regulated fee or tax by offices and government bodies	Ministry of Finance, Ministry for Economic Development
4.	Activities involving the introduction by the Ministry of Finance of issuing e-receipts, which would increase the option to accept card and mobile payments in m-POS	Ministry of Finance
5.	Analysis of the role of BGK as a participant of payment systems for public administration and local governments	Ministry of Finance, BGK
6.	Analysis of the possibility to use remote payments for facilitating accepting payments for motorway tolls	Ministry of Infrastructure and Construction, GDDKiA

### **Action 3.5: Developing the local government acceptance network of payments which may be made solely in non-cash form (e.g. subsidies, payments of grants, social benefits)**

Without appropriate action from the government administration, developing non-cash payments and building appropriate infrastructure will be greatly hindered.

The great potential to use lies in an already existing infrastructure of ATMs and POSs. Even greater is the potential in online payments or payments made using a mobile phone. Actions on a local government level should be aimed at using these options for the needs of the administration and in accordance with the changing payment preferences of the citizens.

Using non-cash settlements in any settlements between the state, acting through the administration and citizens, is equally important. This applies to remunerations, retirement and disability pensions, social benefits, subsidies and any forms of compensation or refund, paying taxes etc. Settlements between citizens and local governments should be similar.

Preferring regulating liabilities towards local governments in non-cash form and non-cash settlements of local governments with citizens – these are the areas that may and should be regulated by appropriate legislative initiatives. Their value in promoting safe non-cash settlements cannot be overestimated.

These actions will result in lowering cash-handling costs and eliminating the gray zone.

#### **Proposed range of activities within the framework of Action 3.5:**

<b>Item</b>	<b>Activities</b>	<b>Recipient of the recommendation</b>
1.	Identifying type of operations, where introducing the obligation of non-cash payments would be justified socially and economically	Local governments and their organisations and local government units
2.	Verifying the compliance of introducing the obligation of non-cash settlements with legal provisions	Local governments and their organisations
3.	Preparing proposals of changing legal provisions	Relevant ministries

### **Action 3.7: Actions aimed at expanding the ATM network and other customer-operated vending machines and their range of functionalities**

The ATM is currently the most popular financial self-service device. Due to its high level of technology, it allows for creating many new payment functions apart from the standard deposit/withdraw cash functions.

The interactivity of transactions and used authorisation methods (passwords, PINs) allow for full customer identification and the secure performance and confirmation of a transaction.

Due to the advanced ATM construction technology, new services require only relatively inexpensive modifications of applications to introduce new services dedicated to local governments. Such services should be defined and introduced on the stage of organising tenders for the servicing of a local government account.

A more thorough use of the functions of ATMs by public administration will have a positive effect on the development of ATM infrastructure, especially in small and medium-sized towns.

**Proposed scope of activities within the framework of Action 3.7:**

Item	Activities	Recipient of the recommendation
1.	Introduction of self-service non-cash channels for taking payments and local taxes (payment receiving machines)	Local governments
2.	Introducing self-service non-cash payment channels for municipal services, in particular transportation (ticket machines, ticket validators accepting payment cards), paid parking (parking meters)	Local governments

**Specific Objective 4 – Increasing the use of non-cash payment instruments, maintaining their security and increasing innovation**

The dynamic development of modern technologies results in significant changes in the area regulated by law. Looking ahead, this will allow for an effective adaptation of offered payment services to the demands of customers, and thereby an increase in the number of users and transactions made in non-cash form. In order to achieve the above, a review of legal provisions is necessary regarding the identification of possible barriers to entry into the market or provision of payment services, stemming from imposition of the use of certain technological devices in this scope by a legal provision. A natural consequence is the need to work out best practices and relevant procedures aimed at avoiding provisions forcing certain technological solutions implemented into law.

### Action 4.3. Supporting and promoting safe and effective solutions regarding payments for beneficiaries (private customers and entrepreneurs)

Item	Activities	Recipient of the recommendation
1.	Analysis of the possibility of making payments of pensions by ZUS, KRUS and MOPS using the common system of transfers to a phone or a prepaid card	MRPiPS, ZUS, KRUS, Local governments, MOPS
2.	Monitoring the security by payment services providers of non-cash payments and identifying new dangers present in this scope	KNF in association with NBP and ZBP

### Action 4.6: Ensuring technological neutrality in legal provisions regarding payments

Including in legal provisions specific technological solutions (e.g. cards, electronic purses etc.) may determine their use in the process of providing payment service and as a consequence limit the possibilities of introducing new services, which may play an important role in the dissemination of modern payment instruments, thus influencing the development of non-cash payments in Poland. Ensuring “technological neutrality” in legal provisions may facilitate and shorten the time required to introduce solutions providing a higher level of security and compliant with payment habits of citizens. An optimal course of action for ensuring the expected dissemination of innovative payment services is to indicate only basic requirements for technological solutions in legal provisions.

In order to achieve the above, it is necessary to constantly review provisions to identify possible barriers to the entry on the market or provision of modern payment services or imposition of certain technological solutions stemming from enforcing such technological solutions by a relevant legal provision. A natural consequence is the need to work out best practices and relevant procedures aimed at avoiding introducing provisions enforcing technological solutions into law.

The implementation of actions mentioned above will be possible due to an effective use of the potential of experience and knowledge of the matter of market environments and specialist units in the process of creating new legal acts. One should take into account not only asking for opinions about draft regulations, within the framework of public consultations. It is relevant to thoroughly analyze the issues raised, and in the case of not taking them into account, providing a justification of

such a decision. Such an approach, whilst being in accordance with dialogue rules, will ensure better quality of enacted law, which in turn will entail a more dynamic growth in the area of payment services. In the process of such a dialogue, a better understanding of mutual standpoints will be possible, as well as working out most effective and most secure solutions. Therefore, looking from the perspective of the current state of affairs, a change of approach to public consultations of draft legal acts is important (a broader range of consultations, a deeper analysis of raised issues and justifying not taking issues into account).

In the face of the entire area described above, an inseparable issue is the resolution of the problem regarding electronic identity and verification. The issue raised is relevant also in the context of the Regulation of the European Parliament and of the Council (UE) No. 910/2014 of 23 July 2014, on electronic identification and trust services in relation to electronic transaction on the internal market (e-IDAS). The implementation of a coherent and comprehensive solution for e-identity and authentication is an important factor for the development of modern and user-friendly payment services. Not only will it facilitate the relationship between citizens and public institutions, but also will give a new impulse for the development of payment services. A principal advantage will be the introduction of a uniform standard for the confirmation of the client's e-identity in a predefined place which ensures the security of the confirmation (so-called e-IDAS node).

Providing Internet access is necessary for the successful implementation and dissemination of innovative payment services. That is why the increase in a percentage of households with broadband Internet access is an important complimentary action, e.g. within the framework of the Digital Poland Programme. This guarantees the accessibility of modern payment services for potential users. One should remember that a telecommunications network is an important channel of servicing modern payment services.

The abovementioned activities should be treated as a uniform and correlated set of activities aimed at providing security and effectiveness of electronic payment instruments, broadening of their offer and the development of innovative payment instruments. A well-written law created in a dialogue with environments that have the required knowledge and experience, and the resolution of the issue of e-identity and verification are the conditions of meeting this set objective.

In perspective, this will allow for an effective adaptation of offered payment services to the customers' needs, which will in turn increase the number of users and transactions made in non-cash payments.

**Proposed scope of activities within the framework of Action 4.6:**

Item	Activities	Recipient of the recommendation
------	------------	---------------------------------

1.	Avoiding the introduction of provisions enforcing technological solutions into the legislation regulating payments	Relevant ministries
2.	Changing the approach to public consultations of draft legal acts (broader range of consultations, deeper analysis of issues raised and justification of not taking issues into account)	Relevant ministries
3.	Resolving the issue regarding electronic identity and verification	MC, MSWiA

## **Specific Objective 6 – Increasing competitiveness and innovativeness of payment services providers and other entities of the payment sector in Poland and ensuring the security of their operation**

### **Action 6.1: Creating conditions supporting competitiveness and innovativeness of banks as payment service providers and ensuring their secure functioning**

The proper implementation of European regulations to national law will condition the competitiveness of the Polish payment system and the rate of migration to non-cash payments.

A particularly important legal act is PSD2 which introduces, among others, new payment services made by third parties based on data included on a bank account. These services will lead to an increase in innovativeness in retail banking, yet they generate a number of risks which should be addressed on a national level.

Another important regulation is PAD which establishes new legal frameworks regulating the offering of a basic payment account by banks. The Polish lawmakers are obliged to implement this legal act into national law. It is important that one of the aims set out by the Directive (providing access to persons not using banking products to a basic banking product) is not distorted, but to be comprehensively implemented in a Polish act. A too broad range of free services within the framework of the basic account and inefficient verification mechanisms may cause a migration of people using bank services to products intended for excluded persons. Such a scenario should be deemed as unwanted. An important element of the PAD is to support independent price comparison platforms for services associated with payment accounts, which are to allow consumers to choose more favourably priced products.

Spending electronic money by issuing prepaid cards has become an increasingly more important product line of banks. The services not only have an important business impact, but they also constitute an important instrument for financial inclusion for persons not using bank services.

### Proposed scope of activities within the framework of Action 6.1:

Item	Activities	Recipient of the recommendation
1.	Ensuring an effective implementation of PSD2 in order to create legal conditions for providing security of funds stored by suppliers that have a payment account	Ministry of Finance
2.	Actions aimed at maintaining the competitiveness of national payment card issuers through adaptation of the Act on payment services to the Regulation of MIF	Government
3.	Effective implementation of PAD taking into account financial stability of the banking sector as a supplier keeping payment accounts	Government
4.	Creating favourable conditions for spending electronic money by banks and its use	Relevant ministries, KNF

### Action 6.2: Creating conditions supporting competitiveness and innovativeness of payment institutions, including acquirers and the institution of electronic money as well as ensuring their secure operation

Payment institutions, including non-bank clearing agents and payment aggregates are a characteristic element of the Polish payment services market. Cooperation between bank and non-bank providers resulted in the introduction of many innovative services, which increase the competitiveness of the Polish market.

Unfortunately, the conditions of conducting business of payment institutions is in many areas less favourable than in other Members States of the EU (e.g. in the area of licensing, greater supervision costs etc.). This leads to a worse competitive position of national providers and increases costs for the recipient of the service. A particular issue is the high supervision costs for payment institutions, which should be more realistic in order to avoid moving the business from Poland to countries with more favourable legal systems. At the same time, no electronic money institution license has been issued in Poland to this date, whereas many such entities function in the EU. Finding the reasons for such a state of affairs should be made an objective in order to propagate the electronic money market in Poland.

**Proposed scope of activities within the framework of Action 6.2:**

<b>Item</b>	<b>Activities</b>	<b>Recipient of the recommendation</b>
1.	Improving the licensing process for payment institutions and electronic money institutions	KNF
2.	Actions aimed at making supervision costs for payment service providers more realistic	Government / KNF
3.	Creating favourable conditions for issuing electronic money and its use	Relevant ministries

**Action 6.3. Creating conditions supporting competitiveness and innovativeness of payment systems operators, payment organisations and other entities of the payment sector in Poland and ensuring their secure functioning.**

An efficient and competitive payment system consists of not only payment service providers, but also payment system operators, payment organisations and providers of activities supporting provision of payment services (e.g. processors) The competitiveness, security and innovativeness of these entities determines the competitiveness of the entire payment system in Poland. Therefore, identifying barriers in their development and their removal should constitute an important element of the programme for non-cash payments development.

**Proposed scope of activities within the framework of Action 6.3:**

<b>Item</b>	<b>Activities</b>	<b>Recipient of the recommendation</b>
1.	Identifying barriers (especially legal, technological and other) to competitiveness, security and innovativeness of payment services infrastructure operators and entities conducting business for payment service providers	Ministry of Finance

**Action 6.4. – Actions supporting incubation of payment innovation in Poland**

Innovations in payments often appear in start-ups which adapt to new challenges faster and react on the market needs quicker, whilst retaining good cost-effectiveness. Increasingly, the cooperation of banks and start-ups is also one of systemic nature and is an element of the bank's strategy. At the same time, financial innovations (FinTech) are nowadays treated as one of key determinants of developed countries'

economic growth, and investments in new projects worldwide in 2015 reached all-time highs. The development of the FinTech sector is now an element of expansion strategies of the most innovative and self-conscious countries and cities (Singapore, London, Berlin, New York). Poland (Warsaw in particular) also has chances to become a regional centre of financial innovation, payment innovation in particular. Therefore, supporting these processes should be an element of activities for the development of non-cash payments in Poland.

**Proposed scope of activities within the framework of Action 6.4**

<b>Item</b>	<b>Activities</b>	<b>Recipient of the recommendation</b>
1.	Actions aimed at creating favourable regulatory and market conditions for incubation of innovative payment products supporting non-cash payments development (in Poland and outside Poland)	Government