



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

Part 1

Strategic Document
Update

Warsaw, December 2015

TABLE OF CONTENTS

List of abbreviations.....	3
1. History of the <i>Programme</i>	4
2. Conclusions from the <i>Diagnosis of the state of development of non-cash payments in Poland</i> and analysis performed in 2015	6
3. Time horizon of the <i>Programme</i>	10
4. The vision of non-cash payments in 2020.....	10
5. Map of the <i>Programme</i>	10
6. Main objective – Popularisation of non-cash payments in Poland	12
7. Specific objectives	14
7.1. Specific Objective 1 – Increasing financial inclusion.....	14
7.2. Specific Objective 2 – Breaking mental barriers and changing of payment habits of consumers, enterprises and public institutions towards greater use of non-cash payments	17
7.3. Specific Objective 3 – Popularisation and modernisation of payment infrastructure	18
7.4. Specific Objective 4 – Increasing the use of non-cash payment instruments, maintaining their security, and increasing innovation.....	19
7.5. Specific Objective 5 – Increasing the popularity of low-value payments without the use of cash.....	21
7.6. 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	21
8. The <i>Programme</i> structure.....	22
9. The <i>Programme</i> 's monitoring method.....	24

List of abbreviations

BFG – Bank Guarantee Fund

ECB – European Central Bank

FDNP – Foundation for the Development of Non-cash Payments

Group – Working Group for the Programme for Non-cash Payments Development

GUS – Central Statistical Office of Poland

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

KRUS – Agricultural Social Insurance Fund

KZBS – National Association of Cooperative Banks

SMEs – small and medium-sized enterprises

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.

Plan – Operational Plan for 2016-2018

POS (Point of Sale) – service and sale point

PNPIO – Polish Non-banking Payment Institution Organisation

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

PSP – Polski Standard Płatności Sp. z o. o.

EU – European Union

ZBP - Polish Bank Association

ZPP – Association of Employers and Entrepreneurs

ZUS – Social Insurance Institution

1. History of the *Programme*

This *Programme* is an updated version of the *Programme for Non-cash Payments Development in Poland for the years 2014-2020*, which was adopted on 2 December 2013 by the Coalition for Non-Cash Payments and Micropayments, i.e. a group of public institutions and market operators established in 2007, striving for the development and dissemination of electronic payment instruments.

The main reason for the preparation of this document in 2013 was the need communicated by the Members of the Coalition to resume the work related to programming of non-cash payments development resulting from the failure of the Council of Ministers to consider and adopt the document entitled *Programme for non-cash payments development in Poland for the years 2011-2013* as a government programme, prepared in 2008-2011, first by the Coalition for Non-cash Payments and Micropayments, Narodowy Bank Polski and the Polish Bank Association, and later by the Ministry of Finance. Despite the lack of a formal adoption of the *Programme for non-cash payments development in Poland for the years 2011-2013*, some of the actions and activities contained in the programme were however implemented. Nevertheless, the assumption of conducting coordinated and multidirectional actions aimed at the greater popularisation of non-cash payments in Poland was not fully achieved. With regard to the above, and also because of the fact that the level of banking use of the Polish society and other non-cash payments growth indicators did not radically improve in 2010-2011, in June of 2012, first at a meeting of the Coalition and later at a meeting of the Payment System Council, an advisory and consultative body to the Management Board of NBP, the decision was taken to step up non-cash payments development in Poland by starting work on a new *Programme for non-cash payments development in Poland*.

On the plenary meeting of the Coalition for the Development of Non-cash Payments in Poland of 22 November 2012, the Coalition, after hearing the recommendation presented by Narodowy Bank Polski, decided to accept an action option involving the following:

- 1) separation of the analytical part of the *Programme for non-cash payments development in Poland for the years 2011-2013*, its update and publication on the websites of the Coalition and of NBP, to be implemented by the Coalition, NBP and ZBP,
- 2) division of the remaining part of the previous programme into objectives and measures to be undertaken by the government and measures to be undertaken by other institutions – to be implemented by the Coalition, NBP and ZBP,
- 3) verification of whether the individual actions and proposed dates of actions are up to date on the government's side, its updating and supplementing – to be implemented by the Coalition, NBP and ZBP,

- 4) formal acceptance of the *Programme* in the scope of actions possible to be made by non-government entities – to be implemented by main institutions responsible for such actions (Coalition for Non-cash Payments and Micropayments, ZBP, NBP),
- 5) verification of whether individual actions to be made by the government are up to date and preparation and approval of a document containing recommendations for the government – to be implemented by the Coalition, NBP and ZBP
- 6) delivery of a document adopted by the Coalition with recommendations to the government to the Ministry of Finance – to be implemented by the Coalition for Non-cash Payments and Micropayments,
- 7) monitoring the progress of implementation of the non-government part of the *Programme* – to be implemented by Coalition for Non-cash Payments and Micropayments.

The Coalition has also decided to create an interinstitutional Working Group to draw up a new *Programme for non-cash payments development in Poland*, composed of representatives of public and market entities that are key from the point of view of non-cash transactions.¹ The Working Group for the Programme for Non-cash Payments Development worked on the new *Programme* over the period of December 2012 – May 2013. After consultations with the stakeholders, the *Programme for non-cash payments development in Poland for the years 2014-2020* was ultimately adopted by the Coalition for Non-Cash Payments and Micropayments at its plenary meeting on 2 December 2013.²

A complimentary document entitled *Diagnosis of the state of non-cash payments development in Poland* was independently prepared by NBP, based on the analytical part of the *Programme for non-cash payments development in Poland for the years 2011 - 2013*.³

According to the decision of the Payment System Council, adopted at its meeting on 14 April 2014, in the second half of 2014, NBP prepared the *Information on the implementation of the " Programme for non-cash payments development in Poland 2014-2020", in the first half of 2014*, based on information received from 15 members of the Coalition. This *Information...* was adopted by the Coalition for Non-Cash Payments and Micropayments at its plenary meeting on 27 October 2014. In one of the conclusions, the Coalition adopted that "there are several activities in the *Operational Plan for 2014-2016*" that due to external factors have become obsolete and should be deleted from the Programme. In addition, some of the entities participating in the Coalition drew attention to the fact that the programme prepared in 2013 does not include some of the latest developments in the field of non-cash payments and certain areas of activities undertaken recently in order to disseminate non-cash payments. These two factors led the Coalition to consider the decision to modify the programme earlier than in 2017, which is proposed to be

¹ The Group is composed of representatives of the following Coalition members: Narodowy Bank Polski, Ministry of Finance, Polish Banking Association, Social Insurance Institution, Foundation for the Development of Non-cash Payments, National Clearing House, Bank Gospodarstwa Krajowego, Municipal Office of the Capital City of Warsaw, Meiden Service, First Data Poland and two commercial banks: PKO BP S.A and Pekao Bank S.A.

² *Programme for non-cash payments development in Poland for the years 2014-2020*, Coalition for Non-Cash Payments and Micropayments, December 2013, <http://zbp.pl/dla-bankow/zespoly-rady-i-komitety/podaj-nazwe/obrot-bezgotowkowy/strategia>

³ *Diagnosis of the state of development of non-cash payments in Poland*, NBP Payment Systems Department, December 2013, http://www.nbp.pl/home.aspx?f=/systemplatniczy/obrot_bezgotowkowy/obrot_bezgotowkowy.html

done during the preparation of the *Operational Plan for 2016-2018*. It should include new activities in the programme as to increase its complexity and make it a true "roadmap" for the development of non-cash payments in Poland for all interested parties and individuals. Taking such action is also justified in the light of the new regulatory environment (national and EU), the need to use the results of the latest research and analysis of non-cash payments, as well as various initiatives seen on the Polish payment and settlement market which expand both the scope of payment services on the Polish market and competitiveness in this market."

According to the proposal adopted under the *Information on the implementation of the "Programme for non-cash payment development in Poland for the years 2014-2020" in the first half of 2014*", actions aimed at updating the *Programme* were started in February 2015. On 18 February 2015, the presidium of the Coalition decided to set up the Working Team for updating the Programme for non-cash payments development.⁴ The Working Team worked on the update of the Programme over the period of April – September 2015. As a result of the work, three documents of the updated Programme were prepared:

Part 1. *Strategic Document. Update* – the present document,

Part 2. *Operational Plan for 2016-2018*, aimed at market operators and non-governmental institutions,

Part 3. *Recommendations for Public Administration*, aimed at institutions from the government sector in the broad sense.

The updated *Programme for non-cash payments development in Poland for the years 2014-2020*, after consultation among the Coalition members and interested institutions, in particular those mentioned in the *k*, was adopted by the Coalition for Non-Cash Payments and Micropayments on 11 December 2015.

2. Conclusions from the *Diagnosis of the state of development of non-cash payments in Poland and analysis performed in 2015*

One of the greatest values of the *Programme for non-cash payments development in Poland for the years 2011-2013* was an extensive analytical part, which gave such a complex description of the level of development of non-cash payments in Poland, as at 2011. As the Coalition has decided to separate the analytical part of the hitherto *Programme for non-cash payments development in Poland for the years 2011-2013*, update and publish it, Narodowy Bank Polski has undertaken to complete that task. As a result of the work undertaken by NBP over the period of December 2012 – November 2013, a document entitled *Diagnosis of the state of development of non-cash payments in Poland* was created, which was an

⁴ The Working Group included representatives of the following members of the Coalition: Bank Gospodarki Żywnościowej SA, Bank Millennium SA, Bank Polska Kasa Opieki S.A., Centrum Elektronicznych Usług Płatniczych eService Sp. z o. o., Diners Club Polska Sp. z o. o., First Data Polska S.A., ING Bank Śląski SA, National Clearing House, MasterCard, MCX Systems Sp. z o. o., Medien Service, Ministry of Finance, mPay S.A., Narodowy Bank Polski, Paytel SA, PKO BP S.A., Polski Standard Płatności Sp. z o. o., SkyCash, Municipal Office of the Capital City of Warsaw, VISA Europe, Social Insurance Institution, Polish Bank Association, Association of Polish Counties, Association of Entrepreneurs and Employers.

amended, updated and supplemented version of the analytical part of the *Programme for non-cash payments development in Poland for the years 2011-2013*.

The study consisted of five parts, which contained the following:

- 1) general characteristics of cash and non-cash payments,
- 2) a complex analysis of cash and non-cash payments in Poland, describing:
 - a) legal regulations,
 - b) Polish payment system infrastructure,
 - c) methods of making payments,
 - d) the use of cash for making payments,
 - e) bank accounts,
 - f) the use of non-cash payment instruments,
 - g) crimes and incidents associated with cash and non-cash payments,
- 3) international aspects of non-cash payments in Europe,
- 4) a SWOT analysis,
- 5) conclusions.

The study consisted not only of the newest statistical data (data for Poland for 2012 and comparative data for other European Union countries for 2011), but also the results of the latest surveys conducted in 2011-2012, especially the study of *Payment Habits of Poles*⁵ and a study on the interchange fee⁶ (both conducted by NBP) as well as the *Survey of acceptance of cash and payment cards among Polish entrepreneurs*⁷, conducted by Jakub Górka, Phd.

The above analysis of the level of development of non-cash payments has yielded the following conclusions:

- 1) The share of cash in money supply (M1 aggregate), amounting to 21.1% at the end of 2012, was almost five times lower than the non-cash component of this supply, but, taking into consideration the number and value of all retail payments, cash payments dominated, amounting to 81.8% and 63.9%, respectively.
- 2) Every fourth Pole did not have a bank account or a credit union account, and the level of banking use in Poland (estimated at 77% of adult Poles) was one of the lowest in the EU, which means that reduction of financial exclusion should remain one of the most important tasks for the development of non-cash payments.

⁵ T. Koźliński, *Zwyczajne płatnicze Polaków*, Narodowy Bank Polski, Payment Systems Department, Warsaw, May 2013, http://www.nbp.pl/systemplatniczy/zwyczajne_platnicze/zwyczajne_platnicze_Polakow.pdf

⁶ *Analiza funkcjonowania opłaty interchange w transakcjach bezgotówkowych na rynku polskim*, Narodowy Bank Polski, Payment Systems Department, Warsaw, January 2012, http://www.nbp.pl/systemplatniczy/obrot_bezgotowkowy/interchange.pdf

⁷ J. Górka, *Badanie akceptacji gotówki i kart płatniczych wśród polskich przedsiębiorców*, Warsaw, December 2012, http://www.nbp.pl/systemplatniczy/obrot_bezgotowkowy/badanie_akceptacji_gotowki_i_kart_platniczych.pdf

- 3) Every third Pole did not have a payment card, and such persons performed nearly 40% of all cash payments in Poland, which means that the low level of card usage of Polish society, being one of the lowest in the EU, was still a major barrier to the development of non-cash payments, a solution to which should be a further popularisation of payment cards and other non-cash payment instruments.
- 4) Approximately one-third of cash payments were made by holders of payment cards in places that did not accept payment cards, which showed that one of the major barriers to the development of non-cash payments in Poland was the relatively small network of payment card acceptance (only every fifth retail and service establishment accepted payment cards), and the main actions for the development of this network were to be: a reduction in fees paid by merchants, including the *interchange* fee in particular, breaking down mental barriers of retailers, integration of cash registers into POS terminals and making efforts to increase competitiveness on the card market.
- 5) About one quarter of cash payments were payments made by holders of payment cards in places that accepted payment cards, which indicates that another important barrier to the development of non-cash payments in Poland was: the reluctance to use a non-cash payment instrument when paying, resulting from habits to pay in cash, especially when shopping of low value; other barriers included mental or technological barriers or the still existing phenomenon in many stores that accept payment cards but do not accept card payments for low amounts, for example, up to PLN 20.
- 6) One of the weaknesses of the retail payments market was the relatively poorly developed infrastructure relevant to banking use and making non-cash payments, including merchants, devices accepting electronic payment instruments and ATMs, especially when compared to other EU countries.
- 7) Cash payments were a dominant (in 84%) payment instrument used in payments between natural persons, which indicated that creation or development of such non-cash payment instruments (other than payment cards) that would replace cash in such payments would be beneficial.
- 8) In payments regarding payments of bills to mass creditors, cash prevailed (in 67%), however in payments for Internet shopping, non-cash instruments dominated (in 74%).
- 9) 82% of Poles received remuneration for work in the form of a transfer order, similarly 60% of retirees and pensioners received their benefits by a transfer order (according to data from ZUS), which indicated how inadequate were the current legal regulations preferring the cash (more costly) form of paying remunerations and benefits.
- 10) A high share (almost 84%) of payment cards equipped with a microchip, therefore compliant with the EMV standard, along with the high compliance of POS terminals to this standard caused that the share of Polish fraudulent card payments had been one of the lowest in the EU.

- 11) Numerous new payment schemes began to develop, whose expansion and transformation into payment systems may facilitate an increase of the relatively low level of competitiveness on the payment market.
- 12) The increasing number of EU initiatives and regulatory measures for payments, set on the one hand to reduce the share of cash payments in the economy and thus reduce the gray zone, on the other hand to reduce existing barriers in the market for payment services.

The above diagnosis showed that the main barriers to the popularisation of non-cash payments were:

- 1) a relatively low level of banking use,
- 2) relatively low saturation of possession of payment cards and other electronic payment instruments among natural persons,
- 3) poorly developed payment card acceptance network and the remaining payment infrastructure,
- 4) mental barriers and customer payment habits,
- 5) low level of competition on the payments market.

In 2013, when adopting the Programme, the Coalition found that objectives and activities in the new *Programme* should mainly be focused on the removal or reduction of these five barriers. Therefore, the *Programme* sets out five strategic objectives which reflect the existence of the above five barriers.

In 2015, when preparing the Programme update, the Working Team for updating the *Programme of non-cash payments development* concluded that the main findings and identified barriers resulting from the *Diagnosis of the state of development of non-cash transactions in Poland* prepared in 2013 were still valid, but that there was a need to extract a new specific objective dedicated to micropayments, because of the specific barriers and factors affecting this payment market segment, vastly dominated by cash payments. At the same time, while preparing for the update, the Working Team took into account new factors and phenomena, non-existent or unidentified in 2013, or the effects of which were only reflected after the adoption of the *Programme* in December 2013. These include, in particular:

- change in the business model for payment services in the banking sector, resulting from significantly reduced revenues from interchange fees between July 2014 and January 2015 — through statutory regulation – which in previous years financed the less profitable areas of banking services in the above range, including banking products and services sold below cost,
- the possibility of greater involvement of merchants in the promotion of non-cash payments due to the significant reduction of costs in the field of payment processing as a result of the above statutory regulations to lower interchange fees,
- the emergence of new mobile payment schemes, run either by individual banks or entities created by banks, including the Polski Standard Płatności Sp. z o.o., running the BLIK mobile payment system,

- identifying a number of barriers to the development of non-cash payments on the side of microentrepreneurs, who continued to make a significant portion of their payments mainly through cash,
- development of non-bank payment institutions that increase the level of competition on the Polish payments market.

Due to these factors the updated programme, in spite of maintaining the general structure adopted in December 2013, is the Coalition's response to new developments and events occurring after 2013 and the newly identified challenges expected in the near future. This was reflected in both the new content of the vision, the creation of a new specific objective, new titles of some specific objectives, new measures and activities as well as removal from the Programme of certain measures and activities that had been either already implemented or considered irrelevant in the updated *Programme*.

3. Time horizon of the *Programme*

A medium-term programming horizon of seven years has been adopted, that is the years 2014-2020. The target year of 2020 of the *Programme* is coherent with the end dates of the government strategic documents such as: *Development strategy arrangement plan* [Plan uporządkowania strategii rozwoju] and the following documents developed as a result of the above plan: *Country Development Strategy 2020* [Strategia Rozwoju Kraju] and *Efficient State Strategy* [Strategia Sprawne Państwo]. Furthermore, wanting to influence the level of “non-cash advancement” of the Polish society, it is only fitting to set up a longer impact horizon than in the case of the previous programme.

4. The vision of non-cash payments in 2020

For the purposes of the *Programme*, the following vision of non-cash payments in 2020 has been adopted:

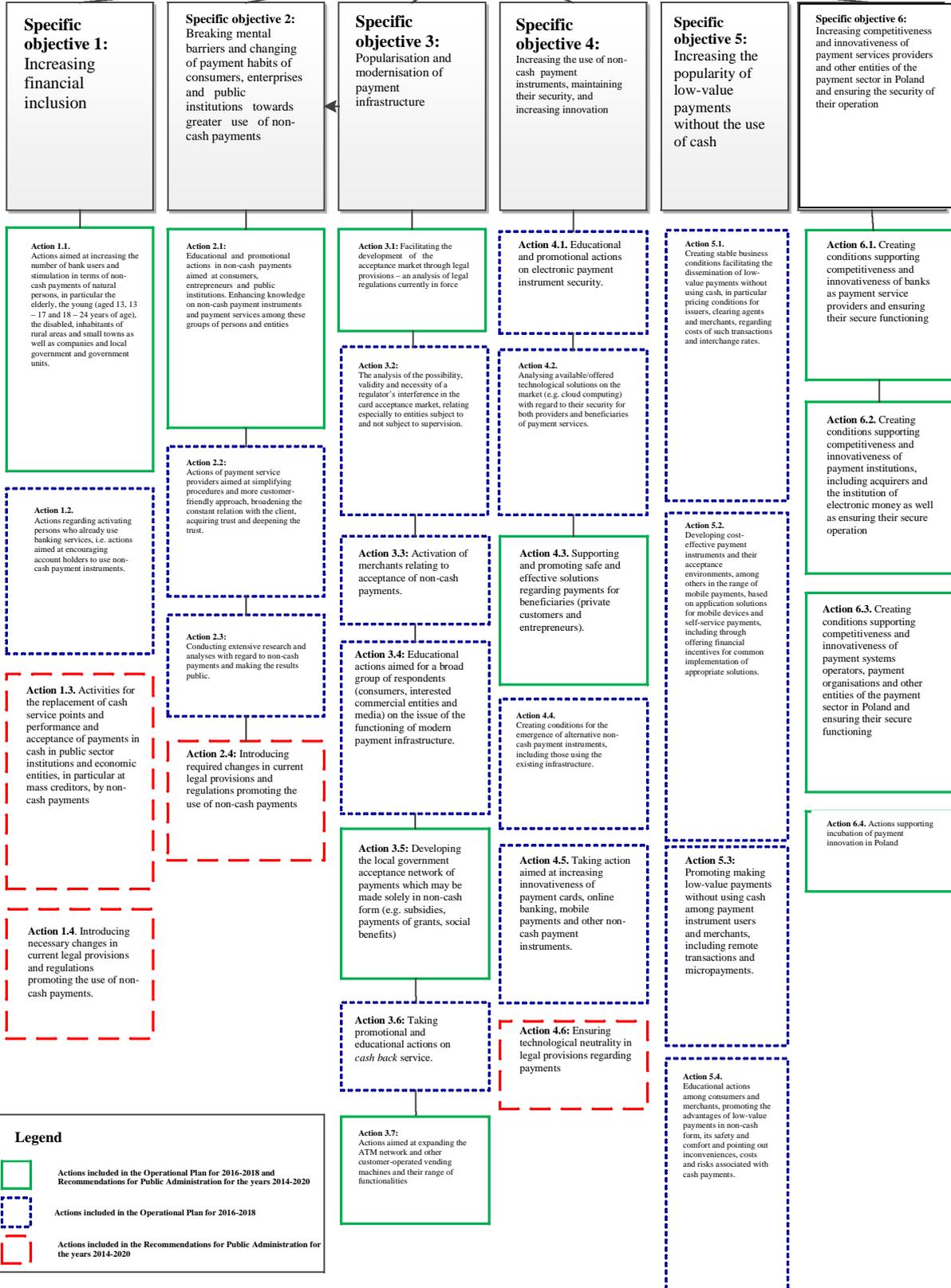
„In 2020, Poland is a country in which:

- society, entrepreneurs and public institutions use non-cash payment instruments knowingly and commonly,
- favourable conditions are ensured for the development of non-cash payments through the use of a safe, innovative, competitive and effective payment system in Poland,
- there are no barriers to access and use of payment services associated with non-cash payments.”.

5. Map of the *Programme*

Diagram 2 presents the map of the *Programme*, i.e. the connection of the main objective, the specific objectives and actions implementing the objectives.

Main objective: popularisation of non-cash payments in Poland



6. Main objective - Popularisation of non-cash payments in Poland

The results of surveys conducted by Narodowy Bank Polski in the years 2011-2012 and the World Bank in 2014⁸ confirm that the level of banking use of Polish society in the group above 18 years of age amounts to approx. 77-80%. A diary panel study by NBP⁹ and estimates of the ECB¹⁰ also indicate that a great majority of retail payments, that is 80-82%, is made in cash. The above data, as well as the comparison of Poland with other EU countries for individual banking use indicators, including access to infrastructure or the number of non-cash payments, made on the basis of data obtained from the European Central Bank, have confirmed the timeliness of the main objective, determined for the previous *Programme for non-cash payments development in Poland for the years 2011-2013*, with the following wording: *Popularisation of non-cash payments in Poland*. It is proposed to maintain that main objective. The achievement of the main objective is to be measured by the following five monitoring indicators, which are to gauge the level of a few most important areas associated with non-cash payments: share of cash in money supply, share of cash in the total number of retail payments, banking use and the level of non-cash payments use.

Table 2. Main objective monitoring indicators

Item	Indicator	Indicator base value	Assumed indicator value in target year	Indicator measurement frequency	Data source
1 .	Percentage of cash in the M1 aggregate money supply	21.1% ¹¹	18.3% ¹²	Once a year	NBP
2 .	Percentage of non-cash payments in total retail payments of natural persons	18% ¹³	36-44%	2017 2020	NBP
3 .	Percentage of people over 18 years of age having accounts of the total amount of people over 18 years of age	77% ¹⁴	84%-90%	2015 2017 2020	NBP

⁸ A. Demircuc-Kent, L. Klapper, D. Singer, P. Van Oudheusden, *The Global Findex Database. Measuring Financial Inclusion around the World*, World Bank Policy Research Working Paper 7255, April 2015, <https://openknowledge.worldbank.org/bitstream/handle/10986/21865/WPS7255.pdf?sequence=2>

⁹ T. Koźliński, *ibidem*.

¹⁰ H. Schmiedel, G. Kostova, W. Ruthenberg, *The social and Private costs of retail payment instruments. A European Perspective*, ECB, Occasional Paper Series No 137, September 2012, <https://www.ecb.europa.eu/pub/pdf/scpops/ecbocp137.pdf>

¹¹ According to NBP data for December 2012.

¹² The average share of cash in circulation, excluding banks' cash, registers in the M1 aggregate money supply in EU countries in the years 2005-2011.

¹³ Based on T. Koźliński *Zwyczaj płacnicze Polaków*, NBP, 2013.

¹⁴ *Ibidem*.

4 .	Number of accounts per 1 inhabitant	1.08 ¹⁵	1.23 ¹⁶	Once a year	NBP
5 .	Non-cash payment usage index	28 ¹⁷ (on a scale of 100)	56 (on a scale of 100)	2016 2020	NBP

¹⁵ The number of accounts (banks and credit unions) 41,382,348 (natural persons, farmers, enterprises) divided by the population of Poland 38,175,500 (ECB data for 2011).

¹⁶ The new value of the index results from the updated NBP forecast.

¹⁷ Based on D. Maison, *Postawy Polaków wobec obrotu bezgotówkowego*, NBP, 2010.

http://www.nbp.pl/systemplacizy/obrot_bezgotowkowy/postawy_polakow_wobec_obrotu_bezgotowkowego_raport.pdf

7. Specific objectives

The main objective, formulated as *Popularisation of non-cash payments*, is to be achieved by meeting five specific objectives and implementing 29 actions assigned to them, which are aimed at three most important recipient groups, that is: consumers, entrepreneurs and public institutions. The objectives focus on the most important areas associated with non-cash payments, where the following major barriers to its developments have been identified:

- bank accounts (Objective 1),
- banking and finance education and building confidence in banking institutions and services (Objective 2),
- infrastructure associated with non-cash payments (Objective 3),
- electronic payment instruments (Objective 4),
- micropayments (Objective 5),
- competitiveness in the payment and settlement services (Objective 6).

7.1. Specific Objective 1 – Increasing financial inclusion

A significant problem for the development of non-cash payments is the share of people not using banking products in Polish society as a whole, which – measured by the number of adults not holding an account – amounts to 23%.¹⁸ Those people, through lack of access to such financial services like a bank account, payment card or a loan become financially excluded, which often leads to social exclusion. A similarly low usage of banking products, estimated at approx. 78%, is observed in microenterprises, i.e. companies with up to 9 employees. Specific Objective 1 includes actions and activities aimed to greatly reduce this unfavourable phenomenon and result in a noticeable increase in financial inclusion of the persons and entities, both in terms of bank account holders and users of other payment services. Proposed actions will, on the one hand, concentrate on children, youths and young people in the 18-24 age group, and, on the other hand, on persons aged over 65. These two age groups were diagnosed as having the highest share among people not using banking products. Furthermore, these actions are to apply to inhabitants of small towns and villages not using banking products, where the percentage of people not having a bank account is higher in comparison to inhabitants of large cities, and to disabled persons who, because of various impairments, cannot use all banking services offered on the market. As far as microenterprises are concerned, proposed activities will concentrate on opening low-cost bank accounts for this group of enterprises. This objective is to be achieved by carrying out activities to draw attention of the banking sector on the need to create products aimed at

¹⁸ Based on T. Koźliński *Zwyczaj płacnicze Polaków*, NBP, 2013.

specific age groups or microenterprises and by offering standard and even basic bank accounts, which, due to their limited functionality and low fees associated with them (or, in extreme cases, no bank charges), may contribute to a significant increase in the number of bank account holders/users. Furthermore, lowering the share of people not using banking products, and therefore increasing financial inclusion, requires a broad educational approach, especially aimed at promoting benefits associated with non-cash payments. Apart from market institutions, public entities should be engaged in this process, especially local governments, whose employees should be trained to become ambassadors of non-cash payments among in society. This, in particular, relates to the form of paying out social benefits. Implementing this Objective, that is achievement of the assumed indicators in the target year, will directly translate into a growth of banking use in the Polish society.

Table 3. Monitoring indicators for Specific Objective 1

Item	Indicator	Indicator base value	Assumed indicator value in target year	Indicator measurement frequency or date of measurement	Data source
1 .	Percentage of people above 65 years of age having an account	43% ¹⁹	70%	2015 2017 2020	NBP
2 .	Percentage of people of 13-17 years of age having an account	No data available	30%	2015 2020	NBP
3 .	Percentage of people of 18-24 years of age having an account	70% ²⁰	90%	2015 2017 2020	NBP
4 .	Percentage of households with total net income below PLN 1,300 having an account	59% ²¹	75%	2015 2017 2020	NBP
5 .	Percentage of village and small town (below 20,000) inhabitants having a bank account	72% (village) 79% (small towns) ²²	84% (village) 89% (small towns)	2015 2017 2020	NBP

¹⁹ Based on T. Koźliński *Zwyczaj płacnicze Polaków*, NBP, 2013.

²⁰ Ibidem.

²¹ Ibidem.

²² Ibidem.

6.	Percentage of remuneration payments in full to a bank account	88% ²³	95%	2015 2017 2020	NBP
7.	Percentage of pensions and benefits paid out from ZUS (Social Insurance	61% ²⁴	80%	Once a year	ZUS
8.	Percentage of benefits paid out from KRUS (Agricultural Social	44% ²⁵	70%	Once a year	KRUS
9.	Percentage of family benefits paid out in non-cash form	68% ²⁶	80%	2015	NBP
10.	Percentage of microenterprises having an account	77% ²⁷	100%	2020	ZPP
11.	Percentage of adults with credit cards or payment instrument based on	66% ²⁸	80%	2020	NBP
12.	Percentage of people of 13-17 years of age with credit cards or payment	No data available	30%	2020	NBP
13.	Percentage of people of 18-24 years of age with credit cards or payment	66% ²⁹	86%	2020	NBP
14.	Percentage of people using online banking, including mobile banking,	71.4% ³⁰	90%	2020	ZBP
15.	Percentage of adults using mobile payments, including instruments	0 ³¹	50%	2020	NBP
16.	Number of payment cards or other payment instruments based on	0.86 ³²	1.04	Once a year	NBP

²³ Ibidem.

²⁴ ZUS data for 2012.

²⁵ KRUS data for 2012.

²⁶ Based on: *Badania nt. ubankowienia Polaków, form otrzymywania dochodów i zasiłków oraz sposobów płatności za podatki i opłaty w 2009 r.* NBP.

²⁷ Based on J. Górka, *Badanie akceptacji gotówki i kart płatniczych wśród polskich przedsiębiorców*, Warsaw 2012, the actual index is even higher.

²⁸ T. Koźliński *Zwyczajne płatnicze Polaków*, NBP, 2013.

²⁹ T. Koźliński *Zwyczajne płatnicze Polaków*, NBP, 2013.

³⁰ Based on ZBP data - NetB@nk report, 2015 Q2.

³¹ Insignificant percentage, close to 0%.

³² Data of NBP Payment Systems Department.

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

The psychological barrier is still regarded as a significant obstacle to the development of non-cash payments in Poland, stemming from historical developments as well as deeply rooted beliefs in society. The relatively short period of the functioning of commercial banking in Poland did not allow to overcome the deeply rooted habits and fears. This concerns the characteristic attachment to cash of Polish society, especially the older generation as well as lack of sufficient confidence in bank institutions as institutions keeping savings and, the belief that the use of banking services involves high fees. The *Programme* offers special measures aimed at changing these habits.

Legal regulations concerning the amount limit for payments made in cash do not favour the development of non-cash payments, or the change of payment habits of entrepreneurs. The *Programme*, as many other European Union countries have done already, recommends taking measures to substantially lower the maximum amount threshold of EUR 15,000 (approx. PLN 60,000), which will not only strengthen non-cash payments, but should also help reduce the gray zone and provide proper income to the State budget.

Moreover, the actions and activities contained in the *Programme* regard primarily the raising of awareness on non-cash payments and an increase in consumer confidence in scriptural money. This aim is to be achieved through conducting a number of multi-area educational and information campaigns by public institutions and market entities, conducting transparent communication policies manifested by, among others, the simplification of banks' communication with the client and adjusting their product offer to instruments relevant to the current phase of non-cash payments development. The effectiveness of these activity areas will be measured by an index and the consumers' level of confidence in non-cash payments.

Table 4. Monitoring indicators for Specific Objective 2

Item	Indicator	Indicator base value	Assumed indicator value in target year	Indicator measurement frequency	Data source
1.	Index of confidence in non-cash payments	57 ³³ (on a 100 point scale)	75 (on a 100 point scale)	2016 2020	NBP

³³ Based on the results of *Postawy Polaków wobec obrotu bezgotówkowego*, NBP, 2010.

2.	Society's level of confidence in the banking sector	57.4% ³⁴	70% ³⁵	Every two years	<i>Social Diagnosis Survey</i>
3.	Customer's level of confidence in their banks	70% ³⁶	80%	Once a year	ZBP

7.3. Specific Objective 3 – Popularisation and modernisation of payment infrastructure

The results of both national and European surveys on access to the payment infrastructure placed Poland at one of the last places in comparison to other European Union countries. Access to the payment infrastructure, understood as access to ATMs, establishments accepting payment cards or other non-cash payment instruments, and to online banking is one of the key determinants of the development of non-cash payments. Actions envisaged in the *Programme* will, first and foremost, aim to provide such development of payment infrastructure in the country, so that access to it will no longer be a barrier to the popularisation of non-cash payments. The actions included in the *Programme* are to support the uniform allocation and increase the number of access points to cash in Poland, including not only ATMs or bank branches but also cash back points. It is the *cash back* service, currently not very common, that is perceived as an alternative cash access point to ATMs, especially in villages and small towns, where placing an ATM is not profitable enough to its owners. Another important area is the actions aimed at expanding the payment card acceptance network or other non-cash payment instruments. Of key importance are actions associated with implementing legal regulations regarding lowering the *interchange* fee as well as promotional and activation campaigns aimed directly at merchants. According to NBP surveys, 34% of cash payments are made by persons using cards in places that do not accept payment cards, which confirms the need for action in this direction.

³⁴ Based on the results of *Social Diagnosis 2015*.

³⁵ The new target value of the index results from the change of the base value of the index based on the new data source, i.e. *Social Diagnosis 2015*.

³⁶ ZBP Data based on data from *Netbank* and GUS data.

Table 5. Monitoring indicators for Specific Objective 3

Item	Indicator	Indicator base value	Assumed indicator value in target year	Indicator measurement frequency	Data source
1 .	Number of establishments accepting payment cards or other non-cash payment instruments	237,000 ³⁷	475,000	Once a year	NBP
2 .	Percentage of establishments accepting payment cards or other non-cash payment instruments	19% ³⁸	40%	Once a year	NBP
3 .	Number of terminals accepting non-cash payments	290,000 ³⁹	550,000 ⁴⁰	Once a year	NBP
4 .	Number of mPOS terminals accepting mobile payments	0	250,000	Once a year	PSP
5 .	Number of ecommerce points accepting payment cards	6,356 ⁴¹	30,000	Once a year	NBP

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

The development of non-cash payment instruments, especially payment forms based on mobile solutions, has to be connected with their popularisation, increasing their use and ensuring an appropriate level of security and innovation. As far as the issue of dissemination of these instruments is part of increasing financial inclusion, i.e. Specific Objective 1, other factors of their development, and particularly maintaining the current level of security and growth of innovative payment instruments is mainly a qualitative objective. Lack of confidence in non-cash payments is often associated with the insufficient level of security. In the case of payment cards, the number of fraudulent transactions in Poland is one of the lowest when compared to other EU countries, which was confirmed by studies conducted by the European Central Bank. This demonstrates the appropriate level of security of this

³⁷ NBP Payment Systems Department data.

³⁸ Based on J. Górka, *Badanie akceptacji gotówki i kart płatniczych wśród polskich przedsiębiorców*, Warsaw 2012.

³⁹ NBP Payment Systems Department data.

⁴⁰ Change in the target value of the index results from updated NBP data.

⁴¹ Based on data from acquirers, 2012.

instrument, which is the result of, among others, the gradual adaptation of cards on the Polish market to the EMV standard (payment cards equipped with a microchip). Cards with a built-in microchip are the dominating category of cards in circulation. One should strive to use the best standards regarding possible security measures. Along with maintaining a high level of security of instruments already used, it is important to create conditions to develop more innovative payment methods, primarily m-payments. Educational and information actions included in the *Programme* are aimed to raise the level of confidence and knowledge on non-cash payment instruments. Using mobile solutions and internet banking is associated with a certain level of consumer maturity and awareness. It is still necessary to make non-cash form payment users aware that transaction safety is also dependent on them. Promoting defined behavioural patterns will facilitate the reduction or even elimination of non-cash fraud, simultaneously influencing the growth of client confidence in non-cash payment forms.

Table 6. Monitoring indicators for Specific Objective 4

Item	Indicator	Indicator base value	Assumed indicator value in target year	Indicator measurement frequency or date of measurement	Data source
1.	Percentage of fraudulent operations in the total number of non-cash payments made by payment card	0.005% ⁴²	Keeping the indicator at current level	Once a year	NBP (payment card issuers)
2.	Percentage of fraudulent operations value in total value of non-cash payments made by payment cards	0.02% ⁴³	Keeping the indicator at current level	Once a year	NBP (payment card issuers)
3.	Number of non-cash transactions per capita	77 ⁴⁴	167	Once a year	NBP
4.	Number of mobile P2P transactions	0	10 million per year	Once a year	PSP

⁴² NBP data for 2012 Q4, provided by banks-payment card issuers.

⁴³ NBP data for 2012 Q4, provided by-payment card issuers.

⁴⁴ Based on ECB Statistical Data Warehouse, 2012, <http://sdw.ecb.europa.eu>.

7.5. Specific Objective 5 – Increasing the popularity of low-value payments without the use of cash

One of the payments market segments in which cash substantially prevails is micropayments, i.e. low-value payments. For the purposes of the *Programme*, micro payments are defined as payments up to PLN 20 (equivalent to approx. EUR 5). Making such payments mainly in cash is due to a number of factors identified earlier, e.g. the habits of Poles to make small payments in cash only, and the use of payment cards or other cashless payment instruments only for larger payments. Analyses performed in 2015 showed that making micropayments in cash is also influenced by other factors, not included in the previous specific objectives, for example business factors. It was therefore considered that an increase in the prevalence of small payments without the use of cash should be a separate specific objective.

Within this objective, various multi-directional actions should be taken, both to produce sound and stable business conditions for making payments of small amounts without cash, to develop cost-efficient payment instruments for micropayments as well as educational and promotional activities, aiming in particular, to encourage non-cash payment in all transactions, even those involving small amounts.

Table 7. Monitoring indicators for Specific Objective 5

Item	Indicator	Indicator base value	Assumed indicator value in target year	Indicator measurement frequency or date of measurement	Data source
1.	Percentage of non-cash payments in micropayments	5% ⁴⁵	20%	2020	NBP
2.	Percentage of retail and service points/merchants not accepting micropayments	32% ⁴⁶	0%	2020	Survey of merchants ⁴⁷

7.6. 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

The development of non-cash turnover in the perspective of the year 2020 may largely depend on the introduction of new innovative payment solutions, and on an increase in competitiveness both in the existing and future payment and settlement services. Competitiveness should be understood as a

⁴⁵ Based on T. Koźliński *Zwyczajne płatnicze Polaków*, NBP Payment Systems Department, Warsaw 2013.

⁴⁶ Based on M. Polasik, *Rynek płatności detalicznych w Polsce. Zasięg akceptacji. Wolumeny transakcji. Szanse dla innowacji*, Polasik Research, December 2013.

⁴⁷ The possibility to verify the index depends on performing such a survey by scientific centres.

positive phenomenon, because it ensures that consumers and merchants have more options, as well as being required to ensure healthy market operation rules. Some regulatory changes will be needed, aimed at ensuring balance in treating individual institutions, as well as constant monitoring of new solutions once they appear and the evaluation of their potential. In order to implement the above objective, actions should be taken to create conditions to support competitiveness and innovativeness of banks, other providers of payment services, payment scheme operators as well as actions supporting payment innovation in Poland. The proposed changes should significantly change the image of today's settlement and payment services market.

Due to the fact that it is impossible to set out a target competition level on the payment and settlement services market (in contrast to other Specific Objectives), no monitoring indicators were specified for this Objective.

8. The *Programme* structure

The failure of the Council of Ministers to adopt the *Programme for non-cash payments development in Poland for the years 2011-2013* as a government programme has caused that the new programme was, by definition, to be mainly directed to non-governmental entities; only recommendations that define market proposals of government actions for the development of non-cash payments should be directed at the Government, that is to government and local government institutions in the broad sense.

Taking into account the above conditions and further analyses conducted by the Working Group for the Programme for Non-cash Payments Development, the *Programme for non-cash payments development in Poland for the years 2014-2020* consists of the following documents:

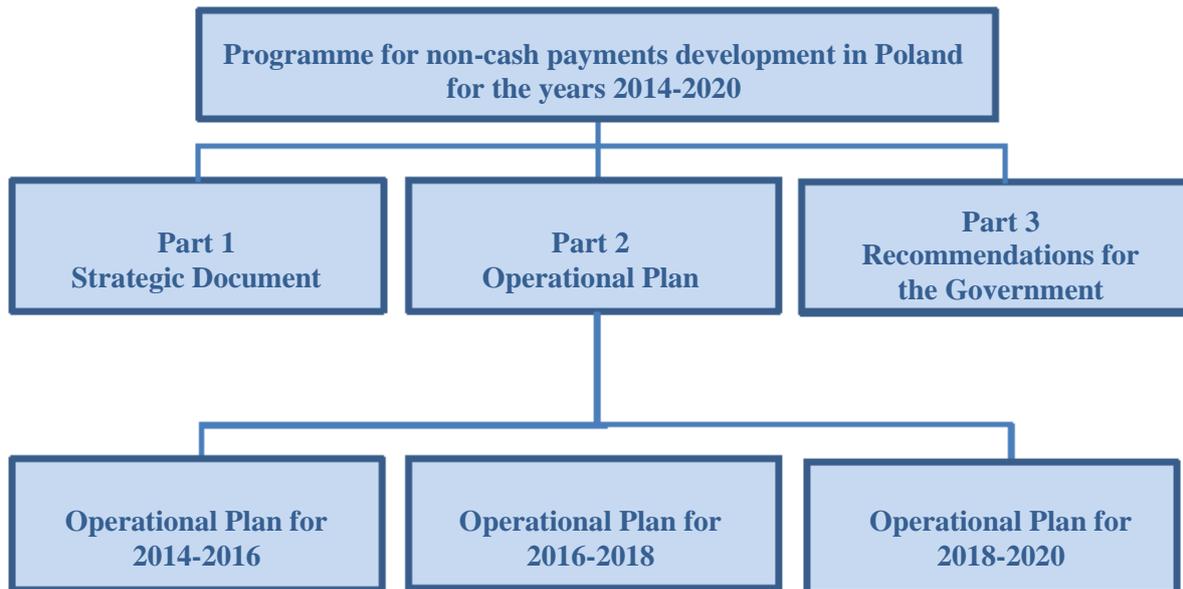
Part 1 – *Strategic Document*, specifying, among others, the vision, main objective and specific objectives of the *Programme*,

Part 2 – Three-year operational plans, including the planned actions of market and non-governmental entities prepared for the years 2014-2016, 2016-2018 and 2018-2020, respectively, with the *Operational Plan* for 2014-2016 adopted as first in December 2013,

Part 3 – *Recommendations for the Government*, including actions recommended by the Coalition, aimed at institutions not included in the government sector in the broad sense.

The structure of the *Programme for non-cash payments development in Poland for the years 2014-2020* is presented in Diagram 1.

Diagram 1. Structure of the *Programme for non-cash payments development in Poland for the years 2014-2020*



Following the update of the Programme in 2015, the only change in this structure is the change of the name of the document *Recommendations for the Government* to *Recommendations for Public Administration*.⁴⁸

The strategic document of the *Programme for non-cash payments development in Poland for the years 2014-2020* defines the main trends of actions in the field of development of non-cash payment payments by identifying the main objective, setting out specific objectives and determining measurement indicators of the level of implementation of individual objectives. This document takes precedence over the Operational Plans and *Recommendations for Public Administration*. In December 2015, the version of the *Programme* adopted in 2013 was updated.

The objectives included in the *Programme* are to be achieved by actions and specific activities which are the subject of the three-year operational plans. The first Operational Plan was developed for the years 2014-2016. Another three-year operational plan for 2016-2018 was prepared in 2015. In 2017, work will begin on the last Operational Plan, i.e. for 2018-2020. The methodology used in creating documents regarding the development of non-cash payments assumes setting out continuous actions which will be implemented during the entire term of the *Programme* and will be included in each of the planned three operational plans, as well as specifying actions and activities possible for implementation in a shorter period of time, which will be probably included in only one of the three operational plans.

⁴⁸ Changing the title of Part 3 of the *Programme* from *Recommendations for the Government* to *Recommendations for Public Administration* is intended to reflect that many of the recommended actions are aimed not only to ministries and government institutions, but also to local government entities and institutions belonging to the local government sector.

The third document that the *Programme* is composed of is the *Recommendations for Public Administration* which replaced the December 2013 *Recommendations for the Government*. This document contains a list of suggested actions and activities of the public administration sector in the broad sense, i.e. ministries and institutions and entities of government administration as well as local government entities and institutions of the broadly understood local government sector, whose implementation is needed to fully achieve the Objectives set out in the *Programme for the years 2014-2020*.

The adopted time horizon of preparation and validity of individual documents of the *Programme for non-cash payments development in Poland for the years 2014-2020* is presented in Diagram 3.

Diagram 3. Time horizon of the documents of the *Programme*

Year of Preparation	Document	2014	2015	2016	2017	2018	2019	2020
2013 (2015 – update)	Strategic Programme until 2020	[Bar spanning 2014-2020]						
2013	3-year Operational Plan for 2014-2016	[Bar spanning 2014-2016]						
2013 (2015 – update)	Recommendations for Public Administration	[Bar spanning 2014-2020]						
2015	3-year Operational Plan for 2016-2018			[Bar spanning 2016-2018]				
2017	3-year Operational Plan for 2018-2020				[Bar spanning 2018-2020]			

9. The *Programme's* monitoring method

In accordance with the Coalition for Non-cash Payments and Micropayments' decision made on the 10th plenary meeting, monitoring the progress of implementation of the *Programme* is to be performed by the Coalition for Non-cash Payments and Micropayments. It is assumed that, once a year, the level of implementation of the main objective and individual specific objectives will be measured by indicators assigned to each of them, and actions implementing specific objectives taken by the Coalition Members and other entities will be indicated. The reports will serve to prepare subsequent operational plans, and will also form the basis to update the *Programme for noncash payments development in Poland for the years 2014-2020*. The first report on the implementation of the

Programme, entitled "Information on the implementation of the *Programme for non-cash payments development in Poland for the years 2014-2020* in 2014" was adopted by the Coalition at its plenary meeting on 18 May 2014.⁴⁹

Annual reports will be forwarded, for information purposes, to the Payment System Council.

Coalition for Non-cash Payments and Micropayments hopes that the objectives set out in the Strategic Document related to the popularisation of non-cash payments, developed through a dialogue of many entities engaged in this process, will be duly implemented by the market sector, public entities including government administration and local government entities, and will yield the assumed results in 2020.

⁴⁹ "Information on the implementation of the *Programme for non-cash payments development in Poland for the years 2014-2020* in 2014", Coalition for Non-cash Payments and Micropayments, May 2015, <http://zbp.pl/dla-bankow/zespoly-rady-i-komitety/podaj-nazwe/obrot-bezgotowkowy/dokumenty-dla-czlonkow>.