

# ANNUAL REPORT 2020

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**Dutch Payments  
Association**

# Content

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<b>Profile</b>	<b>3</b>
<b>Statement from the board</b>	<b>5</b>
<b>Developments in the payment system</b>	<b>8</b>
<b>Activities</b>	
Activities: Point-of-sale payment system	11
Activities: Online payments	14
Activities: Giro-based payments	18
Activities: Stability of Payment Chains	23
Activities: Security in the payment system	25
<b>Appendices</b>	
Appendix: Board and management	30
Appendix: Governance	31
Appendix: List of members	33

# Profile

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The payment system is the bloodstream of our economy, has many stakeholders and is of great social importance. Therefore it has the characteristics of a utility. The many parties involved, the many relevant laws and regulations, the requirements for high quality, new technological possibilities and the high number of transactions make the payment system complex and dynamic. Transparency, openness, accessibility and dialogue with all stakeholders are important prerequisites in the payment system.

The Dutch Payments Association organizes the collective tasks in the Dutch payment system for its members. Our members provide payment services on the Dutch market: banks, payment institutions and electronic money institutions. The shared tasks for infrastructure, standards and common product features are assigned to the Payments Association.

We aim for a socially efficient, secure, reliable and accessible payment system. To this end, we deploy activities that are of common interest to our members. We are committed, meaningful and interconnecting in everything we do, to unburden our members where and when possible.

We engage representatives of end users in the payment system, including businesses and consumers. On behalf of our members, we are visibly involved and accessible and we are socially responsible. We also welcome and encourage dialogue with other stakeholders. With all this we substantiate the social characteristics of the payment system.

In the Single Euro Payments Area (SEPA), standards and payment products are generally determined at a European level. European legislation has increased the opportunities for new players to enter the payments market. Nevertheless, domestic cooperation on collective, non-competitive activities remains very important. New players are very welcome in this respect.

For many years, the Dutch payment system is among the most efficient and advanced in the world, something to be proud of. But not moving forwards is going backwards. Our ambition is to continue improving the payment system. We can only do this by working closely with our members and stakeholders. Rapidly changing technologies and resulting payment solutions, new kinds of payment service providers, changing customer needs and European political ambitions for more sovereignty in payments, all call for strong cooperation.

For more information about our scope of work, our tasks, our products, our partners and our history, please visit our [website](#). You can also subscribe to our newsletter [Betaaljournaal \(Payment Journal\)](#). Our [roadmap](#) outlines our ambitions for the next three years (in Dutch).

# Statement from the board

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It is with great pleasure that I present to you the annual report of the Dutch Payments Association for the year 2020, which was a memorable year in many ways. In the first months of 2020, the world was caught unawares by the corona crisis. In this serious situation, in which the health of all citizens and the economic consequences of the crisis were the primary focus, the payment system continued to function unhindered, while debit card volumes fluctuated sharply, cash payments collapsed and e-commerce payments rose explosively. Where possible, for example by raising the limits for contactless payments at the point of sale as soon as possible, the payment system tried to contribute to mitigating the effects of the crisis.

## Supervisory board

The supervisory board of the Dutch Payments Association has nine members. The board consists of three independent members, including the chair, and six members affiliated with the members of the Payments Association. This reflects that the Payments Association, as an association of payment service providers (the supply side), values the social role of the payment system, including the interests of payment service users (the demand side). Thus, during the board meetings, the perspectives of all parties involved in the payment system are discussed. The appendix Board and Management contains more information about the composition of the board.

In the reporting period, the board met five times in regular meetings. These meetings were mainly held online. In addition to the regular activities discussed in this annual report, special attention was paid to the Retail Payments Strategy of the European Commission, the European Payment Initiative, the future of cash and the increase in fraud and scams in the payment system. In 2020, various initiatives were taken to reduce fraud and scams. You can read more about them in this annual report. Unfortunately, not all of these initiatives have had the desired result yet. Fraud increased explosively in the year under review, with enormous impact on our members' customers. The damage caused by phishing alone rose from €7.9 million in 2019 to €12.8 million in the year under review.

The strategy of the Payments Association for the coming years is anchored in the [roadmap](#). The board has formulated three spearhead dossiers for 2021 to bring focus to the activities. Tackling fraud together with members and other participants in the payment chain is obviously one of them. Another is future-proof funding of the payment infrastructure, which is necessary to ensure reliability and innovation. Finally, the Payments Association will contribute to

reducing the cost of cash, the use of which by consumers has been declining for years. The Payments Association is looking into cheaper, digital alternatives as a fallback option in the event of unexpected failures in the electronic payment infrastructure, which is otherwise very robust and almost 100% available.

In an extra, informal meeting, a discussion of the future role and tasks of the Payments Association was initiated.

The board has several committees. The Selection and Appointments Committee assesses board candidates against the board profile and recommends them for appointment to the general assembly of members with a positive advice. The Audit Committee meets four times a year. Two meetings are specifically devoted to the budget and the annual accounts.

Normally, the general assembly adopts the financial statements of the Payments Association in the first half of the year. Because the required physical assembly of members was not possible at that time due to the corona measures, the review of the annual accounts was postponed until November. At that time, online decision making was permitted.

## Management

On 28 February 2021, Piet Mallekoote stepped down as managing director due to reaching retirement age. We bade him an extended farewell in the form of an online symposium and an online reception where many members and business relations honored Piet. With his boundless energy and extensive dossier knowledge, Piet has made a major contribution to the payment system. We are very grateful to him for that.

Gijs Boudewijn succeeded Piet as interim director as of March 1<sup>st</sup>. We wish him every success with this important task.

## Activities

The Dutch Payments Association aims for a secure, efficient, reliable and accessible payment system. It is essential that these four goals are pursued based on a clear and broadly supported vision of the payment system. Our website further explains our role and our view of the payment system.

For a more detailed description of the activities of the Payments Association in 2020, please see the following chapters. The most important facts and figures on the payment system are

available on our [website](#). You can also follow us on social media (LinkedIn and Twitter) or subscribe to our newsletter.

In addition to our usual communication, in 2020 we released eight episodes of PayTV, eight editions of the newsletter Betaaljournaal and also eight editions of our Corona Bulletin. Thus we kept our members and stakeholders informed of developments in the payment system and of our activities. As usual, we organized conferences in the spring and autumn, this time in the form of webinars. The spring conference was about payments after the pandemic. The general assembly of members in November focused on the accessibility of payment methods. For video recordings, please refer to our website. In addition to these large events, we also organized various smaller webinars, for example on standardization and security.

The board and management continue to improve the effectiveness and efficiency of the Payments Association and we consider it important to maintain the trust of our members and stakeholders. This is essential for the broad support that is necessary for our central facilitating role in the Dutch payment system. Decisions on the tasks and roles of the Payments Association have also been made. The most important outcome is an in-depth study together with the Dutch Banking Association into an effective approach against the ever-increasing fraud in the payment chain. This social problem requires an integrated approach, where not only banks and payment institutions take responsibility but also government, police, justice, internet and telecom providers and social media platforms.

In the year under review and up to the drafting of this annual report, the Payments Association welcomed four new members, both banks and payment institutions, that contribute to the pluriformity of the association.

## **In conclusion**

The board looks back on the reporting period with satisfaction. The intended activities have been completed and the association has operated within the budget, with constant attention to costs. The board thanks the management for the pleasant and professional cooperation and all employees for their commitment in 2020, which was not easy for many.

Amsterdam, April 21<sup>st</sup>, 2021

On behalf of the board,

**Lex Hoogduin, Chairman**

# Developments in the payment system

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## Major emerging changes in European payment systems

At the end of September, the European Commission published the so-called [Digital Finance Package](#). This package includes two strategic visions and two legislative initiatives. The Dutch Payments Association sees the Commission's strategic vision and framework as a handbook that will help determine the Payments Association's activities over the next three years. In particular, the [Retail Payment Strategy](#) will have noticeable effects on the Dutch payment system. The first framework and tentative action plans of the Commission have already been analyzed by the Payments Association and were discussed with our members at the end of 2020.

## New rules for interchange fee regulation (IFR); maintaining level playing field

In August 2020, the Payments Association responded with a substantial number of members to the internet consultation on the 'Decision to amend the decree implementing EU financial market regulations in connection with the maximum interchange fee for [domestic debit card transactions](#)'.

The decision amends the text so that the maximum interchange fee will be €0.02 per domestic debit card transaction.

Although the payment industry has not raised any insurmountable objections, we have pointed out that Dutch issuers and acquirers do not have a level playing field for the level of the interchange fee on a European scale. We also noted that its impact on future cost structures and models of the Dutch payments market cannot be accurately predicted, but that these will come under pressure. This important observation will be carried on to 2021 to conduct fundamental research from the Payments Association into the relative position of the Netherlands in the European playing field.

## Payment Account Directive (PAD) review; research into European bank switching service

In the third quarter of 2020, the Payments Association and its members responded to a survey by the European Commission to review the [Payment Account Directive \(PAD\)](#). In particular, the possibilities and impossibilities of bank switching were questioned extensively. In the Netherlands we have a very good digitized Bank Switching Service and therefore we explained



how we jointly view possible initiatives of the Commission for the PAD and a European bank switching service.

### **EPI takes first steps for a pan-European payment system**

In the summer of 2020, a consortium of European banks announced that they are taking the first steps to create a pan-European payment solution. This solution will be based on Instant Payments, for use in stores, online and between individuals. The consortium named European Payments Initiative (EPI) intends to start operational activities in 2022.

In the coming period, the Netherlands will consider how EPI can be fitted into the Dutch payment landscape. A broad, collective approach seems the only sensible choice. That is why the Payments Association and its members are involved in handling this dossier. The Payments Association can play a coordinating role.

### **Dialogue with stakeholders**

In 2020, the Payments Association again reached out to stakeholders on developments in the payment system. The Payments Association organized various stakeholder meetings on giro-payments and Instant Payments, security, PSD2 and card payments.

The periodic consultations between point-of-sale institutions and banks have been transferred to the Payments Association after the dissolution of the 'Stichting Bevorderen Efficient Betalen' at the end of 2018. The security, reliability and efficiency goals of the Payment Transactions Covenant are safeguarded and improved where possible. To this end, developments in efficient payments, the declining role of cash and the effect of innovations were monitored in 2020. In addition, the Payments Association started preparing for the Payment System Costs Survey for Businesses.

### **Special activities in the corona crisis**



The year 2020 was defined by the corona crisis. The effects were clearly visible in payments, especially the plummeting share of cash. PSPs contributed against the spread of the virus by temporarily increasing both the cumulative limit (from € 50 to € 100) and the transaction limit (from € 25 to € 50) for contactless payments without PIN codes. As a result, physical contact with payment

terminals was reduced and the share of contactless payments increased substantially.

Corona measures such as closing stores, bars, restaurants, cinemas and theatres resulted in a sharp drop in the number of transactions at the counter and of the number of cash withdrawals, while the number of e-commerce transactions increased explosively. There was also a shift from cash to contactless electronic payments at the counter. We keep track of these developments on our website and in our Corona Bulletins (8 editions in 2020).

Unfortunately, criminals abuse the corona crisis to defraud consumers. The Payments Association warns against this in various Secure Banking statements. You can read more about this in the chapter Security .

### Accessibility and reachability extra important in changing environment



The ever faster digitization - also in the payment system - has upsides and downsides. The accessibility and usability of cash for some vulnerable groups is the subject of discussion in the Dutch social and political arena.

The possible negative effects of digitization in the payment system are diverse. Some people may not get enough information about and access to (digitized) products and services, become easier victims of fraud or abuse and therefore have a feeling of exclusion and disengagement. Therefore, in July 2020, the Payments Association decided to establish the Working Group on Accessibility and Inclusion (WTI). The main tasks of this working group are alignment and sharing of visions and actions. The working group is a sounding board for the Accessibility and Reachability Working Group of the National Consultation on the Payment System (MOB). In addition, the WTI will ensure harmonization, alignment and cooperation between banks and other stakeholders.

Our [annual conference in November 2020](#) - with 'Accessibility' in the spotlight – demonstrated how the banking sector reaches out in many ways to the target groups.

# Activities - Point-of-sale payment system

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The corona crisis and its countermeasures had a substantial impact on electronic payments at points-of-sale in 2020. There was still a modest increase compared to 2019, but much lower than in previous years. The share of electronic payments compared to cash payments did increase sharply. Convenience, efficiency, security, and now hygiene, are the main reasons for this strong increase.

As a result of corona, the use of cash at the counter has declined even faster than in previous years, possibly forever. Therefore, the accessibility of cash remains an important issue that requires frequent consultation with all stakeholders in the point-of-sale payment system. In the first half of 2021, the Dutch National Bank will investigate the cash infrastructure. For the Payments Association and its members not just the accessibility matters but also the cost of cash. Notably our biggest members suffer significant losses on the provision of cash.

## More than three quarters of all point-of-sale payments are electronic

In 2020, debit card payments increased by 3.3%. The share of electronic payments at the cash register rose to 79% (2019: 68%). This remarkable growth can largely be attributed to the corona countermeasures. The previous estimates for a share of 70% for electronic payments by 2022 and 75% by 2025, already seem to be surpassed, if they are sustained. The total number of electronic point-of-sale payments amounted to 4.9 billion in 2020 (2019: 4.7 billion). The turnover of debit and credit card payments in 2020 was over € 129 billion.

In addition to payment cards and cash, gift cards, fuel cards, custom payment systems, Payconiq and payment requests (such as Tikkie) are used at the counter. On a total of over six billion point-of-sale transactions in 2020, the share of these other payment solutions remains very modest.

## Close to 4 billion contactless payments in 2020



Partly due to the corona countermeasures, the share of contactless payments has increased enormously. Virtually all payment terminals in the Netherlands accept contactless payment instruments. Every cardholder can have a contactless bank card. In 2020, over 3.9 billion contactless payments were made at Dutch cash registers (2019: 3 billion), for an amount of € 81.4 billion.

By the end of the year, 85% of all electronic payments at the cash register were contactless (December 2019: 69%). In addition to replacing small cash payments, more and more amounts above € 25 are paid contactless (always with PIN code above € 50).

### More and more payments with smartphone or wearable

Electronic payments are increasingly made with instruments other than payment cards. These can be 'wearables' such as rings and smart watches with an NFC chip and notably smartphones. Most banks support this for Android users since 2016. In 2019, the three largest banks and Bunq also support this for iOS users through Apple Pay. Apple Pay has contributed significantly to the rapid growth of mobile contactless payments: from 116 million transactions in 2019 to 516 million in 2020. By the end of 2020, approximately 15% of all contactless payments were made with a smartphone or wearable.

### Debit card refunds with Retourpinnen continues to increase

When returning a purchase at the counter, consumers increasingly receive refunds electronically to their payment account using Retourpinnen. Three major Dutch banks offer their business customers Retourpinnen. It is particularly popular in the non-food retail sector and in situations where deposits need to be refunded. The number of Retourpinnen transactions has increased by 50% to over 9 million in 2020. The average debit card refund amount was € 45.

Many more facts and figures can be found in the [online factsheet](#) on our website. More information on debit card transactions can be found on [www.pin.nl](http://www.pin.nl). Shops and other businesses can order free promotional materials for card payments on that website.

### Geldmaat increasingly visible in the streets



At the end of 2018, ABN AMRO, ING Bank, Rabobank and Geldmaat announced that they were working together on a bank-independent ATM network. This aims to keep cash sufficiently available, accessible, affordable and secure in the Netherlands, for consumers, retailers and other businesses. The three banks will gradually transfer all their ATMs, banknote deposit machines, sealbag machines, and coin deposit and withdrawal machines to Geldmaat.

In 2020, Geldmaat continued to rollout its ATM fleet, although it was interrupted by the corona crisis. In addition, due to attacks on ATMs with explosives, Geldmaat struggles to find safe locations for ATMs.

In 2019, ATMs were disabled at night for safety reasons for the first time. Unfortunately, persistent violent attacks on ATMs and sealbag machines (that were targeted for the first time in 2020) meant that some of them remained closed at night in 2020 as well.

In the third quarter of 2020, Geldmaat introduced voice-enabled ATMs. A talking ATM was a major request of the Dutch Eye Association, the interest group for people with visual impairments.

### **Preparations for travelling with debit cards in public transport**

In 2016, the Payments Association, banks and credit card issuer ICS carried out a feasibility study into the use of EMV-contactless in public transport in cooperation with public transport institutions. A letter of intent to deploy this technology was signed between the banks and public transport in early 2017 and preparations for a pilot were started.

In the first half of 2019, a joint pilot was held on the Leiden-Den Haag train route to test the use of bank cards as tickets. The results were very encouraging, the technology worked well and the passengers were enthusiastic. With these initial experiences, a national rollout could be prepared. This was nearly completed in the past year; a phased introduction can begin in 2021. This will start in Lelystad with carrier Arriva. If everything goes according to plan, more concession areas will follow in the course of 2021.

# Activities – Online Payments

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## Online payments are more than e-commerce

When people think of online payments, they first think of payments in web shops (e-commerce). But many online payments are also made outside e-commerce, for example for invoices, fines, taxes (40%) and person-to-person payments (20%). Traditional e-commerce payments thus cover the remaining 40% of all online transactions.

More and more online payments are authorized from smartphones, in mobile banking apps. This now involves eight out of ten online payments.

## More consumers buy online because of corona



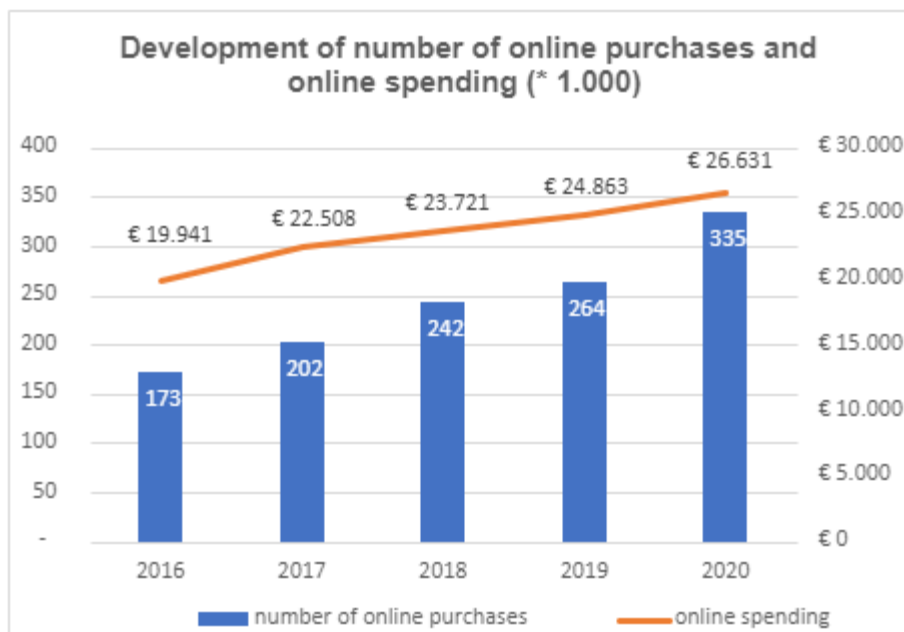
Because stores and hospitality outlets were open to a very limited extent in 2020, consumers increasingly made their purchases online. This is not just about purchases by existing buyers, new online shoppers were also added. According to the Central Bureau of Statistics (CBS), in the first half of 2020, 71% of Dutch people aged 12 or older bought something online. CBS counts the

people who said to have bought something online in the three months prior to the survey and observes the largest growth among people over 65. Thuiswinkel.org reports a total number of 13.8 million online shoppers for 2020 (a growth of 2%), of whom about 5 million also buy something at foreign web shops.

## Online consumer spending increased 7%

Dutch consumers spent € 26.6 billion at web shops in 2020, an increase of 7% compared to a year earlier. The number of online transactions increased by 27% to 335 million. The number of transactions per consumer rose from 19 to 26. The total amount a consumer spent online in a year also increased (2019: € 1900, 2020: € 2075).

Not all of the e-commerce market did well. Online spending on services fell by a staggering 39%. Large declines were particularly evident in package holidays (-72%) and airline tickets & accommodations (-37%). In contrast, online spending on products increased in almost all categories. Home & living (+83%) stood out, as well as home & garden (+74%), sports and recreation (+62%), food/near food (+58%) and IT (+56%).



### Growth in business-to-business (B2B) e-commerce

Half of the business community in the Netherlands orders products online. B2B e-commerce is on the rise, according to the B2B E-commerce Market Monitor 2020<sup>1</sup>. The percentage of the working population that made an online business order in 2020 grew by nine percentage points compared to the previous year, to 48%. About half of them pay with iDEAL, a quarter by invoice, followed by credit card and post-payments.

Looking at the supply side, research commissioned by Currence shows that over two-thirds (69%) of wholesalers in the Netherlands do not offer an online ordering option<sup>2</sup>. These wholesalers have an information website with company information, often supplemented with general information about their products or services. When they do sell online, almost half of them do so to consumers. The websites of wholesalers offer less choice in payment methods than websites that are exclusively or mainly aimed at consumers. Of the Dutch wholesalers with a web teller, 70% offer iDEAL, 41% Mastercard and Visa, 35% PayPal and 28% on company credit. Wholesalers who only supply to business customers are the most likely to offer company credit. 67% of these pure B2B webshops offer company credit, followed at a distance by iDEAL (32%) and credit cards (24%).

<sup>1</sup> B2B E-commerce Market Monitor 2020 is a survey of 3,899 Dutch employees on the behavior and preferences of online business buyers, conducted by Multiscope on behalf of Thuiswinkel.org, PostNL, De Nieuwe Zaak and Currence.

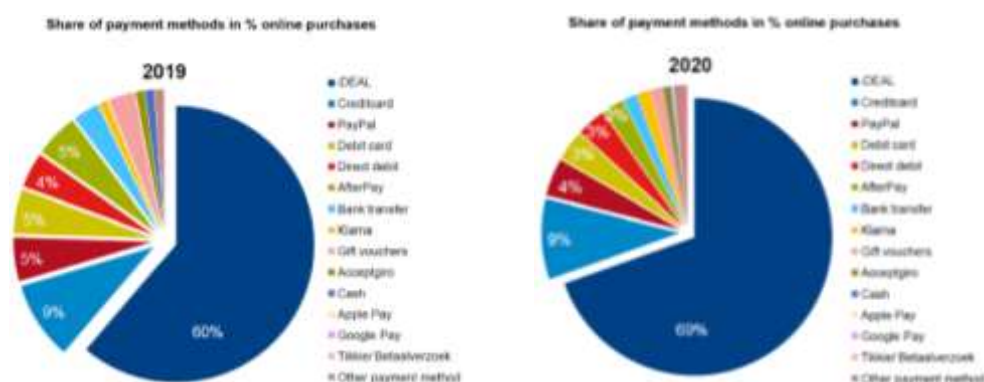
<sup>2</sup> Payment options for B2B web shops 2020/2021, BOOM Market Explorations, March 2021.



## Dutch online payment market is unique

By far the most online purchases at Dutch webshops are paid with iDEAL. In other European countries, Mastercard, Visa and PayPal are the most widely used online payment methods. The domestic market share of iDEAL within e-commerce increased from 60% in 2019 to 69% in 2020. The market share of Mastercard and Visa credit cards increased from 9% to 10% and the share of PayPal remained the same at 5%.

[iDEAL reported](#) over 2020 an explosive growth of more than 30% both in turnover and number of transactions.].



> Source: e-commerce Payment Monitor 2020, GfK, Thuiswinkel.org and iDEAL <

## Online payments with a virtual debit card

In the Netherlands, debit card payments have so far only been possible at counters. New technologies make it possible to pay with a debit card for online purchases as well. This works through tokenization and allows consumers to create virtual payment cards for specific purposes. For example, a virtual payment card can be linked to a particular web store. This virtual card can then only be used to pay at that merchant. In 2020, ING and Rabobank launched tokenization pilots. Rabobank customers can shop at online supermarket Picnic. The virtual card payment takes place when ordering, so there is no need to pay with a physical card on delivery. ING Bank is conducting a similar pilot with Albert Heijn. The Payments Association facilitates consultation between the various participants to ensure a harmonized user experience for consumers. This creates a broader base of support and makes it easier to introduce this new form of payment.

## SCA Migration Project for double authentication of online card payments

From 14 September 2019, two-factor authentication is required for initiating online card payments. This is required by the European Banking Authority (EBA) in the Regulatory





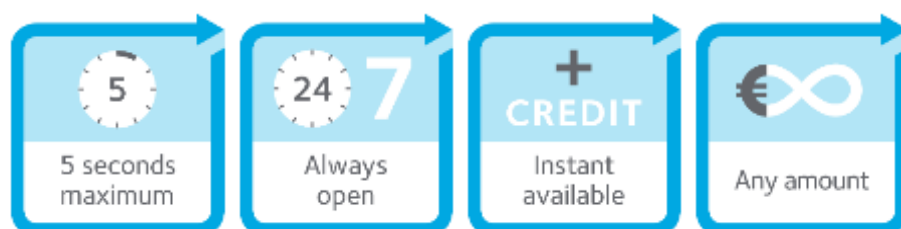
# Activities - Giro-based payments

## Nine million giro payments per day

A great deal of money is involved in giro-based payments. They are processed reliably, fast and securely. Figures from DNB on retail payments show that more than three billion giro payments are processed each year. These are mostly credit transfers, direct debits and Instant Payments (SCT Inst). A significant proportion, about 2 billion giro payments, are so-called batch payments. These are large batches of payments by businesses, for salary payments for example, or benefits and allowances. These batch payments are all processed electronically. Individual transfers (about 1 billion) are mostly done by consumers. These are also processed almost entirely electronically, although the possibility of issuing paper payment orders still exists.

## The Netherlands continues to lead in Instant Payments

Following the introduction of Instant Payments in 2019, in 2020 almost all single payment orders given online or with smartphones were processed as Instant Payments. This means that all these payments were processed and credited immediately to the payee's payment account. The Netherlands is the leader in Europe in the processing of Instant Payments. In October 2020 the milestone of 500 million Instant Payments between different banks was reached. This is in addition to payments between customers at the same bank; these have been processed instantaneously for many years.



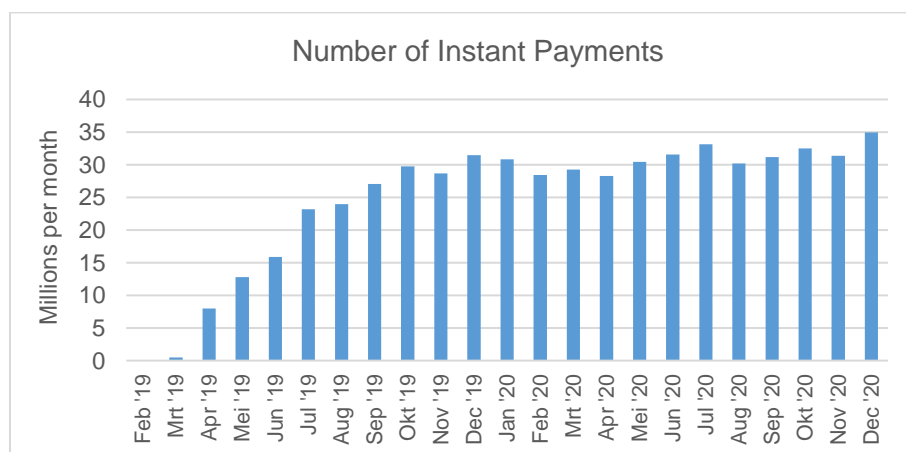
In the Netherlands, Instant Payments are processed within a maximum of five seconds, from payer to receiver. The maximum processing time is shorter than the European standard, which allows a maximum of ten seconds. In practice, this processing time is easily achieved. There were virtually no time-out rejections between the Dutch banks in 2020. No common maximum amount limit per payment has been agreed between the Dutch banks. Each bank determines its own limit for the amount that can be transferred per payment by their account holders. This means that its use in the Netherlands is broader than the European standard, which allows a maximum of €100,000 per payment.

Dutch consumers and businesses have quickly become accustomed to the 'new normal'. This has put an end to bank holidays and weekend closures and payments are processed immediately every day and night (24/7/365). Meanwhile, people expect that instant giro payments can always be made, for example for home deliveries. In some cases Instant Payments are already an alternative to a mobile PIN device, initiated by scanning a QR code for example.

In the Netherlands, Instant Payments are widely available and for general use. The introduction in other countries varies. Some countries have a broad reach for incoming Instant Payments, but do not (yet) offer the possibility to initiate outgoing Instant Payments as well. In other countries, the reach for Instant Payments varies per bank, with or without the possibility for outgoing Instant Payments. In those cases, Instant Payments are often positioned as a premium payment product with a specific, higher, pricing.

Cross-border Instant Payments within Europe are not yet possible on a large scale, and this does not meet political expectations. In the summer of 2020, the European Central Bank (ECB) therefore took steps to further promote the reach of Instant Payments across Europe. By November 2021, all banks supporting Instant Payments are expected to be mutually reachable through the ECB's Target Instant Payments Settlement system (TIPS). TIPS stands alongside the already existing infrastructures to exchange Instant Payments (for Dutch payment service providers: equensWorldline and EBA Clearing).

The use of Instant Payments in the Netherlands increased in 2020 mainly due to autonomous growth in the web and mobile channels. Further steps will follow as soon as other channels also switch over. For example, batch payments will gradually be processed as Instant Payments. The Payments Association expects market participants to discover more and more applications for Instant Payments. Initiatives at the European level, such as the new Request-To-Pay (RTP) scheme and the European Payments Initiative (EPI), can also provide a boost to the Instant Payments infrastructure.



## Bank Switching Service upgraded and extended: BIBI

Customers must be able to switch easily to another bank. That is why the Overstapservice (Bank Switching Service) was launched in the Netherlands back in 2004, to easily transfer a customer's payment traffic from the old to the new bank. For thirteen months, this service forwards credit and debit transfers from the old payment account to the payment account at the new bank. Also, businesses that use direct debits are automatically informed of a switched payment account, so that future direct debits are made to the new payment account.

The Payments Association continuously evaluates the Switching Service and makes improvements with its members. In 2020, informing payers about switched accounts was expanded. If an online payer uses the old account number of a recipient who uses the Bank Switching Service, that payer immediately receives a notification with the new account number. The payer can then simply use the new account number. In the autumn of 2021 this functionality - Betaler Informeren Bij Initiatie (BIBI, informing the payer at payment initiation) - will also be introduced for business payers who submit payment batches.

The further digitization of the registration process for the Bank Switching Service for private individuals has almost been completed. This digital functionality is also increasingly available to (small) business customers.



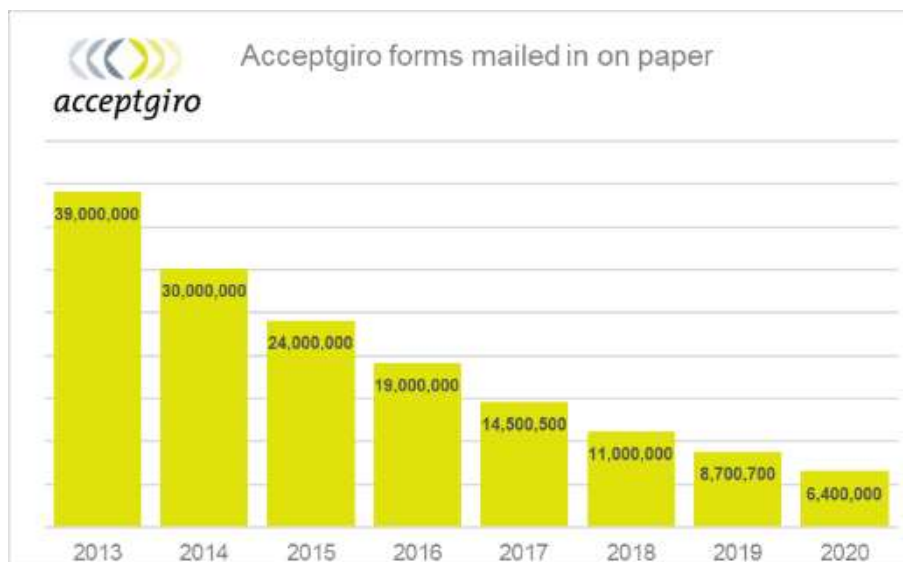
In 2020, the new technical infrastructure for the interbank processing of bank switches, was completed. This project was executed under the supervision of the Payments Association, together with over twenty banks and equensWorldline. With the new Workflow Management

System, new bank switches can be added and supported more easily. The Switching Table that the banks use to check payments and direct debits has been slightly modified and there is an API service as an alternative to this Switching Table.

51,000 consumers and businesses used the Overstapservice in 2020. This continues the downward trend of recent years. In addition to investing in further improvements, the banks will again promote the Switching Service to customers. They will do this in cooperation with other stakeholders. This is in line with the recommendations in the report 'Lowering the barriers to bank switching in Dutch payments: no account number retention, but use of aliases?' Increased use of the Switching Service is an opportunity to cash in on the social benefits of easy switching in the payment system. There are also frequent consultations on this subject with the Ministry of Finance.

## Paper Acceptgiro forms on their way out

The processing of paper Acceptgiro forms dipped by more than 26% compared to 2019, to 6.4 million forms. That's less than one Acceptgiro per household per year. In comparison: in 2015 the banks still received 24 million paper Acceptgiros by mail and 39 million in 2013.



The number of registered organizations still sending Acceptgiro forms almost halved to just under 9,000. Many of those senders switched to cheaper, more user-friendly and more effective alternatives, such as mobile payment requests, direct debits and iDEAL QR codes that can be scanned with most mobile banking apps. The contract-free uniform Payment Instruction is often used for the ever dwindling group of consumers who still prefer to receive payment information on paper. The Acceptgiro, that was introduced in 1977 as a punch card and was later replaced for optical scanning, seems to have had its day.

## Last 10 digits of NL IBAN can no longer be used separately from 2020

In the course of 2020, in accordance with the international IBAN standard, Dutch payment service providers have switched to creating and issuing new IBANs themselves. The central administration and issue of 10-digit domestic account numbers has therefore become superfluous. Already from 2014, the starting year of SEPA, the full IBAN, including country and bank code, is the only unique identifier for a bank account. The last ten digits can occur at different PSPs and are therefore no longer unique across all Dutch PSPs.

Dutch IBANs of eighteen digits and letters may therefore no longer be truncated to the last ten digits. Conversely, old Dutch domestic account numbers of ten digits or less may no longer be automatically converted to full IBANs. If this does happen, errors can occur when processing payment orders.

The Dutch payments system is now in line with the international standard for IBANs, ISO 13616. Based on agreements with the Tax Administration, the number 099 at positions 9-11 of a Dutch IBAN can only be used for [G accounts](#).

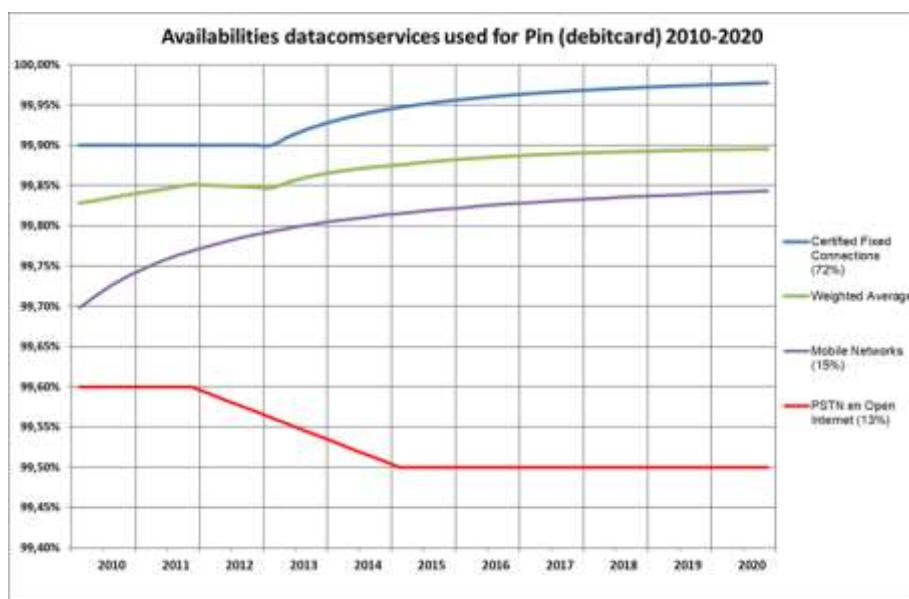
### Requesting address information in case of fraud

The House of Representatives believes that it should be possible for victims of fraud to request the name and full address of the fraudster from their bank. With this information the victim can start a civil procedure against the (alleged) swindler. Therefore, outgoing secretary Grapperhaus of Justice and Security [informed](#) the House at the end of 2020 that Dutch banks will support the procedure for requesting address information in non-banking fraud (PNBF) from the beginning of 2021.]

# Activities - Stability of Payment Chains

## Hardly any failures in the debit card payment chain

The availability of the debit card payment chain was again very high in 2020, at 99.89%. Measures taken in recent years by banks (partly prompted by legal requirements) and by retailers, have contributed to this. The Payments Association publishes the availability of the debit card payment chain on its [website](#).



The number of disruptions has clearly declined, from thirteen in 2011 to just two in 2020. One disruption concerned a transaction processor that had problems with transactions submitted via the public internet. This specifically affected small and medium-sized businesses. The other disruption concerned the interface between a telecom provider and the corporate network of a large supermarket chain. Here the problem was in the retailer's infrastructure. The outages in 2020 had a limited impact, although every outage, no matter how small, is one too many.

## High availability of web banking and mobile banking

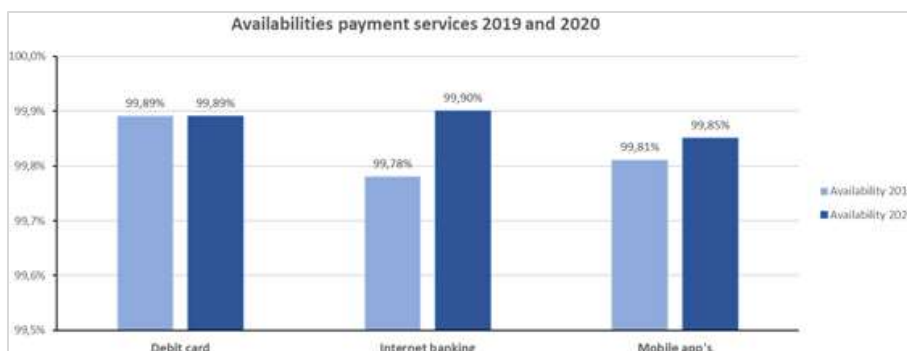
With an availability of 99.90% and 99.85%, respectively, web banking and mobile banking (banking via an app) were more available in 2020 than in 2019. Yet there were more intense DDoS attacks on banking systems in 2020. Banks have taken measures against this, both collectively and individually. Individually, banks have entered into contracts with external DDoS mitigation service providers that allow DDoS attacks to be dealt in a short period of time. Collectively, the banks and the Payments Association have made agreements with the telecom sector, government agencies and other parties in the Anti-DDoS Coalition. In this

public-private partnership between 17 partners, agreements have been made about sharing knowledge and experience.

Although DDoS attacks continue to pose a serious threat to banking services, the measures taken are effective for the time being, as evidenced by the increased availability of web banking and mobile banking. The duration of major disruptions caused by DDoS attacks has also decreased.

The availability figures for web banking and mobile banking are published each quarter by the Payments Association on its [website](#). They include the availability figures for seven individual banks.

For some years now the Payments Association has also published real-time information about the availability of web and mobile banking in a [dashboard](#). This allows users to quickly check whether something is going on nationwide or whether they should look for the problem closer to home, when they have problems with web or mobile banking (modem broken? Wifi network bad?).





# Activities - Security of the payment system

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## Cooperation and sharing information

Security is essential for a properly functioning electronic payment system. The sector invests continuously in measures to guarantee security. The Payments Association and its members work closely together to best benefit from each other's knowledge and experience in the field of security and fraud prevention. The cooperation also extends to cyber security companies, other vital sectors, various government agencies and universities. Among other things, knowledge and information is shared in the areas of incidents, vulnerabilities, risks, threats, fraud mitigation, modi operandi, fraud trends and best practices. Such a public-private nationwide partnership is an important building block for security policy in the Netherlands and unique in Europe. More information on this can be found on our [website](#).



In 2020, the Payments Association established a so-called PI-ISAC (Payment Institutions - Information Sharing & Analysis Centre) for its smaller members, by analogy with the already existing FI-ISAC (Financial Institutes - Information Sharing & Analysis Centre), for the larger members. The government is also represented through the DTC (Digital Trust Centre). The main objective of the cooperation is the sharing and joint analysis of incidents, to find solutions that minimize the

chance of recurrence. PI-ISAC members also proactively share information on cybersecurity and fraud and money laundering outside of meetings. Information about incidents and vulnerabilities shared through the PI-ISAC have already led members to take meaningful action within their own organizations. In doing so, the sector as a whole has made itself more resilient to cyber threats.

## Security remains at a high level, but damage due to scams has increased

In view of the further digitization of the payment landscape, it is very important that society in general and customers in particular can continue to rely on secure and reliable online services. Therefore consumer education is a priority that aims to warn the public against abuse and fraud. Unfortunately, despite intensive efforts, both total 'banking fraud'<sup>3</sup> and 'non-banking

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<sup>3</sup> 'Banking fraud' involves criminals taking full control of a victim's payment instruments, for payments that were not authorized by the victims themselves.

fraud<sup>4</sup> increased in 2020. This prompted the board of the Payments Association to make still more fraud prevention the top priority in 2021. In the new year, the Payments Association will intensify its efforts together with its members and other organizations such as the Dutch Banking Association and the telecom sector. Public-private partnerships will also be strengthened.

### Transition period to new fraud reporting

Since July 1, 2019, payment service providers must, under European legislation (PSD2), provide annual fraud data relating to their payment services to De Nederlandsche Bank. This differs from the way in which our members have provided fraud data on a voluntary basis until now. Starting with the reporting year 2022, the fraud figures published by the Payments Association will be based solely on the new mandatory reporting guidelines.

As a result, for 2020, the Payments Association no longer publishes the exact same fraud figures that it reported in the past. However, the three main existing categories of fraud are still reported for 2020 and 2021: phishing, stolen or lost payment cards and Card-Not-Present (CNP) fraud. The extent of the damage, that had sharply declined from 2014 to 2018, has increased again from 2019 onwards. In particular, the damage resulting from phishing (€12.8 million) has risen very sharply, both relatively and in absolute terms.



> Graph: Damage payment fraud 2013 - 2020 per year in millions of euros <

<sup>4</sup> 'Non-banking fraud' involves criminals misleading a victim to pay to the criminals themselves, also known as 'authorized push payment fraud' or APP-fraud.

Criminals continue to look for the weakest link in the payment chain. In many cases this is the consumer. Criminals use social engineering to mislead consumers and cause a great deal of damage.



The fraudsters capitalize on developments in the Dutch payments system or on current events. They do not hesitate to abuse the corona crisis: "Apply for an antibacterial card" or "Your banking app is infected; put your account balance in quarantine".

In 2020, criminals abused chat apps, payment requests, emails, social media (Instagram, Facebook, WhatsApp) and online marketplaces, amongst others. This led to substantial phishing fraud and so-called 'bank card mailing' fraud in particular. In addition, online credit card fraud increased due to the strong growth of e-commerce. In 2020, non-banking payment fraud (APP-fraud) and online scams also increased. We saw increasing fake text messages, help request scams (WhatsApp scams) and bank help scams (number spoofing) and combinations of these scams.

### **Bank card mailing fraud still on the radar**

Damage from stolen or lost payment cards decreased in 2020 compared to 2019. The total damage amounted to €5.8 million (2019: €6.6 million). Apart from 'shouldering' (looking for the PIN code over the victim's shoulder), so-called 'bank card mailing' fraud causes the most damage in the stolen or lost debit card category. Bank customers are asked via email or text message to replace their debit or bank card for "security reasons" and send it to a "recycling company". The victims are tricked into entering their PIN code on a phishing website. Recently victims are increasingly misled on the phone for an appointment to collect the bank card at home, "because of corona".

### **Card-not-present fraud rises along with growth in e-commerce**

Remote credit card payment fraud, or Card-Not-Present fraud (CNP fraud), is up 82% on 2019, with €3.8 million in damages.

CNP fraud is related to the strong growth of e-commerce. Dutch consumers buy more from foreign web shops where they use their credit cards relatively often. The previously mentioned mandatory strong customer authentication (SCA) of online credit card payments as of 2021 is expected to have a positive effect on CNP fraud.

### **Social and political focus on scams**

With banking fraud the damage is generally compensated by the bank to the victim. But damage resulting from fraud for which the bank is not liable, also causes financial and

emotional damage to a great number of consumers. Political and media attention for this type of fraud increased sharply in 2020, with good reason: in 2020, the Fraud Helpdesk reported more than € 41 million in losses due to non-banking fraud. This is a strong increase compared to the estimated damage of € 26 million in 2019. Media paid a lot of attention in 2020 to harrowing cases where individual consumers lost very large amounts after being swindled.

Banks are trying to protect their customers against these types of scams through the use of fraud monitoring systems and, among other things, the IBAN Name Check. If a bank customer him- or herself authorizes payments to a fraudster (APP-fraud), the bank is not liable. Out of leniency, a bank may compensate (part of) the damage. This takes into account all the case-specific circumstances that led to the fraudulent transaction.

Notably for telephone number spoofing the Dutch Banking Association has clarified the leniency policy of banks, at the request of the Minister of Finance in December 2020. Hence, the damage caused by number spoofing has been identified and amounts to € 26.7 million. The requirements for compensation are that a victim is a private customer, has reported the incident to the police and has not been 'grossly negligent'. In addition, the banks stress that they support an integrated approach; the government must also take up its role in improving fragmented investigative procedures and removing privacy barriers to sharing data on fraudsters between banks, with the police and with public prosecutors. The Payments Association plays an important role in this integrated approach.

### Three types of fraud; what is the Payments Association doing about them?

In 2020, three types of fraud stood out. The first is help request scams (WhatsApp scams). Here, a fraudster uses e-mail, sms or chat apps, pretending to be a loved one asking for financial help. Scammers capitalize on consumers using social media much more intensively to stay in touch with friends and family as a result of the corona lockdowns. After it became possible, in April 2020, to report this online to the police, the number of reports has increased to around 100 a day.



The members of the Payments Association, the police and the Fraud Helpdesk have been working together to combat help request scams since June 2020. Banks and payment institutions hunt for suspicious transactions and bank accounts of money mules. They also inform their customers via [www.veiligbankieren.nl](https://www.veiligbankieren.nl), mobile banking

and web banking. The police are tackling this type of fraud through prevention and detection.

In addition to help request scams, number spoofing of trusted phone numbers from banks and other trusted institutions emerged in the course of 2020. In this case, banks, telecom providers

and police set up a task force leading to various countermeasures. To combat number spoofing structurally, international telecom standards and agreements must be amended, requiring a long lead time. In order to tackle this problem sooner, an alternative domestic approach was found to combat number spoofing. A pilot with this approach was started in 2020 and the results are very encouraging.

The third form of fraud is SMS phishing or 'smishing'. A sender can use an invisible cell phone number to send SMS messages. Mid-2020 a high-level action plan was launched with the telecom sector. In the second half of 2020, the plan was elaborated and where possible, carried out.

# Board and Management

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## Supervisory Board

### Three independent board members:

- Lex Hoogduin (1956), Chairman, professor at the University of Groningen, Chairman of the Supervisory Board of Wilgenhaege Group Holding, member of the Board of Inphykem, member of the Supervisory Board of Amsterdam Trade Bank and Chairman of CIR
- Guus Slik (1958), former Director at Superunie
- Gerjoke Wilmink (1960), Director-Manager at Alzheimer Nederland

### Members of the board on behalf of the members of the association:

- Anne Marie Magis (1965), Head of the Strategy Execution Office at ABN AMRO
- Alexander Baas (1966), Treasurer, Director of Customers, Payments and Savings at De Volksbank, representing medium-sized banks
- Enny van de Velden (1961), CCO CCV / Chair of the Board of Directors of CCV Group, representing payment institutions
- Michiel Kwaaitaal (1974), Director Payments and Savings at Rabobank
- Frank Stockx (1969), Managing Director at ING Belgium
- Daniël Köhler (1980), Director Retail Banking at Triodos Bank Netherlands

A representative of the NVB attends meetings of the board of the Payments Association as observer.

## Management

- Gijs Boudewijn (1958), interim Director
- Marco Demmink (1961), Secretary to the Board

As of 1 March 2021 director Piet Mallekoote has retired and resigned as director of the Dutch Payments Association. Former assistant-director Gijs Boudewijn has succeeded him as interim.

# Governance

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The Dutch Payments Association is a small and efficient organization that works to ease the burden on its members. It was set up as an association. The Payments Association has several governing bodies:

## **General Members Assembly (GMA)**

Participants on the supply side of the Dutch payment market that focus on corporate or private end users can become members of the Dutch Payments Association. They fund the Dutch Payments Association and can take part in the GMA. The GMA's primary activities concern determining strategy and approving the annual accounts.

## **Advisory Board**

The Advisory Board takes decisions on important issues, establishes policy frameworks and advises Management. Its other important duties include appointing and dismissing Management executives, approving the annual planning and budget, and monitoring how well the Dutch Payments Association carries out its tasks.

## **Management**

The Supervisory Board appoints Management executives, which is responsible for the operational organization and day-to-day business. The duties of the Management include drafting policy proposals, taking decisions on the admission of new members, developing the certification policy and monitoring compliance with regulations.

## **Advisory Council**

The Advisory Council advises the Management – on request or otherwise – on policies and activities.

## **Working Groups**

The working groups are responsible for preparing tactical and operational policy, in collaboration with specialists from the supply side. The working groups can advise the Management, both upon request and of their own initiative. The main working groups are Giro-based Payments, Cards, Cash Payments and Security. Other working groups are active in legal affairs and in public information campaigns.

## **Appeals Board**

An independent Appeals Board makes it possible to appeal against decisions on accepting new members and certification when parties are unable to reach agreement with the Management, the Supervisory Board or the Appeals Committee of the board (in that order).



# List of members

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Members of the Dutch Payments Association on 21 April 2021.

- ABN AMRO
- Acapture (Payvision)
- Achmea Bank
- Aegon Bank (incl. Knab)
- American Express
- Amsterdam Trade Bank
- Avangate B.V.- Verifone
- Bank Nederlandse Gemeenten
- Bank of America Merrill Lynch
- Bank of China
- Bank of Chaabi du Maroc
- BinckBank
- BitSafe
- Brand New Day
- BNP Paribas
- Buckaroo
- bunq
- CCV Group
- China Construction Bank (Europe)
- Citco Bank Nederland
- Citibank
- CM.com
- Commerzbank
- Credit Europe Bank
- De Volksbank  
(SNS, ASN Bank en RegioBank)
- Demir Halk Bank
- Deutsche Bank
- GarantiBank International
- GWK Travelex
- HSBC Bank
- ICEPAY
- ICS Cards
- ING
- Industrial Bank of China
- INGENICO Payment Services
- InsingerGilissen Bankiers
- JP Morgan
- KAS BANK (nu CASCEIS)
- KBC Bank Nederland
- LeasePlan Bank
- Lloyds Bank
- Mizuho
- Moneyou
- MUFG Bank
- Nationale Nederlanden Bank
- Nederlandse Waterschapsbank
- NIBC Bank
- Online Betaalplatform
- PaySquare
- Rabobank
- Société Générale Bank Nederland
- Svenska Handelsbanken AB
- Triodos Bank
- Uber
- Van Lanschot Bankiers
- Volkswagenbank
- WorldPay B.V.



# Dutch Payments Association