



Annual Report 2021

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Profile

The payment system is the bloodstream of our economy, has many stakeholders and is of great social importance. It has the characteristics of a public utility. The large number of participants, the amount of applicable laws and regulations, the high quality requirements, new technical possibilities and the huge number of transactions make the payment system complex and dynamic.

Transparency, inclusion, accessibility and dialogue with all relevant parties are important principles.

The Dutch Payments Association organizes and coordinates the collective tasks in the national payment system for its members. Members are payment service providers on the Dutch market: banks, payment institutions and electronic money institutions. Common tasks assigned to the Payments Association relate to infrastructure, standards and common product features.

We aim for an optimal socially efficient, secure, reliable and accessible payment system. To this end, we perform and manage activities that are of common interest to the members. In line with our core values, we play a committed, relevant and connecting role in our work and unburden our members wherever possible.

In our work, we involve representatives of end users in the payment system, including entrepreneurs and consumers. On behalf of our members, we are visibly involved and approachable, and where necessary we take our social responsibility.

In the Single Euro Payments Area (SEPA), standards and payment products are essentially determined at the European level. European legislation has increased the opportunities for new players to enter the payments market. Although the payments market has become increasingly European in character, domestic cooperation on collective, non-competitive matters remains of great importance. New players are very welcome to join.

For many years the payment system in the Netherlands has been among the most efficient and progressive in the world. That is something to be proud of. But standing still is going backwards. Our ambition is to further improve the payment system. We can only do this by working closely with our members and stakeholders. Rapidly changing technologies and the payment solutions using them, new types of payment service providers, changing customer needs and European ambitions for more sovereignty in payment transactions, call for good cooperation. This also includes a future-proof model for funding the payment infrastructure and a level playing field for all providers of payment services.

For more information about our field of work, our tasks, our products, our partners and our history, please visit our [website](#). You can also subscribe to our [Betaaljournaal newsletter](#). Our ambitions are stated in our [Roadmap 2022-2024](#) (in Dutch).



Report from the Board

It is with great pleasure that I present to you the annual report of the Dutch Payments Association for the tenth anniversary year 2021, which was in many ways a landmark year in the history of the Payments Association.

Board

The Board of the Payments Association has nine members. The Board consists of three independent Board seats, including the Chair, and six seats for directors affiliated with members of the Payments Association. This reflects the fact that the Payments Association, as an association of payment service providers (the supply side), highly values the social role of the payment system, including the interests of the payment service users (the demand side). The perspectives of all participants in the payment system are discussed at Board meetings. In the reporting period the Board met ten times in regular meetings. The addendum 'Board and Management' provides more information on the composition of the Board.

In November 2021, chairman Lex Hoogduin announced at the general members' assembly that he would step down from the board. As a result, the chairperson's position is vacant and the Chair is temporarily held by independent board member Gerjoke Wilmink. It is expected that a new independent chairperson can be presented at the general members' assembly in May 2022.

The expected developments in the payment system for the coming years are anchored in the [Roadmap](#) (in Dutch). The Board has formulated priority topics within the fields of interest of the association to bring focus to its activities. For 2021 one of these is fighting fraud together with members and other stakeholders. Another concern is the future-proof funding of the payment infrastructure, which is necessary to guarantee reliability and innovation. Many parties involved see that the current funding of the payment infrastructure cannot be sustained in the long run. However, a public discussion about risks and solutions is still lacking. This priority topic aims to create the preconditions for such a discussion. Finally, the Payments Association will contribute to lowering the cost of cash, the use of which by consumers has been declining for years. The Payments Association is also looking into cheaper, digital alternatives that can serve as fallback options in the event of unexpected failures in the electronic payment infrastructure, which is otherwise very robust and almost 100% available.

The Board has several committees. The Selection and Appointments Committee assesses Board candidates based on Board profiles and recommends suitable candidates to the general members' assembly. The Audit Committee meets twice a year, or more often if necessary. Two regular meetings are dedicated to the budget and to the financial report. Confirmation of the 2020 financial report of the Payments Association by the general members' assembly took place in May.

Management and staff

As of February 28, 2021, Piet Mallekoote stepped down as director as he reached his retirement age. We bade him an extended farewell with an online symposium and reception where many members and relations expressed their appreciation for Piet. With his boundless energy and extensive knowledge of subject matters, Piet has made a major contribution to the proper functioning of the payment system. We are very grateful to him.

Gijs Boudewijn succeeded Piet as interim director on 1 March 2021. Piet Mallekoote's retirement also marks the end of the organisational link between the Payments Association and Currence. The latter - owner of the iDEAL payment brand, amongst others - is going its own way, with its own management and staff who are no longer affiliated with the Payments Association. In the course of 2021, approximately 12 Currence employees left the joint personnel b.v. that linked the two organizations. Partly due to the reallocation of duties between the Payments Association and the Dutch Banking Association (NVB), the Payments Association's workforce has fallen from around 24 FTE to around 18 FTE at the start of 2022.

Activities

The Payments Association aims for a safe, efficient, reliable and accessible payment system. It is essential that these four goals are guided by 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 by the Payments Association in 2021, please see the chapters below. The most important facts and figures about the payment system can be found on our [online factsheet](#). Furthermore, you can follow us on social media ([LinkedIn](#) and [Twitter](#)) or subscribe to the Betaaljournaal newsletter.

In addition to our regular communications, we released three episodes of payTV and six editions of the Betaaljournaal newsletter in 2021. Thus we kept our members and stakeholders informed of developments in the payment system and of our activities.

To the extent that this was possible during the COVID year 2021, we organized events, mainly as webinars. In February, we organized the [symposium Alledaags & Academisch](#) (Ordinary & Academic) to mark the retirement of Piet Mallekoote. The meeting following the general members' assembly in May was devoted to payment security. The tenth yearly conference in November was unfortunately cancelled. Instead, a members' meeting was held to mark the tenth anniversary of the Payments Association and the importance of cooperation in the future payment infrastructure. In addition to large events, we also provided several smaller webinars, both for members and other stakeholders.

The Board and management are constantly working on an effective and efficient Payments Association. We emphasize the importance of trust by our members and stakeholders. This trust is essential for the broad support we need to fulfil a central facilitating role in the Dutch payment system. In 2021, the Board of Directors reviewed an internal evaluation of the tasks and roles of the Payments Association. The main conclusion was that these tasks and roles remain relevant to the institutions that jointly shape and maintain the payment infrastructure in the Netherlands. Together with the NVB, a study was conducted to determine how the themes of fraud and cybersecurity, which are important to the sector but are not exclusively related to the payment system, can best be

addressed. As a result, it was decided to transfer cooperation with banks on these themes to the NVB. Four staff members of the Payments Association working on these topics, moved to the NVB at the end of 2021. The Payments Association's operational involvement in these topics is therefore more focused on the interests of payment institutions and electronic money institutions. For the benefit of effectiveness in the activities of the Payments Association, the relationship between the Board, advisory councils and management has been clarified and laid down in the regulations. In the coming year, supervised by the new chairperson of the Payments Association, the governance of the Association in relation to its objectives, will be further examined.

The Payments Association did not welcome any new members in the year under review up to the time of writing this Annual Report. One bank withdrew from the market and two payment institutions merged as a result of a takeover.

In conclusion

The Board looks back on the conclusion of the reporting period with satisfaction. The second lustrum of the Payments Association coincided with exceptional social circumstances. The payments infrastructure has shown itself robust and resilient in all dynamics and has thus been able to contribute to an orderly course of social life. The reshuffling of the Payments Association's roles, tasks and organization in 2021 opens up new prospects for a once again relevant contribution by the association and its members to safe, reliable, efficient and accessible payment systems in the Netherlands. The appointment, in the spring of 2022, of a new independent chairman for the Payments Association completes this transition.

The Board would like to thank the management for their pleasant and professional cooperation and all employees for the commitment they have shown in what, for many, was not an easy year in 2021.

Amsterdam, 21 April 2022

On behalf of the board,

[Gerjoke Wilmink, acting chairwoman](#)



Developments in the payment system

Payment system factsheet 2021

The [Factsheet](#) (in Dutch) can be downloaded from the website.

Developments

The past two COVID years left their mark on payments, as can be seen in the press release in which we looked back at the past year. As in the first wave, the total number of point-of-sale transactions and cash withdrawals was lower than before the pandemic, while the number of e-commerce transactions increased significantly.

Fortunately, the number of electronic payments at the counter has almost returned to pre-COVID levels. Cash payments continue to lag behind and are becoming increasingly expensive, particularly due to high fixed costs. How to keep cash available and affordable in the future is a concern of all those involved in the MOB (Societal Consultation on the Payment System). You can read more about this in the chapter on point-of-sale payments.

In general, the future-proof funding of the payment system is a challenge that has become greater due to vanished interest margins on balances, European initiatives where Dutch providers have a different starting position than in most other countries, and ever greater demands from society. In 2022, the Payments Association will provide a factual basis for further discussion.

PSD2 review

On 20 October 2021, the European Commission asked the European Banking Authority (EBA) for advice on a number of specific topics related to the application and impact of the EU Revised Payment Services Directive (PSD2). The EBA advice will be taken into account in the PSD2 review that was previously announced in the [Retail Payment Strategy](#).

Rulebook for SEPA Request-to-Pay (SRTP) in force

In June 2021, the first version of the European Payments Council's rulebook for the SEPA Request-to-Pay (SRTP) scheme entered into force. The rulebook outlines rules and standards that enable eligible SRTP service providers to join and participate in the scheme. The latest version of the rulebook, v2.0, can be retrieved online from the [EPC](#).

Digital Euro

The digital euro is envisioned as a complementary, innovative and secure digital EU payment tool alongside euro bills and coins. In early 2021, the European Commission and the ECB agreed to work together to analyze different design options for the digital euro and their regulatory implications. The Dutch central bank (DNB) is closely involved in the research that started thereafter. In addition to design options, the study looks at user requirements and how financial intermediaries can provide services based on the digital euro. The European Commission issued a statement with [further explanation](#).

Together with the NVB and its members, the Payments Association periodically consults with DNB on developments.

Revision of payment statistics

The ECB's payment statistics have been fundamentally revised by an [EU regulation](#). The change involves a substantial expansion of the reporting requirements. In particular, the new reporting requirements reflect recent developments in payment transactions, fraud data collection and cross-border card payments, broken down by individual seller and recipient country category codes. Starting January 1, 2022, beginning with the Q1 2022 and H1 2022 reporting periods, some items will be reported quarterly and most items will be reported semi-annually.

From the Payments Association's Working Group on Payment System Statistics (WBS), the impact and necessary obligations are discussed in frequent meetings with members and coordinated with DNB where necessary.

Dialogue with stakeholders

The Payments Association also reached out to stakeholders in 2021, on developments in the payment system. The Payments Association organized various stakeholder meetings on giro-based topics, card payments, the future of cash, security and accessibility.

As a continuation of consultations that previously took place within the Foundation for the Promotion of Efficient Payments (SBEB), the Payments Association held periodic meetings between point-of-sale establishments and banks. Current themes in the areas of security, reliability and efficiency were discussed. One of the joint activities was an update of the 'Cost of Point-of-Sale Payments' survey for the year 2020. The costs of point-of-sale payment transactions are regularly surveyed since the 1990s. The new survey (in Dutch) was [published](#) at the beginning of 2022.

From temporary to permanent

Consumers were reluctant to touch PoS terminals during the COVID pandemic. Therefore, the banks decided to temporarily increase the cumulative limit (from € 50 to € 100) and the transaction limit (from € 25 to € 50) for contactless payment without PIN. These raised limits contributed to an increase in the number of contactless payments. In 2021, the raised limits became permanent.

Accessibility and reachability very important in turbulent times

The increasing digitization - also in payments - has many advantages as well as a downside. The accessibility and reachability of cash for people in a vulnerable position is a recurring topic of discussion. Vulnerable groups such as seniors or people with a physical or other disability must be able to continue banking autonomously, so that they are not financially excluded. The members of the Payments Association pay a great deal of attention to good accessibility of their (digital) services.

The Accessibility and Inclusion Working Group (WTI), which was established in July 2020, made several steps forward in 2021. The most significant achievement was drafting the MOB Accessibility Action Plan, written in collaboration with the MOB's Accessibility and Reachability Working Group (WTB). This Action Plan is a compact plan for the most important courses for improvement. The core group guides the different actions and monitors the progress. These actions include better

communication about products and services of banks for people in a vulnerable position, identifying gaps between supply and demand and advising on new products and services.

In October 2021, the Payments Association also actively participated in the 'Week of Accessibility' by releasing a special episode of [betaalTV](#) (in Dutch) and an [infographic](#) (in Dutch).



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Activities | Point-of-sale-payments

As a result of the COVID crisis and its countermeasures, consumers made substantially fewer payments at points of sale in 2021 than before the pandemic. In 2021 this was slightly less than in 2020, the first COVID year (5.67 billion versus 5.81 billion). The proportion of cash payments fell from 22% in 2020 to 20% in 2021. Before the pandemic, that percentage still stood at 30% (February 2020), a drop of 10 percentage points.

In 2021, the number of debit card payments remained at about the same level as in 2020 (4.49 billion transactions), while spending via debit card payments increased slightly to EUR 123 billion (+5%). In addition to debit cards and cash, credit cards, gift cards, fuel cards, closed payment systems and payment requests (such as Tikkie) are also used at the counter. On the almost 6 billion point-of-sale transactions in 2021, the share of these other payment solutions remains modest.

Nearly 4 billion contactless payments in 2021

Virtually all payment terminals in the Netherlands accept contactless payment instruments and every cardholder can have a contactless bank card. In 2021, 3.9 billion contactless card payments were made at Dutch counters (2020: 3.6 billion), for an amount of € 89 billion. At the end of the year, 87% of all debit card payments were contactless (2020: 85%). The increase can be seen in all amount ranges, low and high amounts.

More and more payments with smartphone or wearable

Contactless and cardless payments, made with a smartphone, smartwatch or wearable, increased further in 2021. Nine out of ten card payments are made contactless, with or without a card. Almost a quarter of all contactless payments are now made without a card, mostly with smartphones. Cardless payments have thus overtaken traditional card payments by inserting a card into a terminal. The number of payments with a smartphone amounted to almost 800 million in 2021; an increase of almost 54% compared with 2020.

Money back via card refund stabilizes

When returning a purchase at the point of sale, consumers get their money back electronically, to their payment account, using card refunds (Retourpinnen). Three Dutch banks offer their business customers Retourpinnen. This is particularly popular in the non-food retail sector and in situations where deposits need to be refunded. The number of card refund transactions remained the same in 2021 as in the previous COVID year, 2020. The same applies to the average card refund amount of €45.

Our [online factsheet](#) provides many other facts and figures. At www.pin.nl there is information on monthly debit card transactions and it has a web shop where businesses can order free materials to promote debit card payments.

Cash infrastructure under pressure

It is expected that the share of cash payments will not rebound to the level before the pandemic. This will lead to proportionally high costs of cash and therefore to worries about its affordability. The cash infrastructure is under pressure. DNB initiated a study on the future of the cash infrastructure in the

first half of 2021 and asked consultancy firm McKinsey to conduct the study. The study examines the various applications of cash: cash as a backup for electronic payments, cash for cash-dependent groups and cash as a regular (public) means of payment.

A further decline in the use of cash is anticipated in the coming years. The report discusses the possibilities of improving the cash infrastructure, its costs and funding and steering developments.

After the study was completed, DNB brought together participants in the payment system to make joint agreements (a good Dutch practice) to keep cash accessible and reachable in the Netherlands for the coming five years. In order to reach a Cash Covenant, intensive talks were held in the year under review with relevant stakeholders in the point-of-sale payment system.

Fallback solutions in the event of disruptions

Although the overall availability of card rails is virtually 100%, occasional disruptions do occur, making card payments temporarily unavailable (mostly locally). To allow payments nevertheless, cash has been a limited fallback option so far. This fallback option will fade away as fewer people carry cash. This was an important topic in the aforementioned DNB survey and subsequent discussions.

As a first step, the Payments Association, in collaboration with all stakeholders, conducted research into other, digital alternatives in the event of card payment failures in 2021. The requirements in the various payment situations were leading. A palette of three alternatives could cover the Dutch situation. In random order they are:

1. An extra terminal that is connected via another (mobile) network
2. Temporary local handling of transactions (deferred card payments)
3. Mobile payments with a QR code.

In the summer of 2021 the steps needed to make these alternatives available in practice were examined. Agreements on this will be made in the Cash Covenant.

ATMs almost commonplace

Already four years ago, ABN AMRO, ING, Rabobank and Geldmaat announced their intention to work together on a joint ATM network to keep cash available, accessible, affordable and safe for consumers, retailers and other businesses in the Netherlands. The three banks decided to gradually transfer their ATMs, bill deposit machines, sealbag machines and coin deposit/withdrawal machines to Geldmaat.

In 2021, Geldmaat continued the rollout of its ATM network, although this was hampered by the COVID crisis and a disappointing supply of suitable locations for ATMs, as in 2020.

Geldmaat also introduced a number of new features in 2021. For example, consumers can withdraw five-euro bills at over 100 ATMs. Geldmaat also offers the possibility of withdrawing and depositing money without a bank card, for customers of ABN AMRO and ING. This works with a QR code for ABN AMRO and number code for ING.

Restructuring of cash deposits and orders

In addition to depositing and withdrawing through Geldmaat machines, retailers can deposit and order cash (bills and coins) through a cash handler or carrier such as Brink's. The cash handler carries out most of the operational processes and also takes care of the bookkeeping, which is reported periodically to the relevant parties. Even though banks have largely outsourced these activities to cash handlers or CIT agents, they remain responsible for these activities and are required to comply with Anti Money Laundering laws. The origin of all deposited cash must be monitored, among other things.

As specific contracts will expire on 1 July 2022, the opportunity arose for banks, Brink's and DNB to review the process of depositing and ordering cash in light of current developments. A restructuring project was initiated and in 2021 the Payments Association was asked to take on the project management.

The premise for the project is that the end users (retailers) should not be inconvenienced by the restructuring. They must be able to continue depositing and ordering from the cash handler. The restructuring does have an impact on the processing at Brink's, each bank and DNB.

Debit card rollout in public transport started

In 2016, the Payments Association, banks and credit card issuer ICS conducted a feasibility study in cooperation with public transport companies into the use of EMV contactless in public transport. A letter of intent was signed between the banks and transport companies in early 2017 and preparations for implementation were started.

In March 2021, the rollout of checking in and out with contactless payment cards started on a small scale. Transport company Arriva had the scoop in Lelystad. At the same time, public transport providers introduced a new brand and logo for the (new) methods of checking in and out, OVpay. In addition to using a debit card, these include a mobile travel app, a new version of their travel chip card and, in the future, travelling with GPS.

Trips made with a debit card on one day are aggregated and the total amount is debited from the traveler's payment account. The experiences with the pilot roll-out were used to make a few more improvements, both in technology and in communication. Then, in October, checking in and out with a payment card was introduced for a larger transport area, Gooi- and Vechtstreek. There too, the experiences of both passengers and public transport operators are positive. Passengers especially like that they no longer need a separate travel card and can simply use their debit or credit card. In 2022, traveling with a payment card will be possible with all public transport companies in the Netherlands, in buses, streetcars and trains. For now, the use will be limited to single trips at full fare. Agreements have been reached with the public transport operators on future use of payment cards for travel with discounts and subscriptions.

Arrival of Debit Mastercard and Visa Debit cards requires changes to the PoS infrastructure

Debit cards branded Maestro or V PAY that are commonly used by the Dutch are accepted by all Dutch point-of-sale retailers. However, elsewhere and increasingly in the countries around us, there are hundreds of millions of debit cards in circulation that have limited acceptance at the Dutch counter: cards branded Debit Mastercard and Visa Debit. Already in 2019 the MOB concluded that this is undesirable. As a result, foreign visitors to our country noted for its high proportion of debit card payments, have to resort to cash. Stakeholders agreed that Visa Debit and Debit Mastercard should be as widely accepted as V PAY and Maestro. With Mastercard's announcement in 2021 that Maestro cards can no longer be issued in our region as of mid-2023, this need became more pressing.

Wider acceptance of debit cards will require new propositions from acquirers and adjustments to the acquiring infrastructure. In order to steer the changes in the right direction, a project managed by the Payments Association was set up in 2021, together with card companies and acquiring banks. In addition to alignment, coordination and solving bottlenecks, another important task is [collective communication and information](#). The Payments Association provides simple texts about the changes, an infographic and an FAQ.

For businesses, Debit Card Acceptance implies a new acceptance contract and, in nine out of ten cases, a software update of the payment terminal. The other ten percent of terminals must be replaced because they are outdated. By 2021, acquiring banks started drafting propositions for Debit Mastercard and Visa Debit. Acquiring processors and terminal suppliers have planned and implemented their modifications. In the first quarter of 2022, end-to-end testing will take place to demonstrate the readiness of the card rails. Acquirer propositions will also be ready in the first quarter.

It is expected that by the end of 2022, Debit Mastercard and Visa Debit will be accepted at virtually all Dutch counters.



Activities | Online payments

Online payments are more than e-commerce

When people think of online payments, they soon think of payments at web shops (e-commerce). But many online payments are also made outside e-commerce, for example for invoices, fines and taxes (together 40% of all online payments) and for person-to-person payments (20%). Traditional e-commerce payments thus make up about 40% of all online transactions. The data in this chapter largely cover that segment.

Consumers are still buying more online in the second COVID year

As in 2020, in the Netherlands we were often unable to physically visit stores and restaurants because of COVID restrictions. This benefited essential businesses that could stay open, but certainly also web stores. Once again, many Dutchmen started buying online in 2021: the number of online buyers increased by 8% to 13.7 million. Although most payments in 2021 passed over physical counters, the shift from offline to online continued in 2021. The share of online in total purchases further increased to 13% (2020: 11%, 2019: 8%) and thus the importance of online payments. The online share of total spending also increased, from 27% in 2020 to 31% in 2021. In absolute numbers, the number of online payments rose to 373 million transactions (+13%,) with a value of €30.6 billion (+16%).

Purchases mainly from Dutch web shops

Ninety percent of Dutch online purchases are made in Dutch web shops, up from 88% in 2020. We see growth in online cross-border spending (+14%), but a decrease in the number of purchases (-5%). This is especially true for products and not for services, where the cross-border share in online purchases is actually increasing slightly (from 8.5% to 9.0%). China and the UK are notable countries with a decreasing share in cross-border purchases. For China this is due to new VAT rules that will apply to packages from web shops outside the EU as of 1 July 2021. All goods from outside the EU that are delivered directly to individuals inside the EU are now subject to VAT, regardless of the value of the shipment. VAT for non-EU goods up to €22 is no longer exempted.

Growth of products and services alternate

The growth of e-commerce is again largely due to the increased purchase of products (+13%). In the first quarter, consumers still bought a lot of products online (+43%), in the second and third quarter the products sector recorded modest growth of 5% and 8%, and in the fourth quarter there was a modest decrease of 1%.

For services, we see the opposite picture. The first quarter was still in the red (-52% in online purchases), but in the second quarter the services sector picked up as a result of relaxed travel restrictions. In the fourth quarter, services recorded a combined increase of 63% in online purchases. This does not mean that the services sector is back to its pre-pandemic level: in 2021, online spending on services was €7.8 billion versus €10.8 billion in 2019.

Leading online payment method gained market share again

Consumers mostly pay online with iDEAL, by far. The market share of iDEAL in e-commerce grew to 70% in 2021 (2020: 69%, 2019: 60%).

In addition to iDEAL, online payments are made with credit cards, post-payment methods and PayPal, among others. The charts show that there was a slight shift in the market shares of the various payment methods between 2020 and 2021. Apple Pay doubled from a 0.2% share in 2020 to a 0.4% share in 2021.

Smartphone payments continue to grow in online purchases

The importance of smartphone payments is increasing again this year. Almost a third of all purchases (29%) were made with a smartphone. In 2020, this was still 25%. This increases the smartphone share in both online purchases and online spending compared to 2020, at the expense of purchases via desktops and laptops, although the laptop is still the most used device.

The smartphone is fast becoming the most important device for online purchases. For online retailers, it is therefore of great importance that their web shops are mobile friendly.

B2B e-commerce more relevant than ever in 2021

The B2B E-commerce Market Monitor 2021 shows that online purchasing is also on the rise for businesses. Because of COVID, personal visits and advice were not possible, stores and showrooms were closed, people could not attend trade fairs, they traveled less and there were fewer people in the office. People had to rely primarily on web shops and procurement portals. The number of business customers increased as a result: in 2021, no less than 91% of business customers made one or more purchases online and three out of ten purchased more online than in the previous year. As a result, the number of online orders grew by 50%.

As in 2020, simple products such as office supplies, computers, and peripherals were frequently purchased online, but in 2021 more than half of business buyers also ordered relatively expensive and complex goods exclusively online. Almost half of business buyers usually settle via iDEAL (45%), a third via invoice and 8% via credit card.

The availability of payment methods still leaves much to be desired in the eyes of business buyers, according to research by Currence. For a fifth of them, the most commonly proposed payment method is not their preferred method. For example, they order some purchases from B2C web stores and would like to pay by invoice, which is generally not possible. On the other hand, there are also business customers who currently mainly pay by invoice at B2B web shops, but would prefer to pay with alternatives that are not accepted, such as iDEAL and credit card.

Migration project for strong customer authentication (SCA) of online card payments completed

Since September 14, 2019, SCA is required for initiating online card payments. This is prescribed by the European Banking Authority (EBA) with the Regulatory Technical Standards (RTS) on strong customer authentication, in line with PSD2. Although this has been common practice in the Netherlands for iDEAL and debit card payments for many years, this did not yet apply to online credit card payments. In recent years, the Payments Association has conducted a project to further implement SCA. The implementation was completed without significant problems for end users.

As of March 31, 2021, any transaction that does not comply with the regulations will be rejected and the Netherlands will be fully equipped for SCA.

Some changes in this area are still to be expected in the coming years. For example, some foreign web shops or websites outside the European Economic Area (EEA) are not yet ready for SCA because SCA is not enforced in their home country. Dutch credit card issuers (banks and ICS) will usually reject online card payments without SCA from such web shops outside the EEA. This is inconvenient for their customer inside the EEA; a Dutch cardholder then has to choose another online payment method or postpone the transaction until the merchant does support SCA.

In some cases two-factor authentication is enforced when there are smarter and easier options. For this purpose, exceptions to the SCA rules can be used that will be offered by each card issuer at its own pace in the near future.

A smooth handling of SCA will certainly become important when online payments will be made with [new debit cards](#) that will be issued in the Netherlands in the coming years.



Activities | Giro-based payments

Nine million giro payments per day

A great deal of turnover takes place in giro-based payments. These payments are processed reliably, quickly and securely. Figures from DNB on retail payment transactions show that almost 3.8 billion giro-based payments are processed annually. These are mainly credit transfers and direct debits. A major part, about 2 billion non-cash payments, consists of batch payments delivered by businesses, for salary payments, benefits and allowances, amongst others. These batch payments are all processed electronically. Single transfers (about 1 billion) are mostly done by consumers. Submitting and processing these transfers is done almost entirely electronically as well, although it is still possible to submit paper orders.

Instant Payments in the Netherlands already the new normal

Following the introduction of Instant Payments in 2019, almost all single payments submitted online or with smartphones are now handled as Instant Payments. All these payments are immediately processed and credited to the payee's payment account. The Netherlands thus remains the leader within Europe in the processing of Instant Payments. In 2021, another 400 million interbank Instant Payment transactions were processed; in January 2022, the total cumulative number of Instant Payments processed in the Netherlands exceeded 1 billion. This number, by the way, is in addition to some 600 million immediate payments between account holders at the same bank; these have been handled instantaneously for many years.

In the Netherlands, Instant Payments are processed within five seconds, from payer to beneficiary. The maximum processing time is shorter than the European standard, which allows for ten seconds. In practice, this time limit is easily met. There were almost no rejections between the Dutch banks in 2021 as a result of exceeding the time limit.

There is no collective maximum amount per payment between Dutch banks. Banks themselves set a limit for the amount per payment by their account holders. The European standard allows for a maximum of €100,000. This contributed to the broader use of Instant Payments in the Netherlands. Dutch consumers and businesses have quickly become accustomed to the 'new normal'. This has put an end to closures on public holidays and in weekends Payments are processed immediately every day and night (24/7/365). Meanwhile, people expect that instant giro payments can always be made, such as for home deliveries. Instant Payments are in some cases already an alternative to mobile card payment devices, initiated by scanning a QR code.

In the Netherlands, Instant Payments are widely available and for general use. Adoption in other countries still varies. Some countries have a broad reach for incoming instant payments, but do not (yet) support outgoing instant payments. In other countries, the reach for Instant Payments varies per bank, with or without outgoing payments. In those cases, Instant Payments are often positioned as a premium payment product with a specific, higher fee.

Cross-border Instant Payments within Europe were not yet widely possible, even in 2021. In the summer of 2020, the European Central Bank (ECB) therefore took steps to further promote the adoption and reachability of Instant Payments in Europe. All banks supporting Instant Payments will

need to be mutually and fully reachable by early 2022. The ECB's Target Instant Payments Settlement system (TIPS) will provide that function. TIPS enables full SEPA reachability, in addition the IP infrastructures that serve closed groups of banks (for Dutch payment service providers, these are Worldline and EBA Clearing). The year 2022 will show how this improved cross-border reachability will contribute to further growth of Instant Payments. In the meantime, the European Commission is considering regulation, to promote IP becoming the 'new normal' everywhere.

The use of the Instant Payments's infrastructure in the Netherlands increased in 2021 mainly due to autonomous growth of the online and mobile channels. To a limited extent the increase was accelerated by the processing of relatively smaller payments offered in batches. This is expected to expand further, in stages, with banks deciding for themselves what they will offer their business customers, at their own pace.

The Payments Association expects market parties 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), may also provide a stimulus in the use of the Instant Payments infrastructure.

Bank switching service further improved

Customers must be able to switch easily to another bank. That is why the Overstapservice was launched in the Netherlands back in 2004, to easily transfer a customer's payments from the old to the new bank. For thirteen months, this service forwards credit transfers and direct debits from the old payment account to the account at the new bank. Also, companies that collect with direct debits are automatically informed of the changed payment account, so that they can adjust their systems and then collect directly from the new payment account.

The Payments Association continuously evaluates the Overstapservice and makes improvements together with members. By 2021, the following improvements will have been initiated or completed:

- Payers who still use an old account number through online banking will receive an immediate notification about the new account number. The payer can then simply add the new account number to his electronic address book and use it from that moment onwards. This new functionality is called BIBI: Betaler Informeren Bij Initiatie (Inform Payer at Initiation).
- By the fall of 2021, most banks will have implemented the BIBI functionality for batch payments as well. The final banks are expected to follow in the spring of 2022. A collective campaign will make payers and payees aware of this functionality and how they can act on this information. This will complement the information provided by the banks themselves.
- All banks have now digitized the application for the bank switching service. When opening a new payment account (digitally), consumers can quickly and easily apply digitally for the switching service.
- The banks have individually implemented further improvements in their onboarding procedures. They now bring the switching service to the attention of new customers applying for a payment account.
- Back-office systems have been modified, making the processing of switching service applications faster and more efficient.

- Finally, the look and feel of the website www.overstapservice.nl has been renewed and refreshed.

In 2021, 42,000 consumers and businesses used the Overstapservice. This follows the downward trend of recent years, which suggests a high level of customer satisfaction with the payment services of banks.

With a rating of 7.8, customers are very satisfied with the use of the switching service. The last survey on usage and customer satisfaction dates from 2016. Because the Overstapservice has improved even further with the developments mentioned above, the Payments Association will conduct a new survey in 2022.

Paper Acceptgiro phased out

The processing of paper Acceptgiro forms mailed to banks dropped by over 31% compared to 2020, to 4.4 million paper forms. That is slightly less than one paper Acceptgiro form per two households per year. The use of Acceptgiro already declined structurally and sharply in the years prior to 2021.

On November 1, 2021, the product owner of Acceptgiro (which is Currence) announced that it will discontinue the payment method, effective June 1, 2023; it was introduced in 1977 as a punch card and later replaced by an optically readable form. Over the next 18 months, the Payments Association, banks and other financial service providers will provide intensive support to the remaining dispatchers of Acceptgiro forms, to help them switch to other, more user-friendly and more effective alternatives.

Procedure for requesting information in case of fraudulent payment transactions

At the request of Parliament, the interbank procedure for requesting name and address details of beneficiaries in the event of non-banking fraud was introduced on 4 January 2021. This makes it possible for a victim of fraud to request the name, address and place of residence (the "NAW") of the fraudster from his bank.

The procedure is initiated by the victim's bank, after a statement filed with the police against the beneficiary of the transfer has been shown to the bank. The bank then contacts the beneficiary with a request to repay the full amount. If this payment is not made, the name and address of the beneficiary can be issued to the victim. The victim can then file civil proceedings against the (alleged) fraudster.

Although the bank fulfil their duty of caring for victims, it seemed to become challenging for victims after they received the personal details of an (alleged) fraudster. In consultation with civil-law representatives, the Payments Association publishes information on its website about the [next steps](#) (in Dutch) after receiving the information requested.



Activities | Stability of the payment system

Hardly any more failures in the point-of-sale payment chain

Availability of the card payment rails was also high in 2021, at 99.89%. Measures taken by banks, partly prompted by legislation, and by retailers have contributed to this in recent years.

The number of national malfunctions has declined significantly, from thirteen malfunctions in 2011 to just one in 2021. In this disruption, which lasted twenty minutes, a transaction processor had problems with transactions that were delivered via the public internet. This failure had a limited impact, although every failure, however small, is one too many. Small and medium-sized enterprises (SMEs) in particular were affected. The Payments Association publishes the availability of the [card payment infrastructure](#) (in Dutch) on its website.

High availability of internet and mobile banking

The availability of internet and mobile banking in 2021 was similar to that of 2020. A major source of problems remains DDoS attacks on banking public internet channels. Specifically against DDoS, countermeasures were taken by the banks in 2020, both collectively and individually. Individually, the banks have all entered into contracts with external DDoS mitigation service providers that allow DDoS attacks to be intercepted quickly. Collectively, the banks and the Payments Association have made agreements with the telecom sector, government agencies and other parties in the so-called Anti-DDoS Coalition. In this public-private partnership among 17 partners, agreements have been made about sharing knowledge and experience. Although DDoS attacks remain a serious threat to banking services, the countermeasures proved effective in 2021. There were fewer major disruptions caused by DDoS attacks and they were shorter lived.

The Betaalvereniging publishes [availability figures](#) of banks on its website, for internet and mobile banking. The seven participating banks provide monthly information on the availability of their internet and mobile banking systems.

For some years now, the Payments Association has also published real-time information about the [availability of internet and mobile banking](#) on a dashboard. This allows users to quickly check whether there is a national problem or whether they should look for the problem closer to home, such as a faulty modem or bad WiFi signal.



Activities | Security of payment transactions

Cooperation and sharing of information

Security is essential for a properly functioning electronic payment system. The sector continually invests in measures to guarantee security. In 2021, the Payments Association and its members again worked closely together to gain maximum benefit from each other's knowledge and experience in the field of fraud prevention and security. This cooperation also extends to cyber security companies, other vital sectors, various government agencies and universities. Amongst others, knowledge and information is shared on incidents, vulnerabilities, risks, threats, fraud mitigation, modi operandi, fraud trends and best practices. Such a public-private national partnership is an important building block for security policy in the Netherlands and it is unique in Europe.

PI-ISAC

In 2020, the Payments Association set up a consultation platform for payment institutions, the PI-ISAC (Payment Institutions - Information Sharing & Analysis Centre). The government is also represented in this through the DTC (Digital Trust Centre) and the national police. The aim of this partnership is to control fraud and cybercrime in the payment system. In doing so, the participants aim to increase the resilience of the entire payments sector.

In 2021, as indicated in the previous chapter, the financial sector had to deal with many DDoS attacks. Payment institutions also had to deal with these. Within the PI-ISAC, attention was paid to these DDoS attacks and knowledge and experiences were shared. This clearly increased the collective and individual resilience of the participants.

Quantum computers

The current standards for cryptographic security are no longer safe for quantum computers in the longer term. Secure and reliable electronic payments are heavily dependent on these standards, so this is a considerable challenge. Developments in this field are rapid, and great strides are being made to achieve a full-fledged quantum computer. The Payments Association organized meetings with experts from academia, government and financial institutions in 2021, evaluating the opportunities and threats posed by the quantum computer. Financial institutions can adjust their policies based on this to be prepared for the era of the quantum computer.

Damage from scams further 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 safe and reliable online services. This prompted the Board of the Payments Association to declare effective fraud prevention a priority in 2021.

Despite an increase in communication activities to alert the public and more intensive cooperation with members and other organizations (such as the telecom sector, Facebook and NVB), total fraud in the customer environment unfortunately increased significantly in 2021.

Transitional period to new fraud reporting

Since July 1, 2019, payment service providers are required by European legislation (PSD2) to provide at least annual fraud data relating to the payment services they provide to DNB. This data provision differs from the way in which members have provided fraud data on a voluntary basis until

now. As a result, the Payments Association has not had access to all fraud figures since 2020. The three most important categories of fraud in the banking environment can still be reported in 2021: phishing, stolen/lost payment cards and Card-Not-Present fraud (CNP, online fraud involving credit cards). In addition, damage figures have been collected from bank heist fraud.

Especially the fraud damage resulting from bank helpline scams rose sharply, while the extent of the damage from the three above-mentioned categories of fraud in the banking environment showed a decline. On the other hand, the damage as a result of stolen/lost payment cards (€ 1.9 million) and CNP fraud (€ 2.2 million) fell very sharply, both relatively and absolutely.

Social engineering

Criminals therefore continue to look for the weakest links in the payment chain. In many cases this is the consumer, although in a sense they can also be the strongest link if they do not allow themselves to be misled by criminals.

Using social engineering, criminals know how to deceive consumers and in doing so they cause a great deal of damage. The fraudsters respond directly to developments in society and the payment system that are in the news. They do not hesitate to abuse the COVID crisis: "we need your data for the COVID vaccination" or "we will quarantine your money".

Phishing still on the radar

In 2021, criminals continued to make unabated use of text messages, payment requests, emails, social media (Instagram, Facebook, WhatsApp) and online trading platforms. This led to a lot of phishing fraud in particular, although less than in 2020. Phishing damages decreased by over 15% in 2021 compared to 2020. The total damage amounted to €10.8 million (2020: €12.8 million). Despite this decrease, the damage caused by phishing remains relatively high. In order to limit the damage caused by phishing, actions have been initiated that must be further developed in the coming period. For example, they will examine whether correlations can be made with the data on fake emails from banks and other organizations in order to identify criminal infrastructures. Efforts are also being made to use secure e-mail standards and safe browsing in collaboration with browser suppliers. Furthermore, cooperation is sought with parties such as PostNL, the Tax and Customs Administration and energy companies, since they are often abused in phishing and smishing campaigns.

Damage from CNP fraud and stolen/lost payment cards decreased

Although the e-commerce market grew strongly, remote card payment fraud (Card-Not-Present or CNP fraud) damages decreased by 43% to €2.2 million in 2021, compared to 2020. It is clear that the mandatory double security of online credit card payments has had a positive effect on CNP fraud.

Damage from stolen/lost payment cards also decreased significantly. The damage in 2021 decreased by 67% to 1.9 million (2020: € 5.8 million). There are various reasons for this. Firstly, because of the COVID pandemic, fewer physical payments took place, which meant there was less opportunity for fraud. In addition, due to the higher limits for contactless card payments without a PIN and the increasing popularity of paying with a smartphone, there was less chance of shouldering.

Bank helpdesk scam

The previous section dealt with so-called fraud in the banking environment, where the damage is in principle compensated by the bank. But fraud as a result of deception and fraud for which the bank is not liable also leads to great financial and emotional damage among consumers. Political and media attention for this has increased since 2020. This is not without reason: tens of millions of euros' worth of damage as a result of non-banking fraud was reported to the Fraud Helpdesk. The media paid a lot of attention to harrowing cases where consumers lost large amounts of money after being swindled.

An important form of fraud is the so-called bank helpdesk scam, in which the criminal pretends to be an employee of a bank and asks for money to be "safeguarded" in a special account. Despite all the media attention and warnings via social media, on TV, in advertisements for the elderly and in door-to-door magazines, among others, the damage caused by this form of scam has increased sharply, especially among the elderly. For example, in the last six months of 2021, an average of nearly 1,000 cases of bank scams per month were reported to banks, compared to about 300 per month in 2020. The average damage per victim easily amounted to 5,500 euros.

The total damage as a result of bank helpdesk scams increased by a staggering 78% to 47.6 million euros in 2021. Banks compensated customers for the vast majority (92%) of this damage. Banks are trying to protect their customers against these types of scams with fraud monitoring and the IBAN Name Check, among other things. If the customer himself makes and authorizes payments to a fraudster, the bank is not liable. However, the bank may compensate (part of) the loss as a gesture of goodwill. This takes into account all the circumstances that led to the fraudulent transaction.

Severance package

At the request of the Minister of Finance, the Dutch Banking Association has clarified the banks' leniency policies. At the end of last year, the four major banks decided to compensate many private customers who had fallen victim to bank helpdesk scams (telephone spoofing) as a gesture of goodwill. The reason was that this form of fraud exploits customers' trust in their bank, especially when the real telephone number of the bank is spoofed. The collective indemnity scheme does not apply to other forms of fraud in which customers themselves approve transactions. The starting point remains that customers are themselves responsible and there are now assessment criteria for banks to determine the extent to which they compensate the damages. This so-called leniency framework was published by the NVB in 2021.

Information and other measures

Because the damage is increasing and fraudsters are constantly changing their approach, the banks held a collective information campaign last year, mostly aimed at the elderly. Banks have also frequently warned their customers with warnings via internet banking and mobile banking. In addition, the damage in many incidents has been limited by adjustments in fraud monitoring, based on patterns that emerged in bank helpdesk scams.

Furthermore, as of January 4, 2021, Dutch banks support a procedure for requesting information in case of fraudulent payment transactions (PNBF). Banks can give victims of non-banking fraud the

name and address of the (alleged) fraudster. However, banks only do this if a victim meets certain conditions.

Friend-in-trouble scams

In addition to bank helpdesk scams, friend-in-trouble scams via chat apps (WhatsApp scams) caused a lot of damage and personal suffering in 2021. In 2021, this scam amounted to damages of 17.9 million euros. In this scam, a scammer pretends to be a close friend via email, text message or chat apps, asking for financial help. Scammers have struck especially since consumers have been staying in touch with friends and family much more intensively via social media as a result of COVID restrictions. Since April 2021, victims have been able to report these scams online to the police.

The members of the Payments Association, the police and the Fraude Helpdesk have been working together since June 2020 to combat friend-in-trouble scams. Banks and payment institutions hunt for suspicious transactions and bank accounts. They also warn their customers via www.veiligbankieren.nl, mobile banking and internet banking. The police tackle this form of fraud through prevention and detection.

Furthermore, the Payments Association, together with the banks, entered into discussions with Facebook (owner of WhatsApp), on how they can contribute to the prevention of these scams. Ideas were exchanged on risk mitigation measures and a joint communication. For example, it is now possible for consumers to easily report suspicious phone numbers in WhatsApp. With the telecom sector, it is being explored how a consumer can verify that they are talking to a real bank employee. Some banks have lowered the default transfer limit or are advising customers to look into this themselves. Under the leadership of the NVB, an integrated approach to fraud with organizations such as the police and public prosecutors is being provided.

In consultation with their members, the Payments Association and the NVB have decided to combine their tasks in the area of security. This will enable a more effective fight against fraud. In concrete terms, this means that as of January 1, 2022, all tasks will be placed under unambiguous management of the NVB. An exception is the PI-ISAC described above; the Payments Association will continue to support this forum on behalf of non-banking payment institutions. The Safe Banking programme will also be transferred from the Payments Association to the NVB. In preparation for this, the Payments Association conducted a survey in 2021 among consumers who have been victims of bank fraud and issued a pitch for a new information campaign.



Attachments

Board and management

The three independent board members are:

- Lex Hoogduin (1956), Chairman (resigned November 2021), Professor at the University of Groningen. The Chair has been vacant since November 2021, and is expected to be filled in May 2022 - Adapted text
- Guus Slik (1958), former Managing Director Superunie
- Gerjoke Wilmink (1960), acting Chairwoman since November 2021, Managing Director Alzheimer Nederland

On behalf of the members, the board includes:

- Anne Marie Magis (1965), Head of the Strategy Execution Office ABN AMRO
- Alexander Baas (1966), Treasurer, Director of Clients, Payments and Savings at de Volksbank, on behalf of medium-sized banks
- Enny van de Velden (1961), CCO CCV / Chairwoman of the Board of Directors CCV Group, on behalf of the payment institutions
- Michiel Kwaaitaal (1974), Director of Payments and Consumer Loans, Rabobank
- Daniël Köhler (1980), Director Retail Banking, Triodos Bank Netherlands
- Effective May 2021: Narjiss Aydoun, (1983), Head of Payments and Cards, ING
- De Nederlandsche Bank (DNB) and the Dutch Banking Association (NVB) attend the Board meetings of the Payments Association as observers.

Management

- Gijs Boudewijn (1958), Director ad interim

As of February 28, 2021, Piet Mallekoote stepped down as Director of the Payments Association as he reached the retirement age. Gijs Boudewijn succeeded him ad interim effective March 1, 2021.

Governance

The Payments Association is a small and efficient organization, focused on unburdening its members. It has opted for an association structure. All providers of payment services in the end market can become members of the association. The association has several bodies:

General Members' Assembly (ALV)

Payment service providers on the supply side of the Dutch market that focus on business or private end users can become members of the Payments Association. They finance the association and are allowed to participate in the general members' assembly. The assembly is primarily responsible for determining strategy and approving the annual report.

Board

The Board decides on major issues, sets policy frameworks and advises management. The main tasks of the Board include determining the strategy, setting policy frameworks, appointing and

dismissing management, approving the annual planning and budget and monitoring the quality of implementation.

Management

The Board appoints the general manager (management) who is responsible for the executive organization. The management's tasks include formulating policy proposals, carrying out daily business activities, deciding on the admission of new members, certification policy and supervising the enforcement of rules.

Advisory Board

The Advisory Councils advise the Board - solicited and unsolicited - on the policy and activities of the Payments Association. There is an Advisory Council for credit institutions and an Advisory Council for payment institutions and electronic money institutions.

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Working groups

Policy preparation takes place at the tactical and operational level in working groups, in collaboration with supply-side specialists. The working groups can provide the management with solicited and unsolicited advice. The main working groups are the Giro, Cards, Cash, Accessibility & Inclusion, Payment Statistics, Security and Legal Affairs working groups.

Board of Appeal

An independent board of appeal makes it possible to defend decisions on admission and certification if the parties cannot reach an agreement with the management, the board of directors and finally with the board's appeals committee.

List of members

The following payment service providers are members of the Payments Association (1 February 2022)

- ABN AMRO
- Acapture (Payvision)
- Achmea Bank
- Aegon Bank (incl. Knab)
- American Express
- Amsterdam Trade Bank
- Avangate - 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
- CACEIS Bank Netherlands Branch
- CCV
- 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
- Industrial Bank of China
- ING
- InsingerGilissen, a Quintet Privat Bank
- J.P. Morgan
- KBC Bank
- LeasePlan Bank
- Lloyds Bank
- MUFG Bank
- Nationale Nederlanden Bank
- Nederlandse Waterschapsbank
- NIBC Bank
- Online Betaalplatform
- Rabobank
- Société Générale Bank Nederland
- Svenska Handelsbanken AB
- Triodos Bank
- Uber Payments
- Van Lanschot Kempen
- Volkswagenbank Bank
- Worldline
- WorldPay