



Contents

Background	5
Developments in the retail payments market	6
International context	6
National context	7
National Strategy for Retail Payments 2022 Horizon	8
National Strategy for Retail Payments 2025	10
Strand I – Outreach and transparency	11
Strand II – Innovation and efficiency	12
Strand III – Security and usability	13
Strand IV – Resilience and sustainability	14



Background

Increasing digitalisation and rapid technological development are responsible for considerable progress in all economic sectors. These advances have significantly improved the living conditions of societies and are expected to continue to do so in the future.

This development is very evident in the payments ecosystem in particular. Examples of this are the increasing use of remote channels over face-to-face interaction at bank branches, and the growing use of electronic payment methods rather than paper-based instruments. The set of payment service providers (PSPs) itself no longer consists exclusively of banks; internet shopping has become part of the everyday life of citizens and businesses; and the use of contactless payment technology has become entrenched in payment habits.

Due to the emergence of new actors and payment solutions, the evolution of systems and infrastructures, and above all the increased demand of users (individuals and businesses), the payments ecosystem is expected to continue to evolve in the coming years.

Within this environment, regulators should continue to play an active role in the functioning of the payments market by engaging with its stakeholders and encouraging innovative projects, promoting a secure and procedurally efficient climate and ensuring understanding and compliance with applicable standards and requirements, while fostering development of and competition within the sector.

In order to achieve these objectives, in recent years the Banco de Portugal has promoted the work of the [Payment Systems Forum](#), an advisory structure that seeks to meet the challenges of the retail payments market through cooperation between the various participants, namely by formulating common strategic positions and priorities for action in the future, as well as concrete measures for their implementation. Indeed, one of the strategic priorities included in the Banco de Portugal's [Strategic Plan 21-25](#) is promoting the accessibility of the general public to different payment solutions, thereby making the retail payments market in Portugal safer, more efficient and more innovative.

In particular, the entities participating in the Payment Systems Forum – the main national stakeholders involved in the supply and demand of payment services, including representatives of the general government – have developed the *National Strategy for Retail Payments 2025* (the 2025 Strategy). Through its publication, they renew their commitment to meeting the needs of the Portuguese community, following the successful implementation of its predecessor, the [National Strategy for Retail Payments | Horizon 2022 \(2022 Strategy\)](#) (in Portuguese only).

Developments in the retail payments market

A dynamic, innovative, secure and efficient payments market capable of meeting user needs requires a clear identification of the goals and measures to be implemented.

International context

As a member of the European Union (EU) and the Single Euro Payments Area (SEPA), it is incumbent upon Portugal to promote deeper integration of European payment systems and the adoption of joint and harmonised solutions. This will reduce fragmentation between national solutions and increase the range of options available to citizens and businesses.

In this respect, the 2025 Strategy cannot be dissociated from similar initiatives developed by institutions similar to the Payment Systems Forum or from the measures proposed by the European Commission and the Eurosystem in their strategies.

The [Retail Payments Strategy for the EU](#), presented by the European Commission on 24 September 2020, is organised into four closely interlinked pillars: increasingly digital and instant payment solutions with pan-European reach; innovative and competitive retail payments markets; efficient and interoperable retail payment systems and other support infrastructures; and efficient international payments (including remittances).

The [Eurosystem's retail payments strategy](#), published by the European Central Bank (ECB) on 14 May 2021, highlights the widespread availability of instant payments, while strengthening the role of innovation and digitalisation in the European payments ecosystem. In addition, it refers to solutions that have a pan-European reach and acceptance (and global acceptance in the long run), user convenience and low cost, safety and efficiency, and European governance and brand. It also raises concerns about the environmental sustainability of payment transactions and infrastructures.

National retail payments strategies pursued by institutions similar to the Forum include:

- the De Nederlandsche Bank's [DNB Payments Strategy 2022-2025](#), based on three priorities: maintaining a robust and secure payments infrastructure; ensuring access to payments; and strengthening the European and global payments by actively supporting initiatives aimed at harmonising payment solutions and the respective regulatory framework;
- the [National Strategy for Cashless Payment Instruments 2019-2024](#), the second strategy published by France's Comité National des Paiements Scripturaux (CNPS), which complements its predecessor and focuses on: (i) promoting secure electronic payments; (ii) supporting innovation with security and vice-versa; and (iii) contributing to the European goal of deepening SEPA;
- the [Programme for Non-Cash Payments Development in Poland for the years 2014-2020](#), updated in 2015, published by Narodowy Bank Polski and the Polish Bank



Association, subsequently with the cooperation of the Polish Ministry of Finance, which, inter alia, aims to promote electronic payment methods, encouraging the adoption of innovative payment solutions;

- the work of Spain's [Comité Nacional de Pagos](#) and Italy's [Comitato Pagamenti Italia](#), which, although not supported by strategic documents, provide relevant information.

National context

Despite the still considerable share of cash in retail payments at physical points of sale (POS) – making it urgent to preserve its widespread access and acceptance so as not to exclude some segments of the population – the use of electronic payment methods has steadily increased over the years (as concluded in the Banco de Portugal's [Report on Payment Systems](#) for 2022). Since 2013, the growth trend in electronic payments processed through the [Interbank Clearing System \(SICOI\)](#) was only interrupted in 2020, as a result of the COVID-19 pandemic. In 2022, continuing the trend seen in 2021, electronic payments processed through SICOI reached record highs both in volume and value (3.7 billion transactions, totalling €655.5 billion).

In 2022 payments using electronic payment instruments (cards, direct debits, credit transfers and instant credit transfers) accounted for 99.7% of non-cash retail payments. The remainder was related to paper-based payment instruments (cheques and bills of exchange), which are clearly on a downward trend.

All electronic payment instruments increased from 2021 both in volume and value: card-based transactions rose by 23% in volume and 22% in value; direct debits increased by 6% in volume and 16% in value; credit transfers grew by 9% in volume and 15% in value; and instant credit transfers increased the most, by 34% in volume and 54% in value.

Card-based payments accounted for 88% of the volume of transactions processed in SICOI in 2022 and both direct debits and credit transfers accounted for 5.7% of these transactions. Despite positive developments, instant credit transfers represented only 0.3% of total transactions in the system.

Within the context of electronic payments, in 2022 use of contactless technology at POS terminals in Portugal using domestic and foreign payment cards increased by 58.6% in volume and 65.7% in value and online purchases with domestic payment cards grew by 28.4% in volume and 32.2% in value. The share of contactless purchases in total card purchases amounted to 48.8% in 2022 (7.8% before the pandemic).

For paper-based payment instruments, the share of cheques was only 0.3% of the volume of transactions processed in SICOI (although accounting for 9.7% in value) and bills of exchange represented 0.001% of the amount of transactions processed (0.1% in value).

National Strategy for Retail Payments | 2022

Horizon

The first National Strategy for Retail Payments was published on 9 November 2020 and served as the basis for several projects developed in the payments market over the three-year period 2020-22.

All 42 initiatives of this strategy were completed under its four pillars:

Pillar I Promote a better-informed society;

Pillar II Enhance the benefits of digital transformation;

Pillar III Contribute to a regulatory framework that fosters innovation and efficiency;

Pillar IV Encourage the adoption of more secure payment solutions.

Under **Pillar I of the Strategy – Promote a better-informed society**, information materials were designed for payment service users. In order to provide more information on the use of contactless technology, a decoder and a video were disseminated, a campaign was launched on the Bank's social media and a FAQ page was created on the Bank's website. With a view to improving the knowledge of payments by economic agents, a video entitled "O Euro digital e os criptoativos. Que diferenças?" (The digital Euro and crypto-assets. What is the difference?) and a podcast entitled "Como o BdP garante que os pagamentos funcionam" (How the BdP makes sure payments work) were also published. These materials complemented other content on strong customer authentication and direct debits (a decoder, a brochure, a podcast and a social media campaign). For businesses, a direct debit guide and a list of payment service providers offering SEPA business-to-business direct debits through SICOI were published.

Under **Pillar II — Enhance the benefits of digital transformation**, the initiatives carried out sought to increase the number of payment cards and POS terminals with embedded contactless technology and, in particular, to enhance the use of this payment method for low-value transactions (e.g. in the public transport sector), with clear benefits for users and merchants due to its simplicity, convenience and speed. As regards the promotion of instant credit transfers, the Banco de Portugal encouraged PSPs to allow their customers to conduct transactions of up to €100,000 via non-face-to-face channels, albeit occasionally and with appropriate risk mitigation mechanisms. The Bank also studied the feasibility of providing a feature within SICOI that would enable credit and instant credit transfers to be initiated by providing the payee's mobile telephone number, which would contribute to greater convenience and security when carrying out transactions, as it does not require the manual entry of an IBAN.

Under **Pillar III — Contribute to a regulatory framework that fosters innovation and efficiency**, an international benchmarking exercise was conducted on the legal requirement of mandatory acceptance by merchants of at least one electronic payment instrument together with cash. Case studies from the Netherlands, Greece, Spain, Slovakia, Cyprus and Belgium were analysed. Examples were identified of a ban on cash payments of a value equal to or greater than a certain amount; an incentive for taxpayers who pay by electronic means; an obligation to accept card-based payment methods for business categories carrying out particular economic activities; and a requirement to accept at least one



electronic payment method. Work on the implementation of this measure will continue in liaison with the legislator. Consideration was also given to the possibility of reviewing the legal protection afforded to cheques with a view to removing the obligation to pay cheques of €150 or less, bringing the legal framework of this instrument in line with most European countries.

Finally, under **Pillar IV – Encourage the adoption of more secure payment solutions**, the Forum continued to monitor the implementation of strong customer authentication solutions in e-commerce and to promote their adaptation, in order to provide greater usability and convenience to users, including through the adoption of biometric features. Cooperation with the Administrative Modernization Agency has raised awareness among PSPs of the benefits of using the *Chave Móvel Digital* (mobile digital key) in onboarding, signature and account access operations.

National Strategy for Retail Payments 2025

With the 2025 Strategy, the Forum aims to build on the previous Strategy, concluded in 2022, while continuing to develop and modernise the Portuguese retail payments market.

In particular, this new Strategy aims to contribute to: (I) greater outreach and transparency towards payment service users; (II) encouraging innovation and efficiency in line with technological developments and new consumer demands; (III) enhancing the security and usability of payment solutions by individuals and businesses; and (iv) ensuring the resilience and sustainability of payment services and systems.

These objectives correspond to the four strands of the 2025 Strategy:



For each strand, the 2025 Strategy lists lines of action to be pursued in a cooperative and coordinated manner by the entities participating in the Forum.

However, the Strategy is not limited to defining the strands and lines of action under consideration and can be enriched by new proposals over its implementation horizon. Market players are also encouraged – both individually or in partnership – to reflect, suggest and implement other lines of action that contribute to the strands presented.

It is also crucial to continue to disclose information materials produced under the Forum via the communication channels of the participating entities, including the general government, to allow for wider dissemination.



Strand I – Outreach and transparency

With a **view to enhancing outreach and transparency towards payment service users** and increasing their knowledge of and confidence in the solutions offered, the following lines of action are proposed:

Lines of action

-
- LA 1** Hold information sessions and briefings for consumers, businesses, general government bodies and PSPs on payment-related topics
-
- LA 2** Develop information content on the use of instant credit transfers
-
- LA 3** Develop information content on the digital euro project in line with the content and schedule of the Eurosystem's communication strategy
-
- LA 4** Monitor and share relevant developments on the issuance and use of crypto-assets in the context of payments (e.g. under [MiCA](#))
-
- LA 5** Promote information campaigns on trends and types of fraud and scams and related mitigation measures
-
- LA 6** Prepare the study on the social costs of retail payment instruments
-
- LA 7** Implement the Euro Retail Payments Board (ERPB) recommendations on [transparency for retail payment end-users](#)
-
- LA 8** Issue recommendations to remove obstacles to the use of electronic payment instruments by persons with disabilities
-
- LA 9** Conduct a comparative analysis of the use of payment instruments in e-commerce and face-to-face business
-

Strand II — Innovation and efficiency

With a view to encouraging innovation and efficiency in line with technological developments and new consumer demands, the following lines of action are proposed:

Lines of action

-
- LA 10** Encourage greater use of instant credit transfers in line with European initiatives
-
- LA 11** Implement a proxy look-up solution within SICOI
-
- LA 12** Implement a request-to-pay (RTP) solution for (credit and instant credit) transfers in the national community in line with European requirements
-
- LA 13** Boost tap-to-phone and similar payment solutions
-
- LA 14** Extend the range of electronic solutions available for payments by domestic and foreign citizens and businesses to the State, ensuring the widespread accessibility of such solutions
-
- LA 15** Consider a legislative amendment imposing an obligation on businesses to accept at least one electronic payment instrument, together with cash
-
- LA 16** Carry out a study on the implementation of open banking in Portugal, identifying the main obstacles and opportunities and anticipating potential developments towards an open finance framework
-
- LA 17** Study the implications of establishing the [European standard of QR-codes for instant credit transfers at the point of interaction with the customer](#), identifying the necessary adaptations at national level
-
- LA 18** Support the implementation of a digital euro, should the Eurosystem decide to issue it
-



Strand III – Security and usability

With a view to promoting the security and usability of payment systems and means of payment, in particular by adequately preventing and managing operational and security incidents and fraud or scam, the following lines of action are proposed:

Lines of action

LA 19 Monitor the implementation of strong customer authentication requirements, including in e-commerce card-based payments

LA 20 Implement a confirmation of payee solution within SICOI

LA 21 Examine the feasibility of setting up a mechanism to control unsuitable creditors at interbank level for direct debits

LA 22 Implement mechanisms to ensure payee identification in payments using references and direct debits

LA 23 Analyse developments in fraud and scam types and define concerted prevention and mitigation actions

LA 24 Participate in discussions and initiatives for coordinated fraud and scam prevention at European level (European Payments Council – EPC, ECB, EBA, etc.)

LA 25 Facilitate the adoption of the digital identity solution to be promoted by the European Commission, ensuring coexistence with current solutions in the national market (e.g. the *Chave Móvel Digital* – mobile digital key) and its adoption by national PSPs

Strand IV — Resilience and sustainability

With a view to promoting the resilience and sustainability of payment systems and services and the adoption of sustainable practices, in particular those aligned with Environmental, Social and Governance (ESG) objectives, the following lines of action are proposed:

Lines of action

LA 26 In the context of the implementation of the **DORA** Regulation, identify key lessons and opportunities for improvement related to payment operational and security incidents

LA 27 Map existing legislation/regulations on the mandatory printing of paper receipts at POS terminals and automated teller machines (ATMs) and discuss subsequent actions

LA 28 Study the development of e-invoicing solutions, in particular for payments to or from public authorities

LA 29 Identify and facilitate payment card recycling processes

LA 30 Assess the possible removal of the obligation for banks to pay cheques of up to €150 where there are insufficient funds in the drawer's account, as imposed by Decree-Law No 454/91
