

## 2 Harmonised statistics on payment services in the Single Euro Payments Area

*The annual payments statistics compiled by the European System of Central Banks (ESCB) have recently been significantly enhanced. This is due to the need to reflect substantial developments in the payments market in Europe, in particular the implementation of the Single Euro Payments Area (SEPA). This article presents the rationale for the enhancements made to the payments statistics and describes how reporting has been improved and harmonisation increased. It provides an overview of the results of the first production rounds in accordance with the new reporting framework, highlighting the enhanced detail, quality, comparability and usability of the statistics. Moreover, the article highlights the need for further updating of the reporting requirements to keep the statistics fit for use.*

### Introduction

**Payments statistics serve two main purposes: (i) to provide an overview to the general public and relevant stakeholders of the world of payments in Europe in terms of volumes, values, services, providers and systems; and (ii) to support ESCB policy decisions in this area with relevant statistical information.** Both purposes entail updating the reporting framework to take into account the evolution of the payments market. A new [legal act](#)<sup>74</sup> was adopted in late 2013, which led to the enhancement of European payments statistics by requiring them to reflect – among other things – changes brought about by the implementation of SEPA through the related European legislation, in particular the [Payment Services Directive](#)<sup>75</sup> (PSD). The new legislation was also aimed at better covering innovations, especially regarding payment initiation channels. Further work on these aspects is still needed in the light of ongoing developments in technology and legislation.

**In order to enhance the legal framework for European payments statistics, a structured merits and costs procedure was followed, which involved the relevant ESCB committees and working groups and culminated in the final decision of the ECB Governing Council in 2013.** The procedure was set up to assess the merits and costs of preparing new or enhanced ESCB statistics, with the aim of minimising the reporting burden. It was launched in 2011, prior to an overhaul of the existing statistics on payments aimed at reflecting new conditions, in particular those created by SEPA. The procedure comprised a fact-finding exercise, a costs assessment and a merits assessment, followed by the matching of merits and costs related to the proposed enhancements. The fact-finding exercise enabled input to be

<sup>74</sup> Regulation (EU) No 1409/2013 of the European Central Bank of 28 November 2013 on payments statistics (ECB/2013/43) (OJ L 352, 24.12.2013, p. 18).

<sup>75</sup> Directive 2007/64/EC of the European Parliament and of the Council of 13 November 2007 on payment services in the internal market amending Directives 97/7/EC, 2002/65/EC, 2005/60/EC and 2006/48/EC and repealing Directive 97/5/EC (OJ L 319, 5.12.2007, p. 1). See also Regulation (EU) No 260/2012 of the European Parliament and of the Council of 14 March 2012 establishing technical and business requirements for credit transfers and direct debits in euro and amending Regulation (EC) No 924/2009 (OJ L 94, 30.3.2012, p. 22) – often referred to as the “SEPA Regulation”.

gathered from the perspective of data reporters, collectors and users, at both the national and European levels; it was intended to support the development of an appropriately defined and harmonised reporting population, and to prepare for the costs assessment through the establishment of various options for future reporting. The costs assessment distinguished between implementation costs and running costs, specified per actor involved in the reporting process and per new item to be reported. The merits assessment combined quantitative and qualitative considerations regarding the usefulness and relevance of the data for the fulfilment of ESCB tasks. The proposed enhancements (especially those with higher costs) were then reviewed, taking into account their merits, in order to determine the actual changes to implement under a cost-conscious approach. Following the merits and costs procedure the reporting population was expanded and the reporting framework enhanced and harmonised to ensure better comparability, in particular through methodological changes and new breakdowns. The enhancements help ensure that payments carried out in both SEPA and domestic formats are more closely monitored, and that new information is set out on payment service providers and payment services. These enhancements are analysed in more detail in the subsequent sections of this article.

**This article considers the process that led to the current enhanced payments statistics, their implementation and prospects for further enhancements.** The second section discusses the recently enhanced legal framework. The third section focuses on the results of the first production rounds based on the new methodology. The fourth section concludes, looking ahead to the next review of the legal framework for European payments statistics.

## Legal framework and recent enhancements

**The legal framework for the compilation of payments statistics has recently been enhanced following the ECB's merits and costs procedure.** Up to reference year 2013 these statistics were collected on the basis of the reporting framework set out in an [ECB Guideline](#)<sup>76</sup> addressed to Eurosystem national central banks (NCBs). In the absence of actual data, the Guideline allowed for NCBs to compile the statistics on a best efforts basis, relying on external data sources.<sup>77</sup> NCBs could also provide estimates or provisional data if actual figures were not available.

**In order to increase the quality and comparability of data across countries, and thus the usability of the statistics, it was considered necessary to harmonise the reporting obligations and to expand the reporting population to all relevant**

<sup>76</sup> Guideline of the European Central Bank of 1 August 2007 on monetary, financial institutions and markets statistics (recast) (ECB/2007/9) (OJ L 341, 27.12.2007, p. 1).

<sup>77</sup> ECB Regulations concerning the collection of statistical information are legal acts directly addressed to the relevant reporting agents. ECB Guidelines on statistics are addressed to NCBs, establishing obligations for them to report statistics to the ECB, without having a direct legal effect on the reporting agents and their reporting burden. Therefore, in the absence of actual data already available at the NCB, external data sources may also be used. Consequently, the coverage of the statistics collected based on an ECB Guideline may vary between countries owing to different reporting populations.

**institutions.** Accordingly, as of reference year 2014, payments statistics have been collected on an annual basis in line with Regulation ECB/2013/43, which is addressed to all payment service providers and payment system operators resident in the euro area.<sup>78</sup> Payment service providers (PSPs) are institutions – defined in the PSD – which provide payment services throughout the European Union. They comprise mainly credit institutions, electronic money institutions and payment institutions. Payment system operators (PSOs) are legal entities that are legally responsible for operating a payment system. In accordance with the provisions of the Regulation, the ECB maintains and publishes a list of institutions operating in the European Union with relevance for payments statistics. This list comprises all PSPs and PSOs resident in EU countries.

**Payments statistics are compiled through harmonised data collection managed at the national level by each EU NCB.** PSPs and PSOs report the statistics to the NCB of the Member State of residency. The NCBs then aggregate the data and submit the national statistics to the ECB. The latter carries out the final level of aggregation to produce euro area and EU figures and publishes all the datasets.

**Close cooperation between the ECB and the statistical departments of the NCBs is crucial for the production of high-quality statistics.** During the annual production rounds for payments statistics, the ECB and NCBs closely cooperate through bilateral and multilateral interactions, and the ECB ensures the required degree of cross-country harmonisation. In particular, in accordance with the ECB's [Statistics Quality Framework and quality assurance procedures](#), the ECB carries out a comprehensive set of quality checks on the data reported by each NCB. These checks have been jointly developed and agreed on within the ESCB and relate to the completeness of the data provided and the consistency of the statistics. Revisions to previously transmitted data are also analysed and plausibility checks are performed to detect outliers in the reported data (i.e. observations with a clearly larger or smaller value than other observations of the time series). During the production, the NCBs are given enough time to address the issues detected and to correct any potentially incorrect data. More in-depth analysis of the statistics takes place outside the regular production rounds, when there is more time for fine-tuning concepts related to the technical reporting or the underlying methodology.

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<sup>78</sup> Additional requirements are laid down in Guideline ECB/2014/15 (as amended), addressed to euro area NCBs. See 2014/810/EU: Guideline of the European Central Bank of 4 April 2014 on monetary and financial statistics (recast) (ECB/2014/15) (OJ L 340, 26.11.2014, p. 1). In addition, Recommendation ECB/2013/44 encourages the NCBs of Member States whose currency is not the euro to implement the reporting framework set out in the Regulation. See Recommendation of the European Central Bank of 28 November 2013 on payments statistics (ECB/2013/44) (OJ C 5, 9.1.2014, p. 1).

## Results of the first annual production rounds based on the enhanced methodology

**Compared with the previous reporting framework, several important methodological changes – in addition to the expansion of the reporting population – have been introduced in the enhanced statistics.**

Overall, the methodology applied to both existing and new requirements has been aligned with the definitions given in the relevant EU legislation, such as the PSD, [Electronic Money Directive](#)<sup>79</sup>, [Regulation on MFI balance sheet statistics](#)<sup>80</sup> and [European System of Accounts \(ESA 2010\) Regulation](#)<sup>81</sup>. First of all, to monitor the changes brought about by SEPA, a new concept of residency has been adopted: the new statistics mark a shift from using the location of the payer or the terminal<sup>82</sup> as the basis for the reporting to using the residency of the PSP. This is in line with the principle that, within SEPA, consumers, businesses and public administrations can advantageously execute both domestic and cross-border<sup>83</sup> payments in euro via a single institution and under the same conditions, irrespective of the physical location of the payer, the payee or the PSPs involved.

**The enhanced requirements now enable payments involving domestic PSPs only to be distinguished from those also involving PSPs resident outside the reporting country.** Moreover, for all main categories of sent payments, a breakdown by counterparty country is required when the counterparty belongs to the European Union. Information is also requested on cross-border payments received. This enables cross-country payment patterns within SEPA to be detected.

**The statistics show that in the European Union most payments are still carried out between PSPs resident in the same country.** In particular, as can be seen in Chart 1 below, within the euro area, around 2.5% of credit transfers and 1.7% of direct debits initiated in 2015 were sent to an account held at a PSP resident in another country. This means that the vast majority – above 97% – were still domestic. For the European Union as a whole, the shares were 2.9% and 1.7% respectively; however, data are not available for all non-euro area countries. Compared with cross-border credit transfers and direct debits, the share of cross-border card payments is higher for both the euro area and the European Union: in the euro area, 7.6% of card payments sent from accounts held at euro area PSPs were cross-border payments; for the European Union as a whole, the share was 7.4%. Around 92.5% of EU card payments were still domestic.

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<sup>79</sup> Directive 2009/110/EC of the European Parliament and of the Council of 16 September 2009 on the taking up, pursuit and prudential supervision of the business of electronic money institutions amending Directives 2005/60/EC and 2006/48/EC and repealing Directive 2000/46/EC (OJ L 267, 10.10.2009, p. 7).

<sup>80</sup> Regulation (EU) No 1071/2013 of the European Central Bank of 24 September 2013 concerning the balance sheet of the monetary financial institutions sector (recast) (ECB/2013/33) (OJ L 297, 7.11.2013, p. 1).

<sup>81</sup> Regulation (EU) No 549/2013 of the European Parliament and of the Council of 21 May 2013 on the European system of national and regional accounts in the European Union (OJ L 174, 26.6.2013, p. 1).

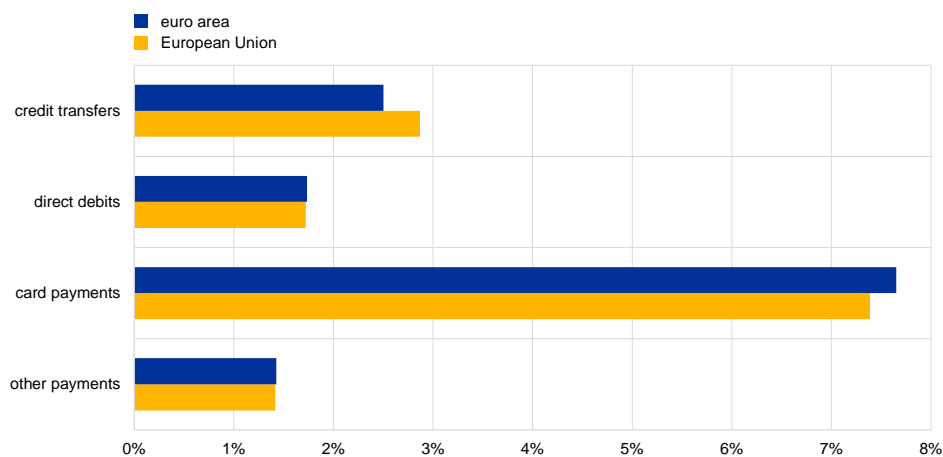
<sup>82</sup> The location of the terminal was meant to give an indication of the location of the merchant.

<sup>83</sup> Cross-border payments are defined as payments where the PSP of the payer and that of the payee are resident in different countries.

## Chart 1

### Share of cross-border payments in the euro area and European Union in 2015

(percentages)



Source: ECB.

Note: The category "other payments" comprises e-money payments, cheques and other payment services, as defined in the PSD.

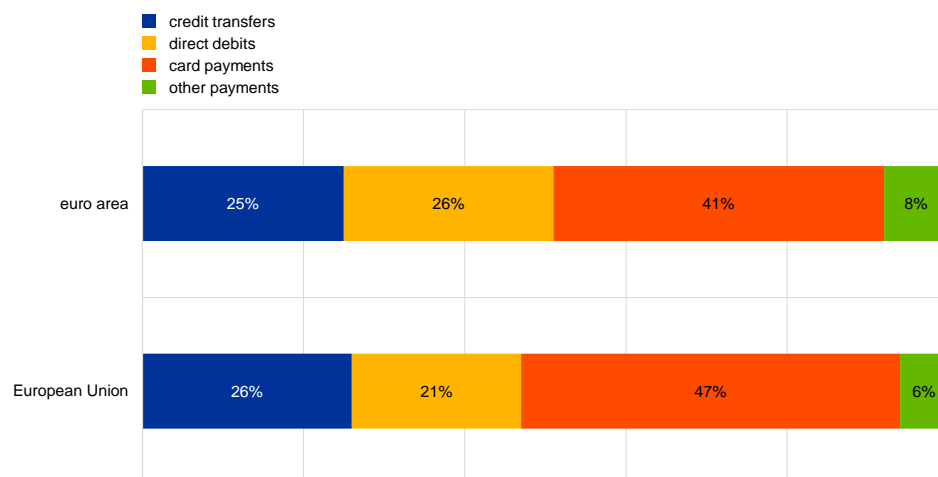
**Overall, the new statistics illustrate how the usage of card payments has increased in recent years to the extent that they account for almost half of all cashless payments in the European Union.** In particular, in the five-year period up to the end of 2015, the share of card payments increased from 39% to 47% in the European Union and from 34% to 41% in the euro area.<sup>84</sup> Consequently, the relative shares of credit transfers and direct debits decreased; in 2015 the shares were 26% and 21% respectively in the European Union and 25% and 26% respectively in the euro area (see Chart 2) – a reduction of a few percentage points compared with five years earlier.

<sup>84</sup> Payments statistics for the five-year period up to the end of 2015 are available in the [Statistical Data Warehouse](#).

## Chart 2

### Relative shares of payment services in the euro area and European Union in 2015

(percentages)



Source: ECB.

Note: The category "other payments" comprises e-money payments, cheques and other payment services, as defined in the PSD.

**Furthermore, the new statistics differentiate between SEPA and non-SEPA payments for credit transfers and direct debits.** A sub-category entitled "of which: non-SEPA" has been added for reporting the total number of transactions and the total value of transactions in relation to both credit transfers and direct debits. This is in order to obtain information on payments made with niche products, TARGET2 payments and payments in currencies other than the euro; all of which use non-SEPA standards. Several other new indicators have also been introduced, as shown in the table below.

## Table

### Overview of the new indicators introduced in Regulation ECB/2013/43 and Guideline ECB/2014/15\*

Indicator group	New indicators
Institutions offering payment services to non-MFIs**	Information on the number of payment and e-money accounts held in credit institutions, electronic money institutions and other PSPs Information on the outstanding amount of e-money issued by credit institutions and other PSPs Information on the number of payment institutions operating in the country on a cross-border basis
Payment card functions and accepting devices	Information on the number of cards on which e-money can be stored directly and on cards which give access to e-money stored on e-money accounts Information on the number of point-of-sale (POS) terminals, with a sub-category for e-money card terminals
Payment transactions involving non-MFIs	Geographical breakdowns for credit transfers, direct debits, card payments, e-money payments, cheques, other payment services and total payments sent Information on cross-border credit transfers, direct debits, e-money payments, cheques and other payment services received Information on non-SEPA credit transfers and direct debits Information on credit transfers and direct debits initiated in a file/batch and on a single payment basis; information on online banking-based credit transfers Information on card payments initiated by electronic funds transfer at point of sale (EFTPOS) and initiated remotely Information on e-money payments with e-money cards and e-money accounts Information on money remittances and transactions via telecommunication, digital or IT devices
Payment transactions per type of terminal involving non-MFIs	Geographical breakdowns for ATM cash withdrawals and deposits, POS transactions and e-money card loading and unloading transactions Information on e-money payments with cards with an e-money function
Payments processed by selected payment systems	Breakdowns into domestic and cross-border payments for all payment services
Activities of PSPs per type of payment service	Information on payments processed by different types of PSP per type of payment service

\*2014/810/EU: Guideline of the European Central Bank of 4 April 2014 on monetary and financial statistics (recast) (ECB/2014/15) (OJ L 340, 26.11.2014, p. 1).

\*\*Non-MFIs are natural or legal persons who do not belong to the monetary financial institutions (MFI) sector. For the purpose of payments statistics, all PSPs are excluded from the non-MFI sector.

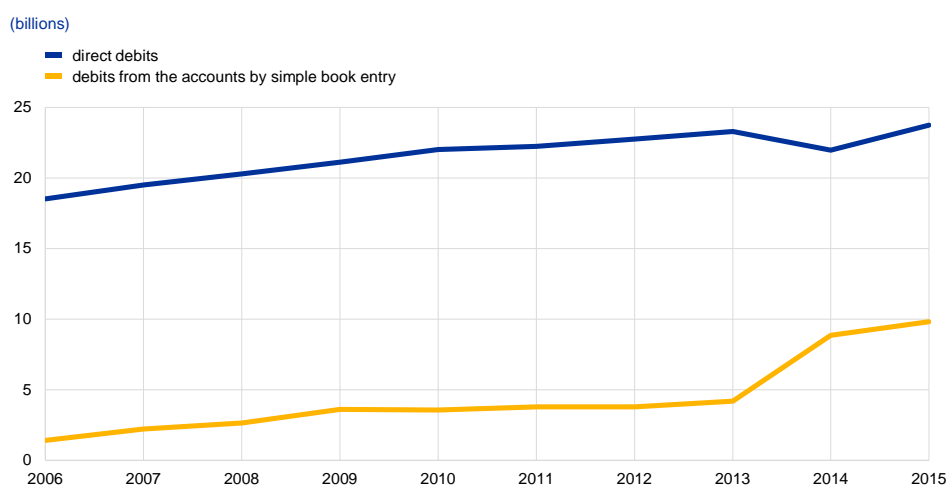
**The harmonisation of the reporting population and underlying methodology across countries, made possible by framing the requirements within an ECB Regulation, has resulted in a clear improvement in the comparability and usability of the statistics.** In particular, in contrast with the previous reporting framework, the Regulation provides a comprehensive set of data definitions to be applied in a similar way by all reporting agents. When needed, further clarifications have been agreed on within the applicable ESCB committees and working groups. This is to ensure that the quality of the statistics remains high and that the national figures can be used for country comparisons despite certain country-specific phenomena. As an example, in Germany one-off direct debits initiated by a payment card (electronic direct debits known as “ELV” transactions) were previously reported under card payments. With the adoption of Regulation ECB/2013/43, as of reference year 2014 these transactions have been reported as direct debits, in accordance with the underlying payment service used. This change enhances the comparability of data across countries.

**The new requirements have significantly enhanced the quality and overall comparability of the statistics, and remaining instances of inconsistency within and across countries are expected to be phased out soon.** These inconsistencies are mainly due to the reclassification of certain data. Relevant examples are offered by the figures on credit transfers, direct debits and book entries

in selected countries. Chart 3 below shows the impact of the reclassification of book entries from direct debits to the category “debits from the accounts by simple book entry” as of reference year 2014, which is mostly explained by the changes in reporting implemented by German and Austrian PSPs. Simple book entries are payments initiated by a PSP without a specific transaction order so as to credit or debit a customer’s account without the use of a payment instrument. According to the PSD, these are not payment services and are therefore not included in credit transfers or direct debits.

### Chart 3

#### Number of direct debits and debits from the accounts by simple book entry in the European Union



Source: ECB.

**Finally, the expectation is for the homogeneity and reliability of data to increase over time.** In fact, different practices followed by NCBs have been further harmonised through continuous dialogue within the central bank community and with the reporting agents.

### Next review of the ECB legal framework for European payments statistics

**As technological, regulatory and other developments are impacting the retail payments landscape, the data collection may be reviewed at regular intervals and adjusted to market developments to keep the statistics fit for use.**

The need to continuously enhance statistical reporting in the field of payments is felt worldwide. The ECB and some Eurosystem NCBs are actively contributing to the work underway at the global level in their capacity as members of the Committee on Payments and Market Infrastructures (CPMI) of the Bank for International Settlements (BIS). Methodological and definitional issues are currently being analysed by CPMI members, and a more general restructuring of the format of the statistics on payments, clearing and settlement systems published by the BIS is underway. This restructuring and analysis includes the removal of obsolete



information and the addition of new indicators relevant in analysing today's evolving landscape. Payments fall within the scope of this analysis, especially considering the high relevance of technological advances and regulatory changes for the demand and the supply side of the payment industry.

## Box

### Business developments in the field of payment services in Europe

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Notable examples of potential information to be captured following further enhancements to payments statistics, from a technological perspective, include (i) whether a card payment was made in a contact or contactless mode, (ii) whether a mobile device was used for making a person-to-person (P2P) or consumer-to-business (C2B) payment, and (iii) whether the payment was made using an e-commerce payment solution. Other relevant developments that enhanced payments statistics may help monitor are those related to instant payments, i.e. immediate or close-to-immediate transfers of reusable funds between end users, with 24/7/365 availability. From a regulatory perspective, the [revised Payment Services Directive \(EU/2015/2366\)](#)<sup>85</sup> (or "PSD2") has introduced two new payment services, payment initiation services and account information services, which may generate the need to collect additional data from payment service providers.

New or existing means of performing payments must first and foremost be secure. Enhanced payments statistics could also support the ECB and central banks in monitoring fraud levels as part of their oversight of payment instruments. The PSD2 has reinforced the need for fraud monitoring and requires PSPs to collect and report data on fraud relating to different means of payment.<sup>86</sup>

In any case, further enhancements to the payments statistics intended to cover the above developments would need to take into account the timeline for the PSD2 and the related Regulatory Technical Standards to become applicable and for harmonised instant payments in euro to become available to end users.

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**As was the case with the latest update of the reporting framework, where a new or substantially enhanced regulation on statistics is introduced by the ECB, it will always be preceded by a systematic assessment of the merits and costs associated with collecting the new data.**<sup>87</sup> A review of the appropriateness of current reporting requirements, i.e. a post-implementation assessment, is also part of the procedure. The purpose is to evaluate the continued relevance of the statistics, in particular whether they adequately meet the specified needs of the users and the new requirements. In the initial stage of the procedure the existing

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<sup>85</sup> Directive (EU) 2015/2366 of the European Parliament and of the Council of 25 November 2015 on payment services in the internal market, amending Directives 2002/65/EC, 2009/110/EC and 2013/36/EU and Regulation (EU) No 1093/2010, and repealing Directive 2007/64/EC (OJ L 337, 23.12.2015, p. 35).

<sup>86</sup> In this respect, overlaps and dual reporting to different authorities should be avoided.

<sup>87</sup> Any future review of the reporting framework will be preceded by a merits and costs procedure before a decision is made as to the actual implementation of the proposed changes.

methodology can also be updated.<sup>88</sup> The implementation of any additional new requirements would increase the burden on businesses and should therefore be preceded by a careful, in-depth assessment of the associated benefits and costs.

## Conclusions

**Significant developments in the European payments market called for the payments statistics compiled by the ESCB to be updated.** Following a merits and costs procedure carried out in 2011 and 2012, a new ECB Regulation on payments statistics was introduced at end-2013. Correspondingly, as of reference year 2014, all payment service providers and payment system operators resident in the euro area have been obliged to report the information included in the Regulation to the NCB of the Member State of residency.

**In addition to the expansion of the reporting population, several new requirements and enhancements were added to keep the statistics fit for purpose.** Existing definitions and concepts were clarified and aligned with the relevant European legislation. The ECB and NCBs cooperated closely in making these amendments.

**The new statistics show that the quality and comparability of the data has improved thanks to more harmonised reporting across countries and institutions.** However, some inconsistencies still exist across countries. These are currently being analysed and further clarification is being provided. Overall, it is expected that the homogeneity and reliability of the data will increase over time.

**In order to keep pace with the technological, regulatory and other developments that are impacting the payments landscape in Europe, the statistical reporting requirements may be reviewed at regular intervals.**

**In addition to European payments statistics, the ECB and some Eurosystem NCBs are also contributing to the work related to updating statistics on payments, clearing and settlement systems in CPMI countries published by the BIS.**

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<sup>88</sup> For instance, the definition of cross-border card payments used in payments statistics may need to be fine-tuned to take into account the definition introduced in the Regulation on interchange fees for card-based payment transactions. See Regulation (EU) 2015/751 of the European Parliament and of the Council of 29 April 2015 on interchange fees for card-based payment transactions (OJ L 123, 19.5.2015, p. 1).