**Additional answers**

Due to technical issues with the consultation document, the Danish government has not been able to access the comments section of some of the questions in the survey. This document provides those additional comments to the consultation on a retail payments strategy for the EU.

**Question 12. Which of the following measures would in your opinion contribute to the successful roll-out of pan-European payment solutions based on instant credit transfers?**

**Please specify what other measures would contribute to the successful rollout of pan-European payment solutions based on instant credit transfers:**

**Answer:**

In Denmark, there is a broad range of payments solutions available, and the Danes are in general very accustomed to digital payment instruments and other solutions. This has contributed to Denmark being one of the countries in the world that uses the least cash. The development has very much been demand-driven and digital payment instruments are perceived as more convenient and easily accessible than cash, as well as safer for cashiers working within banking and retail.

We believe that development of new solutions should be demand-driven, rather than driven by regulation, and that the regulatory framework should support such open innovation.

Denmark would therefore like to take this opportunity to suggest caution on using regulation to force through the rollout of specific payment solutions, including for example the rollout of solutions based on instant credit transferst. The retail payments market is in effect a highly technologically driven area, which calls for principles based (e.g. focusing on consumer protection), technology neutral regulation and demand-driven solutions. An example where one such venture proved much more cumbersome than initially expected, is the recent regulation on cross border payments. That being said, legislation is a possible way to force an agenda, with PSD2 pushing open banking forward. However, PSD2 also has its fair share of technical issues not anticipated at its inception. Denmark will take the opportunity to recommend that thorough understanding of technical aspects and actual consumer demand precedes any legislation. This approach should make it more likely that legislation is drafted in a technologically neutral fashion and to the greatest benefit of European consumers.

An example on how the development of the retail payments market is driven by technological innovation is the development away from cash in Denmark. This development has not been driven by legislation, but by innovative companies developing solutions that customers have taken onboard. This has been possible by allowing innovation to take place given technologically neutral framework legislation.

**Question 18.1 If you do accept SEPA Direct Debit (SDD) payments from**

**residents in other countries, please explain why:**

**Answer:**

Denmark notes that all Danish credit institutions offer SDD. Customers in Danish credit institutions generally have access to sending and receiving payments through SDD from all SDD compliant jurisdictions. Such transactions will often be cross-border by nature, as the currency of choice between two parties in Denmark would be DKK.

**Question 20. What are the main factors contributing to a decreasing use of cash in some countries EU countries? Please specify which EU or national regulation(s) may contribute to a decreasing use of cash in some countries in the EU:**

**Answer:**

In Denmark, there is a broad range of digital payments solutions available to consumers, and consumers are in general very accustomed to digital payment instruments. This has been the primary contribution to Denmark being one of the countries in the world that uses least cash. The development has very much been demand-driven by consumers, as digital payment instruments are perceived as convenient and easily accessible. In particular, card payments drove the initial move away from cash.

Denmark has had regulation in place since 1983 requiring all merchant to accept cash as payments at the point of sale, to ensure that all consumers will be able to pay regardless of their ability to use digital payment solutions.

**Question 22.1 Please specify what other measures would be necessary to**

**ensure that cash remains accessible and usable by EU citizens:**

**Answer:**

Although electronic payments offer seamless and effective ways of paying that most consumers prefer, some consumers continue to prefer payment in cash for various reasons. Especially, older or more vulnerable citizens tend to prefer cash. It is important to ensure that all citizens have an equal opportunity to pay. Since 1983, Denmark has had legislation in place to ensure that cash are accepted at the point of sale. The aim has been to ensure that citizens are able to pay by cash.

**Question 28.2 Please specify what other proposal(s) you have:**

**Answer:**

Denmark fully supports the aim of the PSD2 to ensure fair competition, innovation and security in payment services across the EU. Only a safe, efficient and well-functioning payment landscape can ensure the growth of e-commerce, cross-border trade and the Digital Single Market. However, it is still too early to tell whether PSD2 has achieved this. We would therefore caution a review of PSD2 just now and on implementing new initiatives before we have seen the effect of the existing regulation.

However, one word of caution could be expressed. Open access to accounts, which only places the burden on European banks may provide large international bigtechs with a competitive advantage, which can allow them to increase their market dominance within the European payment sector. This has the potential to harm the competitiveness of existing payment companies and start-ups.

**Question 35. Is direct access to all payment systems important for payment institutions and e-money institutions or is indirect participation through a bank sufficient?**

**Answer:**

Denmark supports that payment institutions and e-money institutions are given the opportunity to access payment infrastructure directly and/or indirectly on the same terms as other particpants e.g. credit institutions.

Direct and/or indirect access is useful for larger payment institutions that have the necessary resources and can be a useful tool to increase competition. In Denmark, we have seen examples of card acquirers finding difficulties in ensuring proper operational setup when working through a credit institution (derisking).

Access to infrastructure should be determined by objective requirements, e.g. on needs, resources and expertise, rather than licensing requirements related to other activities.