



Annual Report 2023

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A word from the chairman of the National Payments Council

The [National Payments Council](#) (NPC) marked the tenth anniversary of its creation by making 2023 a special and highly successful year. It unanimously adopted its [Strategy for the development of the payments market in Slovenia for the period of 2024 to 2028](#).

The adoption of the strategy was the key achievement of 2023, and was the fruit of the work begun in 2021, with key documents then being drafted in 2022 and 2023. The strategy, which sets out the work of the NPC over the upcoming five-year period, is testimony to the good level of connection and collaboration on the NPC, within the framework of which we strive for dialogue and seek out collective solutions with an emphasis on the balanced and sustainable development of secure and effective payment services in Slovenia.

In the broader European space, similarly to previous years, there was an ongoing trend of digitalisation and innovation, and a drive to ensure the resilience of payments infrastructure. In November 2023 the Eurosystem updated its [retail payments strategy](#), with the aim of improving payment services within the euro area and strengthening the European retail payments market.

Another highlight of 2023 was the decision by the Governing Council of the ECB to move into the preparation phase of the digital euro project, whose purpose is preparing for the potential issuance of a digital euro. Given the impact of the digital euro on the payments market in the event of the Governing Council deciding in favour of issuance, the NPC is ensuring that it is regularly briefed on progress on this Eurosystem project.

I would also like to highlight our monitoring of the European Commission's legislative proposals in connection with the single currency, and in connection with payment services and open finance, to which we dedicated two special meetings, which proved to be extremely useful and constructive.

The themes touched on here are examined in detail later in the annual report, and I hope you enjoy reading about them.

I would like to take this opportunity to express my special gratitude to the members of the NPC. Thank you for all your fruitful collaboration over the last decade. I sincerely hope we enjoy this level of collaboration in the future, when our work will mainly focus on the NPC's activities to address strategic initiatives.

Simon Anko
Chairman, National Payments Council

1. Payment services market in 2023

Similarly to previous years, digitalisation was a hot topic for the payment services market in 2023. It is digitalisation that is allowing for the development of innovative approaches to making payments that are more efficient and offer a better user experience (such as simpler procedures, automated procedures, and faster money transfer). Despite the digital transformation, for the sake of ensuring financial inclusion for all it is vital to retain the possibility of choosing cash as a means of payment, given the particular section of the population for whom the use of advanced technology is a distant prospect.

Following the publication of the Eurosystem's retail payments strategy in 2021, activities to implement it in practice continued on a broader front. The retail payments strategy was updated in November of last year with the aim of achieving a higher level of efficiency and strategic autonomy. The primary objective remains strengthening the European payments market, which is to be achieved by creating pan-European solutions for retail payments at points of sale.

2. Summary of the NPC's key activities in 2023

In 2023 the NPC undertook a host of strategic and operational activities that had a significant impact on the development and functioning of the payments market in Slovenia, and will continue to do so in the future. As part of the preparation of the strategic framework for work over the next five years, it set out a new vision, which is *“a payments market that gives users the opportunity of choosing secure, innovative, inclusive and sustainable means of payment that satisfy their needs while being efficient for society as a whole”*. The NPC's vision is aligned with the European Commission's vision in connection with retail payments in the EU, and also follows the Eurosystem guidance, which promotes the development of pan-European retail payment solutions that are safe and efficient for society as a whole, with the ambition of supporting European sovereignty in the payments market.

The NPC's key activities in 2023 related to the drafting and adoption of the strategy, which sets out its strategic initiatives for the development of the payments market in Slovenia over the five years to the end of 2028.

The NPC was also regularly briefed on current developments in the area of payments in Slovenia and across the EU, with a focus on the implementation of instant payments, and the parliamentary process for the proposed Instant Payments Regulation, which is expected to enter into force in the second quarter of 2024.

It was also regularly briefed on progress on the Eurosystem's digital euro project, particularly on issues in connection with the digital euro concept.

The NPC was also briefed on a package of European Commission legislative proposals in connection with the single currency and in connection with payment services and open finance, which the European Commission published in June 2023. At the initiative of NPC members, two dedicated meetings of the NPC were held on these subjects, with the aim of making a detailed examination of the legislative proposals and discussing the positions and proposals of those at the meeting.

2.1. Functioning of the NPC

The NPC held five meetings in 2023, in January, April (annual meeting), June, October and December. Under its Rules of Procedure, the NPC is provided with logistic, organisational and substantive support by its secretariat.

To ensure that stakeholders are kept abreast of current developments in the area of payments and payment services at European and international institutions, the secretariat has also organised an electronic news bulletin.

2.2. Issues discussed regularly by the NPC

2.2.1. Strategy for the development of the payments market in Slovenia for the period of 2024 to 2028

At its 31st meeting of 20 December 2023, after two years of preparation and constructive coordination, the NPC adopted the strategy, which sets out five mutually complementary strategic initiatives. It focuses on innovative, secure and effective solutions for the payments market, and its purpose is setting out a framework for the work of the NPC and its stakeholders over the next five years.

The basis for the preparation of the strategy was the [Proposal of strategic initiatives](#), which was drawn up by an external consultant, Deloitte svetovanje d.o.o., within the framework of the project for analysis of the payments market in Slovenia. The project was funded by a call to support reforms under the instrument of technical assistance for EU Member States, and its purpose was to analyse the state of the payments market in Slovenia. Based on the research the consultant identified the challenges in the payments market in Slovenia, and proposed measures for the further development of the market, in light of practices in the rest of the world. The strategy adopted by the NPC is a synthesis drawn up on the basis of a critical assessment of the strategic initiatives proposed by the consultant.

The objectives of the strategy are: (i) ensuring a good user experience in the field of payments for various user segments; (ii) providing a choice of different means of payment at points of sale; (iii) increasing users' confidence in the security of electronic means of payment; (iv) raising users' awareness of payments-related issues, and encouraging the use of electronic means of payment; (v) maintaining the Slovenian payments market's position within the European payments ecosystem; and (vi) maintaining access to cash as legal tender.

The strategy sets out five interlinked strategic initiatives to guide the NPC's future activities, with the aim of addressing these areas. The first strategic initiative is developing simple payment solutions with a good user experience in line with the needs and expectations of users, including vulnerable groups. The NPC is working to ensure that consumers, including vulnerable population groups, and retailers have access to simple and appealing payment solutions.

The second strategic initiative addresses the security aspects of electronic payments. To this end the NPC supports efforts to increase security in the area

of payments, and the potential introduction of additional security mechanisms within electronic payment solutions in line with the needs of users. To raise user awareness with regard to the security of electronic means of payment, the NPC encourages the active and targeted education of users, coordinated between the stakeholders, in particular about the types of potential abuse, user liability, and the ways to prevent abuse.

The third strategic initiative is ensuring the acceptance of electronic payments at points of sale, which is divided into two phases. The first phase involves coordinated and continual promotion and education aimed at users. The second phase is the enforcement of the obligation to accept electronic payments at points of sale.

The fourth strategic initiative is ensuring an encouraging environment for increasing innovation, and collaboration between stakeholders in the payments market in line with activities at EU level.

The fifth strategic initiative is continuing to ensure adequate access to cash.

The strategy represents a firm foundation for implementing the strategic initiatives that it outlines.

2.2.2. Instant payments

The NPC was regularly briefed in 2023 on developments in the area of instant payments, in particular the progress on the Slovenian instant payments scheme (Flik). The focus was on the development and implementation of instant payments, with particular emphasis on improving the system infrastructure, ensuring the security of transactions, and encouraging the acceptance of payments in this form among users. The discussions also included analysis of current trends in the use of instant payments.

The NPC was regularly briefed on the progress of the European Commission's legislative proposal for an Instant Payments Regulation, which will improve access to instant payments in EU and EEA Member States for individuals and businesses, and will strengthen the autonomy of the European payments market. A political consensus on the proposed Instant Payments Regulation was reached between the European Parliament, the Council of the European Union and the European Commission in November 2023, and it is expected to enter into force in the second quarter of 2024.

2.2.3. Digital euro

The NPC continued to receive briefings on the progress of the Eurosystem's digital euro project in 2023. Members of the NPC were briefed on the high-level concept of the digital euro, including presentation of the prototype, the fee model,

the impact on financial inclusion, and the European Commission's legislative proposals for the digital euro. The conclusions of the investigation phase were presented in detail, as were the plan and objectives of the preparation phase of the digital euro project.

With preliminary approval from the Governing Council of the ECB, the digital euro project moved into its preparation phase in November 2023, where the focus is on preparing for the potential issuance of a digital euro. A decision by the Governing Council to go ahead with issuance will be made after the adoption of EU legislation (Regulation on the establishment of the digital euro), which would provide a proper legal basis for the digital euro.

2.3. Other issues discussed by the NPC

The NPC organised two dedicated meetings in 2023 to discuss legislative proposals by the European Commission. The European Commission presented its digital finance package in June 2023, within the framework of which there were six legislative proposals.

At its first dedicated meeting held in November 2023 the NPC discussed the package of revisions to the Payment Services Directive (PSD2), which consists of the Proposal for a Payment Services Regulation (PSR) and the Proposal for a Directive on payment services and electronic money services in the Internal Market (PSD3), which update the requirements for providing payment services and electronic money issuance services. They encompass measures to (i) combat and mitigate payment fraud, (ii) strengthen and protect consumer rights, (iii) further level the playing field between banks and payment service providers, (iv) improve the functioning of open banking, and (v) improve the availability of cash in shops and via ATMs.

The second dedicated meeting in December 2023 discussed the Proposal for a Regulation on the establishment of the digital euro and the related Proposal for a Regulation on the provision of digital euro services by payment services providers incorporated in Member States whose currency is not the euro. The two proposals set out the legal framework and the essential elements of the digital euro.

The NPC continued to be briefed on issues with the opening of payment accounts with the basic features. The NPC addressed a proposal to the Ministry of Finance to ensure greater access to the payment account with the basic features. The ministry clarified that it would assess the proposal as part of its preparation for the next update of the Payment Services, Services of Issuing Electronic Money and Payment Systems Act.

The NPC was informed that a public announcement was made in January 2023 on the Bank Association of Slovenia website that as of 1 January 2023 banks and savings banks had withdrawn the service of free checking of QR codes on the UPN QR form, and had also withdrawn the service of checking printers and the compliance of the UPN QR document with standards.

In 2023 the NPC also concluded its discussion of issues relating to the tax on financial services, the Ministry of Finance having clarified that the issue would be addressed within the framework of the announced tax reforms, including the elimination of specific anomalies in connection with the aforementioned tax.

Looking forward

With the momentum achieved in 2023, we can face the future with optimism and with our minds on our work.

The NPC's work in 2024 will focus on addressing the strategy. In light of the views expressed by members of the NPC, and bearing in mind a reasonable sequencing of activities, the following strategic initiatives will be addressed over the next three years:

- 1) developing simple payment solutions with a good user experience in line with the needs and expectations of users, including vulnerable groups;
- 2) addressing the security aspects of electronic payments; and
- 3) ensuring the phased acceptance of electronic payments at points of sale.

Three working groups are expected to be established at the NPC, each with a mandate to draw up a proposed set of activities to address a particular strategic initiative, and to implement them following approval by the NPC.

The NPC will continue to diligently monitor the progress of legislative proposals at EU level and in Slovenia, in particular legislative proposals in connection with the single currency and in connection with payment services and open finance. It will also focus on preparations for the initial application of the Instant Payments Regulation.

The progress on the Eurosystem's digital euro project will continue to be a regular subject of discussion on the NPC. Clear and transparent communications are one of the key conditions for the success of a project of this magnitude and complexity. The first part of the preparation phase of the digital euro project, which aims to prepare for the potential issuance of a digital euro, will continue in 2024 and will last until October 2025.

List of NPC participants in 2023:

Banka Slovenije (chairing the NPC)

Agency of the Republic of Slovenia for Public Legal Records and Related Services

Bankart d.o.o.

Dinit d.o.o.

Financial Administration of the Republic of Slovenia

Chamber of Commerce and Industry of Slovenia

Slovenian Competition Protection Agency

Mastercard Europe

MBILLS d.o.o.

Ministry of Finance

Ministry of the Economy, Tourism and Sport

Nexi Slovenija d.o.o.

NLB d.d.

Flik Scheme Committee

Slovenian Insurance Association

Telekom Slovenije d.d.

Slovenian Chamber of Commerce

Public Payments Administration of the Republic of Slovenia

Office of the Republic of Slovenia for Money Laundering Prevention

Visa Europe

Bank Association of Slovenia

Slovenian Consumers' Association