



# **BANK OF FINLAND BULLETIN**

**BANK OF FINLAND ARTICLES ON THE ECONOMY**

# Table of Contents

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COVID-19 is accelerating the payment revolution	3
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## ACCESSIBLE SUMMARY

# COVID-19 is accelerating the payment revolution

19 May 2021 – Bank of Finland Bulletin 2/2021 – Money and payments

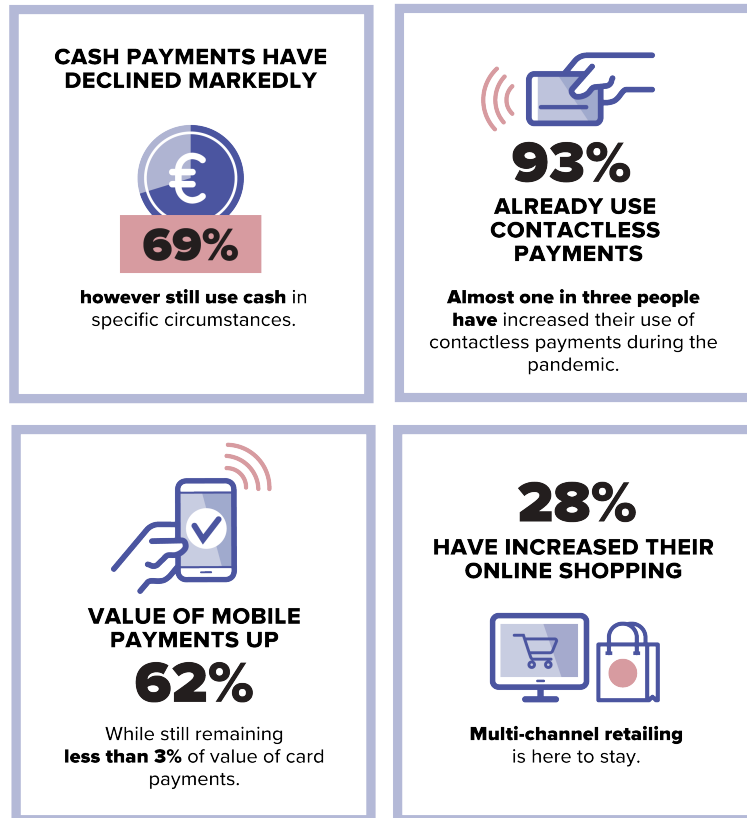
Payments are changing. In the same way that technological progress influences so many of the day-to-day activities of households and businesses, it affects how we make payments. The coronavirus pandemic has irreversibly changed how we live during the past year and has accelerated many long-brewing developments. The future of payments may arrive sooner than anticipated just one year ago.



Finns are well-accustomed to choosing between cash or card when paying for their shopping at retailers. Yet the coronavirus pandemic has not only changed how we shop, it has changed how we pay. When people were urged to social distance to prevent the spread of the highly infectious virus, many of us sought to do our shopping online. This brought about a rise in online transactions and card payments. Similarly, even brick-and-mortar retailers encouraged their customers to favour cards instead of cash at the checkout, fuelling the popularity of contactless card payments and smartphone mobile payments.

It is easy to keep track of one's spending when purchases are paid by cash. Online shopping can make it more difficult for consumers to estimate how much they can afford. Online shoppers may also fall victim to scams or stray onto malicious websites. As the world becomes increasingly digitalised, each one of us needs to invest in our financial literacy and understanding of cyber security risks. These civic skills will only become ever more important as more of our activities move online.

## COVID-19 has accelerated change in payment methods in Finland



Source: Bank of Finland.

The future of payments is one that affects us all, so it is important that authorities retain oversight of its developments. Both the European Commission and the Eurosystem have [published a Communication](#) outlining a desirable path of development for consumer and business payment services. Looking to the future, the benefits of instant payments should be made widely available for all. It is important that European values and principles of governance are reflected in Europe's payment systems: uniform and consistent services need to be guaranteed for all Europeans. European payment standards provide a basis for such a provision of services.

The European Central Bank is [carefully surveying the need for issuing a digital euro](#). As cash payments decline, banknotes could be supplemented with a new digital euro to support the evolution of retail payments in Europe. The Communication explores how a digital euro might be adopted without harming existing payment services. The report also examines how payment methods based on a digital euro would comply with existing payment legislation in Europe. No decisions have yet been made on the issuance of a

digital euro.

Central banks must continue to keep a close eye on payment systems and services and how they are evolving, to ensure that they remain reliable and do not pose risks to their users.

## Tags

COVID-19 pandemic, digital euro, digitalisation, payment systems, payments