

The National Cashless Payment Initiative

The National Cashless Payment Initiative "Better Way" is a joint project of Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ) GmbH and Mastercard and Visa, which is implemented under the auspices of the developPPP program, in cooperation with NALED and the Ministry of Finance of the Republic of Serbia.

Project Goals

The goal of the project is greater financial inclusion of citizens and the businesses, i.e. their inclusion in financial flows, reduced shadow economy and faster economic development of Serbia while encouraging greater use of cashless payments.



Through the POS program, in cooperation with the banking sector, subsidies were provided for the introduction of up to 25,000 POS terminals at points of sale and counters of various institutions throughout Serbia, including software solutions for eCommerce.



The project defined support in the development and implementation of a new program for countering shadow economy, education and raising awareness of citizens and businesses about the possibilities and benefits of cashless payments, exchange of experiences with the countries of the region and the world, and the backbone of the project is the development of the reception infrastructure for card payments in micro and small enterprises and at the counters of various institutions.



Even though there are between 100 000 and 120 000 POS terminals in Serbia, it is still around two times lower per million citizens than the EU average. The POS program is planned to contribute to the development of acceptance infrastructure by nearly a quarter. Introducing cashless payments is a manner for small traders to improve their business, access new markets online, and offer consumers a choice when making payments.



DEVELOPMENT OF ALL TYPES OF CASHLESS PAYMENTS

The Better Way shows the benefits of cashless payments over cash when it comes to efficiency, safety and convenience. The project supports the development of all forms of cashless payments in Serbia, whether they are cards, instant payments by scanning the QR code, online and mobile banking and payments of the new generation.

BEST PRACTICES IN THE EUROPEAN UNION

The national initiative Better Way was inspired by a similar program successfully implemented in Poland (Cashless Poland), where 430,000 new POS terminals were introduced in more than three years, or almost 40% of the existing 1.1 million. Subsidies for terminals were given to 303,000 merchants, so the number of those accepting cashless payments has increased to more than 490,000. Most of the program beneficiaries retained cashless payments even after the end of the subsidy period, and the expansion of the network contributed to the further development of the market and competition, as well as the reduction of the merchant fee for card payments in Poland.

CASH AS A SHADOW ECONOMY GENERATOR

Lack of infrastructure for cashless payments, low level of trust in new technologies and data protection, as well as insufficient information, are key reasons why the majority of Serbian citizens continue to use cash more often. As much as 71% of the population always or predominantly pays in cash. Cash payments are also one of the main generators of the shadow economy, because if the bill is not issued, such transactions remain invisible to the tax authorities. This creates unfair competition versus all other, conscientious businessmen.

GRAY-ZONE REDUCTION

A survey conducted in 33 countries showed that reducing the value of cash transactions by only 10% can reduce the size of the shadow economy associated with cash by up to 2.1% of GDP, which in the case of Serbia would mean a reduction of the shadow economy by more than 1 billion euros. Tax collection would be increased by 0.42% of GDP or nearly 200 million euros. The introduction of electronic payments for public sector services additionally saves money and time for conducting administrative procedures, as it speeds up procedures and reduces the costs of collecting fees and charges.

APPLICATION OF MERCHANTS FOR THE POS PROGRAM

The process of applying for the POS program is possible through the website www.boljinacin.rs in the banks participating in the POS program. The plan is to set up to 8,500 points of sale spots across Serbia in 2023, including online stores.

PROGRAM BENEFICIARIES

Program beneficiaries can be entrepreneurs, micro and small enterprises as well as institutions, and the basic condition is that in the previous year they did not accept card payments. The POS program is especially suitable for merchants who are subject to fiscalization, and others who want to provide their customers with a better method of payment can apply.

PROGRAM BENEFITES

The program includes free use of POS terminals and/or software for cashless payment, free installation of instant and card payments, free installation of the online store solutions and a significantly better trade fee of up to 0.99% on card transactions for up to one year.