

## Introduction to the Danish Financial Infrastructure

### 1. Introduction

The purpose of this memo is to inform new financial institutions of the Danish financial infrastructure, *the core infrastructure*. The core infrastructure is comprised of central systems for payment management and joint digital solutions. This memo provides a general description of the solutions that the core infrastructure constitutes, the parties that are at play in the core infrastructure and how to obtain access etc. for financial institutions, who wish to participate in the core infrastructure.

This memo will therefore provide an introduction to:

- the core infrastructure (Section 2);
- access to the core infrastructure (Section 3);
- other central actors and their roles (Section 5);

Please direct enquiries concerning a detailed description of the conditions for access to the core infrastructure to Finance Denmark at [clearinger-kerneinfrastruktur@fida.dk](mailto:clearinger-kerneinfrastruktur@fida.dk)

### 2. The core infrastructure

The core infrastructure consists of the joint sector solutions, i.e. the financial infrastructure, that are necessary as a starting point in order to operate an ordinary financial institution in Denmark. The core infrastructure is currently made up of clearings, the coordinated processes in connection with e-registration, e-engagement and MitID, see more on this below.

The core infrastructure is regulated by a joint agreement that specifies the main guidelines for access to and participation in the core infrastructure, as well as cooperation between participants.

#### 2.1 Clearing processes

The Sumclearing, Intradayclearing and Straksclearing (Expressclearing) systems clear and settle retail payments in DKK in Denmark.

Sumclearing settles Danish debit card payments (Dankort), amongst other things, while Intradayclearing and Straksclearing solely settle account-to-

account transfers. It is possible to obtain exemption from participation in one or more of the clearing systems, see more on this in paragraph 3.1.

Financial institutions can choose to directly participate in the clearing systems by joining the settlement at Danmarks Nationalbank or via another financial institution in accordance with a bilateral agreement. A financial institution must have the same status in all the clearing systems that it participates in. This means that a financial institution participating in all clearing systems that chooses to participate via another financial institution, must participate in the clearing systems via this institution.

## **2.2 The coordinated processes in connection with e-landregistration**

The purpose of joint e-registration processes is to obtain a range of optimisations in the interaction between financial institutions and mortgage banks related to selling and financing real estate. Hence, this concerns the digitalisation of related processes that are not digitised in the e-landregistration system itself.

Joint processes provide quicker and smoother administrative procedures, as the processes can be carried out digitally and do not require personal contact, coordination etc.

Participants can conduct the following processes with this solution:

- dunning mortgage deeds
- coordinating cancellations
- coordinating registrations
- exchanging documents i.e. exchanging loan offers or other documents in connection with a case.

The processes are only available via a system-to-system solution and participants can only see information concerning the processes that they are a part of or that they have been involved in.

## **2.3 e-engagement**

e-engagement has been developed for Danish financial institutions so that client exposures can be transferred digitally. e-engagement replaces the majority of manual, paper-based operations between financial institutions, which a transfer of exposures entails. The solution is built on the basis of the client giving consent to the receiving financial institution so that it is authorised to transfer and receive information on behalf of the client.

## **2.4 Cooperation about MitID**

MitID is Denmark's digital ID solution, which have replaced NemID in terms of digital identification and authentication of end users. MitID was launched in October of 2021 and can be used across public and private self-service solutions.

MitID is developed and operated in a public-private partnership between the Agency for Digital Government (*Digitaliseringsstyrelsen*) and Finance Denmark (via the subsidiary company *FR1*). The Partnership has entered into a contract agreement with Nets DanID A/S to develop, operate and maintain MitID.

To use MitID a bank must enter an agreement with a broker. The brokers are certified, and it is through a broker that a bank can access the MitID solution and authenticate their end users. A broker is a data processing centre or a certified private broker. See the list of certified brokers here (in Danish): [Til private tjenesteudbydere \(digst.dk\)](https://digst.dk)

## 2.5 Handbooks

Handbooks are the technical guidelines that must be applied when using the solutions in the core infrastructure.

### *Clearings*

The specific, technical instructions for participation in clearings are shown in the Handbook for Payment Management, the Handbook for the Sumclearing), the Handbook for Intradayclearing and the Handbook for Straksclearing.

### *The coordinated processes in connection with e-landregistration*

The specific, technical instructions for participation in the coordinated processes in connection with e-landregistration are shown in the Commercial Handbook for e-Registration. The Commercial Handbook for e-Registration forms the business-related framework for parties' conduct.

### *e-engagement*

The specific, technical instructions for participation in e-engagement are shown in the Commercial Handbook for e-engagement.

All the handbooks can be received upon request. Contact Finance Denmark.

## 3. Access to the core infrastructure

Finance Denmark provides access to the core infrastructure and administers agreements. It is not a requirement for accessing the core infrastructure that you are a member of Finance Denmark.

The agreements of the core infrastructure consist of a number of obligatory and voluntary agreements that can be requested by contacting Finance Denmark.

For access to the core infrastructure an investment grant must be paid to Finance Denmark. This reflects that a new entrant must bear a proportionate share of the costs incurred in developing the product or products to which the entrant is granted access. There is no investment grant for access to the Sumclearing as this is written off.

The investment grant consists of a fixed and a variable payment:

- A fixed payment of DKK 200,000 per core infrastructure solution, which is paid when the participant gains access to the solution. If a new entrant want access to all five solutions (Intraday- and Straksclearing, e-land registration, e-engagement and MitID), the initial payment is DKK 1 million kr.
- A variable payment for each solution paid three years after the participant has been given access to the relevant solution (s). This payment depends on the participant's use of the individual solution.

### **3.1 Exemption from participation in the core infrastructure**

In the event that the participant has technical, business-related or legislative circumstances, Finance Denmark can grant exemption from participation in parts of the core infrastructure. Finance Denmark's evaluation of the possibility for exemption will build on an open and flexible assessment of the circumstances that can provide grounds for exemption.

A written request must be sent to Finance Denmark if a participant would like exemption from participating in parts of the core infrastructure.

### **3.2 Transferring access to the core infrastructure**

A financial institution can transfer its rights and obligations pursuant to Finance Denmark's framework agreement in the event of, for example, mergers, demergers, company restructures etc.

The financial institution must notify Finance Denmark in good time before the transfer. The transfer is valid once Finance Denmark has given its written consent and a new "Framework Agreement on Participation in the Core Infrastructure" has been signed by the company that the access has been transferred to.

## **4. Additional central actors in the core infrastructure**

Financial institutions that wish to establish themselves in Denmark and participate in the Danish core infrastructure need to contact the following central actors, in addition to Finance Denmark:

#### *e-nettet A/S*

e-nettet A/S carries out the continual administration of the solutions that constitute the core infrastructure on behalf of Finance Denmark.

#### *The Danish Financial Supervisory Authority (FSA - Finanstilsynet)*

Authorisation to operate a financial institution enterprise in Denmark must be applied for at the FSA.

*Mastercard Payment Services Denmark A/S*

Entrance into Finance Denmark's core infrastructure agreements also requires participation in Mastercard Payment Services Denmark's infrastructure, including admittance to the payment management registers, which is a technical prerequisite for access to clearings.

*Data processing centre*

Access to the core infrastructure's clearing systems requires adherence to several technical and format requirements. Therefore, new financial institutions should contact a data processing centre early in the set-up phase. Financial institutions may choose the data processing centre themselves.

Financial institutions that wish to use a data processing centre that is not already part of the Danish core infrastructure should be aware that participation in Nets and the existing data processing centres requires a sector test.

*Danmarks Nationalbank*

Danmarks Nationalbank is a settlement bank for clearings as well as a supervisory authority in relation to the operational stability and reliability of clearings.

Direct participation in clearings requires that the financial institution has a current account and a settlement account at Danmarks Nationalbank.

Finance Denmark recommends that financial institutions contact the central actors listed above in the set-up phase.