MSG MSCT Status report

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November 2020 ERPB recommendations

Recommendation A

In November 2020, the ERPB addressed the following recommendation to the MSG MSCT (Recommendation A of the ERPB Statement published in November 2020):

- *Analyse the interoperability of additional flows and "R"- messages between the respective instant payments service providers in the case of unsuccessful /failed transactions;*
- *Further analyse technical interoperability for models involving a PISP or CPSP;*
- *Analyse the impact of replies to EBA Q&A questions posted by the MSG MSCT on technical interoperability of instant payments at the POI and related security aspects;*
- *Develop use cases for instant payments at the POI where the consumer device has no internet connection at the time of transaction (offline use cases) and analyse their impact on interoperability;*

Except for the analysis of replies to the questions they posted in 2020 into the EBA Q&A tool, for which the EBA feedback is still pending, the MSG MSCT has addressed this recommendation with the new deliverables they produced under their extended mandate[1]:

1. A new document on "*New MSCT use cases and interoperability models*" (EPC031-20v0.10[2]) that was published mid-March 2021 on the EPC website for an 8-week public consultation, ending on 7 May 2021. The MSG MSCT is currently processing the comments received. This new document covers MSCTs based on payer-presented data, including examples of so-

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[1] https://www.europeanpaymentscouncil.eu/document-library/other/extended-mandate-msg-msct-msg-msct-091-20v13

[2] See https://www.europeanpaymentscouncil.eu/news-insights/news/public-consultation-new-msct-use-cases-and-interoperability-models

called offline MSCTs, whereby the payer mobile device has no mobile connectivity. The document also analyses new MSCT interoperability models using a payment initiation service provider (PISP) or a collecting PSP (CPSP – on behalf of the merchant for C2B payment contexts). The updated document will be integrated into the 2nd release of the MSCT Interoperability Guidance (see below).

2. A new document (MSG MSCT 108-20) on *MSCT technical interoperability - unsuccessful and R-transactions* that analyses in detail the interoperability requirements for those transactions, hereby making a distinction between MSCTs based on SCT Instant and those based on SCT and splitting the analysis between MSCTs based on payee-presented data and MSCTs based on payer-presented data. The document further contains figures and stepwise descriptions of illustrative process flows for rejects and unsuccessful transactions. The document concludes with a listing of new MSCT interoperability messages needed to cover the interoperability of these MSCT transactions. This document is currently being integrated into the 2nd release of the MSCT Interoperability Guidance (see below). The table of content of MSG MSCT 108-20 may be found as Annex 1 to this report.

3. A new document (MSG MSCT 020-21) on *Minimum data sets for MSCT technical interoperability messages* covering, both successful and unsuccessful /R-transactions. This work contains all the MSCT interoperability messages needed as identified is the various technical interoperability documents developed by the MSG MSCT over the past year: EPC312-19, EPC096-20, EPC031-21 and MSG MSCT 108-20. Obviously for this work, the need for alignment with the SCT Instant and SCT scheme rulebooks and the RTP scheme rulebook is taken into account. Also this new document will be integrated into the 2nd release of the MSCT Interoperability Guidance (see below). The table of content of MSG MSCT 020-21 may be found as Annex 2 to this report.

Recommendation B

In November 2020, the ERPB addressed the following recommendation to the MSG MSCT (Recommendation B of the ERPB Statement published in November 2020):

Develop standards, business and technical requirements as appropriate, leading to interoperable specifications that ensure consumer selection of preferred payment instrument (card payment or SCT Inst) to conduct a payment transaction at the POI (physical or virtual POI) based on the ERPB document on specifications to enable consumer selection of preferred payment instrument (ERPB/2020/027).

The MSG MSCT has set up a dedicated Joint Task Force (JTF) with the European Cards Stakeholders Group (ECSG) to address this Recommendation. The new JTF held its first meeting on 25 March

2021 and has regular meetings to progress on the expected deliverable which is due by November 2021. The JTF is currently collecting the requirements (for the consumer device and the POI) for face-to-face transactions in a physical POI environment (including attended and unattended terminals). Subsequently also virtual POIs (for e- and m-commerce) will be in focus.

Further information on the MSG MSCT

2020 deliverables

Following the publication in 2019 of the *Mobile initiated SEPA (instant) credit transfer interoperability guidance* (MSCT IG – EPC269-19v1.0), the group developed in 2020, the following documents:

- EPC 312-19v1.0: *Technical interoperability of MSCTs based on payee-presented data;*
- EPC 096-20v1.0: *Technical interoperability of MSCTs based on payee-presented data;*
- MSG MSCT 078-20: *Security of QR-codes and their data.*

The first two documents analyse in detail the technical interoperability of MSCTs and specify the technical interoperability requirements for MSCT service providers. They include illustrative examples of process flows for successful MSCTs depending on the content of MSCT data exchanged between the payer and the payee. Furthermore they define the minimum data to be exchanged between the payer and the payee to enable the initiation of an MSCT and specify both a payee- and a payer-presented QR-code for MSCTs.

All the documents developed by the MSG MSCT have been leveraged last year by the dedicated ERPB WG for the development of an *interoperability framework for Instant Payments at the Point of Interaction* (IPs at the POI – ERPB/2020/026).

The MSG MSCT has also contributed in 2020 through a Joint Task Force with this ERPB WG to the development of *Security requirements for PSU on-boarding to be used by IP service providers and merchants* (ERPB/2020/027).

2nd release MSCT IG

The MSG MSCT started the preparation of the 2nd release of the MSCT Interoperability Guidance document (MSCT IG, EPC 269-19v1.0). This 2nd release will include the necessary maintenance of the various chapters and updates needed in view of market and technical developments during the past years and of some comments received through the public consultations on technical interoperability of MSCTs held last year. In addition, the three new documents mentioned above

(EPC031-21, MSG MSCT 108-20 and MSG MSCT 020-21) and the documents EPC 312-19, EPC 096-20 and MSG MSCT 078-20 will be fully integrated into this 2nd release.

The MSCT IG provides through the description of MSCT use cases an insight into the main issues related to the initiation of (instant) SEPA credit transfers for different payment contexts such as person-to-person, consumer-to-business (retail payments including both in-store and e-/m-commerce payments) and business-to-business payments. Next to the MSCT transaction aspects such as payer authentication, transaction authentication, risk management and payer/payee acknowledgements and notification messages, it focuses on the technology and security used in the customer-to-ASPSP space, since the SCT Instant and SCT transactions as such have already been specified in the respective rulebooks. It furthermore specifies various security guidelines for MSCTs. The document analyses in detail the technical interoperability of MSCTs based on payee- or payer-presented data and specifies the technical interoperability requirements between MSCT service providers, for successful, unsuccessful transactions and rejects, which are also depicted in some illustrative process flows. It defines the minimum data set to be exchanged between the payer and payee to enable the initiation of an MSCT and specifies a payee- and payer-presented QR-code for MSCTs. Furthermore the document specifies the minimum data sets for all MSCT technical interoperability messages. New interoperability models involving a PISP or a CPSP (a Collecting PSP on behalf of the merchant) have also been addressed. Finally, the document identifies the main interoperability challenges, including non-technical ones, but also opportunities for MSCTs.

The preparation of this 2nd release has been split amongst the various work-streams of the MSG MSCT. The final draft document is expected to become available for a 3-month public consultation early Q3 2021.

Composition of MSG MSCT

In view of their mandate extension approved by the EPC Board in November 2020, the MSG MSCT reviewed early January 2021 the composition of the Plenary and work-streams and requested a re-confirmation of participation. Subsequently, an open call for nominations was launched on the EPC website on 20 January 2021 for the open non-EPC seats in the MSG MSCT Plenary. Following the original mandate (see MSG MSCT 001-18v1.0) and in view of the fact that more nominations were received than seats available, six new members were retained based on criteria such as the preference for representatives of companies with a pan-European reach, geographical coverage, the take-up of SCT Instant and skills and experience of the nominees, in line with the MSG's mandate. The remaining applicants were offered membership to the MSG MSCT Interest Group.

The new composition of the MSG MSCT Plenary has been published on the EPC website[3]. Recently the MSG MSCT has also been approached by nexo with a request for participation to the group. The MSG MSCT Plenary welcomed the request from this standardisation body and looks forward to their participation to the group.

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[3] See https://www.europeanpaymentscouncil.eu/document-library/member-list-ad-hoc-multi-stakeholder-group-mobile-initiated-sepa-credit-transfers

Annex 1
MSG MSCT 108-20: *MSCT technical interoperability - unsuccessful and R-transactions*
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Annex 2
MSG MSCT 20-21: *Minimum data sets for MSCT technical interoperability messages*
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