

EURO RETAIL PAYMENTS BOARD

Statement following the twentieth meeting of the Euro Retail Payments Board
held on 20 November 2023

Digital euro project

The European Central Bank (ECB) informed the Euro Retail Payments Board (ERPB) of the work conducted in the context of the digital euro project since the last ERPB meeting with the completion of the investigation phase. The members were provided with an overview of the scope of the preparation phase launched on 1 November 2023.

The ERPB:

- took note of the update on the digital euro preparation phase;
- welcomed the update on the work done on digital euro and the envisaged continued engagement with the ERPB including with technical sessions, written procedures and exchanges with stakeholder associations by sector.

Instant retail payments in euro

The European Commission informed the ERPB of the provisional agreement reached on 7 November 2023 by the EU Council with the European Parliament on the instant payments proposal.

The ERPB Secretariat presented a proposal for picking up the workstream for a high-level communication strategy with end users on instant payments as soon as the legislation is adopted by the co-legislators. This followed the ERPB agreement in November 2022 to pause the workstream until the legislative process is concluded.

At the invitation of the ERPB, the European Payments Council (EPC) provided a status update on the implementation of the SEPA Instant Credit Transfer (SCT Inst) scheme, including an overview of the percentage of payment service providers (PSPs) adhering to the scheme. According to this update, as of October 2023, 61,7% of all SCT adherents in all SEPA countries were declared as registered as SCT Inst participants, while the figure for the EU was 69%. The estimated share of SCT Inst transactions in total euro credit transfer transactions is continuing to rise gradually, having passed 15,46% in the second quarter of 2023 compared to 12,77% in the second quarter of 2022.

The EPC advised that the migration of all standard-based XML payment messages used under the SCT Inst scheme to the 2019 version of the ISO20022 standard has been postponed and will now take place in March 2024. This postponement also applies to all other changes introduced to the 2023 SCT Inst scheme rulebook and the related implementation guidelines. The new entry-into-force time is now set at Sunday 17 March 2024 at 03H30 CET. This will be preceded by a SEPA-wide 30 minutes downtime period from 03H00 CET up to 03H30 CET. The SEPA payment scheme participants have been asked to inform their customers as soon as

possible about the possible implications related to the new entry-into-force date of the 2023 SEPA payment scheme rulebooks.

Following the ERPB's request in May 2023, the EPC has started to work on a Confirmation of Payee scheme, to enable PSPs to comply with the requirement to offer a Payee Verification service laid out in the European Commission's instant payments legislative proposal. The EU Council's press release, indicating that a political agreement on the instant payments legislative proposal was reached on 7 November 2023 by the EU co-legislators, confirmed the Payee Verification service as being mandatory for EU PSPs that provide regular and instant euro credit transfers. The EPC aims to have a draft rulebook of the scheme ready by the end of December 2023. It will then be published for a public consultation shortly thereafter.

The EPC advised that, as a result of the 2022 SEPA payment scheme rulebook change management cycle, the EPC approved the request to exclusively use a structured address of the customer as of November 2025. This change affects the SCT Inst scheme and the other three SEPA payment schemes. The EPC reminded all ERPB members and their communities that this change has a major impact for various corporate customer segments. They must start upgrading their customer 'static data' repositories so that these repositories can store structured customer addresses by 23 November 2025 at the latest.

The EPC advised that the next scheme change management cycle will take place in 2024. Stakeholders are invited to submit change requests to the SCT Inst scheme rulebook by 31 December 2023.

The EPC multi-stakeholder group on Mobile Initiated SEPA (instant) Credit Transfers (MSG MSCT) further reported on the work carried out on instant payments in the context of the ERPB priorities, with a focus on the development of a QR-code standard for instant payments and extension to other technologies. In particular, the ISO fast-track procedure for the specifications of QR-codes for (instant) credit transfers closed in July 2023 with a rejection of the EPC request. In accordance with previous ERPB recommendations and EPC Board decisions, the EPC initiated the process of submitting the request for standardisation to the European Committee for Standardization (CEN), the European standardisation body. For this purpose, the EPC applied to become a Liaison organisation in CEN. In parallel, the MSG MSCT has started reviewing the QR-codes specifications to evaluate whether new elements might result in an update before submission to CEN. The whole process, including awarding of CEN Liaison status for the EPC, the update of specifications jointly working with CEN, the ballot vote and publication is expected to take at least one year.

The ERPB:

- took note of the status update regarding the instant payments legislative proposal;
- agreed to resume the workstream on a high-level communication strategy with end users following the publication of the new Regulation in the EU Official Journal;
- took note of the EPC update on the implementation of and adherence to the SCT Inst scheme;
- took note of the work initiated by the EPC on the development of a Confirmation of Payee service for participants of SEPA schemes, at the invitation of the ERPB (May 2023); emphasised, in this regard, the importance of a speedy development of a rulebook, and mandated the EPC to continue these efforts and provide regular status updates to the ERPB;
- took note of the work conducted by the MSG MSCT on the development of a QR-code standard for instant payments and related standardisation process as well as work on possible extension to other technologies. The ERPB invited the EPC to report on the progress of this work at the June 2024 meeting, and notably on the status of the process initiated with the CEN for the QR-code standard.
- took note of the review of the MSG MSCTs past actions related to the instant payments at the POI framework and agreed to the EPC recommendation to pause the work on the framework. The need for

the instant payments at the POI interoperability framework could be reassessed by means of a new analysis of the market situation in e.g. two years.

Fraud prevention

In its 25 May 2023 meeting, the ERPB agreed to set up a Working Group on emerging fraud related to retail payments. Following the mandate given by the ERPB, the co-chairs presented the interim findings of the Working Group focusing on the analysis conducted on the current status of payment fraud in Europe. In this first investigation phase of the work, the Working Group has mainly been analysing scope and terminology concerning fraud as well as evolving fraud manifestations and patterns. In doing so, it detailed the actors and modus operandi of frauds, focusing on impersonations fraud and investment scam.

The ERPB:

- took note of the presentation of the interim findings of the Working Group on fraud prevention;
- invited the Working Group to continue its work in line with its mandate and, by the next ERPB meeting, in June 2024, to present a mapping of possible actions concerning prevention, mitigation and investigation of retail payments fraud with regards to different types of stakeholders and in compliance with data protection requirements.

SEPA Payment Account Access (SPAA) scheme

At its May 2023 meeting, the ERPB considered the report from the EPC multi-stakeholder group (MSG) on a SEPA Payment Account Access (SPAA) scheme and invited the EPC (through the SPAA MSG) to continue the work on the definition of a 'minimum viable product' based on market demand and on business conditions to be included in an updated version of the SPAA scheme rulebook, and to report to the ERPB at its next meeting.

At its 31 May 2023 meeting, the SPAA MSG agreed on the finalisation of version 1.1 of the SPAA scheme rulebook which was published on 26 June 2023, including inter alia extended sections in relation to strong customer authentication, the definition of minimum viable product options and further clarifications on a mechanism to request a payment with transaction fees not borne by the payer.

The SPAA MSG was, however, not yet in a position to take a vote on the default SPAA scheme's business conditions given that some stakeholders had manifested the need to receive further clarifications on some issues on the final report delivered by the economic consultant. Following an update to the final report of the economic consultant - including version 1.0 of the SPAA scheme default fees – the final report was endorsed by the SPAA MSG at its 6 November 2023 meeting.

Work is ongoing on finalising the Risk Management Annex of the SPAA scheme rulebook, developing a billing mechanism approach for the default fees, requirements for the recalibration model and the preparation of a 'go to market' phase.

At its 21 November 2023 meeting, the EPC Board will be invited to approve the publication of (i) version 1.0 of the SPAA scheme default fees, (ii) the SPAA scheme's adherence process and (iii) the launch of the first SPAA scheme change management cycle, whereby as a first step the market will be invited to submit change requests regarding version 1.1 of the SPAA scheme rulebook.

The ERPB took note of the SPAA MSG update and:

- welcomed the progress achieved since the last ERPB meeting, notably the expected endorsement of the business conditions and the finalisation of the version 1.1 of the SPAA scheme rulebook. Acknowledging that a key step has been reached thanks to cooperative effort of stakeholders in the European payments industry, the ERPB stressed the importance of finalising the scheme and making the go-live a success;

- invited the EPC, through the SPAA MSG, to continue the work by finalising a SPAA scheme's Risk Management Annex, developing a billing mechanism approach for the default fees and the requirements for a default fee recalibration model, as well as by preparing a go-to-market phase.

Update of the ERPB workplan

Following its May 2023 meeting, the ERPB was invited to agree on topics for the update of its workplan, including prioritisation of workstreams. As part of the update of its workplan, the ERPB had identified two potential new activities to be launched on EU digital identity in the retail payments use case, as well as accessibility of retail payments.

The ERPB supported the suggestion not to launch new activities in the first half of 2024 but instead to conduct preparatory work on the two above mentioned workstreams, to inform the ERPB decision in its next meeting.

Items for information purposes

The ERPB took note of the following:

- The update provided by the European Commission on the work carried out in the field of retail payments, including on instant payments, the review of the Payment Services Directive (PSD2), open finance, EU digital ID, the Digital Operational Resilience Act (DORA), the Markets in Crypto-Assets (MiCA) Regulation and the legal tender of euro cash;
- The outcome of the written procedure on the status of past ERPB recommendations – while progress has been achieved on the follow-up to ERPB recommendations, the ERPB considered that continued attention should be devoted to the implementation of the recommendations on transparency for retail payments end-users. The ERPB Secretariat will continue to monitor the actions taken by the relevant stakeholders in relation to open recommendations and will report back to the ERPB on a regular basis;
- The EPC update on the SEPA Request-to-Pay (SRTP) and the European Payments Stakeholders Group (EPSG) update on cards standardisation shared with the ERPB in written procedure.

Annex

LIST OF ATTENDEES OF THE TWENTIETH MEETING OF THE EURO RETAIL PAYMENTS BOARD (ERPB) ON 20 NOVEMBER 2023

List of participants

Chair: Mr Piero Cipollone, Member of the Executive Board

Sector	Members
Consumers BEUC (European Consumers' Organisation)	Ms Monique Goyens Director General, BEUC
AGE Platform (the association of consumers 50+)	Ms Anne-Sophie Parent (<i>alternate</i>)
Retailers (EuroCommerce)	Ms Isabelle Clairac CEO Market Pay
Corporates EACT & BusinessEurope	Mr François Masquelier Chair, EACT; CEO of Simply Treasury
SMEs SMEunited	Mr Bernard Cohen-Hadad President, CPME
National public administrations	Mr Michael J McGrath (<i>alternate</i>) Vice-Chair EU Financial Services Committee & Assistant Secretary Funds, Insurance, Markets & Pensions Division, Department of Finance, Ireland
European Payments Council (EPC)	Mr Javier Santamaría Chair EPC
Co-operative banks (European Association of Co-operative Banks - EACB)	Ms Marie-Anne Livi Director of Strategy and Interbank Relations, Payment Services, Crédit Agricole
Savings banks (European Savings & Retail Banking Group - ESBG)	Mr Joachim Schmalzl Executive Board member, DSGV
Commercial banks (European Banking Federation - EBF)	Mr Maurizio Sella Chair of Banca Sella Holding
European Payment Institutions Federation (EPIF)	Mr Konstantinos Maragkakis EEA Chief Executive Officer, Paysafe
E-money Association (EMA)	Mr Joe Heneghan CEO, Revolut Ireland
European Third Party Providers Association (ETPPA)	Mr Arturo González Mac Dowell President & CEO, Eurobits technologies
	Guest
European Digital Payments Industry Alliance (EDPIA)	Mr Piero Crivellaro Chair of the Working Group of EDPIA / Corporate Group Head of Public Affairs at Nexi
National central banks (on rotating basis)	Active participants

National Bank of Belgium	Mr Tim Hermans Director General Operations, Markets & Payment Systems
Bulgarian National Bank	Mr Petar Chobanov Deputy Governor
Deutsche Bundesbank	Mr Burkhard Balz Member of the Executive Board
Banque de France	Mr Erick Lacourrège Director General Cash – Retail Payments
Central Bank of Ireland	Ms Anne Marie McKiernan Director Financial Operations
	Observer
European Commission	Mr Marcel Haag Director Horizontal Policies, Directorate General Financial Stability, Financial Services and Capital Markets Union