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SUMMARY

2nd MEETING – Scheme End-User Forum (SEUF) (Meeting held on 31 March 2016: 11:00 - 13:15)

(Venue: EPC Secretariat, Cours Saint-Michel 30a, B-1040 Brussels)

(Approved by the SEUF)

1. Welcome and approval of the agenda (SEUF 001-16)

The EPC co-Chair welcomed the participants (see annex I for the list of attendees) and initiated an introductory roll call.

The agenda was approved unchanged and will be published on the EPC Website.

2. Election of SEUF co-Chair representing the end-users (EPC012-15)

Massimo Battistella (as only candidate) was elected as co-Chair of the SEUF representing the end-users of SEPA Credit Transfer (SCT) and SEPA Direct Debit (SDD) Schemes.

It was agreed that each meeting will be chaired by both co-Chairs (as opposed of having a rotating chairmanship)

3. Document classification of EPC stakeholders groups

The SEUF was informed about the document classification rules applicable to EPC stakeholders groups.

The following three classifications apply:

- **Public:** Information intended for distribution outside the group, either to select groups or to the public at large;
- **Internal use:** Information intended for distribution within the group (including the constituencies of those members which are associations) or for distribution to specially designated persons outside the group;
- **Confidential:** Information intended for distribution within the group or for distribution to specially designated persons outside the group, but its unauthorised use or disclosure could have a significant impact on the members of the group, the EPC, its Members, other third parties or EPC employees.



4. New version of the EPC Scheme Management Internal Rules (EPC 2017-14)

The Scheme Management Internal Rules (SMIRs) have been updated to reflect the adapted EPC governance and funding structure. More specifically, the changes reflect the need for enhanced transparency and stakeholder involvement.

Version 2.0 of the SMIRs will become effective as of 1 April 2016.

5. 2016 Rulebook Change Management Cycle (EPC 011-16; EPC 012-16; EPC 013-16)

The change request consultation documents for the SCT, SDD Core and SDD B2B Rulebooks were circulated to the SEUF members prior to the meeting.

The EPC received a total of 40 change requests, 22 originating from the EPC and PSP communities and 18 from other originators.

The SEUF focused on the following change requests:

- **Mandatory C2B Implementation Guidelines**

This change request follows the recommendation of the Euro Retail Payments Board (ERPB) to make the EPC's C2B IGs mandatory. This will ensure that customers can use the same payment initiation message format with all PSPs across SEPA. Customers will still have the choice either to continue using their current C2B file set-up or to opt for the C2B file format based on EPC specifications. On the other hand, the Scheme participants will have to be technically capable of supporting the EPC C2B file specifications.

This change request was already discussed in the previous SEUF meeting and no further comments were noted.

- **Remittance information: extension and combination, clarification in business requirements; external storage location**

In summary, EACT proposes the following changes in order to allow automatic reconciliation:

- Structured remittance information to be redefined in the Rulebook as "Structured Machine to Machine Remittance Information". This would address the legal requirement with regards to the obligation to transfer remittance information to the Beneficiary.
- Allow the contemporaneous presence of structured and unstructured remittance information.
- Increase the length of structured (up to 2.800 characters) and unstructured remittance information (up to 280 characters).

The EACT representative provided a presentation to underline the fact that corporates expect full ISO 20022 standardised structured remittance information capability. He furthermore referred to Finland as an example where extended remittance information is already being used as an AOS.



The EPC is not in favour of the above change requests in view of the cost impact on all the involved parties (end-to-end) and the requirement for PSPs to verify this extra information. Furthermore national banking communities had reported that there is no sufficient market demand to increase the number of characters or to allow the contemporaneous presence of structured and unstructured information.

As an alternative, the EPC proposes (via a change request) to make additional customer-to-customer information available outside of the SCT payment message (i.e. via the Cloud) without any length limitation. The payment message would only carry the information of the location where the additional customer-to-customer information is stored. The additional data beyond the 140 characters of the remittance information can then be sent separately from the SCT payment message.

Some SEUF members were of the opinion that the remittance information should however be included in the payment message. The EACT representative commented that the EPC proposed solution would indeed be good for example in the case when several attachments (e.g. contracts, forms, etc.), need to be associated with the payment but it would not efficiently address the need for the specific use of structured remittance information of items paid for corporates.

- **Forward to the beneficiary the IBAN and address of the originator**

The change request is to insert in DS-04 (The bank to customer credit transfer) the attributes AT-03 (The address of the Originator - if present in DS-02) and AT-01 (The IBAN of the Originator) as optional attributes, if the transfer of such attributes to beneficiary is possible in accordance with the domestic legal situation in each community and consequently defining these fields as optional in the beneficiary bank-to-beneficiary space.

It was commented that adding these attributes would help to better understand from where the payment is coming from. EPC will recommend to incorporate this change request into the Scheme.

- **Additional clarification on the content (with examples) to be inserted in AT-09, AT-10, AT-24 and AT-29**

The concrete change request is to add in the Rulebook the description of the following attributes, their purpose and examples of codes that could be inserted by the originator in the payment initiation message:

- AT-09 The identification code of the Originator Reference Party
- AT-10 The Originator identification code
- AT-24 The Beneficiary identification code
- AT-29 The identification code of the Beneficiary Reference Party

The EPC's recommendation is to not take forward this change request but instead to include it in the clarification paper.

The SEUF did not have any further comments.

- **Use of the UTF-8 Character Set in the C2B and inter-bank Implementation Guidelines (IGs)**



The contributor proposes to amend the chapter "1.4 Character Set" of the Customer-to-Bank and Inter-Bank IGs of all three SEPA Scheme Rulebooks to reflect the recommended best practice as outlined in Section 5 of the document EPC 217-08 "SEPA Requirements for an Extended Character Set (UNICODE Subset) Best Practices"¹ in general and the four principles mentioned in this section in particular.

This change request aims to extend the current limited SEPA character set to UTF-8 in order to ensure that special national characters can be transported from the Originator, via the Originator Bank to the Beneficiary Bank. The Beneficiary Bank should then decide whether it will forward the UTF-8 characters to its customers or convert it back to the limited SEPA character set.

The EPC will recommend to not take forward this change request.

The EACT representative however suggested that the EPC in a next phase would consider extending the current limited character set, especially in view of the fact that special characters such as '&' and '@' are nowadays often used even in the name of commercial entities.

▪ **Inclusion of SCT inquiries**

The PSD2 stipulates that PSPs have to support their customers such as to recover payment transactions due to incorrect unique identifiers or to correct non-executed or defective payment transactions. This obligation requires new inquiry processes about the fate or the status of the concerned payment and the initiation of further actions and related replies (e.g. when Beneficiary claims non receipt).

The EPC recommends including SCT inquiry procedures (in the SCT Rulebook) between the Beneficiary Bank and the Originator Bank which will be based on ISO 20022.

No comments from SEUF members were noted.

▪ **Amendment of attributes present in DS-06 "Bank to Customer Direct Debit Information" and business rules for Debtor PSPs**

The concrete change request is to amend the Rulebook so that where any of the below attributes are present in an interbank payment message (DS-04), the contents must be made available in full by the Debtor Bank to the Debtor, subject to any prior agreement to the contrary:

- AT-05 The address of the Creditor
- AT-15 The name of the Debtor Reference Party
- AT-18 The identifier of the original Creditor who issued the Mandate
- AT-37 The identification code of the Debtor Reference Party
- AT-38 The name of the Creditor Reference Party
- AT-39 The identification code of the Creditor Reference Party

¹ <http://www.europeanpaymentscouncil.eu/index.cfm/knowledge-bank/epc-documents/sepa-requirements-for-an-extended-character-set-unicode-subset-best-practices/>



- o AT-58 The purpose of the Collection

The EPC will recommend to include this change request into the Scheme (if allowed from a legal point of view in the country of the Debtor). No other comments from SEUF members were noted.

The SEUF was advised that the public consultation for the SCT and SDD Rulebooks will run from 5 April 2016 until 4 July 2016. SEUF members were invited to remind their constituencies to respond to the public consultation (preferably in a consolidated way) in order to have a clear understanding of the vision of the market.

It was further clarified that from now on change maintenance cycles will be organised on a biennial basis.

6. Impact of PSD2 on the EPC SEPA Rulebooks

The analysis performed by the EPC's Legal Support Group (LSG) concluded that PSD2 does not have a specific impact on users and processors. Some wording in the Rulebooks will however have to be updated to be in line with PSD2. Moreover, as indicated in section 5, the EPC recommends to include SCT inquiry procedures in the SCT Rulebook in line with a PSD2 requirement.

7. SDD COR1 r-transaction handling after November 2016

As from 20 November 2016 onwards, all Collections presented for the first time, on a recurrent basis or as a one-off Collection can be presented up to D-1 Inter-Bank Business Day. The standard time cycle code will be 'CORE'²

The EPC is expected to publish an errata by the end of June 2016 to address the scenario whereby a Collection sent before 20 November 2016 with 'COR1' triggers an R-transaction (e.g. return) after November 20th.

8. SEPA Instant Credit Transfer Scheme (SCT Inst)

As stipulated in the terms of reference, the focus of the SEUF is on the existing SCT and SDD Schemes. In view of the importance of the SCT Inst Scheme, the Board however decided to involve the EPC's stakeholders forums.

Key characteristics of the SCT Inst Scheme include:

- o It is optional.
- o The maximum amount per SCT Inst instruction is defined in a separate binding document outside the SCT Inst Rulebook in order to give the EPC more flexibility to review this amount outside the regular Scheme Rulebook release management cycle. For the first year, the maximum amount is set at €15,000.

² Currently, 'CORE' is being used for D-2 (recurrent Collection) or D-5 (one-off Collection) whereas 'COR1' is used for D-1 (reduced time cycle)



- An instant payment should be processed in 10 seconds, from the moment when all mandatory attributes for SCT Inst interbank processing are present and valid.
- It is mandatory for the Originator PSP to inform the Originator if the payment was not successful.
- Use of mandatory positive and negative confirmation messages between Scheme participants.
- Re-use of elements from the SCT Rulebook as much as possible.
- The assumption is that a transaction is successful until a negative confirmation is received.

The EPC publishes a register with adherents to the existing SDD and SCT Schemes. It is expected that a similar register will be established for the SCT Inst Scheme.

The maximum processing time and amount will be the start of a learning curve for all Scheme participants and Payment Service Users (PSUs) - and should be subject to a periodic review.

The EACT representative was in favour of making the positive confirmation to the Originator mandatory as well. However, it was also commented that some corporates had indicated that they would prefer not to receive a confirmation every time a payment has been successfully executed. The goal is to leave it to the market to decide. If there is a market need, the PSPs will offer it.

A 90 day public consultation for the SCT Inst Scheme will be launched on the EPC Website on 12 April 2016. The SEUF members were invited to respond to this consultation.

The SCT Inst Rulebook is expected to be published in November 2016 and to become effective as an optional scheme in November 2017.

9. AOB

The Scheme Management Board approved the nomination of George Wilson who will represent the European Association for the Co-ordination of Consumer Representation in Standardisation (ANEC).

10. Date of next meeting and closure of the meeting

The next SEUF meeting will take place on 26 August 2016 at the EPC premises in Brussels. The main agenda topics will be the positions of the SEUF on the change proposal documents in relation to the SDD and SCT Schemes as well as on the finalisation of the first release of the SCT Inst Rulebook.

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ANNEX I: List of attendees of the 2nd meeting on 31 March 2016

Name	Institution	Attendance
Co-Chairs		
Jacquelin Jean-Yves (SEMWG Chair)	Erste Bank (Austria) – Representing the EPC	Yes
Massimo Battistella (representing the end-users)	European Association of Corporate Treasurers (EACT)	Yes
EPC Scheme Evolution and Maintenance Working Group (SEMWG)		
Begoña Blanco Sanchez	ING (Belgium)	
Roland Flommer	DSGV (Germany)	Via conf. call
Carsten Thaarup	Nordea (Denmark)	Apologies
Jose Vicente	Millenium BCP (Portugal)	Apologies
European Associations of Users of the SCT and SDD Schemes Members		
Christian Dürig	The Federation of European Direct and Interactive Marketing (FEDMA)	
Paul Alfing	Ecommerce Europe	Yes
Günther Lutschinger	European Fundraising Association (EFA)	Via conf. call
Arnaud Crouzet	EuroCommerce	Yes
George Wilson	European Association for the Coordination of Consumer Representation in Standardisation (ANEC)	Apologies
Observers		
Roxanne Romme	European Commission	Apologies
Guests		
Erik Jensen ³	European Fund and Asset Management Association (EFAMA)	Apologies
Eduardo Orellana Palma ⁴	National Public Administrations (Council of the European Union)	Yes
Razvan Antemir ⁵	European Multi-channel and Online Trade Association (EMOTA)	Apologies

³ Replacing Nicolai Staerfeldt. Nomination to be approved by the May 2016 SMB.

⁴ Replacing Carlos Soares.

⁵ Alternate member for EMOTA. Nomination to be approved by the May 2016 SMB.