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SUMMARY

4th MEETING – Scheme End-User Forum (SEUF) (Meeting held on 23 June 2017: 11:00 - 15:00)

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

(Approved by the SEUF)

1. Welcome and approval of the agenda (SEUF 001-17)

The co-Chairs M. Battistella and J-Y. Jacquelin welcomed the SEUF participants (see Annex I for the list of attendees).

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

2. SCT Inst scheme implementation status

a) Input collected from the EPC members (Pres EPC032-17)

The members of the EPC Scheme Evolution and Maintenance Working Group (SEMWG) had recently provided an update on the SCT Inst scheme implementation status in their national communities.

The co-Chair J-Y Jacquelin presented this status overview (Pres EPC032-17) which only listed the firmly expressed positions. Note: Pres EPC032-17 is not a public document and is only available for the SEUF members' constituencies.

Payment service providers (PSPs) in at least four countries are expected to adhere to the SCT Inst scheme by the end of November 2017 and PSPs from at least another three countries are expected to join by the end of 2018. Four of these countries indicated a national go-live date.

The percentages of these PSPs in the total national (S)CT volume range from 40 to 90 percent. The large majority of these PSPs intend to act as both Originator Bank and Beneficiary Bank. PSPs in three countries are considering a higher maximum amount per SCT Inst instruction and/or a shorter target maximum execution time.

As for the issues and obstacles reported at this stage, four categories could be identified:

- Adherence: each PSP still has to determine if it can make a positive business case out of SCT Inst. The PSPs question whether a critical SEPA-wide reach will be achieved.
- Technical challenges: the SCT Inst scheme requires a different risk assessment, a new technical implementation approach and IT investments as scheme participants have to ensure real-time processing and 24/7/365 system availability.



- Risk management: the PSPs consider that SCT Inst transactions can become attractive for fraud and for money laundering. PSPs still have to examine how to handle transactions withheld by screening and fraud prevention systems in light of the time deadlines defined in the scheme. Also fast-response procedures to prevent SCT Inst misuse/fraud will have to be aligned at SEPA level.
- Clearing and settlement: PSPs are concerned that there will be no interoperability between SCT Inst scheme compliant CSMs. The fear is that scheme participants will be forced to participate in more than one clearing solution.

With respect to the role of the EPC in relation to the SCT Inst scheme roll-out, the PSPs expect that the EPC:

- Monitors the SCT Inst roll-out similar to the introduction of the SCT scheme in 2007 – 2008.
- Gives guidance on the minimum reachability requirements for PSPs to adhere.
- Provides continuous and transparent information about PSPs that adhere to the scheme.
- Shares experiences, recommendations and best practices from (communities of) PSPs that have already adhered to the scheme.
- Issues advice about potential operational issues and clarifications in case of different interpretations of the SCT Inst rulebook.
- Takes a steering and coordination role in case of major incidents and major frauds.

The EuroCommerce representative commented that the uptake was slower than he had anticipated and that it would be in the interest of PSPs (in particular the French PSPs) to speed up their activities in relation to SCT Inst.

The EPC Director General however reported that it was never expected to have a 'Big Bang' adherence. He went on to say that he is confident that a significant number of adherence applications would still be submitted by the 22 September 2017 deadline for the October 2017 SCT Inst scheme participant register publication. Moreover, this will be the first instant payments solution on a pan-European level.

It was furthermore reiterated that the maximum amount (per SCT Inst transaction) is not integrated in the SCT Inst rulebook and as such this could in principle be changed whenever needed. A first assessment of the aforementioned parameter is scheduled to take place in November 2018. The co-Chair M. Battistella remarked that for retailers having a confirmation that the transaction has been finalised is key.

b) Obligation for scheme participants to remain reachable for SCT Inst & R-messages after voluntary withdrawal from the scheme

The EPC had been asked to confirm whether the SCT Inst rulebook requires a SCT Inst scheme participant withdrawing from the scheme, to remain available through the path used for that initial SCT Inst transaction for:

- The receipt of a confirmation message in case that initial SCT Inst transaction still has not been confirmed.
- The initiation of a SCT Inst recall message by the Originator bank, and the receipt and response to a SCT Inst recall message by the Beneficiary bank for the respective durations defined in the rulebook.



The SEUF was informed that the SCT Inst rulebook section 5.11 on Termination stipulates that a former SCT Inst scheme participant shall continue to be subject to the SCT Inst rulebook in respect of all activities which were conducted prior to termination of its status as a participant and which were subject to the rulebook, until the date on which all obligations to which it was subject under the rulebook prior to the termination have been satisfied. In practice, this means that the SCT Inst scheme participant which voluntarily withdraws from the SCT Inst scheme, has to remain reachable through that party in the interbank space only to complete these still unconfirmed SCT Inst transactions (whereby new SCT Inst transactions can no longer be transmitted) and to send or respond to recall messages with respect to the initial SCT Inst transaction for the durations prescribed by the rulebook.

c) Updated interbank Implementation Guidelines for the SCT Inst rulebook

The EPC will publish an updated version of the SCT Inst scheme interbank Implementation Guidelines (IGs) by mid-July 2017. This updated version will include the official ISO 20022 message¹ to be used for the optional investigation procedure in case the Originator Bank has not received a confirmation message 25 seconds after the timestamp. The current published version of the concerned IGs contains the 'candidate' version of the aforementioned ISO 20022 message.

This updated version will also include the technical specifications to support the "Request for Recall by the Originator" procedure which will enter into force as from November 2018.

Note in editing: The technical specifications to support the "Request for Recall by the Originator" procedure which will enter into force as from November 2018 will be included in an updated version of the IGs that is expected to be published in November 2017.

3. Formal SEUF recommendations

a) Extension of remittance information (EPC139-17)

Earlier this year SEMWG members had been invited to complete a questionnaire on the concrete remittance information (RI) needs within their communities of scheme participants and from their payment end-users. This questionnaire had also been distributed for information to the SEUF members in February 2017.

In this document the following four possible scenarios of extended RI were put forward:

- One time 140 characters unstructured and one time 140 characters structured.
- Five times 140 characters unstructured or structured.
- Two times 140 characters unstructured + ten times 140 characters structured.
- One occurrence of 140 characters unstructured or structured + rest of information stored in an external location (cloud).

The SEMWG position is that it does not see a big demand for more than 140 characters in RI from various customer segments across a large majority of SEPA countries. Moreover, only a few countries have developed an additional optional service (AOS) in relation to RI under the SCT or the SDD schemes. The investments to be done by each PSP and by each customer to transmit and/or to accept more than 140 characters in RI are expected to be considerable.

The Co-Chair M. Battistella however questioned the survey methodology that had been followed (e.g. the SEUF had only been informed and was not able to participate to the

¹ Pacs.028.001.01 FIToFIPaymentStatusRequestV01



construction of the survey) and commented that there are other scenarios than the ones presented above. Moreover, the need for extended RI was identified by the Euro Retail Payments Board (ERPB) that recommended to find a solution for extended RI. The issue is that 140 characters for RI are insufficient for B2B payments in case information related to multiple invoices needs to be included. He also informed that a letter is currently being prepared that will be co-signed by several European associations such as EACT, EMOTA, EuroCommerce, Ecommerce Europe and UEAPME² and which will ask for an extended RI solution in line with the ISO 20022 standard.

It was commented by SEMWG members that the focus of the SEMWG had in particular been on the business need and that such a change on scheme level would impact all payments. Also, in compliance with PSD2 it should be taken into account that once the payment message is sent it will need to be delivered in full (i.e. it cannot be shortened) to all channels and on the receiver side there is an obligation to analyse all information received.

Reference was also made to the cloud solution that had been proposed in the previous scheme change maintenance cycle but according to co-Chair M. Battistella this would not be needed as the ISO 20022 standard already accommodates the need for extended RI. He furthermore reiterated the Corporates users' preference for a combination of structured and unstructured RI with the option to not pass on the structured RI to a beneficiary that is not connected via an XML³ interface to its PSP.

The EFA representative also mentioned that the differentiation between structured and unstructured RI creates confusion and makes it sometimes difficult to identify the funds donor (which is needed for tax purposes).

Following an elaborate discussion the SEUF concurred to request for an extension of RI. Once the aforementioned letter has been received a dialogue will be need to be established in order to agree on an appropriate solution. The SEMWG and the Scheme Management Board will also be informed about this new development.

b) Extension of the SEPA character set (EPC 141-17)

The SEMWG members had been invited to collect input on possible extension scenarios of the SEPA character set within their communities of scheme participants. The following scenarios had been envisaged:

- Extend the set with a limited set of Latin characters.
- Extend the set with all characters used in SEPA (Latin and non-Latin).

The SEMWG position was that extending the SEPA character set as described above would lead to investments both for PSPs and end-users. There is no SEPA-wide need for additional national language characters at this moment. However, there could be a need to extend the set with the following five characters that are commonly used in company names: @, #, €, & and \$.

The SEUF agrees with the possible extension of the SEPA character set with the aforementioned five additional characters.

c) New ISO 20022 version for the SCT and SDD payment messages (EPC 142-17)

² The European Association of Craft, Small and Medium-sized Enterprises

³ Extensible Markup Language



The SEMWG members had been invited to provide input on the impact of a new ISO 20022 version for SCT and SDD payment messages.

The SEMWG position is that a change-over to a newer ISO 20022 version would lead to high investments for PSPs and end-users. To have a better view of the actual impact, the SEMWG is currently undertaking a gap analysis with regard to the 2009 version and the latest available version of ISO 20022.

The Co-Chair J-Y Jacquelin commented that if a decision would be taken to migrate that it would be to the latest available version of ISO 20022.

4. 2017 SCT rulebook IGs: different ISO version between inquiry- and payment messages (EPC 143-17)

Three SCT inquiry types are defined in the 2017 SCT rulebook whereby these SCT inquiry processes enter into effect as from November 2018. The SCT IGs containing the specifications for the required inquiry and response messages still need to be developed.

The EPC has however already submitted change requests to ISO to update the concerned ISO 20022 messages to be in line with the 2017 SCT rulebook specifications. As a result, these inquiry and response messages will only be available in the latest version of ISO 20022 (i.e. no longer in the 2009 version).

The consequence is that the SCT scheme participants would have to deal with two different versions of ISO messages: the 2009 version for customer-to-bank (C2B) and interbank payment messages and the latest version for the messages for SCT inquiries and responses to such inquiries.

The same applies to the SCT Inst Interbank IGs that are planned to be published mid-July 2017 as the new pacs.028 message (see section 2. c)) is only available in the latest version of ISO 20022 whereas the other messages are based on the 2009 version.

The SEUF expressed no concerns regarding the future situation whereby different ISO versions would be used.

5. 2016 SCT and SDD r-transaction statistics (Pres EPC 028-17)

The co-Chair J-Y Jacquelin provided a presentation on the 2016 SCT and SDD r-transaction statistics which focused on:

- General figures on volumes and percentage of R-transactions per scheme.
- Volumes per scheme and break down domestic/cross-border.
- Most relevant reason codes per scheme and break down domestic/cross border.

It was reported that this information is gathered on a quarterly basis from the clearing houses and that the EPC is planning to provide similar statistics for SCT Inst.

Note: The presentation on r-transactions statistics is not a public document and is only available for the ESTF members' constituencies.

6. 2018 scheme change management cycle

The SEUF members were informed that change requests to the EPC rulebooks should be submitted by 31 December 2017 at the latest. Change requests can be submitted on an individual basis or via the SEUF.



7. Re-composition of the SEUF in September 2017: call for candidates until 30 June 2017

SEUF members wishing to continue their membership in the new SEUF composition starting in September 2017 were reminded to submit their application letter and CV by 30 June 2017 close of business. It was highlighted that the current SEUF membership will not be automatically renewed.

The Scheme Management Board (SMB) will review all applications and approve suitable candidates. The mandate of the new SEUF composition will start in September 2017 for a two-year period.

8. AOB

No other business topics were discussed.

9. Date of next meeting and closure of the meeting

The next SEUF meeting will take place on 13 October 2017 (11-16 CET) at the EPC premises in Brussels.

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ANNEX I: List of attendees of the 4th meeting on 23 June 2017

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)	Apologies
Roland Flommer	DSGV (Germany)	Yes
Carsten Thaarup	Nordea (Denmark)	Yes
Jose Vicente	Millenium BCP (Portugal)	Yes
European Associations of Users of the SCT and SDD Schemes Members		
Günther Lutschinger	European Fundraising Association (EFA)	Yes
Arnaud Crouzet	EuroCommerce	Yes
George Wilson	European Association for the Coordination of Consumer Representation in Standardisation (ANEC)	Yes
Erik Jensen	European Fund and Asset Management Association (EFAMA)	Apologies
Razvan Antemir ⁴	European Multi-channel and Online Trade Association (EMOTA)	Apologies
Christian Dürig	The Federation of European Direct and Interactive Marketing (FEDMA)	
Carlos Soares	National Public Administrations (Council of the European Union)	
Observers		
Roxanne Romme	European Commission	Apologies
EPC Secretariat		
Etienne Gosse	Director General	Yes
Christophe Godefroi	SEUF Secretariat	Yes

⁴ Alternate member.



Annex II: Action points

Ref.	Action	Owner	Status/Target
04-01	Share document "Pres EPC032-17" in - relation to the June 2017 SCT Inst scheme implementation status - with SEUF members	EPC secretariat	In due course
04-02	Provide a copy of the letter co-signed by several European associations in relation to the request for extending the remittance information	M. Battistella	In due course