

Launch of the SEPA Instant Credit Transfer scheme

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INTRODUCTION

November 2017 sees the launch of a pioneering initiative in the world of payments. The SEPA Instant Credit Transfer (SCT Inst) scheme goes live and will contribute to ever easier and faster payments on a pan-European scale. Euro credit transfers in the Single Euro Payments Area (SEPA) are now fully compliant with customers' expectations in an increasingly digital and immediate world. It is now possible to make euro credit transfers in less than ten seconds in a number of European countries. More payment service providers (PSPs) will join the scheme in the coming months. This means more convenient daily payment situations for Europeans.

Are you ready to adopt a new way to pay across Europe?

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HOW DOES SCT INST WORK?

SCT Inst was created for everyone: **consumers, businesses, large companies, administrations**. SCT Inst works like a regular SEPA credit transfer – but **much, much faster**. Instead of having to wait up to one business day to see the money in their account, the beneficiary receives the funds in a matter of seconds – **ten seconds maximum**, to be precise.

The checks performed **by the beneficiary's PSP** and the **clearing and settlement** of the transaction (i.e. the behind-the-scenes processes moving the money from one PSP to another) have to take place **within this ten second threshold**.

This is a challenging undertaking for PSPs in terms of **risk management**. To limit the risk of fraud, the maximum amount per SCT Inst transaction is limited to **15,000 euros** for the time being. The transaction has to be denominated in **euros**, even if this is not the currency of the account of the originator and/or beneficiary of the payment.

Watch this video to learn more about the key characteristics of SCT Inst:



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IN WHICH COUNTRIES IS SCT INST AVAILABLE?

SCT Inst has the potential geographical scope to cover **34 European countries and territories**: the 28 European Union Member States, plus Iceland, Norway, Liechtenstein, Switzerland, Monaco and San Marino. [A full list of countries participating in the SEPA schemes is available on the EPC website.](#)

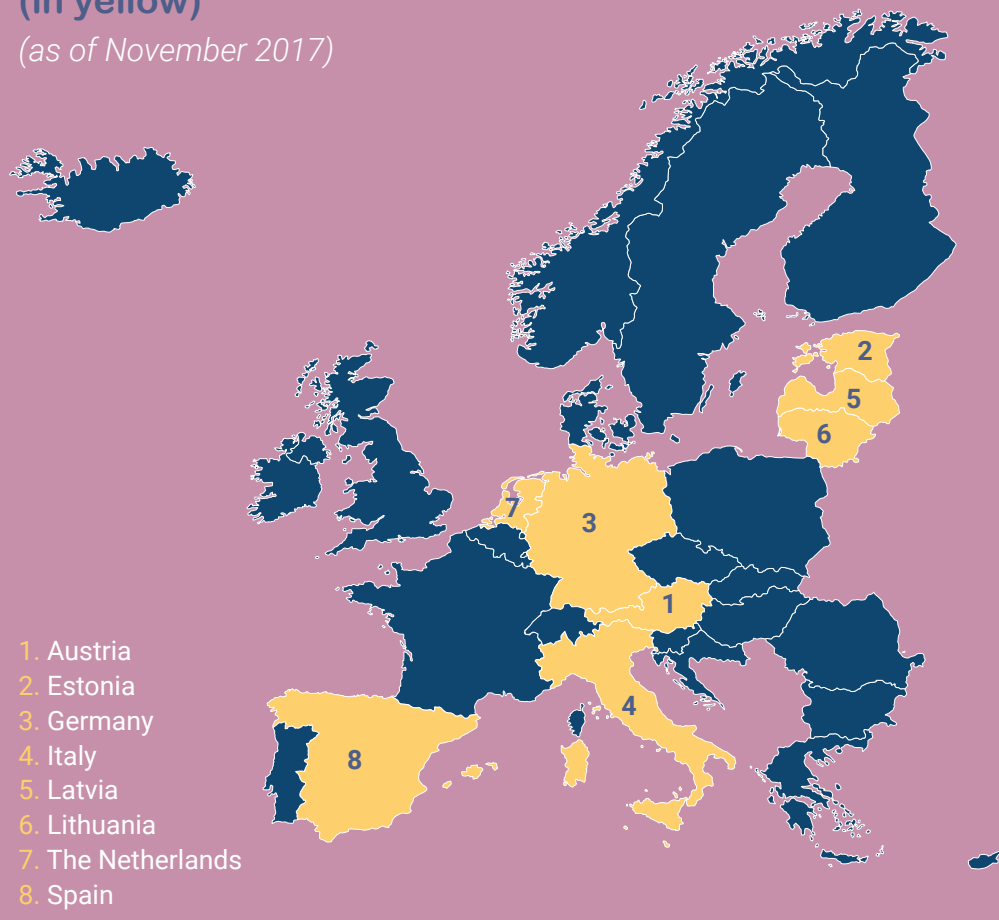
However, for the time being, SCT Inst is available in **eight countries**: **Austria, Estonia, Germany, Italy, Latvia, Lithuania, the Netherlands and Spain**. Nearly **600 PSPs** from these countries currently offer SCT Inst services. It is possible to make SCT Inst payments **between these countries and also within them**, as long as both originator PSPs and beneficiary PSPs participate in the scheme. Among the 585 PSPs who already participate in the scheme, **ninety-one percent can act in the role of originator and beneficiary PSP** of SCT Inst transactions.

PSPs had just one year to prepare for SCT Inst. The EPC therefore expects other PSPs not ready in November 2017 to join the scheme in the course of 2018. Those PSPs are located in **Belgium, Finland, Germany, Malta, the Netherlands, Portugal and Sweden**. Other PSPs might reveal their plans in the coming months.

Though SCT Inst is currently not yet pan-European, it aims to make it possible, a few years from now, to make instant euro credit transfers **between all SEPA countries**. And as the scheme is **optional** (there is no European regulation mandating implementation), it is up to each PSP to decide to join the instant payments journey.

Countries already offering SCT Inst services (in yellow)

(as of November 2017)



3 HOW CAN PSPs ENRICH THEIR SCT INST SERVICES?

The SCT Inst scheme offers a kind of **railway system** for instant euro credit transfer services. Each participating PSP will **base its services** on the SCT Inst scheme. PSPs have to follow the rules outlined in the SCT Inst scheme. They are, however, free to propose **additional features**, as long as they respect the scheme and do not hinder its interoperability with other PSPs. They can choose the **channels** on which their customers use the service (e.g. on mobile devices only). Similarly, they can choose their **own names for the service** they offer. 'SCT Inst' is more a kind of **code name** among the payment community. In all likelihood it will remain unknown to the general public.

In addition, the scheme allows for a certain amount of **flexibility**. PSPs can agree bilaterally or multilaterally **to increase the transfer limit and speed** of SCT Inst transactions.



The infographic features a central hexagonal graphic with the text "The top 10 benefits of the SEPA Instant Credit Transfer scheme". To the right of the hexagon is the European Payments Council logo. Below the hexagon is a call to action: "Check our infographic on the benefits of SCT Inst, available on the EPC website!".



An early adopter testimony

"In Spain, a large number of Spanish financial institutions launched **Bizum** with great success in October 2016. This payments solution links a **mobile phone number to a bank account** and enables convenient and immediate transfer of funds without having to know the account number or any other beneficiary data to make a payment.

The SEPA Instant Credit Transfer scheme is now a **reality** in Spain, extending the geographic reach of real-time irrevocable payments to SEPA. BBVA is an early adopter and offers this service initially through its **electronic banking services** and also through **mobile channels** for retail customers. This is the beginning of broadening the offer to all channels and building value-added and personalised services by customers' segments."

Ignacio Echevarría Gayubo, Head of Treasury Solutions Europe at BBVA

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WHY DO WE NEED A PAN-EUROPEAN INSTANT CREDIT TRANSFER SCHEME?

First of all, instant payments can be extremely **useful** in a number of situations. These include all circumstances where the **immediate availability of funds** is needed, for instance, to urgently send money to a relative living abroad. In addition, instant payments can be an **excellent substitute for cash** – minus its disadvantages. They are convenient when paying for goods or services that require **on-the-spot payment**, such as moving company services or buying antiques. In the context of **person-to-person payments**, they can, for example, be used to reimburse a friend for one's share of a restaurant bill, or to pay a partner back one's share of a household invoice.



An early adopter testimony

“In August 2017 we completed a very important first stage to enable banks – participants in the local payment system – and their customers to use a really **fast and state-of-the-art payment service based on SCT Inst**. We expect that from late 2017 and early 2018, instant payments will be **widely available** to Latvia's households and businesses and **in less than a year's time** they will become a

preferred everyday payment option and will not be treated as a premium service.”

Harijs Ozols, Latvian Instant Payments Project's Manager and Member of the Board of Latvijas Banka

Second, a pan-European instant payment scheme is necessary to ensure **ongoing payment integration** in the area. Instant payments are in the spirit of times. Unsurprisingly, several euro countries had plans to develop their own solutions, all stopping at their national borders. To avoid the multiplication of national instant payment schemes – which would have hindered the European payment **harmonisation** on which the European public institutions and banking community had worked hard for two decades – a pan-European scheme for instant euro credit transfers is required, enabling **both national and cross-border transactions**.

To learn more about the payment situations in which SCT Inst can be useful, view our [infographic](#) on the EPC website.

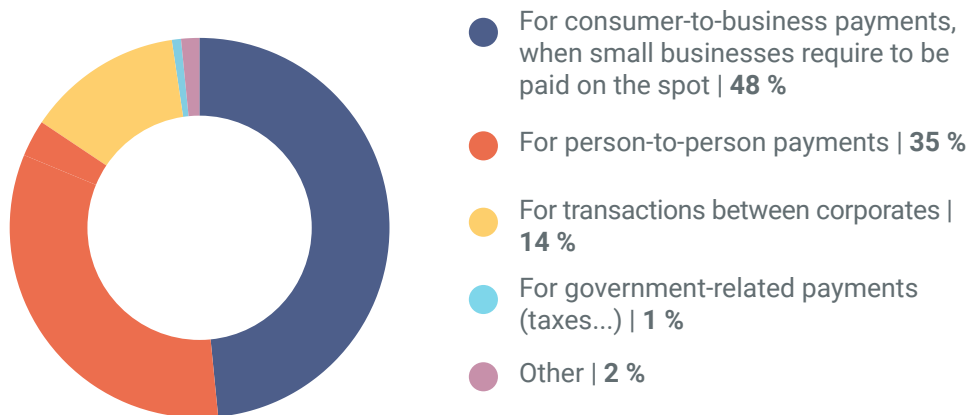


5 WHAT ARE THE CHALLENGES OF THE SCT INST IMPLEMENTATION?

The first challenge was the **brief window** PSPs had to prepare. The EPC published the scheme's rulebook in November 2016 for an operational starting date of November 2017.

The PSPs willing to adhere to the scheme from its beginning had to achieve **considerable progress** in just one year, adapting their **IT systems, their risk management processes, their clearing and settlement arrangements, and promoting** this new service to their customers.

EPC poll - In your opinion, for which situation would the SEPA Instant Credit Transfer scheme be the most useful?



Poll organised on the EPC website in June 2017.



An early adopter testimony

"First of all, it has to be stressed that with SCT Inst we are talking about the set-up of **a completely new payment infrastructure** on a pan-European level. Given that the first scheme rulebook was published by the EPC in November 2016 and the ambition of the Raiffeisen Banking Group in Austria to be ready for an operational start in November 2017, we had a **tight schedule**. Modifications

had to be made in the **IT landscape for real-time capability, 24/7 operation, new clearing and liquidity settlement arrangements** had to be defined and processes for **compliance, risk and legal due diligence** had to be adopted.

Acting as a frontrunner always requires the willingness to go the extra mile, but we are convinced that the introduction of real-time payments will stimulate the development of **further innovative solutions, improve our customers' experience** and contribute to their adoption as a **new standard** in the market."

Markus Schauer, Head of Cash Management Product Management at Raiffeisen Bank International

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WHAT COMES NEXT FOR SCT INST?

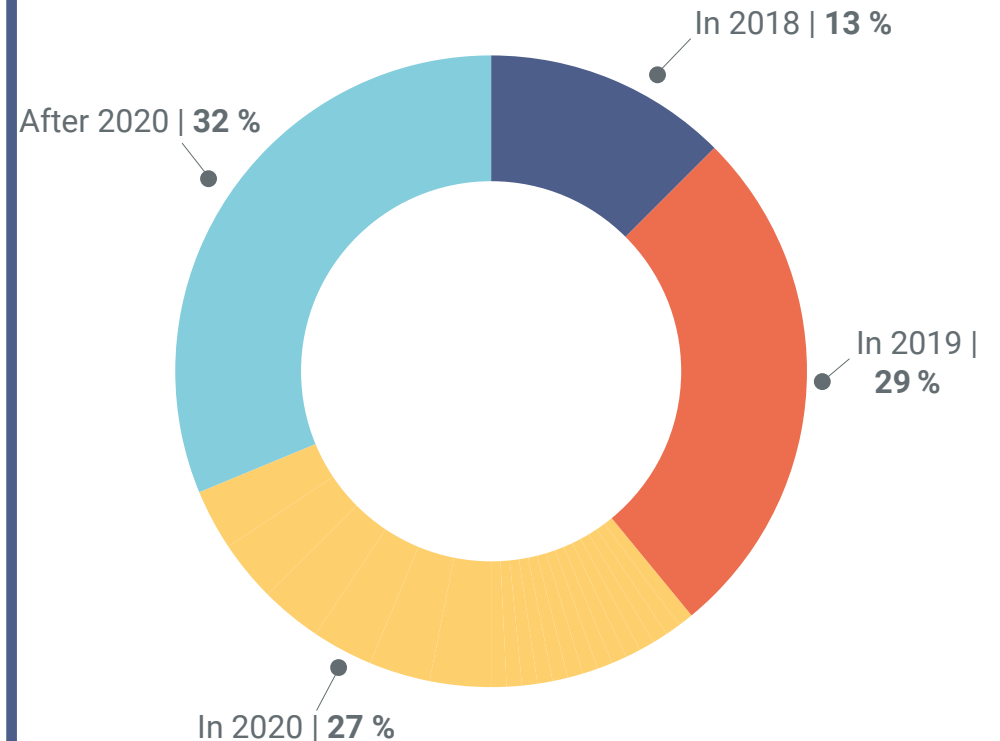
The journey to instant payments **has just begun**. PSPs from more countries are encouraged to adhere to the scheme in order to give it **full momentum** and **a true SEPA dimension** – and to make it more attractive to customers.

The EPC, in close collaboration with other payment stakeholders, will help the scheme evolve to **better meet customers' needs**. In the course of 2018, **a public consultation** will be organised to gather the views of the market on the proposed evolution of the scheme. This will lead to the publication of an **updated rulebook and implementation guidelines in November 2018** (with an effective date of November 2019).

In addition to this regular change management cycle, the EPC will review the **maximum transaction amount** at least once a year. The amount will be reviewed in November 2018 for the first time and might be increased if this is deemed relevant by the payment community. The new threshold would enter into force three months after the decision is made public.

Also, the future path of the SCT Inst scheme should be compared with the **progress made in the person-to-person (P2P) mobile payments area**. The digital aspect of P2P mobile payments makes it a very relevant channel for instant payments. **Further developments** of the scheme might be needed to better fit P2P mobile payment requirements.

EPC poll - When do you think the critical mass of SEPA Instant Credit Transfer transactions will be reached across Europe?



Poll organised on the EPC website in September - October 2017.

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WHAT WAS THE GENESIS OF SCT INST?

The SCT Inst scheme was created by the EPC in response to the **Euro Retail Payments Board's (ERPB)** invitation at the end of **2015**. Chaired by the European Central Bank, the ERPB is a high-level entity bringing together the **supply and demand sides of payments**. In close **cooperation** with the rest of the payment chain (technical players, representatives of customers, etc), the EPC created the scheme's rulebook and implementation guidelines **in just one year**.

The SCT Inst scheme is the **fourth payment scheme** made available by the EPC, after the SEPA Credit Transfer, the SEPA Direct Debit Core (for the general public), and the SEPA Direct Debit Business-to-Business schemes. These schemes – some of which are mandatory in the European Union – are used every day by Europeans and facilitate **over 39 billion electronic transactions every year**.

The SCT Inst scheme in a nutshell

- **585 PSPs** ready from November 2017 onwards
- From **eight** European countries (Austria, Estonia, Germany, Italy, Latvia, Lithuania, the Netherlands and Spain)
- A potential geographical scope of **34 European countries and territories**
- The money is available on the beneficiary's account **in ten seconds maximum**
- **Up to 15,000 euros** per transaction can initially be transferred
- A transparent **public consultation** organised in 2018, to update the scheme according to market needs

FOR MORE INFORMATION

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About the European Payments Council

The European Payments Council (EPC), representing payment service providers, supports and promotes European payments integration and development, notably the Single Euro Payments Area (SEPA). The EPC is committed to contributing to safe, reliable, efficient, convenient, economically balanced and sustainable payments that meet the needs of payment service users and support the goals of competitiveness and innovation in an integrated European economy. It pursues this through the development and management of pan-European payment schemes and the formulation of positions and proposals on European payment issues in constant dialogue with other stakeholders and regulators at the European level, and by taking a strategic and holistic perspective. The primary task of the EPC is to manage the SEPA Credit Transfer, SEPA Instant Credit Transfer and SEPA Direct Debit schemes in close dialogue with all stakeholders. The EPC is an international not-for-profit association which makes all of its deliverables available to download free of charge on the EPC website. For further information please contact secretariat@epc-cep.eu or visit www.epc-cep.eu.