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## **Approved minutes of the meeting of EPC Multi-Stakeholder Group on Request-to-pay (RTP MSG)**

**Held on 04 April 2019 from 10h00 to 16h00 in the EPC premises in Brussels**

**Distribution: RTP MSG  
Restricted: Yes**

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### **1. Introduction, presentation of the agenda and the MSG scope**

This was the 1<sup>st</sup> meeting RTP MSG. It was held in the EPC premises in Brussels. The Group's composition and the participation at this meeting can be found in Annex 1 at the end of these minutes. The agenda was approved without modifications.

The meeting was opened by Jean-Yves Jacquelin, co-chair representing the EPC in the MSG. He welcomed the participants and kicked-off the discussions using the presentation "RTP MSG 002-19 basis presentation for meeting 04 April 2019.pptx" in support.

The participants introduced themselves in a "tour de table".

At the slide 4, which sets out the scope of the work as described in the Terms of Reference of the Group, he pointed out that the item 3 (extension of the RTP functionality to other environments than the inter-PSP network) will not be tackled at the beginning of the MSG work. At the slide 7 (other groups working on related topics), it has been pointed out that the "ERPB WG on Instant Payments at Points of Interaction" also needs to be mentioned, in addition to EIPP MSG and MSCT MSG.

The Secretariat went through the slides 9 to 12 (topics out of scope and the relation with the EIPP MSG and MSCT MSG).

A remark on the items out of scope was that the authentication should actually be in scope. Nevertheless, it should be understood as "by default" or interpreted as the RTP framework should be agnostic from the authentication of the actors. Regarding the relation with EIPP it has been proposed that the RTP eco-system should be shared with the EIPP one. There are 2 options when it comes up to the link Payee-Payer: i) no control of this link, i.e. any Payee can send RTPs to any Payer without restrictions or previous activation and; ii) there is a control on who can send RTPs as currently done for SDDs. This 2<sup>nd</sup> option is similar to what in EIPP has been developed as "enrolment" this is a condition to be met by the Payee prior to sending RTPs.

There were no other comments on the scope at this stage.

## **2. Election of the co-chair**

According to the Terms of Reference the Secretariat reminded the procedure for the election of the 2<sup>nd</sup> co-chair of the MSG. The Co-chair can be elected only from the full members (not observers, not alternates) representing institutions other than EPC. The same category of members can express their vote. Given the current composition, 14 members were invited to declare themselves candidates and to vote.

The only candidate was Pascal Spittler from Ikea (nominated in the MSG by EuroCommerce). As he had no counter-candidate and there were no objections from the Group, Pascal Spittler was elected co-chair.

## **3. Discussion on the functionalities**

Following-up on the scope, J.Y. Jacquelin presented the layers of the RTPs, what is in scope and what is out of scope, as illustrated in the slide 13 of the slides deck. Then the slide 14 was detailed explaining the 2 main category of use-cases: "Pay now" RTP and "Pay later" RTP.

A question has been raised on the terms "now" and "later", asking whether they refer to the moment of the RTP itself or of the payment that follows. It has been agreed that the infrastructures should support RTP sending on a 24/7 basis. Indeed, there should be a service level specific to the RTP in addition to the service level of the payment. In relation to this, 3 points of view can be identified: RTP itself, the payment instrument (SCT) and the scheme (e.g. normal SCT or SCT Inst) used for the payment, or even 4 if we add a "tool" or instrument for the RTP.

Another remark was about the need to take into account the differences between the RTP for payments at POI and the RTP for payments of e-invoices. The international aspect of ISO 20022 standard was highlighted so that the Group should consider that the standard for RTP could be used in other parts of the world.

The discussion went back to the Pay now/later aspect. It was pointed out that indeed this aspect can apply to both RTP and payment. Therefore, all combinations should be taken into account. In support a diagram has been shared containing a 2 axes matrix: required payment (immediate, deferred) and RTP (Real-time, non-real-time). To all of the 4 combinations, the SCT or SCT Inst schemes can be applied (diagram available to MSG members).

It has been agreed that all of these combinations should be covered. However, some functions might be already covered by the current version of the pain.013 and pain.014 ISO 20022 messages for RTP which have been recently updated for the needs of EIPP.

With regard to the permission that other actors than PSP send RTPs (previous item discussed), a slide from the design of EIPP framework has been presented. It illustrates how TPPs can play a role in the RTP eco-system too.

On the RTP layers, it has been pointed out that currently the scope seems to cover only the inter-PSP space (blue areas in the slide 13). It has been however agreed that other combinations are also possible so that other actors than PSPs can send RTPs within the eco-system, directly or via intermediaries. The RTP eco-system should be agnostic from the type of provider sending RTPs, allowing non-regulated entities to be part of the scheme. Nevertheless, the trust and security should be ensured, especially concerning the non-regulated actors.

On the assumption that the ISO 20022 is the only standard for the RTP, a question has been raised whether for example QR codes can be considered as RTPs and their interoperability is in scope. In general, the mention of ISO 20022 RTP as a unique message standard in the ToRs should be reviewed as it is important to consider other options.

It has been agreed to not exclude other standards than ISO 20022 from the RTP scope.

The next subject was the messages chain and the scope items detailed in the diagram "RTP flows diagram" (slide 16) and associated summary of functions (slide 17). By category of scope items, the discussion covered these points as follows.

### Related to the "Request-to-pay" (request message):

- Message type: it was agreed that, as far as ISO 20022 payment standard is considered, the pain.013 should be the message type used for the RTP
- References: multiple type of references should be allowed for smooth reconciliation on Payee side. End to End (E2E) reference number and Remittance information already exist and should be considered. However, it should be possible to identify which of the reference should be used for reconciliation processing, a check digit in the E2E reference could be used to ensure the correctness of the reference.
- Link the payment with the RTP: there are cases where multiple payments correspond to a single RTP, therefore these should be considered. A flag in the payment message indicating that the payment is for a previous RTP could be useful. It should be checked if such an indication already exists in the standards (e.g. in the "external code lists")
- A proposal has been made to include information about the fees associated to the payment of an RTP. After discussions it has been agreed to not include such information as it is rather an aspect related to the business model and not to the RTP framework/scheme itself.
- It has been agreed to accept other identifiers than IBAN for the actors in the RTP scheme.
- Regarding the pay now/pay later/ recurrent, it has been reminded that 2 current fields could be examined for possible reuse: Requested Execution Date and Expiry Date. For recurrent or instalment, we need clear definitions and distinction between recurrent RTPs and recurrent payments. In case of request for "pay

now" a field already exists allowing the Payee to indicate such a request (e.g. Local Instrument, Priority). "Pay now" could be interpreted as a variant of "Pay later".

- For the validity of an RTP, the current field Expiry Date can be reused. It is important to tackle this aspect: for example, in POS use-case the validity may be short but the merchant has to know what to do at the expiration if no response is received. A possible solution is that the RTP is initiated again adding an indication that it is the 2nd, 3rd, etc. from a series due to no answer from the Payer.
- It has been agreed that the participation to the RTP scheme ("adherence") is in scope.
- Regarding the recurrent aspect, several opinions were expressed. A variant is that the Payee sends only once an RTP to its Provider which creates the recurrences on the behalf of the Payee, so that periodic RTPs are sent to the Payer. The added value of such a model should be assessed, even though there could be an interest for some merchants. In any case, an agreement should exist between the Payer and its PSP to execute these recurring payments. If the use-cases are examined in detail, the requirements could be complicated for a RTP model and the solution becomes close to SDD. This is why good definitions of "recurrent" should be proposed (as already previously stated). Another level of complexity would be added if the Payer requires recurrent payment for a single RTP (e.g. in association with whitelisting some merchants in order to not perform SCA).

It has been agreed that even though there is a clear interest for recurrent payments, the concept of recurrent RTP is not clear. Therefore, it was agreed to leave the concept of recurrent RTP out of scope.

#### Related to the response to a "Request-to-pay" (confirmation message):

- Message type: it was agreed that, as far as ISO 20022 standard is considered, the pain.014 should be the message type for the response to the RTP
- A discussion followed on whether the pain.014 should be mandatory. An option could be that the payment itself also represents a confirmation. The Payee may not need to receive the pain.014. Nevertheless, in B2B most likely the Payees need to properly receive the pain.014. From a more technical or standard perspective, the pain.014 should be mandatory between all intermediary actors, even though the last transmission up to the Payee may be optional, in case of positive answer.

## **4. Meetings calendar**

A new date has been agreed for the meeting in June. It will be on Monday 24 June from 10:30 to 16:30. The other meeting dates were confirmed: 14 May, 18 September and 16 October 2019.

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Lunch break

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## **5. Discussion on the functionalities (cont.)**

The topic related to the need for confirmation message has briefly continued.

- It was confirmed that the pain.014 is needed from the standard perspective. However, especially in the use-cases involving payments at POSs, it can be disturbing as it is immediately followed by the payment in the normal flow. There

is an argument in favour of the pain.014. Often the payment is received on the Payee side through different channel than the RTP and its response. Therefore, for easy reconciliation and for allowing the execution of the next steps of the purchase chain (e.g. shipping) the confirmation of the RTP is necessary.

It has been in the end agreed that in the standard it should be present but can be optional if there is an agreement Payee/Payer. It was also pointed out that even if the small merchants might not need it, as they may probably use "concentrators" PSP (entities providing payment services for several merchants), these concentrators definitely need the pain.014. It is of the responsibility of these entities or the Payees themselves to deal with the cases "accepted" (positive pain.014) but not paid.

- Level of guarantee for the Payee/liability for the Payer's PSP. Related to the previous item the discussion went to the aspect of liability and guarantee of payment that the positive pain.014 should introduce or not. Several opinions were expressed. One of the questions is if the Payee can start shipping the goods upon receiving the positive pain.014 from the Payer. In case of "pay now" cases, the certainty that the payment will follow is greater than in case of "pay later", so the pain.014 has more value. If the purpose of the pain.014 is to inform about the payment status, existing values from the code lists can be reused in a 2<sup>nd</sup> pain.014 message to indicate that the payment has been done. There could be a first check on the validity of the Payer's account (useful for example for in the industry of subscription-based video streaming when a free service can be offered before start of subscription), or even the availability of funds, but this is still not a guarantee that the payment will be successful. A pain.014 in the inter-PSP space is however stronger than outside of inter-PSP space, because the Payer's PSP can enrich the message before sending it to the Payee with elements related to the upcoming payment.

Summarising the issue, it can be said that the pain.014 is not a payment message but it has a real added value. The fundamental question remains, i.e. whether the receipt of the positive pain.014 can be interpreted as a guarantee that the payment will be executed.

- If a negative pain.014 is received, the Payee is sure that no payment will come.
- The receipt of a positive pain.014 could mean different things, depending on how it is processed by the Payer's PSP.
  - If it performs all the operations ensuring that the payment can be executed (creation of a liability, reservation of funds, etc.), then this pain.014 can be interpreted as a certainty of payment by the Payee.
  - If it is only the transmission of the information from the Payer that the RTP is accepted, the Payee cannot have the certainty that the payment will be well received.

However, if the Payer's PSP is a TPP the checks might be even more complex. Currently in the pain.013 and pain.014 2, fields addressing guarantee of payment requirements exist: in pain.013 "Payment Guarantee Requested (yes/no)" and in pain.014 "Guaranteed Payment (yes/no)". These 2 indicators could be helpful when it comes up to this issue, but their presence in the standard doesn't say how the RTP scheme should work.

No agreement has been reached on this issue. On one hand the "accept" in pain.014 should mean "payment guarantee". On the other hand it should mean "RTP accepted" without predicting the result of the upcoming payment. However, it was restated that in the new version of the ISO 20022 Pain 013 -Pain 014 the

possibility to have a “payment guarantee” expected by the Payee has been introduced. This guarantee can be ensured by any actors of the chain.

- It has been agreed that there could be several pain.014 confirmation message for one pain.013 message

### Related to the cancellations:

- It was agreed that there is a need to allow the Payee to cancel a previous RTP. To answer the question until when a cancellation can be sent, several cases were mentioned. 2 points in time exist in the standard: Requested Execution Date and Expiry Date. According to the current version if Expiry Date has passed, the RTP cannot be processed anymore so that a cancellation after Expiry Date shouldn't be possible.
- On the other side the payment can be executed in the allowed time, before the Requested Execution Date and before Expiry Date.
- In conclusion it has been agreed that cancellations are allowed as long as the payment has not been executed and the Expiry Date has not been reached. . The ISO 20022 message for cancellation is to be defined for the RTP
- If an RTP is cancelled after the payment, the response to the cancellation should be a negative response with the reason “RTP already paid”.
- Regarding the cancellation by the Payer, it can be implemented by the use of a negative confirmation. But this creates an issue if it is sent after a 1st positive confirmation. The 2<sup>nd</sup> pain.014 can mean a rejection of the payment. (“The RTP will not be paid”), but this type of use depends on the solution to the above-mentioned payment guarantee issue. Indeed this would imply to release a guarantee already provided. A possible solution could be to use the existing indicators or to rely on bilateral agreements.
- A remark has been made on the possibility to use the cancellation by the Payer to stop recurrent RTPs. It has been agreed that this function cannot be used because recurrent RTPs actually don't exist (as stated above) but are implemented by re-issuing different RTPs by the Payee. As one rejection refers to one RTP, a rejection is needed for each RTP so that stopping Payee-controlled recurrences cannot be in the scheme.

### Related to the status requests:

Status requests are messages sent by the Payee to get information on a previous RTP (pain.013) it has sent and to which no response (pain.014) has been received. A similar message exists for payments, camt.028 (AdditionalPaymentInformation) to inquiry the network on the status of a previous request.

- It has been agreed that such a message is needed for RTP and should be accepted (i.e. receive a valid response) only before the Expiry Date of the underlying RTP.
- However it should be considered only as a technical message because there is no functional need to be covered.

### Related to the amount:

- It has been agreed that the Payer should have the possibility to change the amount present in the RTP (pain.013), provided that this option is offered by the

Payee in the original RTP message. The amount chosen by the Payer will be present in the pain.014.

At this point an opinion has been made on the real need to enter in such level of complexity of the RTP related messages. It might be more useful to concentrate to the basic cases that would ensure a smooth adoption.

#### Related to the "time out"

One proposal has been made, whether the Payee can request an Instant payment (SCT Inst) in its RTP. It has been agreed that it should be possible for the Payee to include such a request. On the other hand, the case when SCT Inst is not supported on Payer side should be also considered for exceptions handling.

The analyse of items related to Exception handling has been left for the next meeting.

The detailed discussion on the items listed in the slides 18-19 ("Other Questions / Issues / Topics") has also been left for the next meeting. It was only briefly expressed that the 2 options (RTP scheme part of the current SCT and SCT Inst schemes or as a separate scheme) should be properly considered. The use of aliases for IBAN (using for example SEPA Proxy Lookup Service) should be analysed.

It has been confirmed that the extension of the RTP as presented in the slide 20 is in the scope of the MSG and will be analysed in the next meeting.

As a conclusion an opinion was made on the need to focus on the use-cases (e.g. RTP for payments at POS) and then elaborate on the scheme requirements.

The meeting ended at 16:30.

#### **Annex I: Attendance List**

| <b>Co-Chairs</b>                     | <b>Institution</b>                 | <b>Attendance</b> |
|--------------------------------------|------------------------------------|-------------------|
| Jean-Yves Jacquelin                  | EPC (Erste Bank)                   | Yes               |
| Pascal Spittler                      | Ikea (Eurocommerce)                | Yes               |
| <b>Members (EPC)</b>                 |                                    |                   |
| Francis De Roeck                     | EPC (BNP Paribas Fortis, Febelfin) | Yes               |
| Niclas Lindblom                      | EPC (Swedbank)                     | Yes               |
| Jacques Vanhautère                   | EPC (SEPAmail.eu, FBF)             | Yes               |
| Albrecht Wallraf                     | EPC (BdB)                          | Yes               |
| Luca Riccardi                        | EPC (ABI)                          | Yes               |
| Frans van Beers                      | EPC (Dutch Payments Association)   | Yes               |
| <b>Members (other organisations)</b> |                                    |                   |
| Timur Suyargulov                     | OpenWay                            | Yes               |
| Philippe Bellens                     | Worldline                          | Yes               |

|                      |                                  |           |
|----------------------|----------------------------------|-----------|
| Michel van Mello     | Colruyt (Eurocommerce)           | Yes       |
| Rasmus Eskestad      | EACHA                            | Yes       |
| Petra Plompen        | EBA Clearing                     | Yes       |
| Charles Bryant       | EESPA                            | Yes       |
| Arnaud Crouzet       | FIME                             | Yes       |
| Marc Bröking         | CGI                              | Yes       |
| József Czimer        | Capsys                           | Yes       |
| Massimo Battistella  | Telecom Italia (EACT)            | Yes       |
| Simone Lavicka       | Ingenico                         | Apologies |
| Diana Layfield       | Google                           | Apologies |
| Jason Macklin        | Microsoft                        | Yes       |
| <b>Observers</b>     |                                  |           |
| Dominique Forceville | SWIFT                            | Yes       |
| Mirjam Plooi         | Eurosystem (ECB/ERP)             | Yes       |
| Guillaume Bruneau    | Eurosystem (Banque de France)    | Apologies |
| Roxanne Romme        | EC/DG FISMA                      | Yes       |
| <b>Alternates</b>    |                                  |           |
| José Luis Langa      | EACHA                            | Apologies |
| Vincent Kuntz        | SWIFT                            | Apologies |
| Rainer Olt           | Eurosystem (Eesti Pank)          | Apologies |
| David Ballaschk      | Eurosystem (Deutsche Bundesbank) | Apologies |
| Mounir Mouawad       | Google                           | Yes       |
| Henrik Hodam         | Worldline                        | Yes       |
| <b>Secretariat</b>   |                                  |           |
| Valentin Vlad        | EPC                              | Yes       |

## Action list

| Nb. | Action   | Due date                | Status |
|-----|--|-------------------------|--------|
| 1   | Review of the ToRs, including the mention of ISO 20022 RTP as unique standard for RTP messages   | Next meeting            | closed |
| 2   | Add a check digit in the E2E reference of the RTP message  | Detailed analysis stage | Open   |
| 3   | Check whether an existing field from payment messages can be used to indicate that the payment follows an RTP; propose such a flag if it doesn't exist | Detailed analysis stage | Open   |
| 5-4 | Reuse the field Expiry Date in pain.013 for the RTP validity   | Detailed analysis stage | Open   |
| 5   | Consider the use of negative pain.014 for cancellation of a RTP by the Payer   | Detailed analysis stage | Open   |
| 6   | Add the analyse of "Exception handling" topics to the agenda of the next meeting   | Next meeting            | Closed |
| 7   | Add "extended RTP" (RTP beyond inter-PSP space) topics to the agenda of the next meeting   | Next meeting            | Closed |