

Minutes

SEUF 002-19
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Approved

Minutes 8th Meeting –Scheme End-User Forum (SEUF)

Distribution: Public

Meeting Date: 26 March 2019 - 11:00 – 13:45

Note: An overview of the action points from this meeting can be found at the end of these meeting minutes.

1 Welcome and approval of the agenda (SEUF 001-19)

The co-Chairs J-Y. Jacquelin for the EPC and M. Battistella for the scheme end-users welcomed all meeting participants to the eighth SEUF meeting. Each participant and guest shortly introduced him/herself. The agenda was approved unchanged and can be published on the EPC Website.

2 Potential ISO 20022 version change for EPC SEPA schemes: SEUF view and possible recommendations to EPC (EPC 071-19)

Back in 2017, the EPC Scheme Evolution and Maintenance Working Group (SEMWG) decided not to recommend a migration to a newer ISO version for implementation in 2019. In the meantime, EBA Clearing and the Eurosystem have taken the decision to migrate from the Swift standard to the ISO 20022 standard as of November 2021 for their respective platforms Euro1 and Target2. SWIFT also decided for the global migration from FIN messages to ISO 20022 starting in November 2021.

These developments form an opportunity for the EPC SEPA schemes to migrate as well to a later ISO 20022 version by November 2021. The scheme participants using these platforms and infrastructures could bundle all necessary resources to support these major change-over projects in a combined effort.

The SEMWG will discuss the possibility of an ISO 20022 version change-over at its March 2019 meeting. The SEMWG co-Chair reported that some community representatives in the SEMWG still felt that such migration would cause a major impact on their customers and that there is no business case for payment service providers (PSPs) and their customers to change to a later version of the ISO 20022 standard. The SEMWG co-Chair asked the SEUF for arguments that could convince these communities of scheme participants to support a change of the ISO 20022 version.

The SEUF members were made aware that, in case the EPC migrates to the latest ISO 20022 version, the Customer-to-Bank (C2B) Implementation Guidelines (IGs) of the EPC SEPA schemes do



26 March 2019

not force the customers to use that ISO version. Customers are free to continue using the ISO version as agreed with their PSP.

All SEUF members expressed their support for such version migration and they support a big-bang approach. It allows the corporates to use an enriched ISO version providing them with a wider range of features compared to the 2009 version. A harmonisation in the standard for various types of payment platforms and schemes used for euro-denominated payments, will be beneficial for the corporates.

As both corporates and their ERP/CRM software providers need to plan the necessary staff and financial resources to adapt their systems and solutions respectively to handle 2019 version messages of ISO 20022, this requires **more than one year** of preparations at their end.

Corporates using XML-based ISO 20022 messages need time to re-certify their payment network and payment platform protocols with each PSP-partner in each country. They also must make their own gap analyses for the payment initiation (pain.) messages between the ISO version they currently use and the 2019 versions to determine the major changes that may be of added value to them.

As for the cash management (camt.) messages, there would be less impact as not all corporates use yet these camt. messages. Nevertheless, the SEUF co-Chair found that such harmonisation of the ISO versions could also support the case for a basic set of Bank-to-Customer (B2C) IGs under the EPC SEPA schemes for those corporates using camt. messages for (intraday) account statements and incoming payment notifications.

Given the preparations needed at the side of the corporates, the sooner the EPC takes a positive decision in this matter and publicly communicates about it, the better.

3 SCT Inst scheme implementation status

A. Adherence status and projections (EPC 072-19)

Based on the March 2019 adherence figures, the following number of PSPs in different SEPA countries are SCT Inst scheme participants although some of them declared a future readiness date:



26 March 2019

Country	Declared readiness date from SCT Inst scheme participants									Grand Total
	Up to 08-03-2019	01-04-19	02-04-19	04-04-19	09-04-19	15-04-19	02-05-19	06-05-19	03-06-19	
AUSTRIA	459									459
BELGIUM	14									14
BULGARIA	1									1
CYPRUS	-							1		1
DENMARK	-	1								1
ESTONIA	3				1					4
FINLAND	1				1		2			4
FRANCE	124									124
GERMANY	1.296	1		1		1				1.299
ITALY	19									19
LATVIA	4									4
LITHUANIA	6	1	1							8
LUXEMBOURG	-	1								1
MALTA	2								1	3
MONACO	1									1
NETHERLANDS	6									6
PORTUGAL	14									14
SPAIN	86									86
SWEDEN	-	1								1
UNITED KINGDOM	6	1								7
Grand Total	2.042	6	1	1	2	1	2	1	1	2.057

The EPC Director General explained that more than 50 percent of the SCT scheme participants are already SCT Inst scheme participants at SEPA level. Within the euro zone, this SCT Inst scheme adherence rate is close to 60 percent. Even though the number of SCT Inst scheme participants looks quite low in some countries, the SCT Inst scheme participants in these countries already represent the large majority of offered payment accounts.

The EPC Director General and the SEMWG co-Chair expect that the SCT Inst scheme will reach the majority of PSPs in a majority of EU countries as defined by the SEPA End-Date Regulation, by November 2020.

The average interbank SCT Inst processing time is about three seconds with about 300.000 transactions processed per day. On the processing time, the SEUF co-Chair remarked that no all customers have stable and fast landline and/or mobile internet connections and/or other fast-processing (mobile) devices to send or receive SCT Inst transaction in just a few seconds.

B. Amendment of the maximum amount per SCT Inst instruction (oral report)

The February 2019 EPC Scheme Management Board (SMB) meeting missed just a few votes to increase the maximum amount to 100.000 EUR. Some large PSP communities felt uncomfortable to already increase this amount in 2019. Many PSPs in these communities have just recently become SCT Inst scheme participants and they still lack operational experience. The SMB will most likely reconsider an amendment of the maximum amount at its September or October 2019 meeting.



Several SEUF members however remarked that it is the Originator Bank being the key ‘gate-keeper’ to allow or to deny customers who wish to make multiple and/or high-value SCT Inst instructions.

C. Future intentions from payment end-user groups to use SCT Inst – current SCT Inst issues for scheme participants and payment end-users (oral report)

The SEUF co-Chair remarked that the current SCT Inst transaction processing is more adapted for P2P transactions. On the other hand, for a SCT Inst scheme participant serving corporates, bulk files of SCT Inst transactions are an issue as these transactions must be processed with the same processing speed as individual P2P SCT Inst transactions.

The SEUF co-Chair also recommended the EPC to develop for the B2C space, a basic set of SCT Inst transaction confirmation and statement messages for the Beneficiary once the SCT Inst transaction is completed. A third SEUF remark was the current low default maximum amount per SCT Inst instruction.

4 Potential inclusion of incoming one leg-out credit transfers in the SCT scheme: SEUF view and possible recommendations to EPC (EPC 073-19)

During the 2018 EPC SEPA scheme rulebook change management cycle, the EPC did not support a SCT rulebook change request to extend the scope of the SCT scheme to incoming ‘one-leg out’ euro credit transfer transactions. The change request had too many possible implications requiring further analysis. In 2019, the EPC would investigate the change request in detail from an operational, legal and regulatory angle.

The document EPC 073-19 described in detail the change request and a first operational analysis for incoming ‘one-leg out’ euro credit transfers. An EPC assessment was pending on the possibility of including incoming ‘one-leg out’ credit transfers in the SCT rulebook from a legal and regulatory point of view.

A first status report covering the input from the EPC Stakeholder Forums and the internal EPC assessments from an operational, legal and regulatory angle will be shared with the SMB and the EPC Board in the second quarter of 2019. The outcome of these SMB and EPC Board discussions will be shared at the next EPC Stakeholder Forum meetings.

The SMB and the EPC Board will then have a strategic discussion in the fourth quarter of 2019 if the EPC wants to recommend opening the SCT scheme for such credit transfers.

Only once these strategic discussions lead to a positive outcome, the EPC could then work out in detail the necessary SCT rulebook change requests for submission to a public consultation in 2020.

The SEMWG co-Chair explained that apparently mid-cap corporate customers incorporated outside SEPA wish to make such euro credit transfers. These customers do not consider opening a payment account at an SCT scheme participant. They wish to make euro credit transfers that are processed through an automated clearing house infrastructure as this is faster and less costly than through a wire transfer.



26 March 2019

The EPC Director General explained that the non-SEPA based financial institutions cannot have a direct access to the SEPA market infrastructures. These infrastructures verify the EPC Registers of EPC SEPA scheme participants to see if the EPC has accepted a financial institution as a scheme participant or not. The EPC applies eligibility criteria which non-SEPA based institutions are unable to comply with.

The SEUF was invited to share its views with the EPC about the potential but also the challenges of a potential processing of incoming 'one-leg out' euro credit transfers in the SCT scheme rulebook. The EPC also wished to know about the concrete market demand for such 'one-leg out' credit transfers.

The SEUF members did not express a specific need of such 'one-leg out' credit transfers to be defined in the SCT scheme rulebook and processed under the SCT scheme.

5 SDD schemes

A. Relationship between a Creditor and the Creditor Reference Party: impact for the mandate and the subsequent collections (EPC 076-19)

Organisations or private persons who use the SDD schemes to collect funds from Debtors, may use another entity to do the collection of these funds on their behalf. Such funds collection set-up creates a relationship between a Creditor and a so-called Creditor Reference Party. Confusion could arise about which party should be formally considered as the Creditor and the Creditor Reference Party in a) the SDD mandate and b) the SDD collection file itself.

The origin for this topic is issues addressed by some SDD scheme participants about Facilities Management Providers (FMPs) using the SDD schemes to collect funds even though these FMPs are not the formal Creditor mentioned on the SDD mandate.

The concerned SDD scheme participants shared the EPC with a few operating models in which these FMPs can be involved in the execution of the SDD collection. The document EPC 076-19 summarises these models. These SDD Core scheme participants take the stance that those models do not comply with the SDD scheme rulebooks when:

- The data about the Creditor mentioned in the SDD collection file do not match with the Creditor data on the mandate; and
- The mentioned account to be credited in the SDD collection file is not owned by the Creditor specified on the mandate.

An EPC assessment is currently taking place on the above-mentioned models from a legal point of view. A first status report covering the input from the EPC Stakeholder Forums and the internal legal EPC assessment will be shared at the next SMB meeting in the second quarter 2019.

The SEUF was invited to share its experiences with the implementation and the daily processing of SDD collections for their customers in constellations whereby an entity other than the entity or person providing the goods or services to the Debtor, executes the SDD collections.

The SEUF stated that large corporates do not normally use such FMPs. It is of the opinion that mid-cap and/or small-cap corporates are attracted by the services offered of such FMPs.



26 March 2019

All SEUF members firmly stated that the details of the Creditor mentioned in the SDD collection file must match with the Creditor details on the SDD mandate. Only the Creditor mentioned on the mandate is the entity or person entitled to obtain the funds on its account through the SDD scheme. Otherwise, this will create confusion for the Debtor about who has ordered the Debtor Bank to debit the Debtor's account. This Creditor is also liable for any r-transaction that may result from the initial SDD collection it has presented to the Debtor Bank.

If such FMPs wish to get the funds on their own account, then these FMPs must be mentioned as the formal Creditor on the SDD mandate signed with the Debtor.

B. Review of EPC e-Mandate e-Operating model documents (oral report)

Even though the take-up of e-mandates remains low at SEPA-wide level, PSPs in some communities have implemented an e-mandate solution which follows to a very large extent the Annex VII on e-Mandates for both SDD scheme rulebooks.

The EPC deliberated on the future of Annex VII and decided that this Annex remains a formal option of both SDD scheme rulebooks. Its position is that the Annex VII has been designed for a SEPA-wide coverage. Interoperability across SEPA between existing and any future national or cross-border e-mandate solutions that follow the Annex VII, can be achieved more rapidly.

The SEMWG will review the SDD e-Mandate e-Operating Model documents by the end of 2019. This review may lead to EPC change requests for Annex VII or the SDD scheme rulebooks themselves. These change requests will be taken up in the 2020 EPC SEPA scheme rulebook change management cycle.

6 Comparison 2016, 2017 and 2018 SCT and SDD r-transaction statistics (Pres EPC 016-19, Pres EPC 017-19)

The presentations on the r-transactions statistics are no public documents and are only available for the SEUF members' constituencies.

The SEUF discussed the shared r-transaction statistics. One SEUF member explicitly requested that the Debtor Bank should be able to use more specific codes than the generic reason code SL01 (Specific Service Offered By the Debtor Agent). The code SL01 covers a range of possible reasons which the Debtor can use under the SEPA End-Date Regulation to block their account for direct debit collections (e.g., Creditor blocking, collection amount limitations, collection frequency limitations).

The lack of a unique r-transaction reason code for each reason permitted by the SEPA End-Date Regulation prevents the Creditor to develop highly automated follow-up processes for these failed collections internally and with the Debtor. The inclusion of more specific reason codes would foster a symmetry of information sharing between the SDD scheme participants and their respective customers.

This SEUF member also felt that there are different reason codes that could be used for one and the same reason. The SEUF requested the EPC to review the current list of SDD r-transaction reason codes.



AP 08.01 the EPC to review the current list of SDD r-transaction reason codes by the next SEUF meeting

7 Update on Brexit (EPC 065-19)

In December 2018, the EPC received an application from UK Finance for the UK to remain part of the EPC SEPA schemes' geographical scope to cover the worst-case scenario of a no-deal hard Brexit, to ensure a seamless continuity of UK PSPs' participation in the EPC SEPA schemes.

On 07 March 2019, the EPC published its decision (EPC 065-19) on Brexit and UK PSPs' participation in SEPA schemes. It approved the application from UK Finance for the continued participation of UK PSPs in the EPC SEPA schemes in case of a no-deal Brexit.

In case of such scenario, SEPA transactions to and from the UK would then have to undergo the same regulatory screenings as those applied to Andorra, Monaco, San Marino, Switzerland and Vatican City.

With respect to the Crown Dependencies, the representatives of those territories submitted a note clarifying the continued legal relationship with the European Union and its Members States in the event of a no-deal Brexit. There are no challenges about the continued inclusion of the Crown Dependencies in the geographic scope of the EPC SEPA schemes.

8 Request-to-Pay (RTP) developments (oral report)

The EPC Board has taken the decision to set up an EPC-managed new multi-stakeholder group (MSG) on RTP.

The EPC observed that initiatives have been launched in the market to use RTP for any mean of claiming a payment by a Creditor/Beneficiary from a Debtor/Originator. Beyond requesting the payment through an invoice, the RTP could also support the payment for goods and services in physical and online stores as well as in a P2P context.

The objective of this group is to analyse and prepare the concrete and rapid exploitation of the RTP functionality from a broader perspective. This MSG will have its first meeting at the start of April 2019. The SEMWG co-Chair will be the EPC co-Chair of this RTP MSG.

The SEMWG co-Chair shortly explained the possible use cases for RTP: a non-urgent RTP, an RTP via an instant payment, and a recurrent RTP (in combination with an instant or a non-urgent payment).

9 Re-composition of the SEUF in September 2019: call for candidates until mid-June (oral report)

The EPC Director General mentioned that the SEUF under its current composition had its first meeting in September 2017. The Terms of Reference of the SEUF specify that the mandate of the SEUF lasts for two years. This current mandate thus ends in September 2019. A call for SEUF member candidates will be launched at the start of May 2019.

AP 08.02 the EPC secretariat to inform all incumbent SEUF members about the launch of the call for candidates

**10 AOB**

There was no other business raised or discussed.

11 Date of next meeting and closure of the meeting

The next SEUF meeting under its new composition takes place at the EPC secretariat premises in Brussels on 12 September 2019.

**List of open action items after
08th SEUF Meeting**

Item	Topic	Action	Owner	Status / Deadline
08.01	SDD r-transactions	AP 08.01 the EPC to review the current list of SDD r-transaction reason codes by the next SEUF meeting	EPC	Sept 2019 meeting
08.02	SEUF composition	Inform all incumbent SEUF members about the launch of the call for candidates	EPC	Start of May



List of participants – 8th SEUF Meeting
Date: 26 March 2019

Name	Institution	Attendance
Co-Chairs		
Jacquelin Jean-Yves	Erste Bank (Austria) (SEMWG Chair)	Yes
Massimo Battistella	European Association of Corporate Treasurers (EACT)	Yes
EPC Scheme Evolution and Maintenance Working Group (SEMWG)		
Begoña Blanco Sanchez	ING (Belgium)	Yes
Lars Herslof	Handelsbanken (Denmark)	Apologies
Jose Vicente	Millenium BCP (Portugal)	Apologies
European Associations of Users of the SCT, SCT Inst and SDD Schemes		
Alexander Singewald	The Federation of European Direct and Interactive Marketing (FEDMA)	Apologies
Arnaud Crouzet	EuroCommerce	Apologies
Erik Jensen	European Fund and Asset Management Association (EFAMA)	Apologies
Günther Lutschinger	European Fundraising Association (EFA)	Apologies
Triin Saag	European Multi-channel and Online Trade Association (EMOTA)	Yes (late arrival)
Jeannette Klok-Hummel	GSM Association (GSMA)	Yes
Kristen Morrow-Greven ¹	Computer and Communications Industry Association (CCIA)	Yes
Troels Hauer Holmberg	European Association for the Coordination of Consumer Representation in Standardisation (ANEC)	Apologies
Observers		
Roxane Romme	European Commission	Apologies
Guests		
Frédéric Jeannin ²	EuroCommerce	Yes
EPC Secretariat		
Etienne Goosse	EPC Director General	Yes
Bart Clarebout	EPC secretariat	Yes

¹ Alternate: Jay Nair

² Replacing Arnaud Crouzet