



Approved

Minutes 11th Meeting – EPC Scheme Technical Forum (ESTF)

Meeting Date: 11 September 2019 - 10:00 – 12:30

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 (ESTF 003-19)

The ESTF co-Chair from the EPC J-Y. Jacquelin welcomed all meeting participants to the 11th ESTF meeting in its new composition for the period 2019-2021. The agenda was approved unchanged and can be published on the EPC Website. Each meeting participant shortly introduced him/herself. The new list of ESTF members will also be published on the EPC website.

2. Terms of Reference (ToRs) of the ESTF and reference in the Scheme Management Internal Rules (SMIRs) (EPC 090-17, EPC 154-19, Pres EPC001-19)

Prior to the meeting, the ESTF members received the ToRs of the ESTF (EPC090-17) approved by the Scheme Management Board (SMB) of the EPC, an extract from the EPC Scheme Management Internal Rules (SMIRs) describing the EPC stakeholder fora (EPC154-19) and an organisation chart of the EPC structure showing the position of the ESTF (Pres EPC 001-19).

The SMB is responsible, under the delegated authority granted by the EPC Board, for performing the functions of management and evolution of the EPC SEPA payment schemes.

Under Module 1, the EPC has two formal stakeholder fora to establish and maintain a dialogue with stakeholders from SEPA scheme end-users (via the Scheme End-User Forum (SEUF)) and technical players providing services and products for the SEPA market (ESTF). Through these stakeholder fora, the stakeholders are informed about the maintenance and the further evolution of the existing EPC SEPA scheme rulebooks.

The EPC Director General emphasised that the fora are an important formal feedback channel via which the stakeholders can raise or address issues and make recommendations to the SMB concerning the EPC SEPA payment scheme rulebooks.

3. ESTF role in the EPC SEPA payment scheme rulebook change management process (EPC 207-14 v4.2, SMIRs workflow)

Prior to the meeting, the ESTF members received a detailed workflow explaining the different phases the EPC undertakes from the moment it receives change requests from any stakeholder until the moment the EPC publishes a new version of the EPC scheme rulebooks. Individual ESTF



11 September 2019

members in their capacity of an organisation representative but also the ESTF as a forum as such can submit SEPA payment scheme rulebook change requests to the EPC.

The ESTF will be given the chance to discuss in detail every received change request and the related recommendation given by the EPC Scheme Evolution and Maintenance Working Group (SEMWG) for the 90-calendar day public consultation, during a physical meeting prior to the start of this public consultation.

Once the public consultation is finished, the SEMWG then consolidates all comments from this consultation and formulates a SEMWG change proposal. Subsequently, during a physical meeting, the ESTF and the SEUF each separately give their formal position on each change request. They will have as input the comments received from the public consultation and the SEMWG change proposals. The SMB then assesses the positions from the SEMWG, the ESTF and the SEUF to determine if a change request will be taken up in the new version of the relevant EPC SEPA payment scheme rulebook.

4. Election of ESTF co-chair representing the technical players

The ToRs of the ESTF foresee a co-chairing model with the SEMWG Chair taking up the role as EPC co-Chair, and a second Co-Chair to be elected by and amongst the other ESTF members representing stakeholders. With the send-out of the meeting agenda, each ESTF member had been invited to report his/her candidacy as second co-Chair by e-mail to ESTF@epc-cep.eu or latest at the start of the September 2019 ESTF meeting itself.

Messrs Raphaël François of Azzana Consulting and Mario Reichel from PPI AG presented themselves as candidates. A secret ballot among non-EPC related ESTF members gave a majority of the votes in favour of Mr François. Mr. François will therefore be the Co-Chair representing technical players for the ESTF's two-year mandate.

5. Data Protection and Privacy Policy (EPC 024-18)

The ESTF members noted the EPC stipulations on the protection of personal data for persons who are members of an EPC body such as the ESTF. The members of the ESTF should as a matter of principle refrain from processing any personal data accessed or obtained through their ESTF membership for any purpose not directly related to the ESTF itself.

6. Code of Conduct – Competition Law (EPC 212-14)

The ESTF members noted the EPC Code of Conduct - Competition Law. This code of conduct aims at preventing (potential) competition law issues to arise in the context of EPC-organised meetings, and to specify the process to be followed to address any potential competition law issues arising. The EPC draws the attention of each ESTF member to the “do’s and don’ts” (see page 7 of the document).

7. EPC document classification rules applicable to EPC stakeholder groups (EPC 155-19)

The ESTF took note of the following EPC document classification rules:



Classification	Labelling	Distribution	Access
Public	Labelling on first page of document.	<ul style="list-style-type: none"> ▪ Distribution to the general public. ▪ Document can be made available on the EPC website. 	No restrictions apply.
Internal Use (Including Designated External)	Labelling on first page of document.	Distribution to the members of the group.	“Role-based” access: these documents are restricted to the members of the group (including their constituencies, as applicable) and can only be disclosed externally with the EPC Director General’s permission.
Confidential	Labelling on every page of document.	Distribution to the members of the group.	“Role-based” access: these documents are restricted to the members of the group and can only be disclosed to their constituencies or externally with the EPC Director General’s permission.

Most EPC documents shared with the ESTF will be “internal use” documents. For transparency reasons, the ESTF meeting agendas and the approved meeting minutes are made public on the EPC website.

8. Possible change-over to a newer ISO 20022 version for the EPC SEPA schemes (EPC 156-19)

The September 2019 SMB meeting agreed to present the migration of the four EPC SEPA payment scheme rulebooks to the 2019 version of the ISO 20022 standard by November 2022, as a major change request in the 2020 rulebook change management cycle.

Subject to a positive public consultation outcome on this change request, the EPC would formally communicate this ISO version migration in November 2020 when publishing the 2021 EPC SEPA payment scheme rulebooks and the related Implementation Guidelines (IGs). The IGs published in November 2020 will still be predominantly¹ based on the 2009 version of ISO 20022 and will be applicable from November 2021 to November 2022.

A second set of 2021 IGs will be published latest in the second quarter of 2021. This second cluster of IGs would then be based on the 2019 version of the ISO 20022 standard.

The ESTF welcomed this step. Several ESTF members still had the following comments:

A. *Why not implementing the 2019 version already in November 2021? Payment Service Providers (PSPs) would have to implement possible new business or technical rules in the 2009 version for just one year.*

The EPC explained that the timeline approach of 2021-2022 was designed to spread the workload for PSPs.

¹ Some messages described in the current IGs are already based on a more recent version of ISO 20022.

**11 September 2019**

Otherwise, the PSPs would have to change three (possibly four) different payment systems or platforms by November 2021: the SCT and SDD payment engines, the high-value payment systems connected to Target2 (ECB) and EURO1 (EBA Clearing) and possibly the international payment systems connected to the SWIFT network.

Various scheme participant communities indicated that handling the ISO version migration for the four EPC SEPA payment schemes by November 2021 on top of those planned migrations, would be huge challenge.

- B.** *The EPC should determine a more pro-active and more regular ISO version change-over process. There is always the risk that euro payment market infrastructures may change to a more recent ISO version in the future creating again ISO version divergence.*

The SMB will discuss possible options for a more regular ISO version change-over process at its future meetings.

Some ESTF members clarified that only Target2 and Target2Securities migrate to the 2019 ISO version in November 2021. The TIPS infrastructure maintains the 2009 ISO version (to remain in line with the SCT Inst scheme rulebook). In theory, Target2 can migrate every year to a new ISO version but this will not necessarily happen every year. The EURO1 infrastructure would follow the ISO version of Target2.

- C.** *To ease the migration issues, the EPC could consider to already adapt the existing ISO message fields other than the white fields, in the 2019 version for the 2021 IGs.*

The EPC working groups will take into account this suggestion when preparing the change request.

- D.** *For the 2020 public consultation, a gap analysis between the 2009 and 2019 ISO versions should be shared.*

The EPC working groups will check if and at what level of detail such gap analysis can be provided as an annex to the change request.

- E.** *Will the new 2019 version apply to the settlement date or to the sending date of November 2022? And how to deal with R-transaction message that need to be sent after November 2022 but which relate to initial payment messages sent before November 2022?*

The EPC working groups will take up these points when preparing the change request.

AP 11.01 The EPC to consider the ESTF comment points B. to E. into the 2020 change request on the ISO 20022 version migration or to provide a status update at the March 2020 ESTF meeting

The EPC further explained that the ISO version migration would be a big-bang migration, i.e. no transitional period will be foreseen. The mandatory Customer-to-Bank (C2B) IGs as well as the mandatory interbank IGs will be based on the 2019 ISO version. This means that all EPC SEPA payment scheme participants offering ISO 20022 message-based payment services to their customers, should then have to support the 2019 version as of November 2022. On the other hand, the customers would still be free to use another ISO version to exchange SEPA transactions in an XML format with their PSPs if so bilaterally agreed.



9. SCT Inst scheme implementation status

A. Possible amendment of the maximum amount and its entry into force (EPC 232-19)

The September 2019 SMB meeting agreed that the maximum amount an Originator can transfer via a single SCT Inst Instruction remains at 15.000,00 EUR until 1 July 2020. This amount is increased to 100.000,00 EUR as of 1 July 2020 starting from 08:00 CET. The EPC will publicly announce this amount amendment on 12 September 2019.

B. Adherence status and projections (EPC 233-19)

The ESTF noted the August 2019 adherence figures indicating that more than 50 percent of the SCT scheme participants in SEPA have adhered to the SCT Inst scheme as well.

On the other hand, the SCT Inst scheme still has about 14 months until November 2020 to comply with all conditions set by article 4 of the SEPA End-Date Regulation. Concretely, the SCT Inst scheme participants must:

- Constitute a majority of PSPs within the Union;
- Represent a majority of PSPs within a majority of Member States;
- Ensure that their selected retail payment system (i.e. CSM) technically interoperates with other retail payment systems within the Union.

Based on the August 2019 adherence figures, only the first condition is fully met. The pace of new adherences seems to have recently come to a standstill even though based on previous experiences, new scheme adherences happen to come in several “big waves”.

As for the third condition, the interoperability is far from being met. In most countries, the SCT Inst reachability stops at the national borders. Statements from communities claiming that such lack of interoperability would be resolved by a certain date in 2019 have not yet materialized. The go-live dates for such SEPA wide interoperability are being delayed. The EPC Director General pointed out that this lack of interoperability is a clear breach of the SCT Inst scheme rulebook and the SEPA End-Date Regulation.

The EPC will now discuss possible routes on how to resolve the outstanding SEPA End-Date Regulation conditions on SCT Inst scheme adherence and interoperability. One EPC action is to communicate more assertively about the current SCT Inst adherence and interoperability status and the issues at stake through multiple meetings and channels. The reason is that the EU authorities may start losing very soon their patience with respect to the current state of scheme reachability and interoperability. They may take legislative actions which may not please the PSP communities.

Several ESTF members remarked that the Clearing and Settlement Mechanisms (CSMs) cannot be blamed for the current SEPA-wide lack of interoperability. It is the PSPs having adhered to the SCT Inst schemes which must respect the SCT Inst scheme rulebook and the SEPA End-Date Regulation. Some CSM representatives explained that some of their PSP-SCT Inst scheme service users do not yet realise that they must be SEPA-wide reachable.

**11 September 2019**

Several ESTF members also raised the issue of the optionality of the SCT Inst scheme. Some SCT scheme participants do not see the need to develop 24/7/365 instant payment services to their customer base. Their customers may be satisfied with the current payment instruments to make urgent payments (e.g., through EURO1 or Target2). These ESTF members felt that the SCT Inst scheme should become a mandatory scheme.

The ESTF members took the view that the different communities of SCT Inst scheme participants must be clearly informed about the regulatory obligations that rest upon them.

C. Issues from scheme participants about the current SCT Inst processing

Some ESTF members pointed to the manual actions needed to handle possible hits from regulatory screenings on cross-border SCT Inst transactions. Such manual interventions cannot be concluded in a few seconds 24/7/365. The ESTF was informed that the Risk Management Annex to the SCT Inst scheme rulebook already gives the scheme participants an elaborate guidance.

Other ESTF members pointed out that the SCT Inst scheme is an attractive instrument for fraudsters. The ESTF was informed that the EPC had already agreed on a concrete approach to work out measures to prevent and mitigate SCT Inst fraud. Furthermore, changes to the fraud prevention engines at the SCT Inst scheme participants and the implementation of secure customer authentication under PSD2 will have a positive effect on payment fraud.

D. Interoperability between SCT Inst scheme compliant CSMs

Covered by the discussion under 9.B.

E. Prospects for further use of SCT Inst

Several ESTF members noted the growing use of SCT Inst in the person-to-person segment (e.g., paying split bills). Also, experiences were shared how SCT Inst payments replace cheque payments and how SCT Inst is used for first instalment payments for high value consumer goods and real estate. The ESTF also recognized the added value of the SCT Inst scheme for the development of payment initiation services.

F. Current obstacles to the broader use of SCT Inst

Covered by the discussion under 9.B and C.

G. Possible ESTF recommendations about the SCT Inst scheme and processing to EPC and scheme participants

Some ESTF members suggested amending the definition of the Banking Business Day or to replace it by Calendar Day in the SCT Inst scheme rulebook.

AP 11.02 EPC to consider developing a 2020 change request to redefine the term Banking Business Day in the SCT Inst scheme rulebook (possibly also SCT scheme rulebook)

10. SCT inquiry procedure: implementation issues or need for extra EPC clarifications (EPC 234-19, EPC 131-17)

During the summer, one ESTF member reported to the secretariat that his PSP-clients still had some clarification requests about the SCT inquiry procedure entering into force as of 17 November 2019.

**11 September 2019**

The EPC pointed out that in May 2019, the EPC issued clarifications on the SCT inquiry procedure through the new version of the clarification paper on the SCT and SCT Inst rulebooks (EPC 131-17) and via errata/addenda to the SCT interbank IGs. The sections 3.2 and 3.3 of this clarification paper give important clarifications and schematic workflows about the SCT inquiry procedure. At that same time, the EPC also published an updated version of the SCT r-transaction reason code guide (EPC135-19) which includes the reason codes to be used in the various SCT inquiry situations. These publications were done following several clarification requests from SCT scheme participants which the EPC received in the preceding months.

The ESTF members were invited to report any concrete concerns or issues with respect to the SCT inquiry procedure. One ESTF member mentioned that some SCT scheme participants seem to have issues with the current rules of charging and collecting inquiry charges. These participants may submit some change requests.

Another ESTF comment was that certain vendors developing inquiry software packages did not foresee the SCT inquiry procedure in their packages. Some SCT scheme participants were obliged to build this procedure in their SEPA payment engines.

11. Operational implications of a “no-deal Brexit” on SCT and SDD Transactions (EPC 235-19)

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 payment schemes in case of a no-deal Brexit.

During the summer of 2019, the EPC had discussions with the UK and the Irish PSP communities on the implications of a no-deal Brexit on SCT and SDD transactions to and from the UK.

The EPC decided to communicate as early as possible about the operational implications for payment end-users and scheme participants of a no-deal Brexit. It published its communication on 02 September 2019 on the EPC website and informed the European Commission.

The main concern lies with SDD collections as the Creditor Bank does not have the address of each Debtor. This address must be provided in case one of the two SDD schemes participants is based in a non-EEA SEPA country. All SCT and SDD schemes participants are strongly recommended to communicate these operational implications to their customers as soon as possible.

12. 2020 scheme change management cycle: concrete change requests from the ESTF or from individual ESTF members

The next rulebook change management cycle for all schemes will take place in 2020. EPC SEPA payment scheme participants and other stakeholders are invited to submit change requests to the four EPC SEPA payment scheme rulebooks by **31 December 2019 close of business**.

These change requests will be considered for the rulebook versions and associated IGs to be published in November 2020 and taking effect in November 2021. A three-month public consultation on these change requests will take place in the Spring of 2020.



One ESTF member suggested extending the list of reason codes for the Request for Recall by Originator (RFRO) procedure with “Dispute Originator with Beneficiary”.

AP 11.03 EPC to consider the extending the list of reason codes for the Request for Recall by Originator (RFRO) with “Dispute Originator with Beneficiary” for the 2020 change management cycle

The ESTF members did not raise other concrete change requests than those reported earlier during the meeting. The EPC secretariat then presented a list of main change requests which the EPC currently intends to submit itself for the upcoming cycle.

13. Request-to-Pay developments: status

The EPC Board has set up a new EPC-managed multi-stakeholder group (MSG) on RTP. This MSG will submit to the November 2019 EPC Board meeting an RTP framework describing the various features an RTP message must contain, and a wide range of use cases in which RTP can be used as well as proposals for next steps.

The November 2019 EPC Board meeting will decide how it wants to further work out RTP. Options range from a dedicated RTP scheme rulebook to an inclusion of RTP-supporting features in both SCT scheme rulebooks. The aim is to issue the eventual RTP features by November 2020 in order that the interested market players can implement them by November 2021.

14. Proposed 2020 ESTF meeting dates

The meeting agreed with the proposed dates of 10 March and 24 August 2020. The August 2020 meeting will start at 11h00.

15. AOB

The current status on the possible inclusion of incoming ‘one leg-out’ credit transfers in the SCT scheme was raised. The EPC decided not to submit itself a rulebook change request on this topic in 2020 given the many implications of such change. The EPC will re-discuss the item and the related strategic aspects at its next Board meeting.

The meeting agreed to discuss the 2019 r-transaction statistics at the March 2020 ESTF meeting.

AP 11.04 EPC to schedule the consolidated overview of the 2019 r-transaction statistics for the March 2020 ESTF meeting

There was no other business raised or discussed.

16. Date of next meeting and closure of the meeting

The next ESTF meeting will take place at the EPC secretariat premises in Brussels on **10 March 2020**.



**List of open action items after
11th ESTF Meeting**

Item	Topic	Action	Owner	Status / Deadline
08.01	R-tx reason codes	Consider including R-transaction reason codes specifically for AML, CTF, embargo and fraud during the 2018 change management cycle	EPC	During 2020 change mgt cycle
11.01	2020 change mgt cycle	Consider the ESTF comment points B. to E. into the 2020 change request on the ISO 20022 version migration or to provide a status update at the March 2020 ESTF meeting	EPC	End 2019
11.02	2020 change mgt cycle	Consider developing a 2020 change request to redefine the term Banking Business Day in the SCT Inst scheme rulebook (possibly also SCT scheme rulebook)	EPC	End 2019
11.03	2020 change mgt cycle	Consider the extending the list of reason codes for the Request for Recall by Originator (RFRO) with "Dispute Originator with Beneficiary"	EPC	End 2019
11.04	R-tx reason codes	Schedule the consolidated overview of the 2019 r-transaction statistics	EPC	March ESTF meeting



List of participants – 11th ESTF Meeting
Date: 11 September 2019

Name	Institution	Attendance
EPC scheme Evolution and Maintenance (SEM) Working Group		
Jacquelin Jean-Yves (SEMWG Chair) (<i>ESTF co-Chair</i>)	Erste Bank (Austria)	YES
Schindler Axel	BVR (Germany)	YES
SEPA Scheme compliant Clearing and Settlement Mechanisms (CSMs)		
Renault David	EBA Clearing	YES
Pfeffer Walter	GSA	YES
Langa Jose-Luis	Iberpay	YES
Eskestad Rasmus	Nets	YES
Marchetta Angelo	SIA	Apologies
Sequeira Luis	SIBS	YES
Beltran José	STET	YES
Dinacci Fabrizio	TIPS	YES
Major technical players active in multiple SEPA countries or from European associations of technical players that provide SCT and SDD messaging services and are not already CSMs		
Bouille Isabelle	SWIFT	Apologies
Representatives of (European associations of) technical players		
Julieth Posada Parra ²	ACI Worldwide	YES
Francois Raphael (<i>ESTF co-Chair</i>)	Azzana	YES
Czimer Jozsef	Capsys	YES
Bär Fred	EACHA	YES
Denis Olivier	EastNets	YES
Carlos Blanco (Eurobits)	European Third Party Providers Association (ETPPA)	YES
Chance David	Fiserv	Apologies
De Longeaux Guillaume	Galitt-SopraSteria	YES
Rutka Magdalena	Icon Solutions	YES
Wagenaar Hein	Oracle	YES
Reichel Mario	PPI AG	YES
Carpintero Gabriel	SSTRATEGY	Apologies
Heinze Volker	UNIFITS	YES
European Payments Council		
Goosse Etienne	Director General	YES
Clarebout Bart	ESTF Secretary	YES

² Replacing for this specific meeting Astarita Daniele