



Approved

Minutes 10th Meeting –Scheme End-User Forum (SEUF)

Meeting Date: 11 March 2020 - 10:30 – 12:40

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 001-20)

The SEUF co-Chairs Messrs M. Battistella and J-Y. Jacquelin welcomed all meeting participants, either physically or by Skype-For-Business conference call, to the 10th SEUF meeting. The agenda was approved unchanged and can be published on the EPC Website.

2 2020 scheme change management cycle: timeline and change requests received (Pres EPC012-20)

The document Pres EPC012-20 provided a high-level description of the change management cycle timeline and of the 2020 change requests (CRs) received. The public consultation (PC) on the 2020 CRs will be held from 12 March to 09 June 2020 ending at 17h00 CET. Comments received after this date and time will not be considered for the next phase of the change management cycle.

The EPC Stakeholder Forums (including the SEUF) will meet in the last week of August 2020 to take note of the PC comments received, the Change Proposal per CR from the EPC's Scheme Evolution and Maintenance WG (SEMWG), and to determine their respective positions about each CR for further consideration and final decision by the EPC Scheme Management Board (SMB).

48 CRs had been submitted with the large majority coming from EPC working -and support groups, national PSP communities and individual PSPs.

Each CR was shortly explained regarding its background, the concrete suggestion from the submitter and the SEMWG recommendation given. Most CRs did not affect the payment end-users as these CRs relate specifically to the interbank space. The meeting discussed the following CRs in further detail:

A. Both SCT schemes

27 - Linking an SCT/SCT Inst Transaction with a Preceding RTP Message

The successful transmission of the RTP message triggers an SCT/ SCT Inst instruction from the Debtor (Originator under the SCT schemes) to the Creditor (Beneficiary under the SCT schemes). The parties that create and further process the payment instruction need to distinguish an instruction from an RTP message with other "stand-alone" instructions.

The EPC proposal is to introduce a reference to the RTP message in the transaction to distinguish RTP-initiated transactions from other transactions.



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The SEMWG takes a neutral position to this CR during the PC and looks forward to the views from the market. Not every scheme participant knows the RTP concept and/or the EPC RTP scheme preparations. Furthermore, the RTP scheme rulebook itself is not yet ready so it is uncertain if such distinction between the RTP-triggered SCT transactions and stand-alone SCT transactions is a must. The SEMWG will also rely on the outcome from the public consultation on the RTP scheme rulebook to determine its final position in August 2020.

The SEUF co-Chair felt that there would be no need for such reference. The sender of the RTP message could define the structured remittance information of the subsequent payment (completed in both the payment initiation message and in the interbank message) in such way that it can immediately determine if the incoming payment originates from an RTP message or not.

The EPC co-Chair stressed that this CR has been developed as a placeholder. If there is a need for such RTP-related reference in the SCT payment schemes, the EPC can already include it in the 2021 SCT scheme rulebooks. Otherwise, the EPC would only be able to include such reference at the earliest in the 2023 rulebooks. This would affect the attractiveness of the RTP scheme.

B. SCT scheme

28 - Notification to Beneficiary Bank about the Execution of SCT Instruction after a Processed RTP Message

The CR proposes a new notification message allowing the Originator Bank to inform in real-time the Beneficiary Bank (so indirectly the Beneficiary) that a payment instruction has been executed. This would support RTP use-cases requiring a level of certainty that the SCT payment has been successfully executed when SCT Inst cannot be used.

Like for the CR # 27, the SEMWG takes a neutral position to this CR during the PC and looks forward to the views from the market. The SEMWG will also rely on the outcome from the public consultation on the RTP scheme rulebook to determine its final position in August 2020.

The EPC co-Chair stressed that also this CR has been developed as a placeholder. If there is a need for such notification under the SCT payment scheme, the EPC can already include it in the 2021 SCT scheme rulebook. Otherwise, the EPC would only be able to foresee such notification at the earliest in the 2023 rulebook. This would affect the attractiveness of the RTP scheme.

The SEUF members understood the EPC approach and did not express a concrete position about this CR.

C. SCT Inst scheme

18 & 21 - Introduction of a Credit Notification Message for the Beneficiary

Both CRs suggest introducing a formal positive credit notification message based on the camt.054 message for a successfully executed SCT Inst transaction.

The EPC proposes a **recommended** Bank-to-Customer chapter as part of the C2B IGs for Beneficiary Banks that wish to implement such notification messages based on an ISO 20022 messaging format. The EPC intends to foresee technical message specifications to allow positive item-per-item credit notification messages. Beneficiaries and their Beneficiary Banks will be free to agree on the use of camt.054 or not.



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The EPC co-Chair stressed that the implementation of the envisaged EPC specifications for the camt.054 message is not an obligation for the SCT Inst scheme participants. The EPC intention is to offer the SCT Inst scheme participants and their customers the possibility to use some minimum standards in the Bank-to-Customer (B2C) reporting.

This EPC approach is different to the general principle of the mandatory Customer-to-Bank (C2B) Implementation Guidelines (IGs). Each SCT Inst scheme participant offering ISO 20022 standard-based payment initiation XML messages to its customers must as a minimum comply with the SCT Inst scheme C2B IGs.

The SEUF co-Chair preferred that if the SCT Inst scheme participants offer the camt.054 message, they must support as a minimum the envisaged EPC specification for that message. This in order to allow standardization and avoid fragmentation in the Bank-to Customer reporting. The EPC co-Chair invited the SEUF co-Chair to state his comments during the PC.

30 - Reduction of Target Maximum Execution Time and Time-Out Deadline

The proposal is to reduce the timelines for target maximum execution time (from 10 to 5 sec), the time-out deadline (from 20 to 7 sec) and the receipt of the confirmation message after the time-out deadline by the Originator Bank (receipt within 2 instead of 5 sec by the 9th second instead of the 25th second).

Although this CR could increase the attractiveness of the SCT Inst scheme, the SEMWG has concerns that such changes by November 2021 will negatively influence PSPs that are currently considering adhering to the SCT Inst scheme.

The SEUF supported this view. They pointed out that these timelines are maximum timelines anyhow. The first focus is that the SCT Inst scheme achieves the widest possible reach.

36 - New service 'Initial payment with unknown final amount'

37 - New service 'instalment payment'

38 - New service 'instant customer refund'

The SEMWG recommendation for these three CRs was that the SCT Inst transaction can only be authenticated with a final and irrevocable amount, or this can already be conducted via the current Repayment feature of the SCT Inst scheme. A more suitable solution can be the future RTP scheme in a combination of e.g., a maximum amount or a reservation to support such services, or whereby the consumer submits an RTP message to the merchant triggering an SCT Inst transaction.

The EPC co-Chair explained that these proposed new services will certainly be discussed during the preparation of the second version of the RTP scheme rulebook that is expected to start end 2020. Some SEUF members added that these proposed services lie more in the payment initiation phase which in general is out of scope of the SCT Inst scheme.

D. Both SDD schemes

24, 25, 45 and 48- New SDD R-Transaction Reason Codes

The SEPA Regulation allows Debtors to block their account for SDD in four reasons:

- Whitelist in use; creditor and/or mandate not listed;
- Creditor blocked;



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- Maximum number of Direct Debit transactions within a certain period is exceeded by the Creditor;
- Transaction exceeds a maximum amount.

The rulebooks currently foresee just one reason to cover all four reasons (SL01; “Due to specific service offered by the Debtor Agent”). The proposal is to introduce specific codes for these four (optional) reasons. Each party involved then informs the other about a more accurate Debtor-driven r-transaction reason. The Creditor can act/communicate in line with (one of) the four possible blocking options as used by the Debtor. The same CR was made in 2016 and 2018.

The SEMWG does not give a concrete recommendation for the PC as the generic code SL01 is frequently used in some SEPA countries. The SEMWG looks forward to the feedback from the SDD scheme participants and SDD payment end-users on this CR during the PC.

The SEUF co-Chair pointed out that if the Creditor receives only the code SL01, it cannot determine the concrete issue. Meanwhile, the collection processes of the Creditor will continue, based on a valid SDD mandate. If the Creditor receives a more precise reason code, it can swiftly communicate the Debtor a very concrete proposed action to resolve the issue causing the collection failure at the Debtor’s end.

The SEUF co-Chair further emphasised the need for symmetry and transparency of information between the Debtor Bank and its Debtor on the one side and the Creditor on the other side (based on a signed contract and SDD mandate between the Creditor and the Debtor). The Debtor has signed a valid mandate with the Creditor. If the Debtor has e.g., put the Creditor on a blacklist, the Creditor should at least know this.

The ANEC representative representing the consumers pointed out that transmitting such specific reason codes may represent sensitive information about the Debtor. The ANEC representative will review this specific set of CRs within his consumer association network before the next SEUF meeting.

3 SCT Inst scheme implementation status

A. Adherence status and projections (EPC 050-20)

The SCT Inst scheme has eight 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.

Based on the February 2020 adherence figures, only the first condition is fully met. Only three national communities currently meet the second condition. The EPC Director General reported that a big wave of PSPs will join the SCT Inst scheme as of March 2020 but even with these expected waves, the SCT Inst scheme may not meet the second condition.

As a second-best measure to track the penetration of the SCT Inst scheme, the EPC has collected information about the percentage of reachable payment accounts across EU countries. There, the current situation is much more positive. In eleven eurozone countries, most of the payment accounts are reachable for SCT Inst.

The EPC now informs on a more frequent basis the Commission and the ECB about the SCT Inst scheme adherence and reachability developments.



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SCT Inst scheme participants must ensure that they are SEPA-wide reachable. At the beginning, several SCT Inst scheme participants were only reachable at national level assuming that the technical interoperability at SEPA level would be established soon afterwards. They expected that their selected retail payment system(s) (i.e. CSM) would technically interoperate with other SCT Inst retail payment systems within SEPA.

However, this is not yet the case. The EPC supports any action the ECB will take based on the suggestions received from PSP and CSM representatives. The EPC itself requires new adherents to the SCT Inst scheme to demonstrate that they are SEPA-wide reachable.

The volume of the SCT Inst transactions is also picking up. In the fourth quarter of 2019, about five percent of the euro credit transfers in SEPA were SCT Inst transactions.

B. Prospects for further use of SCT Inst

The SEUF considered that the increase of the maximum amount will provide the market players with more ideas how the SCT Inst scheme could potentially serve their needs.

C. Current obstacles to the broader use of SCT Inst

The SEUF co-Chair pointed out the lack of promising interoperable payment initiation solutions that can operate at SEPA wide level. The EPC co-Chair stated that the upcoming RTP scheme will facilitate the cross-border roll-out of such solutions across SEPA. Both Chairs agreed that standardization in the payment initiation area is key to prevent fragmentation from happening.

The SEUF co-Chair also stated the lack of SEPA-wide reachability of many SCT Inst scheme participants. The EPC Director General explained that this issue has now been raised with and is being considered by the ECB.

4 Publication of updated 2019 SEPA payment scheme rulebooks (EPC 051-20)

On 5 March 2020, the EPC published an updated version of the four 2019 SEPA payment scheme rulebooks. All updated rulebooks will enter into force on 1 April 2020. There is no operational impact for the scheme participants and their customers.

This publication results from the creation of a Dispute Resolution Committee (DRC) replacing the Compliance and Adherence Committee (CAC) and the Appeals Committee being SEPA Payment Scheme Management bodies. The DRC will formally start its activities on 1 April 2020. The DRC will be responsible for complaints management and appeals for all EPC-managed payment and payment-related schemes.

The current applicable 2019 rulebooks only contain detailed descriptions about the role, the composition and the concrete duties of the CAC and the Appeals Committee. All these organisational changes affect certain sections in the four EPC SEPA payment scheme rulebooks and the relevant rulebook annexes, notably the Scheme Management Internal Rules (SMIRs) and the Risk Management Annexes (RMAs).

The SEUF took note of this specific publication and its background.

5 Comparison SCT and SDD r-transaction statistics for the period 2016-2019 (Pres EPC 017- and 018-20)

The EPC co-Chair pointed to the high r-transaction rates under the SCT Inst scheme compared to the SCT scheme for the year 2019 (covered in Pres EPC 017-20):



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% of R-transactions	SCT scheme	SCT Inst scheme
For national transactions	0.16%	0.81%
For cross-border transactions	0.24%	5.11%

The higher rates result mainly from the regulatory screenings done by Beneficiary Banks in particular for cross-border transactions. Unfortunately, measures to resolve such specific cause for r-transactions lies beyond the EPC's control.

The SEUF noted the eleven percent increase in SDD B2B collections from 2018 to 2019. The main reason is that as of 2019, employees in France no longer pay themselves the income tax on their salaries to the French authorities. The employers now pay these tax contributions on behalf of the employees. The French authorities use the SDD B2B scheme to collect these contributions from the employers.

6 One-Leg Out (OLO) credit transfers entering or leaving SEPA: internal EPC discussion + ESTF views (oral report)

At the end of 2019, the EPC Board decided to establish an ad-hoc Task Force on One-leg out euro (instant) credit transfer transactions entering or leaving SEPA (OLO TF) to look into the issue of "one-leg out" euro credit transfer transactions entering or leaving SEPA, from a business and operational perspective.

The OLO TF is to provide the May 2020 EPC Board meeting with a report on the business and end-to-end operational aspects and consequences of and scenarios for supporting one-leg out euro (instant) credit transfer transactions entering or leaving SEPA, in light of all relevant industry developments and regulatory requirements.

7 Request-To-Pay developments: status (oral report)

The EPC Multi Stakeholder Group (MSG) on RTP finalised its specifications for a standardisation framework about RTP for approval by the November 2019 Board meeting. The EPC Board then decided to create an internal EPC Task Force (TF) at the start of 2020.

This TF must develop an RTP scheme rulebook and related C-to-PSP and inter-PSP implementation guidelines for publication on the EPC website in November 2020. The RTP scheme can then be used immediately.

This RTP rulebook will consist of a set of rules, practices and standards that makes it possible for PSP and non-PSP entities to join, participate and operate in the RTP scheme. The RTP scheme will be based on the ISO 20022 standard, separate from the EPC SEPA payment schemes, covering a set of basic functions.

The first release will cover the basic RTP features such as the RTP itself, the acceptance, the refusal and the cancellation of the RTP. Future releases will cover other RTP developments such as pre-authorisation of payment, payment in multiple instalments, payment initiation in the Payer's PSP's application and guarantee of payment.

The MSG on RTP will be maintained and will act as a stakeholder forum group.

The three-months' public consultation on the RTP rulebook is scheduled to start at the end of May 2020.



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8 Update on Brexit (oral report)

After the UK and the European Parliaments ratified the UK Withdrawal Agreement at the end of January 2020, the UK now has entered a transition period, which runs from 1 February until 31 December 2020 23h00 GMT. Until that date and time, nothing changes for the EPC SEPA payment scheme participants.

Together with UK Finance, the EPC will now regularly monitor the payment-related legal developments in the UK to become effective after 31 December 2020, to determine if the current level playing field between the UK-based SEPA payment scheme participants and the scheme participants of the rest of SEPA will be maintained after that date.

In any case, as of 01 January 2021 the requirements from the EU Funds Transfer Regulation for payments to or from non-EEA countries will have to be applied as well for payment transactions involving a UK-based PSP.

9 AOB

There was no other business raised or discussed.

10 Date of next meeting and closure of the meeting

The next ESTF meeting will take place at the EPC secretariat premises in **Brussels on 25 August 2020 starting at 10h30**.

List of open action items after 10th SEUF Meeting

Item	Topic	Action	Owner	Status / Deadline
		None defined at this moment		



List of participants – 10th SEUF Meeting

Name	Institution	Attendance
EPC Scheme Evolution and Maintenance Working Group (SEMWG)		
Jacquelin Jean-Yves	Erste Bank (Austria) (EPC co-Chair)	Yes
Blanco Sanchez Begoña	ING (Belgium)	Yes
European Associations of Users of the SCT, SCT Inst and SDD Schemes		
Kupsys Kestutis	ANEC: European Association for the Coordination of Consumer Representation in Standardisation	Yes
Morrow-Greven Kristen (Alternate: Zuzana Pucikova)	CCIA: Computer and Communications Industry Association	Apologies
Battistella Massimo	EACT: European Association of Corporate Treasurers	Yes (via Skype)
Janik Birgit	EMOTA: European e-Commerce and Omni Channel Trade Association	Yes (via Skype)
Becquart Anaïs	EuroCommerce	Yes (via Skype)
Observers		
Romme Roxane	European Commission	Apologies
EPC Secretariat		
Goosse Etienne	EPC Director General	Yes
Clarebout Bart	EPC secretariat	Yes