

Minutes

SEUF 004-20

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Public

Approved



Minutes 11th Meeting – EPC Scheme End-User Forum (SEUF)

Meeting Date: 25 August 2020 – 10H00 – 12H00 CET as Skype-For-Business conference call

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 003-20)

The SEUF co-Chairs Messrs M. Battistella and J-Y. Jacquelin welcomed all meeting participants to the 11th SEUF meeting. The agenda was approved unchanged and can be published on the EPC Website.

2. EPC Payment Scheme Management Rules: process after an EPC SEPA payment scheme rulebook public consultation and the role of the SEUF (EPC 207-14 + workflow)

The workflow document outlining the regular EPC SEPA payment scheme rulebook change management cycle highlighted the different phases in this cycle and the role the SEUF plays in the cycle.

The EPC Payment Scheme Management Rules outline that after the end of the public consultation on the rulebook change requests (CRs), the Scheme Evolution and Maintenance Working Group (SEMWG) of the EPC must review the comments and must define its change proposal for each CR. It makes a Change Proposal Submission Document per scheme which contains:

- A short description of each CR
- The SEMWG recommendation given for the public consultation
- The results and the comments noted from the public consultation and
- The formal SEMWG Change Proposal per CR

This SEUF meeting is important as it must agree on a formal SEUF position for each 2020 CR. For this action, the SEUF received the submitted input from the various stakeholders during the public consultation and the formal change proposals formulated by the SEMWG.

The formal SEMWG change proposal and the respective positions from the SEUF and the EPC Scheme Technical Forum (ESTF) on each 2020 CR together with the input from the various stakeholders during the public consultation, will then be presented at the September 2020 meeting of the EPC Scheme Management Board (SMB). Based on these different positions, the September 2020 SMB meeting will decide which CRs are taken up in the next version of the EPC SEPA payment scheme rulebooks to be published in November 2020.

The SEUF supported the following approach to discuss the CRs and to determine an SEUF position.

- Firstly, the EPC co-Chair and the SEUF secretariat address the possible way forward for the following CRs as they affect all four SEPA payment schemes:



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- Item #20 on the migration to a newer version of the ISO 20022 messaging standard
- Item #16 on the attribute number alignment across the four rulebooks
- Afterwards, for the specific CRs per rulebook, the SEUF members will be invited to indicate which CRs they wish to discuss in further detail. The SEUF members will also have the opportunity to raise comments or objections to the SEMWG change proposals for the concerned CRs.
- Finally, the EPC co-Chair and the SEUF secretariat will highlight a few CRs that could be of interest to the SEUF.

Some CRs and the related SEMWG change proposals for one specific SEPA payment scheme also apply to (one of) the other three SEPA payment schemes. The SEUF members agreed with the assumption that an SEUF position taken for a CR under a given scheme also applies for that same CRs for (one of) the other three SEPA payment schemes unless otherwise agreed.

3. Public consultation outcome and way forward for the CRs #20 and #16

#20 - Migration to 2019 Version of the ISO 20022 Messaging Standard

If the September 2020 SMB meeting would approve this CR as-is, it would enter into force in November 2022 to separate this (major) message format change from functional and business changes that will become effective in November 2021.

It was pointed out to the SEUF that the corporate customers may still use another ISO version to exchange SEPA transactions with their PSPs. They can continue to use the 2009 version if agreed with their PSPs. The mandatory big bang migration to the 2019 version would apply only to the scheme participants. They would have to support as a minimum the 2019 version of the EPC-specified Customer-to-Bank (C2B) and interbank messages. The scheme participants could continue to support other ISO versions if they wish to do so in the relation with their customers.

A majority of EPC scheme participants and other contributors to the 2020 public consultation supported the SEMWG recommendation that this CR can be part of the scheme.

However, some stakeholders and some large PSP communities opposing to it suggest the implementation in November 2023 or 2024. One major justification of their position is the decision of SWIFT to postpone the kick-off of the migration of its FIN messages to the ISO 20022 message standard, from November 2021 to November 2022. The second justification to ask for a delay of this ISO version migration, was a pending Eurosystem decision¹ to retain the current November 2021 migration date for Target2 or to postpone it to a later date. These contributors highlight that these other migration projects have a considerable impact on their resource planning.

The SEMWG supports the need for the four EPC SEPA payment schemes to migrate to the 2019 version of the ISO 20022 standard. But with the decisions taken by SWIFT and the Eurosystem during and after the public consultation and the comments received during the public consultation, the SEMWG considers it is not in a position to make a widely supported proposal to migrate to the 2019 version of the ISO 20022 standard in November 2022. Nor can it propose an ISO version migration date in 2023 or later as such later date has not been presented first in a

¹ After the closure of the public consultation on the 2020 SEPA payment rulebook change requests, the Eurosystem decided to postpone the Target2 migration to 2022.



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three-month public consultation. The SEMWG will invite the SMB to decide by when the EPC payment scheme rulebooks should migrate to a newer ISO 20022 version.

The SEUF members understood that the recent decisions from SWIFT and the Eurosystem may influence the decision of the EPC to let the schemes migrate to the 2019 version of the ISO 20022 message standard by November 2022.

The SEUF has no objection or concern if the migration of the schemes to a newer ISO 20022 version would be delayed to November 2023. It would give the smaller corporates in particular one extra year to review and update their relevant internal payment and payment-related applications in case they want to benefit from the extra features foreseen in the 2019 version of this ISO standard. Such ISO 20022 version change has a considerable impact on the scheme participants and their technical service partners, but much less on the payment end-users.

#16 - Alignment of all attribute numbers across all EPC SEPA payment scheme rulebooks

The large majority of EPC scheme participants and other contributors to the 2020 public consultation supported the SEMWG recommendation that this CR can be part of the scheme.

The SEMWG proposal is that the entry-into-force date of the item #16 is identical to the one for item #20. Although both CRs are not functional changes to the schemes, they represent a huge workload for scheme participants and other stakeholders in their applications, systems and technical documentation. To allow the market players concerned to optimize the resources needed to do these changes, both CRs should be implemented at the same time.

If the SMB does not support the entry-into-force date of November 2022 for the item #20, then the item #16 should not become effective in November 2022 either. The SEUF had no comments to this CR or to the intended way forward.

4. SCT rulebook public consultation: SCT Change Proposal Submission document and the SEUF position (EPC 116-20, EPC 149-20)

The SEUF members did not indicate a wish to discuss certain SCT CRs in further detail nor raised concrete comments or objections to the SEMWG proposals for each SCT CR.

The SEUF secretariat then highlighted a few SCT CRs that could be of interest to the SEUF whereby some of them also apply to (one of) the other three SEPA payment scheme rulebooks:

#11 - Use of 'Fraud' reason code up to 13 months under the Recall procedure

The SEMWG supports this CR to allow making SCT and (SCT Inst) Recalls with the 'Fraud' reason code up to 13 months after the debit date of the initial SCT (Inst) instruction. The current ten Banking Business Days continue to apply for the reasons 'Technical reason' and 'Duplicate'.

#27 - Linking an SCT transaction with a preceding Request-To-Pay (RTP) message

The CR aims to link an SCT (Inst) instruction and transaction with a preceding Request-To-Pay (RTP) message. This allows the parties that create and further process the SCT (Inst) instruction, to make a distinction between an SCT (Inst) instruction resulting from the receipt and acceptance of an RTP message, and other SCT (Inst) "standalone" instructions. The SEMWG supports this CR.

#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.



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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. The vast majority of EPC scheme participants and other contributors to the 2020 public consultation indicated that this CR cannot be part of the scheme.

The SEMWG does not support this CR either. There is no (or not always a) real-time 24/7/365 infrastructure available to exchange this type of message between all SCT scheme participants.

#39 - Transmission of alias or proxy details about Originator and Beneficiary

The CR proposes two new optional attributes “Alias or Proxy of the Originator’s account” and “Alias or Proxy of the Beneficiary’s account” in the Customer-to-Bank SCT (Inst) message, the Interbank SCT (Inst) message and the Bank-to-Customer SCT (Inst) information message.

The submission of proxies or aliases from the accounts of the Originator and of the Beneficiary through the interbank space would give opportunities for enhanced services to customers.

The vast majority of EPC scheme participants to the 2020 public consultation does not support the inclusion of the item #39 in the (SCT Inst) scheme. Nevertheless, some other contributors expressed their support for this CR. The SEMWG position is that this CR cannot be implemented as the 2009 ISO version standard which the SCT (Inst) scheme is based upon, does not support alias or proxy details.

5. SCT Inst rulebook public consultation: SCT Inst Change Proposal Submission document and the SEUF position (EPC 117-20, EPC 149-20)

The SEUF members indicated a wish to discuss the SCT Inst CR items #36, #37 and #38 submitted by EuroCommerce.

#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 for the public consultation was that the SCT Inst transaction can only be authenticated with a final and irrevocable amount. For the items #36 and #37, a more suitable solution could be the future SEPA Request-To-Pay (SRTP) scheme in a combination of e.g., a maximum amount or a reservation. For item #38, an alternative would be the SRTP scheme whereby the consumer submits an RTP message to the merchant triggering a SCT Inst transaction.

Out of the public consultation, the vast majority of scheme participants supported the SEMWG recommendation that these CRs cannot be part of the scheme. The future SRTP scheme of the EPC can support these use cases.

However, some other contributors do favour these CRs. They consider that such feature should be part of the SCT Inst scheme rulebook and not just limited to the SRTP scheme. They point out that otherwise service providers wishing to support such use cases would have to adhere to the SRTP scheme which would drive up costs and operational complexity.

The SEMWG is of the opinion that these contributors have a different interpretation about the functioning of the SRTP scheme. The SEMWG recommends that the EPC bodies involved in the development of the SRTP rulebook approach these stakeholders to clarify the SRTP scheme.



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The EPC co-Chair explained that in the third week of August 2020, the EPC and EuroCommerce had a discussion dedicated to these three CRs. The outcome of that discussion was that the use cases under the items #36 and #37 would be covered by the second version of the SRTP scheme to be published in November 2021.

As for item #38, the EPC and EuroCommerce agreed to hold a technical discussion in September or October 2020 to determine the concrete use cases at the merchant and to what extent the SCT Inst scheme could support such use cases, while keeping in mind the characteristics of SCT Inst as payment instrument and any restrictions set by the relevant EU legislations. However, any further change could only be implemented in a subsequent version of the SCT Inst rulebook.

The SEUF members had no further comments to this set of CR items.

The SEUF secretariat then highlighted a few SCT Inst CRs that could be of interest to the SEUF:

#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 item #21 from the EPC itself proposes a **recommended** Bank-to-Customer chapter as part of the mandatory Customer-to-Bank (C2B) Implementation Guidelines (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.

Out of the public consultation, the SEMWG noted diverging views between the EPC scheme participants and some other contributors on its enforceability (recommended vs. mandatory messages).

A majority of EPC scheme participants to the 2020 public consultation does not support the inclusion of the item #18 in the scheme. They referred instead to the item #21 as preferred way forward. However, some other contributors supported the item #18.

Based on these public consultation feedback, the SEMWG does not support item #18. It proposes to include item #21 in the 2021 SCT Inst rulebook. Already today, Beneficiary Banks can offer such notification message services to their Beneficiaries. Both parties can agree on the type of message to be sent (e.g., camt.messages, SMS, other message types) and the concrete information to be included in such message.

The SEUF co-Chair understands this current EPC position but points out that this SEMWG change proposal is just a first step. He suggested that in a next rulebook change management cycle the EPC works out a basic version of such notification message which each Beneficiary Bank is obliged to offer in case the Beneficiary requests it.

19 - Possibility to Provide a Future Execution Date and Time

The Originator cannot send an SCT Inst instruction (pain.001) with a future execution date & time under the 2009 version of ISO 20022. This is possible only as from the 2018 version of ISO 20022.

This CR from the EPC itself proposes that the mandatory SCT Inst C2B IGs contain the 2019 version of the pain.001. Those scheme participants offering SCT Inst instruction initiation services based on the ISO 20022 messaging standard, would then have to implement and support the pain.001 in the 2019 version of ISO 20022.



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This CR is independent from CR # 20. In case item #19 is supported, this feature can be used as of November 2021. Based on the input from the public consultation, the SEMWG supports this CR.

The SEUF co-Chair reported that this CR is very useful for the corporates.

6. SDD Core and B2B rulebook public consultation: SDD Core and SDD B2B Change Proposal Submission documents and the SEUF position (EPC 118-20, EPC 119-20, EPC 149-20)

The SEUF members did not indicate a wish to discuss certain SDD Core or B2B CRs in further detail nor raised concrete comments or objections to the SEMWG proposal for each SDD Core and B2B CR.

The SEUF secretariat then highlighted some SDD Core & B2B CRs that could be of interest to the SEUF:

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

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

- Whitelist in use; creditor and/or mandate not listed
- Creditor blocked
- Maximum number of Direct Debit transactions within a certain period is exceeded by the Creditor
- Transaction exceeds a maximum amount

The SDD rulebooks currently foresee just one reason to cover all four reasons (SL01; “Due to specific service offered by the Debtor Agent”). These CRs propose 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 did not give a concrete recommendation for the public consultation as the generic code SL01 is frequently used in some SEPA countries. The SEMWG looked forward to the feedback from the SDD scheme participants and SDD payment end-users on these CRs during the consultation.

The vast majority of EPC scheme participants indicated that these CRs cannot be part of the scheme. Based on the number of the respondents not supporting these CRs, the SEMWG proposes not to include these CRs in the 2021 SDD Core and B2B rulebooks.

The ANEC representative understood the rationale for the SEMWG proposal about the way forward for these CRs. The representative nevertheless pointed to the ANEC comments submitted during the public consultation. ANEC suggested a step-by-step approach to tackle this issue between providing symmetry of information sharing between the Debtor and Creditor and the sensitivity about such specifications the Debtor has asked the Debtor Bank to respect. In a first phase just two proposed codes i.e. "SL13 - Maximum number of Direct Debit Transactions exceeded" and "SL14 Maximum Direct Debit Transaction Amount exceeded", could be introduced. The SEUF co-Chair fully supported the ANEC viewpoint.

As input for the September 2020 SMB meeting, the SEUF agreed to support the SEMWG change proposal for this specific cycle. On the other hand, the SEUF recommends that the contribution from ANEC during the public consultation (*i.e. the introduction of just two specific codes*), is reconsidered at the next EPC SEPA payment scheme rulebook change management cycle. The SEUF emphasises the need for symmetry and transparency of information between the Debtor



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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).

AP 11.01 EPC to consider a 2022 change request for the two SDD schemes based on the 2020 change request items #24, 25, 45 and 48 considering the ANEC suggestions expressed during the 2020 public consultation

7. SCT Inst scheme implementation status

A. Adherence status and projections (EPC 148-20)

By November 2020, the SCT Inst scheme must 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 and
- Represent a majority of PSPs within a majority of Member States.

The August 2020 adherence figures show that 56 percent of SCT scheme participants across SEPA are also SCT Inst adherents. When looking only to the EU this rate raises to 62 percent, and to 66 percent when focusing only on the EU euro zone.

Based on these adherence figures, only the first condition is fully met. Only five Member States currently meet the second condition. Even with the new SCT Inst adherents expected to come by November 2020, it is very unlikely that the second condition will be reached. The EPC Director General nevertheless stressed that already 12 EU countries currently exhibit a (broad) majority of payment accounts reachable for SCT Inst.

The EPC continues to promote the adherence to the SCT Inst scheme through its various channels and is in regular dialogue with the European Commission and the ECB about the adherence rate.

The SCT inst transaction volume has grown considerably. It now accounts for 6.5 percent of all euro credit transfer volumes in SEPA.

B. Prospects, obstacles and SEUF recommendations for the further use of SCT Inst by payment end-user groups (oral report)

The SEUF co-Chair welcomed the increase of the SCT Inst maximum amount as of July 2020. He nevertheless remarked that the online and mobile banking tools of certain SCT Inst scheme participants do not allow the payment end-users to submit SCT Inst instructions with such high amount.

The ANEC representative added that consumers face a bad experience with SCT Inst when their SCT Inst instructions containing a high amount are blocked just due to the amount itself. This representative further questioned how SCT Inst scheme participants treat higher-value SCT Inst transactions vis-à-vis anti-money laundering and countering terrorist financing checks. The EPC co-Chair explained in more detail the tools and the parameters that Originator Banks and Beneficiary Banks use to screen the SCT Inst transactions.

8. One-Leg Out (OLO) credit transfers entering or leaving SEPA: internal EPC discussion (oral report)

At the end of 2019, the EPC Board decided to establish an ad-hoc Task Force (OLO TF) to investigate the issue of “one-leg out” euro credit transfer transactions entering or leaving SEPA.



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The OLO TF will provide the September 2020 EPC Board meeting with a first report on the business and end-to-end operational aspects and consequences of and scenarios for supporting such incoming and outgoing euro OLO (instant) credit transfer transactions. This TF is expected to present a few recommendations on what the EPC could potentially undertake for such types of payment transactions.

9. SEPA Request-To-Pay (SRTP) developments: status (oral report)

The three-month public consultation on the draft SRTP scheme rulebook runs until 30 August 2020. During the period September-October 2020, the SRTP Task Force will review the comments from this consultation and work out the first formal version of the SRTP scheme rulebook and the related implementation guidelines (IGs). Eligible non-PSPs will be able to adhere to the SRTP scheme as well.

The first version of the SRTP scheme rulebook and the IGs will be published in November 2020 and the SRTP scheme participants will be able to use the SRTP scheme at once. The EPC will then immediately start with the development of the second version of the SRTP rulebook covering more SRTP features (e.g., payment instalments, payment guarantee). This second version will be ready by November 2021.

The EPC will undertake all necessary actions to promote, to monitor and regularly report developments about the SRTP scheme. It will also collect SRTP volumes from those infrastructures offering SRTP processing services.

In response to a question from the SEUF Co-Chair the EPC Director General pointed out that the principles for managing and letting the SRTP scheme further evolve will be very similar to those of the EPC's SEPA payment scheme management rules.

10. Brexit: status (oral report)

The UK is now formally a non-EEA country but is still considered as if it were an EEA-country during a transition period ending on 31 December 2020.

The EPC revisited again the Brexit situation with UK Finance in early July 2020 and published a news item on the EPC website given the latest Brexit developments. This EPC action resulted from the fact that the UK did not apply for an extension of this transition period by the end of June 2020.

This means that as per 01 January 2021 additional specifications stipulated by the applicable EU Funds Transfer Regulation must be complied with, i.e. SEPA transactions involving a payment account held at an UK-based SEPA payment scheme participant must include the full address details of the payer/debtor.

11. Proposed 2021 meeting dates: 25 March and 10 September

The SEUF agreed to convene on 25 March and 10 September 2021.

12. AOB

Mr J-Y. Jacquelin as EPC co-Chair of this Forum announced that he will go on pre-retirement at the end of 2020 following some reorganizations at his employer and will resign from all his mandates at the EPC by the end of 2020. He wished all SEUF members a lot of success in their respective SEPA-related projects.



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On behalf of the EPC and of this Forum, the EPC Director General warmly thanked Mr Jacquelin for his contributions and commitment to the EPC, this Forum and to SEPA during all those years and wished him a well-deserved retirement.

There was no other business raised or discussed.

13. Date of next meeting and closure of the meeting

The next SEUF meeting will take place at the EPC secretariat premises in **Brussels on 25 March 2021** from 10h30 to 14h00 at the EPC secretariat premises in Brussels. In case COVID-19 related circumstances do not allow the EPC to organize this meeting physically, the meeting will be held as a Skype-For-Business conference call.

List of open action items after 11th SEUF Meeting

Item	Topic	Action	Owner	Status / Deadline
11.01	2022 change requests	Consider a 2022 change request for the two SDD schemes based on the 2020 change request items #24, 25, 45 and 48 considering the ANEC suggestions expressed during the 2020 public consultation	EPC	End 2021



List of participants – 11th SEUF Meeting

Date: 25 August 2020

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	Yes
Battistella Massimo	EACT: European Association of Corporate Treasurers	Yes
Janik Birgit	EMOTA: European e-Commerce and Omni Channel Trade Association	Apologies
Becquart Anaïs	EuroCommerce	Yes
Observers		
Romme Roxane	European Commission	Apologies
EPC Secretariat		
Goosse Etienne	EPC Director General	Yes
Clarebout Bart	EPC secretariat	Yes