

ESTF 004-21

Version 1.0

09 November 2021

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Public

Approved

Minutes 15th Meeting – EPC Scheme Technical Forum (ESTF)

Meeting Date: 09 September 2021 – 10H30 – 12H45 CET as Microsoft Teams 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 (ESTF 003-21)

The ESTF co-Chairs Messrs R. François and E. Goosse (*the latter acting on an exceptional basis as Mr F. van Beers as EPC SEMWG Chair will only join as of 11h30 CET*) welcomed all meeting participants to the 15th and being the last ESTF meeting. The agenda was approved unchanged and can be published on the EPC Website.

2. 2022 rulebook change management cycle: timeline, received change requests and SEMWG recommendations (Pres EPC 045-21)

The ESTF secretariat outlined the following timeline for the upcoming 2022 SEPA Payment Scheme Rulebook Change Management Cycle:

Milestone overview	
Date	Description
30-06-2021	Submission deadline for 2022 Change Requests (CRs)
End August 2021	EPC Scheme Evolution and Maintenance Working Group (SEMWG) formulated its recommendations for each CR
09 & 10-09-2021	EPC Stakeholder Forums: discussion on the 2022 CRs and SEMWG recommendations
13-09-2021	Start of the 90 days Public Consultation (PC) on 2022 CRs until 11 December 2021
Jan 2022	SEMWG reviews the PC comments on the 2022 CRs
Feb 2022	SEMWG finalizes its Change Proposal (CP) Submission Documents
1 st half of March 2022	EPC Stakeholder Forums: formal position on the 2022 CRs and the SEMWG CPs
End March 2022	EPC Scheme Management Board (SMB) decides on each CR
Start April 2022	SEMWG finalizes the proposed 2023 rulebooks
End April 2022	SMB reviews and approves the proposed 2023 rulebooks
End May 2022	Publication of the 2023 rulebooks
19-11-2023	Entry into force of the 2023 rulebooks

The public consultation on the 2022 SEPA payment scheme rulebook change requests (CRs) will be held from 13 September until 11 December 2021. The EPC collected 25 CRs from which the large majority had been submitted by PSPs and associations of PSPs (including from the EPC itself).



The document Pres EPC 045-21 presented during the meeting described in detail the various CRs submitted.

The sections below report only about those CRs which led to an ESTF discussion. For all other presented CRs, the ESTF members had no remarks to the CR itself and to the related SEMWG recommendation for the public consultation.

A. Change requests affecting all four SEPA payment schemes

#03 & #22 - Definition Amendment of the Term 'Customer'

The term 'Customer' is currently defined as *"A physical or legal entity that is not active in the business of providing payment accounts used for the execution of payments and that is therefore not eligible for scheme participation"*. This 2021 definition does not make sufficiently clear that also a PSP is entitled and may act in the role of a Customer in the capacity of an Originator/Debtor or Beneficiary/Creditor.

The EPC itself submitted a CR (#03) suggested replacing the term 'Customer' with a more generic and use-case agnostic term specifying a natural or legal person making use of a payment service in the capacity of Originator/Debtor, Beneficiary/Creditor, or both.

In this respect, the stakeholder EPI Interim Company submitted a similar CR (#22) suggesting some concrete amendments to the definition of the term 'Customer' but for the SCT Inst scheme only. This stakeholder intends to develop a pan-European payment solution supporting payment product types based on payment cards and on SCT Inst. For its solution, both product types would use a financial settlement platform that complies with the relevant SCT Inst rulebook specifications. This contributor is of the opinion that the current SCT Inst rulebook definition of the term 'Customer' prohibits account-servicing PSPs to act as Originators and Beneficiaries under the scheme.

The SEMWG recommendation for the item #22 is not to include it in the rulebooks. The item #03 from the EPC itself proposes an alternative amendment to the definition of the term 'Customer' and which should resolve the issues of EPI Interim Company.

As these CRs would allow financial institution-to-financial institution (FI-to-FI) payment use cases under the SEPA payment schemes, some ESTF members remarked whether this would not cause any regulatory issues. The EPC Director General explained that this would not be the case as the SEPA payment scheme rulebooks will still specify that e.g., regulatory checking obligations on every SEPA transaction must be applied.

Some ESTF members remarked a 'creative' use of the specifications set by the ISO 20022 standard, i.e. the pacs.008 message used in the inter-PSP space would be used for PSP-to-PSP payments whereas the pacs.009 is actually the prescribed message. The EPC Director General and ESTF secretariat reported that a precedent of using a pacs.008 message for payments between PSPs will enter into force by November 2021 (i.e. to pay SCT inquiry fees and/or interest compensation between SCT scheme participants).

The EPC Director General reported that the EPC still must conclude an internal EPC debate about the most suitable term to replace the term 'Customer'. The ESTF had no further comments.



#14 - Pain.002 message to be compliant with CGI-MP standard

The suggestion from the contributor is that the pain.002.001.10 message should comply with the SWIFT Common Global Implementation (CGI)-MP standard. The CR contains technical details that apply to the Customer-to-PSP Implementation Guidelines (IGs).

The SEMWG recommendation for this CR is not to include it in the rulebooks. The SEMWG view is that the use of certain suggested codes is already possible from a technical point of view.

For the suggested inclusion of a **positive** pain.002 as an option - in addition to Reject -, the SEMWG points out that the schemes currently describe only Rejects and the IGs use pain.002 for indicating the Reject. If the CR would be supported, the rulebooks should then foresee such reports and give formal guidance. The SEMWG sees such status reports being a part of the internal processes developed by each PSP concerned.

One ESTF member remarked that the intention of this CR was not to force each PSP to send a positive payment report to its Payer-customer by using a pain.002 message. But when a PSP wants to offer this message for such positive reports, this PSP could then use it in a harmonized way across all kinds of use cases. The other ESTF members had no comments about the SEMWG recommendation for this CR.

B. All SCT schemes

#11 - Inclusion of Alias and Proxy as Optional Attributes

The proposal is to include an Alias and a Proxy as optional attributes in the rulebook datasets DS-01 (Customer-to-PSP), DS-02 (Inter-PSP) and DS-04 (PSP-to-Customer). An Alias or Proxy can be used on the side of the:

- Originator: uses an Alias or Proxy in relation to the Originator's account in the payment initiation;
- Beneficiary: use of an Alias or Proxy to identify the Beneficiary's account instead of using an IBAN.

The Alias and Proxy do not replace the IBAN but are an addition to the IBAN, at least for the inter-PSP payment dataset.

The SEMWG recommends including this CR in the rulebook under the condition that the Originator has the possibility to validate the IBAN linked to that Alias/Proxy, prior to the approval of the instruction unless the Originator and the Originator PSP agreed upfront on another arrangement. Under the SEPA Regulation, the Funds Transfer Regulation and PSD2, the IBAN is the only relevant unique identifier of a payment account.

The PSPs should also have an agreement with their customers in relation to the treatment and the use of the data provided under such Alias/Proxy i.e. if it is to be used for the purpose to initiate the payment and/or to forward it to the Beneficiary PSP and/or the Beneficiary concerned.

It was pointed out to the ESTF that the IBAN remains a central attribute to process an SCT/SCT Inst transaction. The ESTF remarked that if this CR is eventually accepted, some interaction with the SEPA Request-To-Pay (SRTP) scheme would be needed in due course.

#17 - Optional use of Unique End-to-end Transaction Reference (UETR)

The proposal of this CR is that scheme participants have the option to transmit the UETR for an SCT (Inst) transaction. The use of the UETR simplifies backend processes. The SCT schemes migrate



to the 2019 version of the ISO 20022 standard by November 2023 whereby this ISO version supports the UETR.

The SEMWG recommendation for the public consultation is not to include it in the SCT rulebooks. The information about the payment status cannot be limited to just the use of a field. It also requires governance on how to use and to interpret such a field. Furthermore, there may be no need for such payment tracker for SEPA transactions as strict execution timelines for such payment transactions are defined by EU law and/or the SCT schemes themselves.

Several ESTF members pointed out that the UETR is not only used to track the status of the payment, but also for reconciliation purposes by the payer and/or the payee. These ESTF members strongly supported this CR. Other ESTF members however considered the UETR to be just another payment reference.

C. SCT Inst scheme

#01 - Accept SCT Inst Transactions without Posting the Funds

With the transaction processing window limited to 10 seconds, the contributor states that for incoming transactions, scheme participants currently have a conflict between SCT Inst rulebook requirements that dictate an immediate, binary accept/reject decision, vs. sanctions screening laws which ask to hold and investigate any potential “hits”. The proposal is to allow a new response type “accept without posting” for incoming transactions in certain cases.

The SEMWG recommendation for the public consultation is not to include this CR in the SCT Inst rulebook. A core SCT Inst feature is to give an immediate unambiguous positive or negative confirmation to the payer within seconds. This “accept without posting” option would negatively affect a core feature and the attractiveness of the scheme.

Discussions at certain EU authority levels take place on how to improve the sanction screening for SCT Inst transactions within the EU. In the end, only changes to the relevant EU legislations can to a certain extent resolve or mitigate the SCT Inst sanction screening issues.

Some ESTF members pointed out that this CR made sense, but the sanction screening is a complex matter for instant payments. Other ESTF members supported the SEMWG recommendation. The Originator and the Beneficiary expect an instant payment to be successfully executed and the funds formally made available to the Beneficiary, within a number of seconds.

#02 - Reduction of Target Maximum Execution Time and Time-Out Deadline

The proposal from the contributor was to reduce the following timelines to adapt to market circumstances and customer needs, especially to the (future) use of SCT Inst at the Point of Interaction (POI), both in a physical and online environment:

- Target maximum execution time: from the current 10 sec to 5 sec;
- Time-out deadline: from the current 20 sec to 7 sec;
- Receipt of the positive or negative confirmation message after the time-out deadline by the Originator PSP: to receive within 2 sec (instead of 5 sec) by the 9th sec (instead of the 25th sec).

The SEMWG recommendation for the public consultation is not to include this CR in the SCT Inst rulebook. If the maximum timelines would be reduced, this may impact the SCT Inst implementation plans of those PSPs intending to join the scheme. Furthermore, TARGET Instant Payment Settlement (TIPS) from the Eurosystem takes a more central place in the clearing and settlement of SCT Inst transactions as of December 2021. Its impact on the processing timelines is



not clear yet. Finally, The SCT Inst volume is still expected to grow considerably over the coming years. The impact from this expected volume increase on the processing timelines is not clear yet. Some ESTF members reported that more than 99 percent of all successfully processed SCT Inst transactions are executed in less than five seconds. PSPs and CSMs will gain more SCT Inst processing experience with the expected growing volume of SCT Inst transactions. These ESTF members expected that this topic will be re-addressed in the future. On the other hand, the ESTF members realised that the submission of large batches of SCT Inst transactions by Originator PSPs can cause processing issues for some Beneficiary PSPs.

#04 - Introduction of new settlement model Single Instructing Party (SIP)

The proposal from the Market Infrastructure Board of the Eurosystem is to introduce an additional new settlement model which entails an immediate instant payment settlement without preliminary reservation of funds at the level of the CSM. The Single Instructing Party (SIP) manages a community of counterparts, which agree to exchange instant payments following the model described in detail in the CR.

If one condition of the SIP settlement is not met, the payment will be processed following the standard settlement model. The reservation of funds shall still apply at the level of the Originator's account, prior to submit the order from the Originator PSP to the SIP.

The SEMWG recommendation for the public consultation is not to include this CR in the SCT Inst rulebook. The upfront settlement certainty for the Beneficiary PSP when just receiving the SCT Inst transaction from its own CSM is a core feature of the SCT Inst scheme. The contributor may consider determining arrangements outside of the SCT Inst scheme with the SCT Inst scheme participants interested in the proposed SIP model, on how such upfront settlement certainty can be guaranteed to the Beneficiary PSP.

The TIPS representative pointed out that the Swedish banking community will use the SIP model for Swedish currency transactions.

Several ESTF members questioned the reason for submitting such CR. In their view, the SCT Inst scheme is and must remain CSM agnostic. Furthermore, the comment was made that even if the risks highlighted by the SEMWG do not appear, it does not mean that these risks are not present. Any Beneficiary PSP must be sure of an upfront settlement guarantee when receiving an SCT Inst transaction.

D. SDD rulebooks

#24 - More specific codes instead of reason code SL01

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;
- 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.



The SEMWG recommendation for the public consultation is not to include this CR in the SDD rulebooks. The same CR was made in 2016, 2018 and 2020. At those times, the vast majority of SDD scheme participants indicated that this CR could not be part of the scheme.

A few ESTF members understood the benefits these extra codes could give to large billers to further streamline their most appropriate action or communication to the Debtors concerned. The EPC Director General pointed out that in the past, this CR was supported by just a minority of stakeholders.

3. SCT Inst scheme implementation status

A. August SCT Inst adherence status and projections (EPC 276-21)

The ESTF noted the SCT Inst adherence status of August 2021 showing that the first condition of article 4 of the SEPA Regulation is already met but that only six eurozone countries meet the second condition. In one eurozone country (Slovenia), the half of SCT scheme participants is also SCT Inst scheme participant. Furthermore, the first Greek PSPs joined the SCT Inst scheme during the summer.

On the other hand, when measured in terms of reachable payment accounts - which is a more meaningful criterion from a user or market perspective - the current SCT Inst penetration is much broader across the euro area.

The EPC Director General reported a positive trend in the adherence figures for the rest of 2021.

B. Interoperability between SCT Inst scheme compliant CSMs (oral report)

The TIPS representative reported that the ECB is in close contact with all CSMs and communities concerned to ensure the completion of the single CSM-connection model by mid-December 2021. The migration readiness reports on this initiative show no delays despite the tight deadlines set.

C. Issues from scheme participants about the current SCT Inst processing and possible ESTF recommendations (oral report)

With more SCT Inst transaction volume to come and the expectation that SCT Inst becomes the new normal, one ESTF member remarked that these developments should be accompanied by the development of use cases in which SCT Inst can be used. This ESTF member did not see any concrete developments in this direction. Could the SCT Inst scheme include distinct rules and requirements to support e.g., consumer-to-consumer use cases, and another set of rules and requirements for e.g., business-to-business use cases?

The EPC Director General pointed out that the EPC works at other levels to allow the SCT Inst scheme to be used in as many as possible use cases. He referred among others to the EPC having addressed the sanction screening issues for cross-border SCT Inst transactions to the European authorities, and the set-up of Multi-Stakeholder Groups to facilitate the use of mobile devices to initiate instant payments in different Points of Interaction.

Furthermore, the EPC has a well-defined remit in which it can operate. The SCT Inst scheme forms the rails upon which different types of payment service providers can develop commercial SCT Inst scheme-based products to support one or more than one payment use case.

D. Prospects for further use of SCT Inst by payment end-user groups (oral report)

The ESTF members had no specific prospects to report.



4. Updated SCT and SCT Inst clarification paper for publication (EPC178-21)

The ESTF was informed about recent publications of updated versions of the Clarification Paper on the SCT and SCT Inst scheme rulebooks and related documents in May and July 2021. These clarifications related to the SCT inquiry-related fee and interest compensation payments.

The September 2021 Scheme Management Board (SMB) meeting approved the publication of another updated version of this Clarification Paper. During the summer of 2021, the EPC received further questions about the handling of SCT inquiry-related fee and interest compensation payments. This updated version will be published in September 2021. The ESTF had no comments.

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

Any stakeholder interested in the SRTP scheme was able to submit CRs by the end of February 2021 for the second SRTP rulebook version. The public consultation about these CRs ended on 27 August 2021. The EPC now analyses the consultation comments. The version 2.0 of the SRTP rulebook will be published in November 2021. Its entry-into-force date would be in June 2022 or in November 2022.

On 9 September 2021, the EPC publicly announced the selected 'Homologation Body' for the certification of applicants to the SRTP scheme as described in the Trust and Security Framework Annex of the SRTP rulebook.

The EPC envisages to work out a third version of the SRTP scheme rulebook in the course of 2022. The ESTF had no comments.

6. 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 EPC task force i) to look into the business and end-to-end operational aspects and consequences of and scenarios for supporting euro one-leg out¹ (euro OLO) (instant) transactions entering or leaving SEPA and ii) to determine if the EPC can play a role to facilitate the processing of such transactions.

During the summer of 2021, the dedicated task force made good progress in defining the concrete business rules and processes covered under an EPC OLO arrangement. The EPC expects to launch a public consultation about such arrangement at the end of Q4 2021. The ESTF had no comments.

7. Brexit: status (oral report)

The EPC Director General had no new points to report. The ESTF had no comments either.

8. Status of new Multi-Stakeholder Groups (MSGs) replacing the Module 1 bodies ESTF and Scheme End-User Forum (oral report)

In the last two years, the EPC has launched the SEPA Proxy Lookup (SPL) scheme and the SRTP scheme being SEPA payment-related schemes. For these new EPC schemes, there is a need for a similar structural dialogue with the relevant stakeholders relating to the future evolution of these payment-related schemes.

¹ "one-leg-out" refers to transactions whereby only one of the PSPs - either the payer's or the payee's - is located in the SEPA geographical area (SEPA) (definition by analogy with PSD2 – Article 2.4).



The EPC will transform the Scheme End-User Forum (SEUF) and the ESTF into EPC Multi-Stakeholder Groups (MSGs) with as scope all EPC SEPA payment and payment-related schemes. It intends to establish the two new EPC MSGs as from 1 January 2022.

The September 2021 EPC Board meeting will be invited to review and approve the proposed Terms of Reference of the to be created Scheme End-User Multi-Stakeholder Group (SEU MSG) and the Scheme Technical Player Multi-Stakeholder Group (STP MSG). Once approved, the EPC will launch the call for candidates for both groups by the end of September 2021.

The ESTF members will be informed about this launch once publicly announced. The ESTF had no comments.

9. AOB

There was no other business raised or discussed.

List of participants – 15th ESTF Meeting

Date: 09 September 2021

Name	Institution	Attendance
EPC scheme Evolution and Maintenance (SEM) Working Group		
Schindler Axel	BVR (Germany)	YES
van Beers Frans (<i>SEMWG co-Chair</i>)	Dutch Payments Association	YES
SEPA Scheme compliant Clearing and Settlement Mechanisms (CSMs)		
Renault David	EBA Clearing	YES
Langa Jose-Luis	Iberpay	YES
Eskestad Rasmus	Nets	Apologies
Marchetta Angelo	SIA	YES
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		
Buchan Neil	SWIFT	YES
Representatives of (European associations of) technical players		
Astarita Daniele	ACI Worldwide	YES
Francois Raphael (<i>ESTF co-Chair</i>)	Azzana	YES
Czimer Jozsef	Capsys	YES
Bär Fred	EACHA	YES
Carlos Blanco (Eurobits)	European Third Party Providers Association (ETPPA)	YES
Denis Olivier	FIS Global	YES
Chance David	Fiserv	YES
De Longeaux Guillaume	Galitt-SopraSteria	YES
Jack Wilson	OFAE (Open Finance Association Europe)	YES
Wagenaar Hein	Oracle	YES
Reichel Mario	PPI AG	YES
Carpintero Gabriel	SSTRATEGY	YES
Heinze Volker	UNIFITS	YES
Larsson Peter	Volante	YES
European Payments Council		
Goosse Etienne	Director General (acting as EPC co-Chair)	YES
Clarebout Bart	ESTF Secretary	YES