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Approved

Minutes 4th Meeting – EPC Scheme End-User Multi-Stakeholder Group (SEU MSG)

Meeting Date: 12 September 2023 – 09H30 – 11H30 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 (SEU MSG 003-23)

The EPC Director General Mr G. Andreoli as acting EPC co-Chair and the SEU MSG Co-Chair Mr M. Battistella welcomed all meeting participants to the 4th SEU MSG meeting. The agenda was approved unchanged and can be published on the EPC Website.

2. Change-over to the 2019 version of ISO 20022 (EPC 087-22)

A. Implementation status at PSP and CSM level (oral report)

Although the ISO version migration preparations are a challenge for all PSPs across SEPA, the EPC considered that the migration on 19 November 2023 would be feasible based on the collected national PSP community input.

On a SEU MSG question whether payment service users (PSUs) can still send ISO 20022 standard-based XML message files to their PSPs in an ISO version older than the 2019 version after the 19 November 2023 migration date, the EPC explained that PSUs will still have the choice either to continue using their currently selected Customer-to-PSP file set-up (i.e. based on another version of ISO 20022) or to opt for using the EPC specifications for Customer-to-PSP files based on the 2019 version of ISO 20022.

On the other hand, the Originator PSPs (SCT and SCT Inst) and Creditor PSPs (SDD Core and SDD B2B) concerned must be technically capable of supporting the EPC specifications for the Customer-to-PSP SEPA payment files based on the 2019 version. In the inter-PSP space, only the 2019 version will be supported. In other words, the PSPs will do the translation from an older ISO version into the 2019 version of the Customer-to-PSP files for further inter-PSP processing.

B. PSP communication on individual & national basis to customers about change-over and SCT Inst downtime (EPC 206-23)

In most national PSP communities, there will be no centralized or coordinated communication towards corporate, public authority or private PSUs in their respective countries.

Each individual PSP will communicate about the upcoming ISO version migration and the SCT Inst scheme-based services downtime period through the most appropriate channels for each PSU segment e.g., via the online payment initiation channels used by these PSU segments (pop-up messages, formal announcements, account statements, etc).



Just a very few national PSP communities will draft a joint or generic communication message which their PSPs can then address to their customers via their respective communication channels.

The SEU MSG members reported a very low communication activity so far from the PSPs towards (especially corporate) customers about the ISO version migration and the SEPA-wide SCT Inst scheme downtime period from 03h00 to 03h00 CET on 19 November 2023.

EACT informed his respective European and national associations about this upcoming change. However, there is no certainty that this information reaches each separate corporate organization.

EuroCommerce had not seen any information either from the PSPs on the upcoming ISO version migration. On the other hand, this ISO version migration may be of less interest for many merchants.

Ecommerce Europe reported the same situation as by EuroCommerce because the Ecommerce Europe members are mostly merchants.

The SEU MSG members remarked that public administrations at all levels must be informed as well. Every PSU segment using ISO 20022 standard-based payment files must be informed well in advance.

AP 04.01 EPC and individual PSPs to actively communicate ASAP about the upcoming ISO version migration to the Public Administrations

C. End-user issues or suggestions to report (oral report)

The MSG members did not report any other suggestion or issue.

3. Use of structured address as of November 2025: end-user issues or suggestions to report (EPC 153-22)

A. Status on SWIFT discussions + possible EPC steps (EPC 207-23)

Background

The March 2022 EPC Scheme Management Board (SMB) meeting approved the 2022 change request item #06 to exclusively use the structured address of the PSU as of November 2025. This change affects all four SEPA payment scheme rulebooks. The SEU MSG and the Scheme Technical Player MSG (STP MSG) both expressed their support for this change request at that point in time.

On 27 October 2022, the EPC published a guidance document “Use of Structured Address under the SEPA Payment Schemes as of November 2025” (EPC 153-22) for scheme participants and PSUs on how to prepare themselves for the exclusive use of structured addresses as of 23 November 2025 being the entry-into-force date of the 2025 SEPA payment scheme rulebooks.

The EPC now monitors the preparations to the exclusive use of structured addresses up to November 2025.

SWIFT discussions to mix structured and unstructured address details

At the start of September 2023, a SWIFT body called the Payments Standards Working Group (PSWG) will consider a proposed change to adapt the structured address specifications for the SWIFT Standard Release 2025. The proposed change is i) to introduce a hybrid address version by November 2025 and ii) to allow the unstructured address version until November 2026. The new hybrid version has no expiration date.

At the moment of mailing out the meeting documents for the September 2023 SEU MSG meeting, the SWIFT PSWG decision on this proposed change was not known yet to the EPC.

**12 September 2023**

Subject to the eventual SWIFT PSWG decision, the EPC will have to consider whether the SEPA payment schemes continue to stipulate the use of 100 percent structured addresses as of November 2025 (option 1) or align themselves to the proposed hybrid address version (option 2).

The use of structured addresses in SEPA payment transactions gives the potential to further reduce errors in payment processing, regulatory screening, and reconciliation, thereby increasing the straight-through-processing of SEPA payment transactions.

The EPC notes that a fully structured address is indicated as “preferred” within the SWIFT community. The September 2023 Payment Scheme Management Board (PSMB) meeting will be asked what option it prefers.

The members of the SEU MSG were invited to indicate whether the past EPC decision to exclusively use 100 percent structured addresses should nevertheless be retained, or the SEPA payment schemes should allow the use of a hybrid address structure.

The SEU MSG members supported the hybrid address proposal as it is more absorbable for PSUs to reach the goal of eventually migrating to fully structured addresses in the future. They saw the introduction of the hybrid address as a transitional phase.

A migration from unstructured addresses directly to fully structured addresses is a true challenge, especially given the current deadline of November 2025 for SEPA transactions. The time needed to change the addresses in all customer databases or to move to databases capable of supporting structured addresses, would be long. Furthermore, each PSU has its own release change management cycle for making major ICT investments or make-overs. Furthermore, smaller ERP solution providers must also be made aware of to support such changes in the storage and the delivery of addresses.

Although the move to hybrid addresses requires some investments by the PSUs, they will only have to put the ‘Town’ and ‘Country’ details in structured fields whereas the rest of the address can be kept unstructured. Such step would be less complex for PSUs.

For PSUs making SEPA transactions and international payment transactions, an alignment of the address structure between the two groups of payment instruments would be the best.

The SEU MSG requested a clear communication from the EPC and from the PSPs about the address type(s) to be used and as of when. Furthermore, such EPC decision and communication must also reach the smaller ERP solution providers.

A possible 2024 rulebook change request the EPC could consider is that PSUs can provide their PSPs with a structured address if they are already able to do so, but as a minimum provide a hybrid address.

AP 04.02 EPC to clearly communicate the address type(s) to be used and as of what date, to to all types of PSUs and smaller ERP solution providers (once the PSMB has taken a formal decision)

B. End-user issues or suggestions to report (oral report)

The MSG members did not report any other suggestion or issue.

4. How to maintain the SEPA payment schemes future-proof: EPC Future Proof Work Block status and possible EPC steps (EPC 208-23)

In February 2023, the EPC decided to set up a Multi-Disciplinary Work Block (so-called Future Proof Work Block) to determine how to keep the EPC payment schemes future proof.

**12 September 2023**

The mission and objective of the Future Proof Work Block had also been explained at the March 2023 meetings of the SEU MSG and STP MSG. Up to five representatives from each MSG could be part of this Work Block.

The Work Block held a few meetings since June 2023. It is expected to produce a report of recommendations. Such report should be finalised by the end of September 2023. The report will cover four recommended areas of attention: transparency, reconciliation, track and trace, and screening and filtering. This report will give the EPC the possibility to agree on rulebook change requests for the 2024 EPC payment scheme rulebook change management cycle or for later cycles.

The MSG had no further comments.

5. SEPA Instant Credit Transfer (SCT Inst) scheme

A. European Commission proposal on Instant Payments: status and possible EPC steps (e.g., on IBAN-name check) (EPC 209-23)

According to the information reached to the EPC, the next triologue meeting between the European Commission, the European Parliament and the Council of the EU in the third week of September 2023 would be conclusive, with the finalised English text ready by the end of September/ start of October and the publication in the official EU languages by the end of November 2023.

The EPC put together an internal Confirmation of Payee (CoP) Task Force to elaborate such concept as EEA-based PSPs will have to offer such service to their customers. If proven feasible and market relevant, such concept would then be submitted to the market for a three-month public consultation. At this stage, it was not sure whether an EPC CoP concept would be defined as part of an existing EPC scheme or as a new scheme. Furthermore, the EPC waits for the final legislative text of the amended SEPA End-Date Regulation to determine the minimum legal requirements a possible EPC CoP concept should contain.

Some SEU MSG members felt that the term 'Confirmation of Payee' does not cover the entire subject and another term should be defined. Such service could also be used to make a verification about the payment account of a Payee. These MSG members also suggested that a CoP solution should also be able to check the IBAN vs. a LEI or VAT number instead of only a payment account holder name.

B. Adherence status and projections (EPC 171-23)

The adherences gradually but slowly increase. The SEPA payment scheme adherence ratio between SCT and SCT Inst scheme participants is 61%. This ratio is already 71% when one looks to the eurozone only. In 17 eurozone countries, a majority of payment accounts is reachable for SCT Inst. About 1.000 PSPs in the EEA would still have to adhere to the SCT Inst scheme under the proposed EC legislative initiative. The MSG members had no further comments.

C. Prospects for and current obstacles to the further use of SCT Inst by payment end-user groups (oral report)

One MSG member highlighted that it is very difficult for corporate PSUs to start using SCT Inst if not all PSPs across Europe support this scheme. The meeting agreed that the proposed amendments to the SEPA End-Date Regulation will resolve this issue.



6. One-Leg Out Instant Credit Transfer (OCT Inst) scheme

A. Outstanding EPC deliverables prior to scheme launch (EPC 210-23)

Several OCT Inst scheme-related documents had been published between end March and end June 2023. A version 1.1 of the 2023 OCT Inst scheme rulebook together with the related Customer-to-PSP and inter-PSP Implementation guidelines (IGs) were published on the EPC website on 30 June 2023.

The dedicated EPC One-Leg Out Task Force now works on developing the Risk Management Annex and the guidance document for r-transactions under the OCT Inst scheme. These documents should be ready by end November 2023.

The launch of the OCT Inst scheme is on 28 November 2023 at 08h00 CET. 31 December 2023 is the deadline for any interested stakeholder to submit change requests to the version 1.1 of the 2023 OCT Inst scheme rulebook.

Throughout 2024, the OCT Inst scheme rulebook is subject to the 2024 EPC payment scheme rulebook change management cycle together with the four SEPA payment scheme rulebooks. At the end of November 2024, the 2025 OCT Inst scheme rulebook and related IGs will be published.

The MSG had no further comments.

B. First end-user feedback, issues or suggestions to report (oral report)

EACT reported about the upcoming launch of the OCT Inst scheme within his PSU community. He expects the PSPs will receive pressure from this PSU segment to support the OCT Inst scheme. The MSG had no further comments.

7. 2024 EPC payment scheme rulebook change management cycle

A. Timeline of the regular cycle + possible regulatory change management cycle (Pres EPC 060-23)

The MSG was updated about the timeline of the 2024 change management cycle.

The MSG was also informed about the possibility of a separate regulatory rulebook change management cycle in 2024 for the 2023 SCT Inst scheme rulebook. The eventually adopted legislative amendments from the European Commission proposal on instant payments, their concrete entry-into-force date(s) and their concrete impact on the SCT Inst scheme rulebook and/or the Risk Management Annex will determine whether such regulatory rulebook change management cycle in 2024 will be necessary. The MSG had no further comments.

B. Suggested change requests from SEU MSG members for the EPC to consider (oral report)

The MSG members had no concrete change suggestions to report.

8. SEPA Request-To-Pay (SRTP) scheme roll-out

A. SRTP adherence status and projections (oral report)

There are currently 3 SRTP scheme participants (duly homologated and published in the Register of Participants).

Beside this, there are also 4 Technical Solution Providers (TSPs) self-declared compliant with the SRTP scheme, among which one has been homologated to become a Referenced Technical Solution



Provider (RTSP), hence enabling its clients to be eligible to the Simplified B or Simplified A+B homologation when they want to become SRTP scheme participants.

B. Prospects for and current obstacles to the further use of SRTP by payment end-user groups + possible SEU MSG recommendations (oral report)

Similar as for the SCT Inst scheme, EACT pointed that the SRTP scheme needs a wide reachability before corporate PSUs will use it.

The SRTP Task Force representative in the SEU MSG pointed out that the SRTP scheme can be used for several use cases, e.g., as an alternative for SDD or when an initial SDD collection did fail. The interest in the SRTP scheme will depend on country to country.

C. Timeline of the 2024 rulebook change management cycle (oral report)

The 2024 change management cycle will follow the same timeline as for the EPC payment schemes.

D. Suggested change requests from SEU MSG members for the EPC to consider (oral report)

The MSG members reported no concrete change suggestions.

9. SEPA Proxy Lookup (SPL) scheme rulebook: status (oral report)

Several national proxy lookup services have been launched so far. However, since the launch of the SPL scheme itself in 2019, this EPC scheme has no formal scheme participant at all. The September 2022 EPC Board meeting decided to maintain this scheme on offer and to keep the SPL scheme-related activities at a low level for the time being. No change requests for the SPL scheme have been received so far. The MSG had no further comments.

10. Re-composition process of the SEU MSG for a new mandate of two years as of 2024 (EPC 211-23)

The current mandate of the SEU MSG ends on 31 December 2023. The EPC intends to launch the call for candidates for the re-composition of the MSG in the second half of September 2023.

Current SEU MSG members wishing to continue being a SEU MSG member must send an application letter including an up-to-date CV in English to the EPC by the end of October 2023. Candidates should also clearly indicate whether they wish to apply for the role of Co-Chair of the SEU MSG.

The call for candidates will be publicly announced via the EPC website and its social media channels.

11. AOB

No other business was reported.

12. Proposed 2024 meeting dates

The next SEU MSG meetings will be held on 05 March 2024 (physical) and 27 August 2024 (meeting format still to be defined).

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**List of open action items after 4<sup>th</sup> SEU MSG Meeting**

| <b>Item</b> | <b>Topic</b> | <b>Action</b>                                                                                                                   | <b>Owner</b>            | <b>Status / Deadline</b>              |
|-------------|--------------|---------------------------------------------------------------------------------------------------------------------------------|-------------------------|---------------------------------------|
| 04.01       |              | Actively communicate about the upcoming ISO version migration to the Public Administrations                                     | EPC and individual PSPs | ASAP                                  |
| 04.02       |              | Clearly communicate the address type(s) to be used and as of what date, to all types of PSUs and smaller ERP solution providers | EPC                     | once PSMB has taken a formal decision |



### List of participants – 4<sup>th</sup> SEU MSG Meeting

Date: 12 September 2023

| Name                                                     | Institution                                      | Attendance |
|----------------------------------------------------------|--------------------------------------------------|------------|
| <b>Co-Chairs</b>                                         |                                                  |            |
| Giorgio Andreoli <sup>1</sup>                            | N/A (scheme participants) (EPC Director General) | YES        |
| Massimo Battistella                                      | EACT (scheme end-users)                          | YES        |
| <b>SEPA scheme participant-related members</b>           |                                                  |            |
| Begoña Blanco Sánchez                                    | ING                                              | Apologies  |
| Alain Benedetti                                          | BNP Paribas                                      | YES        |
| Frans van Beers                                          | Dutch Payments Association                       | Apologies  |
| <b>Representatives of European associations of users</b> |                                                  |            |
| Birgit Janik                                             | Ecommerce Europe                                 | YES        |
| Kęstutis Kupšys                                          | ANEC                                             | Apologies  |
| Christel Marcelis                                        | EuroCommerce                                     | Apologies  |
| <b>Observers</b>                                         |                                                  |            |
| Kevin Condron <sup>2</sup>                               | ECB                                              | YES        |
| Katarzyna Kobylinska-Hilliard <sup>3</sup>               | European Commission                              | Apologies  |
| <b>Alternates</b>                                        |                                                  |            |
| Pascal Spittler                                          | EuroCommerce                                     | YES        |
| <b>EPC secretariat</b>                                   |                                                  |            |
| Dominique Allebroeck                                     | EPC secretariat                                  | YES        |
| Bart Clarebout                                           | EPC secretariat                                  | YES        |

<sup>1</sup> Acting co-Chair for the time being

<sup>2</sup> Iddo de Jong as the alternate

<sup>3</sup> The alternate is Steve Ryan