

STP MSG 002-24

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Public

Approved

Minutes 5th Meeting – EPC Scheme Technical Player Multi-Stakeholder Group (STP MSG)

Meeting Date: 06 March 2024 – from 10H00 to 15H00 CET as a physical meeting at the EPC secretariat premises in Brussels

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 (STP MSG 001-24)

Mr. Frans Van Beers being the STP MSG co- Chair for the EPC welcomed all meeting participants to the 5th STP MSG meeting. The agenda was approved unchanged and can be published on the EPC Website.

2. Terms of Reference (ToRs) of the STP MSG and reference in the EPC Payment Scheme Management Rules (EPC 155-21 v2.0, EPC 036-22)

Prior to the meeting, the MSG members received the ToRs of the STP MSG (EPC 155-21) approved by the EPC Board and an extract from the EPC Payment Scheme Management Rules describing the EPC stakeholder fora (EPC 036-22). This MSG will cover the EPC payment schemes and EPC payment-related schemes apart from the SEPA Payment Account Access (SPAA) scheme which has its own dedicated MSG.

The scope of discussions by this MSG is defined by the scope of the EPC schemes concerned. It will cover no commercial aspects at all.

The EPC has two formal MSGs to establish and maintain a dialogue with stakeholders representing end-users of the EPC payment and payment-related schemes via the Scheme End-User (SEU) MSG, and technical players providing services and products for the SEPA market via the Scheme Technical Player (STP) MSG. Through these MSGs, the stakeholders are informed about and involved in the maintenance and the further evolution of the existing EPC payment and payment-related scheme rulebooks.

The EPC Director General emphasised that the MSGs are an important formal feedback channel via which the stakeholders can raise or address issues and make recommendations to the EPC concerning the EPC payment and payment-related scheme rulebooks. The stakeholder representatives in the MSGs can appoint an alternate in case they are unable to join future meetings.

3. STP MSG role in the EPC payment scheme rulebook change management process (EPC 207-14 v5.0 + major change workflow)

Prior to the meeting, the MSG members received a detailed workflow explaining the different phases the EPC undertakes from the moment it receives change requests from any stakeholder



until the moment the EPC publishes a new version of the EPC payment scheme rulebooks. Both individual MSG members in their capacity of an organisation representative and the STP MSG itself can submit EPC payment scheme rulebook change requests to the EPC.

This MSG will be given the chance to discuss in detail every received change request and the related recommendation given by the EPC Payment Scheme Evolution and Maintenance Working Group (PSEMWG) and the One-Leg Out Task Force (OLO TF) for the 90-calendar day public consultation, during a physical meeting prior to the start of this public consultation.

Once the public consultation is finished, the PSEMWG and the OLO TF then consolidate all comments from this consultation and formulate a PSEMWG and OLO TF change proposal.

Subsequently, during a separate meeting or conference call, the STP MSG and the SEU MSG each separately give their formal position on each change request. They will have as input the comments received from the public consultation and the change proposals from the PSEMWG and the OLO TF. The EPC Payment Scheme Management Board (PSMB) then assesses the positions from the PSEMWG, the OLO TF, the STP and the SEU MSGs to determine if a change request will be taken up in the new version of the relevant EPC payment scheme rulebook.

This MSG meeting will be invited to share its first thoughts about each 2024 change request for each of the five EPC payment schemes and for the SEPA Request-To-Pay (SRTP) scheme.

The August 2024 STP MSG meeting will be formally asked to express its positions about the submitted 2024 change requests for the five EPC payment schemes and for the SRTP scheme.

4. List of STP MSG members (as published on the EPC website) (EPC 279-23)

To display full transparency about the STP MSG itself, the EPC has published the list of STP MSG members on the EPC website. None of the present STP MSG members raised an objection to the publication of this membership list on the EPC website.

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

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

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

The MSG members noted the EPC Code of Conduct - Competition Law. This code of conduct aims at preventing (potential) competition law issues to arise in the context of EPC-organised meetings, and to specify the process to be followed to address any potential competition law issues arising. The EPC draws the attention of each STP MSG member to the “do’s and don’ts” (see page 7 of the document EPC 212-14).

7. EPC document classification rules applicable to EPC stakeholder groups (EPC 037-22)

The MSG took note of the EPC document classification rules concerned. In general, the STP MSG documents will be labelled ‘Internal Use’ – in exceptional cases some could be labelled ‘Confidential’ (i.e. strictly restricted to the STP MSG members only).



8. Election of a new STP MSG co-Chair by and among the scheme technical player representatives

The EPC secretariat ran a call for candidates for a co-Chair to the STP MSG representing the scheme technical players from 27 September to 25 October 2023. The EPC secretariat received in writing nominations from the following candidates:

Name	Institution	Country
Mario Reichel	PPI AG	Germany
Marie-Christine Diaz Pelaez	Eastnets	Belgium
Daniele Astarita	ACI Worldwide	Italy

The three candidates then shortly presented themselves.

The present MSG members who represent scheme technical players were asked to vote on the three candidacies. The election of the co-STP MSG Chair was carried out by secret ballot. The result of the ballot was Mr Mario Reichel winning the election with 7 votes. Mr Daniele Astarita received 6 votes and Mrs Marie-Christine Diaz Pelaez obtained 4 votes.

An updated STP MSG membership list will be published on the EPC Website.

9. Change-over to the 2019 version of ISO 20022 on 17 March 2024 for the four SEPA payment schemes

A. Implementation status at PSP and CSM level

At an exceptional meeting on 24 October 2023, the PSMB decided to delay the scheduled migration of all ISO 20022 standard-based XML payment messages defined under the four SEPA payment schemes to the 2019 version of the ISO 20022 standard, from 19 November 2023 to 17 March 2024 (and at 03h30 CET that same day for the SCT Inst scheme).

The EPC had closely monitored the ISO version migration preparations. In general, the situation reported is very reassuring. During the February 2024 PSEMWG and PSMB meetings, none of the PSP community representatives raised an issue that would jeopardize the scheduled ISO version migration on 17 March 2024.

The EPC also requested all SEPA payment scheme compliant Clearing and Settlement Mechanism (CSMs) to submit an ISO version migration status report on a regular basis. Until end 2023, CSMs were requested to submit a report every two weeks. As of 05 January and until 08 March 2024, the CSMs are requested to send a report on a weekly basis. Also here, the reported situation is very reassuring.

A STP MSG member asked the group whether the set downtime period of 30 minutes on 17 March 2024 from 03h00 to 03h30 CET for the SCT Inst scheme was enough for the changeover, and whether preparations by the scheme technical players were going according to plan.

The general consensus among the technical players present was that they all were very much confident in making a successful ISO version migration on 17 March 2024, and that the 30 minutes downtime period would be sufficient for the migration for the SCT Inst scheme.

Some technical players emphasised they will have detailed monitoring in place before, during and after the migration to capture and fix any potential issues as quickly as possible.

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Another MSG question was raised about whether the EPC had already documented the ‘lessons learnt’ from this migration. The group was informed that the EPC had not yet documented concrete lessons. It will conduct this exercise after the migration has been completed. The EPC may directly contact some specific technical players for their concrete findings and issues observed during the preparation of the migration, the migration itself, and the post-migration.

The EPC Director General assured the MSG that a detailed post-migration evaluation was of highest importance to the EPC and its stakeholders, and that the ECB as the overseer is similarly expecting a report on the lessons learnt.

One MSG member emphasised that the initial postponement decision did negatively impact the national PSP communities. It was important to make a detailed assessment on all decisions made regarding the ISO 20022 migration event.

Another member asked whether a migration to a newer version of the ISO 20022 standard was already considered in the future. The co-Chair representing the EPC explained that a future ISO version migration is not yet on the table.

B. PSP communication on individual & national basis to customers about change-over and SCT Inst downtime

Through the relevant internal EPC meetings and the November 2023 and February 2024 PSMB bulletins, all EPC payment scheme participants had been reminded to share as soon as possible the EPC guidance document ‘Migration to 2019 Version of ISO 20022-based XML Messaging Standard’ (EPC 087-22) with their relevant customers, if not yet done so. The EPC reminded the MSG that payment end-users using the 2009 version of ISO 20022 messages can still use it.

Moreover, SCT Inst scheme participants had also been reminded to inform their customers about the 30 minutes downtime period for SCT Inst transactions on 17 March 2024 from 03h00 to 03h30 CET. The MSG had no comments.

C. Scheme technical player and/or end-user issues or suggestions to report

No issues or concerns were reported.

10. 2024 rulebook change management cycle: timeline and change requests received for all five schemes (Pres EPC 002-24)

The secretariat shortly explained the change management cycle process to the STP MSG and pointed out that the public consultation will run from 12 March to 09 June 2024. It then guided the MSG through an overview of the 32 Change Requests (CRs) received. At the request of the MSG members, the following CRs were discussed in more detail:

A. #15 - #32: Optional use of Unique End-to-end Transaction Reference (UETR) (for the two SCT schemes)

Different contributors request the introduction of UETR as a yellow-shaded optional attribute in both SCT scheme rulebooks (Note: TIPS suggests it only for the SCT Inst scheme). These CRs propose to make it mandatory for all participants to be able to accept, process and transmit the UETR further into the inter-PSP space. Originators and participants would, however, be free to create and submit, or not, an UETR in the SCT (Inst) transaction.

The PSEMWG recommendation was not to include this CR in the SCT rulebooks. It is not sure whether the UETR adds value for the SCT Inst scheme. As SCT Inst transactions must be completed within 10 seconds, there is no sense to introduce it for SCT Inst. The PSEMWG has not been



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informed about any concrete demand from the market for having the UETR in the SEPA payment schemes.

Some MSG members were strongly in favour of the optional use of the dedicated UETR message element in the SCT schemes. Although there might be no need to track the transaction status within SEPA via the UETR, some SCT and SCT Inst scheme participants already transmit the UETR by mis-using another message element. The inclusion of the UETR would also be important for interoperability with the rest of the world where the UETR is more and more used. Some non-SEPA jurisdictions even mandate the use of UETR.

Several other MSG members agreed with the optional use of UETR, for the same reasons. None of the present STP MSG members raised any objection or concern against the optional use of the UETR in the SCT schemes.

B. #09: Introduce pacs.009 to Replace pacs.008 for Inter-PSP Transactions (all three credit transfer schemes)

The proposal concerns the use of pacs.009 messages instead of pacs.008 for inter-PSP transactions such as fees and interest compensation. The use of pacs.008 is not aligned with the ISO 20022 standard: for pure FI-to-FI payments a pacs.009 should be used. Pacs.009 could also be used for other Inter-PSP transactions as well (not only for fees and interest compensations).

The recommendation from the PSEMWG and from the OLO TF was not to include this CR in the SCT and OCT Inst rulebooks. The introduction of such new pacs. message is a huge work for PSPs and CSMs. The introduction of pacs.009 can only be justified with a convincing level of expected transaction volume. Pacs.009 is not a commercial payment and is normally treated via High-Value Payment infrastructures such as T2. It was questioned whether low-value high-volume retail payment CSMs are open/willing to handle FI-to-FI payments as well.

One MSG member agreed with the PSEMWG and OLO TF recommendations due to the investment needed for such a small volume of transactions. Another member pointed out that the use of pacs.008 for inter-PSP transactions was not in the spirit of ISO 20022, but that the arguments presented were valid.

C. #19: Partial Transfer Back of Funds in case of Reason 'Fraud' (both SCT schemes)

For a better recovery of funds due to fraudulently initiated SCT (Inst) transactions, the suggestion is the adoption of a specific procedure for a partial transfer back of funds for cases in which the account of the Beneficiary does not contain sufficient funds to fully meet a Recall request for the reason 'Fraud'.

The EPC legal analysis led to the PSEMWG recommendation for not including this CR in the SCT rulebooks in the absence of a sound legal basis for such partial transfer back at EU level. Specific provisions allowing Beneficiary PSPs to unilaterally do a (partial) transfer back of funds in case of Fraud should be included into an EU legislation, before business rules and related liabilities can be addressed through the SCT rulebooks. The development of the EU Payment Services Regulation (PSR) can be an opportunity to obtain such legislative coverage.

Among STP MSG members there was support for this CR, as a partial return of funds with the reason 'Fraud' is already allowed in a few SEPA jurisdictions. A partial return of funds would also allow the SCT schemes to provide customers with features similar to the payment card schemes.

While some MSG members preferred to amend the current PSEMWG recommendation, concerns were also raised amongst the MSG about the potential misuse of such a measure. The Spanish PSP



community was encouraged to share its experience with this measure through the 2024 public consultation.

D. #20 -Extra Reason Code 'Fraud' for Request For Recall by the Originator (RFRO) (both SCT schemes)

The proposal is a new type of RFRO reason code for cases when the Originator claims to be a victim of a fraudulent transaction. The reason code FRAD is now only possible for the Recall procedure that can be initiated only by the Originator PSP.

The PSEMWG recommendation was not to include this CR in the SCT rulebooks. The PSEMWG pointed out that the Recall procedure can be initiated only by the Originator PSP. However, the Originator PSP may do it on behalf of the Originator for the following reasons: Duplicate sending, Technical problems, and Fraud.

Secondly, the Originator PSP must first assess whether the fraud claim from the Originator is justified before the claim is addressed to the Beneficiary PSP.

When the Originator is a victim of a fraud, it must contact the Originator PSP to initiate a Recall request for the reason 'Fraud' (as for the other two Recall reasons). The channels through which the Originator can escalate are part of the Customer-to-PSP space and lie outside the scope of the SCT scheme rulebooks.

One MSG member supported the CR itself. Its organization sees a lot of RFRO messages with the reason 'CUST' (*Customer: by request of the Originator without any reason specified*), but the real underlying reason for these RFROs is fraud.

E. #03, #27: New Entry-Into-Force Time as of the November 2025 SCT Inst and OCT Inst Rulebooks

Under the Instant Payments Regulation (IPR) amending the SEPA Regulation, more EU-based PSPs must support in practice the SCT Inst scheme. More SCT Inst transactions may be processed at 08:00 CET on Sunday mornings in the future. Making updates to SCT Inst scheme-based systems, infrastructures and applications at a point in time of higher SCT Inst transaction volumes increases the risk of such updates negatively impacting the smooth processing of these SCT Inst transactions.

The CR proposes that the entry-into-force time of the 2025 version and any future version of the SCT Inst and OCT Inst scheme rulebooks are set at 03:30 CET on the Sunday concerned. In practice, the 2025 SCT Inst and OCT Inst scheme rulebooks go live on Sunday 16 November 2025 at 03:30 CET.

One MSG member commented that the Nordic Payments Council would suggest another entry-into-force date for the 2025 rulebooks. However, the MSG was reminded that this entry-into-force date is in line with the annual November SWIFT release timeline which the EPC payment scheme rulebooks follow since the launch of the SCT scheme back in 2008.

F. #07 -Unique Format of Acceptance Date Time Timestamp (SCT Inst scheme)

The proposal is to amend the Implementation Guidelines (IGs) to specify the number of digits allowed to represent milliseconds in the Acceptance Date Time Timestamp, and to specify only one "ISODateTime" format for the Acceptance Date Time message element in every SCT Inst message. PSPs can then rely on a unified rule to track and reconcile their instant payments.

The PSEMWG recommendation is to incorporate only the first part of the CR i.e. the timestamp attribute must be unambiguous and at least include milliseconds.



In case only seconds would be expressed, the milliseconds would then be rounded up to the next second. As the IPR shortens the hard timeline for instant euro credit transfers to 10 seconds, a timestamp with at least milliseconds becomes very relevant to reject or not SCT Inst transactions due to a time-out.

As for the suggestion for the exclusive use of one “ISODateTime” format for the SCT Inst timestamp, the PSEMWG recommends not taking it forward. The co-Chair of the EPC reminded the MSG that PSPs have legacy technology to manage, and that several market infrastructures support different date time formats. Changing the date time format usage rules would generate an unnecessary burden on all systems and would impact the whole end-to-end payment chain. Some MSG members pointed out that PSPs and infrastructures have no issue at all in dealing with the two date time formats i.e. the UTC time format, and the local time with UTC offset format.

G. #26 - Possibility of Payment Reversal in the Inter-PSP Space (SCT Inst scheme)

The contributor reported some limitations in handling technical cancellations for SCT Inst instructions. Its proposal is the use of an existing inter-PSP ISO 20022 message already used under other SEPA payment schemes, to support a Reversal procedure for SCT Inst transactions (e.g., pacs.007 as used in SDD).

Such SCT Inst Reversal would happen when an inter-PSP party in an SCT Inst transaction identifies the status of a transaction as “ambiguous” and therefore decides to abort the SCT Inst transaction process. It would be initiated by the Originator PSP or by the Beneficiary PSP for ‘Duplication’, ‘Technical Error’ and ‘Ambiguous Transaction Status’.

The PSEMWG recommendation was not to support this change request. The Originator PSP and the Originator already can make use of the SCT Inst Recall Request procedure to resolve two out of three suggested SCT Inst Reversal reasons (i.e. Duplication, Technical Error). It also sees it as a complex process for a limited number of use cases.

One MSG member felt that this CR tries to include a feature similar to one provided under the payment card schemes. The co-Chair of the EPC reminded the MSG that this CR interferes with the finality of payment principle.

The representative from SIBS reported about concrete cases whereby a Beneficiary PSP sends a Return without having received a Recall message first. The secretariat stressed that this would be a non-compliant behaviour under the SCT Inst scheme.

AP 05.01 Secretariat to liaise ASAP with the SIBS representative about claims of SCT Inst scheme participants sending Returns without having received a Recall message first

H. #22: Amend Implementation Guidelines to Have Two Different Message Sets (OCT Inst scheme)

The contributor sees a complexity within the Inter-PSP IGs on the messages and business cases to be implemented. Compared to SCT Inst, the OCT Inst IGs contain an extra number of messages and business cases to (i) accommodate specific PSP needs and (ii) respond to actions occurring in the non-Euro Leg.

The allowed messages/business cases also depend on outgoing (from Euro Leg to non-Euro Leg) or incoming (from non-Euro Leg to Euro Leg). CSMs and PSPs must implement in full the two Inter-PSP IGs covering both incoming/ outgoing OCT Inst transactions.



The proposal is to amend the IGs to have two different sets of messages/business cases: a mandatory set of messages/ business cases and a second set composed by optional messages/ business cases. This would allow a two-stage adoption approach. It reduces complexity and facilitating -and potentially promoting -the adoption of the overall scheme.

The OLO TF recommendation was not include this CR in the rulebook. PSPs only interested in incoming OCT Inst transactions in the role of Payee's PSP and potentially Entry PSP as well, will only implement the incoming OCT Inst inter-PSP IGs. This will be indicated on their adherence application. In case they wish to support outgoing transactions as well in a later stage, only then they will then have to support the outgoing OCT Inst Customer-to-PSP and Inter-PSP IGs.

This change request is not just a technical change limited to the IGs only. It directly affects the current business rules and procedures described in the OCT Inst scheme rulebook. Nevertheless, the OLO TF is open to further discussions with CSMs interested in offering OCT Inst scheme-based services how this change request could be accommodated outside the regular change management cycle process.

The secretariat then asked the MSG whether the EPC disclosure letter to be signed by OCT Inst scheme-compliant CSMs should foresee an option for interested CSMs to specify whether they would support the OCT Inst scheme only for incoming OCT Inst transaction or for both incoming and outgoing OCT Inst transactions.

The MSG members unanimously pointed out that this would send a wrong signal regarding reciprocity between the Euro Leg and the non-Euro Leg. Given that the aim for the EPC and its stakeholders should be to harmonise and simplify payments within, to and from SEPA, CSMs should not be allowed to support just one OCT Inst transaction flow.

11. SEPA Instant Credit Transfer (SCT Inst) scheme

A. Instant Payments Regulation (IPR): status – possible next EPC actions on regulatory changes (EPC 061-24)

The MSG was given an update on the latest developments regarding the IPR. The entry into force of the IPR is expected by the mid of April 2024, 20 days after the publication in the Official Journal, currently expected in the second half of March. Major changes foreseen to the SCT Inst scheme rulebook are:

- Concrete deadlines for EEA-based PSPs to be reachable for accepting and for sending instant payments;
- The drastic shortening of the current SCT Inst transaction processing timeline from 25 seconds including certain types of exception handling, to just 10 seconds with implications for the Originator PSP;
- The final IPR compromise text issued in November 2023 did not set outspoken entry-into-force dates for certain obligations;
- The possible abandoning of the current SCT Inst scheme default maximum amount of 100.000 EUR;
- A new sanction-screening method i.e. no longer transaction-per-transaction based but instead daily screening of customer databases against EU sanction lists for SCT Inst transactions within the EEA.

Given the need for clarification from the EU co-legislators on the concrete entry-into-force dates of some IPR obligations, the EPC has not yet taken any decision about the publication date and the



entry-into-force date of the concrete SCT Inst scheme rulebook containing all necessary regulatory changes and the related implementation guidelines.

The EPC has already set up an internal Work Block of SEPA payment scheme experts to work out concrete regulatory changes for the SCT Inst scheme rulebook. This WB already meets mid-March 2024. If needed, this Work Block may consult CSMs and/or other technical players.

The EPC has also approached the European Commission (EC) to get more clarity about the concrete deadlines for certain obligations. The EPC will submit a formal EPC document with clarification requests to the EC by mid-March 2024. The EC will present clarifications on the questions gathered from the wider payment industry during an event to be organised in the second half of April 2024. These clarifications will also be published afterwards.

Although some STP MSG members felt that such document would not serve much purpose as it would not have any material impact on the IPR itself, others saw such document as highly beneficial to the industry from an implementation point of view.

In referring to the introduction of a new sanction-screening method stipulated in the IPR, one MSG member pointed out that PSPs will nevertheless have to continue with transaction-by-transaction screening to remain compliant with international regulations.

When reading IPR Article 5a 4. (c), another MSG member stated that apart from the existing pacs.002 confirmation messages that the Originator PSP receives via/from the CSMs, another confirmation coming directly from the Beneficiary PSP to the Originator PSP should be sent as well. All other MSG members did not share this view. The step 6 in the section 1.4 of the SCT Inst scheme rulebook would already cover this obligation.

B. Adherence status & projections (EPC 023-24)

The updated general adherence ratio between SCT and SCT Inst scheme participants is 61,72% (the previous ratio was 61,43%). The adherence rate is plateauing at around 61% for several months now. There are already 17 euro area countries with a substantial majority of payment accounts reachable for SCT Inst.

In light of the deadlines set out by the IPR by when eurozone PSPs must support instant euro credit transfers, the MSG members remarked that a big number of eurozone PSPs will have to adhere in the next nine to ten months to come. The MSG members questioned whether the EPC could exceptionally foresee the publication of an additional Register of EPC Payment Scheme Participants in December 2024.

AP 05.02 EPC to consider determining ASAP an extraordinary publication date for a December 2024 version of the Register of EPC Payment Scheme Participants

C. Issues from scheme participants about the current SCT Inst processing and possible STP MSG recommendations

D. Prospects for and current obstacles to the further use of SCT Inst by payment end-user groups

The concerns, issues and prospects raised about SCT Inst processing primarily related to payments processing for corporates. For corporates, the reach of the scheme and the possibility to send and to receive transactions for a higher amount are key. The current SCT Inst scheme default maximum amount of 100.000 EUR is not enough for corporates.

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The topic of SCT Inst orders provided in a batch was also widely discussed. It was unclear for some MSG members by when PSPs must be able to support the processing of bulk SCT Inst orders under the deadline obligations set by the IPR. In response to this, other MSG members assumed that the deadline would be within 18 months for PSPs in the euro area as SCT Inst orders presented in bulk are a form of payment initiation.

A second point of debate on bulk SCT Inst orders was how PSPs and CSMs should deal with the processing capacity and liquidity management challenges when accepting, processing and transmitting such high volumes of SCT Inst transactions in a very short period of time.

The MSG co-Chair of the EPC stressed that the service level agreements in handling bulk SCT Inst orders are out of scope of the SCT Inst scheme. Each PSP agrees with each of its customers wishing to send bulk orders, about e.g., how many orders can be transmitted in a single batch, at what specific time during the day and in what timespan such batch orders are to be de-bulked and processed each separately. To develop such bulk payment service, each Originator PSP concerned will also have to agree with its CSM how to 'throttle' or to 'inject' such high volumes into the inter-PSP space without creating processing issues in the entire inter-PSP chain. Furthermore, the Originator PSP must also agree with its CSM how to foresee the liquidity required to provide pre-settlement cover for such high volumes of SCT Inst transactions before they are sent to the Beneficiary PSP.

The MSG co-Chair of the EPC also emphasized that the 10 seconds timespan prescribed by the IPR only starts once the transactions have been de-bulked. Each separate SCT Inst transaction must be processed within 10 seconds, not the entire bulk file.

A few MSG members highlighted that the big concern with SCT Inst bulk files will be rather the entire Verification Of Payee (VOP) request and response handling preceding the actual transaction processing.

12. One-Leg Out Instant Credit Transfer (OCT Inst) scheme: adherence status – scheme promotion in and outside SEPA

The EPC reported no scheme adherences so far. The EPC Director General pointed out this is likely due to the postponement of the ISO 20022 migration as the OCT Inst scheme IGs are based on the 2019 version of the ISO standard.

In March and April 2024, the EPC will agree to (re-)compose two EPC groups which work out actions on how to promote the OCT Inst scheme in and outside SEPA. One group will focus on SEPA/Euro Leg and manage the OCT Inst scheme rulebook, whereas a second will target the non-Euro Leg promotion.

The present CSM representatives were questioned about their intentions to support the OCT Inst scheme. These organizations could do this as a CSM or they could even adhere to the OCT Inst scheme in the role of OCT Inst Processor.

One CSM intends to launch a concrete OCT Inst service. However, the Eurosystem TARGET guidelines currently do not yet mention the OCT Inst transaction in the list of payment instruments for which the TIPS Ancillary System Technical Account (TIPS ASTA) can be used. Amendments to these TARGET guidelines are expected to be implemented in 2024. Once these guidelines are amended, this CSM will then launch its OCT Inst service.

Another CSM reported that its Board approved the decision to develop an OCT Inst scheme-based service. A third CSM was analysing the OCT Inst scheme in further detail for the communities in



which it operates. It will take a decision on whether to launch OCT Inst scheme-based services in 2024. A fourth CSM reported to launch OCT Inst scheme-based services in two phases with the first phase by November 2024, and a second phase by November 2025.

The other present CSM representatives did not report any concrete plans for OCT Inst.

13. Comparison SCT and SDD r-transaction statistics:

A. Full year 2023 (Pres EPC 026-24)

The EPC itself observed that the r-transaction rate for cross-border SCT Inst transactions is much higher than for national SCT Inst transactions (i.e. 3.23% resp. 0.8%). The code RR04 (Regulatory Reason) for cross-border transactions is already 23%. The code AG01 (Transaction Forbidden) represents about 16-17% of the national and cross-border SCT Inst transactions. The IPR may have a positive effect on the SCT Inst r-transactions for the codes RR04 and AG01.

The SCT r-transaction rate is quite low for national as for cross-border transactions (i.e. 0.18% resp. 0.33%). The national r-transaction rate for SDD Core and B2B collections is higher than for cross-border SDD collections (i.e. about 3% versus 2.5-2.6%) but the national SDD collection volumes are also many times higher. AM04 and MS03 together already cover the majority of the SDD Core r-transactions. The MSG had no further comment.

B. From 2020 to 2023 (Pres EPC 025-24)

The EPC itself observed the following tendencies:

- SCT: overall transaction volume continues to increase with the highest reported volume in four years for the year 2023. The same trend is noted for SDD Core and SDD B2B.
- SCT Inst: overall transaction volume continues to strongly increase year-on-year.
- The overall r-transaction rates for SCT, SDD Core and SDD B2B are stable over the years. The overall SCT Inst r-transaction rate continues to go down after a peak in 2021.

The EPC explained that these results could be indicative of the downward trend in using cash as a payment method. One MSG member added that in France cheques were likely to be replaced by SCT Inst. Other MSG members explained that SCT Inst supports completely new use cases compared to SCT.

A few MSG members considered that the IPR obligation to set equal charges for SCT and SCT Inst transactions may trigger consumers to use the SCT Inst instrument instead of SCT. A possible shift from SCT to SCT Inst by corporate and public authority end-users will take longer as they must make system changes.

One MSG member pointed out that PSPs will have to work on their treasury situation when the shift from SCT to SCT Inst does happen. This would be of particular concern for PSPs with primarily corporate customers.

14. Verification Of Payee (VOP) scheme and EPC Directory Service (EDS) (EPC 062-24)

A. Public consultation on VOP rulebook – first comments from STP MSG members on proposed rulebook

The EPC gave the MSG an overview of the current state of play about the Verification Of Payee (VOP) scheme and invited the MSG members to provide comments through the public



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consultation on the VOP scheme rulebook from 20 February until 19 May 2024. Through the document EPC 062-24, the EPC explained the proposed features of the VOP scheme.

Only PSPs can become participants to the Scheme. Participants being Account-Servicing PSPs (AS-PSPs) as defined under PSD2, commit to participate in the scheme in the role of Requesting PSP and of Responding PSP.

PSPs other than AS-PSPs as defined under PSD2 commit to participate in the scheme in the role of at least Requesting PSP. On this specific element, one MSG member could support this for Payment Initiation Service Providers (PISPs), but not for Account Information Service Providers (AISPs).

The end-to-end flow of the VOP scheme could also involve other parties indirectly such as Routing and Verification Mechanisms (RVMs). Requesting PSPs and/or Responding PSPs may use such RVM to route VOP Requests and related VOP Responses, to Responding PSPs and Requesting PSPs respectively.

Such RVM may even do VOPs on behalf of the Responding PSP. An RVM provides participants with a single point of entry to be connected, directly or indirectly (via another RVM), with other participants. However, such specific approach does not relieve the Responding PSP from its obligations stipulated under the scheme. For the possible roles a RVM can play, one MSG member stated that the algorithm applied by such RVM will also be very important.

One MSG member questioned whether the technical specifications or any IGs of the VOP scheme will be presented as well for a public consultation. Given the very challenging deadlines set by the IPR, the EPC explained that such consultation would not be possible.

Another MSG member recommended defining a Minimum Viable Product for VOP. The VOP scheme could also support VOP requests and responses for the intended initiation of payments in other currencies, but according to this member, any Additional Optional Service (AOS) should be disregarded for the time being. This member pointed out the difficulty for e.g., a payer based in Italy to find the fiscal number of a payee based in Luxembourg (in using the example of PSPs implementing the possibility to use legal identifiers in addition to a name and an IBAN in initiating VOP Requests).

Although the IPR allows the Requester and the Requester PSP to agree that the Requester can provide the Requesting PSP with additional information about the Payment Counterparty, allowing the Payment Counterparty to be unambiguously identified, one MSG member was of the view that the IPR allows this only for additional identifiers about legal persons. The proposed VOP scheme currently foresees this for legal and natural persons.

B. Development of API specifications for VOP: status

The EPC's current intention is to base the VOP scheme on RESTful API technology that makes use of ISO 20022 resource elements.

In the period December 2023 – February 2024, the EPC held preliminary discussions with SWIFT on how a global API standard could be designed for VOP services.

In February 2024, the concerned EPC decision-making body agreed with the proposal to cooperate with SWIFT and potentially other proponents, to co-submit an ISO business justification for the development of new ISO 20022 'Account Validation' API resources. The EPC Director General



reported that the Nordic Payments Council had joined the EPC and SWIFT in this standardisation process.

C. EDS and forthcoming Request-for-Proposal

The EPC is in the process of defining requirements for an EPC Directory Service (EDS) which will store and maintain all required operational data about VOP scheme participants (e.g., API entry points of scheme participants, authentication method of participants, etc). The EPC stressed that such EDS will not store any personal data. Such directory must be seen as a form of 'yellow pages' for the scheme participants. This is to facilitate the interoperability between VOP scheme-based services offered by VOP scheme participants, VOP RVMs and any other relevant entities.

Following a formal Request For Proposal (RFP) to be launched, the EPC itself will select a service provider to play the role of Operational Scheme Manager for a default EPC Directory Service (EDS). The EPC currently aims to roll out the RFP process in April 2024. However, scheme participants will remain free to choose any other Directory Service Provider that could ensure an equivalent service.

The default EDS will ensure that participants to the VOP but also to the SEPA Request-To-Pay (SRTP) and SEPA Payment Account Access (SPAA) schemes will have access to the operational data required to enable the proper functioning of the respective schemes.

A point was raised about the possible coexistence of the EDS along with other Directory Services developed by other organisations on the market for the purpose of fulfilling VOP requests. An MSG member pointed out that it was important for scheme participants to be able to access the same data through whichever Directory Service Provider they choose to use.

15. SEPA Request-To-Pay (SRTP) scheme

A. 2024 rulebook change management cycle: timeline and change requests received (Pres EPC 027-14)

The SRTP scheme follows a similar 2024 rulebook change management cycle as for the EPC payment schemes. The public consultation for the received 19 change requests runs from 12 March to 9 June 2024. The aim of this cycle is to make the scheme and the homologation process simpler in the future. The MSG had no comment about the change requests concerned.

B. SRTP adherence status and projections

The SRTP scheme currently has 3 participants with a 4th participant currently undergoing the homologation process. The EPC tries to remove the entry barriers e.g., via defining Minimum Viable Products for the B2B space (e.g., e-invoicing) and in the B2C space (e.g., following a failed SDD collection).

C. Prospects for and current obstacles to the further use of SRTP by payment end-user groups + possible STP MSG recommendations

The representatives based in Spain reported that the Spanish community considers using the SRTP scheme for failed SDD collections, e-invoicing and public authority payments.

16. SEPA Proxy Lookup (SPL) scheme rulebook: status

The MSG was informed that the future of the SPL scheme would be discussed at the September 2024 EPC Board Strategy meeting, specifically about whether and how to phase out the scheme.



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17. Standardization of QR-codes for mobile (instant) credit transfers

The MSG was informed that the EPC's attempts to design a global standard for QR-code based (instant) credit transfer payments at ISO level had not been successful.

The EPC now follows a standardization attempt with the European standardization body CEN. The EC provided the EPC with a letter of endorsement to CEN and facilitates the process. On 05 March 2024, CEN accepted the EPC as a liaison organisation. With this liaison status obtained, the EPC can start this standardisation process. The expected timeline to complete this process is roughly 1 year, implying it should be finalised in Q1 or Q2 2025.

The EPC reported that this QR standardisation project is highly relevant to the EC regarding its European Retail Payments Strategy.

18. AOB

The MSG representative based in Hungary shortly informed the MSG about Hungary's status in the roll-out of a mandatory national instant credit transfer scheme. This member invited the MSG members to a workshop titled 'Hungary in the Forefront of the Development of the Instant Payment World' organized in Brussels on 26 March 2024.

One member asked whether the November 2025 EPC payment scheme rulebooks would contain significant changes due to the IPR. The EPC confirmed that this would be the case. The EPC was in the process of working out the regulatory changes needed for the relevant rulebooks to be IPR-compliant.

19. Next meeting date: 28 August 2024 as MS Teams meeting from 10h00 to 15h00 CET.

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#### List of open action items after the 5<sup>th</sup> STP MSG Meeting

| Item  | Topic | Action                                                                                                                                          | Owner           | Status / Deadline |
|-------|-------|-------------------------------------------------------------------------------------------------------------------------------------------------|-----------------|-------------------|
| 05.01 |       | Liaise with the SIBS representative about claims of SCT Inst scheme participants sending Returns without having received a Recall message first | EPC Secretariat | ASAP              |
| 05.02 |       | Consider determining an extraordinary publication date for a December 2024 version of the Register of EPC Payment Scheme Participants           | EPC Secretariat | ASAP              |

List of participants – 5<sup>th</sup> STP MSG Meeting

Date: 6 March 2024

| Name                                                                                                                                            | Institution                                          | Attendance |
|-------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------|------------|
| <b>Co-Chairs</b>                                                                                                                                |                                                      |            |
| Frans van Beers                                                                                                                                 | Dutch Payments Association (EPC scheme participants) | YES        |
| Mario Reichel                                                                                                                                   | PPI AG                                               | YES        |
| <b>SEPA scheme participant-related members</b>                                                                                                  |                                                      |            |
| Axel Schindler                                                                                                                                  | BVR                                                  | Apologies  |
| Miguel Torres                                                                                                                                   | Redsys                                               | YES        |
| Jacques Vanhautere                                                                                                                              | SEPAmail.eu (nominated by FBF)                       | YES        |
| Martin Walder                                                                                                                                   | SIX Interbank Clearing AG (nominated by UBS AG)      | YES        |
| <b>Representatives of SEPA scheme-compliant Infrastructure Solution Providers</b>                                                               |                                                      |            |
| Riccardo Mancini                                                                                                                                | Banca d'Italia                                       | Apologies  |
| David Renault                                                                                                                                   | EBA Clearing                                         | YES        |
| Fabrizio Dinacci                                                                                                                                | European Central Bank (TIPS)                         | YES        |
| José Luis Langa                                                                                                                                 | Iberpay                                              | YES        |
| Luís Sequeira                                                                                                                                   | SIBS                                                 | YES        |
| Isabelle Thiebault                                                                                                                              | STET                                                 | Apologies  |
| Tom Wijnen                                                                                                                                      | Worldline                                            | YES        |
| <b>Representatives of major technical players offering <u>messaging services</u> to SEPA scheme-compliant Infrastructure Solution Providers</b> |                                                      |            |
| Massimo Agostinacchio                                                                                                                           | Nexi Payments                                        | YES        |
| Neil Buchan                                                                                                                                     | SWIFT Standards                                      | Apologies  |
| <b>Representatives of other major technical players</b>                                                                                         |                                                      |            |
| Daniele Astarita                                                                                                                                | ACI Worldwide                                        | YES        |
| Jozsef Czimer                                                                                                                                   | Capsys                                               | YES        |
| Marie-Christine Diaz Pelaez                                                                                                                     | Eastnets                                             | YES        |
| Ralf Ohlhausen                                                                                                                                  | ETPPA                                                | Apologies  |
| Guillaume de Longeaux                                                                                                                           | Galitt                                               | Apologies  |
| Rasmus Eskestad                                                                                                                                 | Mastercard Payment Services Denmark A/S              | YES        |
| Hein Wagenaar                                                                                                                                   | Oracle                                               | YES        |
| Tarik Zerkti                                                                                                                                    | Preta                                                | Apologies  |
| Gabriel Carpintero Roman                                                                                                                        | SSTRATEGY (Hermesti Ingeniería Documental S.L.)      | YES        |
| Volker Heinze                                                                                                                                   | UNIFITS GmbH                                         | YES        |



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|--------------------------|----------------------|-----------|
| Peter Larsson            | Tietoevry Banking    | Apologies |
| Jayakumar Gopalakrishnan | Volanté Technologies | Apologies |
| <b>Alternates</b>        |                      |           |
| Mario Coco               | Banca d'Italia       | YES       |
| Franck Lemonsu           | STET                 | YES       |
| Zorica Srbinova          | SWIFT                | YES       |
| <b>EPC secretariat</b>   |                      |           |
| Giorgio Andreoli         | EPC Director General | YES       |
| Dominique Allebroeck     | EPC secretariat      | YES       |
| Bart Clarebout           | EPC secretariat      | YES       |
| Hanna Sainio             | EPC secretariat      | YES       |