EUROPEAN CENTRAL BANK

EUROSYSTEM

EURO RETAIL PAYMENTS BOARD
Statement following the twelfth meeting of the Euro Retail Payments Board   held on 25 November 2019

Follow-up to the ERPB's recommendations

The members of the Euro Retail Payments Board (ERPB) took note of the status of past ERPB recommendations and assessed the follow-up to these recommendations to have been appropriate overall. The ERPB Secretariat will continue monitoring the actions taken by the relevant stakeholders in relation to open recommendations and report back to the ERPB on a regular basis.

Person-to-person (P2P) mobile payments

The SEPA Proxy Lookup (SPL) service was developed as a follow-up to the June 2015 ERPB recommendations on person-to-person (P2P) mobile payments. Its aim is to allow the exchange of data necessary to initiate P2P mobile payments between proxy-based mobile payment solutions at a pan-European level. The service will thus facilitate interoperability between participating P2P mobile payment solutions and facilitate cross-border payments in particular.

At its June 2019 meeting, the ERPB invited the SPL scheme manager to update the ERPB on the implementation of the SPL scheme and service. The ERPB further invited the European Forum for Innovation in Payments (EFIP) to conduct a stock-take to identify barriers to the take-up of the SPL scheme and service.

Since then, the European Payments Council (EPC), assuming the role of scheme manager, has analysed the outcome of the three-month public consultation that ran until 26 August 2019. The SPL scheme rulebook will be updated based on the approved change proposal document, which will include enhancements such as email address being an optional additional proxy. The EPC expects that the attractiveness of the SPL scheme will increase further following the integration of planned enhancements in the next version of the SPL scheme rulebook.

The EFIP conducted a stock-take of perceived barriers to the take-up of the SPL scheme and service at the national level. Based on the feedback gathered and an update from the EPC in its capacity as scheme manager, the EFIP identified the following main barriers to the SPL take-up: lack of interoperability among national solutions (beyond the proxy-lookup functionality), lack of a strong business case, lack of awareness, lack of take-up of instant payments, pricing and a reluctance to share customer data.

Recognising the benefits of the SPL, the EFIP further suggested a number of possible actions to overcome these barriers, namely developing more advanced functionalities, aiming to go beyond P2P, agreeing on an acceptable pricing policy/compensation mechanism, educating customers and promoting the benefits of a cross-border proxy service as well as providing security and data protection guarantees.

The ERPB:

- took note of the work conducted since its last meeting, in particular the outcome of the three-month public consultation on the changes to the scheme rulebook;

- reiterated its encouragement to P2P mobile payment solution and proxy database providers to join the SPL scheme in order to foster the processing of cross-border mobile payments and achieve pan-European reach;

- invited the scheme manager to analyse, in cooperation with the service operator, the EFIP's feedback on perceived barriers to the take-up of the SPL and possible follow-up actions, and to report back to the ERPB at its June 2020 meeting;

- invited the scheme manager to provide the ERPB with an update on the implementation of the SPL scheme and service at its June 2020 meeting.

Instant retail payments in euro

At the invitation of the ERPB, the EPC provided a status update on the implementation of the SEPA instant credit transfer (SCT Inst) scheme, including an overview of the percentage of payment service providers (PSPs) adhering to SCT Inst. According to the EPC update, in mid-October 2019 the number of declared SCT Inst scheme participants was 2,069 (i.e. 50.9% of all SCT adherents in all SEPA countries). The EPC highlighted some implementation issues, in particular (i) scheme participants not yet being fully compliant with the full SEPA reachability requirement of the SEPA Regulation and SCT Inst Rulebook, and (ii) the reachability of beneficiary banks, with some beneficiary banks not processing incoming SCT Inst transactions for all their payment accounts.

The EPC also informed the ERPB of the work of its ad hoc multi-stakeholder group for mobile-initiated SEPA credit transfers (including SCT Inst) (MSG MSCT). The group has been reviewing the feedback on its draft document received in the public consultation (which closed on 16 September 2019), and on this basis it completed the final "Mobile initiated SEPA (Instant) Credit Transfer Interoperability Guidance" which is expected to be published end-November 2019. The aim of the Guidance is to provide an insight into the main issues related to the initiation of (instant) SEPA credit transfers in different mobile payment contexts such as person-to-person, consumer-to-business (retail payments including both in-store and m-commerce payments) and business-to-business payments.

The ECB informed the members of the approach to be followed for the monitoring of the adoption of SCT Inst. The ECB also provided an update on the TARGET Instant Payment Settlement (TIPS) service.

Finally, in line with its mandate, the ERPB Working Group on Instant Payments at the point of interaction (POI) reported on the outcome of its analysis of the barriers to pan-European reach and usability of instant payments at the POI. The main barriers identified relate to:

- the lack of interconnectivity between instant payments at POI solutions, both from a technical and business perspective;

- issues related to the implementation and evolution of the SCT Inst scheme;

- the lack of standardisation of the request-to-pay functionality;

- additional consumer and business issues;

- security and privacy issues.

The working group further developed a set of suggested recommendations to address these barriers.

The ERPB:

- took note of the EPC update on the implementation of and adherence to the SCT Inst scheme and the efforts deployed to overcome them as scheme owner;

- took note of the ECB update on the approach to be followed for the monitoring of the adoption of SCT Inst and on TIPS;

- reiterated its call to the supply side of the industry to implement instant payments, ensure pan-European reach as soon as possible and at the very latest in 2020, and support end-user take-up, including by providing safe and efficient end-user solutions at a competitive pricing and that have the capacity to achieve pan-European reach;

- took note of the report by the ERPB Working Group on Instant Payments at the POI as well as the dissenting opinion related to redirection, and welcomed the analysis conducted. It was reminded that dissenting views should be expressed early enough to be considered by working groups. The ERPB further endorsed the set of recommended follow-up actions, specifying that the following actions are to be conducted by an ERPB working group by November 2020 with interim reporting in June 2020 (making use, where appropriate, of the work of other groups, including in particular the MSG MSCT): (i) develop a dedicated interoperability framework with common rules and procedures; (ii) develop security requirements for payment service user onboarding processes by instant payment services providers and merchants, and a framework for these; and (iii) develop requirements for consumer choice of payment instrument at the POI. The ERPB Secretariat will prepare a draft mandate for this new working group, taking into account ongoing developments, which is to be finalised by the ERPB in writing.

Request-to-Pay (RTP)

In response to the invitation by the ERPB at its November 2018 meeting, the RTP multi-stakeholder group (RTP MSG) analysed requirements for the concrete and rapid exploitation of the RTP functionality from a broader perspective than electronic invoice presentment and payment (EIPP) services. The MSG report provides specifications for a standardisation framework, and suggests the creation of an RTP scheme separate from the SEPA payment schemes covering basic RTP functions.

The ERPB:
- took note of the report and welcomed the work conducted by the MSG;
- welcomed the decision of the EPC to start the development of an RTP scheme to be submitted to public consultation, stressing the need for the scheme to be open;
- supported the further development of an RTP scheme and invited the EPC to report on the progress of this work at the June 2020 ERPB meeting.

Electronic invoice presentment and payment services

In response to the invitation by the ERPB at its November 2018 meeting, the EIPP MSG presented its work on the design and creation of an ISO 20022 set of EIPP servicing messages. The MSG report describes, in particular, each of the servicing messages for enrolment and activation, and presents the message data structure and essential data elements and related rules.

The ERPB:
- welcomed the work conducted by the EIPP MSG, which complements the work on the standardisation of EIPP request-to-pay messages presented in November 2018 and hence allows the creation of common standards for EIPP service providers;
- welcomed the submission by the EPC to ISO of the request for the creation of new servicing messages;
- agreed to assess, in the context of the next update of its biennial workplan to be carried out in November 2020, whether to launch the development of a pan-European EIPP framework as a next step.

ERPB priorities for 2020

As a follow-up to its June 2019 meeting, the ERPB was invited to consider whether the conditions to resume the work on a SEPA API Access Scheme had evolved after the PSD2/RTS implementation and, on this basis, whether to launch work on the two other priorities described in its biennial workplan, i.e. transparency for retail payments end-users and access to cash.

ERPB members were of the view that the conditions to resume the work on a SEPA API Access Scheme at the ERPB level do not yet seem to have materialised. The situation will be assessed again in the next ERPB meeting in June 2020. In this context, the ERPB was in favour of launching the workstream on transparency for retail payments end-users, which would also address one of the barriers identified by the ERPB Working Group on Instant Payments at the POI for the take-up of instant payments. In a first stage, volunteer members would prepare a proposal for refining the scope for such a workstream for consideration by the ERPB in its June 2020 meeting.

In addition, the ERPB Secretariat, seeking further input from consumer representatives, will investigate possible options for dealing with the workstream on access to cash and report back to the ERPB in its June 2020 meeting.

European Cards Stakeholders Group (ECSG) reporting on card standardisation

Following the invitation it received, the ECSG reported on the implementation of harmonised standards for payment cards, including the follow-up based on past ERPB recommendations on technical standards for payment cards.
The ERPB took note of the ECSG status update for 2019.

Items for information

In addition to the above, the ERPB took note of the update provided by the European Commission on work in the field of retail payments, including latest developments regarding the PSD2 implementation, recent initiatives in the field of instant payments and the Cross-border Payments Regulation (application and update to the available FAQ).

Any other business

Following the request of consumer representatives, the ERPB Secretariat will prepare a proposal on the ERPB communication approach for consideration by the ERPB in its June 2020 meeting.

Annex 1 - Recommendations related to instant payments at the point-of-interaction

#	Rationale	Recommendations	Addressee(s)	Deadline
A	A framework is needed to manage the interoperability rules and appropriate governance for IP at POI solutions. In addition, a "recognition of availability label" of an IP at POI solution for payment should be developed on both the consumer and merchant sides	Develop a dedicated interoperability framework with common rules and procedures	ERPB WG on instant at POI	November 2020
		Develop a pan-European label and its usage for IP at POI payment solutions	MSG MSCT	November 2020
		These developments should take into account the work executed under Recommendations B, C and D		
B	A range of security levels are currently used for customer onboarding, in particular related to mobile payments across SEPA. A harmonisation on minimum security requirements for onboarding processes is needed to create trust in PSU onboarding across the payment ecosystem	Develop security requirements for PSU onboarding processes to be adopted by IP service providers and merchants. A framework for this should also be developed (see Recommendation A)	ERPB WG on instant at POI	November 2020
C	There is a lack of technical interconnectivity between IP at POI solutions	Develop functional and security specifications for interconnectivity of IP at POI solutions, including the specification of the minimal data set to be exchanged between consumer and merchant while covering different proximity technologies	MSG MSCT	
		• based on QR-codes		June 2020
		• based on NFC / BLE		November 2020
		This work should serve as input to the work under Recommendation A		
D	There is a need to ensure that the consumer's choice of a given payment instrument to conduct a payment transaction at the POI is respected	Conduct a technical and security analysis on possible proximity conflicts at the POI addressing multiple payment instruments (card payment, instant credit transfers, etc.)	ERPB WG on instant at POI	November 2020
		Develop appropriate specifications		

		to enable consumer selection of preferred payment instrument to conduct a transaction at the POI This work should serve as input to the work under Recommendation A	MSG MSCT	
E	Merchants identified a need for a common set of additional SCT Inst services	Analyse the appropriateness of defining new services for SCT Inst, including pre-authorisation, recurring payments, refund, etc. Update the SCT Inst rulebook to cover for these services as needed	EPC	November 2020
F	There is a need to ensure that the merchant's IBAN corresponds to the merchant's name	Analyse the possibility of introducing a "Confirmation of payee" service in the context of the SEPA credit transfer schemes	EPC	November 2020
G	Merchants require a payment acceptance environment with full integration of all payment functionalities	Identify the requirements for the development of dedicated specifications to cover the integration and maintenance of multiple payment solutions in the merchant environment	EuroCommerce	June 2020
H	There is a lack of support for certain SCA authentication models involving a PISP at physical POIs and the related consumer experience	Investigate the authentication models for SCA at physical POIs supported by the consumer's ASPSP when a PISP is involved and the related impact on the consumer's experience, compliant with legal requirements	EC, EBA and other relevant stakeholders	November 2020
I	There is a need for consumer independence on mobile devices for the freedom of choice on mobile contactless payment services	Investigate the provisioning of access to all mobile device features (e.g. the contactless interface) in order to ensure that the consumer can choose between payment applications from different mobile payment providers, independently of the mobile device and the operating system used	Competition authorities, mobile device manufacturers, mobile OS developers and GSMA/MNOs	Mid 2020
J	There is a need to enhance society awareness of IP at POI	Coordinate in cooperation with the IP at POI service providers an institutional communication campaign of the ERPB members to increase the familiarity with IP at POI solutions (in-store and e- and m-commerce) The communication campaign should result in the creation and distribution of informative material on IP at POI payment solutions and	EPC, consumer and retailers associations, public sector	Mid 2021

		their usage to all the ERPB members and affiliates. Moreover, ERPB members and the ECB are requested to make the informative material produced available on their websites.		

LIST OF ATTENDEES OF THE TWELFTH MEETING OF THE
EURO RETAIL PAYMENTS BOARD (ERPB) ON 25 NOVEMBER 2019

Chair: Mr Benoît Cœuré, Member of the Executive Board

Sector	Members
BEUC (European Consumers' Organisation)	Ms Monique Goyens Director General, BEUC
AGE Platform (the association of consumers 50+)	Ms Anne-Sophie Parent Secretary General, AGE Platform
Retailers (Eurocommerce & ERRT)	Mr Frédéric Mazurier CEO, Market Pay (Carrefour Group)
Ecommerce Europe (web-merchants)	Mr Marc Nieto CEO, MPServices
Corporates (EACT & BusinessEurope)	Mr Jean-Marc Servat Chair EACT
SMEs (SMEunited)	
National public administrations	
European Payments Council (EPC)	Mr Javier Santamaría Chair EPC
Co-operative banks (European Association of Co-operative Banks - EACB)	
Savings banks (European Savings & Retail Banking Group - ESBG)	
Commercial banks (European Banking Federation - EBF)	Mr Maurizio Sella *(alternate)* Chair of Banca Sella Holding
European Payment Institutions Federation (EPIF)	Mr Konstantinos Maragkakis *(alternate)* EEA Chief Executive Officer, Paysafe
E-money Association	Mr Ralf Ohlhausen Chief Strategy Officer for PPRO Group
	Guest
Future of European Fintech	Mr Arturo González Mac Dowell President and CEO, Eurobits technologies
National central banks (on rotating basis)	**Active participants**
Banco de España	Mr Juan Ayuso Director General Operations, Markets & Payment Systems
Banque de France	Ms Nathalie Aufauvre Director General for Financial Stability & Operations
Banca d'Italia	Mr Paolo Marullo-Reedtz Director General for Markets & Payment Systems
Suomen Pankki	Mr Tuomas Välimäki Member of the Board
Bank of Greece	Mr Michail Michalopoulos

	Director - Payment and Settlement Systems Department
Hrvatska narodna banka	Mr Neven Barbaroša Vice Governor
	Observer
European Commission	Mr Mario Nava Director