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STATUS UPDATE ON SCT INST SCHEME ERPB MEETING 28 NOVEMBER 2018

1. Background

At its 18 June 2018 meeting the ERPB:

- took note of the EPC update on the implementation of the SCT Inst scheme;
- took note of the ECB update on TIPS;
- encouraged the supply side of the industry to implement instant payments, ensure pan-European reach as soon as possible, and at the very latest by 2020, and support end-user take-up, including by providing user-friendly end-user solutions;
- encouraged PSPs adhering to the SCT Inst scheme to make pan-European reach a priority, thereby avoiding fragmentation in the European retail payments market;
- welcomed the EPC multi-stakeholder group on interoperability of mobile-initiated SCT (including SCT Inst) as an essential step in supporting pan-European mobile solutions;
- will monitor whether the market is following these policy objectives and consider on this basis whether specific actions are required.

The present note updates the ERPB on the actions undertaken by the EPC since the last ERPB meeting and on next steps.

2. Evolution of public EPC documents on the SCT Inst scheme

2.1. Updated 2017 SCT Inst scheme rulebook

On 22 November 2018, the EPC will have published an updated version of the 2017 SCT Inst scheme rulebook. This new 2017 version becomes effective as of **01 January 2019**.

The new 2017 rulebook includes the updated version 4.2 of the Scheme Management Internal Rules (SMIRs) which are an integral part of each scheme rulebook. No changes impacting the business and operational rules or the related implementation guidelines (IGs) were made in the updated 2017 SCT Inst scheme rulebook.

2.2. 2019 SCT Inst scheme rulebook

On 22 November 2018, the EPC will have published the version 1.0 of the 2019 SCT Inst scheme rulebook, the related mandatory Customer-to-Bank (C2B) IGs and Interbank IGs. The 2019 rulebook version and its IGs become effective as of **17 November 2019**.

The 2019 SCT Inst scheme rulebook contains following changes:

- A clarification about which SCT Inst scheme participants must comply with the C2B IGs of the rulebook;

- A SCT Inst transaction containing an IBAN but not the related BIC, can be transmitted by the Originator to the Originator Bank, even if one of the two SCT Inst scheme participants covered by that transaction is based in a non-EEA SEPA country;
- Inclusion of usage rules in the SCT Inst C2B IGs which permit a Beneficiary to transfer back funds to the Originator in case this Beneficiary has not received the IBAN details of the payment account of the Originator in the initial SCT Inst transaction¹;
- Several changes to the existing SCT Inst Recall and Request for Recall by the Originator (RFRO) procedures;
- A third SCT Inst rulebook option for SCT Inst scheme participants if they wish to agree on a shorter hard time-out deadline among themselves;
- Clarifications in SCT Inst rulebook on the concrete point in time where an SCT Inst instruction turns into an SCT Inst transaction, and that the current maximum amount applies to both SCT Inst instructions and SCT Inst transactions.

Annex IV of the 2019 SCT Inst scheme rulebook contains a table listing all changes made throughout this rulebook compared to the 2017 SCT Inst scheme rulebook.

2.3. Publication of r-transaction reason code guide for the SCT Inst scheme

The EPC published on 18 September 2018 a r-transaction reason code guide for the SCT Inst scheme ([EPC 059-18](#)). With this guide, the SCT Inst scheme participants now clearly know which concrete reason code to use to report a specific SCT Inst scheme transaction-related issue back to the Originator Bank. The document outlines concrete use cases and possible root causes for each r-transaction reason code.

2.4. Publication of updated Clarification Paper for the SCT rulebooks

On 18 September 2018, the EPC also published a new version of the Clarification Paper on SCT and SCT Inst rulebooks ([EPC 131-17 v1.2](#)). Additional clarifications are provided in section 2.8 of this paper for the RFRO procedure becoming effective as of 18 November 2018 in both SCT rulebooks.

3. Adherence status

The number of declared SCT Inst scheme participants at mid-October was 2.042 i.e. representing a share of 49.6 percent of all SCT adherents (i.e. 4.118) in all SEPA countries.

The table below shows the percentual share of SCT Inst scheme participants related to the SCT scheme participants in the concerned 16 SEPA countries.

Country	SCT Inst adherence	SCT adherence	% of SCT Inst adherents vs. SCT adherents
AUSTRIA	470	561	83,8%
BELGIUM	13	44	29,5%
BULGARIA	1	27	3,7%

¹ The Beneficiary may have a payment account with a SCT Inst scheme participant established in a country whereby the SCT Inst scheme participant is not allowed to pass on the IBAN of the payment account of the Originator to the Beneficiary (e.g., due to national data protection legislation).

ESTONIA	3	10	30,0%
FINLAND	1	8	12,5%
FRANCE	120	286	42,0%
GERMANY	1.291	1.495	86,4%
ITALY	23	457	5,0%
LATVIA	4	22	18,2%
LITHUANIA	6	42	14,3%
MALTA	1	24	4,2%
MONACO	1	15	6,7%
NETHERLANDS	5	40	12,5%
PORTUGAL	12	36	33,3%
SPAIN	87	122	71,3%
UNITED KINGDOM	4	83	4,8%
16 countries	2.042	3.272	

The table below shows as of what precise date the concerned SCT Inst scheme participants in the different countries will be formally ready:

Country	Declared readiness date from SCT Inst scheme participants										Grand Total
	Up to 12-10-2019	05-11-18	18-11-18	19-11-18	20-11-18	27-11-18	03-12-18	04-12-18	07-01-19	08-01-19	
AUSTRIA	470										470
BELGIUM	1		12								13
BULGARIA	1										1
ESTONIA	2				1						3
FINLAND	1										1
FRANCE	68			1	50		1				120
GERMANY	397	1			40	851		1	1		1.291
ITALY	22				1						23
LATVIA	4										4
LITHUANIA	6										6
MALTA	1										1
MONACO	1										1
NETHERLANDS	3								1	1	5
PORTUGAL	11	1									12
SPAIN	87										87
UNITED KINGDOM	4										4
Grand Total	1.079	2	12	1	92	851	1	1	2	1	2.042

The current list of SCT Inst scheme participants can be consulted on the [EPC Register of Participants webpage](#). Most of these PSPs (will) act as both Originator Bank and Beneficiary Bank.

Fourteen out of the current 23 SCT scheme-compliant CSMs and additional 12 National Central Banks had already disclosed their intention to be an SCT Inst scheme-compliant CSM at the latest as of the end of November 2018. These CSMs are listed on the [Clearing and Settlement Mechanisms webpage](#).

4. [EPC expectations on SCT Inst scheme adherence](#)

Individual PSPs and PSP communities in several euro zone countries continue with developing their SCT Inst scheme implementation projects. The EPC is confident that the current SCT Inst adherence pace will continue in most of the euro zone countries

in 2019. The EPC expects that the aim of a critical mass of SCT Inst scheme participants across SEPA by November 2020 will be reached.

5. Scheme default maximum amount for an SCT Inst transaction

At the earliest one year after the 2017 SCT Inst scheme rulebook has entered into force, the maximum amount can be reviewed outside the regular scheme rulebook release management cycle. This means that as of November 2018 onwards:

- The EPC will formally analyse once a year if there is a need to adapt the maximum SCT Inst instruction amount;
- SCT Inst scheme participants may send a written suggestion to the EPC for a new maximum amount.

The EPC received input from several SCT Inst scheme participants. Some scheme participants do not see the need to increase the maximum amount now, others desire a higher maximum amount. The range of proposed higher maximum amounts is very wide.

The EPC considered these concrete suggestions from SCT Inst scheme participants and postponed the decision to increase the maximum amount per SCT Inst instruction to February 2019.

6. SCT Inst (r-)transaction volume

As of April 2018, the EPC secretariat collects the SCT Inst (r-)transaction statistics on a quarterly basis starting with the volumes of the first quarter of 2018. Meaningful statistics from a wide variety of scheme participants and countries will be available as of January 2019 at the earliest given the surge of new participants in the past two months.

These volumes will be discussed within the EPC and (r-)transaction tendencies will be shared with [the EPC Scheme End-User Forum \(SEUF\) and the EPC Scheme Technical Forum \(ESTF\)](#) in due course.

7. Reported issues

All SCT Inst scheme participants had been invited to submit any concrete SCT Inst processing issues by the end of September 2018.

In short, the EPC concludes that no urgent EPC action must be taken at this stage. The EPC intends to ask again all SCT Inst scheme participants to report issues in March 2019 at the latest.

R-transactions

Some SCT Inst scheme participants reported about the inappropriate use of the SCT Inst r-transaction reason codes by other SCT Inst scheme participants. The EPC points out that it published its guidance document on SCT Inst r-transaction reason codes just recently (see section 2.3) and its publication was communicated to all SCT Inst scheme participants. The EPC will monitor the r-transaction volumes per specific r-transaction reason code and determine further measures when required.

Payment account reachability

Not all SCT Inst scheme participants have opened or enabled all payment accounts of their Beneficiaries to receive SCT Inst transactions from the moment these PSPs are formally reachable for SCT Inst, although incoming SCT transactions can be booked without any issue on these same payment accounts.

The EPC sees it as a commercial decision for each SCT Inst scheme participant to allow or not SCT Inst transactions to be booked on accounts that are already open for SCT transactions.

On the other hand, it would be helpful for the Originator Bank to receive an indication from the Beneficiary Bank (e.g., through a r-transaction reason code) if the funds transfer can be resubmitted as a normal SCT transaction. In this way, the successful execution of the funds transfer is still guaranteed although this does not give instant experience for the Originator and the Beneficiary. The above-mentioned EPC guidance document on SCT Inst r-transaction reason codes identifies an existing reason code to be used for that purpose.

8. New ad-hoc multi-stakeholder group for mobile initiated SEPA credit transfers (including SCT Inst)

The new ad-hoc multi-stakeholder group of the EPC that has been established to develop Mobile Initiated SEPA Credit Transfer Interoperability Implementation has started its work through the development of MSCT use cases both for mobile P2P and mobile Customer-to-Business payments, including in-store proximity and m-commerce payments (browser and app based). In parallel the group also started to work on security aspects for MSCTs. For this purpose, two dedicated work-streams have been created to progress the work in between the MSG MSCT plenary meetings. One of the main challenges encountered during the past months is the interpretation and clarifications needed related to PSD 2 and the RTS for this type of payments.

The agenda's and minutes of the MSG MSCT plenary meeting are available on the EPC website EPC rulebook through the following link:

<https://www.europeanpaymentscouncil.eu/document-library/minutes-and-agendas/agenda-and-minutes-first-meeting-ad-hoc-multi-stakeholder>

9. EPC rulebook change management cycle

The next change management cycle for all EPC schemes will take place in 2020. Scheme participants and other stakeholders are invited to submit change requests to the SCT Inst scheme rulebook by 31 December 2019 by completing a [dedicated template](#). These change requests will be considered for the rulebook version and associated IGs to be published in November 2020 and taking effect in November 2021.

