



Update of the ERPB workplan

The Euro Retail Payments Board (ERPB) adopted its current work plan in June 2016. Further to a preliminary exchange of views during their June 2018 meeting, ERPB members considered a list of possible topics for the period 2018 - 20 based on suggestions put forward by the members. The ERPB agreed to finalise the update of its workplan at its November 2018 meeting on the basis of further analysis of the issues at stake regarding the list of possible topics identified (including prioritisation of envisaged workstreams). This note puts forward the proposal of the ERPB Secretariat for the update of the ERPB workplan for the next two years on the basis of the analysis conducted with the input of volunteer ERPB stakeholders and taking into account the already ongoing workstreams. The note then reflects the discussion in the November 2018 ERPB meeting where the upcoming priority workstreams were agreed.

In this regard, the note first recalls the ERPB mandate and presents in this light the underlying issue, proposed approach and relevance from an ERPB perspective for each of the possible new items for the ERPB workplan. On the basis of this analysis, it presents the outcome of the November 2018 ERPB discussion on the prioritisation of workstreams for the update of the ERPB workplan for the next two years.

1. Analysis of issues at stake for possible new ERPB workstreams

For each of the possible new items to be considered for the update of the ERPB workplan, this section presents the underlying issue, the proposed approach and the relevance from an ERPB perspective.

It is recalled that following its mandate (art. 1), the objective of the ERPB is to contribute to and to facilitate the further development of an integrated, innovative and competitive market for euro retail payments in the EU by: (a) identifying and studying technical, behavioural and legal obstacles in – but not limited to – (i) credit transfer payments, (ii) direct debit payments, (iii) card payments, (iv) internet payments, (v) mobile payments and (vi) payments related horizontal issues (e.g. issues related to standards, fraud and security); (b) identifying and pursuing ways to address the obstacles under (a); (c) identifying and pursuing ways to foster innovation, competition and integration in retail payments in euro in the EU.

Interoperability of point-of-interaction (POI) solutions for instant payments

Underlying issue:

Since the launch of the SEPA Instant Credit Transfer (SCT Inst) scheme on 21 November 2017, 2042 payment service providers (PSPs) have joined the scheme until October 2018. Customers of these PSPs are or will soon be able to receive SCT Inst payments and in the vast majority of cases also to send them, for example via their online or mobile banking environments. The potential usage of the scheme and the benefits it could provide to end-users can be greatly increased if SCT Inst services are offered in combination with end-user solutions that are adapted to specific use cases. Several initiatives for different use cases are now arising, in particular for person-to-person payments and for payments at point-of-interaction (POI).

Following earlier ERPB efforts to enable interoperability of P2P instant payments, which have resulted in the soon-to-be-launched SEPA Proxy Lookup service, it would be an appropriate next step to focus on POI payments. POI payments are an important use case for instant payments because of the high number of transactions involved.¹ The availability of safe, efficient and user-friendly POI solutions could therefore have a significant impact on the uptake of instant payments and could bring benefits to merchants and consumers across Europe. The pan-European nature of the SCT Inst scheme offers an opportunity for POI solutions with pan-European reach. Existing initiatives, however, tend to be limited in their geographical scope both on the consumer and on the merchant side, and to use proprietary standards for e.g. messaging. There is therefore a need for standardisation to ensure that European payment service users can pay EU-wide using interoperable solutions, while not stifling innovation.

Proposed approach:

To achieve the aim of solutions with pan-European reach, business-related, technical and other barriers should be analysed and solutions should be found to overcome these barriers. This topic would constitute a natural follow-up to the work conducted by the ERPB in the field of instant payments. When determining the scope and timing of this effort, the currently ongoing work of the European Payments Council's multi-stakeholder group on mobile initiated SCTs (MSG MSCT) should be taken into account. In light of this, it could be considered to launch the ERPB workstream after the November 2018 ERPB meeting, conducting the work in a two-step approach: (i) conduct a stocktaking of existing and planned end-user solutions for SCT Inst based POI payments and (ii) on the basis of the stock-taking outcome and of the MSG MSCT consultative report, analyse in detail the barriers to pan-European reach and usability, and determine what would be required to overcome such barriers to enable pan-European SCT Inst based POI payments, focusing in particular on requirements for harmonisation/standardisation/interoperability. This second step would take into account and complement where necessary the interoperability implementation guidelines that are expected to be delivered by the MSG MSCT first as a draft early Q2 2019 and in their final version thereafter.

Relevance from an ERPB perspective:

In line with the provisions of the ERPB mandate in art. 1 (a), (b) and (c).

Obstacles to electronic payments:

Underlying issue:

Innovation and increased efficiencies/competition are clearly linked to electronic payments/digitisation. In this context, the ERPB could identify obstacles to electronic payments and ways to address these obstacles.

Proposed approach:

The ERPB could consider launching work identifying the major obstacles to the development of electronic payments and on the basis of the outcome of this analysis assess whether follow-up actions in the remit of the ERPB would need to be considered in addition to the work already conducted at the ERPB level. This work could lead to recommendations in the areas of end-user communication, public policy and industry cooperation. Considering the work already conducted by the ERPB on this overarching theme and the recent launch of instant payments, such work would not be launched before end 2019/early 2020 to allow including the potential obstacles to the take up of instant payments in the analysis.

¹ A 2017 ECB study showed that in 2016, households in the euro area made a total of 157 billion payments at the physical POI, using mainly cash and cards.

In this regard, in a first stage, the EFIP could monitor issues hampering the take up of instant payments in particular at the national level as well as beyond. On the basis of this work, the ERPB could assess whether follow-up actions on obstacles for electronic payments more broadly, within its remit would need to be considered in addition to the work already conducted at the ERPB level.

Relevance from an ERPB perspective:

In line with the provisions of the ERPB mandate in art. 1 (a) and (b).

Fraud prevention

Underlying issue:

Fraud is a key threat for electronic payments (and beyond) which requires all parties to be aware and to contribute to its prevention. Preventing payment fraud, including by effective information sharing among actors, are key issues for the future of retail payment services in particular in a context where instantaneity is developing.

Proposed approach:

Identification of major fraud threats and gaps in fraud prevention, or coordinated actions to increase awareness (e.g. through sharing communication initiatives) and combat fraud more effectively (including through sharing of best practices and information). It is expected that this work would lead to the adoption of recommendations in the area of end-user communication, broader accessibility of electronic payments and fraud prevention measures as well as industry coordination.

This work could be conducted on the basis of the currently available information on payments instruments fraud (ECB card fraud report, EPC payment threats and fraud trends report) on the basis of which the main fraud threats can already be identified. This work could also be conducted alternatively/in a review phase after a few years on the basis of the more granular data that will be available via the Guidelines on fraud reporting under the revised Payment Services Directive (PSD2) which will only be available at a later stage.

Such a possible work would need to build upon the relevant work conducted by authorities at the European and international level. This topic could be combined with the suggested work on transparency of payment transactions reporting as both are closely related to the broader topic of transparency in retail payments for end-users.

Relevance from an ERPB perspective:

In line with the provisions of the ERPB mandate in art. 1 (a) and (b).

Transparency in payment transaction reporting:

Underlying issue:

The reference information included in a payment transaction, and displayed in (online) account statements, is an important element allowing payment service users to keep transparency over payments made and control over their budget. In a context where electronic payments are developing (including for small amounts for consumers with contactless cards), customers should be able to easily identify all transactions whatever the amount.

Payment security and fight against fraud becomes more and more of a concern. The clarity of information provided about payment transactions is a basic and crucial element in that respect. While the PSD2 and

Interchange Fee Regulation² set requirements to PSPs to allow the identification of transactions by payment services users, they leave room for different implementations. In addition, lack of standard messages supporting unified payment transaction reporting leads to a non-harmonised PSUs experience at EU level.

Proposed approach:

An ERPB workstream could be launched including stakeholders in the payment transaction chain to analyse the information chain starting from the initiation of the transaction until the final information provided to the customer. Based on this analysis, this workstream would suggest recommendations for achieving standardised, clear and easy-to-read payment account reporting. The workstream should propose solutions towards transparency and with the objective of obtaining more standardised information. This topic could be combined with the suggested work on fraud prevention as both are closely related to the broader topic of transparency to retail payments end-users.

Relevance from an ERPB perspective:

In line with the provisions of the ERPB mandate in art. 1 (c).

E-identity:

Underlying issue:

Digitalisation has enabled online customer-to-business interaction, next to or instead of physical contacts, also affecting banking and payment services. This does require electronic alternatives to personal contacts, physical ID-cards/passports, and handwritten signatures. In most EU countries, e-ID schemes exist, but are to a lesser extent widely used, e.g. within the banking and payments sector, nor are they useable across borders. The Regulation on electronic identification and trust services for electronic transactions (eIDAS) ensures that under certain conditions secure electronic identification and authentication are accepted for the cross-border access to online services offered by Member States' public authorities. The potential of using e-identity in the financial sector remains still largely to be tapped. Facilitating the use of e-IDs at the pan-European level in the financial sector could add to the convenience of banking and payment services by improving dramatically its efficiency.

The topic of e-ID is on the agenda of public authorities, national stakeholders groups and national payment committees, in particular in the context of the e-IDAS implementation for the public sector and also extending it to the private/banking industry.

In parallel the European Commission is conducting work in this field in the context of an expert group on electronic identification and remote KYC processes to facilitate the cross-border use of e-ID and KYC portability for the purpose of opening a bank account. The expert group started in April. It should finish its activities at the end of 2019 (The European Commission will provide a presentation in the November ERPB meeting on the work they conduct in this field under agenda item 8).

Proposed approach:

On the basis of the information available at this stage, it seems that the topic of e-ID could for the time be suggested to be followed under the EFIP aegis considering the ongoing efforts at EU and national level. The EFIP, gathering ERPB members and chairs of EU national payment committees, could monitor

² The PSD2 Article 57 is relevant for consumers, while the PSD2 Article 58 and the IFR Article 12 are relevant for merchants when they act as payees.

progress and detect on this basis any possible need for further concerted action at the ERPB level to ensure pan-European use of e-IDs.

Relevance from an ERPB perspective:

The removal of technical and legal obstacles in the field of e-ID for payments seems to be in line with the provisions of the ERPB mandate in art. 1 (a), (b) and (c).

Access to cash:

Underlying issue:

Despite an increase in the use of electronic payments, in several EU countries cash remains the most used payment instrument at Point of Interaction. Consumers should have a choice of payment methods as each payment method has its advantages depending on the consumers' needs and preferences. Consumers sometimes face difficulties in accessing to cash. Bank branch networks are rapidly reduced in several countries, and sometimes no cash services are provided by the remaining branches. Moreover, even if bank branches or ATMs are available, consumers may have to pay a (high) price if the service has to be taken from a bank different from their own bank (network).

According to the Study on the "Use of cash by households in the euro area" (ECB occasional paper no 201/November 2017), although on average 5-6% of the surveyed participants in the euro area reported that it was (very) difficult to find an ATM or bank when needed, in some countries more than 10% have difficulties; moreover at regional level access to cash may be less favourable than on average in a country, especially in rural areas.

Cashback is an alternative source of access to cash. Cashback is a transaction in which a card holder asks a retailer to add an amount to the total purchase paid by debit or credit card in order to receive that amount in cash along with the purchase. In 2016 cashback was offered in Belgium, Germany, Estonia, Ireland, Greece, Lithuania, the Netherlands, Austria, Portugal, Slovakia and Finland. In some of these countries it is offered only on a very limited scale. As an alternative source of access to cash, cashback may have some potential for development although at this stage its use is very low in value terms and it is yet unsure whether there is any interest for expansion from banks or retailers.

Proposed approach:

A working group on this topic could analyse the issues at stake and put forward proposals on how to maintain a widespread access to cash at reasonable costs. The representation of consumers and merchants in this working group, along with other relevant stakeholders, will be important to ensure that the proposed solutions will be developed with the input of those actors impacted and / or involved in the process.

Relevance from an ERPB perspective:

Cash is a retail payment instrument thus encompassed, though not specifically mentioned in art. 1 (a) and the matter is therefore in line with provisions in art. 1 (a) and (b) of the mandate.

2. Prioritisation of workstreams

It is noted that the ERPB workplan may be updated on a rolling basis depending on relevant developments, in particular following the 29 November 2018 high level meeting on the future strategy for

European retail payments at the European Commission which might warrant the launch of a workstream by written procedure.

The below approach may therefore be reviewed in the course of the two year timespan for this workplan.

Considering the already ongoing workstreams requiring efforts from ERPB stakeholder associations and scarcity of resources the ERPB agreed to prioritise the items of the workplan as follows:

- Work would continue as planned for the current workstreams, i.e.
 - o EIPP: as a follow-up to the reporting of the EIPP multi-stakeholder group (item 6 of the agenda), the ERPB will launch the next step of the work, i.e. (i) the creation of an ISO 20022 set of EIPP servicing messages as well as (ii) the analysis of the request-to-pay functionality from a broader perspective.
 - o P2P mobile payments: While most of the work has been conducted, the ERPB will still need to monitor the progress of the work until the launch of the service to ensure the timely implementation of the SEPA Proxy Lookup.
 - o Cards standardisation: Following the invitation by the ERPB in their June 2015 meeting, the ECSG reports to the ERPB every 12 months, with an update on how the implementation of harmonised standards related to payment cards in Europe progresses.
 - o Follow-up to past stances and recommendations adopted by the ERPB, including for the latest recommended requirements defined by the ERPB working group on PIS complementing the legal and regulatory requirements for the development of an efficient, effective and integrated market for PIS⁴.
- The workstream on fostering the broader set-up of integrated pan-European instant payment solutions will be launched after the November 2018 ERPB meeting following the two-step approach outlined in section 1. It should be avoided losing the current momentum in market integration and giving room to fragmentation with a plethora of different/diverging approaches for potential users. Considering that the SCT Inst scheme is already live, identified obstacles to its full use should be addressed without delay.
- A workstream on transparency for retail payments end-users could be launched after completion of the EIPP work to follow the practice so far of limiting the number of ERPB related groups working in parallel. This workstream would cover both the topic of payment transaction reporting and fraud prevention given their linkages.
- On access to cash, given the long term evolutions in this field, this topic would be considered for the second half of this workplan.

Possible work on e-ID and obstacles to electronic payments could be considered by the ERPB at a later stage:

- On obstacles to electronic payments, in a first stage, the EFIP could monitor the issues identified at the national level in particular with the take up of instant payments. On the basis of this work, the ERPB could assess whether follow-up actions within its remit would need to be considered in addition to the work already conducted at the ERPB level.
- On e-ID, considering the already ongoing work (at the European Commission and national level) and the need to avoid duplication with already ongoing efforts, the EFIP could possibly monitor evolutions in this field and determine on this basis whether there could be a role for the ERPB.

Based on the outcome of the work conducted by the informal group on broader accessibility, the broader accessibility topic could be considered for review at a later stage. This topic would therefore be considered as part of the review for the 2020-2022 workplan.