

## **Assessment of follow-up on ERPB statements, positions and recommendations**

### **1. Introduction & summary**

The aim of this document is to provide an overview on the follow-up of ERPB statements, positions and recommendations for which work is ongoing<sup>1</sup>. The overview serves the purpose of keeping track at the ERPB level on whether ERPB statements, positions and recommendations are followed up with action by relevant stakeholders and, if not, to enable the ERPB to discuss possible remedies. A similar overview is provided for each meeting of the ERPB.

**Based on the assessment by the Secretariat further progress was made since the last review on some of the past recommendations made by the ERPB. Overall, the follow-up on ERPB recommendations remains satisfactory. The Secretariat will continue to monitor developments related to these open items and new recommendations and will report back to the next meeting of the ERPB (in June 2020).**

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<sup>1</sup> The record of past recommendations deemed closed as at 18 June 2018 is available at: [https://www.ecb.europa.eu/paym/retpaym/shared/pdf/Record\\_of\\_past\\_ERPB\\_recommendations.pdf?1e788952f786396a318cfe2f7212e85](https://www.ecb.europa.eu/paym/retpaym/shared/pdf/Record_of_past_ERPB_recommendations.pdf?1e788952f786396a318cfe2f7212e85)

## 2. Methodology of the assessment

To ensure a better and more user-friendly overview of the status of the follow-up on past ERPB statements, recommendations and positions, a simple traffic light system with four grades is applied:

- **Red:** means that no significant efforts have been done or there are significant obstacles faced by the relevant stakeholders preventing progress on the given recommendation or issue. Hence, **more attention and efforts are needed in the future and the recommendation or issue requires further attention at the ERPB level.**
- **Yellow:** means that *either*
  - efforts have been made on the given recommendation or issue by the relevant stakeholders but further – previously not planned – efforts may be needed *or*
  - there is a risk that obstacles may arise with regard to further progress on the recommendation or issue

**The recommendation or issue could require further attention at the ERPB level in the future.**

- **Green:** means that all necessary efforts have been made by the relevant stakeholders on the given recommendation or issue and the issue at hand is on track to be fully resolved in the near future. **Barring unexpected developments there is no need for further attention to the matter at the ERPB level.**
- **Blue:** means that due to the necessary efforts made by the relevant stakeholders the given recommendation or issue has been fully followed up / relevant stakeholders are in full compliance with the given recommendation and **the issue is to be treated as closed.**

These traffic lights are complemented by textual remarks / assessment of the follow-up on the given issue or recommendation to provide more detailed information and to underpin the traffic light assessment.

### 3. Overall assessment of the follow-up and status of ERPB recommendations, stances and statements

Overall, ERPB recommendations and statements made in the past meetings of the ERPB have been followed up by relevant stakeholders. The majority of traffic light assessments given to the recommendations and other ERPB stances are set to blue or green and further progress was made since the last written assessment (prepared in June 2019).

### 4. Detailed assessment of follow-up on ERPB statements, positions and recommendations<sup>2</sup>

#### ERPB recommendations on SCT-SDD post migration issues made in December 2014

**ERPB/2014/rec3:** It is recommended to follow up with EU Member States and take appropriate action to ensure the enforcement of EU law related to payment accessibility as stipulated in Article 9, Regulation EU (No) 260/2012.

**Addressed to:** European Commission and Member States

**Status:** The SEPA implementation report adopted by the Commission in November 2017 comprehensively reviews the application of the Regulation in the 28 Member States and insists on the need for a continued fight against IBAN discrimination. All but three EU MS have now correctly implemented the provisions on competent authorities for PSUs (no IBAN discrimination cases have been reported in those countries). The Commission has launched infringement cases against all three Member States. is in contact with these member states to remedy the situation.

An assessment by the ESCB in the second half of 2018 notes that IBAN discrimination is still an ongoing issue and the ERPB urges national competent authorities to increase their efforts to tackle IBAN-discrimination and resolve complaints by consumers in a timely manner. The lack of action by competent authorities in several other Member States is being addressed by the Commission through a procedure called "EU-Pilot" which allows for direct communication between the Commission and the Member state concerned and is the last step before an infringement case is launched (if needed).

Awareness and information on complaint procedures in each member state should also be improved. The assessment of the recommendation should thus remain yellow.

**Assessment of follow-up:** **Yellow**

**ERPB/2014/rec8:** It is recommended to investigate possible alternatives to meet the extended structured and unstructured remittance information demands from corporate PSUs.

**Addressed to:** EPC and the EPC's Scheme End User Forum

**Status:** At their first meetings in the 3rd quarter of 2015, the SEUF and the ESTF had been asked for their position on this topic.

The views among members of the ESTF and SEUF were divided on the EPC 2014 change request to only transmit the storage localization of the additional customer-to-customer information in the payment message whereby the additional information itself could be extracted from a "cloud" environment.

The ESTF and SEUF suggestions ranged between an increased number of permitted blocks of 140 characters in combination with a cloud solution, and a first block for 140 unstructured characters with a considerable number of structured character blocks.

End January 2016, the EPC received internal input from the national PSP communities on the need to extend the current 140 character limitation for remittance information in under the EPC schemes and if so, how many extra (blocks of) characters.

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<sup>2</sup> Based on feedback from the relevant (addressed) stakeholders

The EPC concluded there was no need to extend the number of characters for remittance information.

The EPC resubmitted its 2014 change request for public consultation for the 2016 EPC SEPA rulebook change management cycle.

2016 change requests from the European Association of Corporate Treasurers on this matter had been received as well and were also included in the public consultation.

The comments from the 2016 public consultation and the positions from the two EPC Stakeholder Fora on the various change requests were divided.

Based on this difference in views, the SMB decided not to make any change related to remittance information in the 2017 rulebooks.

In the first quarter of 2017, the EPC collected again input from the national PSP communities to know whether these communities:

- i. have or had more than 140 characters in remittance information foreseen in their legacy credit transfer and direct debit schemes
- ii. currently need extra remittance information under the EPC schemes. They had to indicate which customer segments desire such extra information.
- iii. have already additional optional services (AOS) in place under the EPC schemes to support the transport of more than 140 characters in remittance information (RI) via the payment message itself or in an external storage location

The EPC shared its findings with the EPC Stakeholder Fora in June 2017.

The June 2017 SEUF meeting re-emphasised its preference for a combination of structured and unstructured RI with the option of not passing on the structured RI to a Beneficiary which is not connected via an XML interface to its PSP.

Shortly afterwards, a joint letter from five European business end-user associations was sent to the EPC asking for an extended RI solution in line with the ISO 20022 standard.

In the second half of 2017, the EPC worked out a solution within the SCT rulebook to transmit more than 140 characters of RI through the dedicated field of the payment message itself.

This solution takes the form of a formal rulebook option which interested scheme participants would formally have to adhere to. The inclusion of this option in the relevant rulebook cannot impact at all those other scheme participants that do not want to transmit and/or receive more than 140 characters of remittance information.

This EPC proposal on extended remittance information (ERI) was shared with the October 2017 EPC Stakeholder Forum meetings. These Forums did not express objections or changes to the principles of this EPC proposal.

Even though the public consultation comments from EPC scheme participants (via national communities or via individual comments) to this change request are mixed whereas all other contributors fully support this change request, the September 2018 SMB meeting considered that this change request is nevertheless the best proposal to serve this market need.

This change request was included as an option within the scheme in the 2019 SCT rulebook version 1.0 published in November 2018 with a 17 November 2019 effective date.

**Assessment of follow-up:** [Blue](#)

**ERP/2014/rec11:** It is recommended to investigate if and how national legal restrictions affecting the use of the appropriate SDD R-transaction reason codes could be removed

**Addressed to:** European Commission and Member States

**Status:** R-transactions were addressed in the meetings of the EU SEPA Forum and CEGBPI, where Member States informed the Commission that the restrictions on communication of information regarding payers' accounts and the use of a "miscellaneous" code are linked to national laws on data protection. Two legal instruments are relevant for this point: the General Data Protection Regulation – GDPR – and the Data Protection Directive for Police and Criminal Justice Authorities. The official texts of the Regulation<sup>3</sup> and the Directive<sup>4</sup> have been published in the EU

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<sup>3</sup> Regulation (EU) 2016/679 of the European Parliament and of the Council of 27 April 2016 on the protection of natural persons with regard to the processing of personal data and on the free movement of such data, and repealing Directive 95/46/EC (General Data Protection Regulation)

Official Journal. The Regulation entered into force on 24 May 2016, and applies as from 25 May 2018. The Directive entered into force on 5 May 2016 and EU Member States had to transpose it into their national law by 6 May 2018.

It is noted that both the Data Protection Directive (95/46) and the GDPR have a horizontal nature and do not provide for tailor-made solutions for any sector of economic activity. Personal data related to R-transaction codes can be transmitted between banks as long as there is a legal ground (e.g. a contract, national or Union law, legitimate interests of the controller) for the processing of those data for those specific purposes.

Although Member States can still further specify the GDPR (e.g. by adopting national legislation providing a legal basis for processing personal data for a specific purpose see article 6(2) and (3) of GDPR) this regulation reduces overall fragmentation by providing a simplified, streamlined and directly applicable regulatory framework. It will also level the playing field by requiring that non-EU companies apply the same rules as EU companies when offering services in the EU. The GDPR will also simplify enforcement by creating a "one-stop-shop" which means that companies will only have to deal with one single supervisory authority: the one of their Member State of establishment.

Finally, the regulation increases individuals' trust in digital services by protecting them in respect of all companies that offer their services in the European market and therefore facilitating the flow of data in the Single Market.

Considering that the GDPR covers this issue, no follow up work for the EPRB is envisaged for this recommendation and thus it will be removed, as of June 2020, from ongoing ERPB monitoring.

**Assessment of follow-up:** No concrete follow-up/action needed at the ERPB level.

**ERPB/2014/rec13:** It is recommended to look for more appropriate attributes in a long term perspective (e.g., Legal Entity Identifier (LEI) as a unique entity identifier) to identify a creditor

**Addressed to:** EPC (supported by the European Central Bank and standardisation authorities)

**Status:** At their first meetings in the 3rd quarter of 2015, the SEUF and the ESTF had been asked for their position on this topic.

The following main comments were made:

- The LEI might not be the right code but a fiscal code or VAT code could be a reliable alternative.
- The number of LEIs currently issued to creditors is very low compared to the current number of creditors.
- The LEI cannot replace the CI as the LEI cannot be assigned to private creditors.
- The attribute of the LEI is not foreseen in the ISO 20022 XML message versions used for SCT and SDD transactions. An adaptation via a new version of these ISO 20022 XML message versions would be needed.

At the start of 2017, the EPC analysed the LEI developments. Approximately 300 000 LEIs have been issued in SEPA countries at that point in time. The number of enterprises in the non-financial business economy of the 28 EU countries is 24,4 million (Eurostat 2014).

Given the low number of LEIs issued in SEPA compared to the number of non-financial enterprises in SEPA, the EPC decided not to work further on LEI for the time being.

**Assessment of follow-up:** **Green**

#### **ERPB recommendations on pan-European electronic mandates made in December 2014**

**ERPB/2014/rec25:** It is recommended– after putting in place the implementation acts as foreseen in the Regulation (EU) No 910/2014 – to continue to monitor the cross-border usage of qualified electronic signatures and, if needed, take further steps to ensure cross-border usability for PSPs and PSUs.

**Addressed to:** European Commission

**Status:** Regulation 910/2014 ensures interoperability, based on mutual recognition of solutions for public services which should enable also the private sector to use qualified e-signatures on a cross-border level. The European Commission Action Plan insists further on encouraging remote ID recognition (action 11: "The Commission will facilitate the cross-border use of electronic identification and know-your-customer portability based on eIDAS to

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<sup>4</sup> Directive (EU) 2016/680 of the European Parliament and of the Council of 27 April 2016 on the protection of natural persons with regard to the processing of personal data by competent authorities for the purposes of the prevention, investigation, detection or prosecution of criminal offences or the execution of criminal penalties, and on the free movement of such data, and repealing Council Framework Decision 2008/977/JHA

enable banks to identify customers digitally – Q4 2017"). The Commission launched a dedicated expert group early 2018 to explore these issues further and to analyse whether common EU guidelines are necessary. The group comprises regulators, supervisors, financial institutions, consumer groups and representatives from the existing groups composed of experts from Member States on e-identity and anti-money laundering.

2 sub-groups have been set up : the first one focuses on recommendations on best practices for remote on-boarding in the banking sector and how eIDAS and other innovative processes may be used to comply with AML requirements; the second focuses on necessary minimum set of attributes necessary for Customer Due Diligence (CDD) purposes in the banking sector and the appropriate level of assurance as per eIDAS (high, substantial and low) vis-à-vis various sets/types of attributes relevant for the KYC/CDD processes

The group will complete its work at the end of 2019.

**Assessment of follow-up:** **Green**

### **ERP/2015/rec1: Consensus and cooperation between the existing local solutions should be developed by organising a forum for existing EU P2P mobile payment solutions to work on pan-European interoperability. In particular, the forum should come together to develop a set of rules and standards (framework) related to joining and using pan-European mobile payment services. In addition, a governance structure (responsible for, inter alia, defining, publishing and maintaining the framework) needs to be set up.**

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**Addressed to:** European Payments Council and existing providers of P2P mobile payment solutions

**Status:** The Mobile Proxy Forum (MPF) has published the rules for operating, joining and participating to the SPL.

The MPF came to an agreement on the future governance of the SPL service, which should be set up as part of the EPC.

Following the signing of the transfer of copyright agreement in relation to the SPL rules and the SPL API specification by the EPC and MPF in July 2018, the MPF was disbanded and the EPC started with preparing the implementation of the SPL scheme, for which the finalised rulebook is expected to be published by the end of 2018. The EPC has assumed its role of SPL scheme manager by establishing a scheme participant group (made up of all registered, committed or "interested" eligible scheme participants) reporting to the EPC Board, as a replacement for the MPF (this group had its inaugural meeting on 27 September 2018). As a second step, the establishment of an SPL Scheme Management Board is planned (expected to take place in the first quarter of 2020).

The first release of the SPL scheme Rulebook (including API specifications) was published by the EPC in December 2018. The first change management cycle is currently underway; publication of the next version of the rulebook is expected by April 2020.

**Assessment of follow-up:** **Green**

**ERP/2015/rec2:** To put in place a standardised proxy lookup (SPL) service which allows P2P mobile payment data (i.e. proxy and IBAN) to be exchanged among P2P mobile payment solutions on a pan-European level. The SPL service is outlined in the working group report.

**Addressed to:** Existing providers of P2P mobile payment solutions

**Status:** The EPC published the first release of the SPL scheme Rulebook (December 2018) and the selected provider launched the service (February 2019). (see report from the SPL scheme manager under agenda item 4).

**Assessment of follow-up:** **Blue**

**ERP/2015/rec4:** A full legal review should be undertaken.

**Addressed to:** Existing providers of P2P mobile payment solutions

**Status:** This task has been completed. The legal review is considered to be a matter of scheme participant and service provider(s) compliance.

This is/will be reflected in the signed service agreement, the Rulebook and most probably in a future risk management annex. The matter will continue to be monitored as (and when) the scheme develops, grows and expands.

**Assessment of follow-up:** **Blue**

## **ERPB recommendations related to mobile and card-based contactless payments**

**ERPB/2015/rec8:** The ERPB recommends to:

- i. Speed up the creation of a single common POI kernel specification for contactless transactions and make the specifications publicly available as soon as possible. (December 2016)
- ii. Limit the number of terminal configuration options in the EMV specifications, in order to allow consistency among implementations and provide consumers with a streamlined payment experience across different terminals. (December 2016)
- iii. Include a parameter in the EMV specifications that would allow the identification of the form factor of the consumer device used for the initiation of the contactless transaction. (December 2016)

**Addressed to:** EMVCo

**Status:** The ECSG feasibility study submitted to the November 2017 ERPB meeting confirmed that the best possible long term solution is to use specifications under development by EMVCo (“EMV 2nd Gen”).

EMVCo announced to its Board of Advisors on 9 October 2019 that EMV 2nd Gen is no longer the best approach for EMV chip and would not be progressed. As a next step EMVCo plans to evaluate the viability to deliver a single contactless kernel and analyse which features of EMV 2nd Gen draft specifications could be incorporated into the existing EMV Chip specifications and related timelines.

**Assessment of follow-up:** **Yellow**

**ERPB/2015/rec9:** The ERPB recommends to:

- i. Define an aligned European mandate for the implementation of contactless-enabled POIs, including a specification of where they should be available. The ECB should act as facilitator for this. (June 2016)
- ii. Harmonise the level of transaction limits at POIs at country level for each use case/payment context. (Ongoing)
- iii. Request the use of open protocols in the POI domain and the POI-to-acquirer domain which are compliant with the SEPA Cards Standardisation Volume and labelled by the Cards Stakeholders Group. (June 2017)
- iv. Mandate a common implementation plan for the EMV Next Generation specifications with an appropriate migration period. (December 2017)

**Addressed to:** Card scheme sector

**Status:** (i) The great majority of the newly implemented terminals have the contactless capability and in general markets are working to the international schemes’ mandates for the deployment of contactless terminals, as terminals accept international schemes in addition to the domestic schemes. In this context, international schemes have mandated POI contactless capability from 2020 on and local schemes are aligned with them.

(ii) The level of transaction limits is harmonised in most countries and the tendency is to increase the contactless transaction amount limit.

(iii) A common implementation plan has not been adopted yet. Next steps in the implementation of the EMV Next Gen specifications may be determined by the market once the specifications are published (reference to ERPB/2015/rec8).

As of 2019 EMVCo has decided to focus on improving EMV 1st Gen from a security view point and in parallel continue their work on EMV 2nd Gen

**Assessment of follow-up:** **Green**

**ERPB/2015/rec13:** The ERPB recommends to:

- i. Agree on and pursue the development of specifications for a “smart secure platform” (enabling the provision of value-added services relying on authentication of the user, regardless of the mobile device, communication channel or underlying technology), taking into account the requirements of mobile payments, and building on the work already done by EMVCo and GlobalPlatform. (December 2017)
- ii. Develop implementation guidelines (December 2016) (building on work already done by GlobalPlatform) that define:
  - a process that provides service providers with the credentials for access to secure elements;
  - a process that allows a service provider to be authenticated, to securely obtain the credentials to access a mobile device’s hardware vaults (i.e. the secure element), and to communicate with these vaults.

**Addressed to:** European Telecommunications Standards Institute (ETSI)

**Status:** (i) The specification setting the requirements of the Smart Secure Platform (SSP) (TS 103 465) was published in August 2019.

The technical realisations: SSP generic technical solutions (TS 103 666-1) and Integrated SSP (103 666-2) have both been accepted for publication in June 2019 and should be available through the ETSI website in November 2019.

(ii) Implementation guidelines have been discussed with ETSI members and have been identified as a promising future objective that will again be discussed at the ETSI plenary meeting in December 2019.

**Assessment of follow-up: Green**

**ERP/2015/rec14:** The ERPB recommends to require mobile devices to be certified in accordance with the future "Smart Secure Platform" being developed by ETSI (see ERP/2015/rec 13). (December 2018)

**Addressed to:** Mobile payment service providers

**Status:** The implementation of this recommendation is dependent on the achievement of ERP/2015/rec13.

**Assessment of follow-up: Green**

**ERP/2015/rec16:** The ERPB recommends to provide access to the mobile device's contactless interface in order to ensure that the consumer can have a choice of payment applications from different mobile payment service providers, independently of the mobile device and the operating system used. (Ongoing)

**Addressed to:** Mobile device manufacturers, mobile operating system developers, GSMA/MNOs, and competition authorities

**Status:** The European Commission (DG-Competition) is aware of the issue and is following developments.

**Assessment of follow-up: Yellow**

#### **ERP recommended requirements on Payment initiation Services (adopted in June 2018)**

**ERP/2018/sta1:** The ERPB confirmed the technical, operational and business requirements stemming from the November 2017 working group report. Technical requirements should however be considered in light of the developments that occurred since then and in particular in view of the Opinion provided by the EBA and the work of the API Evaluation Group. The ERPB also endorsed the set of additional business and operational requirements stemming from the June 2018 working group report.

**Status:** With regard to technical requirements, such as those for the ASPSP-TPP-interfaces and their functionality, the API Evaluation Group published the final outcome of its work on recommended functionalities on 10 December 2018<sup>5</sup>, including those issues where consensus between the API EG members has not been possible.

For the operational requirements, relating to PSD2-certificates and operational directory services, the latest version of the ETSI technical standard covering the RTS requirements on certificates has been published in March 2019. The EBA register of payment and electronic money institutions under PSD2 went live on 19 March 2019. Multiple providers are offering operational directory services in which ASPSP can check -also in real-time during a payment initiation or account information request- whether the TPP is (still) authorised.

With respect to business requirements, i.e. those relating to event and dispute handling, at least one provider is offering such a mechanism.

*(Note: In order to reap the full benefits of PSD2 for the provision of innovative and competitive PIS and AIS services, the ERPB agreed to define the key elements of a Scheme. In June 2019, the ERPB working group on a SEPA API access scheme concluded that a scheme would be the best approach to unlock the opportunities beyond PSD2 with a fair distribution of value and risk between the actors.)*

**Assessment of follow-up: Green**

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<sup>5</sup> <https://www.europeanpaymentscouncil.eu/sites/default/files/kb/file/2018-12/API%20EG%20045-18%20Recommended%20Functionalities%2010%20December%202018.pdf>