

SPL Scheme Status Update



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SEPA Proxy Lookup (SPL) Scheme: Status Update to the 6 July 2020 Meeting of the Euro Retail Payments Board (ERP/2020/012)

1 Introduction

The EPC as scheme manager of the SEPA Proxy Lookup (SPL) scheme published the first version of the SPL scheme rulebook in December 2018 to permit a launch (of the scheme) in January 2019 in line with the ERP/2020/012 expectations. The SPL service currently operated by equensWorldline went live in February 2019.

The SPL scheme covers the exchange of the data necessary to initiate payments between proxy-based mobile payment solutions on a pan-European level. It aims to facilitate interoperability between participating payment solutions. The scheme is limited to a look-up function with the sole purpose of supporting the initiation of a payment. The actual payment is however not part of the scheme and is covered by an 'overseen' payment scheme within the SEPA geographic area.

In version 1.0 of the SPL scheme rulebook, the focus was limited to (mobile) payments whereby the mobile telephone number is used as a proxy to an International Bank Account Number (IBAN).

2 Publication of version 2.0 of the SPL scheme rulebook

It is a key objective of the EPC that the SPL scheme is able to develop with an evolving payments market. To meet the demands of the scheme participants and stakeholders including end-users and PSP communities, the scheme is subject to a change management process that is structured, transparent and open, governed by the rules of the management and evolution function of SEPA scheme management.

The latest change management cycle started in February 2019 and ended on 5 March 2020 (following a public consultation) with the publication of version 2.0 of the SPL scheme rulebook on the EPC website (with an effective date of 1 June 2020).

The main changes incorporated in version 2.0 of the SPL scheme rulebook include:

- The introduction of the email address (proxy) and reachability check as additional optional features.
- The specification of a maximum liability amount equal to the fee paid to the responding registry provider (RRP) for the provision of the data.
- The possibility for an SPL scheme participant in its role of RP to charge a fee in exchange of services received by the initiating registry provider (IRP).



To date there are no SPL scheme participants as yet in spite of continued interest in the market.

The attractiveness of the scheme is however expected to increase following the higher penetration of SCT Inst and the integration of the aforementioned enhancements in version 2.0 of the SPL scheme rulebook. A positive indication is that since the publication of the updated rulebook, the dedicated EPC webpage has been visited at least 931 times and the rulebook has been downloaded about 190 times.¹

3 Analysis of the outcome of the EFIP stock-take on perceived barriers to the take-up of SPL

At its June 2019 meeting the ERPB had invited the European Forum for Innovation in Payments (EFIP) to conduct a stock-take of perceived barriers to the take-up of the SPL scheme and service.

In November 2019, the ERPB invited the EPC to analyse, in cooperation with the preferred SPL service operator, the EFIP's feedback on these perceived barriers and to report back to the ERPB at its next meeting.

The detailed EPC analysis (please see Annex I) provides an overview of:

- The actions the EPC has taken or plans to take to address the barriers identified by EFIP.
- The EPC feedback on the possible actions recommended by EFIP.

4 Next steps

The EPC will continue to i) monitor the alignment of the SPL scheme vis-à-vis evolving market requirements (potentially resulting in a new change management cycle) and ii) promote adherence to the SPL scheme and SCT Inst.

¹ Due to the new cookies policy of the EPC the number of visits and downloads is significantly underestimated.



Annex I: EPC analysis of the outcome of the EFIP stock-take on perceived barriers to the take-up of SPL

The below table provides an overview of the actions the EPC has taken or plans to take to address the barriers identified by EFIP:

N°	List of barriers	Actions SPL scheme manager (past & future)
1	Lack of interoperability among national solutions (beyond the proxy-lookup functionality)	<p>The SPL scheme was launched in December 2018 exactly with the aim of facilitating pan-European interoperability between participating payment solutions.</p> <p>The EPC has sent a questionnaire in December 2019 to a representative subset of P2P payment solution providers across Europe with the aim of getting a comprehensive view on the level of support for inter alia achieving pan-European interoperability between P2P payment solutions that are based on SCT Inst and on joining the SPL scheme. Approximately 80% of the respondents support the goal of achieving pan-European interoperability between P2P payment solutions.</p> <p>Based on market feedback received it can be added that the uncertainty about the MPL planning, scope and connection to the SPL scheme/service may have also impacted the take-up of the SPL scheme.</p>
2	Lack of a strong business case	<p>When the project started in 2015 - via the creation of the ERPB Working Group on P2P mobile solutions - it was already indicated that there was not a (strong) business case if limited to P2P but the idea was however to move forward by starting 'small' and to extend the scope at a later stage.</p> <p>A first SPL scheme change management process was already initiated in February 2019 (i.e. approximately 2 months after the publication of the first version of the SPL scheme rulebook) by inviting stakeholders to submit change requests in relation to the SPL scheme rulebook. This was followed by a public consultation including change requests and related EPC recommendations on the way forward.</p> <p>The attractiveness of the SPL scheme is expected to further increase following the integration of a number of enhancements (e.g. e-mail address as additional (optional) proxy and possibility for RRP's to charge a fee) in the second version of the SPL scheme rulebook, which was published on the EPC website on 5 March 2020 with an effective date of 1 June 2020.</p> <p>The publication of an infographic including intra-EU mobility data to show market potential was published in October 2019 and will be updated on an annual basis.</p>



		<p>Still to be decided is when a new SPL change management cycle will be initiated to further enhance the attractiveness of the scheme (for example by covering use cases that go beyond P2P).</p>
3	Lack of interest/awareness	<p>The launch of the SPL scheme and other relevant developments (e.g. public consultation) are communicated via the EPC website and social media (i.e. Twitter & LinkedIn) to promote the SPL scheme and to create awareness.</p> <p>The publication of an infographic including intra-EU mobility data to show market potential was published in October 2019 and will be updated on an annual basis.</p> <p>The EPC developed a questionnaire in December 2019 to inter-alia gauge the interest of P2P payment service providers in the SPL scheme (see topic 1).</p> <p>Awareness creation by the EPC's Director General as part of external visits, meetings and/or presentations.</p> <p>Regular status updates are provided to the Board and ERPB (which ensures wider exposure).</p> <p>The EPC receives 'expressions' of interest on a regular basis.</p> <p>To create even more awareness/interest, the EPC could further intensify its communication efforts.</p> <p>(Note: commercial initiatives are also undertaken by the preferred service provider).</p>
4	Lack of take-up of instant payments	<p>The EPC is taking the necessary actions to ensure that the SCT Inst scheme meets the criteria of the SEPA Regulation by November 2020. For example, each EU PSP community is requested to submit a plan for (further) rolling out the SCT Inst scheme until 20 November 2020 showing the expected evolution of the number of SCT Inst scheme participants and of the corresponding percentage vs. the number of SCT scheme participants as well as the estimated percentage of payments accounts reachable for SCT Inst throughout 2020. These national community plans and any updates will be reviewed at each Scheme Management Board (SMB) meeting in 2020. Moreover, more communication is foreseen and will involve multiple channels (i.e. Scheme Evolution Maintenance Working Group (SEMGW)/SMB meetings, external meetings with high attendance from PSPs and PSP communities and various other channels as appropriate: EPC website, the monthly EPC rep(l)ay communication, each SMB bulletin, dedicated EPC letters, social media).</p>



		In addition, it should be noted that the development of the SPL scheme is not exclusively linked to the topic of instant payments as SCT can also be used for mobile P2P payments.
5	Pricing	In version 2.0 of the scheme rulebook, published in March 2020 (and effective as of 1 June 2020) there is a possibility for a Responding Registry Provider (RRP) to charge the IRP for the service provided.
6	Reluctance to share customer data	<p>Version 1.0 of the SPL scheme rulebook already stipulates that data can only be shared via the SPL after having received the required consent by the customer. Moreover, GDPR applies (and a participant that is not subject to GDPR under its national law shall vis-à-vis other participants and vis-à-vis its customers and to the extent permitted by the national law applicable to such participant, comply with and perform obligations that are substantially equivalent to those provisions in the GDPR which are relevant for lookup requests).</p> <p>IBAN is not seen as sensitive information (except in France).</p> <p>IBAN tokenisation may also be an option.</p>

The below table provides EPC feedback on the possible actions recommended by EFIP:

N°	Possible actions	EPC feedback
1	More advanced functionalities	This is already a focus point for the EPC as the aim is for the scheme to develop in line with an evolving payments market. To meet the demands of the scheme participants and stakeholders including end-users and PSP communities, the scheme is subject to a change management process that is structured, transparent and open, governed by the rules of the management and evolution function of SEPA scheme management. The second version of the SPL scheme rulebook (effective as of 1 June 2020) for example foresees the possibility to use the e-mail address as an additional (optional) proxy. However advanced functionalities related to the payment itself are out of scope. Still to be decided is when a new SPL change management cycle will be initiated to possibly include more advanced functionalities.
2	Agreeing on an acceptable pricing policy / compensation mechanism	<p>In version 2.0 of the SPL scheme rulebook (effective as of 1 June 2020) it is stated that a SPL scheme participant in its role of RRP may decide to charge a fee (RRP fee) in exchange of services provided and received by the IRP. RRP fees should be clearly justifiable and established in a non-discriminatory and transparent way, that does not raise barriers to enter the Scheme or exclude actual or potential competitors.</p> <p>This topic is part of the competitive space.</p>



3	Education of customers and promotion of the benefits of a cross-border proxy service	<p>The EPC as such is not directly involved with education of PSPs' customers. The recently published infographic on the EPC website could however motivate PSPs to join the scheme and to promote the benefits to their customers.</p>
4	An ambition to go beyond P2P	<p>Intrinsically the SPL scheme purports to be use case-agnostic. The SPL scheme rulebook already reflects this ambition as its scope states that the scheme is envisaged to evolve further over time to support additional proxy types, account identifiers and use cases beyond P2P.</p> <p>Therefore, the SPL scheme is as such not specific to P2P and an additional proxy type (i.e. email) has already been included in version 2.0 of the rulebook (effective as of 1 June 2020). This topic of scope could be revisited as part of the next change management cycle.</p>
5	Security and data governance guarantees (GDPR)	<p>The EPC has developed a Risk Management Annex (RMA) which highlights the risks related to the SPL scheme participants in their role as initiating registry provider (IRP) and/or as responding registry provider (RRP), and how these risks should be managed.</p> <p>Moreover, the rulebook already contains a chapter on SPL security architecture which is also based on the security requirements as defined in the Berlin Group's Mobile P2P Interoperability Framework.</p> <p>In addition, the EPC is also investigating additional end-to-end security requirements following a change request received earlier this year.</p> <p>Last but not least, it should be noted that GDPR is listed as an applicable legislation in the context of the SPL scheme.</p>
6	Legislate for use	<p>Although not entirely clear, it would seem that reference is made to legislation that would potentially mandate the use of SPL and/or proxies. At this point in time, the EPC would not be in favour of such a legislative mandate.</p> <p>In this context it should also be noted that the SPL scheme is an optional scheme.</p>