

ERPB Secretariat

July 2020
ERPB/2020/005

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 ongoing¹. 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 November 2020).

¹ The record of past recommendations deemed closed as at 15 November 2019 is available at: https://www.ecb.europa.eu/paym/groups/erpb/shared/pdf/12th-ERPMeeting/Follow_up_on_past_recommendations.pdf?235684b4ccf985065f56691af48fcdeb

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 the relevant stakeholders. The majority of traffic light assessments given to the recommendations and other ERPB stances are set to blue or green. Except for progress on new recommendations related to instant payments at the point-of-interaction (POI), and while acknowledging that some developments have taken place in relation to outstanding ERPB recommendations, there were no changes in the assessment status of such recommendations in June 2020. The following paragraphs provide an overview of open items and focus on the progress made in the period November 2019-June 2020 in the area of instant payments at the POI.

Three ERPB recommendations adopted before November 2019 require further attention by the ERPB (and are therefore marked as yellow):

- i. ERPB/2014/rec3: the European Commission and Member States are following up on the enforcement of EU law related to payment accessibility as stipulated in Article 9 of Regulation EU (No) 260/2012 in an effort to end IBAN discrimination practices;
- ii. ERPB/2015/rec8: EMVCo is working on a viability analysis to deliver a single contactless kernel through the existing EMV specifications;
- iii. ERPB/2015/rec16: there have been no developments on the conditions to access the mobile device's contactless interface (NFC), while the European Commission monitors the situation and has opened investigations, inter alia, into practices regarding access to the NFC interface by a mobile device manufacture.

At the ERPB meeting of November 2019, the ERPB Working Group on Instant Payments at POI reported on the outcome of its analysis of the barriers to pan-European reach and usability. The working group further developed a set of suggested recommendations to address these barriers. The ERPB 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. The ERPB further endorsed the recommendations and the suggested follow up, and specified the actions to be conducted by an ERPB working group by November 2020 with interim reporting in June 2020². This work should make use, where appropriate, of the work of other groups, including in particular the ad-hoc multi-stakeholder group for Mobile Initiated SEPA Credit Transfers (MSG MSCT).

The mandate of the ERPB Working Group on a framework for instant payments at the POI was adopted in February 2020. Work is ongoing at the level of the ERPB Working Group as well as other groups and individual stakeholders to address the ERPB recommendations related to instant payments at the POI adopted in November 2019. Of these recommendations, three were slated for June/mid-2020, namely (i)

² Namely: (i) developing a dedicated interoperability framework with common rules and procedures; (ii) developing 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.

ERP/2019/recC insofar as specifications for instant payment solutions based on QR-codes are concerned; (ii) ERP/2019/recG on specifications for the integration and maintenance of multiple payment solutions in the merchant environment; and, (iii) ERP/2019/recI on access to mobile device features. For the first two recommendations, work is broadly on track/completed, whereas ERP/2019/recI reflects the lack of progress on ERP/2015/rec16 above (see Section 4 for more details).

Section 4 also provides an overview of the current status of the other recommendations related to instant payments at the POI slated for November 2020 or later. Overall work is on track – barring unforeseen developments – has only recently started or is yet to be initiated.

4. Detailed assessment of follow-up on ERPB statements, positions and recommendations³

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 two 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 both Member States...

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). Three such cases are ongoing.

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/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.

It is to be noted that no change request related to LEI was received by the EPC from the market for the 2020 change management cycle of the SEPA payment schemes.

Assessment of follow-up: **Green**

³ Based on feedback from the relevant (addressed) stakeholders.

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 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, comprising of 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 concluded its work in December 2019.

Two [reports](#) were then published in February 2020:

1. An overview and assessment of existing remote identification and on- boarding solutions in the banking sector and;
2. Assessing Portable KYC/CDD Solutions in the Banking Sector – the Case for an Attribute-Based and Levels of Assurance (LoA)-rated KYC framework for the Digital Age.

Assessment of follow-up: **Green**

ERPB recommendations and invitations on person-to-person (P2P) mobile payments made in June 2015

ERPB/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.

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 second release of the Rulebook was published in March 2020 with an effective date of 1 June 2020.

Assessment of follow-up: **Green**

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. EMVCo is working on a viability analysis to deliver a single contactless kernel and the features of EMV 2nd Gen draft specifications that 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. The ETSI General Assembly will discuss accepting the work on the implementation guidelines in June 2020.

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 on 16 June 2020 opened investigations, inter alia, into practices regarding access to the NFC interface by a mobile device manufacturer.

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 2018⁴, 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**

ERPB recommendations related to instant payments at the point-of-interaction (adopted in November 2019)

ERPB/2019/recA: The ERPB recommends developing: (i) a dedicated interoperability framework with common rules and procedures, and (ii) a pan-European label and its usage for instant payment (IP) at POI solutions. These developments should take into account the work executed under ERPB/2019/recB, ERPB/2019/recC, and ERPB/2019/recD.

Addressed to: ERPB WG on instant at POI, MSG MSCT

Status: The framework is under development. A status of the work done so far was provided for the ERPB WG interim report to the July 2020 ERPB meeting. Work on a pan-European label is due to start later taking into consideration all relevant market developments. This work is still expected to be completed by November 2020.

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

**the deadline for this recommendation is November 2020*

ERPB/2019/recB: The ERPB recommends developing security requirements for PSU onboarding processes to be adopted by IP service providers and merchants. A framework for this should also be developed (see ERPB/2019/recA).

Addressed to: ERPB WG on instant at POI, MSG MSCT

Status: A joint task force between the ERPB WG on instant at POI and the MSG MSCT has been established and started its activities in June 2020. The security requirements will need to be adopted under the framework being developed by the ERPB WG. This work will be based on chapter 14 of the MSCT Interoperability Guidance document, and is expected to be completed by November 2020.

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

**the deadline for this recommendation is November 2020*

⁴<https://www.europeanpaymentscouncil.eu/sites/default/files/kb/file/2018-12/API%20EG%20045-18%20Recommended%20Functionalities%2010%20December%202018.pdf>

ERP/2019/recC: The ERPB recommends developing 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. This work should serve as input to the work under ERP/2019/recA.

Addressed to: MSG MSCT

Status: A generic basic 4-corner model for the interoperability framework has been defined by the ERPB WG which is used to determine the technical interoperability requirements for instant payments at the POI. This work is leveraging the work done by the MSG MSCT. Security aspects have already been covered in chapters 9 to 13 in the MSCT Implementation Guidance document and will be referenced under the framework. If used in a unidirectional way at the POI, the interoperability requirements and minimum data sets are the same for IP based on QR-codes and NFC/BLE. Models and derived interoperability aspects for IP at POI solutions that involve a PISP will be analysed later in 2020. A status of the work was provided in the ERPB WG interim report to the ERPB for its July 2020 meeting.

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

**the deadline for this recommendation with respect to specifications for interconnectivity of IPs at the POI solutions based on NFC/BLE is November 2020*

ERP/2019/recD: The ERPB recommends (i) conducting a technical and security analysis on possible proximity conflicts at the POI addressing multiple payment instruments (card payment, instant credit transfers, etc.); (ii) developing 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 ERP/2019/recA.

Addressed to: ERPB WG on instant at POI, MSG MSCT

Status: A joint Task Force between the ERPB WG and the ECSG has been established and started its activities in June 2020. Input for this work is being prepared in the respective groups. The deadline for this recommendation is November 2020.

Assessment of follow-up: **NA***

**the deadline for this recommendation is November 2020*

ERP/2019/recE: The ERPB recommends: (i) analysing the appropriateness of defining new services for SCT Inst, including pre-authorisation, recurring payments, refund, etc.; (ii) updating the SCT Inst rulebook to cover for these services as needed.

Addressed to: EPC

Status: In December 2019 the EPC received change requests from EuroCommerce. These change requests have been submitted to a public consultation as part of the SEPA payment schemes' 2020 change management cycle with the recommendation of the EPC Scheme Evolution and Maintenance Working Group not to take them forward and a suggestion that the future Request-To-Pay (RTP) scheme could be a solution. The public consultation closed on 9 June 2020. A new release of the SCT Inst Rulebook will be published in November 2020.

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

**the deadline for this recommendation is November 2020*

ERP/2019/recF: The ERPB recommends analysing the possibility of introducing a "Confirmation of payee" service in the context of the SEPA credit transfer schemes.

Addressed to: EPC

Status: A multi-disciplinary feasibility work is ongoing within the EPC including an attempt to assess quantitatively authorised push payment fraud in Europe. There is a dependency on the EBA/ECB payment fraud statistical reporting framework's implementation for obtaining authorised push payment fraud data.

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

**the deadline for this recommendation is November 2020*

ERP/2019/recG: The ERPB recommends identifying the requirements for the development of dedicated specifications to cover the integration and maintenance of multiple payment solutions in the merchant environment.

Addressed to: EuroCommerce

Status: EuroCommerce has identified a set of requirements for the development of dedicated POI specifications in its update for the July 2020 ERPB meeting.

Assessment of follow-up: **Green**

ERP/2019/recH: The ERPB recommends investigating 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.

Addressed to: EC, EBA and other relevant stakeholders

Status: The European Banking Authority, in cooperation with the European Commission, developed an Opinion on obstacles under Article 32(3) of the RTS on SCA and CSC (published on 4 June 2020) which addresses a number of issues raised by market players, including mandatory redirection at the point-of-sale and the authentication procedures that ASPSPs' interfaces are required to support. In the Opinion, the EBA clarifies that "the method(s) of carrying out the authentication of the PSU (i.e. redirection, decoupled, embedded or a combination thereof) that ASPSPs should support will depend on the authentication procedures made available by the ASPSP to its PSUs and should support all these authentication procedures". The Opinion also states that "If the interfaces provided by ASPSPs do not support all the authentication procedures made available by the ASPSP to its PSUs, this would be a breach of Article 30(2) RTS and an obstacle under Article 32(3) RTS".

The EBA opinion addresses the aspect of compliance with legal requirements entailed in this recommendation. ERP/2019/rec H also implies an element of stocktake that is yet to be addressed by the relevant stakeholders. The implementation of the EBA opinion and possible future market developments would have a bearing on this exercise.

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

**the deadline for this recommendation is November 2020*

ERP/2019/recI: The ERPB recommends investigating 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.

Addressed to: Competition authorities, mobile device manufacturers, mobile OS developers and GSMA/MNOs

Status: The European Commission (DG-Competition) is aware of the issue and on 16 June 2020 opened investigations, inter alia, into practices regarding access to the NFC interface by a mobile device manufacturer.

Assessment of follow-up: **Yellow**

ERPB/2019/recJ: The ERPB recommends coordinating 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 to all ERPB members and affiliates. Moreover, ERPB members and the ECB are requested to make the informative material produced available on their websites.

Addressed to: EPC, consumer and retailers associations, public sector

Status: No specific communication action has been undertaken at this stage as it is still premature, apart from what is published of the MSCT MSG and relevant ERPB WG work.

Assessment of follow-up: **NA***

**the deadline for this recommendation is mid-2021*