

EURO RETAIL PAYMENTS BOARD

Statement following the nineteenth meeting of the Euro Retail Payments Board
held on 25 May 2023

Digital euro investigation

The European Central Bank (ECB) informed the Euro Retail Payments Board (ERP) of the work conducted in the context of the digital euro investigation phase since the last ERP meeting. The members were provided with an overview of the Eurosystem's analysis on privacy and data protection, financial inclusion and the principles for defining a compensation model.

The ERP:

- took note of the update on the digital euro investigation phase;
- welcomed the continued frequent exchanges with the ERP at technical level, including technical sessions on digital euro on a bi-monthly basis, written procedures, and dedicated exchanges with stakeholder associations by sector and encouraged the ECB to continue seeking the benefits of a public-private partnership.

Instant retail payments in euro

The European Commission informed the ERP of the progress of the legislative proposal on instant payments containing a set of measures aimed at increasing the availability and uptake of instant payments in euro by addressing identified obstacles. The ERP noted the importance of the availability of effective solutions based on common standards and rules to ensure that the service verifying the accuracy of the payee information provided by the payer (which has been included in the legislative proposal of the Commission) functions efficiently for both domestic and cross-border payments and does not introduce frictions to instant payments. The Council reached its negotiating position on 17 May 2023 and the European Parliament is expected to reach its position by the beginning of July 2023, opening the door for Trilogue negotiations, which may be closed before the end of the year.

At the invitation of the ERP, the European Payments Council (EPC) provided a status update on the implementation of the SEPA Instant Credit Transfer (SCT Inst) scheme, including an overview of the percentage of payment service providers (PSPs) adhering to the scheme. According to this update, as of April 2023, 61,5% of all SCT scheme adherents in all Single Euro Payments Area (SEPA) countries were declared as registered as SCT Inst scheme participants, while the figure for the EU was 68%, which remains unchanged since November 2022. The estimated share of SCT Inst transactions in total euro credit transfer transactions is continuing to rise gradually, having passed 14.38% in the first quarter of 2023, compared to 11.48% in the first quarter of 2022.

The EPC advised that the next scheme change management cycle will take place in 2024. Stakeholders are invited to submit change requests to the SCT Inst scheme rulebook by 31 December 2023.

The ERPB noted the EPC's update on the SEPA Request to Pay (SRTP) scheme. The ERPB welcomed the EPC's objective to stabilise the rules laid out in the SRTP scheme and also the measures taken to ensure interoperability through default API specifications, homologation of participants, and potentially an Operational Scheme Manager. Moreover, the ERPB noted the potential role of the SRTP scheme – subject to sufficient adherence levels – in increasing the uptake levels of SCT Inst.

The EPC multi-stakeholder group on Mobile Initiated SEPA (instant) Credit Transfers (MSG MSCT) reported on the work carried out on instant payments in the context of the ERPB priorities, with a focus on the development of a QR-code standard for instant payments which is being carried out with relevant stakeholders and involves relevant standardisation bodies. Since the last update, the ISO fast-track procedure for the specifications of a QR code for (instant) credit transfers is ongoing and the voting ballot will run until July 2023. In the meantime, Nexo has sent to the ISO TC68/SC9 Secretariat a letter of endorsement of the EPC Standard. Moreover, work continues on the possible extension to other technologies such as Near-Field Communication (NFC) and Bluetooth Low Energy (BLE). The MSG MSCT finalised a draft document on the *Interoperability of MSCTs based on NFC or BLE* that was published for a ten-week public consultation on 10 January 2023. The MSG MSCT is analysing the comments received through this public consultation and aims to prepare a final version of the document for publication on the EPC website by end June 2023.

The ERPB:

- took note of the European Commission's update regarding the legislative proposal on instant payments;
- took note of the EPC update on the implementation of and adherence to the SCT Inst scheme and welcomed the update in relation to the SRTP scheme;
- encouraged the EPC to consider how best to support the development of rules and procedures for a harmonised implementation of a service verifying the accuracy of the payee information provided by the payer, noting that the confirmation of the final details of the proposed service is pending the approval of the instant payments regulation;
- encouraged supply-side participants to complete the implementation of instant payments and to support end-user uptake, including by provision of safe and efficient end-user solutions with the capacity to achieve pan-European reach at a competitive price;
- took note of the work conducted by the MSG MSCT, together with relevant stakeholders and standardisation bodies, at the invitation of the ERPB to develop a standard for a QR code for instant payments and its governance framework; recalled, in this regard, that, if the submission of the standard to ISO did not progress as planned – notably if the fast-track procedure failed or the process resulted in changes or another outcome that did not meet the needs of the European payments market – the application would be withdrawn from ISO and submitted instead to the European Committee for Standardization (CEN) through a fast-track procedure; invited the EPC, through the MSG MSCT, to monitor the progress of the procedure and to follow up as necessary;
- invited the EPC (involving relevant stakeholders and standardisation bodies) to report on the extension of the work on a QR-code standard to include other technologies, starting with NFC and continuing with BLE, at the November 2023 ERPB meeting.

SEPA Payment Account Access (SPAA) scheme

At its November 2022 meeting, the ERPB considered the report from the EPC multi-stakeholder group (MSG) on a SEPA Payment Account Access (SPAA) scheme and invited the EPC (through the SPAA MSG) to continue

the work on the definition of a 'minimum viable product' based on market demand and on business conditions to be included in an updated version of the SPAA scheme rulebook, and to report to the ERPB at its next meeting.

Since then, the SPAA MSG agreed on a first version of a draft SPAA scheme rulebook with the services therein considered as optional, published in November 2022. The SPAA MSG has defined a 'minimum viable product' (MVP – a set of mandatory services to be supported by the Asset Holders participating in the SPAA scheme, which goes beyond the basic PSD2 'Open Banking' services) based on market demand (including a quantitative assessment).

The SPAA MSG is still working on two remaining items, namely the Business Conditions (including default fees) and on a way to avoid that Asset Owners incur transactional charges (Fee Not Borne By The Payer),

In case of approval by the MSG of the two items, these will be published (together with the MVP) in a revised version of the first SPAA scheme rulebook, subject to EPC Board approval.

The ERPB:

- took note of the SPAA MSG update and welcomed the progress achieved since the last ERPB meeting;
- emphasised the importance of finalising the remaining preparations, noting that a successful SPAA scheme would be key for progressing with an innovative European payments landscape, and encouraged all providers that are considering joining the – voluntary - SPAA scheme to ensure the last hurdles are overcome;
- invited the EPC, through the SPAA MSG, to finalise the work on the definition of a 'minimum viable product' based on market demand and on business conditions to be included in an updated version of the rulebook, and to report to the ERPB at its next meeting.

Update of the ERPB workplan

Following its November 2022 meeting, the ERPB was invited to agree on topics for the update of its workplan, including prioritisation of workstreams.

Taking into account those workstreams already ongoing/planned, the ERPB supported launching a workstream on emerging fraud related to retail payments. The outcome of this work would provide the market perspective on fraud that could be channelled to relevant authorities to inform their work. Based on the outcome of this workstream in its November 2023 meeting, the ERPB would consider launching the following two workstreams in 2024: digital identity and payments and accessibility of retail payments

Items for information purposes

The ERPB took note of the following.

- The update provided by the European Commission on the work carried out in the field of retail payments, including on instant payments, the review of the Payment Services Directive (PSD2), updates on the Markets in Crypto-Assets (MiCA) Regulation, the Digital Operational Resilience Act (DORA), open finance, digital IDs and cash;
- The ECB update on the results of the latest study on the payment attitudes of consumers in the euro area (SPACE) published in December 2022 and on ongoing work on access to cash (including an assessment of citizens' access to cash on national level based on a common methodology);

- The outcome of the written procedure on the status of past ERPB recommendations - while progress has been achieved on the follow-up to ERPB recommendations, the ERPB considered that continued attention should be devoted to the implementation of the recommendations on transparency for retail payments end-users. The ERPB Secretariat will continue to monitor the actions taken by the relevant stakeholders in relation to open recommendations and will report back to the ERPB on a regular basis.

Annex

LIST OF ATTENDEES OF THE EIGHTEENTH MEETING OF THE EURO RETAIL PAYMENTS BOARD (ERP) ON 25 MAY 2023

List of participants

Chair: Mr Fabio Panetta, Member of the Executive Board

| Sector | Members |
|---|---|
| Retailers (EuroCommerce) | Ms Isabelle Clairac CEO Market Pay |
| SMEs SMEunited | Mr Bernard Cohen-Hadad President, CPME |
| National public administrations | Mr Michael J McGrath (<i>alternate</i>) Vice-Chair EU Financial Services Committee & Assistant Secretary Funds, Insurance, Markets & Pensions Division Department of Finance, Ireland |
| European Payments Council (EPC) | Mr Javier Santamaría Chair EPC |
| Co-operative banks (European Association of Co-operative Banks - EACB) | Ms Marie-Anne Livi (<i>alternate</i>) Director of Strategy and Interbank Relations, Payment Services, Crédit Agricole |
| Savings banks (European Savings & Retail Banking Group - ESBG) | Mr Joachim Schmalzl Executive Board member, DSGV |
| Commercial banks (European Banking Federation - EBF) | Mr Maurizio Sella Chair of Banca Sella Holding |
| European Payment Institutions Federation (EPIF) | Mr Konstantinos Maragkakis EEA CEO, Paysafe |
| E-money Association | Mr Joe Heneghan CEO, Revolut Ireland |
| European Third Party Providers Association - ETPPA | Mr Arturo González Mac Dowell President & CEO, Eurobits technologies |
| | Guest |
| EDPIA | Mr Bo Nilsson President of EDPIA, Chairman of Nets, Member of Board of Nexi Group |

| National central banks (on rotating basis) | Active participants |
|---|---|
| Banco de España | Mr Juan Ayuso Director General Operations, Markets & Payment Systems |
| Banca d'Italia | Mr Livio Tornetta Director General Currency Circulation and Retail Payments |
| Central Bank of Cyprus | Mr Stavros Agrotis Executive Director |
| Banque centrale du Luxembourg | Mr Nicolas Weber Executive Director |
| De Nederlandsche Bank | Ms Inge van Dijk Director Payments & Market Infrastructure |
| | Guest |
| European Commission | Mr Marcel Haag Director Horizontal Policies, Directorate General Financial Stability, Financial Services and Capital Markets Union |