



29 November 2017  
ERPB/2017/019

EUROPEAN CENTRAL BANK

EUROSYSTEM

## EURO RETAIL PAYMENTS BOARD

Statement following the eighth meeting of the Euro Retail Payments Board  
held on 29 November 2017

### Follow-up to the ERPB's recommendations

The members of the Euro Retail Payments Board (ERPB) took note of the status of past ERPB recommendations and assessed the follow-up to these recommendations to have been commensurate overall. The ERPB Secretariat will continue monitoring the related actions taken by the relevant stakeholders and report back to the ERPB on a regular basis.

### Progress report on implementation of the ERPB's recommendations regarding person-to-person (P2P) mobile payments

At its June 2017 meeting, the ERPB invited the Steering Committee of the Mobile Proxy Forum (MPF) to present, at the November 2017 ERPB meeting, a proposal for the development of the Standardised Proxy Lookup (SPL) service. The proposal should include, among other things, the final timeline, the technology approach to be followed and the future governance set-up for the management of the service. Significant progress had been achieved over the past months, notably with the publication of a request for information to identify interested market participants who could provide the technology for the service. As a follow-up the MPF is working on a request for proposal (RFP) which should result in the selection of the preferred supplier. The RFP is expected to be approved at the MPF meeting taking place on 4 December 2017. This should allow for publication of the RFP in December 2017 with a view to a go-live date of the service of October 2018 at the latest.

The ERPB took note of the status of the work and welcomed the progress made over the last months. The ERPB invited the MPF to keep up the momentum to ensure that the service would be implemented by October 2018 at the latest in order to support the development of instant payments in Europe. The MPF should report back in time for the June 2018 ERPB meeting, submitting a report presenting the outcome of the RFP, the technology approach to be followed and the future governance set-up for the management of the SPL service.

### Instant payments in euro

Following the invitation received by the ERPB at its June 2017 meeting, the European Payments Council (EPC) provided the ERPB with a status update on the implementation of the SCT Inst scheme. On the basis of the feedback from the PSPs, the EPC concluded that the implementation of the SCT Inst scheme in the market has started this year in eight countries (Germany, Estonia, Spain, Italy, Latvia, Lithuania, Netherlands and Austria) with PSPs ultimately representing 20.3% of SCT adherents in these countries. PSPs in at least five additional countries (Belgium, Malta, Portugal, Finland and Sweden) would adhere to the SCT Inst scheme by the end of November 2018. The EPC maintained its expectation that the implementation of the SCT Inst scheme in the market would progressively increase to reach a critical mass of scheme participants across SEPA by 2020.

The ERPB:

- welcomed the successful launch of the SCT Inst scheme on 21 November 2017;

- strongly encouraged the supply side of the industry to keep up the momentum towards implementing the SCT Inst scheme so that instant payments in euro would become increasingly available to end users at pan-European level;
- asked the EPC to provide a status update on the implementation of the SCT Inst scheme for the June 2018 ERPB meeting, including an overview of the percentage of PSPs adhering to SCT Inst in relation to those adhering to SCT for each SEPA country.

### **Pan-European integration of payment initiation services (PIS)**

At their June 2017 meeting, ERPB members considered the reporting from the ERPB working group on PIS, which had received a mandate to define a common set of requirements for business rules, operational processes and technical standards for pan-European payment initiation services. The ERPB took note of the status of the work and invited the working group to present its final report, taking account of the finalisation of the European Banking Authority (EBA) Regulatory Technical Standards (RTS) on authentication and communication and responding fully to the different dimensions of its mandate, for the November 2017 meeting.

The working group's final report provided an overview of the EU legal and policy framework and acknowledged the expectation of stakeholders to have a well-functioning, pan-European market for PIS. The report also identified and listed relevant technical, operational and business-related issues, recommending requirements where the working group could find agreement or, where no consensus could be reached, reflecting the diverging positions. It also contained clarifications provided by the European Commission.

The ERPB:

- took note of the working group's report and the set of technical, operational and business requirements for pan-European PIS, noting that these requirements might still evolve also on the basis of the final version of the RTS. Therefore the working group should consider their recommendations against legal certainty of the final RTS on the envisaged requirements. The members further supported that the ERPB working group continues the work on those requirements that need a follow-up such as the standardisation of PSD2 certificates (in liaison with ETSI), the harmonisation of registers and the establishment of directory services, and the development of remaining business requirements. The working group is requested to provide its additional report to the June 2018 ERPB meeting.
- regarding further work, welcomed the European Commission's willingness to support a joint effort by account servicing payment service providers (ASPSPs), third-party providers (TPPs) and payment service users (PSUs) to establish a European group to support the evaluation of standardised application programming interface (API) specifications, which would aim to ensure that APIs meet the needs of all market participants and comply with PSD2 and other relevant legislation, including on data protection. The work should notably cover the scope of information to be provided, the implementation of authentication processes and consent handling, API security and performance, and produce objective evaluation criteria. High level principles for a common testing framework should also be defined as part of this work. The European Commission, EBA and ECB should support the work as active observers, providing guidance to market players whenever required. The work should support ongoing standard market initiatives and future decisions by national competent authorities as to whether an API meets the requirements for an exemption from the obligation to provide a fall-back mechanism for the dedicated interface, which would be provided for in the final RTS. The European Commission will make every effort to ensure that such a group can be convened before the end of 2017 so that progress can be made in good time, i.e. before the end of the third quarter of 2018.

## **Electronic invoice presentment and payment (EIPP) solutions**

In November 2016, the first ERPB working group on e-invoicing solutions related to retail payments presented its report to the ERPB, identifying the main issues and barriers preventing the take-up and integration of EIPP solutions at a pan-European level. On that basis, the ERPB agreed to continue work in that field to support the development of harmonised EIPP services with pan-European reach for consumers and businesses. To that end, the ERPB mandated a working group to define the minimum requirements for EIPP at the levels of business rules and technical standards and report on the outcome of its work in one year.

To that end, the working group conducted an in-depth analysis of the applied business rules, practices, technical standards and implementation guidelines of some of the existing EIPP solutions. The working group concluded that, at the basic service level, EIPP functionalities should at a minimum enable:

- payees to send securely e-invoices for presentment along with requests-to-pay through the secure electronic channels of the payers' PSPs', and to process and reconcile received payments related to e-invoices/requests-to-pay sent;
- payers to receive, view and pay the e-invoices seamlessly through the secure electronic channels of their PSPs.

On that basis, the working group defined a set of minimum requirements relating to i) the roles and responsibilities of actors involved, ii) EIPP delivery and processing, iii) request-to-pay and other additional EIPP service related messages, and iv) the switching of PSPs and EIPP service providers.

The working group also suggested that market stakeholders should consider the development of a common European EIPP service framework with a view to defining and harmonising minimum common elements of the processes and service agreements relevant at national and pan-European level.

The ERPB took note of the working group report and endorsed the set of minimum requirements for the development of pan-European interoperability of EIPP services.

Furthermore, the ERPB endorsed the next steps suggested by the working group, including the set-up of an agreed governance framework reflecting a multi-stakeholder approach. Following a step-by-step approach, the work would first focus on the adoption of a technical ISO 20022-based message for request-to-pay for EIPP and the harmonisation with the EIPP servicing messages to form a "common language" for communication between different EIPP providers. In addition, it could be considered whether request-to-pay messages could also be used in a framework-agnostic manner, allowing the payment of invoices under different models. The ERPB invited the EPC to coordinate the required work among the payment services providers with the involvement of other stakeholders including e-invoicing solution providers, within one year and with an interim reporting in June 2018.

After completion of the first step, the ERPB would consider the work on the other steps suggested by the Working Group, namely.

- a common EIPP framework consisting of a minimum set of rules, to support integration of existing EIPP solutions and provide guidance on emerging EIPP solutions for delivering harmonised EIPP services. Further development of the minimum set of rules, for example as part of an EIPP rulebook, should be considered in due course.
- minimum rules for enabling EIPP provider switching and required technical messages to allow payees and payers to move from one provider to another without onerous switching costs or effort.

Consideration of the above follow-up work and subsequent discussions at the ERPB level would provide assurance that the outcome was open to innovation and establishes a level playing field for all regulated providers. It would also be beneficial in terms of building solid business cases by ensuring that EIPP solutions are based on the needs of payment service users.

Finally, the ERPB stressed the importance of establishing interoperability at the delivery and processing levels, based on multi-lateral arrangements, to ensure national as well as pan-European reach.

## **European Cards Stakeholders Group (ECSG) feasibility study on the development of open specifications for card and mobile contactless applications**

At its November 2015 meeting, the ERPB endorsed a set of recommendations for the take-up of mobile and card-based contactless proximity payments. In that context, the ECSG was invited to conduct a feasibility study on the development of open specifications for a card and mobile contactless payment application, as well as on their implementation, maintenance and testing.

The final ECSG feasibility study found that from the two scenarios analysed, the best solution would be to implement the EMV “2nd Generation” (2<sup>nd</sup> Gen) specifications, which would include specifications for a common application (“kernel”) for the payment terminal. The disadvantages of using an existing kernel as an open specification, if agreed by the owner of such a proprietary application would outweigh the advantages. The ECSG therefore recommended following up with the industry in order to formulate a long-term migration plan to EMV 2nd Gen.

The ERPB took note of the final ECSG’s feasibility study that supported the ECSG conclusion that migration to EMV 2nd Gen constitutes the best solution, albeit only in the long term where European players should participate actively in the development of EMVCo standards.

### **Coordination Forum with national payment committees**

The ERPB Chair and the European Commission representative informed the members of the motivation behind the European Forum on Innovation for Payments (EFIP) that would first meet on 29 November. This forum is a joint informal initiative of the ECB in its capacity of ERPB Chair and the European Commission. It is being established to provide a platform for the exchange of information and views on issues of common concern to all stakeholders and consequently to ensure coordination between the priorities and policies drawn up at European level and policy or market-driven developments at the national level.

The members took note of the update and welcomed the initiative.

### **Review of the ERPB functioning**

Further to the discussion at the June 2017 meeting on the review of the functioning of the ERPB, ERPB members were invited to consider the draft updated mandate of the ERPB. In view of the positive assessment of the ERPB’s functioning since its creation, suggested amendments to the mandate were of a limited nature and reflected developments that had occurred since the initial approval of the mandate.

The members supported the draft updated mandate.

### **Broader accessibility for payment users**

At its November 2016 meeting, the ERPB considered an issues note prepared by AGE Platform Europe and De Nederlandsche Bank on broader accessibility for payment users. The ERPB noted of the issues raised and agreed to receive a proposal by interested members to identify possible further work that would fall within its remit at one of its upcoming meetings.

The members will consider the final proposal when completed at one of its upcoming meetings.

### **ECSG reporting on cards standardisation**

At the June 2015 meeting the ERPB invited the ECSG to report back to the ERPB every 12 months, with an update on how the implementation of harmonised standards related to payment cards in Europe was progressing.

The ERPB took note of the ECSG’s status update for 2017.

**Items for information**

In addition to the above, the ERPB took note of the update provided by the European Commission on work in the field of retail payments (RTS on strong customer authentication and common and secure communication including clarifications as regards the gap period between the transposition of the PSD2 (13 January 2018) and the applicability of the RTS, interchange fee Regulation RTS and the cross-border payments Regulation). The ERPB was further debriefed on the work conducted by the Retail Payments working group of the BIS Committee on Payments and Market Infrastructures. Finally, the ECB updated the members on the dialogue with the clearing industry on instant payments and the status of the TARGET Instant Payments Settlement project.

## LIST OF ATTENDEES OF THE EIGHTH MEETING OF THE EURO RETAIL PAYMENTS BOARD (ERPB) ON 29 November 2017

Chair: Mr Yves Mersch, Member of the Executive Board

Sector	Members
BEUC (European Consumers' Organisation)	
AGE Platform (the association of consumers 50+)	Ms Anne-Sophie Parent ( <i>alternate</i> ) Secretary General AGE Platform
Retailers (Eurocommerce & ERRT)	Mr Frédéric Mazurier CEO, Market Pay (Carrefour Group)
Corporates (EACT & BusinessEurope)	Mr Jean-Marc Servat Chair EACT
SMEs (European Association of Small and Mid-sized Enterprises - UEAPME)	Mr Bernard Cohen-Hadad Vice-President of CGPME
National public administrations	
European Payments Council (EPC)	Mr Javier Santamaría Chair EPC
Co-operative banks (European Association of Co-operative Banks - EACB)	Mr Andreas Martin Member of the Board of Managing Directors of the Bundesverband der Deutschen Volksbanken und Raiffeisenbanken
Savings banks (European Savings & Retail Banking Group - ESBG)	
Commercial banks (European Banking Federation - EBF)	Mr Maurizio Sella ( <i>alternate</i> ) Chair of Banca Sella Holding
European Payment Institutions Federation (EPIF)	Mr Ruwan De Soyza ( <i>alternate</i> ) General Counsel at Worldpay
Ecommerce Europe (web-merchants)	
E-money Association	Mr Ralf Ohlhausen Chief Strategy Officer for PPRO Group
National central banks (on rotating basis)	Active participants
Deutsche Bundesbank	Mr Carl-Ludwig Thiele Member of the Executive Board
Banca d'Italia	Mr Paolo Marullo Reedtz Head of the Directorate General for Markets and Payment Systems
Banco de Portugal	Mr Helder Rosalino Director, Member of the Board of Directors
Banque centrale du Luxembourg	Mr Pierre Beck Director, Member of the Executive Board
Eesti Pank	Mr Madis Müller

	Deputy Governor
	<b>Observer</b>
European Commission	Mr Ralf Jacob Head of Unit for retail financial services and payments in DG FISMA