

## EURO RETAIL PAYMENTS BOARD

Statement following the ninth meeting of the Euro Retail Payments Board  
held on 18 June 2018

### 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 actions taken by the relevant stakeholders in relation to open recommendations and report back to the ERPB on a regular basis. A record of recommendations deemed closed as at June 2018 is available on the ERPB page of the ECB's website.

### Instant retail payments in euro

Following the invitation received from the ERPB at its November 2017 meeting, the European Payments Council (EPC) provided the ERPB with a status update on the implementation of the instant SEPA credit transfer (SCT Inst) scheme, including an overview of the percentage of payment service providers (PSPs) adhering to SCT Inst. According to the EPC update, in mid-May the number of declared SCT Inst scheme participants was 1,061 (i.e. 25.4% of all SCT adherents in all Single Euro Payments Area (SEPA) countries), 633 of which were ready to offer SCT Inst services to their customers.

The EPC further informed the ERPB of its initiative to set up an ad hoc multi-stakeholder group tasked to develop mobile-initiated SEPA credit transfer interoperability implementation guidelines (including SCT Inst) in view of the importance of the availability of solutions for mobile devices for the development of the new instant scheme. The ad hoc group started working in May 2018 and aims at producing a draft deliverable for public consultation by the first quarter of 2019.

The ECB provided a status update on the TARGET Instant Payment Settlement (TIPS) service, highlighting that the project is on track for the go-live on 30 November 2018. TIPS will help ensure pan-European reach, which should remain a priority for all other available solutions.

The ERPB:

- took note of the EPC update on the implementation of the SCT Inst scheme;
- took note of the ECB update on TIPS;
- encouraged the supply side of the industry to implement instant payments, ensure pan-European reach as soon as possible, and at the very latest by 2020, and support end-user take-up, including by providing user-friendly end-user solutions;
- encouraged PSPs adhering to the SCT Inst scheme to make pan-European reach a priority, thereby avoiding fragmentation in the European retail payments market;
- welcomed the EPC multi-stakeholder group on interoperability of mobile-initiated SCT (including SCT Inst) as an essential step in supporting pan-European mobile solutions.

- will monitor whether the market is following these policy objectives and consider on this basis whether specific actions are required.

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

At its November 2017 meeting, the ERPB invited the Steering Committee of the Mobile Proxy Forum (MPF) to present to the June 2018 ERPB meeting a report presenting the outcome of the request for proposal (RFP), the technology approach to be followed and the future governance set-up for the management of the standardised proxy look-up (SPL) service.

The aim of the SPL service is to allow the exchange of data necessary to initiate person-to-person (P2P) mobile payments between proxy-based mobile payment solutions at a pan-European level. It will facilitate interoperability between participating P2P mobile payment solutions.

The MPF issued an RFP in December 2017 for the provision of the SPL service. The RFP generated a total of seven responses from solution providers interested in providing the SPL service. As a result of the RFP, the preferred SPL service provider was selected. A letter of intent was signed in early May 2018 between the MPF and the preferred SPL service provider.

The MPF made further progress on its governance arrangements, asking the EPC to assume the role of SPL scheme manager in view of its existing expertise and the fact that this option would not require a new legal entity to be created. The EPC subsequently agreed to take on this role.

The SPL service provider is expected to deliver the SPL platform in October 2018. The on-boarded participants (minimum two) will then be implemented for testing, which is anticipated to start in November 2018. The market "go-live" is expected in early January 2019.

The ERPB:

- took note of the status of the work and welcomed the progress made over recent months;
- invited the scheme manager to keep up the momentum to ensure that the defined schedule for delivery of the SPL (October 2018), testing with on-boarded participants (from November) and market go-live (January 2019) is met to support the development of instant payments in Europe;
- invited the scheme manager to provide the ERPB with an update on the implementation of the SPL service, including information on the governance of the scheme at its November 2018 meeting.

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

At its November 2017 meeting, the ERPB invited the ERPB working group on PIS to prepare an additional report to (i) consider its November 2017 recommendations against the legal certainty of the final European Banking Authority (EBA) regulatory technical standards (RTS) on the envisaged requirements, and (ii) continue working on any requirements that need a follow-up, such as the standardisation of PSD2 certificates (in liaison with the European Telecommunications Standards Institute, ETSI), the harmonisation of registers, the establishment of directory services and the development of remaining business requirements.

The working group performed a gap analysis between the final RTS and the version of the RTS available at the time of finalising the November 2017 working group report. It concluded that the amendments in the final RTS did not affect the operational and business requirements that were included in the list of November 2017 recommendations.

The report provides progress updates and further clarification in relation to the identification of payment service providers (PSPs) relying on standardised certificates containing PSD2 data elements provided or

made available by national competent authorities (NCAs) to qualified trust service providers (QTSPs), as well as in relation to operational pan-European directory services. The report provides further clarification of the requirements for an efficient and well-functioning communication and resolution process for event and dispute handling between account servicing payment service providers (ASPSPs) and third-party payment service providers (TPPs).

The European Commission updated ERPB members on the progress of the application programming interface (API) evaluation group, which was set-up as a joint effort by ASPSPs, TPPs and payment service users with the support of the Commission following the November 2017 ERPB meeting to help ensure that standardised APIs meet the needs of all market participants.

The ERPB:

- took note of the additional report from the ERPB working group on PIS, complementing the report submitted by the working group to the November 2017 ERPB meeting;
- concluded that the working group completed its task to define a common set of technical, operational and business requirements, complementing the legal and regulatory requirements, for the development of an integrated market for PIS;
- 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;
- took note that, to ensure a consistent approach and avoid fragmentation at EU level, the follow-up of the recommended requirements addressed to authorities could be discussed in the context of the European Forum for Innovation in Payments, at which EU and national authorities are represented;
- supported monitoring of the implementation of the recommended requirements as part of the regular monitoring of ERPB recommendations and statements to determine whether further work on, for example, event and dispute handling processes may be needed;
- took note of the European Commission update on the work of the API evaluation group.

### **Update of the ERPB work plan**

The ERPB adopted its current work plan in June 2016. In preparation for the discussion on the update of the ERPB work plan, ERPB members were invited to provide suggestions in writing. On this basis, and in view of the work stemming from the 2016-18 work plan (electronic invoice presentment and payment (EIPP), P2P mobile payments and cards standardisation), members considered a list of possible topics for the period 2018-20.

The ERPB will finalise its work plan (including prioritisation of envisaged workstreams) at its November 2018 meeting on the basis of further analysis regarding the issues at stake in relation to the possible suggestions considered.

### **ERPB Annual Report (2017/18)**

In line with its mandate, the ERPB agreed to finalise and publish in July 2018 its fourth annual report, covering the period from July 2017 to June 2018.

## **Review of ERPB membership**

In the wake of the adoption of the revised Payment Services Directive (PSD2) and as per its organisational rules, the ERPB has sought to adapt its composition to the evolution of the European payments market, and especially the increasing relevance of TPPs. In this respect, Future of European Fintech (FoEF), which is an ad hoc group set up in 2017 to give the European fintech sector a channel to comment on PSD2/RTS discussions, has been invited to join the ERPB to improve the representation of these new market players. Given its ad hoc nature, this group will, however, only attend ERPB meetings as a guest.

## **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 (state of play on PSD2 and related RTS, state of play on implementation of RTS on strong customer authentication, Commission proposal on the extension of Regulation (EC) No 924/2009 and the FinTech action plan). The ERPB was informed of the status of the work of the multi-stakeholder group on electronic invoice/bill presentment and payment services. Finally, the ECB updated the members on the mandate and work plan of the European Forum on the Security of Retail Payments (SecuRe Pay) as well as on developments in the field of cybersecurity.

## **Annex 1 - Overview of the requirements recommended by the ERPB Working Group on PIS**

The requirements presented in the November 2017 ERPB working group report have to be considered in light of the developments that occurred since then and in particular in view of the work of the API Evaluation Group and ETSI, as well as the Opinion and draft Guidelines provided by the EBA.

### **Technical requirements**

Payment service user (PSU) consent for the execution of the payment may be given via the payment initiation service provider (PISP), and the PISP passes on the information on the consent to the ASPSP.

The interface should be future- proofed, open to innovation and should support all authentication procedures provided by the ASPSP to the PSU. The PSU should not be required to access an ASPSP webpage as a part of the authentication process or any other relevant function, as this would limit the PISP in the innovative design of its customer interfaces.

The necessary information (i.e. the "What") the ASPSP should provide to the PISP will depend on whether the ASPSP supports immediate booking ('real-time') versus delayed booking.

APIs must support the provision of only PIS, only AIS, or both AIS and PIS (in the case of a payments) in one single combined communication session, subject to the appropriate consent given by the PSU.

To ensure pan-European harmonisation, the access to payment accounts (i.e. the "How") should be accommodated via common dedicated interfaces, taking the form of an API due to its combination of outward stability and inward flexibility.

Metrics of performance should be defined in a uniform way to ensure a common well-defined and measurable basic level of API performance, and consistent with the RTS.

APIs should work in a secure manner that will support the needs of both the ASPSP and the TPP to mitigate the risk of for fraud and have reliable and auditable API exchanges.

Establish a common testing framework for a dedicated interface on a pan-European level.

Production certificates should not be used for API testing with TPPs.

### **Operational requirements**

Standardisation of certificate requirements. In response to one of the recommendations listed in the June 2017 Working Group's report, the ETSI started with the development of standardised certificates to accommodate new PSD2 elements. This work should be followed up by the industry.

A complete official list of NCA names is to be kept updated in a public place so that QTSPs can find and enter the valid data into the eIDAS certificates.

Qualified trust service providers (QTSPs) to be able to check PSD2- related information with NCAs, using a documented mechanism.

A guidance document is to be provided, also in English (on top of the local language(s)), on how to read and understand the respective national registers for the purposes of PSD2.

Harmonisation in relation to registration, notification and exiting processes across all NCAs.

NCA registration update procedures should be sufficiently rapid, so as to reduce related risks to a reasonable level.

A common, secure, resilient, reliable, and up to date operational directory service on a pan-European level. Such directory could take the form of a central directory or of a “directory of directories” (i.e. directories based on national registers).

### **Business requirements**

Standardised ASPSP-PISP transaction- related dispute handling process on a pan-European level.

A communication and resolution process for event and dispute handling within adequate timeframes is to be used; the June 2018 report contains the use cases, high-level and detailed content requirements with detailed data requirements.

A number of topics need to be revisited in 2019 including the need for (i) continuity regarding the maintenance and evolution of the identified requirements on event and dispute handling between TPPs and ASPSPs, (ii) harmonised communication solutions market-wide, (iii) bilateral communication for fraud prevention and mitigation, (iv) alignment with the latest relevant regulatory provisions, and (v) a governance approach based on a self-commitment process by TPPs and ASPSPs.

## LIST OF ATTENDEES OF THE NINTH MEETING OF THE EURO RETAIL PAYMENTS BOARD (ERPB) ON 18 June 2018

Chair: Mr Yves Mersch, Member of the Executive Board

Sector	Members
BEUC (European Consumers' Organisation)	
AGE Platform (the association of consumers 50+)	
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	Mr Juan Díez Gibson ( <i>alternate</i> ) Vice-Chair EU Financial Services Committee & Deputy Director General for Strategic Analysis and International Financial System at the Spanish Treasury
European Payments Council (EPC)	Mr Javier Santamaría Chair EPC
Co-operative banks (European Association of Co-operative Banks - EACB)	
Savings banks (European Savings & Retail Banking Group - ESBG)	Mr Juan Morlá Tomás CEO and Board Member of Caixabank Payments
Commercial banks (European Banking Federation - EBF)	Mr Maurizio Sella ( <i>alternate</i> ) Chair of Banca Sella Holding
European Payment Institutions Federation (EPIF)	Mr Rafael Marquez Garcia Executive Vice President, Consumer Europe; Country Manager, American Express UK
Ecommerce Europe (web-merchants)	Ms Marlene Ten Ham ( <i>alternate</i> ) Secretary General, Ecommerce Europe
E-money Association	Mr Ralf Ohlhausen Chief Strategy Officer for PPRO Group
National central banks (on rotating basis)	Active participants
Bulgarska Narodna Banka	Ms Nina Stoyanova Deputy Governor
Deutsche Bundesbank	Mr Johannes Beermann Member of the Executive Board
Banco de España	Mr Juan Ayuso Director General Operations, Markets & Payment Systems
Banca d'Italia	Mr Paolo Marullo Reedtz Head of the Directorate General for Markets and Payment Systems

Oesterreichische Nationalbank	Mr Kurt Pribil Executive Director, Member of the Governing Board
Suomen Pankki	Ms Marja Nykänen Member of the Board
	<b>Observer</b>
European Commission	Mr Martin Merlin Director of DG FISMA