

Annual Report of the Euro Retail Payments Board 2018-2019

Foreword by the Chair

I am pleased to present the Annual Report of the Euro Retail Payments Board (ERPB) covering the period from July 2018 to June 2019.

The ERPB is a high-level strategic body that brings together the supply and demand sides of the euro retail payments market. I recently took over the chair of the ERPB and am impressed by its contribution to the development of an integrated, innovative and competitive market for euro retail payments in the EU. This is all the more true given that the ERPB relies solely on the voluntary commitment of its members to contribute to its work and abide by the issued stances.

The ERPB has already taken a number of important steps towards its objective of contributing to a future-proof euro retail payments market. One of the most prominent examples of this is in the area of instant payments, where the ERPB called for the development of a pan-European instant payments scheme for the euro, to which the market duly responded. Nevertheless, the ERPB realised that without convenient, pan-European end-user solutions, the benefits of instant payments would remain untapped. It therefore set up a working group to analyse barriers to the pan-European reach of these types of solutions. Section 1 provides an overview of the work performed in this and other areas in the last year.

Despite the steps taken, work remains to be done to make further progress towards the achievement of an innovative, competitive and integrated euro retail payments market. Further efforts are required to promote instant payments. Market participants are therefore being urged to maintain the momentum and swiftly implement instant payments with a pan-European reach.

Furthermore, the ERPB will continue to pursue efforts to facilitate the development of a pan-European approach to the payments market, particularly in the area of e-invoicing and the use of request-to-pay functionality. The ERPB's cooperative and coordinated approach to bring together all relevant stakeholders will continue to play an important role. I am keen to work with the ERPB members towards reaching this objective.

1. Work carried out by the ERPB from July 2018 to June 2019

The ERPB met twice in the period covered by this report, on 28 November 2018 and 13 June 2019.

1.1 Issues addressed by ERPB working groups

Two working groups have been active in the period covered by this report.

1.1.1 Instant payments at the point-of-interaction (POI)

In the medium run, instant payments are expected to become the new norm across Europe.

For instant payments to live up to their full potential, user-friendly end-user solutions are required that will enable citizens, businesses and the public sector to initiate and receive instant payments in a convenient manner that is adapted to the specific situation in which these payments take place. Of particular importance are payments at the point-of-sale (physical or virtual), or more broadly the point-of-interaction (POI), because they constitute the majority of retail payment transactions. The pan-European SEPA Instant Credit Transfer (SCT Inst) Scheme developed by the European Payments Council (EPC) at the request of the ERPB offers an opportunity for European payment service providers to develop innovative solutions with pan-European reach. Existing initiatives, however, tend to be limited in their geographical scope both on the consumer and on the merchant side. Similarly, they use proprietary standards, e.g. for messaging. There is therefore a need for standardisation to ensure that European payment service users can make EU-wide payments using interoperable solutions while not stifling innovation.

At its November 2018 meeting, the ERPB agreed to launch a workstream on instant payments at the POI to analyse the requirements for the pan-European reach of these solutions and to help foster the broader setting up of an integrated pan-European instant payments landscape. A working group was set up after the November 2018 ERPB meeting and was mandated to follow a two-step approach: (i) conduct a stocktake of existing and planned end-user solutions for SCT Inst based POI payments by June 2019, and (ii) on the basis of the stocktake outcome and the consultative report of the EPC's multi-stakeholder group on Mobile Initiated SEPA Credit Transfers (including SCT Inst), analyse in detail the barriers to pan-European reach and usability, and determine what would be required to overcome such barriers to enable pan-European SCT Inst based POI payments, focusing in particular on requirements for harmonisation/standardisation/interoperability by November 2019.

The working group completed the first phase of its mandate. The interim report presented at the June 2019 ERPB meeting outlined the findings of the stocktake, including details of existing and planned solutions as well as barriers reported by the respondents. The ERPB welcomed the progress made by the working group.

1.1.2 SEPA API Access Scheme

The revised Payment Services Directive (PSD2) and the related delegated acts require account servicing payment service providers (ASPSPs) – typically banks – to provide third-party providers (TPPs) – historically non-banks – with access to their online payment accounts without the need for any contractual relationship for a defined and limited set of payment services and functionalities through at least one interface, e.g. via an application programming interface (API). PSD2 could therefore be considered as a first step towards open banking.

In the past few years, the application of PSD2 legal requirements has begun in the EU. At the same time, several other open banking initiatives with a broader scope than the PSD2 have been launched in countries such as the USA, Canada, Australia, Singapore and Hong Kong. These are all initiatives driven by governments and public authorities to increase competition in financial services through the offer of innovative services based on account information and to attract investment in the fintech companies that provide these services.

Taking the PSD2 as given, the ERPB agreed to move a step forward in the direction of ‘open banking’ by broadening the services in the PSD2 scope and following a non-regulatory coordinated approach where mutual interests of the stakeholders could be met for the general benefit.

At the end of 2018, the ERPB agreed to set up a working group to define the key elements of a possible SEPA API Access Scheme to enhance the benefits of and go beyond the PSD2 baseline for the provision of innovative and competitive payment initiation services (PIS) and account information services (AIS) in an integrated European market. The ERPB tasked the working group with defining the key elements of a potential SEPA API Access Scheme, asking it to report back by June 2019 with a high level description of: (i) the scope of the Scheme in terms of business requirements; (ii) the Scheme’s governance; and (iii) legal aspects to be addressed in the Scheme’s rulebook (e.g. liability). On this basis, the ERPB would consider the next possible steps.

In line with its mandate, the working group developed these key elements, with the legal and regulatory requirements of PSD2 constituting the baseline. It also went beyond this baseline to encompass value-added services that could be provided as a natural evolution of PSD2 within the contractual framework of the Scheme.

At its June 2019 meeting, the ERPB welcomed the analysis conducted by the working group. While the ERPB saw the need for further work as outlined by the working group, it took note of the concerns raised by part of the working group and acknowledged resource constraints for some of the relevant stakeholders due to ongoing efforts to implement and test PSD2 interfaces by the deadline of 14 September 2019. The ERPB therefore agreed to consider possibly resuming this work after the implementation of PSD2.

1.2 Other key ERPB workstreams

1.2.1 Instant payments

The ERPB has identified the need for instant payment solutions offered to end users in euro to be developed at the pan-European level. If developed at the national level, they should at least be interoperable with those solutions based on the same payment instrument. In 2015 the ERPB invited the EPC to develop a scheme based on the SEPA credit transfer (SCT) for instant payments. As a result, the SCT Inst Scheme was successfully launched on 21 November 2017. The ERPB welcomed this major step forward for pan-European instant payments and strongly encouraged the supply side of the industry to keep up the momentum towards implementing the SCT Inst Scheme to make instant payments in euro increasingly available to end users at pan-European level.

Since then, following the ERPB's invitation, the EPC has provided regular status updates on the implementation of the SCT Inst Scheme, including an overview of the percentage of payment service providers (PSPs) adhering to the SCT Inst Scheme compared with all SCT adherents in each SEPA country.

At its June 2019 meeting, the ERPB took note of the EPC update on the implementation of the SCT Inst Scheme. In particular, it noted that the number of declared SCT Inst Scheme participants at mid-May 2019 was 2,078 (i.e. 50.7% of all SCT adherents in all SEPA countries). The EPC further highlighted some reported issues, including the still incomplete reachability of the Scheme across the SEPA and missing interoperability links between some of the declared SCT Inst Scheme compliant clearing and settlement mechanisms. Consumer and merchant representatives also stressed the need for competitive pricing.

The EPC further informed the ERPB of the work of its multi-stakeholder group (MSG) responsible for developing Mobile Initiated SEPA Credit Transfer Interoperability Implementation Guidelines (including SCT Inst). The group has finalised the draft Mobile Initiated SEPA Credit Transfer Interoperability Implementation Guidelines (MSCT IIGs), a document that aims to provide an insight into the main issues related to the initiation of (instant) SEPA credit transfers in different online payment contexts such as person-to-person, consumer-to-business (retail payments including both in-store and m-commerce payments) and business-to-business. The draft MSCT IIGs were published on 23 May 2019 for a three-month public consultation.

The ECB provided an update on the TARGET Instant Payment Settlement (TIPS) service, which went live as planned on 30 November 2018 and provides an opportunity for full pan-European reach. The ERPB took note of the EPC and ECB updates and reiterated its call to 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 safe and efficient end-user solutions with competitive pricing and with the capacity to achieve pan-European reach.

1.2.2 Person-to-person (P2P) mobile payments

At its meeting in June 2015, the ERPB endorsed the vision of “allowing any person to initiate a pan-European P2P mobile payment safely and securely, using a simple method with information the counterparty is prepared to share in order to make a payment”. The ERPB also made recommendations to the community of mobile P2P solution providers and invited the EPC to facilitate cooperation between existing and future local mobile P2P solutions to ensure pan-European interoperability.

As a result, the SEPA Proxy Lookup (SPL) service was developed. It aims to allow the exchange of the data necessary to initiate P2P mobile payments between proxy-based mobile payment solutions on a pan-European level to facilitate interoperability between participating P2P mobile payment solutions.

The SPL scheme managed by the EPC since July 2018 is separate from the service itself which is provided by a preferred technical service provider selected by the Mobile Proxy Forum (MPF). The MPF, which designed the SPL rules at the outset, has since been disbanded.

Over the period covered by this report the EPC published the scheme rulebook in December 2018 and the selected service provider launched the service in February 2019. There are however no SPL scheme participants as yet in spite of several manifestations of interest. The EPC expects the attractiveness of the SPL scheme to further increase following the implementation of several changes to the rulebook, for which a public consultation will run from 24 May until 26 August 2019.

At its June 2019 meeting, the ERPB took note of the status of the work and welcomed the progress made over recent months, particularly the publication of the scheme rulebook and the go-live of the service. The ERPB further repeated its encouragement to P2P mobile payment solution and proxy database providers to join the SPL scheme to foster the processing of cross-border mobile payments and achieve a pan-European reach. The European Forum for Innovation in Payments was invited to conduct a stocktake of possible barriers to the take-up of the SPL in preparation for its 25 November 2019 meeting. Lastly, the ERPB invited the manager of the scheme to provide an update on the scheme’s implementation and on the service at the November 2019 ERPB meeting.

1.2.3 Electronic invoice presentment and payment (EIPP)

Based on an initial analysis in 2015, the ERPB concluded that Electronic Invoice Presentment and Payment (EIPP) was an important opportunity for the retail payments industry. Following two initial stages of work – the identification of barriers preventing EIPP adoption and the delivery of business requirements for EIPP – the ERPB has focused EIPP-related work on the standardisation of business and technical

messages and the definition of principles for implementing a pan-European interoperable EIPP ecosystem.

In November 2018 in response to an invitation from the ERPB, the EIPP multi-stakeholder group (EIPP MSG) presented its work on the adoption of technical ISO 20022-based messages for request-to-pay and the harmonisation of the EIPP servicing messages to form a “common language” for communication between different EIPP providers. After analysing existing ISO 20022 standard messages, the EIPP MSG submitted change requests to the ISO 20022 approval body to ensure that the messages fully meet the requirements related to request-to-pay for EIPP and can be used in a framework-neutral manner in various e-invoicing configurations. Moreover, the MSG identified the elements of the EIPP servicing messages that must be harmonised and supported their standardisation as ISO 20022 messages. It also outlined the guiding principles for an EIPP implementation model based on the ISO request-to-pay messages and harmonised EIPP servicing messages. The ERPB took note of the report and welcomed the work conducted by the EIPP MSG. The ERPB further invited the EPC to follow up on this work in a multi-stakeholder context including the EIPP MSG by designing and submitting a request for the creation of an ISO 20022 set of EIPP servicing messages by November 2019, with interim reporting in June 2019.

At the June 2019 ERPB meeting, the EPC’s MSG on EIPP provided an interim update on its work on the development of ISO 20022 EIPP messages that will facilitate the development of a pan-European EIPP framework.

1.2.4 Request-to-pay (RTP)

In November 2018, on the basis of the report submitted by the EIPP MSG, the ERPB supported the need to conduct further work on RTP functionality from a broader perspective than EIPP in view of the concrete and rapid exploitation of RTP functionality. The ERPB invited the EPC to coordinate this work involving relevant stakeholders and report back to it by November 2019, with interim reporting in June 2019.

In June 2019, the EPC’s MSG on RTP provided an interim update on its work looking into the use of RTP for other use cases than EIPP, including person-to-person, physical commerce and e-commerce.

1.2.5 Work conducted by the European Cards Stakeholders Group (ECSG)

Following the invitation extended to the ECSG by the ERPB at its June 2015 meeting, the ECSG provides the ERPB with an update every 12 months on how the implementation of harmonised standards for payment cards in Europe is progressing. The last such update was provided in November 2018.

1.2.6 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 took note of the

issues raised and agreed that interested members should aim to identify possible further work that would fall within its remit at one of its upcoming meetings.

In November 2018, the informal group presented its final report, including best practice solutions that have been implemented to solve accessibility issues and suggestions for possible next steps.

The ERPB welcomed the analysis made and resolved to consider revising the topic of accessibility of retail payments based on experience of the implementation of the European Accessibility Act.

2. Objectives and deliverables for the coming year

Following a preliminary exchange of views in June 2018, the ERPB reviewed its work plan in November 2018 and agreed on its priorities for the next two years, bearing in mind that the plan may have to be updated depending on ongoing developments. On this basis, and taking into account the progress achieved to date, the ERPB expects to focus on the following items in the coming year:

- Instant payments at POI: the ERPB working group on instant payments at POI is expected to deliver its detailed analysis of the barriers to pan-European reach and usability of end-user solutions for SCT Inst based POI payments, and to outline on this basis what is required to overcome such barriers to enable pan-European SCT Inst based POI payments.
- EIPP: by the November 2019 ERPB meeting, the EIPP MSG will finalise its work on the adoption of ISO 20022-based messages for the harmonisation of the EIPP servicing messages to form a 'common language' for communication between different EIPP providers. After completing this step, and as discussed in the November 2018 ERPB meeting, the ERPB will consider whether to launch the development of a pan-European EIPP framework as a next step.
- RTP: by November 2019, the RTP MSG will finalise its analysis for the concrete and rapid exploitation of RTP functionality from a broader perspective than EIPP.
- Cards standardisation: the ECSG is to report to the ERPB in November 2019 on the progress made in card standardisation in Europe.
- Monitoring of the SCT Inst Scheme and SPL implementation: the ERPB will monitor the implementation of the SCT Inst Scheme and SPL. On this basis, the ERPB will determine whether follow-up is required from an ERPB perspective.

Depending on the progress made and possible follow-up tasks stemming from the above workstreams, as well as the possible continuation of the SEPA API Access Scheme workstream following PSD2/RTS implementation, in its November 2019 meeting the ERPB will consider whether to launch work on its biennial work plan priorities, i.e. transparency for retail payments end-users and access to cash.

Annex 1 – Composition of the Euro Retail Payments Board (ERPB)¹ – June 2019

Chair: Ms Sabine Lautenschläger, member of the Executive Board of the ECB

Sector	Member	Alternate
<i>Consumers</i> BEUC (The European Consumer Organisation)	Ms Monique Goyens Director General, BEUC	Ms Ursula Pahl Deputy Director General, BEUC
<i>Consumers</i> AGE Platform (the association of consumers 50+)	Ms Anne-Sophie Parent Secretary General, AGE Platform	Mr Maciej Kucharczyk Policy Director, AGE Platform
<i>Retailers</i> Eurocommerce and European Retail Round Table (ERRT)	Mr Frédéric Mazurier CEO, Market Pay (Carrefour Group)	Mr Christian Verschuere Director General, EuroCommerce
<i>Internet retailers</i> Ecommerce Europe	<i>Nomination pending</i>	Ms Marlene ten Ham Secretary General, Ecommerce Europe
<i>Corporates</i> European Association of Corporate Treasurers (EACT) and BusinessEurope	Mr Jean-Marc Servat Chair, EACT; CEO, Finance Lighthouse Sarl	<i>Nomination pending</i>
<i>SMEs</i> SMEunited	Mr Bernard Cohen-Hadad Vice-President, Confédération des Petites et Moyennes Entreprises (CPME)	Ms Véronique Willems Secretary General, SMEunited
<i>National public administrations</i>	Mr Harald Waiglein Chair EU Financial Services Committee & Director General Economic Policy, Financial Markets and Customs Duties at the Austrian Ministry of Finance	Mr Juan Díez Gibson 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	Ms Narinda You Vice-Chair, EPC; Secretary General & Head of Interbank Relations, Crédit Agricole
<i>Co-operative banks</i> 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	<i>Nomination pending</i>
<i>Savings banks</i> European Savings & Retail Banking Group (ESBG)	Mr Juan Morlá Tomás CEO and Board Member of Caixabank Payments	Mr Joachim Schmalzl Executive Board member, DSGV
<i>Commercial banks</i> European Banking Federation (EBF)	Mr Frédéric Oudéa President, European Banking Federation	Mr Maurizio Sella Chair, Banca Sella Holding
<i>Payment institutions</i>	Mr Rafael Marquez Garcia	Mr Ruwan de Soyza

¹ Following the review of the ERPB membership conducted in June 2018, and given the growing relevance of TPPs, the Future of European Fintech (FoEF) has been invited to take part in November 2018 and June 2019 meetings as a guest given its ad hoc nature.

European Payment Federation (EPiF)	Institutions	Executive Vice President, Consumer Europe; Country Manager, American Express UK	Group General Counsel and member of executive Committee of Worldpay
<i>E-money institutions</i>		Mr Ralf Ohlhausen	<i>Nomination pending</i>
E-money Association		Business Development Director, PPRO Group	
<i>Active participants</i>			
Five euro area national central banks and one non-euro area national central bank on a rotating basis			
<i>Observer</i>			
European Commission			

Annex 2 – Statements and recommendations made by the ERPB

Statement following the tenth meeting of the ERPB (28 November 2018)

<https://www.ecb.europa.eu/paym/retpaym/shared/pdf/10th-ERPB-meeting/Statement.pdf?32cf8f15483d29182fc1d72f40bbf7b4>

Statement following the eleventh meeting of the ERPB (13 June 2019)

<https://www.ecb.europa.eu/paym/retpaym/shared/pdf/11th-ERPB-meeting/Statement.pdf?ef3b1ade05ebba0c0f78ae510b076de>

Follow-up on the recommendations and other actions taken by the ERPB

https://www.ecb.europa.eu/paym/retpaym/shared/pdf/11th-ERPB-meeting/Follow_up_on_past_recommendations.pdf?98b0ccc55ab92a6ff6ba86b431bb4d8b