

ERPB Secretariat

## **Annual Report of the Euro Retail Payments Board 2019-20**

### **Foreword by the Chair**

I am pleased to present the Annual Report of the Euro Retail Payments Board (ERPB) covering the period from July 2019 to July 2020.

The ERPB is a high-level strategic body that brings together the supply and demand sides of the euro retail payments market. During the period from July 2019 to June 2020 the ERPB has contributed in several important ways to the achievement of an innovative, competitive and integrated retail payments market. This is especially notable in the face of the coronavirus (COVID-19) pandemic which continues to cast a shadow over 2020. Even with the challenges posed by the pandemic, the commitment of the ERPB to its mandate has not wavered. In fact, all major ERPB work items have been kept on track thanks to the diligence and hard work of ERPB members.

The work achieved over the past year should directly benefit the users of retail payment services and support continued innovation and integration with regard to the basic retail payment instruments that we all depend upon in our daily lives.

The ERPB has continued to act on its commitment to facilitate instant payments and has stepped up its work to identify and address remaining barriers in this area, particularly the lack of pan-European end-user solutions. This has led to the establishment of a new working group to develop a framework for instant payments at the point of interaction.

The ERPB is equally committed to facilitating progress in other areas, including transparency for retail payment end users. Consumers should know from their account statements when, where and whom they have paid. The ERPB will establish a working group on transparency for retail payment end users to continue its work on this topic.

As the new Chair of the ERPB, I have been impressed by the cooperative and positive approach displayed by ERPB members. Although the ERPB is now six years old, its members remain fully committed and invested in its mission. I look forward to the ERPB's continued important work.

## **1. Work carried out by the ERPB from July 2019 to July 2020**

The ERPB met twice in the period covered by this report, on 28 November 2019 and 6 July 2020.

### **1.1 ERPB response to the current COVID-19 pandemic**

In July 2020 the ERPB took note of the effects of the coronavirus (COVID-19) pandemic on retail payments – both electronic payment means and cash – in Europe. An increase in the share of contactless point-of-sale payments and online payments was observed, as well as a strong decline in automated teller machine (ATM) cash withdrawals after an initial surge in demand for cash at the start of the pandemic. Laboratory studies have shown that banknotes do not represent a particularly significant risk of infection compared with other surfaces. The ERPB observed that the payments industry has managed the crisis with resilience and without any disruption to services. Although the ERPB is not part of the first line of response to the pandemic-related crisis, its work plan could be affected by the post-pandemic environment. However current activities have not suffered major delays and are on track. The ERPB will continue monitoring the potential effects of the coronavirus crisis with a focus on its ongoing and planned work, as well as its outstanding recommendations. The ERPB Secretariat will provide an update on the effects of the coronavirus pandemic at the ERPB's November 2020 meeting, allowing the ERPB to determine if conditions warrant taking new targeted actions or reprioritising its activities.

### **1.2 Issues addressed by ERPB working groups**

One working group was active in the period covered by this report.

#### **1.2.1 ERPB Working Group on a framework for interoperability of instant payments at the point of interaction**

At the ERPB's November 2019 meeting, the ERPB Working Group on Instant Payments at the point of interaction (POI)<sup>1</sup> reported on its analysis of the barriers to pan-European reach and usability of instant payments at the POI. The ERPB endorsed a set of recommended follow-up actions to be completed by a new ERPB working group, which will report at the November 2020 meeting, with an interim report at the July 2020 meeting.

In line with the outcome of its November 2019 meeting, in March 2020 the ERPB established the ERPB Working Group on a framework for interoperability of instant payments at the point of interaction, in order to foster the development of pan-European instant payment services at the POI. The new working group focuses on a subset of the recommendations endorsed by the ERPB at its November 2019 meeting, namely those related to the development of a framework to manage interoperability rules and appropriate

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<sup>1</sup> Instant payments at the point of interaction are instant payment transactions between consumers and merchants at the physical point of sale or in electronic/mobile commerce, based on the Single Euro Payments Area (SEPA) instant credit transfer.

governance for solutions enabling instant payments at the POI. The working group was also tasked with developing:

- security requirements for payment service user onboarding processes, to be adopted by instant payment service providers and merchants;
- appropriate specifications to enable consumer selection of a preferred payment instrument to conduct a transaction at the POI.

In view of the evolving market situation, the working group was also asked to review the stocktake of existing and planned end-user solutions for instant payments that was carried out by the previous ERPB working group.

The new working group provided an interim report containing the results of the stocktake of solutions and a status update on the development of the interoperability framework (including governance) at the ERPB's July 2020 meeting. The interoperability framework, as envisaged by the working group, is based on a "hub" approach, i.e. a centralised or decentralised infrastructure that enables interconnectivity between instant payment service providers. The working group plans to analyse the required functionality of such a hub in more detail, taking into account different operating models for POI solutions for instant payments (e.g. through the involvement of a payment initiation service provider). The working group will present its final report at the ERPB's November 2020 meeting.

### **1.3 Other key ERPB work streams**

#### **1.3.1 Instant payments**

The ERPB has continued to monitor the roll-out and implementation of instant payments and has invited the European Payments Council (EPC) to provide regular status updates on the implementation of the SEPA instant credit transfer (SCT Inst) scheme, including an overview of the percentage of payment service providers adhering to the scheme as a share of total SEPA credit transfer (SCT) adherents in each SEPA country.

According to the EPC's most recent update, the number of declared SCT Inst scheme participants in mid-June 2020 was 2,272, representing 56% of all SCT adherents in all SEPA countries. The EPC highlighted some implementation issues, in particular (i) the still incomplete compliance of scheme participants with the full reachability requirements of Article 3 of the SEPA Regulation<sup>2</sup> and of the SCT Inst scheme Rulebook, in part due to incomplete interoperability at infrastructure level, and (ii) the insufficient reachability of beneficiary banks, with some beneficiary banks not processing incoming SCT Inst

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<sup>2</sup> Regulation (EU) No 260/2012 of the European Parliament and of the Council of 14 March 2012 establishing technical and business requirements for credit transfers and direct debits in euro and amending Regulation (EC) No 924/2009 (OJ L 94, 30.3.2012, p.22)

transactions for all of their payment accounts. The EPC also reported that false positives in anti-money laundering sanction screening at beneficiary banks is among the main causes of unsuccessful processing of cross-border SCT Inst transactions, while noting that the scope for the EPC to tackle this issue is limited. Finally, the EPC informed the ERPB of an increase in the maximum amount that can be processed per SCT Inst instruction from €15,000 to €100,000, effective as of 1 July 2020.

### **1.3.2 Person-to-person (P2P) mobile payments**

The SEPA Proxy Lookup (SPL) service was developed as a follow-up to recommendations made by the ERPB in June 2015 on person-to-person (P2P) mobile payments. It is designed to allow the exchange of data necessary to initiate P2P mobile payments between proxy-based mobile payment solutions at a pan-European level. The service thus facilitates interoperability between participating P2P mobile payment solutions and facilitates cross-border payments in particular.

At its November 2019 meeting, the ERPB was informed of the outcome of the European Forum for Innovation in Payments (EFIP)<sup>3</sup> stocktake of perceived barriers to the take-up of the SPL scheme and service at the national level. Based on the feedback gathered and an update from the EPC in its capacity as scheme manager, the EFIP identified the following main reasons behind the current lack of SPL scheme participants: lack of interoperability among national solutions (beyond the proxy lookup functionality), lack of a strong business case, lack of awareness, lack of take-up of instant payments, pricing and a reluctance to share customer data.

The EPC – as the SPL scheme manager and in collaboration with the service operator – analysed the outcome of the stocktake and provided feedback on the actions recommended to the July 2020 ERPB. It concluded that evolving market requirements must be continuously monitored and may warrant the future introduction of a new scheme change management cycle (version 2.0 of the SPL scheme rulebook, published in March 2020 with an effective date of 1 June 2020, contains enhancements expected to increase the attractiveness of the SPL scheme). The ERPB acknowledged the importance of including more advanced functionalities in order to support market needs and increase participation in the scheme. Furthermore, the EPC will continue to promote adherence to the SPL scheme and will report back to the ERPB in November 2020 on the outcome of its actions to address the barriers to the take-up of SPL.

The ERPB reiterated its encouragement to P2P mobile payment solution and proxy database providers to join the SPL scheme in order to foster the processing of cross-border mobile payments and achieve pan-European reach.

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<sup>3</sup> The European Forum for Innovation in Payments (EFIP) is an informal joint initiative of the ECB and the European Commission. Its main objective is to contribute to increased economic efficiency and a deeper Single Market by fostering the development of an integrated, innovative and competitive market for retail payments in the EU. The EFIP is composed of the members of the ERPB and the chairs of EU national payment committees.

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

In an initial analysis in 2015, the ERPB concluded that electronic invoice presentment and payment (EIPP) was an important opportunity for the retail payments industry. Since then, it has fostered EIPP development, most recently through the work being carried out by the EPC's EIPP Multi-Stakeholder Group (EIPP MSG). This group presented its work on the design and creation of an ISO 20022 set of EIPP servicing messages at the ERPB's November 2019 meeting. Its report described each of the servicing messages for enrolment and activation, and presented the message data structure and essential data elements and related rules. The ERPB agreed to assess, in the context of the next update to its biennial work plan in November 2020, whether to launch the development of a pan-European EIPP framework as a next step.

### **1.3.4 Request to pay (RTP)**

At the ERPB's November 2019 and July 2020 meetings<sup>4</sup>, the EPC provided an update on the analysis performed by its Request-to-Pay Multi-Stakeholder Group (RTP MSG) in response to the ERPB's invitation to the EPC in November 2018 to work on this subject in a multi-stakeholder format. The update included:

- defining the RTP concept, process and actors;
- providing examples of RTP use cases and a taxonomy of these use cases;
- providing the basis for the development of an initial RTP scheme, including basic RTP functions, actors and information flows, eligible standards, interoperability and security guidelines.

The RTP MSG aims to be the principal source of guidance supporting further EPC work towards an RTP scheme associated with the SEPA payment schemes. The EPC will provide a further update at the ERPB's November 2020 meeting.

### **1.3.5 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 has provided the ERPB with an annual progress update on the implementation of harmonised standards for payment cards in Europe. The [last such update](#) was provided in November 2019.

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<sup>4</sup> In July 2020, a written update was provided as the ERPB was held via teleconference owing to COVID-19.

## **2. Objectives and deliverables for the coming year**

### **2.1 SEPA application programming interface (API) access scheme**

At its June 2019 meeting, the ERPB agreed to consider the possible resumption of work on a SEPA API access scheme<sup>5</sup> after the implementation of the revised Payment Services Directive (PSD2). At its November 2019 meeting, the ERPB reassessed this stance and concluded that conditions were not yet suitable for resuming the work.

In July 2020, the ERPB noted that while technical implementation of the PSD2 is still ongoing in the light of the Opinion of the European Banking Authority (EBA) of 4 June 2020, it could be reasonably expected that PSD2 implementation plans would be completed in the near future, thereby freeing up resources for work on a SEPA API access scheme. However, the ERPB noted that to ensure the smooth resumption of the working group, it would be beneficial to establish the principles of the commercial baseline for future cooperation between stakeholders. The ERPB requested that the affected stakeholders start an informal exploratory work stream to address inter alia the commercial baseline and allow the working group to be reactivated in November 2020. Based on the outcome of this work, the ERPB Secretariat will prepare a proposal on resuming this working group, to be discussed at the ERPB's November 2020 meeting.

### **2.2 Transparency for retail payments end users**

At its November 2019 meeting, the ERPB agreed that volunteer members would prepare a proposal for refining the scope of the work stream on transparency for retail payments end users, i.e. the ability of consumers to easily identify from a payment account statement or corresponding application where, when and to whom they had made a payment. The volunteer members presented their results at the ERPB's July 2020 meeting, with a recommendation to launch an ERPB working group to address the issue of transparency via recommendations to relevant market stakeholders. The ERPB agreed that a working group should be established, with an interim report to be drafted for the ERPB's November 2020 meeting. On the basis of this report, the ERPB will decide on the next steps.

### **2.3 Access to cash**

At its July 2020 meeting, the ERPB acknowledged that access to cash is currently a relevant concern and may become a crucial issue in the light of pandemic-related developments. The ERPB also noted that various initiatives had been launched outside the ERPB with the aim of addressing similar concerns. In this context, the ERPB considers that any further analysis at ERPB level needs to rely on the latest data on cash usage and the outcomes of relevant Eurosystem activities in this area (e.g. the measurement of access to cash). The ERPB agreed that another update on access to cash should be given at its November 2020 meeting, including a presentation by the ECB on the forthcoming "Study on the payment

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<sup>5</sup> See "[Report of the ERPB Working Group on a Single Euro Payments Area \(SEPA\) Application Programming Interface \(API\) Access Scheme](#)", Euro Retail Payments Board, June 2019.

attitudes of consumers in the euro area” (SPACE). This update could serve as the basis for identifying any gaps that may warrant further work on access to cash at the ERPB level.

### **3. Review of ERPB membership**

The ERPB mandate foresees that ERPB membership should be reviewed every two years, with regard to both its composition and the actual members appointed from each stakeholder association. The ERPB discussed its current composition in July 2020 and noted that, overall, based on the experience gathered with the functioning of the ERPB and recent developments, the ERPB composition is deemed to be sufficiently representative of both the demand side and the supply side. Regarding the supply side’s representation, the ERPB noted that one of the two seats for payment institutions was still vacant. It had been envisaged that this seat would be allocated to third-party payment providers (TPPs), but it had remained unused in the absence of a representative EU-wide association for this stakeholder category. In 2019 the European Third Party Providers Association (ETPPA) was established (formalising the former Future of European Fintech coalition (FoEF)) and, considering the increasing relevance of TPPs in the euro retail payments market, the ERPB agreed to make it a full member of the ERPB as of November 2020 (the FoEF had been previously invited as a guest).

## Annex 1 – Composition of the Euro Retail Payments Board (ERPB)<sup>6</sup> – July 2020

**Chair:** Mr Fabio Panetta, 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 Europe	Ms Anne-Sophie Parent Secretary General, AGE Platform Europe	Mr Maciej Kucharczyk Policy Director, AGE Platform
<i>Retailers</i> EuroCommerce	Mr Frédéric Mazurier President, Market Pay (Carrefour Group)	Mr Christian Verschueren Director General, EuroCommerce
<i>Internet retailers</i> Ecommerce Europe	Mr Marc Nieto CEO, MPServices	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>Small and medium-sized enterprises (SMEs)</i> SMEunited	Mr Bernard Cohen-Hadad Vice-President, Confederation of Small and Medium-sized Enterprises (CPME)	Ms Véronique Willems Secretary General, SMEunited
<i>National public administrations</i>	Mr Harald Waiglein Chair, EU Financial Services Committee; Director General for Economic Policy, Financial Markets and Customs Duties at the Austrian Ministry of Finance	Mr Michael J McGrath Vice-Chair, EU Financial Services Committee; Assistant Secretary General, Funds, Insurance, Markets and Pensions Division at the Irish Department of Finance
European Payments Council (EPC)	Mr Javier Santamaría Chair, EPC	Ms Narinda You Vice Chair, EPC; Head of Strategy and Market Relations, Crédit Agricole
<i>Cooperative banks</i> European Association of Co-operative Banks	Mr Andreas Martin Member of the Board of Managing Directors, National Association of German Cooperative Banks (BVR)	<i>Nomination pending</i>
<i>Savings banks</i> European Savings and Retail Banking Group	Mr Juan Morlá Tomás Board Member, Caixabank Payments & Consumer	Mr Joachim Schmalzl Executive Board Member, German Savings Banks Association (DSGV)
<i>Commercial banks</i> European Banking Federation (EBF)	Mr Frédéric Oudéa President, EBF	Mr Maurizio Sella Chair, Banca Sella Holding
<i>Payment institutions</i> European Payment Institutions Federation (EPIF)	Mr Konstantinos Maragkakis CEO and Director, Paysafe	Mr Elie Beyrouthy Chair, EPIF

<sup>6</sup> Following the review of ERPB membership conducted in June 2018, and given the growing relevance of TPPs, the ad-hoc Future of European Fintech (FoEF) coalition was invited to take part in the ERPB's November 2018 and June 2019 meetings as a guest. In 2019, the European Third Party Providers Association (ETPPA) was established, formalising the FoEF coalition.



<i>Electronic money institutions</i> Electronic Money Association	Mr Ralf Ohlhausen Executive Advisor, PPRO Group	<i>Nomination pending</i>
<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 twelfth meeting of the Euro Retail Payments Board held on 25 November 2019

<https://www.ecb.europa.eu/paym/groups/erpb/shared/pdf/12th-ERPB-meeting/Statement.pdf?8f5bd56a229964fc0353ee6289a799b6>

Statement following the thirteenth meeting of the Euro Retail Payments Board held on 6 July 2020

[https://www.ecb.europa.eu/paym/groups/erpb/shared/pdf/13th-ERPB-meeting/Statement\\_of\\_13th\\_ERPB\\_%20meeting.pdf](https://www.ecb.europa.eu/paym/groups/erpb/shared/pdf/13th-ERPB-meeting/Statement_of_13th_ERPB_%20meeting.pdf)

Assessment of follow-up on ERPB statements, positions and recommendations

[https://www.ecb.europa.eu/paym/groups/erpb/shared/pdf/13th-ERPB-meeting/Item\\_8\\_-\\_Status\\_of\\_past\\_ERPB\\_recommendations.pdf](https://www.ecb.europa.eu/paym/groups/erpb/shared/pdf/13th-ERPB-meeting/Item_8_-_Status_of_past_ERPB_recommendations.pdf)