

Status Update on SCT Inst Scheme

May 2023 ERPB Meeting



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1. Background

At its 21 November 2022 meeting the ERPB notably:

- took note of the EPC update on the implementation of and adherence to the SCT Inst scheme;
- noted that the plateauing of levels of adherence to the SCT Inst scheme since the last ERPB meeting supports the European Commission's legislative initiative to address obstacles and increase adherence in order to realise efficiency gains and provide equal access to instant payments for all citizens;
- 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 and governance framework for a QR code standard for instant payments;
- 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in changes or another outcome that did not meet the needs of the European payments market – the document would be withdrawn from ISO and could be submitted instead to the European Committee for Standardization (CEN) through a fast-track procedure;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 to report on the extension of the work on a QR code standard (making sure to involve relevant stakeholders and standardisation bodies) to include other technologies, starting with NFC and continuing with BLE, at the June 2023 ERPB meeting;

The present document provides an update to the ERPB on the actions undertaken by the EPC since the last ERPB meeting and on the contemplated next steps.

2. Adherence status and compliance criteria from the SEPA Regulation

A. Across SEPA

As of April 2023, there are 2,325 registered SCT Inst scheme participants representing a share of 61,5 percent of all SCT adherents (i.e. 3,782) in **all** SEPA countries (68 percent for the EU and 72 percent for the euro area). It must be noted that the 61,5 percent of Payment Service Providers (PSPs) that already joined the SCT Inst scheme generally encompasses all the PSPs having the most significant payment volumes and representing the vast majority of payment accounts.

The current list of SCT Inst scheme participants can be consulted on the [Register of Participants webpage](#). 36 Clearing and Settlement Mechanism (CSM) organisations (including national central banks under Target Instant Payment Settlement (TIPS)) have already disclosed to be SCT Inst scheme compliant. These CSMs are listed on the [Clearing and Settlement Mechanisms webpage](#).

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B. Within the EU

Article 4 of the SEPA Regulation stipulates that euro-denominated payment schemes must ensure that the PSPs being a participant to such schemes must a) constitute a majority of PSPs within the EU and b) represent a majority of PSPs within a majority of EU Member States.

The table below shows the SCT Inst scheme adherence status compared to the SCT scheme adherence in the EU as of April 2023. Based on these adherence figures, the first condition of the SEPA Regulation is fully met. Only ten countries currently meet the second condition. It should also be noted that four other countries are in the 40-49 percent range.

Country	SCT Inst	SCT	Percentage of SCT Inst scheme participants vs. SCT scheme participants
Euro	2.276	3.179	72%
AUSTRIA	400	433	92%
BELGIUM	24	49	49%
CROATIA	6	21	29%
CYPRUS	4	22	18%
ESTONIA	8	12	67%
FINLAND	8	10	80%
FRANCE	137	263	52%
GERMANY	1.170	1.326	88%
GREECE	13	23	57%
IRELAND	9	205	4%
ITALY	290	391	74%
LATVIA	9	14	64%
LITHUANIA	41	91	45%
LUXEMBOURG	7	66	11%
MALTA	7	31	23%
NETHERLANDS	16	39	41%
PORTUGAL	16	35	46%
SLOVAKIA	4	17	24%
SLOVENIA	14	14	100%
SPAIN	93	117	79%
Non-euro	12	167	7%
BULGARIA	3	25	12%
CZECH REPUBLIC	2	19	11%
DENMARK	1	45	2%
HUNGARY		22	0%
POLAND	1	24	4%
ROMANIA	1	21	5%
SWEDEN	4	11	36%
Grand Total	2.288	3.346	68%

On the other hand, when measured in terms of reachable payment accounts - which is a more meaningful criterion from a user or market perspective - the current SCT Inst scheme penetration is much broader across the euro area. There are already 16¹ euro area countries with a substantial majority of payment accounts reachable for SCT Inst. This number will further grow in the coming quarters.

¹ Austria, Belgium, Estonia, Finland, France, Germany, Greece, Italy, Latvia, Lithuania, Luxembourg, the Netherlands, Portugal, Slovakia, Slovenia and Spain.

3. SCT Inst transaction evolution

The EPC collects on a quarterly basis the SCT Inst transaction volume statistics from all SCT Inst scheme compliant CSMs. The share of SCT Inst transactions in the total volume of SCT and SCT Inst transactions was 14.38 percent in the first quarter of 2023 compared to 11.48 percent in the first quarter of 2022.

The latest quarterly SCT Inst transaction volume percentage is available on the [EPC homepage](#).

Given these increases in transaction volume and in scheme adherence with the latter bringing additional transaction volume, the EPC regularly reminds all SCT Inst scheme participants to proactively guarantee a resilient production and back-up infrastructure and necessary extra processing capacity to process and screen higher volumes of transactions and related r-transactions including in peak traffic times.

4. Migration to the 2019 version of the ISO 20022 standard

Back in 2020, the EPC already decided to migrate all ISO 20022 standard-based XML payment messages used under the SCT Inst scheme (and under the other three SEPA payment schemes), to the 2019 version of the ISO 20022 standard.

With the publication of the 2023 SCT Inst scheme rulebook in May 2022, this concrete ISO version migration date was set on 19 November 2023 at 08h00 CET (this timing has subsequently been amended to 03H30 CET, see section 5 below).

At that same moment, the EPC published the EPC guidance document 'Migration to the 2019 Version of ISO 20022-based XML Messaging Standard' ([EPC 087-22](#)) for scheme participants and payment service users (PSUs), on how to prepare themselves for and how to handle the change-over to the 2019 version. Subsequent updated versions of this EPC guidance document had been published in October 2022, February and May 2023. All these publications had also been publicly announced through the social media channels used by the EPC.

ISO version migration date of 19 November 2023

The EPC discussed the status of the ISO 20022 version migration at PSP level in the various national communities. PSPs in some communities reported to face a challenge in accomplishing this migration on time for the 19 November 2023 deadline.

Various causes for this challenging situation were reported by several PSPs. One cause was that a few important CSMs had been very late in issuing their own technical specifications and guidelines which the PSPs themselves absolutely need to continue with their internal implementation and testing.

A second cause reported by several PSPs was the unavailability of resources to work on this ISO version migration in the first quarter of 2023 due to the postponement of the T2/T2S consolidation project that only went live on 20 March 2023.

Nevertheless, the EPC decided that the scheduled migration date of 19 November 2023 of all ISO 20022 standard-based XML payment messages defined under the SCT Inst scheme (and under the other three SEPA payment schemes) to the 2019 version of the ISO 20022 standard, is maintained. The EPC will continue to closely monitor the ISO version migration preparations in the coming months.

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Communication to PSUs

Some PSU representatives reported a perceived lack of individual PSP communication to the PSUs concerned about the upcoming ISO version migration.

The EPC itself already communicated about this migration on several occasions through various channels:

- Regular EPC bulletins to its payment scheme participants reporting about the EPC decision for this migration since September 2020;
- The publication of the approved 2023 SCT Inst scheme rulebook in May 2022;
- The publication in May 2022 of the EPC guidance document [EPC 087-22](#) and of subsequent updated versions in October 2022, in February and May 2023;
- Status report about the SCT Inst scheme to the ERPB in July 2022;
- At each meeting of the EPC's own relevant Multi-Stakeholder Groups in 2022 and 2023;
- Formal EPC announcement of 27 October 2022 on the EPC website of the earlier entry-into-force time of the 2023 SCT Inst scheme rulebook and the preceding SEPA-wide downtime (see also point 5 below) which was also reported at the November 2022 ERPB meeting;

In this respect, the EPC will continue to remind the relevant stakeholders at SEPA level about the upcoming ISO version migration and about the existence of the EPC guidance document [EPC 087-22](#), on a regular basis through the external EPC communication channels and in the relevant external and internal EPC meetings.

5. Earlier entry-into-force time and a SEPA-wide downtime period before the entry-into-force time for the 2023 SCT Inst scheme rulebook

The EPC reminds all ERPB members and their communities about its decision in October 2022 (communicated on the [EPC website](#) and to the November 2022 ERPB meeting) that the 2023 SCT Inst scheme rulebook enters into force on 19 November 2023 at **03H30 CET** (instead of 08H00 CET as previously communicated). At that concrete point in time, only a limited number of payment service users may initiate SCT Inst instructions and as a result only a limited SCT Inst transaction volume is processed. This chosen change-over time also takes into account the range of geographical time zones in which the SCT Inst scheme is already used across SEPA.

This new entry-into-force time will be preceded by a **SEPA-wide 30 minutes downtime period** from **03H00 CET** up to **03H30 CET**. During that downtime period, no single SCT Inst instruction from PSUs, and no single transaction, r-transaction, transaction investigation and any response message related to them between SCT Inst scheme participants will be possible.

Before 03H00 CET, all SCT Inst payment messages will be in the 2009 version of the ISO 20022 standard. As of 03H30 CET, all SCT Inst payment messages will be in the 2019 version of that same standard.

The EPC took this decision after having considered a suggestion from some SCT Inst payment market players to foresee a SEPA-wide downtime period for the SCT Inst scheme on 19 November 2023. According to these market players, this would facilitate a smooth change-over from the 2009 version to the 2019 version of the ISO 20022 standard for the XML messages used for the SCT Inst scheme.

In line with this announcement, the EPC also published a new version 1.1 of the 2023 SCT Inst scheme rulebook and related implementation guidelines replacing at once the version 1.0 of these

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documents. The only amendments are the new entry-into-force time and the preceding SEPA-wide 30 minutes downtime period.

In this respect, the EPC will continue to remind on a regular basis all SCT Inst scheme participants and other affected stakeholders at SEPA level about the new entry-into-force time of the 2023 SCT Inst scheme rulebook and the preceding SEPA-wide downtime period.

All SCT Inst scheme participants will be asked to duly inform and well in advance their customers about the new entry-into-force time of the 2023 SCT Inst scheme rulebook, and about the SEPA-wide downtime period for all SCT Inst scheme-based payment services from 03H00 CET up to 03H30 CET on Sunday 19 November 2023.

6. Use of structured address under the SCT Inst scheme

Out of the 2022 SEPA payment scheme rulebook change management cycle, the EPC approved the 2022 change request to exclusively use a structured address of the PSU as of November 2025. This change affects the SCT Inst scheme and the other three SEPA payment schemes.

The EPC reminds all ERPB members and their communities that this change has a **huge impact** for various corporate PSU segments. They must start upgrading their customer 'static data' repositories so that these repositories can store structured customer addresses by 23 November 2025 at the latest.

The corporate PSUs concerned must also start upgrading their payment and payment-related systems/applications to initiate SCT Inst Instructions and other SEPA payment scheme transactions so that these systems/applications can insert structured addresses from their customer 'static data' repositories by 23 November 2025.

In October 2022, the EPC published the guidance document 'Use of Structured Address under the SEPA payment schemes as of November 2025' ([EPC 153-22](#)) for scheme participants and PSUs on how to prepare themselves for the exclusive use of structured addresses as of 23 November 2025 being the entry-into-force date of all 2025 SEPA payment scheme rulebooks.

The EPC will monitor the preparations to the exclusive use of structured addresses up to November 2025. This guidance document may be further updated based on further clarification needs from scheme participants and payment service users.

In this respect, the EPC will continue to remind the relevant stakeholders at SEPA level about the upcoming mandatory use of structured addresses and about the existence of the EPC guidance document [EPC 153-22](#), on a regular basis through the external EPC communication channels and in the relevant external and internal EPC meetings.

7. Reported issues

All SCT Inst scheme participants are regularly invited to submit any concrete SCT Inst processing issues they may have. No new concrete issues had been reported requiring the attention of the ERPB.

8. Next SEPA payment scheme rulebook change management cycle

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 by completing a [dedicated template](#).

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The received change requests will be considered regarding the SCT Inst scheme rulebook version and associated Implementation Guidelines (IGs) to be published in November 2024, and to take effect in November 2025. Change requests finding broad acceptance will be taken forward if they are technically and legally feasible.

9. Multi-stakeholder Group on Mobile Initiated SEPA (Instant) Credit Transfers (MSG MSCT)

Standardisation of QR-codes for MSCTs

Following the publication of the document on *Standardisation of QR-codes for MSCTs* (EPC024-22) on the EPC website on 17 June 2022 after an 8-week public consultation in Q1-Q2 2022, an answer was received by the EBA on Q&A 2021_6298 *Clarification on the EBA answer to EBA Q&A 2020_5476*, impacting the document. The MSG MSCT prepared the necessary changes to the document and made some further updates in view of the alignment with the document EPC193-22 submitted to ISO (see below). The updated version 2.0 of the document was published on the EPC website on 10 January 2023.

The MSG MSCT developed the document on *Specification of QR-codes for mobile (instant) credit transfers* (MCTs - EPC193-22) for further international standardisation through ISO which was published on the EC website on 29 September 2022. The MSG MSCT leveraged for this work the document EPC024-22 but generalised some terms and text for usage beyond SEPA. The document went through an informal ballot within the ISO Technical Committee TC 68, Financial services, Subcommittee SC 9, Information exchange for financial services. The MSG MSCT analysed the comments received through this informal ballot and made some edits to the document which resulted in the publication of version 1.2 on the EPC website on 10 January 2023. Also an additional justification paper was developed for this ISO fast track procedure. The document EPC193-22v1.2 is currently under a formal DIS (Draft International Standard) ballot within ISO TC 68 SC9, closing on 19 July 2023. If this fast track procedure would fail, the document would be submitted to CEN through a fast-track procedure.

Interoperability of MSCTs based on NFC or BLE

According to their mandate extension (MSG MSCT 128-21), the MSG MSCT conducted a further interoperability analysis of MSCTs based on NFC² and BLE³. Note that the EPC was also invited to undertake this work in the ERPB Statement ERPB/2021/028 published in November 2021.

The first focus of the MSG MSCT is on NFC, followed by BLE. The dedicated work-stream that was established in Q1 2022 held regular meetings throughout 2022. They evaluated proposed MSCT use cases based on these proximity technologies of which some of the BLE based use cases are based on eIDAS2.0. They have also analysed in more detail the usage of these proximity technologies for payments, including the related security aspects and main challenges to be addressed. This analysis was also based on the feedback on received from (technical) experiences (lessons learnt) with these proximity technologies from account-based payment solutions that have been present in the market or have been decommissioned during the past years. The work-stream also analysed all answers received from the EBA on MSCT-related EBA Q&As.

The document further contains a chapter dedicated to the security of the data exchanged via NFC or BLE and a chapter on the minimum data elements to be exchanged between the payer and the payee through NFC for the initiation of MSCTs.

² Near Field Communication

³ Bluetooth Low Energy

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The document concludes with a chapter that identifies further topics to be addressed towards the take-up of MSCTs based on NFC. The final draft document on *Interoperability of MSCTs based on NFC or BLE* (EC287-22) was published on the EPC website for a ten-week public consultation on 10 January 2023. The MSG MSCT is currently 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.

Preparation 3rd edition MSCT IG

According to the past mandate extension (MSG MSCT 128-21, to be renewed on May 2023), the MSG MSCT started the preparation of the 3rd edition of the document on *Mobile Initiated (Instant) SEPA Credit Transfer Payments and Interoperability Guidance* (MSCT IG – EPC269-19). The new version of the document will take the market and technological evolutions into account over the past years as well as the answers received from the EBA on the EBA Q&As related to MSCTs since November 2021.

For the MSG MSCT mandate renewal due in July 2023, the EPC considered that there are several elements potentially impacting the MSG MSCT work, both from a legal, public policy and commercial perspective, including the revised PSD2, the new Instant Payment Regulation proposal, the new open finance framework, the eIDAS Wallet, the Digital Euro, payment market driven initiatives, etc. Furthermore, the new EPSG mandate (approved by the EPC Board in March 2023), covering all retail payments at the POI, as well as EPC budget and resource constraints have been considered.

Therefore, the new mandate extension for MSG MSCT being presented for approval to the EPC Board in May 2023, foresees a refocusing of activities. The new mandate plans the publication of the draft 3rd release of the IG document, including a potential restructuring into multiple parts, for a 3-month public consultation starting end January 2024.

The agendas and minutes of the MSG MSCT plenary meetings are available on the EPC website via the following link:

<https://www.europeanpaymentscouncil.eu/document-library/minutes-and-agendas/agenda-and-minutes-35th-36th-and-37th-msg-msct-plenary-meeting>.