

Status Update on SCT Inst Scheme ERP Meeting 27 November 2019



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1. Background

At its 13 June 2019 meeting the ERPB notably:

- took note of the EPC update on the implementation of and adherence to the SCT Inst scheme;
- re-iterated 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.

The present note updates the ERPB on the actions undertaken by the EPC since the last ERPB meeting and on next steps.

2. Scheme default maximum amount for an SCT Inst transaction

In September 2019, the EPC decided to amend the maximum amount per SCT Inst instruction from € 15,000 to € 100,000 effective as of 1 July 2020. The SCT Inst scheme participants have the possibility to send at any time a written suggestion to the SMB for a new maximum amount per SCT Inst instruction.

3. Adherence status and compliance criteria from the SEPA Regulation

A. Across SEPA

As of mid-October 2019, there are 2.069 registered SCT Inst scheme participants (of which 2.055 indicated to be already reachable at the latest as of 04 November 2019) representing a share of 50.9 percent of all SCT adherents (i.e. 4.067) in **all** SEPA countries. It must be noted that within the 50.9 percent of Payment Service Providers (PSPs) that already joined the scheme, SCT Inst generally enumerates those 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](#).

32 CSM organisations (including national central banks under TIPS¹) have already disclosed their intention to be SCT Inst scheme compliant. These CSMs are listed on the [Clearing and Settlement Mechanisms webpage](#).

¹ Target Instant Payment Settlement

B. Within the EU²

Article 4 of the SEPA Regulation³ stipulates that euro-denominated payment schemes must ensure that the PSPs being a participant to such scheme must a) constitute a majority of PSPs within the European Union and b) represent a majority of PSPs within a majority of EU Member States.

This article allows the EPC to apply for a temporary exemption for these two conditions for a maximum of three years. The SCT Inst scheme was officially launched on 21 November 2017 and has formally been granted this temporary exemption until 21 November 2020. The SCT Inst scheme now has about 12 months to meet the first two conditions set by the SEPA Regulation.

As of 11 October 2019, the SCT Inst scheme has the following adherence status compared to the SCT scheme adherence in the EU:

Country	SCT Inst	SCT	% of SCT Inst scheme participants vs. SCT scheme participants
Euro	2.049	3.425	60%
AUSTRIA	445	509	87%
BELGIUM	20	47	43%
CYPRUS	1	17	6%
ESTONIA	5	11	45%
FINLAND	4	8	50%
FRANCE	125	276	45%
GERMANY	1.282	1.474	87%
GREECE		24	
IRELAND	2	208	1%
ITALY	30	445	7%
LATVIA	4	20	20%
LITHUANIA	15	64	23%
LUXEMBOURG	2	65	3%
MALTA	4	29	14%
NETHERLANDS	8	38	21%
PORTUGAL	15	36	42%
SLOVAKIA		18	
SLOVENIA		16	
SPAIN	87	120	73%
Non-Euro	19	308	6%
BULGARIA	2	25	8%
CROATIA		21	
CZECH REPUBLIC		20	
DENMARK	1	56	2%
HUNGARY		28	
POLAND	1	27	4%
ROMANIA		24	
SWEDEN	1	9	11%
UNITED KINGDOM	14	98	14%
Grand Total	2.068	3.733	55%

² Includes UK as EU member

³ Regulation (EU) 260/2012

Based on these adherence figures, only the first condition of the SEPA Regulation is fully met. Just three countries meet the second condition.

C. Compliance of scheme participants with the full SEPA reachability requirement of the SCT Inst rulebook and the SEPA Regulation

Under the SCT Inst rulebook, which binds the EPC and each participant, adhering PSPs are required to be SEPA-wide reachable from the readiness date included in the Register of Participants.

It appears that full SEPA reachability is currently far from being met by all SCT Inst scheme participants. In several countries, the SCT Inst reachability would still largely stop at the national borders.

At its 1 October 2019 meeting, the EPC Board resolved to address without delay the issue of full SEPA reachability, which shall be ensured by current and future SCT Inst scheme participants, in accordance with the requirements set out by the SEPA Regulation and by the SCT Inst rulebook.

Therefore, on 4 October 2019 the EPC sent a formal letter to all SCT Inst scheme participants asking them, in case of non-compliance with the full SEPA reachability requirement at this stage, to inform the EPC by 25 October 2019 of the date by which they will achieve full SEPA reachability for SCT Inst.

D. Next steps to ensure compliance with the SEPA Regulation

The EPC adopted the following approach to ensure that the SCT Inst scheme meets all compliance criteria by 21 November 2020:

1. Assessment on the current SEPA reachability status following the responses to the EPC Letter sent on 4 October 2019 and review the current and the future expected interoperability status by each EPC Board meeting in 2020.
2. Continue to make all EU PSPs aware about the current SCT Inst adherence status and the SCT Inst rulebook and regulatory conditions they must comply with. This awareness raising will be done through repeated EPC communication using various channels (e.g., EPC website, regular bulletins sent to all EPC SEPA payment scheme participants).
3. Each EU PSP community is requested to formally submit a plan for (further) rolling out the SCT Inst scheme until 21 November 2020. These national community plans and any updates will be reviewed at each EPC Board meeting in 2020.

4. EPC expectations on SCT Inst scheme adherence until 21 November 2020

Individual PSPs and PSP communities in several euro zone countries continue with developing their SCT Inst scheme implementation projects. The EPC is confident that the SCT Inst adherence will continue to progress in most of the euro zone countries in 2020. The EPC expects that the aim of a critical mass of SCT Inst scheme participants within the euro area by November 2020 will be reached, in line with the SEPA Regulation requirements.

5. Reported issues

All SCT Inst scheme participants had been invited to submit any concrete SCT Inst processing issues by the end of September 2019.

Apart of the reported issues on SEPA-wide reachability of the scheme already reported under section 3, some SCT Inst scheme participants addressed the matter of full reachability of the Beneficiary Bank.

Some Beneficiary Banks do not process incoming SCT Inst transactions for all their payment accounts. This hampers the full reachability of the scheme and results in unnecessary rejects. While every rejected transaction already causes a negative customer experience for the Originator, it is even more difficult for the Originator to understand why a specific credit transfer to one and the same account is not possible when processed as SCT Inst but is possible when processed as SCT.

The EPC's current view is that euro-denominated payment accounts that are reachable for SCT transactions should also be reachable for SCT Inst. The EPC will investigate in which countries such issues occur and collect the concrete reasons for such issues with the aim of achieving full reachability.

6. Ad-hoc multi-stakeholder group for mobile initiated SEPA credit transfers (including SCT Inst) (MSG MSCT)

The ad-hoc multi-stakeholder group established by the EPC in May 2018, finalised in May 2019 the development of the draft Mobile Initiated SEPA Credit Transfer Interoperability Implementation (MSCT IIGs). The document went through a 3-month public consultation that started on 23 May 2019 and was slightly extended till 16 September 2019. During the past months, the group has processed the comments received and prepared an updated version of the document with a disposition of comments. Note that this update also included a change to the title of the document in view of the related comments received. The document "Mobile Initiated SEPA (Instant) Credit Transfer Interoperability Guidance" (MSCT IG - EPC269-19) is expected to be published before end November 2019 subject to EPC Board approval.

Through the description of MSCT use cases, the MSCT IG aims to provide an insight into the main issues related to the initiation of (instant) SEPA credit transfers in different payment contexts such as person-to-person, consumer-to-business (retail payments including both in-store and m-commerce payments) and business-to-business payments. Next to the MSCT transaction aspects such as payer identification/authentication, transaction authentication, risk management and payer/beneficiary acknowledgements and notification messages it focuses on the technology and security used in the customer-to-ASPSP space, since the SCT Instant and SCT transactions as such have already been specified in the respective rulebooks. It furthermore specifies various security guidelines for MSCTs (e.g. MSCT app, CDUVM, etc.). Finally, the document discusses the main interoperability issues and barriers detected for MSCTs.

The MSG MSCT also established a new work-stream in June 2019, following an open call for nominations for participation on the EPC website, consisting of technical experts to further conduct a more detailed analysis on the requirements for interconnectivity between MSCT service

providers to achieve interoperability across SEPA. This work-stream has focused on P2P and retail payments based on payee-presented QR-codes in view of the MSCT solutions on the market today. A dedicated document is under finalising that is expected to be published for an 8-week public consultation in December 2019 subject to EPC Board approval.

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

https://www.europeanpaymentscouncil.eu/search?qry=&kb%5B0%5D=ctype%3Akb_document&kb%5B1%5D=tags%3A4801

7. EPC rulebook change management cycle

The next change management cycle for all EPC SEPA payment schemes will take place in 2020. Scheme participants and other stakeholders are invited to submit change requests to the SCT Inst scheme rulebook by 31 December 2019 at the latest by completing a [dedicated template](#). These change requests will be considered for the rulebook version and associated IGs to be published in November 2020 and taking effect in November 2021.

Change requests to the SCT Inst scheme received after 31 December 2019 will only be considered for the change management cycle in 2022.