EuroCommerce

THE RETAIL, WHOLESALE
AND INTERNATIONAL
TRADE REPRESENTATION
TO THE EU

Follow-up ERPB's recommendations G

Background

The final report (ERPB/2019/012) of the ERPB Working Group on Instant Payments at Point of Interaction (POI), presented at the ERPB meeting on November 25, 2019, identified various barriers hindering the usage of instant payment at POI.

In order to enable a SEPA wide usage of Instant Payments (IPs) at the POI and enable interoperability between the different "IP at POI solutions", the ERPB Working Group analysed those barriers and specifically recommended to address in section 4.3.3 Merchant Integration "The complexity of the integration and maintenance of multiple solutions in the various merchant environments (POI, ECR, ERP) while covering all payment functionalities, with appropriate reconciliation, is a major challenge that next to the technical aspects also includes some business aspects".

Consequently, the ERPB issued specifically Recommendation G to EuroCommerce requesting "merchants to identify the requirements for the development of dedicated specifications to cover the integration and maintenance of multiple payment solutions in the merchant's environments" (see ERPB/2019/012). The rationale being that merchants require a payment acceptance environment with full integration of all payment functionalities.

In November 2020, the ERPB took note of the work conducted by EuroCommerce (see ERPB/2020/034) as a follow-up to the November 2019 report on instant payments at the POI (Recommendation G) inviting the merchants sector to identify the requirements for the development of dedicated specifications to cover the integration and maintenance of multiple payment solutions in the merchant environment, and invited EuroCommerce to share its requirements with the MSG MSCT, involving the ECSG as appropriate, in order to clarify subsequent steps, taking into account other related efforts, and to inform the ERPB about the progress at its forthcoming meetings.

Status of identified recommendations

An "ad-hoc group" including the Co-Chairs of the Multi-stakeholder Group on Mobile Initiated (Instant) SEPA Credit Transfers (MSG MSCT), the Chair and Vice-Chair of the European Card Stakeholders Group (ECSG), the management of nexo together with the support of the EPC Secretariat, reviewed the potential for a multi-stakeholder approach to address the following three requirements listed in the table in the Annex to this document:

- Rec 4: Specifications for messaging to the payment service provider, where suitable, based on ISO 20022 standards, freely available, fair, reasonable and non-discriminatory (FRAND) and with applicability within SEPA (and globally);
- Rec 5: Standardised minimum payment data to be exchanged in order to execute basic payment services and value-added services in the complete value chain, between the PSUs and afterwards between the PSU and their respective PSPs;

- Rec 11: Customer authentication to enable a seamless end-to-end user experience, including Strong Customer Authentication (SCA) methods such as redirection, embedded, decoupled and delegated SCA;

and came to the following conclusions.

Recommendation 4:
This recommendation is addressed to the merchant-to-acquirer/PSP space. Technical specifications for this space for card-based payments have already been developed by nexo, while as next step also account-based payments will be covered, complementary to the Customer-to-PSP implementation guidelines developed by the EPC for SCT Inst and SCT. The market adoption of these message specifications based on ISO 20022 under FRAND condition is out of scope of any multi stakeholder group since they are subject to technical and commercial considerations.

Recommendation 5:
The minimum data exchange between PSUs have already been covered by the MSG MSCT in the MSCT IG (EPC269-19) and by the ECSG in the SEPA Cards Standardisation Volume.

The ad-hoc group recommends drafting a comprehensive guidance for card and account based payment in the terminal to acquirer / POI domains but also in the acquirer-to-issuer domain ensuring end-to-end reconciliation by the PSUs, payer and payee.

The recommendations of the ERPB Working Group on transparency for retail payment end-users (see ERPB/2020/006) should be taken into account. This is already addressed by the EPC for the account-based payments domain and the ECSG is planning to analyse how the SEPA Cards Standardisation Volume could be enhanced regarding the transparency recommendations (e.g. Book 3 for the data elements).

In addition, this work should be extended in the PSP-to-payee domain to enable "straight through processing" reconciliation of the payee receivables end-to-end, independently of how the transactions are cleared and settled, for example in a batch or as single transactions.

Recommendation 11:
Proximity and remote transactions require strong customer authentication (SCA), except if they are subject to an exemption as specified in the Delegated Regulation on SCA and CSC. For transactions subject to SCA, it is important to enable a seamless end-to-end user experiences to avoid unnecessary abandoned or declined transactions. Transaction failure may occur during the authentication, authorisation, and post authorization (e.g., fraud screening) phases. PSU challenged transactions are subject to various SCA methods that follow various rules and implementations.

It is of the upmost importance that all parties in the card and account-based payment domains support various
- Strong Customer Authentication (SCA) methods such as redirection, embedded, decoupled and delegated SCA, when they get offered and accepted by the payer.
- Relevant exemptions to SCA rules if offered to the payer and accepted by their ASPSPs.

It is therefore recommended that all actors support standardised implementation of the various SCA methods, but also if relevant, exemption SCA rules, meeting customer expectations on seamless secure transactions.

For that purpose, it is proposed that the EPC and the ECSG provide comprehensive requirements and guidance to standardise the implementation of various SCA methods and SCA exemptions in the account-based and card payment domains. Note that for account-

based payments, work is underway in the SEPA Payment Account Access MSG.

Note that the **Recommendation 14** has been addressed by the Joint Task Force MSG MSCT /ECSG that developed a document on "Business Requirements - Consumer selection of preferred payment instrument" that will be submitted to the ERPB in November 2021.

The "ad-hoc group" mentioned above, aims to report again to the ERPB on the progress made on these various recommendations in November 2022.

Brussels, November 04, 2021

Annex - ERPB/2020/034
Requirements for the development of dedicated specifications

ERPB recommendation G:

Identify the requirements for the development of dedicated specifications to cover the integration and maintenance of multiple payment solutions in the merchant environment

G	Merchants require a payment acceptance environment with full integration of all payment functionalities	Identify the requirements for the development of dedicated specifications to cover the integration and maintenance of multiple payment solutions in the merchant environment	EuroCommerce	June 2020

EuroCommerce proposal:

EuroCommerce proposes a set of criteria for the development of requirements that enable the market development of dedicated, interoperable and open technical POI specifications which should support the following features:

1. Payment acceptance from merchants of Cards, SCT inst., or both, at POI within SEPA. Optionally, merchants may offer related services alongside the payment, such as loyalty services.
2. Multiple POI environments (in-store, e-&m-commerce, P2P) with integration to physical Electronic Cash Registers, cloud and middleware (Host) merchant POI infrastructures.
3. Different consumer environments such a as cards, mobile devices, wearables and web browsers.
4. Specifications for messaging to the payment service provider, where suitable, based on ISO 20022 standards, which would be freely available, fair, reasonable and non-discriminatory (FRAND) and with applicability within SEPA (and globally)
5. Standardised minimum payment data to be exchanged in order to execute basic payment services and value added services in the complete value chain, between the PSUs and subsequently between the PSU and their respective PSPs.
6. A common or limited number of standards and specifications across SEPA to maximise interoperability and simplify the maintenance of acceptance at POI.
7. Integration of digital payment in-app[2] and app to app[3] including appropriate testing, release and deployment processes.

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[2] In-app payments are payments made directly from within a mobile application (e.g., a merchant app). The payment process is completed within the app to enhance the Consumer experience. [from MSCT IG definition]

[3] App to App payments are payments made by a payment application initiated by another mobile application (e.g., a merchant app). The two applications communicate in order to perform the payment – note that this may be directly or via the respective back-ends. [from ECSG DPTF definition]

8. Different acceptance technologies (QR, NFC, BLE, etc.) and with free access on any consumer device to those technologies supported by the specification(s) either uni-directional or bi-directional, as appropriate.

9. Instant payment solutions where the consumer device is offline[4]. Offline means the consumer device having no internet connection at the time of the payment transaction, which may require the POI to be online.

10. Fall back payment solutions when the POI is offline to enable the payment transaction to proceed and be completed as soon as the POI is back online.

11. Customer authentication to enable a seamless end to end user experience, including Strong Customer Authentication (SCA) methods such as redirection, embedded, decoupled and delegated SCA.

12. The initiation of payment transaction using either consumer or merchant presented data i.e. both supported.

13. With respect to currency, support at least the Euro and optionally support the local currency of other SEPA countries.

14. Clear rules on selection of POI application of different payment instruments/brands to enable a co-existence between:
    o merchant capability to prioritise their preferred payment instrument and application/brand and,
    o consumer choice.

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[4] As also identified by the ERPB Working Group on Interoperability framework for IPs at the POI

#	Requirements	Importance to implement from Low, Medium to High - (LMH)			How difficult to implement (LMH)		Addressee	Deadline
		Time sensitivity & time to market	Impact on most merchant and consumer take up	Impact merchant acceptance environment	Required Resources (manpower, cost) (LMH)	Dependencies with other initiatives, standards		
4	Specifications for messaging to the payment service provider, where suitable, based on ISO20022 standards, freely available, fair, reasonable and non-discriminatory (FRAND) and with applicability within SEPA (and globally)	H	H	H	L	L	Group with multi-stakeholder participation consisting of market participants in card and SCT Inst payments	Nov-21
5	Standardised minimum payment data to be exchanged in order to execute basic payment services and value added services in the complete value chain, between the PSUs and afterwards between the PSU and their respective PSPs	H	H	H	L	L	Group with multi-stakeholder participation consisting of market participants in card and SCT Inst payments	Nov-21
6	A common or limited number of standards and specifications across SEPA to maximise interoperability and simplify the maintenance of acceptance at POI	H	H	H	L	L	Specification providers	Jun-22
11	Customer authentication to enable a seamless end to end user experience, including Strong Customer Authentication (SCA) methods such as redirection, embedded, decoupled and delegated SCA	H	H	M	L	M	Group with multi-stakeholder participation consisting of market participants in card and SCT Inst payments	Nov-21
12	The initiation of payment transaction using either consumer or merchant presented data i.e. both supported	M	H	H	M	L	Specification providers	Jun-22

#	Requirements	Time sensitivity & time to market	Impact on most merchant and consumer take up	Impact merchant acceptance environment	Required Resources (manpower, cost) (LMH)	Dependencies with other initiatives, standards	Addressee	Deadline
1	Payment acceptance from merchants of Cards, SCT inst., or both, at POI within SEPA, optionally, merchants may offer related services along with the payment, such as loyalty services	H	H	H	H	M	Specification providers	Jun-22
2a	In-Store POI environments with integration to physical Electronic Cash Registers, cloud and middleware (Host) merchant POI infrastructures	H	H	H	H	M	Specification providers	Jun-22
3	Different consumer environments such a as cards, mobile devices, wearables and web browsers	H	H	L	L	M	Specification providers	Jun-22
7	Integration of digital payment in-app and app to app including appropriate testing, release and deployment processes	M	M	M	L	L	Specification providers	Jun-22
2b	E&m commerce POI environments with integration to Electronic Cash Registers, cloud and middleware (Host) merchant POI infrastructures	M	H	L	L	L	Specification providers	Jun-22
14	Clear rules on choice of POI application for different payment instruments/brand to enable a co-existence between merchant capability to prioritise their preferred payment instrument and application/brand and consumer choice	H	H	M	M	M	Group with multi-stakeholder participation consisting of market participants in card and SCT Inst payments	Nov-21

#	Requirements	Time sensitivity & time to market	Impact on most merchant and consumer take up	Impact merchant acceptance environment	Required Resources (manpower, cost) (LMH)	Dependencies with other initiatives, standards	Addressee	Deadline
9	Instant payment solution where the consumer device is offline. Offline means consumer device having no internet connection at the time of the payment transaction, which requires the POI to be online.	M	M	M	M	M	Specification providers	Jun-22
8	Different acceptance technologies (QR, NFC, BLE, etc) and with free access on any consumer device to those technologies supported by the specification(s) either uni-directional or bi-directional, as appropriate	M	M	M	H	M	Specification providers	Jun-22
10	Fall back payment solutions when the POI is offline to enable the payment transaction to proceed and be completed as soon as the POI is back online	L	L	L	L	L	Specification providers	Jun-22
13	With respect to currency, support at least the Euro and optionally support the local currency of other SEPA countries	M	L	L	M	L	Specification providers	Jun-22