

## **EUROPEAN FORUM FOR INNOVATION IN PAYMENTS**

Statement of the second meeting of the European Forum for Innovation in Payments

held on 25 November 2019

### **Implementation of instant payments**

Two years after the commercial launch of the SEPA Instant Credit Transfer (SCT Inst) scheme, the European Forum for Innovation in Payments (EFIP) reviewed the implementation status of instant payments in Europe on the basis of a presentation on experiences in national markets and an update from the European Payments Council (EPC), in its capacity as SCT Inst scheme manager.

EFIP members stressed how crucial it is for the supply side of the industry to implement instant payments. They called on all stakeholders to:

- ensure pan-European reach of instant payments as soon as possible, and at the very latest in 2020;
- facilitate end-user take-up by providing secure and convenient pan-European solutions;
- offer competitive pricing to merchants and users.

To this end, EFIP members:

- expected rapid full adherence to the EPC SCT Inst scheme; Chairs of national payment committees will actively promote this objective and report back to the EFIP Secretariat on their progress within three months;
- acknowledged that it may be necessary to consider a mandatory end date for full adherence to the SCT Inst scheme if full adherence is not achieved via market efforts alone;
- agreed that national payments committees would follow a coordinated approach to promote the implementation of instant payments by payment service providers and the take-up of instant payments by end users; this may include (i) communication via seminars, presentations and conferences; (ii) regular press releases, reports, newsletters and dedicated webpages; and (iii) dedicated workshops to explain the benefits of instant payments and address any implementation issues that may arise.

### **Take-up of the SEPA Proxy Lookup scheme and service**

Following the invitation from the Euro Retail Payments Board (ERPB), EFIP conducted a stocktake to identify the barriers to the take-up of the SEPA Proxy Lookup (SPL) scheme and service. The aim of the SPL service is to allow the exchange of the data necessary to initiate person-to-person (P2P) mobile payments between proxy-based mobile payment solutions at a pan-European level. Users of these solutions do not need to enter the payee's International Bank Account Number (IBAN). Instead, they can use another identifier (such as a mobile phone number) as a proxy for the IBAN. The

corresponding IBAN is then retrieved from a directory linking proxies to IBANs. Each solution typically has its own directory – the SPL service enables cross-directory data exchange.

Based on the feedback gathered and an update from the EPC in its capacity as scheme manager, EFIP identified the following main barriers to SPL take-up: (i) lack of interoperability among national solutions (beyond the proxy lookup function), (ii) lack of a strong business case, (iii) lack of awareness, (iv) lack of take-up of instant payments, (v) pricing, and (vi) reluctance to share customers' data.

Recognising the benefits of the SPL, EFIP suggested a number of possible actions to overcome these barriers. These include (i) developing more advanced functionalities, (ii) an intention to go beyond P2P, (iii) agreeing on an acceptable pricing policy/compensation mechanism, (iv) educating customers and promoting the benefits of a cross-border proxy service, and (v) providing security and data protection guarantees.

EFIP informed the ERPB of the outcome of its stocktake for further consideration.

### **Preliminary lessons from the implementation of PSD2**

EFIP members:

- stressed the importance of the revised Payment Services Directive (PSD2) in fostering innovation and competition in the EU payments market;
- agreed on the importance of reducing fraud in payments and called on all stakeholders to ensure rapid implementation of strong customer authentication, in line with European Banking Authority opinions;
- called upon all stakeholders to accelerate migration to PSD2-compliant interfaces;
- invited all stakeholders, in particular banks and third-party providers, to cooperate constructively in order to foster competition and innovation for the benefit of European customers.

### **Items for information**

EFIP members took note of the document outlining the EFIP working procedures, which reflected the discussion in the first EFIP meeting.

Members were given an overview of innovations in the field of payments based on a report from the Chairs of national payments committees.