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European Payments Council AISBL,
Cours Saint-Michel 30 B-1040 Brussels
T +32 2 733 35 33
Enterprise N°0873.268.927
secretariat@epc-cep.eu

SEPA Payment Account Access (SPAA) Scheme : Status Update to the 25 May 2023 Meeting of the Euro Retail Payments Board (ERP/2023/003)

1 Background

At its 24 November 2021 meeting, the EPC Board accepted the invitation of the ERPB to act as Scheme Manager for a new SEPA Payment Account Access (SPAA) scheme. To develop the scheme, the EPC Board established the SPAA Multi-Stakeholder Group (SPAA MSG).

The scheme, which is created in line with the requirements defined in the June 2021 report of the ERPB Working Group on a SEPA Application Programming Interface (API) Access Scheme (ERP/2021/003), covers the set of rules, practices and standards that will allow the exchange of payment accounts related data (i.e. data assets) and facilitates the initiation of payment transactions (i.e. transaction assets) in the context of 'value-added' ('premium') API-based services provided by Asset Holders (i.e. Account-Servicing Payment Service Providers (ASPSPs)) to Asset Brokers (e.g. Third Party Providers (TPPs in a PSD2 context) such as Payment Initiation Service Providers or Account Information Service Providers).

In June 2022, the EPC - following a Request for Proposal (RFP) process - appointed an independent economic consultant to produce a cost calculation methodology and run an anonymised and aggregated data collection for the SPAA scheme's business model.

A formal first version of the SPAA scheme rulebook - in which all the services described are optional – was published on 30 November 2022 on the EPC website. Moreover, a document which consolidates the SPAA scheme rulebook public consultation comments, including the input from the SPAA scheme's Interest Group participants¹ as well as the related SPAA MSG positions was published on 22 December 2022, to ensure full transparency to the market.

A public consultation on extended rulebook sections regarding strong customer authentication (SCA) was launched on the EPC website on 16 December 2022 and ran until 15 March 2023. In total around 70 comments were received from 8 respondents.

On 15 February 2023, a status update session was organised for the Interest Group participants.

On 16 March 2023, the EPC published the API security framework, which lists the minimum security-related requirements applicable to the SPAA and SEPA Request-to-Pay (SRTP) scheme participants using APIs.

¹ Consisting of volunteering non-EPC members not represented in the SPAA MSG but interested in participating in the work on the development of a SPAA scheme.

2 SPAA MSG related activities since the last ERPB meeting

The SPAA MSG reached a consensus on the scope of the minimum viable product (MVP) i.e., a set of mandatory services to be supported by the asset holders participating in the SPAA scheme (for inclusion in version 1.1 of the rulebook) – except for an open topic related to a mechanism² which would allow the asset broker to request (from the asset holder) a payment whereby the transaction fees are not borne by the payer. It is to be noted that the inclusion of this feature in the MVP is considered essential for the demand side whereas on the supply side the view is that this feature will basically become redundant once the forthcoming instant payments regulation comes into effect. So far, the SPAA MSG has not been able to agree on a concrete way forward in relation to this feature.

The SPAA MSG also assessed the public consultation comments received on the extended rulebook sections regarding SCA, based on the preparatory work that was done by the SPAA API Work Block.

The independent economic consultant developed a draft cost calculation methodology for the SPAA scheme business model, in accordance with the requirements of the June 2021 report of the ERPB SEPA API WG. The proposed high-level methodology was reviewed and endorsed by the SPAA Business Conditions Work Block (SPAA BC WB) and subsequently approved by the SPAA MSG in December 2022. Based on this, the economic consultant initiated an anonymised and aggregated data collection process (i.e., under a ‘black box’ approach) from a representative sample of asset holders, selected by the economic consultant based on a set of objective criteria, to determine a set of default fees for the SPAA scheme, as requested by the ERBP SEPA API WG in its report approved by the ERPB. This process took a bit more time than initially foreseen and was concluded end-January 2023. Also in January 2023, upon request of the SPAA BC WB, the economic consultant launched a ‘sensitivity analysis’ survey on a representative sample of asset brokers (selected by the consultant and also under a ‘black box’ approach) in order to gauge their ‘willingness to pay’ and thus reach a fair, objective and transparent value, in accordance with applicable principles of competition law.

Based on the approved detailed default fee calculation methodology and the data collected (anonymised and aggregated) from the previous steps, the independent economic consultant prepared the default business conditions (i.e., a set of default fees to be paid by asset brokers to asset holders) for the SPAA scheme, covering both ‘premium’ assets and features (default asset fees) and API exposure and consumption (default API access fees). The default business conditions report defines three default fee scenarios (conservative / baseline / optimistic) which are based on volume projections (based on a number of assumptions) and take into account a defined payback period (an average based on feedback provided by asset holders for similar investments, and on the experience of the economic consultant for similar projects). Due to the variability of the projections considered, and of a limited availability of commercial data to be collected and analysed by the economic consultant (which made it impossible for the consultant to conclude on final values) SPAA MSG members, upon request from the SPAA BC WB, were invited to review and share their views on the different volume scenarios proposed. More specifically, the SPAA MSG members were invited to consider the ‘baseline’ scenario as a reference, and in case they did not agree with the underlying assumptions motivate accordingly and indicate whether a ‘conservative’ or ‘optimistic’ scenario should rather be considered. Such motivation could only be based on

² FNBBTP (Fees Not Borne by the Payer) in SPAA terminology.

factual and publicly available information, and not entail any disclosure of sensitive data, as per the instructions provided by the EPC's external competition counsel³. Based on the input received on the volume scenarios from a number of SPAA MSG members as well as requests for further clarification, the independent consultant was invited to calculate the final default fees.

In light of the sensitive nature of the project, a number of representatives from the supply side have expressed the need to receive a written guidance from the competition authority, as a necessary step to proceed with the finalisation of the default business conditions. The authority clarified on several occasions that any exchange on SPAA shall be intended solely as informal exchange, and that the EPC and their members remain required to self-assess against relevant competition law requirements, in accordance with applicable law.

The SPAA Risk Management Work Block is currently developing a Risk Management Annex (RMA)⁴ of the SPAA scheme rulebook.

3 Next steps

A version 1.1 of the SPAA scheme rulebook, including inter alia the MVP and updated SCA sections is envisaged to be published later this year (subject to reaching an agreement on the open FNBTP topic (please see section 2) and following Board approval).

Once the independent economic consultant has concluded the final default fees (taking into account the input received from the SPAA MSG members on the aforementioned three default fee scenarios), these are expected to be published on the EPC website (subject to Board approval).

A SPAA scheme change management cycle is envisaged to be launched after the publication of version 1.1 of the SPAA scheme rulebook (subject to Board approval).

³ It is to be noted that i) a number of supply side members were not allowed by their communities to participate in these discussions, as their counsels did not agree with the suggested approach and ii) a number of demand side members requested further clarification on the volume projections for data assets, for which the demand side originally did not take part (in line with the methodology developed by the economic consultant, in accordance with the June 2021 ERPB WG API report), and on the feasibility of considering an alternative 7-year payback period as part of the discussion.

⁴ RMA's are developed for all EPC schemes.