



# *Benefits of SEPA Instant Credit Transfer (SCT Inst)*

Instant payments allow citizens, businesses and governments to make electronic credit transfers in real time, with funds immediately available for use by the recipient. As economies increasingly embrace a 24/7 culture and digitalisation, almost everything is becoming instant. **Public administrations are important stakeholders in the payments ecosystem, playing a key role in supporting the move to instant payments.**

How could public administrations and the public at large benefit if more payments were made instantly and electronically?

**Keep reading to find out.**

## Instant payments in Europe:

The **SEPA Instant Credit Transfer (SCT Inst)** scheme was launched in 2017 to provide a single set of **rules, practices and standards** and **increase harmonisation of instant payments in euro**.

SCT Inst is a pan-European instant payment scheme that allows domestic and cross-border payments in euro to be made to and received from participating payment service providers (PSPs) anywhere in the Single Euro Payments Area (SEPA). It provides tangible benefits for public administrations, with funds being made available immediately to the payee. In September 2021, the ECB published an overview of the general **benefits of instant payments**.

In October 2022, the European Commission adopted a **legislative proposal** to make instant payments in euro affordable, secure and available to all citizens and businesses holding a bank account in the EU or the European Economic Area.



*More information at [ecb.europa.eu](http://ecb.europa.eu)*

# Potential benefits for public administrations in switching to instant payments

## Save cost, resources and time

- Your employees save time on manual processes such as reconciliations.
- SCT Inst can provide certainty in payments to public administrations and can reduce the cost of managing refund requests. SCT Inst is irrevocable as are regular SEPA credit transfers (SCT), but the payment is settled immediately.<sup>1</sup> This means that funds are immediately available for use by you and the payer is not entitled to an unconditional refund, unlike SEPA direct debit (SDD Core)<sup>2</sup> which allows a “no questions asked” refund in the eight weeks following the debiting of the payer’s account, i.e. during this time any funds collected will be credited back to the payer’s account upon request.<sup>3</sup>
- Instant payments may be cheaper than other payment instruments: compared to traditional card-based payments, incoming “plain vanilla” instant payments may be less costly for beneficiaries such as public administrations because they have a simpler and more transparent cost structure. The European Commission’s legislative initiative on instant payments proposes that charges applying to instant payments be no higher than those for regular credit transfers in euro.



1 See the [SEPA Instant Credit Transfer Scheme Rulebook](#), European Payments Council, May 2022; for SCT the amount must be credited to the payee’s payment account no later than the next business day.

2 Direct debit is a national or cross-border payment service for debiting a payer’s payment account where a payment transaction is initiated by the payee on the basis of the payer’s consent (see [SEPA Regulation](#)).

3 Article 7(2) of the SEPA Regulation states “Mandates as referred to in paragraph 1 shall allow for unconditional refunds and refunds backdated to the date of the refunded payment where such refunds have been provided for within the framework of the existing mandate”. In addition, a collection will be refunded upon request in the event of an unauthorised collection (i.e. no valid mandate) for up to 13 months. For SCT and SCT Inst, payers have the right to request a recall.



## Make and receive payments faster

- Access to funds is immediate, **reducing your liquidity needs**; payments can be made instantly on the execution day, eliminating the need for pre-funding.
- Citizens can pay fees to public administrations (such as fees for building renovations permits/licences, passport applications, etc.) instantly.
- Innovative payment solutions based on instant payments enable the introduction of new features to simplify the payment process, for example if combined with QR codes or with SEPA Request-to-Pay (SRTP - see explainer). SRTP is seen by Member States as a major driver of instant payments for public administrations, businesses and consumers.

### SEPA Request to Pay (SRTP) — Explainer:

SEPA Request-to-Pay (SRTP) is a messaging functionality which would allow payees such as public administrations to send messages requesting a specific payment from a payer (e.g. a citizen). Public administrations could use email, SMS, WhatsApp, notifications issued via government secure websites, etc. to issue such payment requests (this would necessitate local development, technical assessments, etc.).

SRTP can help avoid late payments in transactions, such as tax payments, and help improve liquidity, with features like:

- **standardised, automated processes and limited manual reconciliations;**
- **prefilling transaction details, including IBANs and payment reference;**
- **structured billing information and receipts.**



## Contribute to a more efficient economy

- Public administrations can contribute to a more efficient economy; as payments are settled instantly, payees can spend or invest the money received immediately.
- Instant payments make financial planning easier for citizens and businesses, avoiding penalties and fines due to late payments. In an increasingly digital world, instant payments help improve the image of an administration or government. They can easily be included in mobile payment solutions allowing citizens and businesses to join the increasing shift to digitalisation.
- Providing a facility for citizens and businesses to send and receive instant payments to public administrations fits with the European Commission's digital public services strategy and eGovernment agenda as Member States continue to modernise and improve public administration processes to make them more user-friendly, citizen-oriented and interoperable.

## What kind of payments could be instant?

### **Payments to public administrations:**

- Tax payments by businesses/citizens
- Payment of fines or charges
- Payment for a service (e.g. municipal waste, hospital fees)

### **Payments from public administrations:**

- Social welfare allowances
- Public sector salaries
- Payment of emergency relief (e.g. following a natural disaster)
- Reimbursement of taxes
- Reimbursement of medical expenses (social security services)

## SCT Inst – facts and figures

- ✓ 24/7/365 availability
- ✓ Immediate receipt and availability of funds
- ✓ Follows ISO 20022 XML standard messaging, similarities with the regular credit transfer scheme facilitating implementation by users
- ✓ €100,000 transaction limit (unless previously agreed otherwise between PSPs)
- ✓ Facilitates immediate reconciliation; remittance information and end-to-end ID included by the payer are forwarded to the beneficiary. If combined with SRTP this provides increased efficiency gains and opportunities for automation.

## **Next steps – what do public administrations need to do to get instant payments?**

- Engage with your PSP(s) to request access to instant payments and enjoy the potential benefits
- Discuss the benefits offered by using SRTP in conjunction with instant payments
- After completing the necessary technical preparations, you could promote the adoption of SCT Inst as a new payment option, raising awareness among payers and payees to allow you reap the full benefits



**The full deployment of instant payments is one of the major goals of the Eurosystem's retail payments strategy**

To stay at the technological frontier and satisfy consumers' demand for immediacy while preserving our sovereignty, Europe must promote digital innovation and efficiency in a way that corresponds to our societal preferences and objectives. We should roll out instant payments and make them the new normal."

**Fabio Panetta**  
Member of the Executive Board of the ECB