

## EURO RETAIL PAYMENTS BOARD

Statement following the fifth meeting of the Euro Retail Payments Board held on 13 June 2016

### Follow-up to the ERPB's recommendations

The members of the Euro Retail Payments Board (ERPB) took note of the status of past ERPB recommendations and agreed that, overall, the follow-up to these recommendations had been satisfactory. The ERPB Secretariat will continue monitoring the related actions taken by the relevant stakeholders and report back to the ERPB on a regular basis.

### Progress report on implementation of the ERPB's recommendations regarding person-to-person (P2P) mobile payments

In its meeting in June 2015, the ERPB had endorsed the vision "of allowing any person to initiate a pan-European P2P mobile payment safely and securely, using a simple method with information the counterparty is prepared to share in order to make a payment". The ERPB had also made four recommendations to the community of mobile P2P solutions providers, and invited the European Payments Council (EPC) to facilitate dialogue between existing solutions providers and other relevant stakeholders on such cooperation.

As a follow-up to this invitation, the EPC organised a stakeholders' workshop on 21 January 2016, as a result of which a Steering Committee was created to deliver a pan-European proxy look-up service<sup>1</sup>. This Steering Committee met on 14 March and 24 May 2016 and provided the ERPB with an interim progress report presenting the work carried out to date, focusing on the definition of its governance and objectives.

The ERPB welcomed the progress made in this field and invited the Steering Committee to submit a progress report to the ERPB meeting in November, including in particular a detailed work plan with clear deliverables and milestones to be aligned with those for the Instant SEPA Credit Transfer scheme and which can be translated into tangible results by November 2017.

### Instant payments in euro

Following the ERPB's invitation on 26 November 2015 and in close cooperation with the High Level Group on instant payments, the EPC addressed outstanding issues related to key parameters of the Instant SEPA Credit Transfer (SCT Inst) scheme, i.e. maximum execution time and maximum unit amount limit of instant payment transactions. The EPC released the SCT Inst scheme rulebook for public consultation between 12 April and 10 July, quantifying the two parameters as 10 seconds (with a time-out of 20 seconds) and 15,000 euro, respectively.

The members of the ERPB:

- welcomed the progress made on the scheme layer and encouraged the supply side of the industry not to lose momentum towards developing and implementing the SCT Inst scheme for the agreed deadlines of November 2016 and November 2017;
- acknowledged the European Central Bank's role in steering the work on the clearing and settlement layers, and emphasised the importance of an effective and efficient clearing and settlement infrastructure for the acceptance and success of the scheme.

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<sup>1</sup> A harmonised process to allow mobile P2P payment data to be exchanged between local solutions across borders.

The ERPB stresses the need that instant payments in euro will become available to end users at a pan-European level as from the end of 2017.

### **Update of the ERPB's work plan**

Further to a preliminary exchange of views in their 26 November 2015 meeting and a subsequent written procedure, the ERPB was invited to consider a proposal to update its work plan.

On this basis, and considering the work stemming from the 2014-16 work plan, members of the ERPB agreed on priorities for the period 2016-18. These included:

- the follow-up to items from the first ERPB work plan in areas where work is still ongoing or that may require following up, namely instant payments, e-invoicing related to retail payments, P2P mobile payments, contactless proximity payments;
- a new item which will have a major impact on the evolution of the retail payments market, namely the pan-European integration of payment initiation services.

The work plan of the ERPB may be updated on a rolling basis, depending on relevant developments under way. Items may stem, notably from the impact of the European Commission's work in the field of retail payments, and in particular the follow-up to the Green Paper on retail financial services and the digital agenda. Moreover the ERPB will consider in its upcoming meeting whether to engage in further work on broader accessibility for payment users, following a note to be prepared by AGE Platform Europe and De Nederlandsche Bank.

### **Pan-European integration of payment initiation services**

The Payment Services Directive 2 (PSD2), which will come into effect on 13 January 2018, expands the scope of payment services to include, inter alia, payment initiation services (PIS). PIS will give consumers an alternative means of online payment. The European Banking Authority is currently working on delivery of a regulatory technical standard (RTS) on authentication and communication, which should supplement PSD2 and offer a robust framework for the provision of PIS across the EU. Although some general standards are available and ready to be used, there nevertheless remains a question mark over the capacity of the market, building on the RTS, to deliver effective inter-operable and/or standardised industry solutions that ensure secure and efficient communication between account servicing payment services providers and a wide variety of PIS providers. There is concern that a lack of harmonisation could lead to a sub-optimal functioning of the PIS market (e.g., higher operating costs resulting from the lack of economies of scale), which would be felt in cross-border e-commerce transactions in particular. In this regard, the ERPB agreed to consider facilitating the development of building blocks for market-led standardisation.

On the basis of a note prepared by the Secretariat, the ERPB had an initial discussion, focusing on the building blocks for market-led standardisation, and agreed to follow a two-step approach in this dossier. The first step would involve the Eurosystem approaching relevant market representatives in order to gain a thorough understanding of how the PIS market is organised and how it may change. The second step would involve, based on feedback received, the ERPB possibly considering thereafter what role it might play with regard to defining the concrete deliverables needed for achieving building blocks for market-led standardisation as regards the provision of PIS. This latter work would build on the relevant RTS to be issued by the European Banking Authority for consultation towards the end of this summer. The extent to which this work may be relevant for other payment services, such as account information services and card issuing services offered by third-party providers, will also need to be considered.

### **Study by the Cards Stakeholders Group on the acquirer-to-issuer domain**

On 29 June 2015 the ERPB had invited the Cards Stakeholders Group (CSG) to perform a study at European level for evaluating any interest in and the benefits of the migration to a single message standard and standardised clearing and settlement practices in the card issuer-to-acquirer domain.

The CSG is not in a position to recommend a mandatory migration to a single payment message standard with standardised clearing and settlement practices. However, the CSG does recognise the potential benefits that adopting ISO 20022 (instead of continuing to use the ISO 8583 standards) would bring to building on the synergies with SEPA Credit Transfer and Direct Debit. The CSG therefore recommended the adoption of a market-driven approach in relation to any migration to ISO 20022, with such decision being based on commercial considerations.

The ERPB took note of the CSG's study and conclusions; the ERPB consequently:

- agreed to continue supporting the development and usage of ISO 20022 payment messages in the euro area, including in the card acquirer-to-issuer domain;
- invited the CSG to further refine the proposed framework in the report, taking into consideration alternative migration strategies (clearing only, specific geographical domains, groups of schemes, etc.). When carrying out this work, the CSG is expected to liaise with the relevant ISO committees so that SEPA requirements are taken into account. The CSG is to report back to the ERPB by mid-2017, with an interim report at the November 2016 ERPB meeting.

#### **Report by the CSG on cards standardisation: state of play**

On 29 June 2015 the ERPB had invited the CSG to report back to the ERPB every 12 months, with an update on how implementation of harmonised standards related to payment cards in Europe was progressing. The CSG presented a progress report to the ERPB, including a proposal to introduce indicators for further status updates to the ERPB. These indicators would better track how usage of implementation specifications (conformant with the requirements expressed in the SEPA Card Standardisation Volume of Requirements) was evolving.

On this basis, the ERPB:

- took note of the CSG report;
- endorsed the CSG's proposal to introduce indicators in its future annual progress reports to the ERPB regarding the state of play of cards standardisation. These indicators would be presented from mid-2017 (using 2016 data for that year).

#### **ERPB Annual Report (2015/16)**

According to its mandate, the ERPB has to publish a report covering its activities for the year. The ERPB adopted the second report, covering the period July 2015 to June 2016; the report is due to be published in July 2016.

#### **Items for information**

In addition to the above, the ERPB took note of the update provided by the European Commission on work in the field of retail payments (including: the adoption and transposition of the Payment Services Directive; the implementation of the Regulation on Interchange Fees for card-based payment transactions; the upcoming proposal of amendments to the 4th Anti-Money Laundering Directive; and the follow-up to the Green Paper on retail financial services). The ERPB was further debriefed by the co-chair of the ERPB Working Group on e-invoicing related to retail payments on the progress made by the Working Group and by the ERPB Secretariat on the work of the Retail Payments Working Group of the BIS Committee on Payments and Market Infrastructures.

## LIST OF ATTENDEES OF THE FIFTH MEETING OF THE EURO RETAIL PAYMENTS BOARD (ERPB) ON 13 June 2016

Chair: Mr Yves Mersch, Member of the Executive Board, ECB

Sector	Members
AGE Platform (the association of consumers 50+)	Ms Anne-Sophie Parent ( <i>alternate</i> ) Secretary General AGE Platform
Retailers (Eurocommerce & ERRT)	Mr Christian Verschueren Director General Eurocommerce
Corporates (EACT & BusinessEurope)	Mr Jean-Marc Servat Chair EACT
SMEs (European Association of Small and Mid-sized Enterprises - UEAPME)	Mr Bernard Cohen-Hadad Vice-President of CGPME
National public administrations	Mr Aidan Carrigan ( <i>alternate</i> ) Vice-Chair EU Financial Services Committee & Assistant Secretary, Financial Services Division, Department of Finance, Ireland
European Payments Council (EPC)	Mr Javier Santamaría Chair EPC, Senior Vice President Banco Santander
Co-operative banks (European Association of Co-operative Banks - EACB)	Mr Christian Brauckmann Member of the Executive Board of WGZ Bank
Savings banks (European Savings & Retail Banking Group - ESBG)	Mr Antonio Massanell Lavilla Chairman of Cecabank & Member and Secretary of the Steering Committee of CaixaBank
Commercial banks (European Banking Federation - EBF)	Mr Maurizio Sella ( <i>alternate</i> ) Chair of Banca Sella Holding
European Payment Institutions Federation (EPIF)	Mr Rafael Marquez Garcia Executive Vice President, Consumer Europe & Country Manager American Express UK
Ecommerce Europe (web-merchants)	Mr Dennis Van Allemeersch COO - Member Executive Board at Beate Uhse AG
E-money Association	Mr Rich Wagner CEO of Advanced Payment Solutions
National central banks (on rotating basis)	Active participants
Banque de France	Mr Denis Beau Director General
Banca d'Italia	Mr Emerico Antonio Zautzik Director General for Markets and Payment Systems
Lietuvos bankas	Mr Marius Jurgilas Member of the Board
De Nederlandsche Bank	Mr Coen Voormeulen Division Director Cash and Payments Service
Národná banka Slovenska	Mr Karol Mrva Member of the Board
Sveriges Riksbank	Ms Cecilia Skingsley Deputy Governor

European Commission	Observer
European Commission	Mr Olivier Salles Head of Unit for retail financial services and payments in DG FISMA