

EURO RETAIL PAYMENTS BOARD

Statement following the twenty-first meeting of the Euro Retail Payments Board
held on 17 June 2024

Digital euro project

The European Central Bank (ECB) informed the Euro Retail Payments Board (ERP) of the work conducted in the context of the digital euro project since the launch of the preparation phase on 1 November 2023. The presentation focused on the work and engagement around the methodology to calibrate digital euro holding limits, the status of the scheme rulebook and the next steps in the project timeline.

The ERP took note of the update on the digital euro preparation phase.

Instant retail payments in euro

The European Commission informed the ERP of the publication of the instant payments regulation in the Official Journal of the EU on 19 March 2024 and subsequent entry into force on 8 April 2024. On 30 April 2024 and 29 May 2024, the European Commission held two workshops dedicated to clarifying questions concerning the interpretation and application of the new provisions. The Commission is now taking necessary steps for publication of the questions and answers. The publication is expected in July.

At the invitation of the ERP, the European Payments Council (EPC) provided a status update on the implementation of the SEPA Instant Credit Transfer (SCT Inst) scheme, including an overview of the percentage of payment service providers (PSPs) adhering to the scheme. According to this update, as of May 2024, 63% of all SCT adherents in all SEPA countries were declared as registered as SCT Inst participants, while the figure for the EU was 70%. The estimated share of SCT Inst transactions in total euro credit transfer transactions is continuing to rise gradually, exceeding 17% (increasing from 15,46% as reported in the last ERP meeting, and 14.38% in the first quarter of 2023).

The EPC advised on the ongoing work on updates to the SCT Inst scheme, implementation guidelines and the related risk management annex to ensure compliance with the instant payments regulation. The EPC estimates that more than 800 eurozone-based payment service providers (PSPs) not yet being SCT Inst scheme participants are legally bound to at least receive instant euro credit transfers by 9 January 2025. To this end, the EPC has foreseen extra publication cycles for its Register of SCT Inst Scheme Participants in 2024. It also communicated several recommendations to future SCT Inst scheme applicants with respect to the SCT Inst scheme adherence process. Following the ERP's request in May 2023, the EPC is working on a Verification of Payee (VOP) scheme, to enable PSPs to comply with this requirement of the instant payments regulation. The EPC is also in the process of selecting a technical provider to build and run an EPC Directory Service which will store and maintain all required operational data about VOP scheme participants. This is to facilitate the interoperability between VOP scheme-based services offered by VOP scheme participants, VOP Routing and Verification Mechanisms and any other relevant entities. The EPC plans to publish the formal version 1.0 of the

VOP scheme rulebook and the related API scheme specifications by the end of September 2024. The concrete entry-into-force date will be 5 October 2025, simultaneously with the Rulebooks for the payment schemes.

The EPC multi-stakeholder group on Mobile Initiated SEPA (instant) Credit Transfers (MSG MSCT) further reported on the work carried out on instant payments in the context of the ERPB priorities, with a focus on the development of a QR-code standard for instant payments and extension to other technologies. Work notably continued on the follow-up to the ERPB recommendations regarding the development of a QR-code standard for instant payments. The ISO fast-track procedure for the specifications of QR-codes for (instant) credit transfers failed in July 2023. As a follow-up, and as agreed by the ERPB in previous meetings and reflected in previous ERPB statements, the EPC will submit the standard to the European Committee for Standardization (CEN) and withdrew it from ISO. In this regard, the EPC successfully applied as a liaison organisation to CEN and, after introducing some limited and necessary changes to the QR code standard, is about to proceed with the submission to the CEN/TC-225 to start the standardisation process. The expected timeline for approval is by Q2 or Q3-2025.

The MSG MSCT also finalised the update of the MSCT Interoperability Guidance that was published for public consultation. The EPC is targeting September 2024 as delivery timeline for publication of the v3.0 of the Interoperability Guideline, after processing the comments received during the public consultation.

The workstream on a high-level communication strategy towards end users on instant payments, resumed its work, as agreed by the ERPB in November 2023, following the publication of the instant payments regulation in the Official Journal of the EU and presented its finalised strategy. This strategy includes the main points from the instant payments regulation, general key messages for all potential end-users of instant payments, specific key messages for specific target groups (consumers, merchants, businesses), a set of communication channels for the involved parties and a proposed timeline for rolling out the communication strategy. The workstream suggested that the timeline be tailored to various stakeholders: merchants and businesses should receive communication earlier to facilitate adaptation of their infrastructures and prepare for customer engagement, while consumer communication should be timed with product availability and the implementation dates of the instant payments regulation.

The ERPB:

- took note of the status update regarding the instant payments regulation;
- took note of the EPC update on the implementation of and adherence to the SCT Inst scheme;
- welcomed the increased communication efforts by the EPC
- took note of the work initiated by the EPC on the development of a VoP service for participants of SEPA schemes, which was encouraged also by the ERPB (May 2023); re-stated, in this regard, the importance of a speedy development of a rulebook, and invited the EPC to continue these efforts and provide regular status updates to the ERPB;
- took note of the work conducted by the MSG MSCT on the development of a QR-code standard for instant payments and related standardisation process as well as work on possible extension to other technologies. The ERPB invited the EPC to report on the progress of this work at the November 2024 meeting, and notably on the status of the process initiated with CEN for the QR-code standard.
- endorsed the high-level communication strategy towards end-users and invited relevant ERPB members to report back to the relevant meetings in 2025 to confirm the commencement (roll-out) of the communication campaigns at national level.

Fraud prevention

In its 25 May 2023 meeting, the ERPB agreed to set up a Working Group on emerging fraud related to retail payments. The Working Group was tasked with presenting a mapping of possible actions concerning prevention, mitigation and investigation of retail payments fraud with regard to different types of stakeholders and in compliance with data protection requirements. Following a presentation of the interim findings of the Working Group in the November 2023 meeting, the Working Group completed its analysis and identified four potential game changers which could prevent and mitigate fraud more effectively considering evolving modus operandi:

- Cross-sectoral collaboration and responsibility: setting up an EU network/initiative, which should involve all the relevant stakeholders impacted by fraud in order to facilitate interactions and cooperation both at national and EU level;
- Fraud insights data exchange: building up an EU wide data sharing platform, leveraging on already existing solutions (i.e., EPC Malware Information Sharing Platform), benefitting from a network of network approach);
- Supervisory enforcement across Europe: sharing knowledge among supervisors to stay updated on fraud trends and technologies. This involves consideration of a proposal to set up a dedicated group on fraud and related detection and prevention within the ecosystem;
- Secure product design for consumer protection: applying enhanced security measures for consumer protection, in particular before the launch of new products.

The ERPB:

- took note of the analysis of the Working Group on fraud prevention;
- supported the need for action on the game changers identified by the Working Group, ensuring where relevant alignment with the PSR/PSD3, GDPR and the recent EBA opinion on new types of payment fraud and possible mitigants. Among the actions suggested by the Working Group, the ERPB distinguished between more longer-term objectives to be taken-up in upcoming regulatory initiatives and more concrete actions from authorities and market participants to support an effective fraud mitigation;
- supported sharing the report with relevant authorities for their feedback on the suggested actions notably as regards possible timing before finalising them;
- supported monitoring the implementation of the more concrete actions suggested in the report, as part of the regular monitoring of ERPB recommendations and statements to determine whether further work may be needed.

Environmental best practices for electronic retail payments

The ECB presented the outcome of a stock-take conducted by the European System of Central Banks (ESCB) in the context of the Eurosystem's retail payments strategy to investigate inter alia ways to facilitate a lower environmental footprint of the pre/post electronic payment process. On this basis, the Eurosystem has developed an initial set of environmental best practices for electronic retail payments, focusing exclusively on digital means of payment:

- Use 100% renewable energy to power systems within the electronic retail payments industry;
- Minimise paper-based initiation of electronic retail payments, e.g. paper-based payment orders or cheques while ensuring paper-based retail payment instruments will remain available for those who struggle with digital services, notably persons with disabilities and older persons;
- Reduce (automatic) paper receipts and invoices while maintaining paper receipts and invoices upon request by the consumer to ensure financial inclusion of non-digital consumers;
- Recycle old payment cards;

- Payment cards made from more sustainable material than plastic, including possible digital cards; payment devices made from sustainable materials;
- Energy audits to regularly assess energy efficiency in the electronic retail payments industry and implement specific measures to improve energy efficiency based on these audits.

The ERPB took note of the outcome of the ESCB stock-take and endorsed the initial set of best practices. Based on experiences, developments and monitoring of implementation, the set could be revisited after two/three years.

The ERPB took note that in the context of its retail payments strategy, in addition to pursuing work to improve the environmental sustainability of pre- and post-payment processes through the promotion of best practices, the Eurosystem is exploring the possibility of conducting a study on the environmental footprint of electronic retail payments by consumers in a way that allows comparability with the study carried out for euro banknotes. Such a study would allow to derive possible additional recommendations to lower the footprint of electronic payments.

Priorities for 2024

Following its November 2023 meeting, the ERPB was invited to consider potential new ERPB activities to be launched on EU digital identity in the retail payments use case, as well as accessibility of retail payments.

The ERPB agreed:

- to contemplate the creation of a new workstream on EU digital identity and retail payments based on progress of the ongoing pilot exercises, looking at the payments use case to better frame the anticipated impact on payments and the possible role the ERPB could play.
- to hold a technical workshop of the ERPB in October 2024 to present how the European standard EN 301 549 “Accessibility requirements for ICT products and services” could help support the industry’s compliance with the European Accessibility Act requirements and its possible use as a common standard.

Review of the ERPB membership

The ERPB mandate provides for a review of the membership of the ERPB every two years, both with regard to its composition and with regard to the actual members appointed to represent each stakeholder association. The ERPB reviewed its current composition and noted that, overall, based on the experience gathered with the functioning of the ERPB and recent developments, the ERPB composition is deemed fit to ensure representativeness of both the demand side and the supply side.

The ERPB agreed to extend an invitation as a guest to the European Digital Payments Industry Alliance (EDPIA) to represent the interests of European processors in order to keep the balance between the demand and supply side representatives. In addition, stakeholder associations represented in the ERPB are encouraged to liaise with other associations with close goals to ensure the broadest representation of industry views.

Items for information purposes

The ERPB took note of the following:

- The update provided by the European Commission on the work carried out in the field of retail payments, including on the Instant Payments Regulation, the review of the Payment Services Directive (PSD2), open finance, and EU digital ID;
- The outcome of the written procedure on the status of past ERPB recommendations. The ERPB Secretariat will continue to monitor the actions taken by the relevant stakeholders in relation to open recommendations and will report back to the ERPB on a regular basis;
- The EPC update on the SEPA Request-to-Pay (SRTP) and the SEPA Payment Account Access (SPAA) scheme shared with the ERPB in written procedure.

Annex

LIST OF ATTENDEES OF THE TWENTY-FIRST MEETING OF THE EURO RETAIL PAYMENTS BOARD (ERPB) ON 17 JUNE 2024

List of participants

Chair: Mr Piero Cipollone, Member of the Executive Board

Sector	Members
<i>Consumers</i> BEUC (European Consumers' Organisation)	Mr Agustin Reyna Director General, BEUC
AGE Platform (the association of consumers 50+)	Ms Anne-Sophie Parent (<i>alternate</i>)
<i>Retailers</i> (EuroCommerce)	Ms Isabelle Clairac CEO Market Pay
National public administrations	Mr Michael J McGrath (<i>alternate</i>) Vice-Chair EU Financial Services Committee & Assistant Secretary Funds, Insurance, Markets & Pensions Division, Department of Finance, Ireland
European Payments Council (EPC)	Mr Javier Santamaría Chair EPC
<i>Co-operative banks</i> (European Association of Co-operative Banks - EACB)	Ms Marie-Anne Livi Director of Strategy and Interbank Relations, payment Services, Crédit Agricole
<i>Savings banks</i> (European Savings & Retail Banking Group - ESBG)	Mr Joachim Schmalzl Executive Board member, DSGV
<i>Commercial banks</i> (European Banking Federation - EBF)	Mr Maurizio Sella Chair of Banca Sella Holding
European Payment Institutions Federation (EPIF)	Mr Konstantinos Maragkakis EEA Chief Executive Officer, Paysafe
E-money Association	Mr Joe Heneghan CEO, Revolut Ireland
European Third Party Providers Association - ETPPA	Mr Arturo González Mac Dowell President & CEO, Eurobits technologies

National central banks (on rotating basis)	Active participants
Deutsche Bundesbank	Mr Julian Reischle Director General for Payments and Settlement Systems
Central Bank of Ireland	Ms Anne Marie McKiernan Director of Financial Operations
	Observer
European Commission	Mr Marcel Haag Director Horizontal Policies, Directorate General Financial Stability, Financial Services and Capital Markets Union