



EUROPEAN COMMISSION

DIRECTORATE-GENERAL FOR FINANCIAL STABILITY, FINANCIAL SERVICES AND CAPITAL
MARKETS UNION

Horizontal policies
Retail financial services

CONSULTATION DOCUMENT

TARGETED CONSULTATION ON INSTANT PAYMENTS

Disclaimer

This document is a working document of the Commission services for consultation and does not prejudice the final decision that the Commission may take.

The views reflected on this consultation paper provide an indication on the approach the Commission services may take but do not constitute a final policy position or a formal proposal by the European Commission.

The responses to this consultation paper will provide important guidance to the Commission when preparing, if considered appropriate, a formal Commission proposal.

You are invited to reply **by 2 June 2021** at the latest to the **online questionnaire** available on the following webpage:

https://ec.europa.eu/info/publications/finance-consultations-2021-instant-payments-targeted_en

Please note that in order to ensure a fair and transparent consultation process **only responses received through the online questionnaire will be taken into account.**

This consultation follows the normal rules of the European Commission for public consultations. Responses will be published unless respondents indicate otherwise in the online questionnaire.

Responses authorised for publication will be published on the following webpage:
https://ec.europa.eu/info/publications/finance-consultations-2021-instant-payments-targeted_en

INTRODUCTION

This questionnaire aims to collect information from payment service providers (PSPs) and providers of supporting technical services.

Questions cover a number of relevant areas, including PSPs incentives to adhere to an instant credit transfer scheme, PSPs liquidity management, compliance with the sanctions screening obligations with respect to instant credit transfers, addressing the risk of incorrect identification of the beneficiary and development of interoperable front user solutions.

Please note that this targeted questionnaire complements the [online public consultation of all stakeholders](#) that will be launched on 31 March 2021.

You are invited to provide answers to both the present questionnaire and the open public consultation, and in particular to questions 15-18 of the public consultation which are addressed to the providers of payment services and supporting technical services.

The present consultation will inform the Commission on remaining obstacles as well as possible enabling actions that it could take to ensure a wide availability and use of instant payments in the EU. It will also enable the Commission to decide on whether EU coordinated action and/or policy measures are warranted in order to ensure that a critical mass of EU PSPs offer instant credit transfers. The consultation also seeks to identify factors that would be relevant for fostering customer demand towards instant credit transfers.

For an instant credit transfer to be successfully completed, at each end of the transfer there needs to be a Payment Services Provider (PSP) adhering to the same set of rules, practices and standards for the execution of that transfer (a single ‘scheme’). For euro instant credit transfers within the [Single Euro Payments Area \(SEPA\)](#) such a scheme was developed in 2017 by the [European Payments Council](#) (the ‘SCT Inst. Scheme’). A broad level of participation by PSPs in the scheme is a key precondition for the wide availability of euro instant payments at EU level. As of March 2021, just over 64% of PSPs located in 21 Member States had joined the SCT Inst. Scheme. Similar schemes also exist in some non euro area Member States for instant credit transfers in their local currency.

Instant credit transfers can be conveniently used in a variety of situations such as purchases in physical shops and online (so called ‘point of interaction’ with merchants), or person-to-person payments, such as splitting a restaurant bill. This requires the instant credit transfer to be combined with a ‘front-end’ solution, such as one based on mobile phone applications, e-invoices, standardised messages requesting payments etc.

The consultation aims at identifying the concerns that would need to be addressed to incentivise EU payments market players to offer innovative, convenient, safe and cost-efficient pan-European payment solutions based on instant credit transfers. At the same time, it would help establish what features and safeguards would enable the users to reap the benefits of instant payments to the fullest.

This consultation follows from the [Commission Communication from December 2018 “Towards a stronger international role of the euro”](#)¹, which supported a fully integrated instant payment framework in the EU in order to reduce the risks and the vulnerabilities in retail payment systems and to increase the autonomy of existing payment solutions, and the [Commission Communication on a “Retail Payments Strategy in the EU” adopted on 24 September 2020](#)² which confirmed the goal of fostering the full take up of instant payments in the EU and listed a number of possible initiatives to support that objective.

The results of this consultation will be used to promote, as part of the Commission’s vision for the EU’s retail payments market, the availability of competitive home-grown and pan-European payment solutions, supporting Europe’s open strategic autonomy in the macro-economic and financial fields, the importance of which was reiterated in the recent [Commission Communication of January 2021 “The European economic and financial system: fostering openness, strength and resilience”](#).³

¹ [https://ec.europa.eu/info/sites/info/files/communication -
towards_a_stronger_international_role_of_the_euro.pdf](https://ec.europa.eu/info/sites/info/files/communication_-_towards_a_stronger_international_role_of_the_euro.pdf)

² <https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=CELEX%3A52020DC0592>

³ <https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=CELEX%3A52021DC0032&qid=1611728656387>

CONSULTATION QUESTIONS: PAYMENT SERVICE PROVIDER PERSPECTIVE

Adherence to an instant credit transfer scheme (SCT Inst. Scheme for euro or another scheme for non-euro EU currency)

1. If you are an account servicing PSP (ASPSP), have you adhered to an instant credit transfer scheme:

- Yes
- No
- I don't know
- Not applicable

1.1. Please specify to which instant credit transfer scheme you have adhered:

- To the SCT Inst. Scheme
- To another scheme (for instant credit transfers in an EU currency other than euro):

1.1.1. If you are an ASPSP and have not adhered to an instant credit transfer scheme, do you intend to adhere in the future?

Yes

Please indicate to which one:

- SCT Inst. Scheme
- Another scheme (for instant credit transfers in an EU currency other than euro)

1.1.2. Please indicate by when you plan to adhere:

- End 2021
- End 2022
- End 2023
- Later (please indicate)
Please explain

No

Please indicate why you do not intend to adhere in the future:

- My business model does not focus on providing payment services to customers (please explain)
- The cost of offering the service would exceed the expected revenues (please explain)
- My clients are not interested in instant credit transfers (please explain)
- There are risks (please explain)
- Other (please explain)

1.2. If you are an ASPSP adhering to an instant credit transfer scheme, please indicate to the extent possible, with respect to the last 12 months:

- The size of your most recent balance sheet (in euro)
- The volume of all payments processed (in euro)
- The volume of instant credit transfers (number of transfers):
 - Sent from payment accounts you hold
 - To an account in the same Member State (MS)
 - To an account in another MS
 - Received on payment accounts you hold
 - From an account in the same MS
 - From an account in another MS
- The share of instant credit transfers as % of all credit transfers (regular and instant combined):
 - Sent from payment accounts you hold
 - To an account in the same MS
 - To an account in another MS
- Received on payment accounts you hold
 - From an account in the same MS
 - From an account in another MS

1.3. If you are an ASPSP adhering to an instant credit transfer scheme, please indicate, for the last 12 months, what percentage of payment orders intended to be instant credit transfers failed to be processed instantly because the beneficiary PSP does not adhere to the same scheme as the originator PSP:

- failed domestic instant credit transfer transactions as % of all (failed and successful) domestic instant credit transfer transactions
- failed cross-border instant credit transfer transactions as % of all (failed and successful) cross-border instant credit transfer transactions

Please explain

1.4. If you are an ASPSP adhering to an instant credit transfer scheme, please indicate, for the last 12 months, what percentage of payment orders intended to be instant credit transfers failed to be processed instantly because the payment systems used by the originator and beneficiary PSPs adhering to the same instant credit transfer scheme are not interoperable:

- failed domestic instant credit transfer transactions as % of all (failed and successful) domestic instant credit transfer transactions
- failed cross-border instant credit transfer transactions as % of all (failed and successful) cross-border instant credit transfer transactions

Please explain

1.5. If you are an ASPSP adhering to an instant credit transfer scheme, what was the overall investment needed to be able to send and/or receive instant credit transfers (e.g. ensuring 24/7/365 operations, adjusting online banking interfaces, adjusting liquidity management, etc.) [in euro]

1.6. Please rank the ongoing costs per type of transaction executed (from 1 meaning the least costly to 3 meaning the most costly), and provide an estimated cost where possible:

	Ranking	Estimated cost per transaction
Instant credit transfer		€
Regular credit transfer		
Direct debit		

1.7. Please rank the ongoing costs per type of transaction at point of interaction (POI) executed (from 1 meaning the least costly to 4 meaning the most costly), and provide an estimated cost where possible:

	Ranking	Estimated cost per transaction
Instant credit transfer at POI		
Regular credit transfer at POI		
Direct debit at POI		
Card payment at POI		

1.8. If you are an ASPSP adhering to an instant credit transfer scheme, would you say that the investments made to provide instant credit transfers generated some cost savings, efficiencies and synergies in other areas?

- Yes
- No
- Don't know / no opinion / not applicable

Please specify where and to what extent (in euro) [open box].

Liquidity management

2. In case of a sudden surge in the number of payment orders received by ASPSP for initiation of instant credit transfers, would there be a risk that instant credit transfers would not be processed within seconds because of shortage of liquidity at the level of that ASPSP?

- Yes
- No
- No opinion

Please specify where and to what extent (in euro) [open box].

As regards the effectiveness of liquidity management tools of PSPs and relevant prudential requirements (such as Liquidity Coverage Ratio):

3. Would you agree that they are sufficient to address the liquidity risk inherent to instant credit transfers?

- Yes
- No
- No opinion

Please explain.

4. Would they continue to be adequate in view of a potential increase in the volume of instant credit transfers?

- Yes
- No
- No opinion

Please explain.

4.1. If no, what additional tools or requirements (or modifications to them) would be necessary? [open box]

5. What could be the sources of additional liquidity in case of a temporary surge in instant credit transfers? [open box]

6. Would a more central management of liquidity within banking groups be conducive to effectively deal with situations of temporary surge in instant credit transfers?

- Yes
- No
- No opinion

Please explain.

Sanctions screening

7. In the last 12 months, what share of the following types of initiated payment orders could not be processed due to sanctions screening?

- Regular credit transfers [%]
- Card transactions [%]
- If you are a PSP which offers instant credit transfers:
 - Instant credit transfers for domestic transactions [%]
 - Instant credit transfers for cross-border transactions in the EU [%]
 - Instant credit transfers as an overall % if you cannot distinguish domestic and cross-border transactions

Please explain.

If you are a PSP which offers instant credit transfers, please explain how sanctions screening obligations prevented the instant processing of the instant credit transfer transaction [open box]

8. Which of the following solution(s) do you consider to be effective in reconciling instant credit transfers and the sanctions screening obligations resulting from the applicable sanctions legislation:

Solution	Effective	Neutral	Not effective	No opinion	Not applicable	Please explain how it would work and what advantages it would bring
Alleviated screening of transactions by PSPs involving clients vetted or white-listed beforehand						
No screening of individual transactions within the EU subject to an obligation for PSPs to at						

least daily check/update their clients lists against relevant sanctions lists (reflecting arrangements in place in some Member States which result in no screening of domestic transactions)						
Other harmonised screening method, agreed among national competent authorities, with consistent calibration of screening rules and parameters						
Maintenance of a common EU-wide list of false hits						
Use of the Legal Entity Identifier (LEI) for firms and digital IDs for individuals						
Employing advanced technologies						
Other						

Incorrect beneficiary

9. In the last 12 months, how many complaints/requests for refunds have you received from your clients related to:

- Instant credit transfers made to the wrong beneficiary by mistake (i.e. mistyped IBAN number)
- Regular credit transfers made to the wrong beneficiary by mistake (i.e. mistyped IBAN number)
- Instant credit transfers made to a fraudulent beneficiary (i.e. as a result of authorised push payments)
- Regular credit transfers made to a fraudulent beneficiary (i.e. as a result of authorised push payments)

10. Do you provide a service to your customers of verifying the match between the IBAN of the beneficiary and the name on the beneficiary account prior to the initiation of the transfer?

- Yes
- No
- No opinion

10.1. If so, for what kind of payments do you provide these services?

- for **domestic** instant/regular credit transfers only
- for **both domestic and cross-border** instant/regular credit transfers
- I don't know

10.1.1. For what kind of domestic payments do you provide these services?

- for instant credit transfers only
- for both regular and instant credit transfers
- I don't know

10.2. What challenges would you see to the extension of the use of the existing IBAN name verification solutions to PSPs across the EU? Please explain.

If you offer a service to your customers of verifying the match between the IBAN of the beneficiary and the name on the beneficiary account prior to the initiation of the transfer, please indicate:

10.3. What was the cost to put in place such a service

10.4. Are there running costs per transaction?

- Yes
- No
- No opinion (if so, please provide an estimate if possible)

10.4.1. If so, for what type of running costs per transaction?

- Fixed
- Variable (depending on the volume of transactions)

Please provide an estimate.

10.5. Please provide an estimate of the drop of fraudulent transactions (i.e. as a result of authorised push payments) since the implementation of this service (in %)

10.6. Please provide an estimate of the drop of misdirected transactions (due to an error in inputting the IBAN number by the payer) since the implementation of this service (in %)

Front-end solutions

11. As a PSP, do you currently offer to your customers front-end solutions with the following features. Please specify in the table below where appropriate:

	At physical POI	In e-commerce	Between individuals (P2P)
Allowing to initiate/accept regular credit transfers	Yes/no	Yes/no	Yes/no
Allowing to initiate/accept instant credit transfers	Yes/no	Yes/no	Yes/no

Please elaborate on your above answers [open box]

11.1. Do you offer multiple front-end solutions?

- Yes
- No
- Don't know / no opinion / not applicable

11.2. In which context(s) can this/these front-end solution(s) be used?

- Domestically only
- Domestically and cross border

11.2.1. If you offer multiple front-end solutions, please indicate for which ones

11.3. Do you offer this front-end solution referred to in question above to:

- Payers (to initiate transactions)
- Payees (to accept such payments)

11.3.1. If you offer multiple front-end solutions, please describe, which ones are offered only to payers, which ones to payees and which ones to both

11.4.What were the initial investment costs to launch the solution?

11.5.What benefits do you see in offering such products to your customers?

12.1 If you offer a front-end solution to payers, what is the per transaction cost of offering:

- Front-end solution based on instant credit transfers (please provide a breakdown per cost component, such as scheme fees or other)
- Front-end solution based on credit transfers (please provide a breakdown per cost component, such as scheme fees or other)
- Debit card transaction (please provide a breakdown per cost component, such as scheme fees or other)
- Credit card transaction (please provide a breakdown per cost component, such as scheme fees or other)

12.1.1 How is your entity remunerated?

- Through user (consumer) fees
 - If so, as the fee per transaction
 - If so, as part of the overall payment account fee
- Other [please specify]

12.2 If you offer a front-end solution to payees (merchants), what is the per transaction cost of offering:

- Front-end solution based on instant credit transfers (please provide a breakdown per cost component, such as scheme fees, interchange fees or other)
- Front-end solution based on credit transfers (please provide a breakdown per cost component, such as scheme fees, interchange fees or other)
- Debit card transaction (please provide a breakdown per cost component, such as scheme fees, interchange fees or other)
- Credit card transaction (please provide a breakdown per cost component, such as scheme fees, interchange fees or other)

12.2.1 How is your entity remunerated?

- Through user (consumer) fees
 - If so, as the fee per transaction
 - If so, as part of the overall payment account fee
- Other [please specify]