



EUROPEAN CENTRAL BANK

EUROSYSTEM

IBAN name check (formerly Confirmation of Payee) initiative

TIPS-CG

12 October 2023

Agenda

- 1 Recalling the EC legislative proposal on the IBAN name check
- 2 Outcome of TIPS-CG and TIPS-WG meetings
- 3 Latest information and updates from EPC
- 4 Way forward

Recalling the EC legislative proposal on Instant Payments

In the text of the EC proposed regulation on instant payments, **article 5c states**

Article 5c - Discrepancies between the name and payment account identifier of a payee

“All PSPs offering the service of sending of euro IPs (including those not under an obligation to do so) **are required to provide their PSUs with a service checking that the payee’s IBAN matches the payee’s name and notifying the PSU of any detected discrepancy**. The notification must be given before the payer finalises the IP payment order and before the PSPs executes the IP. The user remains free to decide whether to submit the payment order for an IP in all cases.[...]”

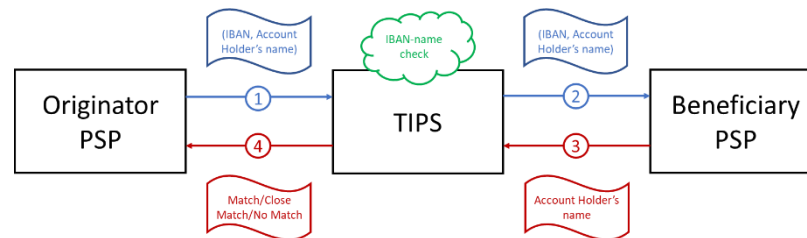
Some suggestions are brought **by the Council of the EU on the “Discrepancies between the name and payment account identifier of a payee”**

- The service to verify whether there is any discrepancy **does not prohibit the offering and use of other services** for the purpose of verification of the payee.
- A payment order may be placed without inserting the payment account identifier or the name of the payee, e.g. by using **QR codes**, services of payment initiation service providers or **proxies** such as **telephone numbers or email addresses**.
- PSPs located in a Member State **whose currency is the euro** shall comply with Article 5c **24 months after the date of entry into force of this Regulation**. For the **PSPs located in the non Euro Member States**, the compliance is **within 42 months**.

Outcome of last TIPS-CG and TIPS-WG meetings

At the July meeting, TIPS-CG members underlined a **CoP CR is an urgent priority for TIPS**

A preference and high urgency on scenario 2 “**IBAN-name check is performed by the CSM**” (e.g. to adopt a centralised algorithm ensuring a harmonisation of responses provided by PSPs and where data is not stored centrally) because of a risk of non-compliance has been raised by the CG.



At the September meeting, TIPS-WG members concluded:

- (i) To wait for the EPC to come up with a CoP concept, but at the same time to follow-up with them to find out their timeline as well as assumptions on the CoP model (i.e. whether the EPC plans to re-use the NPC scheme on the CoP)
- (ii) To have a discussion with 4CB on the possible use of API on a technical and legal (concession contract) point of view

Latest information and updates from EPC

At the last **STP MSG meeting**, the **EPC indicated that**:

- they still intend to publish “something” on the dossier towards the end of 2023
- they are **discussing with the European Commission on some open topics (e.g., GDPR)**

Close match

- ✓ No “close match” is considered as contrary to objective of CoP
- ✓ But what is a “close match”? → Impossible to harmonise it within the EU due to different applications of GDPR rules at national level
 - ✓ Examples from some communities:
 - NL → Yes/No/Close match → Close match reveals potential personal information
 - FR → Yes/No (without close match)

NPC CoP scheme: what is a close match?

The NPC CoP scheme implementation guidelines, provides a non-exhaustive list of cases of close match:

- A letter is added or omitted
- 2 letters have been switched
- A letter (or 2) is replaced by another (or 2) with same phonetics
- Among First and Middle names one or more is missing, but name string is still more than 8 characters
- First, Middle Names, Last name do not appear in the right order
- A title has been included (or excluded) in the name
- A diacritic (like ´ added to e to give é) is in one or more places added or missing.
- A first or middle name is replaced by another word with same pronunciation as the correct name
- A first or middle name is replaced by same Name as spelt in another language (like Jacob and Jakup)
- Superfluous <space>, commas and other non-alphabetic characters are accepted and ignored
- A name has been truncated but remaining part is still more than 5 characters (and total Name string > 8)
- A name has been abbreviated but remaining part is still more than 5 characters (and total Name string > 8)
- Initials used instead of one or more of First and Middle names
- Well-known Nick names used instead of First or Middle names (like Bob instead of Robert)
- Brand name that Payee PSP has verified as owned by Payee, is used instead of Legal Name.

Way forward

- Would you prefer to wait for the EPC to come up with a scheme/concept for the IBAN name check OR should we elaborate a change request possibly inspired by other solutions currently used by the market?
- The IBAN name check constitutes a fundamental step towards fraud prevention: what else would you like TIPS to do in in this context/to help PSPs in preventing frauds targeting instant payments?

Thank you for your attention!

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 **ECB: market infrastructure and payments**