

## EURO RETAIL PAYMENTS BOARD

Statement following the thirteenth meeting of the Euro Retail Payments Board  
held on 6 July 2020

### ERP response to the current COVID-19 pandemic

The members of the Euro Retail Payments Board (ERP) took note of the effects of the coronavirus (COVID-19) pandemic on retail payments – both electronic payment means and cash – in Europe. A relative increase in the share of contactless point-of-sale payments and online payments, as well as a strong decline in automated teller machine (ATM) cash withdrawals after an initial surge in the demand for cash at the start of the pandemic, were observed. Despite fears that cash in circulation could help spread viruses, laboratory studies show that banknotes do not represent a particularly significant risk of infection compared with other surfaces. The ERP observed that the payments industry has managed the crisis with resilience and without any disruption to services.

Although the ERP is not part of the first line of response to the pandemic-related crisis, the ERP's workplan could be affected by the post-pandemic environment.

The ERP:

- took note of the effects of the pandemic on European retail payments and the uncertainties surrounding future developments;
- took note that the ERP's current activities have not suffered major delays and are on track;
- agreed that the ERP should continue monitoring the effects of the coronavirus crisis with a focus on its ongoing and planned work, as well as its outstanding recommendations - the ERP's Secretariat will provide the ERP with an update on the effects of the coronavirus pandemic at the ERP's November 2020 meeting, allowing the ERP to determine if conditions warrant taking new targeted actions or reprioritising its activities.

### Person-to-person (P2P) mobile payments

The Single Euro Payments Area (SEPA) Proxy Lookup (SPL) service was developed as a follow-up to the June 2015 ERP recommendations on person-to-person (P2P) mobile payments. It is designed to allow the exchange of data necessary to initiate P2P mobile payments between proxy-based mobile payment solutions at a pan-European level. The service will thus facilitate interoperability between participating P2P mobile payment solutions and facilitate cross-border payments in particular.

To date the SPL scheme has no participants. Version 2.0 of the SPL scheme rulebook was published in March 2020 with an effective date of 1 June 2020. The enhancements contained in the rulebook are expected to increase the attractiveness of the SPL scheme.

Based on the ERPB's invitation of November 2019, the European Payments Council (EPC) – as the SPL scheme manager in collaboration with the service operator – analysed the outcome of the stocktake of perceived barriers to the take-up of SPL, conducted by the European Forum for Innovation in Payments (EFIP), and provided feedback on the recommended actions. It concluded that evolving market requirements imply a need for continuous monitoring and may warrant a new change management cycle in the future. The ERPB acknowledged the importance of including more advanced functionalities in order to support market needs and increase participation in the scheme. Furthermore, the EPC will continue to promote adherence to the SPL scheme and SEPA instant credit transfer (SCT Inst) scheme.

The ERPB:

- took note of the analysis by the scheme manager;
- welcomed the publication of version 2.0 of the SPL scheme rulebook;
- took note of the SPL scheme manager's actions to address the identified barriers to the take-up of SPL outlined in the SPL scheme status update (ERPB/2020/012) and asked the EPC to report back to the ERPB on the impact of these actions at the November 2020 meeting;
- reiterated its encouragement to P2P mobile payment solution and proxy database providers, expecting them to join the SPL scheme in order to foster the processing of cross-border mobile payments and achieve pan-European reach.

### **Instant retail payments in euro**

At the invitation of the ERPB, the EPC provided a status update on the implementation of the SCT Inst scheme, including an overview of the percentage of payment service providers (PSPs) adhering to SCT Inst. According to the EPC update, in mid-June 2020 the number of declared SCT Inst scheme participants was 2,272 (i.e. 56% of all SCT adherents in all SEPA countries). The EPC again highlighted some implementation issues, in particular (i) the still incomplete compliance of scheme participants with the full SEPA reachability requirement of the SEPA Regulation and SCT Inst Rulebook, and (ii) the full reachability of beneficiary banks, with some beneficiary banks not processing incoming SCT Inst transactions for all their payment accounts. The EPC also reported that false positives in anti-money laundering sanction screening at beneficiary banks is among the main causes of the unsuccessful processing of cross-border SCT Inst transactions, while noting that the scope of action for the EPC to tackle this issue is limited. The EPC also informed the ERPB that the maximum amount per SCT Inst instruction was increased from €15,000 to €100,000, effective as of 1 July 2020.

Finally, in line with its mandate, the ERPB Working Group on Instant Payments at the point of interaction (POI) provided an interim report containing the results of a stocktake of solutions that enable instant payments at the POI and a status update on the development of the interoperability framework (including governance) for such solutions, to be delivered to the ERPB in November 2020. The interoperability framework, as envisaged by the working group, is based on a "hub" approach, i.e. a centralised or decentralised infrastructure that enables interconnectivity between instant payment service providers. The working group plans to analyse the required functionality of such a hub in more detail in the coming months, taking into account different operating models of instant payments at the POI solutions (e.g. through the involvement of a payment initiation service provider).

The ERPB:

- took note of the EPC update on the implementation of and adherence to the SCT Inst scheme;
- took note of the ECB update on the first results from the Eurosystem's monitoring of SCT Inst take-up;
- reiterated its call to the supply side of the industry to implement instant payments, ensure pan-European reach as soon as possible, and support end-user take-up, including by providing safe and efficient end-user solutions at a competitive price with the capacity to achieve pan-European reach;
- took note of the interim report of the ERPB Working Group on Instant Payments at the POI and welcomed the analysis conducted.

## **ERPB priorities for 2020**

### SEPA Application Programming Interface (API) Access Scheme

As a follow-up to its November 2019 meeting, the ERPB was invited to consider whether the conditions to resume the work on a SEPA API Access Scheme had evolved after the PSD2/RTS implementation. The ERPB noted that while technical implementation is still ongoing in the light of the Opinion of the European Banking Authority (EBA) of 4 June 2020, it could be reasonably expected that PSD2 implementation plans would be completed in the near future, thereby freeing up resources for work on a SEPA API Access Scheme. However, the ERPB noted that, to ensure the smooth resumption of the working group, it would be beneficial to address the principles for the commercial baseline for future cooperation between stakeholders. The ERPB requested that the affected stakeholders start an informal exploratory workstream, addressing inter alia the commercial baseline, for allowing the reactivation of the working group in November 2020. Based on the outcome of this work, the ERPB Secretariat would prepare a proposal on resuming this working group to be discussed at the ERPB's November meeting.

### Transparency for retail payments end-users

In its November 2019 meeting, the ERPB agreed that volunteer members would prepare a proposal for refining the scope of the workstream on transparency for retail payments end-users, i.e. easy identification, from a consumer's bank statement or banking application, of to whom, where and when they made a payment. The volunteer members presented their results with a recommendation to launch an ERPB working group to address the issue of transparency via recommendations to relevant market stakeholders. The ERPB welcomed the work of the volunteer members and agreed that a working group should be established, with an interim report to be drafted for the November 2020 ERPB. On this basis, the ERPB would decide on the next steps.

### Access to cash

The ERPB acknowledged that access to cash is a relevant concern and may become a crucial issue in the light of pandemic-related developments. The ERPB also noted that various initiatives had been launched that aimed to address similar concerns outside the ERPB. In this context, the ERPB considers that further analysis at ERPB level needs to rely on the latest data on cash usage and the outcome of the relevant Eurosystem activities in this area (e.g. measurement of access to cash). The ERPB agreed that another update on access to cash should be given at the ERPB's November 2020 meeting, including a presentation by the ECB on the forthcoming "Study on the payment attitudes of consumers in the euro area" (SPACE). This update could serve as the basis for identifying any gaps that may warrant further work on access to cash at the ERPB level.

The ERPB also took note of the presentation by The European Consumer Organisation (BEUC) outlining the drawbacks of a cashless society for consumers and including BEUC's recommended actions to ensure continued access to cash.

## **Review of ERPB membership**

The ERPB mandate foresees that ERPB membership should be reviewed every two years, with regard to both its composition and the actual members appointed to each stakeholder association. The ERPB discussed 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. On the supply side representation, the ERPB noted that one of the two seats for payment institutions was still vacant. This seat was envisaged to be allocated to third-party payment providers (TPPs) but had remained unused in the absence of a representative EU-wide association for this stakeholder category. In 2019 the European Third Party Providers Association (ETPPA) was established (formalising the former Future of European Fintech coalition) and, considering the increasing relevance of TPPs in the euro retail payments market, the ERPB agreed to make the ETPPA a full member of the ERPB as of November 2020 (the Future of European Fintech coalition had been previously invited as a guest).

## **Items for information**

The ERPB took note of the outcome of written procedures on two points:

- The status of past ERPB recommendations: the ERPB and the relevant stakeholders have acted upon ERPB recommendations and statements made in the past meetings. However, some ERPB recommendations adopted before November 2019 - on IBAN discrimination, a common POI kernel specification and access to a mobile device's contactless interface - require further attention by stakeholders. The ERPB recommendations related to instant payments at the POI adopted in November 2019 are mostly on track or work-in-progress with some dependencies on previous ERPB recommendations and other factors. The ERPB Secretariat will continue monitoring the actions taken by the relevant stakeholders in relation to open recommendations and report back to the ERPB on a regular basis.
- The ERPB's communication approach: the ERPB agreed that ERPB communication should continue to provide transparency, bearing in mind the needs of a broader audience that includes the general public. This communication should be based on existing tools and additional formats, which are accessible and occasionally subject to review. Depending on the topic, the ERPB could mandate one or more of its members to develop specific proposals and/or leverage the work of external groups.

The ERPB took note of the SEPA Request-to-Pay (SRTP) Scheme update provided by the EPC.

# LIST OF ATTENDEES OF THE THIRTEENTH MEETING OF THE EURO RETAIL PAYMENTS BOARD (ERP) ON 6 JULY 2020

Chair: Mr Fabio Panetta, Member of the Executive Board

| Sector   | Members  |
|--|--|
| BEUC<br>(European Consumers' Organisation)                                       | Ms Monique Goyens<br>Director General  |
| AGE Platform (the association of consumers 50+)                                  | Ms Anne-Sophie Parent<br>Former Secretary General  |
| <i>Retailers</i><br>(EuroCommerce)   | Mr Frédéric Mazurier<br>CEO, Market Pay (Carrefour Group)  |
| <i>Internet retailers</i><br>(Ecommerce Europe)                                  | Mr Marc Nieto<br>CEO, MPServices   |
| <i>Corporates</i><br>(EACT & BusinessEurope)                                     | Mr Jean-Marc Servat<br>Chair EACT  |
| <i>SMEs</i><br>(SMEunited)   | Mr Bernard Cohen-Hadad<br>Vice-President, CGPME  |
| National public administrations  | Mr Harald Waiglein<br>Chair EU Financial Services Committee &<br>Director General for Economic Policy<br>Financial Markets and Customs Duties<br>Austria |
| European Payments Council<br>(EPC)   | Mr Javier Santamaría<br>Chair  |
| <i>Co-operative banks</i><br>(European Association of Co-operative Banks - EACB) | Mr Andreas Martin<br>Member of the Board of Managing Directors of<br>the Bundesverband der Deutschen<br>Volksbanken und Raiffeisenbanken                 |
| <i>Savings banks</i><br>(European Savings & Retail Banking Group - ESBG)         | Mr Juan Morlá Tomás<br>CEO and Board Member of Caixabank<br>Payments   |
| <i>Commercial banks</i><br>(European Banking Federation - EBF)                   | Mr Maurizio Sella ( <i>alternate</i> )<br>Chair of Banca Sella Holding   |
| European Payment Institutions Federation (EPIF)                                  | Mr Konstantinos Maragkakis<br>EEA Chief Executive Officer, Paysafe   |
| E-money Association  | Mr Ralf Ohlhausen<br>Chief Strategy Officer for PPRO Group   |
|  | <b>Guest</b>   |
| European Third Party Providers Association - ETPPA - guest                       | Mr Arturo González Mac Dowell<br>President & CEO<br>Eurobits technologies  |
| <b>National central banks<br/>(on rotating basis)</b>                            | <b>Active participants</b>   |
| Deutsche Bundesbank  | Mr Burkhard Balz<br>Member of the Executive Board  |
| Eesti Pank   | Ms Maive Rute<br>Deputy Governor   |

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|-------------------------------|---|
| Banco de España               | Mr Juan Ayuso<br>Director General Operations, Markets & Payment Systems   |
| Hrvatska narodna banka        | Mr Neven Barbaroša<br>Vice Governor   |
| De Nederlandsche Bank         | Mr Olaf Sleijpen<br>Executive Director of Monetary Affairs  |
| Oesterreichische Nationalbank | Mr Eduard Schock<br>Executive Director  |
|                               | <b>Observer</b>   |
| European Commission           | Mr Eric Ducoulombier<br>Head of Unit, Retail financial services<br>DG for Financial Stability, Financial Services and Capital Markets Union |