

Status Update on SCT Inst Scheme

June 2024 ERPB Meeting



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Internal Use

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Approved

1. Background

At its 20 November 2023 meeting the ERPB:

- took note of the status update regarding the instant payments legislative proposal;
- agreed to resume the workstream on a high-level communication strategy with end users following the publication of the new Regulation in the EU Official Journal;
- took note of the EPC update on the implementation of and adherence to the SCT Inst scheme;
- took note of the work initiated by the EPC on the development of a Confirmation of Payee service for participants of SEPA schemes, at the invitation of the ERPB (May 2023); emphasised, in this regard, the importance of a speedy development of a rulebook, and mandated 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 June 2024 meeting, and notably on the status of the process initiated with the CEN for the QR-code standard.
- took note of the review of the MSG MSCTs past actions related to the instant payments at the POI framework and agreed to the EPC recommendation to pause the work on the framework.

The present document provides an update to the ERPB on the actions undertaken by the EPC since the last ERPB meeting and on the contemplated next steps.

2. Adherence status and compliance criteria from the SEPA Regulation

A. Across SEPA

As of May 2024, there are 2.295 registered SCT Inst scheme participants representing a share of 63 percent of all SCT adherents (i.e. 3.645) in all SEPA countries (70 percent for the EU and 73 percent for the euro area). The SCT Inst transaction volumes exceed 17 percent of the total credit transfer volume (SCT + SCT Inst), as further detailed in the dedicated section.

It must be noted that the 63 percent of Payment Service Providers (PSPs) that already joined the SCT Inst scheme generally encompasses all the PSPs having the most significant payment volumes and representing the vast majority of payment accounts. The close to 1.000 PSPs which today offer SCT but not yet SCT Inst scheme-based services in the EU are mostly smaller PSPs and/or are located in non-eurozone countries.

The current list of SCT Inst scheme participants can be consulted on the [Register of Participants webpage](#). 35 Clearing and Settlement Mechanism (CSM) organisations have already disclosed to be SCT Inst scheme compliant. These CSMs are listed on the [Clearing and Settlement Mechanisms webpage](#).

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B. Within the EU

Article 4 of the SEPA Regulation stipulates that euro-denominated payment schemes must ensure that the PSPs being a participant to such schemes must a) constitute a majority of PSPs within the EU and b) represent a majority of PSPs within a majority of EU Member States.

The table below shows the SCT Inst scheme adherence status compared to the SCT scheme adherence in the EU as of May 2024. Based on these adherence figures, the first condition of the SEPA Regulation is fully met. Only ten countries currently meet the second condition. It should also be noted that two additional countries have 50 percent of their SCT scheme participants being also SCT Inst scheme participants, and three other countries are in the 40-49 percent range.

Country	SCT Inst	SCT	Percentage of SCT Inst scheme participants vs. SCT scheme participants
Euro	2.239	3.049	73%
AUSTRIA	382	415	92%
BELGIUM	23	46	50%
CROATIA	7	20	35%
CYPRUS	5	21	24%
ESTONIA	10	13	77%
FINLAND	8	10	80%
FRANCE	132	250	53%
GERMANY	1.133	1.269	89%
GREECE	14	23	61%
IRELAND	11	193	6%
ITALY	307	381	81%
LATVIA	10	13	77%
LITHUANIA	40	86	47%
LUXEMBOURG	7	61	11%
MALTA	5	28	18%
NETHERLANDS	17	38	45%
PORTUGAL	17	34	50%
SLOVAKIA	4	16	25%
SLOVENIA	13	13	100%
SPAIN	94	119	79%
Non-euro	16	163	10%
BULGARIA	4	24	17%
CZECH REPUBLIC	3	19	16%
DENMARK	1	44	2%
HUNGARY		22	0%
POLAND	2	23	9%
ROMANIA	2	21	10%
SWEDEN	4	10	40%
Grand Total	2.255	3.212	70%

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On the other hand, when measured in terms of reachable payment accounts - which is a more meaningful criterion from a user or market perspective - the current SCT Inst scheme penetration is much broader across the euro area. Already 18¹ euro area countries with a substantial majority of payment accounts are reachable for SCT Inst. This number will further grow in the coming quarters.

3. SCT Inst transaction evolution

The EPC collects on a quarterly basis the SCT Inst transaction volume statistics from all SCT Inst scheme compliant CSMs. The share of SCT Inst transactions in the total volume of SCT and SCT Inst transactions was 17,34 percent in the first quarter of 2024 compared to 14,38 percent in the first quarter of 2023.

The latest quarterly SCT Inst transaction volume percentage is available on the [EPC homepage](#).

Given these increases in transaction volume and in scheme adherence with the latter bringing additional transaction volume, the EPC regularly reminds all SCT Inst scheme participants to proactively guarantee a resilient production and back-up infrastructure and necessary extra processing capacity to process and screen higher volumes of transactions and related r-transactions including in peak traffic times.

4. Migration to the 2019 version of the ISO 20022 standard on 17 March 2024

Back in September 2020, the EPC already decided to migrate all ISO 20022 standard-based XML payment messages used under the SCT Inst scheme (and under the other three SEPA payment schemes), to the 2019 version of the ISO 20022 standard.

With the publication of the 2023 SCT Inst scheme rulebook in May 2022, this ISO version migration date was set on 19 November 2023 at 08H00 CET. In October 2022, this timing had subsequently been amended to 03H30 CET to facilitate the ISO version migration.

On 24 October 2023, the EPC decided to postpone the migration of the SCT Inst scheme (and also the other three SEPA payment schemes) to the 2019 version of the ISO 20022 standard, from 19 November 2023 to 17 March 2024. This postponement also applied to all other changes introduced to the 2023 SCT Inst scheme rulebook and the related implementation guidelines.

The ISO version migration in the weekend of 17 March 2024 went smoothly at SEPA level. However, the actual SCT Inst processing downtime period in some communities lasted longer than the agreed 30 minutes. This caused a temporary increase in SCT Inst r-transactions in some communities compared to previous weekends.

No major payment processing issues were reported as of 17 March 2024 apart from some customers and PSPs not applying the new SEPA usage rules for postal addresses.

The first findings from this migration are that:

- The EPC should foresee sufficient 'buffer' time between the end date for major migrations for other payment instruments in or outside SEPA, and the start date of the major change-over for the EPC payment schemes;
- The EPC should start monitoring the CSMs and PSPs much earlier by using detailed reporting templates, and setting regular progress reporting deadlines;

¹ Andorra not being an EU country but using the euro, Austria, Belgium, Croatia, Estonia, Finland, France, Germany, Greece, Italy, Latvia, Lithuania, Luxembourg, the Netherlands, Portugal, Slovakia, Slovenia and Spain.

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- The EPC should communicate regularly, open and transparently about the overall status obtained from these progress reports to the national PSP communities and CSMs. This should include any issue that may cause a migration delay;
- A better alignment among all CSMs is to be obtained about their migration plans and deadlines by which e.g., their final technical specifications and test environments must be available. The EPC can play a role here.

5. Entry into force date of the Instant Payments Regulation ('IPR')

Regulation (EU) 2024/886 of the European Parliament and of the Council amending Regulations (EU) No 260/2012 and (EU) 2021/1230 and Directives 98/26/EC and (EU) 2015/2366 as regards instant credit transfers in euro, also known as the Instant Payments Regulation (IPR), was published in the Official Journal of the EU on 19 March 2024 and entered into force on 8 April 2024.

The IPR, introducing new requirements for instant credit transfers in Regulation (EU) No 260/2012 (so-called 'SEPA Regulation'), sets out several obligations for PSPs based in the European Economic Area (EEA)², whereby some of them already enter into force for eurozone-based PSPs (other than Electronic Money Institutions (EMIs) and Payment Institutions (PIs)) on 9 January 2025 and 9 October 2025 respectively.

The IPR introduces *among others* the following stipulations affecting the SCT Inst scheme itself:

- The drastic shortening of the SCT Inst transaction processing timeline from the current 25 seconds (which includes certain types of exception handling), to just 10 seconds, with possible implications for the Originator PSP in case it has not been notified at all (or it has only been notified after these 10 seconds) by the Beneficiary PSP with a confirmation that the funds were made available on the Beneficiary's payment account. In such cases, the Originator PSP will nevertheless be required to restore the payment account of the Originator to the state in which it would have been had the transaction not taken place, right after the 10th second.
- The abandoning of the current SCT Inst scheme default maximum amount of 100.000 EUR. This without prejudice to the possibility left to PSPs to define maximum amounts for justified reasons, in accordance with applicable law, e.g., per customer segment, channel, etc., as it is already the case today for SCT-based payment transactions.

The EPC is now determining all regulatory changes to be done to the SCT Inst scheme rulebook, implementation guidelines and/or the related Risk Management Annex to ensure alignment with the updated regulatory requirements.

In April 2024, the EPC decided that the 2025 SCT Inst scheme rulebook and the related implementation guidelines will include these regulatory changes, and will be published by November 2024.

The 2025 SCT Inst scheme rulebook (and the other four 2025 EPC payment scheme rulebooks) will enter into force on **Sunday 5 October 2025**. This earlier than foreseen entry-into-force date has been chosen to comply with the 9 October 2025 deadline set by the IPR.

This means that all SCT Inst scheme participants and their technical service providers will have less time available to implement the 2025 SCT Inst scheme rulebook compared to a normal rulebook release and implementation cycle.

² The EEA covers the 27 EU member states, Iceland, Liechtenstein and Norway.

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On 16 May 2024, the EPC also conveyed this important information through a news item on the EPC website.

6. Expected SCT Inst scheme adherence applications

The IPR stipulates that eurozone-based PSPs (except PIs and EMIs) must offer the service of receiving instant euro credit transfers by 9 January 2025, and offer the service of sending instant euro credit transfers by 9 October 2025.

The EPC estimates that more than 800 eurozone-based PSPs not yet being SCT Inst scheme participants are legally bound to at least accept 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.

7. Verification Of Payee

The IPR includes a requirement for all Originator PSPs offering the service of regular euro credit transfers and instant euro credit transfers, to offer a service enabling customers to be notified when a mismatch is detected between the Beneficiary's name and IBAN, as supplied by the Originator (a so-called Verification Of Payee (VOP) service).

A mandatory VOP service has an impact on the SCT Inst scheme as there is no such VOP feature within the current SCT Inst scheme rulebook.

The EPC developed its VOP scheme rulebook as an answer to this legal obligation. The VOP scheme rulebook had been subject to a public consultation from 20 February to 19 May 2024. The EPC currently reviews the comments received from this public consultation. The EPC intention is to base the VOP scheme on RESTful API technology that makes use of ISO 20022 resource elements.

The EPC will also define requirements for Directory Service Providers 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 (RVMs) and any other relevant entities.

To this extent, the EPC will also provide a "default" EPC Directory Service (EDS) to facilitate cross-border interoperability and reachability between EPC VOP scheme participants. The managed data concern among others scheme adherence, identification and endpoints about participant PSPs.

The EPC plans to publish the formal version 1.0 of the VOP scheme rulebook and the related VOP API scheme specifications by the end of September 2024. The concrete entry-into-force date will be Sunday 05 October 2025.

8. Reported issues

All SCT Inst scheme participants are regularly invited to submit any concrete SCT Inst processing issues they may have. No new concrete issues had been reported requiring the attention of the ERPB.

9. 2024 rulebook change management cycle

The SCT Inst scheme rulebook and the other four EPC payment scheme rulebooks are updated every two years to reflect market needs and evolutions in technical standards. The eventual new version of the SCT Inst scheme rulebook published by November 2024 will be the result of the rulebook

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change management cycle that started already in 2023. All scheme participants and stakeholders had the opportunity to submit SCT Inst scheme change requests by 31 December 2023 at the latest.

The EPC received 24 change requests affecting the SCT Inst scheme. These change requests are now subject to a 90-calendar day [public consultation](#) from 12 March to 9 June 2024.

Change requests finding broad acceptance will be taken forward if they are technically and legally feasible. They will be implemented in the SCT Inst scheme rulebook version and associated implementation guidelines to be published by November 2024 to take effect on 05 October 2025.

10. Multi-stakeholder Group on Mobile Initiated SEPA (Instant) Credit Transfers (MSG MSCT)

As communicated by the EPC in the November 2023 meeting of the ERP, the MSG MSCT has been working since May 2023 under a new mandate, which was extended until September 2024. The new mandate covers the follow-up work on standardisation of QR-codes for MSCTs and the release of the v3.0 of the MSCT Interoperability Guidance (MSCT IG).

a) [Standardisation of QR-codes for MSCTs](#)

The MSG MSCT has been reviewing over the past months the document EPC024-22 on the Standardisation of QR-codes for MSCTs.

From this new version of EPC024-22, a specific document was derived for submission to CEN for further standardisation as a European Standard (EN). For this purpose, the EPC relies on its status of CEN *liaison organisation*, obtained in mid-March 2024 through a ballot in CEN TC 225 - Automatic Identification and Data Capture (AIDC) Technologies.

Along with this document, the EPC has subsequently prepared, according to the CEN procedures, a so-called New Work Item (NWI) proposal and a rationale document for a 2-month balloting in CEN. The aim is that the next stage, namely the enquiry process can start early July 2024. According to the current schedule, the standard is forecasted to be published not earlier than end Q2- or Q3- 2025 (the minimum realistic time for standardisation at CEN is 68 weeks from NWI submission).

b) [MSCT Interoperability Guidance \(MSCT IG\)](#)

The MSG MSCT has started to prepare the draft version of the upcoming v3.0 of the *Mobile Initiated (Instant) SEPA Credit Transfer Payments and Interoperability Guidance* (IG). The scope of the new version has been narrowed down, as communicated to the ERP in November 2023.

The new version was submitted to the EPC Board for approval of the public consultation launch.

The EPC Board approved this request on 21 May 2024 and the draft IG will be in 2-month public consultation until End of July.

The EPC is targeting September 2024 as delivery timeline for publication of the v3.0 of the IG, after processing the comments received during the public consultation.

According to the current mandate, after the publishing of the v3.0 of the IG document, the MSG MSCT will terminate its activity and will be disbanded.