



INSTANT PAYMENTS AND EUROPEAN REGULATION

Implications of the new regulation

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INSTANT PAYMENT IN EUROPE

What are we talking about?

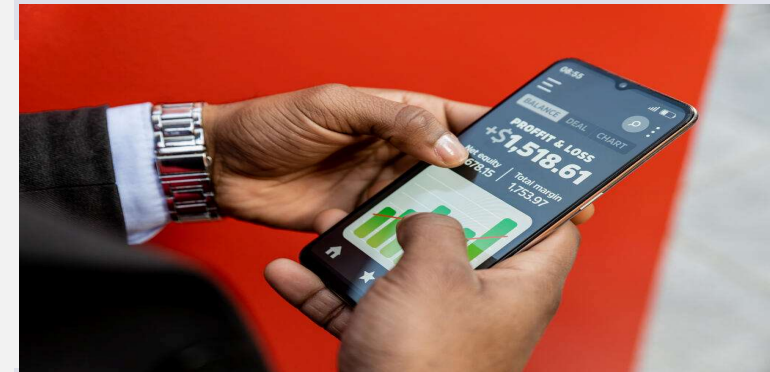


SEPA Instant Credit Transfer

- € credit transfer
- payments in the SEPA zone
- Max. 10 seconds
- 24/7/365
- Secure and compliant
- Irrevocable
- Immediate availability of the payment
- Up to €100,000
- ISO 20022 XML messages
- OK/KO

DIGITAL PAYMENT

Via mobile app., Online banking...

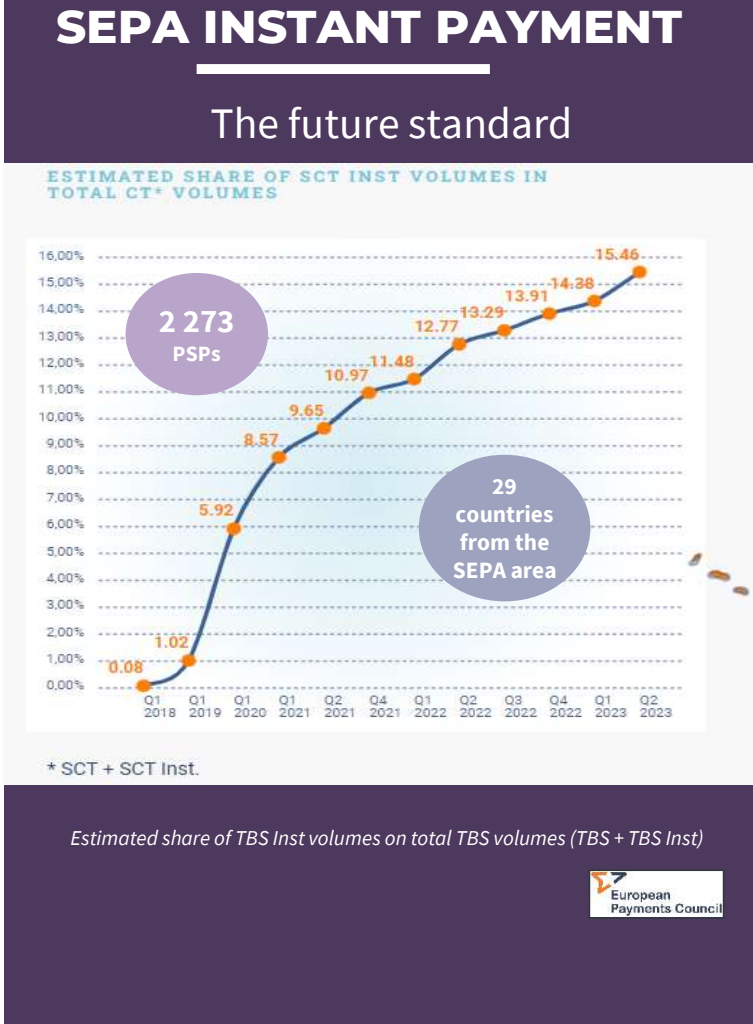


SINGLE PAYMENT

No batches, no cut-off
Via a **real-time** IT infrastructure

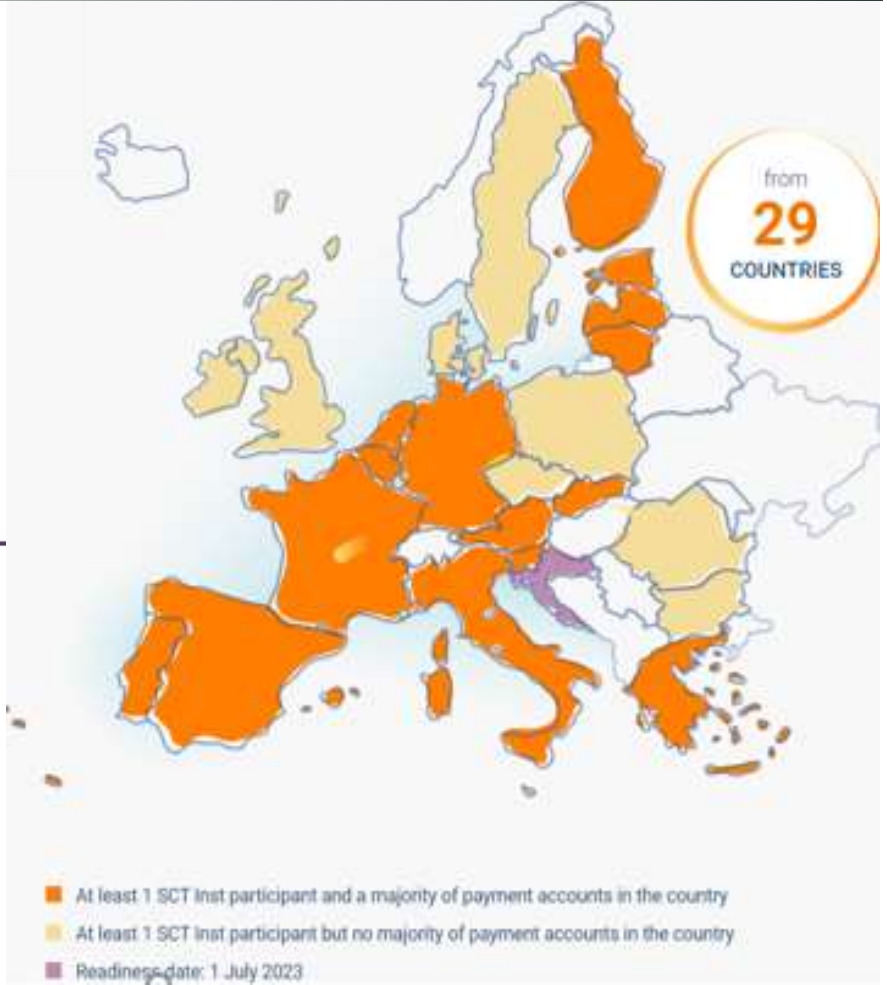


THE SCT INST SCHEME TODAY



A constant but moderate volume growth

71%
of PSPs participants
in the Euro zone!



<https://www.europeanpaymentscouncil.eu/>

Source : EPC

THE EUROPEAN COMMISSION PROPOSAL

What's new for PSP (Payment Service Providers) ?



MAIN PROVISIONS

Art 5a) SCT INST BECOMES MANDATORY •

• Art 5b) CAPPED PRICING

4 KEY MEASURES

Art 5c) IBAN Name/Check •

• Art 5d) SANCTIONS SCREENING

LEGISLATIVE TIMELINES AND CURRENT STATUS



NUMBER OF MONTHS AFTER THE EFFECTIVE DATE

	EEA eu ro zone based PSP	EEA non euro zone based PSP
SCT INST becomes mandatory	Receiving 6 months Sending 12 months	Receiving 30 months Sending 36 months
Capped pricing	6 months	30 months
IBAN/Name check	12 months	36 months
Sanctions screening	6 months	6 months

THE SCT INST BECOMES MANDATORY

KEY PROVISIONS

Article 5a Instant credit transfer transactions

1. PSPs that offer to their PSUs a payment service of sending and receiving credit transfers shall offer to all their PSUs a payment service of sending and receiving instant credit transfers.

However, this paragraph shall not apply to electronic money institutions as defined in Article 2, point (1), of Directive 2009/110/EC and payment institutions as defined in Article 4, point (4), of Directive (EU) 2015/2366.

2. When carrying out instant credit transfers, PSPs shall, in addition to the requirements set out in Article 5, comply with the following requirements:

- (a) they shall ensure that payers are able to place a payment order for an instant credit transfer through the same PSU interfaces as the ones through which those payers can place a payment order for other credit transfers;
- (b) after receiving a payment order for an instant credit transfer, they shall immediately verify whether all the necessary conditions for processing the payment are met and whether the necessary funds are available, reserve the amount on the account of the payer and instantly send the payment transaction to the payee's PSP;
- (c) they shall ensure that all payment accounts they maintain are reachable for instant credit transfers 24 hours a day and on any calendar day;
- (d) after having received an instant credit transfer, they shall immediately make the amount of that transaction available on the payee's payment account.

3. When providing instant credit transfers in euro, PSPs shall offer to their PSUs the possibility to submit multiple payment orders as a package if they offer that possibility to their PSUs for other types of credit transfers.

- All PSPs which offer the regular SCT will be obliged to offer the SCT INST to all their PSU (receiving and sending)
- This obligation targets the same customer interfaces and channels than the regular SCT
- PSPs will be obliged to offer bulk payments as for the regular SCT
- Exemption for the Payment Institutions (PIs)/Electronic Money Issuers

WHY ?

- To make the SCT Inst the new normal
- To Ensure the reachability within the Union

CAPPED PRICING

Article 5b - Charges in respect of instant credit transfers

1. Any charges applied by a PSP on payers and payees in respect of sending and receiving instant credit transfer transactions in euro shall not be higher than the charges applied by that PSP in respect of sending and receiving other, corresponding, credit transfer transactions in euro.

Article 2 Amendment to Regulation (EU) 2021/1230

In Article 3 of Regulation (EU) 2021/1230, the following paragraph 5 is added:

‘5. Paragraph 1 of this Article shall not apply where Article 5b(1) of Regulation (EU) No 260/2012 would require a payment service provider located in a Member State whose currency is not the euro, with respect to an instant credit transfer, to levy a charge which would be lower than the charge which would be levied, with respect to the same transfer, if paragraph 1 of this Article were to be applied. EN 22 EN For the purposes of the first subparagraph, an instant credit transfer means an instant credit transfer as defined in Article 2, point (1a) of Regulation (EU) No 260/2012 that is cross-border and in euro.’

KEY PROVISIONS

- The price for the SCT Inst will have to be equal to or cheaper than price for the regular SCT

WHY ?

- To make the SCT Inst attractiveness
- To encourage customers to adopt the service

IBAN/NAME CHECK SERVICE

Article 5c - Discrepancies between the name and payment account identifier of a payee in case of instant credit transfers

1. With regard to instant credit transfers, a payer's PSP shall verify whether the payment account identifier and the name of the payee provided by the payer match. Where they do not match, that PSP shall notify the payer of any discrepancies detected and the degree of any such discrepancy.

PSPs shall provide that service immediately after the payer provided to its PSP the payment account identifier of the payee and the name of the payee, and before the payer is offered the possibility to authorise the instant credit transfer.

2. PSPs shall ensure that the detection and notification of a discrepancy as referred to in paragraph 1 does not prevent payers from authorising the instant credit transfer concerned.

3. PSPs shall ensure that PSUs have the right to opt out from receiving the service referred to in paragraph 1 and shall inform their PSUs of the means to express such opt-out right. PSPs shall also ensure that PSUs that opted out from receiving the service referred to in paragraph 1, have the right to opt in to receive that service.

4. PSPs shall inform their PSUs that authorising a transaction despite a detected and notified discrepancy or opting out from receiving the service referred to in paragraph 1 may lead to transferring the funds to a payment account not held by the payee indicated by the payer. PSPs shall provide that information at the same time as the notification of discrepancies referred to in paragraph 1 or when PSU opts out from receiving the service referred to in that paragraph.

5. The service referred to in paragraph 1 shall be provided to the payer regardless of the PSU interface used by the payer to place a payment order for an instant credit transfer.

KEY PROVISIONS

- All PSPs will be obliged to offer a service which checks the match between the IBAN and the Name of the beneficiary
- The obligation covers all interfaces and channels
- The PSPs will be obliged to provide to their customers information about risks

WHY ?

- To ensure more customers protection
- Mainly to combat fraud and make the customers confident in the using of the SCT Inst service

SANCTION SCREENING

Article 5d - Screening of PSUs with regard to Union sanctions in case of instant credit transfers

1. PSPs executing instant credit transfers shall verify whether any of their PSUs are listed persons or entities.

PSPs shall carry out such verifications immediately after the entry into force of any new or amended restrictive measures adopted in accordance with Article 215 TFEU providing for asset freeze or prohibition of making funds or economic resources available , and at least once every calendar day.

2. During the execution of an instant credit transfer, the payer's PSP and the payee's PSP involved in the execution of such transfer shall not verify whether the payer or the payee whose payment accounts are used for the execution of that instant credit transfer are listed persons or entities in addition to carrying out verifications under paragraph 1.

3. A PSP that has failed to carry out the verifications referred to in paragraph 1 and executes an instant credit transfer causing another PSP involved in the execution of that instant credit transaction to fail to freeze assets of listed persons or entities, or to make funds or economic resources available to such persons or entities, shall compensate the financial damage caused to the other PSP resulting from penalties imposed on that other PSP under restrictive measures adopted in accordance with Article 215 TFEU providing for asset freeze or prohibition of making funds or economic resources available.

KEY PROVISIONS

- All PSPs will be obliged to follow screening procedures based on daily checks of their own PSU against EU sanctions lists
- PSP's must "immediately" verify whether person is listed
- Compensation mechanism between PSPs in case of no compliance with the regulation

WHY ?

- Simplify the filtering method to avoid frictions due to false positive

CHALLENGE AND KEY ISSUES TO BE DISCUSSED...





Impacts on bank's liquidity ratios ?

Impacts on « funding defunding » mechanism ?

Adaptation of business rules ?

 « Big bang » generalization

 Ramp up of the volumes

 Increase the maximum amount or no limit

Impacts on « prefunding mechanism ?

More liquidity for bulk payments ?

Changes in liquidity management policies ?

THANK YOU VERY MUCH



 SOCIETE
GENERALE

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