

Status Update on SCT Inst Scheme

November 2022 ERPB Meeting



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Approved

1. Background

At its 07 July 2022 meeting the ERPB notably:

- took note of the EPC update on the implementation of and adherence to the SCT Inst scheme;
- noted that, while levels of adherence to the SCT Inst scheme continue to rise, the relatively slow progress further supports the European Commission's plans to address obstacles and increase adherence in order to realise efficiency gains and provide equal access to instant payments for all citizens;
- took note of the work conducted by the MSG MSCT, together with relevant stakeholders and standardisation bodies, at the invitation of the ERPB to develop a standard and governance framework for a QR code standard for instant payments;
- supported, in this regard, the proposal that, if the envisaged submission of the standard to ISO did not progress as planned – notably if the fast-track procedure failed or the process resulted in changes or another outcome that did not meet the needs of the European payments market – the document would be withdrawn from ISO and submitted instead to the European Committee for Standardization (CEN) through a fast-track procedure;
- invited the EPC, through the MSG MSCT, to monitor the progress of the procedure with ISO and to follow up as necessary;
- encouraged supply-side participants to complete the implementation of instant payments and to support end-user take-up, including by providing safe and efficient end-user solutions with the capacity to achieve pan-European reach at a competitive price;
- invited the EPC to report on the extension of the work on a QR code standard (making sure to involve relevant stakeholders and standardisation bodies) to include other technologies, starting with NFC and continuing with BLE, at the November 2022 ERPB meeting;
- supported assessing whether to conduct further work on the remaining elements of an interoperability framework during its November 2022 meeting, taking into account the progress of the work at MSG MSCT level, alongside ongoing market developments and initiatives taken by European public authorities.

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 October 2022, there are 2,308 registered SCT Inst scheme participants representing a share of 61 percent of all SCT adherents (i.e. 3,797) in **all** SEPA countries (and 68% for the EU and 71% for the euro area only). It must be noted that within the 61 percent of Payment Service Providers (PSPs) that already joined the scheme, SCT Inst generally enumerates those having the most significant payment volumes and representing the vast majority of payment accounts.

The current list of SCT Inst scheme participants can be consulted on the [Register of Participants webpage](#). 36 Clearing and Settlement Mechanism (CSM) organisations (including national central banks under Target Instant Payment Settlement (TIPS)) have already disclosed to be SCT Inst scheme compliant. These CSMs are listed on the [Clearing and Settlement Mechanisms webpage](#).

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 scheme 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 October 2022. 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 four other countries are in the 40-49 percent range.

Country	SCT Inst	SCT	Percentage of SCT Inst scheme participants vs. SCT scheme participants
Euro	2.260	3.175	71%
AUSTRIA	401	434	92%
BELGIUM	23	48	48%
CYPRUS	4	22	18%
ESTONIA	7	12	58%
FINLAND	8	10	80%
FRANCE	135	263	51%
GERMANY	1.170	1.327	88%
GREECE	13	23	57%
IRELAND	9	208	4%
ITALY	287	400	72%
LATVIA	10	18	56%
LITHUANIA	41	91	45%
LUXEMBOURG	6	66	9%
MALTA	5	32	16%
NETHERLANDS	15	39	38%
PORTUGAL	16	35	46%
SLOVAKIA	4	17	24%
SLOVENIA	14	14	100%
SPAIN	92	116	79%
Non-Euro	17	190	9%
BULGARIA	3	25	12%
CROATIA	6	21	29%
CZECH REPUBLIC	1	19	5%
DENMARK	1	45	2%
HUNGARY		23	0%
POLAND	1	24	4%
ROMANIA	1	23	4%
SWEDEN	4	10	40%
Grand Total	2.277	3.365	68%

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. There are already 15¹ euro area countries with a substantial majority of payment accounts 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 13.29 percent in the third quarter of 2022 compared to 10.35 percent in the third quarter of 2021.

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

¹ Austria, Belgium, Estonia, Finland, France, Germany, Greece, Italy, Latvia, Lithuania, the Netherlands, Portugal, Slovakia, Slovenia and Spain.

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. Earlier entry-into-force time and a SEPA-wide downtime period before the entry-into-force time for the 2023 SCT Inst scheme rulebook

The EPC considered a suggestion from some SCT Inst payment market players to foresee a SEPA-wide downtime period for the SCT Inst scheme on 19 November 2023. According to these market players, this would facilitate a smooth change-over from the 2009 version to the 2019 version of the ISO 20022 standard for the XML messages used for the SCT Inst scheme.

The EPC decided that the entry-into-force time of the 2023 SCT Inst scheme rulebook is now set for 19 November 2023 at **03H30 CET** (instead of 08H00 CET as previously communicated). At that concrete point in time, only a limited number of payment service users may initiate SCT Inst instructions and as a result only a limited SCT Inst transaction volume is processed. This chosen change-over time also takes into account the range of geographical time zones in which the SCT Inst scheme is already used across SEPA.

This new entry-into-force time will be preceded by a SEPA-wide 30 minutes downtime period from **03H00 CET** up to **03H30 CET**. During that downtime period, no single SCT Inst instruction from payment service users, and no single transaction, r-transaction, transaction investigation and any response message related to them between SCT Inst scheme participants will be possible.

Before 03H00 CET, all SCT Inst payment messages will be in the 2009 version of the ISO 20022 standard. As of 03H30 CET, all SCT Inst payment messages will be in the 2019 version of that same standard.

On 27 October 2022, the EPC formally announced this amended entry-into-force time for the 2023 SCT Inst scheme rulebook and the preceding SEPA-wide 30 minutes downtime period, on the [EPC Website](#).

In line with this announcement, the EPC also published a new version 1.1 of the 2023 SCT Inst scheme rulebook and related implementation guidelines replacing at once the version 1.0 of these documents. The only amendments are the new entry-into-force time and the preceding SEPA-wide 30 minutes downtime period. The EPC also published the version 2.0 of the EPC guidance document 'Migration to 2019 Version of ISO 20022-based XML Messaging Standard' ([EPC 087-22](#)) reflecting this EPC decision.

In 2023, the EPC will remind on a regular basis all SCT Inst scheme participants and other affected stakeholders about the new entry-into-force time of the 2023 SCT Inst scheme rulebook and the preceding SEPA-wide downtime period.

All SCT Inst scheme participants will be asked to duly inform and well in advance their customers about the new entry-into-force time of the 2023 SCT Inst scheme rulebook, and about the SEPA-wide downtime period for all SCT Inst scheme-based payment services from 03H00 CET up to 03H30 CET on Sunday 19 November 2023.

5. Use of Structured Address under the SCT Inst scheme

Out of the 2022 SEPA payment scheme rulebook change management cycle, the EPC approved the 2022 change request to exclusively use the structured address of the payment service user as of November 2025. This change affects among others the SCT Inst scheme.

On 27 October 2022, the EPC published the guidance document 'Use of Structured Address under the SEPA Payment Schemes as of November 2025' ([EPC 153-22](#)) for scheme participants and payment service users on how to prepare themselves for the exclusive use of structured addresses as of 23 November 2025 being the entry-into-force date of all 2025 SEPA payment scheme rulebooks.

The EPC will monitor the preparations to the exclusive use of structured addresses up to November 2025. This guidance document may be further updated based on further clarification needs from scheme participants and payment service users.

6. 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.

7. Next SEPA payment scheme rulebook change management cycle

The next scheme change management cycle will take place in 2024. Stakeholders are invited to submit change requests to the SCT Inst rulebook by 31 December 2023 by completing a [dedicated template](#).

The received change requests will be considered with regard to the SCT Inst rulebook version and associated Implementation Guidelines (IGs) to be published in November 2024, and to take effect in November 2025. Change requests finding broad acceptance will be taken forward if they are technically and legally feasible.

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

Standardisation of QR-codes for MSCTs

The MSG MSCT developed earlier this year a document on the *Standardisation of QR-codes for MSCTs* (EPC024-22). It standardises a payee- and a payer-presented QR-code for all types of MSCTs, i.e. all payment contexts (P2P, C2B, B2B and B2C) while addressing both SCT instant and SCT payments. The MSG MSCT leveraged for this work the document on "*Standardisation and governance of QR-codes for IPs at the POI*" (EPC212-21), they developed in 2021, hereby addressing the request made by the ERPB to the EPC in their Statement of June 2021 (ERPB/2021/012). In addition, the present document contains a chapter devoted to the security aspects of the data contained in the QR-codes, which is based on Chapter 10 of the MSCT IG (EPC269-19 2nd edition).

The new document also takes into account the answers received from the EBA on the EBA Q&A 2020_5476 and 2020_5477. Following an 8-week public consultation in Q1-Q2 2022, the document was published on the EPC website on 17 June 2022.

The MSG MSCT developed over the past months a new document on the *Specification of QR-codes for mobile (instant) credit transfers* (MCTs - EPC193-22) for further international standardisation through ISO. The MSG MSCT leveraged for this work the document EPC024-22 but generalised some terms and text for usage beyond SEPA. The new document was edited in ISO format and published

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on the EPC website on 29 September 2022, prior to submission by the EPC to the ISO Technical Committee TC 68, Financial services, Subcommittee SC 9, Information exchange for financial services for further standardisation through a so-called fast track procedure. The result of the ISO fast track procedure ballot and the next step will be discussed in the upcoming meeting of ISO TC 68 SC 9 on 9 November 2022.

The MSG MSCT also recently received the EBA answer to EBA Q&A202_6298 - *Clarification on the EBA answer to EBA Q&A 2020_5476*. As this answer impacts the additional options for the payer-presented QR-codes mentioned in Annex 2 in document EPC024-22, the MSG MSCT will prepare an updated version of the document, hereby also addressing any comments that might be received through the ISO process that have an impact on the document EPC024-22.

Interoperability of MSCTs based on NFC or BLE

According to their mandate extension (MSG MSCT 128-21), the MSG MSCT is also conducting a further interoperability analysis of MSCTs based on NFC² and BLE³. Note that the EPC was also invited to undertake this work in the ERPB Statement ERPB/2021/028 published in November 2021.

The first focus of the MSG MSCT is on NFC, followed by BLE. The dedicated work-stream that was established in Q1 2022 held regular meetings over the past months. They evaluated proposed MSCT use cases based on these proximity technologies of which the BLE based use cases are based on eIDAS2.0. They are currently analysing in more detail the usage of these proximity technologies for payments, including the related security aspects and main challenges to be addressed. This analysis is also based on the feedback on received from (technical) experiences (lessons learnt) with these proximity technologies from account-based payment solutions that have been present in the market or have been decommissioned during the past years. The work-stream also analysed the answers received from the EBA to EBA Q&A 2020_5247 and 2020_5367.

The MSG MSCT is preparing a draft document that will contain, next to the items mentioned above, also a chapter dedicated to the security of the data exchanged via NFC or BLE and a chapter on the minimum data elements to be exchanged between the payer and the payee through NFC for the initiation of MSCTs. The document will conclude with a chapter that identifies further topics to be addressed towards the take-up of MSCTs based on NFC.

The current planning is to finish this new document on MSCTs based on NFC or BLE by end 2022 for an 8-week public consultation in Q1 2023.

The agendas and minutes of the MSG MSCT plenary meetings are available on the EPC website via the following link:

https://www.europeanpaymentscouncil.eu/search?qry=&kb%5B0%5D=ctype%3Akb_document&kb%5B1%5D=tags%3A4801.

² Near Field Communication

³ Bluetooth Low Energy