

# Status Update on SCT Inst Scheme November 2023 ERPB Meeting



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## 1. Background

At its 25 May 2023 meeting the ERPB:

- took note of the European Commission's update regarding the legislative proposal on instant payments;
- took note of the EPC update on the implementation of and adherence to the SCT Inst scheme and welcomed the update in relation to the SRTP scheme;
- encouraged the EPC to consider how best to support the development of rules and procedures for a harmonised implementation of a service verifying the accuracy of the payee information provided by the payer, noting that the confirmation of the final details of the proposed service is pending the approval of the instant payments regulation;
- encouraged supply-side participants to complete the implementation of instant payments and to support end-user uptake, including by provision of safe and efficient end-user solutions with the capacity to achieve pan-European reach at a competitive price;
- 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 for a QR code for instant payments and its governance framework;
- recalled, in this regard, that, if the 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in changes or another outcome that did not meet the needs of the European payments market – the application would be withdrawn from ISO and submitted instead to the European Committee for Standardization (CEN) through a fast-track procedure;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 and to follow up as necessary;
- invited the EPC (involving relevant stakeholders and standardisation bodies) to report on the extension of the work on a QR-code standard to include other technologies, starting with NFC and continuing with BLE, at the November 2023 ERPB meeting.

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 2023, there are 2,274 registered SCT Inst scheme participants representing a share of 61,7 percent of all SCT adherents (i.e. 3,684) in **all** SEPA countries (69 percent for the EU and 72 percent for the euro area). The SCT Inst transaction volumes exceed 15 percent of the total credit transfer volume (SCT + SCT Inst), as further detailed in the dedicated section.

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It must be noted that the 61,7 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 more than 1.000 PSPs which today offer SCT but not yet SCT Inst are mostly smaller PSPs and/or are located in non-euro zone 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 (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 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 October 2023. 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
<b>Euro</b>	<b>2.220</b>	<b>3.082</b>	<b>72%</b>
AUSTRIA	382	415	92%
BELGIUM	24	48	50%
CROATIA	6	20	30%
CYPRUS	4	22	18%
ESTONIA	9	12	75%
FINLAND	8	10	80%
FRANCE	136	259	53%
GERMANY	1.127	1.274	88%
GREECE	13	23	57%
IRELAND	11	195	6%
ITALY	294	387	76%
LATVIA	9	13	69%
LITHUANIA	38	87	44%
LUXEMBOURG	8	66	12%
MALTA	7	30	23%
NETHERLANDS	17	38	45%
PORTUGAL	17	34	50%
SLOVAKIA	4	17	24%
SLOVENIA	13	13	100%
SPAIN	93	119	78%
<b>Non-euro</b>	<b>14</b>	<b>164</b>	<b>9%</b>
BULGARIA	4	25	16%
CZECH REPUBLIC	2	19	11%
DENMARK	1	44	2%
HUNGARY		22	0%
POLAND	2	23	9%
ROMANIA	1	21	5%
SWEDEN	4	10	40%
<b>Grand Total</b>	<b>2.234</b>	<b>3.246</b>	<b>69%</b>

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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 17<sup>1</sup> 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 15.46 percent in the second quarter of 2023 compared to 12.77 percent in the second quarter of 2022.

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 postponed to 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 applies to all other changes introduced to the 2023 SCT Inst scheme rulebook and the related implementation guidelines.

This decision follows a careful evaluation of the latest migration status reported by SEPA payment scheme participants and self-declared SEPA payment scheme compliant CSMs, which highlighted significant criticalities for two large SEPA countries, and after a thorough assessment of all possible contingency scenarios.

With respect to the entry-into-force time of the 2023 SCT Inst scheme rulebook, it is now set at **Sunday 17 March 2024 at 03H30 CET**. 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, transaction, r-transaction, transaction investigation or any response message related to them 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.

As a consequence, the 2021 SCT Inst scheme rulebook and related implementation guidelines remain in effect up to 03H00 CET on 17 March 2024.

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<sup>1</sup> 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 is fully aware of the costs and the implications of this decision on SCT Inst scheme participants and CSMs, and appreciates the efforts made by the SCT Inst scheme participants and CSMs which performed well and are ready to proceed with the migration initially scheduled on 19 November 2023.

Nevertheless, considering the significant scheme-wide operational and reputational risks of performing the migration with the above-mentioned criticalities pending, the EPC decided that the safest option to ensure the stability of the schemes is to postpone the migration date.

The SEPA payment scheme participants had been asked to inform as soon as possible their customers about the possible implications related to the new entry-into-force date of the 2023 SEPA payment scheme rulebooks.

The EPC has also strongly recommended all SEPA payment scheme participants and their CSMs to continue with all necessary preparations and tests at the current pace, in order to reach a stable ISO version migration and resilient SEPA payment scheme production and back-up environments as soon as possible.

**5. Confirmation of Payee**

The initiative from the European Commission (EC) on instant payments includes a requirement for all PSPs offering the service of instant payments in euro, 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 Confirmation of Payee (CoP) service).

A mandatory CoP service will certainly have an impact on the SCT Inst scheme as there is no such CoP feature within the current SCT Inst scheme rulebook.

The EPC is aware that there are already CoP solutions and schemes at the disposal of PSPs in certain SEPA countries. It also realises that the current EC legislative initiative on instant payments with respect to CoP may still be subject to changes.

The EPC nevertheless considers that it can play a role in the development of CoP services at SEPA level, in case the use of a CoP service by scheme participants will be confirmed as mandatory for PSPs in EU legislation.

As of April 2023, the EPC accelerated its activities on a possible EPC CoP concept. An extensive stock-taking exercise was held involving bilateral interviews with more than ten CoP schemes and solutions already or close to be implemented at national and international level.

In mid-September 2023, the EPC agreed on a number of principles and next steps with respect to a possible EPC CoP concept:

- The EPC will develop a standalone CoP scheme, separate from any existing EPC payment or EPC payment-related schemes. This allows to use a CoP service on top of any existing EPC payment and payment-related scheme in the future.
- The aim of this EPC CoP scheme is to guarantee interoperability at SEPA level between the different existing national solutions/ schemes. It will thus not replace existing solutions and schemes. In SEPA countries where a CoP solution or scheme is not yet available or emerging, the EPC CoP scheme could facilitate the CoP needs of the SEPA countries concerned.

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- The current intention is that the CoP scheme will rely on RESTful APIs built on a JSON format making use of ISO 20022 standard-based structures and XML message elements. Its feasibility needs further analysis.
- The current intention is to have a centralized Directory Service (at least at the start-up phase). The aim is to provide CoP end-points to PSPs making CoP requests, and the necessary level of authentication and security. This is necessary to guarantee SEPA level reachability within a rapid adoption timeline.

The EPC aims to have a draft rulebook CoP scheme rulebook ready by the end of December 2023. It will then be published for a public consultation shortly after the final legislative text of the amended SEPA Regulation with respect to instant payments is known.

### 6. 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 a structured address of the customer as of November 2025. This change affects the SCT Inst scheme and the other three SEPA payment schemes.

The EPC reminds all ERPB members and their communities that this change has **a major impact** for various corporate customer segments. They must start upgrading their customer 'static data' repositories so that these repositories can store structured customer addresses by 23 November 2025 at the latest.

The corporate customers concerned must also start upgrading their payment and payment-related systems/applications to initiate SCT Inst Instructions and other SEPA payment scheme transactions so that these systems/applications can insert structured addresses from their customer 'static data' repositories by 23 November 2025.

In 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 customers 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.

In this respect, the EPC will continue to remind the relevant stakeholders at SEPA level about the upcoming mandatory use of structured addresses and about the existence of the EPC guidance document [EPC 153-22](#), on a regular basis through the external EPC communication channels and in the relevant external and internal EPC meetings.

The EPC is also closely monitoring SWIFT standardization activity on ISO20022 for international payments, concerning the representation of addresses. At the start of September 2023, a SWIFT body called the Payments Standards Working Group (PSWG) considered a proposed change to adapt the structured address specifications for the SWIFT Standard Release 2025. The proposed change was i) to introduce a hybrid address version by November 2025 and ii) to allow the unstructured address version until November 2026. The new hybrid version has no expiration date.

The SWIFT PSWG recommended the proposed change to the SWIFT Board. The SWIFT Board is expected to take a formal decision on this topic at its December 2023 meeting. With this SWIFT decision in mind, at its next Payment Scheme Management Board (PSMB) meeting on 15 February

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2024, the EPC could potentially reconsider the current direction (i.e. mandatory use of structured addresses by November 2025 in all EPC schemes) and/or the deployment time plan.

### 7. 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.

### 8. 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 scheme rulebook by 31 December 2023 by completing a [dedicated template](#).

The received change requests will be considered regarding the SCT Inst scheme rulebook version and associated implementation guidelines 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.

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

As communicated by the EPC in the May 2023 meeting of the ERPB, the mandate of the MSG MSCT was extended until September 2024 by EPC Board decision on 23 May 2023. The new mandate covers notably 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). It also takes into consideration several elements potentially impacting the MSG MSCT work, from a regulatory and commercial perspective, as well as the EPC budget and resource constraints.

#### a) Standardisation of QR-codes for MSCTs

The ERPB was informed in its May 2023 meeting about the publication in January 2023 of the version 2.0 of the EPC specifications for QR-codes for MSCTs, and about the submission of these specifications for standardisation to ISO (Technical Committee TC 68, Financial services, Subcommittee SC 9, Information exchange for financial services). The formal ballot held in ISO TC 68 SC9 ended in July with rejection of the EPC request, due to negative votes from some non-European members.

In this context, in accordance with previous ERPB recommendations and EPC Board decisions, the EPC initiated the process of submitting the request for standardisation to CEN, the European standardisation body. For this purpose, the EPC applied to become Liaison organisation in CEN. In parallel, the MSG MSCT has started reviewing the QR-codes specifications to evaluate whether new elements (e.g., resulting from MSG members requests, relevant comments made by the members in ISO TC68 SC 9 during the ISO ballot, needs specific to CEN submission) might result in an update before submission to CEN.

The whole process, including awarding of CEN Liaison status for the EPC, the update of specifications jointly working with CEN, the ballot vote and publication is expected to take not less than one year time.

#### b) MSCT Interoperability Guidance (MSCT IG)

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The MSG MSCT has started to prepare the v3.0 of the *Mobile Initiated (Instant) SEPA Credit Transfer Payments and Interoperability Guidance* (MSCT IG). A dedicated workstream is currently assessing the possible options for narrowing down the scope to the most relevant content, focusing on the interoperability of MSCTs. Possible restructuring and identification of elements that could be handed over to the EPSG is also being explored, as well as assessing regulatory changes that may be needed to be reflected in the IG, and re-assessing EPC and market interest. In this respect the EPC Secretariat and the MSG Co-chairs have held bilateral meetings with market players represented in the MSG, for follow-up work within the MSG MSCT.

The MSG MSCT is targeting May 2024 as IG v3.0 delivery timeline for public consultation.

c) Summary of actions and ERPB recommendations related to an interoperability framework for Instant payments at POI (IP@POI) and the EPC recommendation for a way forward

At its plenary meeting of 5 June 2023, the MSG MSCT agreed to provide to the ERPB with a review of past actions related to IP@POI framework, with identification of missing elements and a potential recommendation from the EPC on the way forward. The outcome of this review is set out in the attached presentation ("*MSG MSCT 044-23 v1.0 ERPB actions and recommendations for IP at POI*").