



EUROPEAN CENTRAL BANK

EUROSYSTEM

Verification of Payee (VoP) Service



19 April 2024

Overview

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EPC documentation Publication: Timeline

EPC documentation publication timeline

20 February 2024

EPC launches public consultation on the proposed [Verification of Payee \(VoP\) scheme rulebook](#) and the [EPC recommendations for matching processes](#)

End of May to August 2024

The EPC reviews feedback received during the public consultation

19 May 2024 (midnight)

Deadline to participate in the public consultation (send replies via [email](#) using [this template](#))

End of September 2024

The EPC aims to have

- (i) the formal version 1.0 of the VOP scheme rulebook,
- (ii) the related VoP scheme Inter-PSP API specifications, and
- (iii) the EPC recommendations for matching processes under the VoP scheme rulebook.

9 October 2025

Entry into force of VoP scheme rulebook, fulfilling the regulatory obligations of the EU Instant Payments Regulation (IPR)



No IG published so far by the EPC - no clear date on when IGs will be published

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Background

Instant Payments Regulation

The [Instant Payments Regulation text](#) published in March 2024 in the Official Journal of the EU sets out the following :

- ✓ VoP service to be offered by PSPs at no additional charge
 - ✓ Check to be performed before the payer authorises the credit transfer
 - ✓ In the event of close match, payer shall receive the name associated with the provided IBAN
 - ✓ PSPs should inform payers of the implications for PSP liability and payer refund rights of the choice of the payer to ignore a notification provided
 - ✓ “The service ensuring verification should as far as possible be carried out in accordance with a Union-wide set of rules and standards [...] could be developed by organisations composed of, or representing, PSPs.”
→ ***EPC rulebook built in this context***
 - ✓ Payers that are not consumers and that submit multiple payment orders as a package should be able to opt out from receiving the VoP in their contractual relationship with the PSP.
 - ✓ VoP to be offered 18 months after IPR entry into force → ***9 October 2025***
- ***Questions from TIPS-WG & TIPS-CG members have been sent to the EC***

EPC Rulebook - Scope and Reachability

When can the scheme be used?

- An Originator of a given PSP in SEPA intends to initiate a payment to an account managed by another PSP in SEPA → **scheme applicable to both Euro and non-euro PSPs**
- The services based on the scheme must be available **24/7/365**
- **[Bulk payments]** If the Originator submits several IBANs to be verified, the Originator PSP must then send several VoP requests for each IBAN concerned

Waiting for EC to clarify if the VoP also applies to OLO transactions.

Who can adhere to the scheme?

Account-Servicing PSPs* in the role of Requesting and Responding PSP. **PSPs other than Account-Servicing PSPs** at least in the role of Requesting PSP

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Actors

Actors (1/3)

The draft scheme provided by the EPC involves three main actors:

Requester

- Natural or legal person **initiating** a Payment Account-based Payment to another natural or legal person holding a Payment Account (i.e., Payment Counterparty) at a PSP based in SEPA.

Requesting PSP

- Participant with whom or through whom the Requester **intends to make the payment**. The Requesting PSP may also be the Requester.

Responding PSP

- Participant **receiving the VoP Request and processing it**. The Responding PSP may also be the Payment Counterparty.

Actors (2/3)

One of the main points to clarify is how is the liability structure when the RVM is acting on behalf of the Responding PSP.

The scheme involves indirectly other actors as well:

Routing and Verification Mechanisms (RVMs)

- Mechanisms used by Requesting PSPs and/or Responding PSPs **to route VoP Requests and Responses. RVMs may even do VoPs on behalf of the Responding PSP** and subject to an agreement between the RVM and the Responding PSP concerned.
- The term RVM does **not necessarily connote to one entity**: it is possible that routing and verification are conducted by separate actors.
- Entities offering such RVM services to Participants can be among others **on-purpose established companies, payment clearing and settlement providers** such as an automated clearing house, or **intra-PSP and intra-group arrangements**.
- *For information, RVMs:*
 - Receive VoP Requests from the PSP participating in the RVM
 - **Forward the VoP Requests in full and without alteration** to the Responding PSP who participates in the relevant RVM, ensuring that **all** data submitted by the Requester and the Requesting PSP reaches the Responding PSP
 - **Forward the VoP Response in full and without alteration** to the Requesting PSP
 - Provide any required **risk management procedures** and other related services.

Actors (3/3)

The scheme involves indirectly other actors as well:

Intermediary PSPs

- **Provides services to Requesting/Responding PSPs** (e.g., when Requesting PSPs and Responding PSPs are not themselves direct participants in an RVM).
- If any actor concerned uses the services of an intermediary PSP, this should be transparent to the Scheme and in **no way affect or modify the obligations of the Participants or the Time Stamp**.

Directory Service Providers (formerly Operational Scheme Managers)

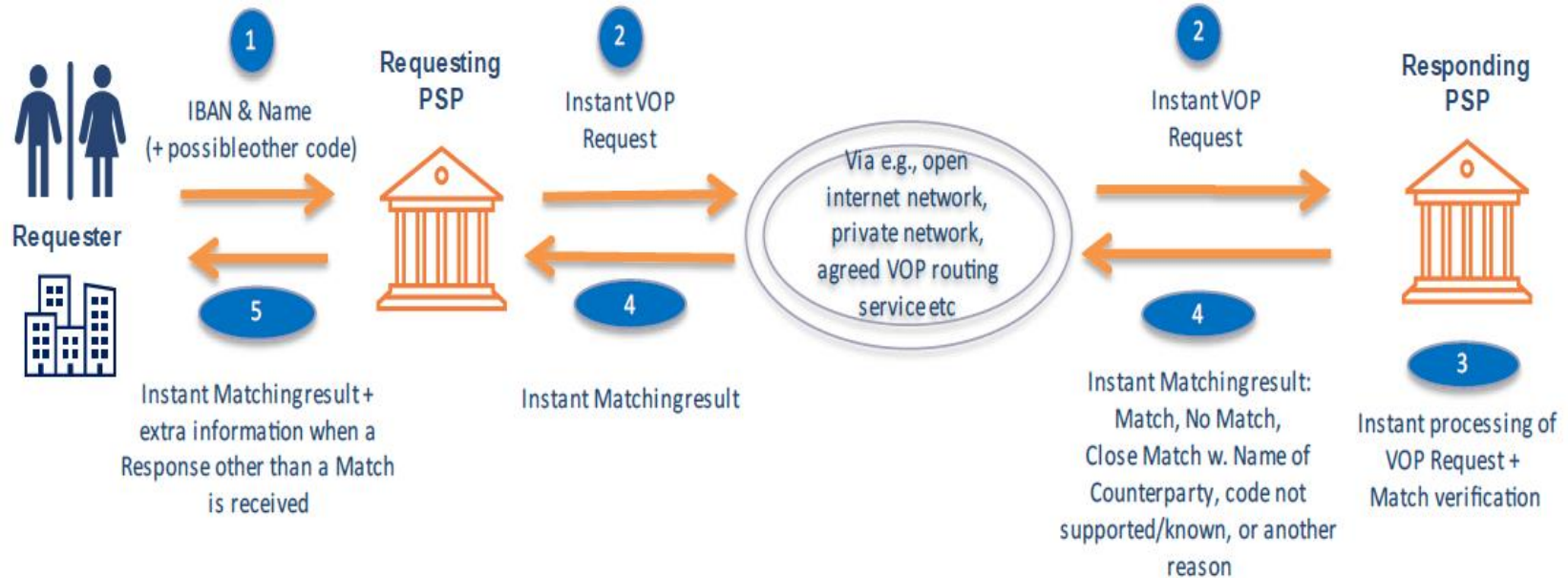
- **Stores and maintains** all operational data about Participants to the scheme, facilitating interoperability between PSPs, RVMs and other entities. Managed data concern scheme adherence, identification and endpoints about Participants.

During the VoP public consultation, the EPC also will establish the requirements for a Directory Service Provider supporting VoP as well as other API-based EPC schemes. The EPC will undertake a Request-For-Proposal (RFP) process to define the supplier of a 'default' EPC Directory Service (EDS) → [RFP expected to open in April 2024](#) following the [RFI on OSM launched one year ago](#)

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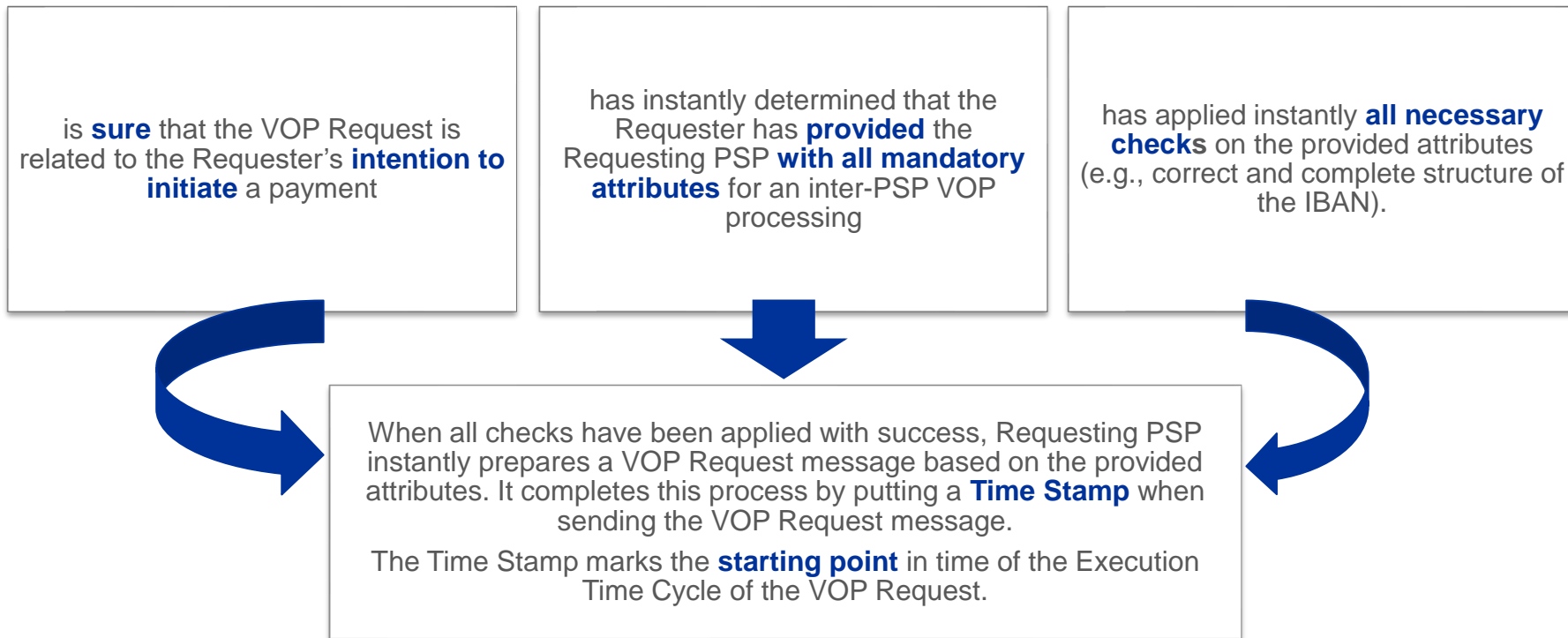
Detailed VoP Process and Time Cycle

How the VoP scheme works – Overview

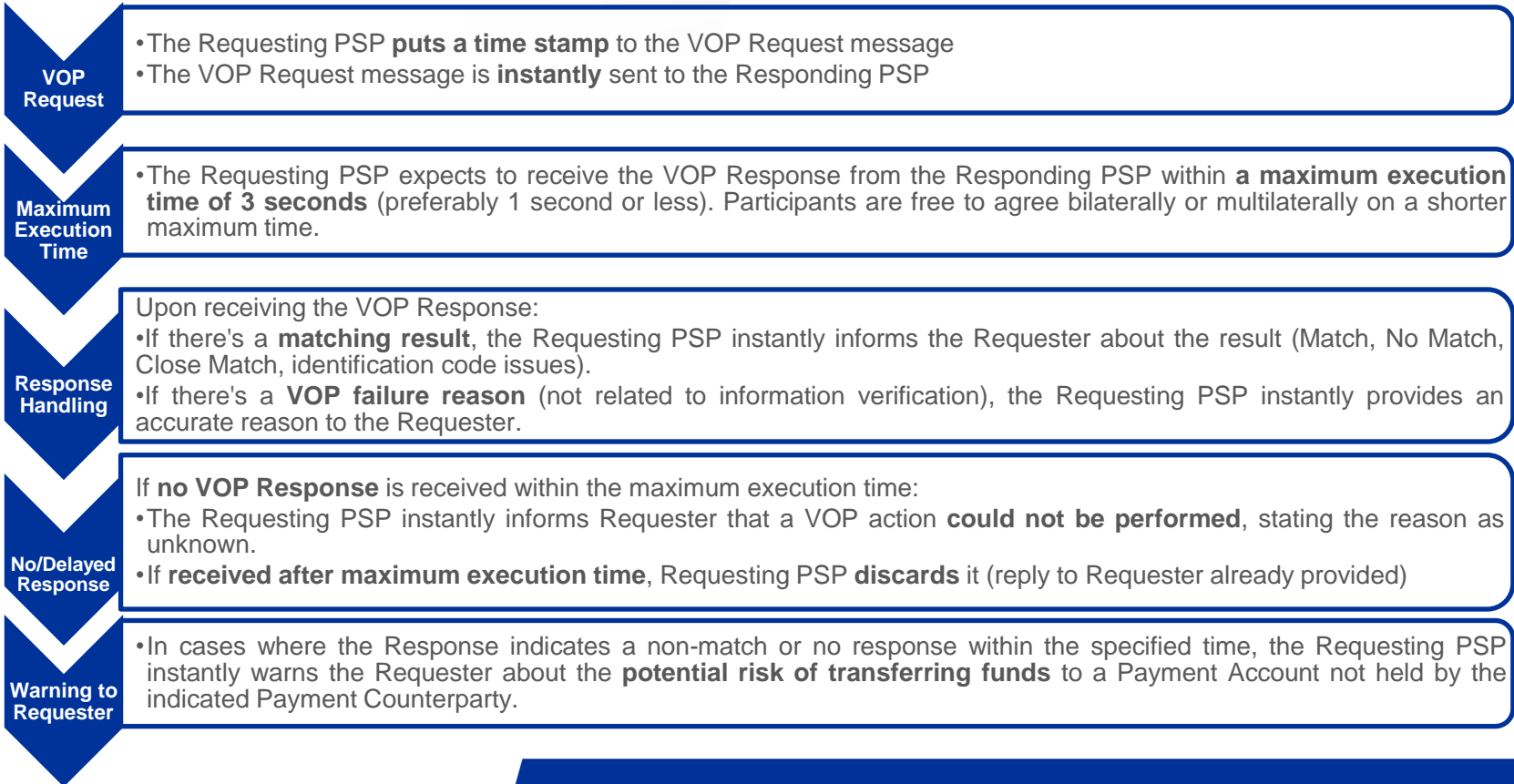


Detailed VoP Process and Time Cycle (1/3)

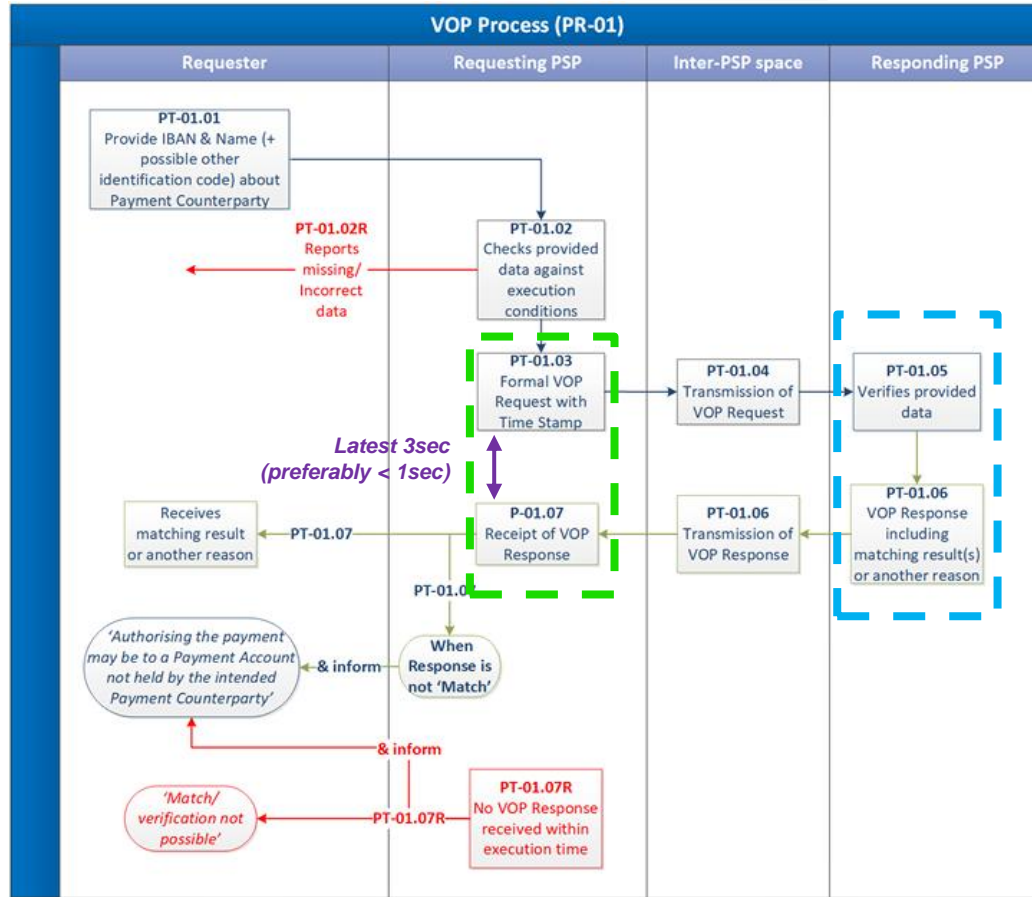
The execution time for a VOP Request shall commence when the Requesting PSP:



Detailed VoP Process and Time Cycle (2/3)



Detailed VoP Process and Time Cycle (3/3)



The Requesting PSP may use an RVM to transmit the VOP Request and receive the VOP Response.

The Responding PSP may use an RVM which may initiate VOP Responses on behalf of the Responding PSP.

The RVMs do this from a **strict processing point of view**. In such specific processing approach the responsibilities and liabilities stipulated under the Scheme remain with the respective PSPs.

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Next Steps

Next steps

- Based on the **Outcome of the TIPS Yearly Business Value Exercise**, **Option 2 was ranked 2nd** by TIPS-CG members, while **Option 1 was ranked 6th** → **Conclusion:** TIPS should have the role of RVM **offering routing and verification services** → **Change request to be drafted**

- **Participation in the EPC Public Consultation**

Thank you for your attention!

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Annex: Business and Operational Rules

Business and Operational Rules (1/2)

Inter-PSP VoP Request dataset

Attributes contained	<ul style="list-style-type: none">• The BIC of the Requesting PSP• The name of the Payment Counterparty• The identification code of the Payment Counterparty (optional)*• The type of the identification code of the Payment Counterparty (optional)*• The Payment Account Number of the Payment Counterparty → IBAN• The BIC of the Responding PSP• Additional information sent by the Requester (optional)*• The Requester's reference of the VOP Request• The Requesting PSP's reference number of the VOP Request• Time Stamp of the VOP Request**
Remarks	<p>From a business perspective, inter-PSP VOP Requests are always considered to be single requests, containing just one Payment Account Number and the name of just one Payment Counterparty.</p> <p>*Optional attributes provided by PSUs must be forwarded by the Requesting PSP to the Responding PSP.</p> <p>**The Time Stamp must be unambiguous and at least include milliseconds.</p>

Business and Operational Rules (2/2)

Inter-PSP VoP Response dataset

Attributes contained	<ul style="list-style-type: none">• The BIC of the Requesting PSP• The Requester's reference of the VOP Request• The Requesting PSP's reference number of the VOP Request• Time Stamp of the VOP Response*• The type of response to the Inter-PSP VOP Request message on the combination Payment Account Number-Name of the Payment Counterparty → <i>see next slide</i>• The name of the Payment Counterparty as reported by Responding PSP (limited to Close Match only) → <i>only name of the payee mentioned in the request (no other account holders)</i>• The type of response to the Inter-PSP VOP Request message on the combination Payment Account Number-other identification code of the Payment Counterparty (optional)
Remarks	<p>The VOP Response message must follow the same path as the initial VOP Request message.</p> <p>*The Time Stamp must be unambiguous and at least include milliseconds.</p>

Even if optional information has to be routed to Responding PSP, the response can always be that the code is not supported >> Agreement within TIPS users to forego use of such type of codes? It could be a source of heterogeneity across countries. **Point to be raised to the EPC and discussed with TIPS-WG and TIPS-CG at a later stage.**

Value range:	<ul style="list-style-type: none">• Match• No Match• Identification code not supported/known by the Responding PSP
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VoP response types

In the combination IBAN-Name:

Value range:	<ul style="list-style-type: none">• Match• No Match• Close Match with the Name of the Payment Counterparty• Match/verification check not possible
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If the Responding PSP is not able to produce matching result due to reasons other than verification, it provides the Requesting PSP with an **accurate reason code**.

In the combination IBAN-Optional identification code:

Value range:	<ul style="list-style-type: none">• Match• No Match• Identification code not supported/known by the Responding PSP
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EPC Recommendations for Matching Processes under the VoP Scheme Rulebook [\(see here\)](#)

In the combination IBAN-Name:

Name data clean-up minimum actions:

- Ignore upper/lower case
- Change diacritics/accents unless able to compare (e.g., ü = u; ê = e; â = a; à = a; ö = o = ø = oe ; ä = a = æ = ae ; å = a = aa ; é = e = ee)
- Remove non-alphabetic characters according to [EPC217-08](#) unless able to compare
- Remove honorifics and titles
- Truncate leading or trailing spaces

With regards to the definition of close match, given that the decision is left ultimately to the Responding PSP, this could incorporate fragmentation in the market (e.g., on the spelling mistakes: if different PSPs establish a different level as acceptable to them, the same VoP request will be a close match/no match depending on the PSP that it is addressed to). **Point to be raised to the EPC and discussed with TIPS-WG and TIPS-CG at a later stage.**

(A) Match: No deviation at all of the first and last name. Also considered match if:

- Fully correct first name and fully correct last name of at least one of the account holders
- Trade name instead of legal name of the legal person-Payment Counterparty

(B) Close match: Responding PSP may decide to distinguish criteria for close match for natural and legal persons. Following scenarios can be considered close match:

- Spelling mistake doesn't exceed level defined by Resp. PSP
- Two letters have been switched
- Different order of first and last name
- Only last name provided
- 1 or 2 letters replaced by another (or 2) with same phonetics
- Initial of first name instead of full first name provided
- Well-known nicknames/informal first names (Bob=Robert)

(C) No match: Does not meet criteria for A or B

EPC Recommendations for Matching Processes under the VoP Scheme Rulebook [\(see here\)](#)

In the combination IBAN-Optional identification code (optional):

Name data clean-up minimum actions:

- Ignore upper/lower case
- Remove non-alphabetic characters (aside from numbers)
- Change tabs into spaces
- Remove excess spaces

(A) Match: No deviation at all between the given identification code and registered identification code.

(B) No match: Does not meet criteria for A

The Recommendations state that “The matching result on such codes can only be binary, i.e., Match or No Match”, and it does not specify the option to have the result “identification code not known/supported by the Responding PSP”, as it is defined in the Rulebook. **Point to be raised to the EPC.**