EPC Monitoring on 2025 EPC Payment Scheme Rulebook Implementation

5 December 2024

AMI-PAY meeting
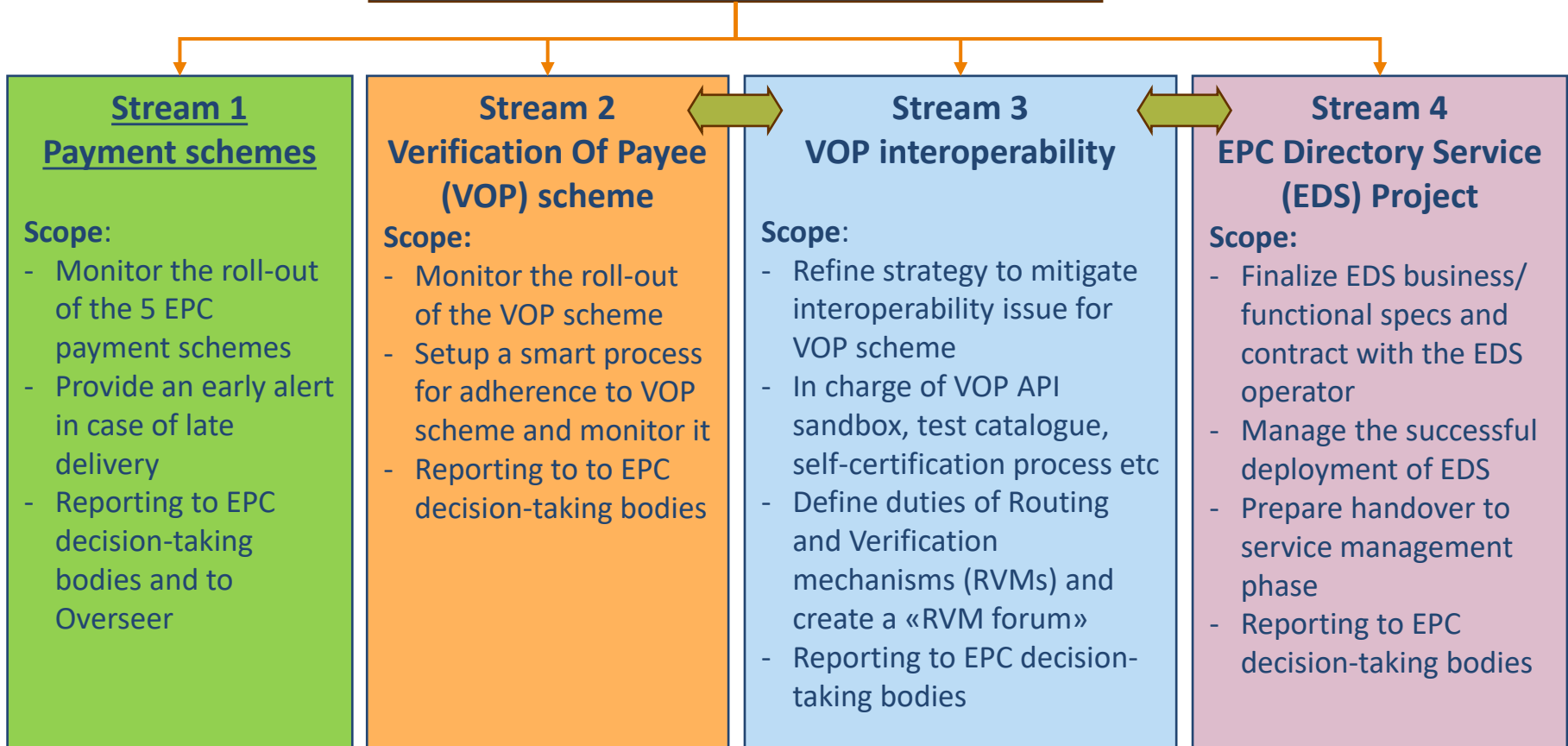
1. EPC Monitoring of Various Implementations in 2024 & 2025

Programme Management

Scope:
- Light coordination of activities incl. time plan
- Consolidate reporting to EPC decision-taking bodies and Overseer

Stream 1 Payment schemes

Scope:
- Monitor the roll-out of the 5 EPC payment schemes
- Provide an early alert in case of late delivery
- Reporting to EPC decision-taking bodies and to Overseer

Stream 2 Verification Of Payee (VOP) scheme

Scope:
- Monitor the roll-out of the VOP scheme
- Setup a smart process for adherence to VOP scheme and monitor it
- Reporting to to EPC decision-taking bodies

Stream 3 VOP interoperability

Scope:
- Refine strategy to mitigate interoperability issue for VOP scheme
- In charge of VOP API sandbox, test catalogue, self-certification process etc
- Define duties of Routing and Verification mechanisms (RVMs) and create a «RVM forum»
- Reporting to EPC decision-taking bodies

Stream 4 EPC Directory Service (EDS) Project

Scope:
- Finalize EDS business/ functional specs and contract with the EDS operator
- Manage the successful deployment of EDS
- Prepare handover to service management phase
- Reporting to EPC decision-taking bodies

2. EPC Monitoring: Background

- Migration to the 2019 version of ISO 20022 standard: as of September 2023, the EPC **started monitoring in a systematic way** this migration for the 4 SEPA payment schemes

- This monitoring was followed up by a **"lessons learnt" exercise** shared among others with the SEPA payment scheme compliant CSMs

- This exercise provided the EPC with a set of **recommendations** with as main insights:

  - The monitoring should start **much earlier in time**

  - **Formal milestones** should be set for the provisioning of **stable technical specifications**

  - Due to their role, major or pan-European infrastructures set **critical dependencies** for other (e.g., national) infrastructures and providers

  - Frequent releases/instability of formal specifications constitute **early warning signals** and could jeopardize the implementation timeline for the entire industry

  - Go/no Go decision no later than **6 weeks before release date**. This deadline takes in account different processes and community practices across SEPA.

3. EPC Milestones for Stream 1 Monitoring in 2025: First CSM Comments

Certain milestones already challenging for certain <u>SCT Inst scheme</u>-compliant CSMs.
No CSM issue expressed so far about these milestones for the SEPA batch schemes.

Milestone	Deliverables - Actions	Challenges reported for SCT Inst
End Nov '24	**EPC:** 2025 payment scheme RBs and related IGs published on EPC website	
End Feb '25	**Pan-European CSMs offering services to several national PSP communities**: issuance of stable specifications	**One CSM schedules to release specifications only in the 2nd week of March**
End Mar '25	**CSMs offering services to one or just a few national PSP communities:** issuance of stable specifications	*(none expressed so far)*
Start Apr - end May '25	**All CSMs and PSPs:** develop their respective UAT environments + first internal tests	*(none expressed so far)*
Start Jun - end Aug '25	**All CSMs and PSPs:** UAT testing in the PSP-to-CSM-to-PSP space	**Input from several CSMs: start of June is too soon – start of July at the earliest. One CSM even reported it will be ready to start UAT only at end of July.**
22 Aug '25	**EPC:** 1st go validation check	*(none expressed so far)*
01 to 19 Sep '25	**PSPs:** final (or self-certification) testing by PSPs of the PSP-to-CSM-to-PSP chain	*(none expressed so far)*
19 Sep '25	**EPC:** 2nd go validation check	*(none expressed so far)*
22 Sep '25	**CSMs:** a 2 weeks' freeze period	*(none expressed so far)*
05 Oct '25	Entry-into-force date	*(none expressed so far)*

4. **Preliminary take-aways** after the first meeting between EPC and CSMs

- The implementation of the 2025 SCT Inst rulebook is a major change for SCT Inst scheme participants.

  - Furthermore, a large majority of SCT Inst scheme participants must also implement a verification of payee service operating at SEPA level between December 2024 and end-September 2025

- Any delay in the issuance of stable specifications by pan-European SCT Inst scheme-compliant CSMs at a later-then-expected date in Q1 2025 would create a challenge for all other SCT Inst scheme-compliant CSMs and their client-PSPs

- A one-month reduction of UAT to a total of just two months in the summer period (July-August), as emerging from CSMs' early feedback, puts an extra challenge on every actor to test, fix any bugs, and re-test again the end-to-end chain.

  - This also cuts out any contingency for fixing potential major implementation issues, should they emerge at that stage.

- The EPC will hold a follow-up conference call with all CSMs at the end of December 2024. The purpose of this call is to know from each CSM the concrete impact from the technical specifications of the 2025 EPC payment scheme rulebooks on their clearing and settlement services and systems, and the effect on the CSMs' implementation timelines in 2025.

> **AMI-PAY members are invited to share their comments about the currently set EPC milestones, and the challenges expressed by some CSMs on these milestones**

@EPC_SEPA

ANNEX

2. EPC Monitoring: Main Challenges

- On 5 October 2025 the following schemes will go live:

  - The 2025 versions of **all five EPC payment schemes** (rulebooks and IGs)

  - The version 1.0 of the **VOP scheme** (rulebook, API specs & API Security Framework)

  - VOP scheme participants and RVMs acting on their behalf must **be registered in the EDS, update it as necessary with their VOP API endpoints,** and **download it daily** to secure SEPA-wide reachability

- Timeline challenge: PSPs will only have **10 months** to implement the new rulebook specifications, and to test them internally, and with their CSM(s), other technical partners and customers

- The majority of the Eurozone-based PSPs will have to implement all 4 Streams, as presented on slide 2, at once

- PSPs depend on the preparation of specifications and/or environments from another type of actor (e.g., CSMs) who may depend by itself on yet other parties (e.g., software vendors, testing tools vendors, system integrators etc.)

- How to align all EPC payment scheme compliant CSMs on their respective implementation plans and deadlines by which e.g., their stable technical specifications and test environments must be available

- The SCT Inst transaction volume will further increase in 2025 (in Q3 2024 being already 20 percent of the total volume of SCT and SCT Inst transactions combined). This can become a challenge for the processing capabilities (e.g., transactions per second) for all actors in the end-to-end instant payment flow.

2. EPC Monitoring: Requirements

- Agreement and formal commitment from all actor types concerned on the timeline plans

- Such plans should set out **intermediate deadlines** by which each actor type concerned must provide its deliverables. This makes that other types of actors can meet their own assigned deliverables.

- This could include e.g., **freezing deadlines** for technical specifications, a **common client-testing period** offering sufficient time for PSPs to test, **early go validation check** for the 5 October 2025 date

- **All actors subject to monitoring (CSMs, PSP communities) to communicate in a fully transparent and objective way their status and issues**

- The **EPC to monitor early on in a structured and where possible in a quantitative way**:

  - The implementation progress (e.g. % and number of PSPs that started/completed (certification) tests, % and number of test cases successfully verified, etc.) and to follow up or to escalate any reported yellow flag and red flag issues

  - The quarterly SCT Inst transaction volumes from the CSMs during Q1 – Q3 2025 (e.g., number of transactions, confirmation messages not received at all or only after 10 seconds, status investigation messages)

- The **EPC to communicate regularly and in full transparency** about the progress and any issues reported to all actor types concerned

- **Need for reporting and escalation forum(s)** in which the different actor types can discuss with each other directly about the progress, any issues and possible remedies or mitigation measures. Such forum meetings should be regularly held and more frequently closer to the October 2025 deadline.