

EUROPEAN RETAIL PAYMENTS FRAMEWORK

ERPF

Overview



ERPF WHAT IS IT?

- ✔ **ETPPA's market initiative** for pan-European retail payments at any point of interaction
- ✔ A **framework** to facilitate interoperability and competition for instant account-based retail payments
 - Not trying to establish a single new solution (and for the time being focused on SCT Inst)
- ✔ Based solely and entirely on an **existing scheme** (e.g. SCT Inst), **legislation** and **regulation** (e.g. PSD2)
 - Not requiring any additional scheme and governance
- ✔ **Challenging existing payment methods** with superior technology and business models
 - Not trying to build better cards and wallets, not creating another interchange regime
- ✔ **Accessible to all EU citizens** in all member states (who have an online payment account)
 - Not having to build critical mass from scratch (no onboarding required)
- ✔ **Balancing** innovation & competition vs. standardisation & interoperability
 - Not bypassing PSD2, but leveraging it (open to any PSP entitled to act as a PISP)
- ✔ **Minimizing time-to-market** as well as investments & costs
 - Not building new payment instruments or new infrastructure
- ✔ **Avoiding any discrimination**, uneven playing fields and obstacles for innovation
 - Not using any proprietary standards or private schemes and governance

ERPF ADDRESSES THE ECB'S FIVE KEY OBJECTIVES

01.

Pan-European reach and customer experience

- Payer account
- ASPSP support for outgoing SCT Inst
- No on-boarding needed
- Payer consent to initiate payment
- EU wide coverage
- EU wide user experience
- From all devices

02.

Convenience and cost-efficiency

- Best in class UX
- Payer remains in control (push payment)
- Only an account needed
- Maximum reach
- No unilateral chargebacks
- No bank certified POS
- Leveraging existing infrastructures

03.

Safety and Security

- PSD2 and RTS compliant
- Uses SCA
- Leveraging EU Identity
- Privacy and security by design
- Low fraud due to no storage of data
- High resilience due to decentralization

04.

European identity and governance

- EU Legal framework
- Controlling the access
- Controlling the standards
- Controlling the rails
- Controlling the rules
- Controlling the identity



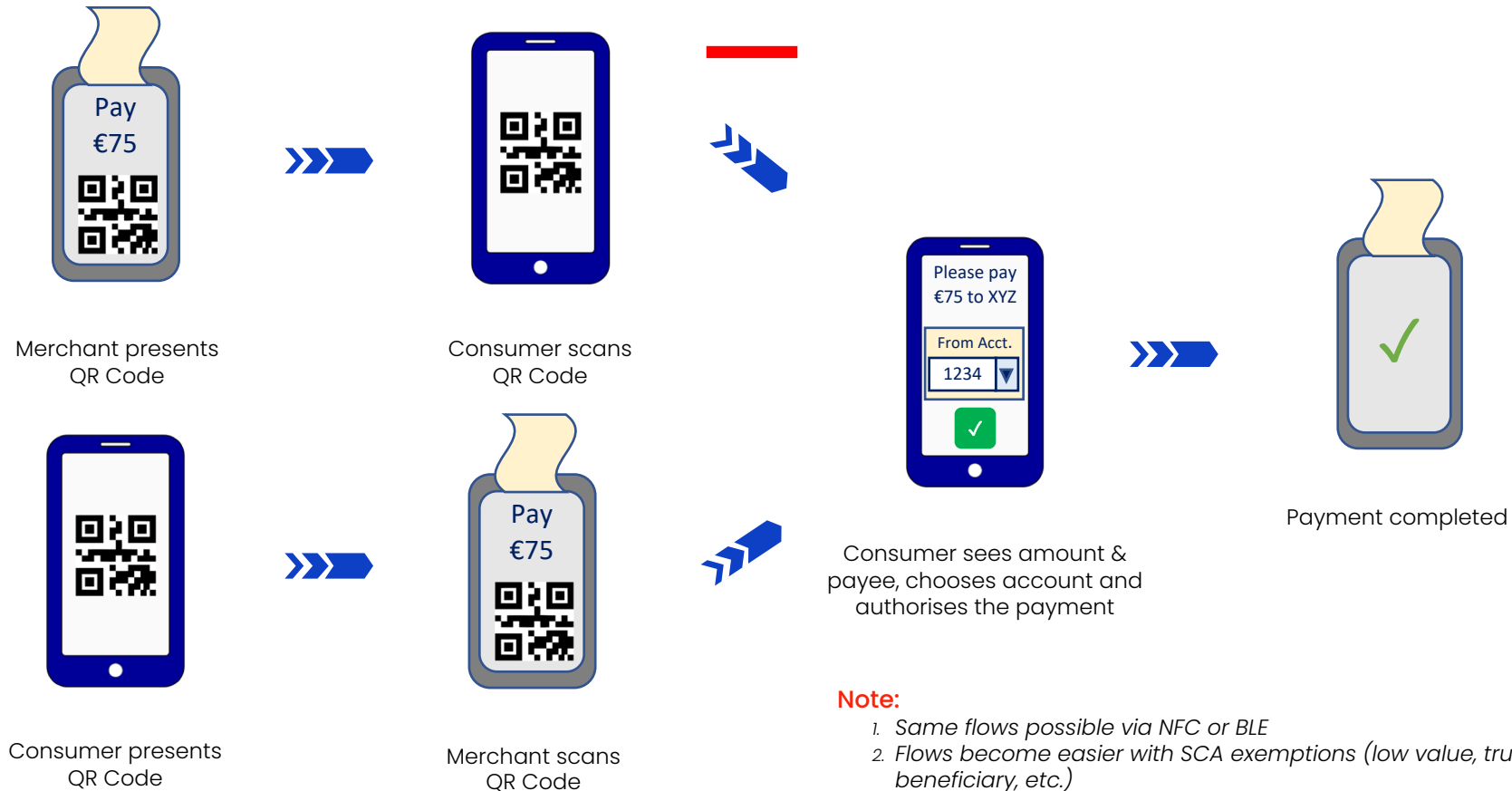
05.

Global acceptance (as a long-term goal)

- Any merchant worldwide can use ERPF via any supported collecting commerce PSP
- Non-EU merchants cannot be “pushed” to prioritise an EU payment method

Compatible with current commercial models for SCT-based payments

POS PAYMENT FLOW – PAYEE / PAYERPRESENTED



Note:

1. Same flows possible via NFC or BLE
2. Flows become easier with SCA exemptions (low value, trusted beneficiary, etc.)

ERPF – MISSING BRICKS

01.

Fully functional & performing PSD2 APIs

- Implementation of all EBA guidance and opinions
- Enforcement by National Competent Authorities



02.

Instant Payments infrastructure

- Full adoption of SCT Inst (in particular outgoing SCT Inst)
- SCT Inst improvements (instalments, reservations, notifications)
- Cross-border settlements (TIPS reachability for all SCT Inst participants) ✓



03.

Implementation of the ERPB Inst@POI recommendations

- Standardisation of proximity technologies, e.g. QR codes
- Establishment of an SCT Inst recognition mark, e.g. “SEPA/TIPS inside”



04.

Minimal SCA friction

- Fast, easy and offline at physical POS (decoupled and embedded flows)
- Extend and apply eIDAS standards to achieve interoperability between consumer SCA device and PISP (facilitating an EU ID wallet)
- SEPA Payment Account Access (SPAA) scheme work will also lead to lower friction



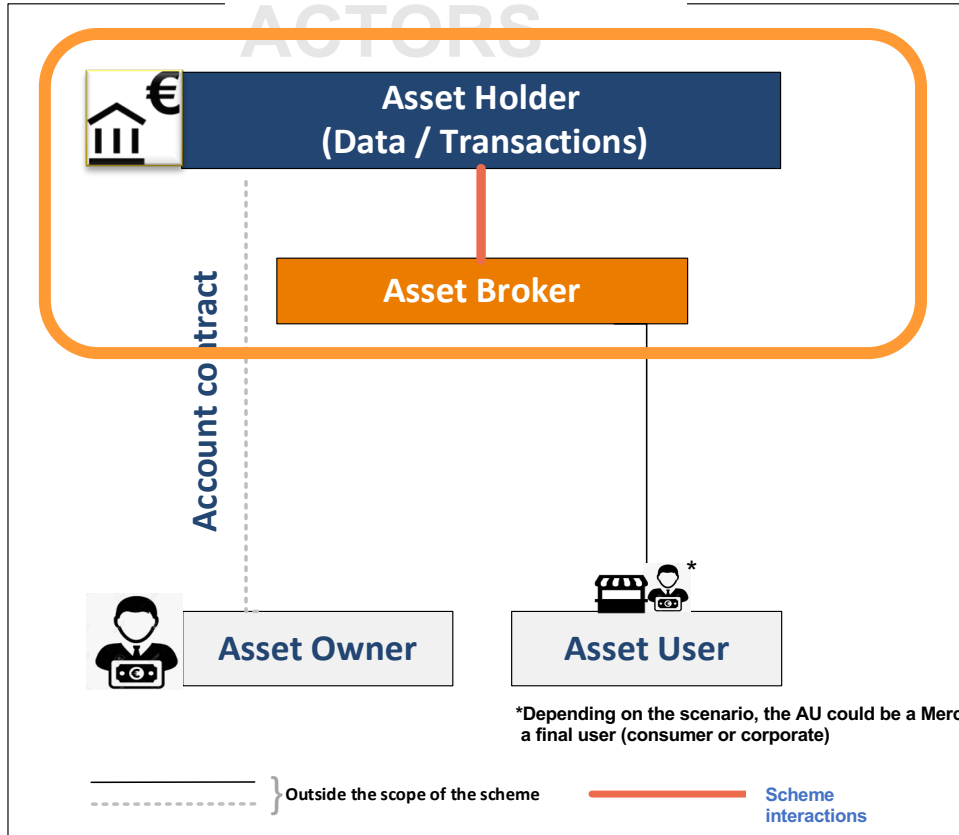
Introduction to the SEPA Payment Account Access (SPAA) scheme



SPAA
ACTORS

SPAA
SCHEME

SPAA
ASSETS

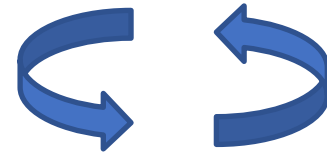


Transaction Assets

Payment transaction involving the mobilisation of funds.

Data Assets

Information transaction with payments related data.



Fair Distribution of
Value and Risk



Transactional Assets



1. One-off payments
2. Future dated payments
 - a. Warehoused with defined execution date
 - b. Dynamic
3. Recurring payments
 - a. Warehoused with same/fixed amount
 - b. Dynamic
4. Payment to multiple counterparties
5. Personal Finance Management (PFM) automated transfers
6. Refunds

Premium Features

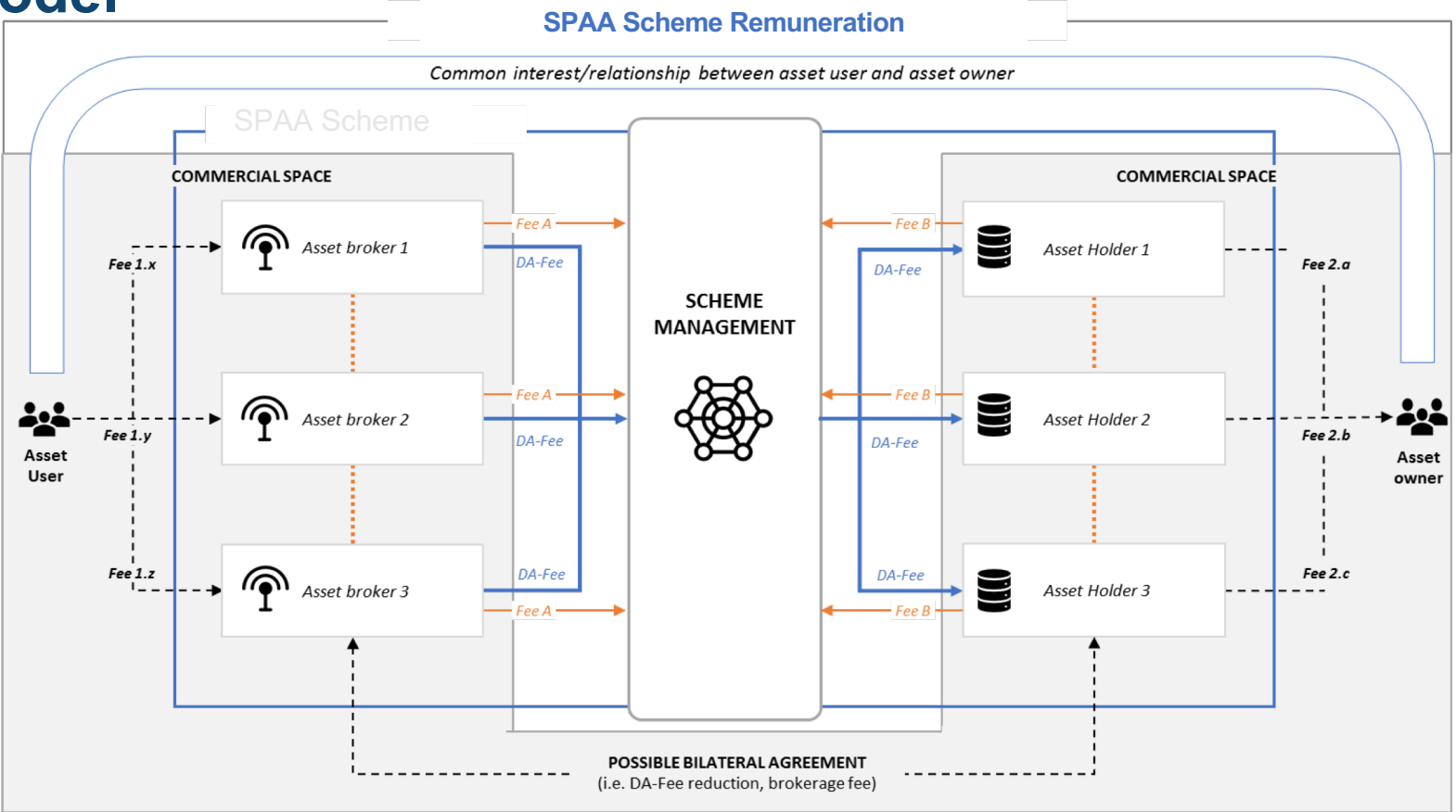
- A. Payment certainty mechanism request
- B. Request for supporting account information
- C. SCA approach preferences
- D. Request to not apply SCA exemption
- E. Account replacement during SCA
- F. Open topic: Mechanism to request a payment with transaction fees not borne by the payer

Data Assets



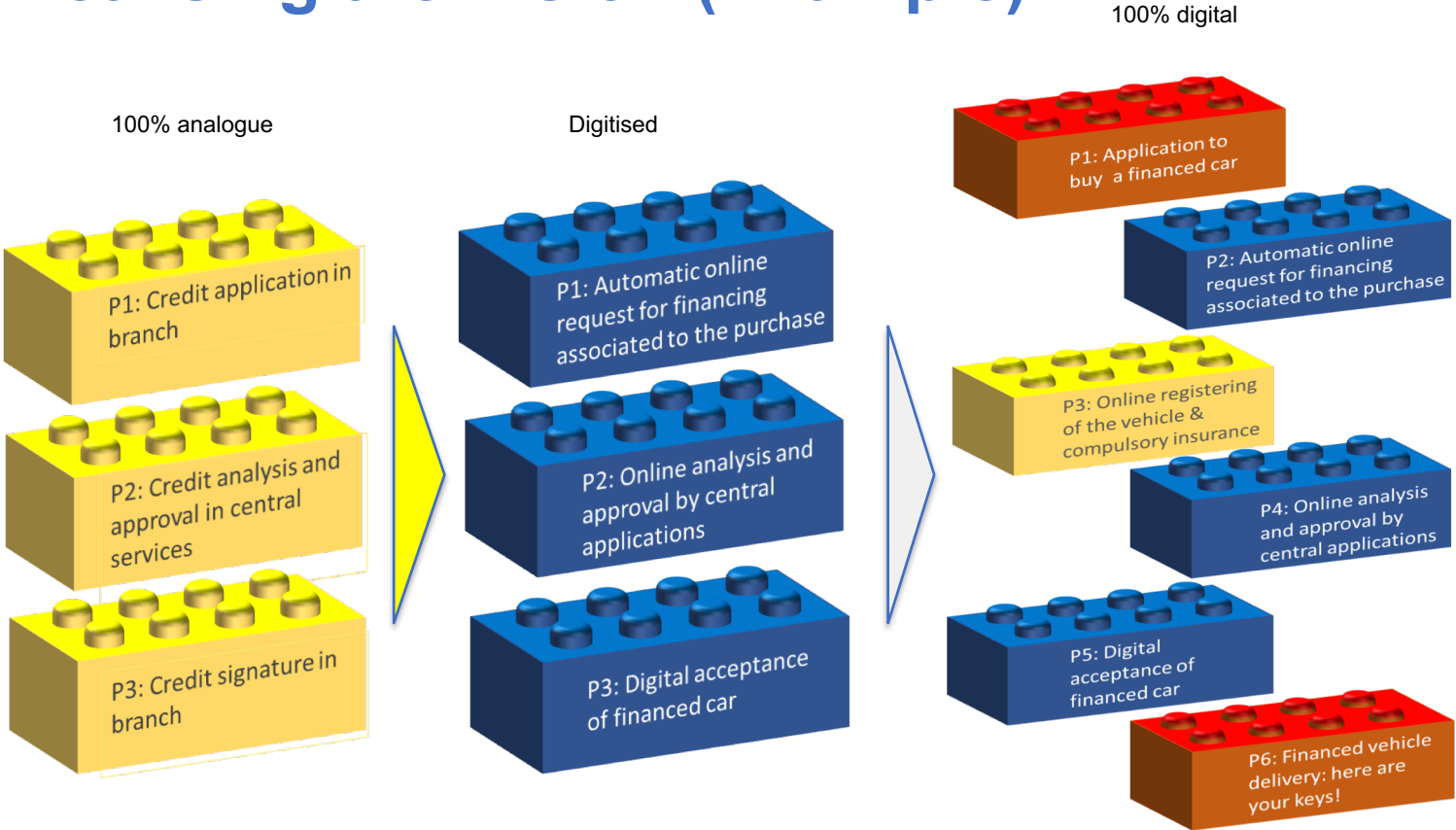
1. List of payment accounts
 - a. List of current accounts
 - b. List of current accounts with credit line
 - c. List of saving accounts
2. List of payment account transactions
3. List of cards
4. List of credit card transactions
5. SCA exemptions and delegations implemented
6. SCA approaches

Business conditions: Default Asset Remuneration Model





Realising the Vision (Example)



(P1...Pn: process steps)