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Regulatory and Political Trend:
Instant payments – the new normal

June 27, 2024 | Christiane Neumüller, Daniel Hellmann

MAKING AN IMPACT THAT MATTERS since 1845

This webcast will be recorded.

You have the option to ask (anonymous) questions during the presentation via the Q&A function.

We will collect the questions and answer them at the end of the webcast.

European Banking Trend Radar | Publications & Webcasts

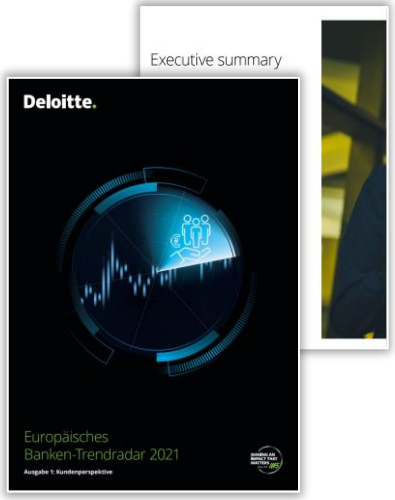
Publications

- We have currently published 3 papers.

[European Banking Trend Radar | Deloitte Germany]

2023

2022



2021

Webcast

- In January, we launched this webcast series presenting the latest trends shaping the European banking landscape.

[Banking Trend Radar Webcast | Deloitte Germany]

Today’s speakers

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Instant Payments Regulation

Technology and customer behavior drive the evolution of payments. European Commission responds to this evolution by imposing regulation that creates a level playing field and enforces strong customer protection.

Instant Payments Regulation

The European Commission has defined a set of measures to ensure a high uptake of SCT Inst.

1 Receiving and Sending of SCT Inst

- PSPs are obliged to **provide service of sending and receiving SCT Inst** in EUR to all their PSUs at **any time of any day**.
- There should be **no difference in terms of payment initiation channels** through which payment orders for instant payments (i.e., identical to current SEPA credit transfers, also including submission of bulk payments)

2 No Additional Charges

- PSPs are obliged to offer instant payment transactions in EUR **without imposing additional costs compared to traditional credit transfers** in the same currency.

3 Verification of Payee for all EUR SCT Inst in the EEA

- Aiming to enhance trust, **PSPs are required to ensure Verification of the Payee** to whom the payer sends a transfer, preventing a credit transfer being sent to an unintended payee because of fraud or error, containing certain flexibility.
- The new Verification of Payee requirement includes IBAN name checks, which **must be proposed by the PSP for both SCT Inst and SCT**.

4 Daily Sanction Screening

- To streamline the processing of SCT Inst, the new regulation emphasis a **shift from transaction based to daily screening and monitoring**.
- With the shift, **new KPIs and liabilities might appear that do not exist today**.

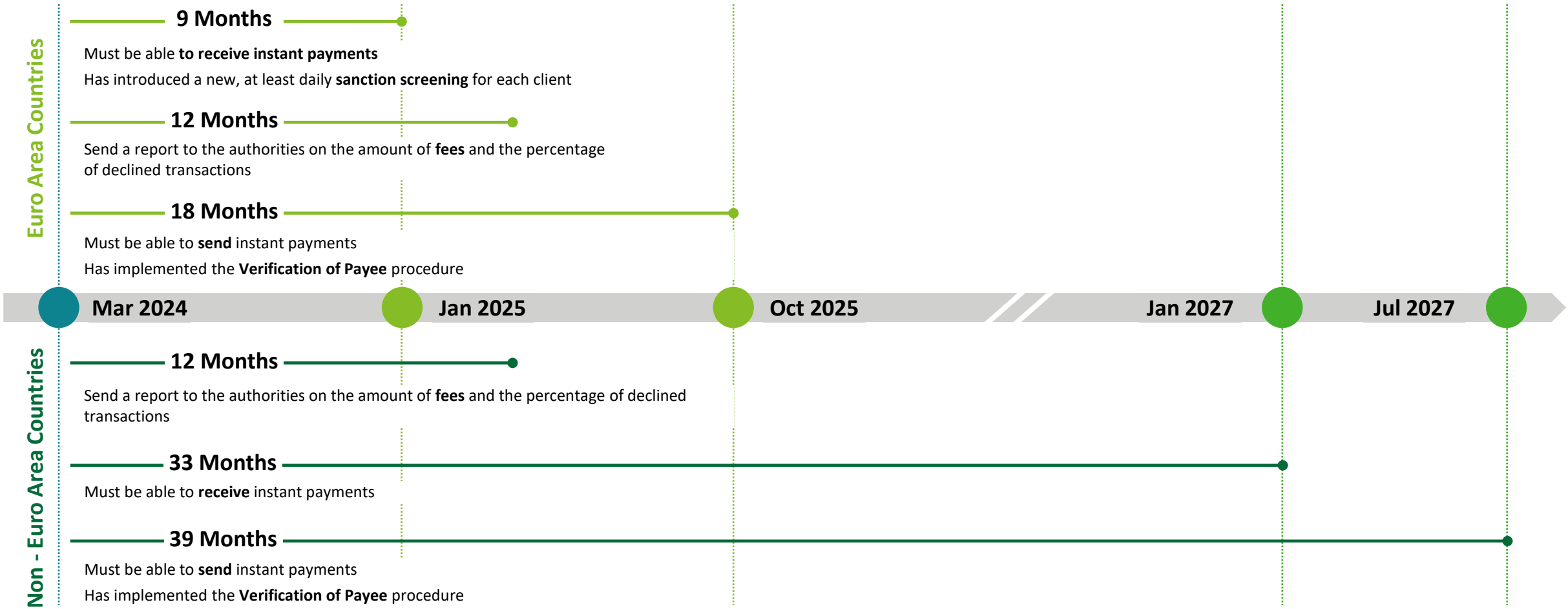
5 Reporting to Authorities

The following must be reported to the competent authorities on yearly basis:

- the levels of charges for SCT, SCT Inst and payment accounts.
- the share of rejections (separated for national and cross border payment transactions).

Instant Payments Regulation

With the introduction of the new regulation, ambitious implementation requirements were set with regard to receiving and sending instant payments.



Question to the audience 1

What is the status of your instant payments implementation?

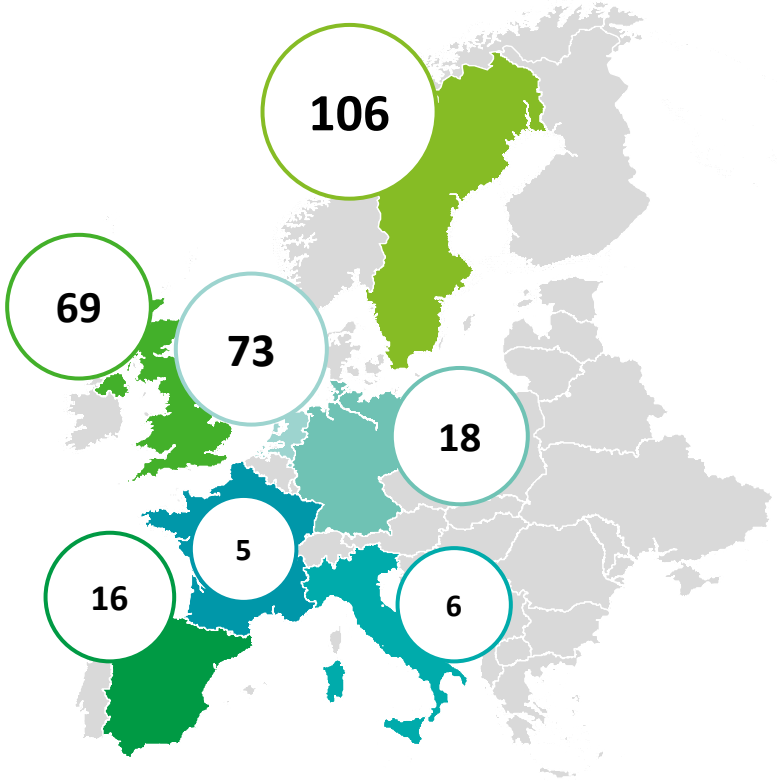
- Already implemented - in use
- In implementation
- Not started yet

Current adoption rates and country specific initiatives in Europe

Higher adoption of instant payments is seen outside of the EURO area and is primarily linked to holistic service offerings in cooperation with ecosystem partners

Per capita Instant Payment transactions

Instant Payment transactions per capita in 2023



Source: ACI Worldwide payment report and Statista, modified

Country specific solutions for instant payments

Sweden

Swish mobile instant payments

The UK

Faster Payments

National scheme for instant payments

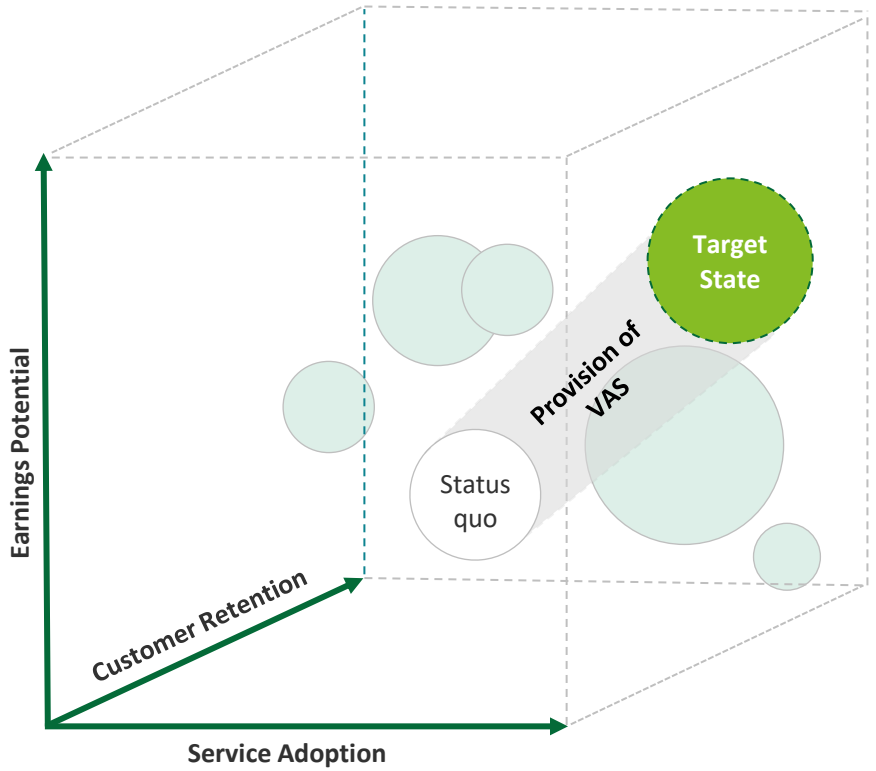
Spain

Instant payment service of Spanish banks

VAS as means of monetizing instant payments

There is a market for ‘clever’ instant payment value-added services, as proven by the good usage of PayPal (10% market share in Germany)

Impact of VAS on instant payments



Building success with VAS

Strategic Implementation and Competitive Advantage

Earning Potential	Customer Retention	Service Adoption
Top line growth potential by monetizing customer’s **demand for immediate settlement**.	Establishing offerings and building on key drivers of **customer trust**, leading to higher loyalty and repeat usage.	Expand the current service portfolio by leveraging technical advancements due to their **convenience** and direct impact on **user experience**.

Instant Payments Infrastructure

Exemplary service propositions based on Instant Payments

Improved payment experience across the entire value chain creates customer satisfaction and enables new potential sources of revenue

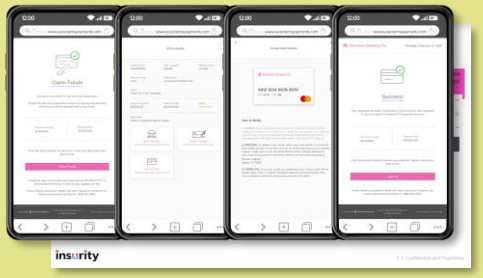
Earnings Potential

Liquidity Management Dashboard

Corporate clients gain real-time control over cash flow, improving forecasting accuracy and optimizing financial operations

Analytics tools, generating consistent revenue from **corporate** clients

Customer Retention

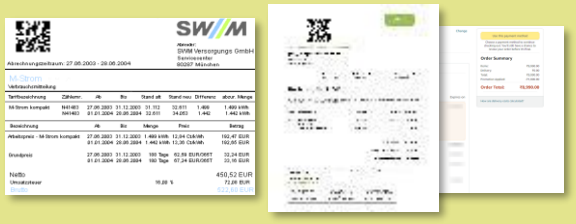


45%[1]

Insurity Claims Payments

Use instant payment capabilities to expedite insurance claim payouts, remittances providing swift & reliable service during critical times to **perpetuate customer interactions**

Service Adoption



53%[2]

Request to Pay (Utilities and E-Commerce)

Collect transaction fees from invoice prone sectors or offer the service as a value-added feature within e-commerce to drive **widespread adoption**

1) 45% of EBAday attendees believe that one leg out credit transfer schemes are a main opportunity for industry collaboration on use-case enablement.
2) 53% of EBAday attendees believe that Request to Pay is a main opportunity for industry collaboration on use-case enablement.

Question to the audience 2

Have you already paid anything by Instant Payment?

- Yes, on a regular basis
- Yes, occasionally
- No, not yet
- I don’t know

Q&A

Upcoming Webcast

Episode 5: Beyond Banking – The opportunity beckoning for Banks in new business ecosystems

Date: 29 August 2024, 2:00–2:45 pm

Details will follow.

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