

**Summary of discussion*:
Second meeting of the Open Forum on
Pan-European Instant Payments**

12th May 2015

Agenda item 1: Welcome and introduction by the Open Forum Coordinator

In his capacity as Open Forum Coordinator, Hansjörg Nymphius welcomed the more than 100 participants from over 70 institutions to the second meeting of the Open Forum on Pan-European Instant Payments held on 12th May 2015, from 8:00 to 9:45 CET. The meeting took place at the RAI Auditorium Centre in Amsterdam, the Netherlands. The list of participating institutions is included at the end of this summary.

The Open Forum Coordinator presented the key topics identified during the kick-off meeting of the forum at the end of March 2015. The key topics had already been distributed to all participants of the Open Forum prior to the second meeting. The document is also available for download at <https://www.abe-eba.eu/thought-leadership/instant-payments/>.

The following topics were identified as being key for the discussion on a pan-European instant payment solution by the participants at the previous meeting:

- (Non?-)relevance of use cases for the creation of an instant payment environment
- Time criticality of putting a solution in the market
- Need for a pan-European scheme-building effort
- Building on existing technical foundations/ingredients where possible
- Key customer needs with regard to instant payments
- Key pre-requisites at PSP level for instant payments
- Pan-European reach as the key challenge for PSPs

Hansjörg Nymphius next introduced the key note speaker Fabian Mansfeld, Head of Payments at Zalando SE.

** Disclaimer: This summary proposed by the EBA is not a complete and exhaustive transcript of the discussions / presentations. This document constitutes an effort to capture and highlight key elements of the discussions / presentations in an abbreviated format. Every effort has been made to fairly transcript the discussions / presentations and to avoid any mischaracterisation.*

Agenda item 2: The Corporate view: a key note on payment processes, related pain points and the potential of instant payments for e-commerce retailers and their customers

Fabian Mansfeld started his presentation with an overview on Zalando, which is present in 15 European markets. He explained that given the importance of payments for conversion rates, the payments business at Zalando had been kept separate from the company's corporate treasury in order to ensure a customer-centric orientation of the payment process; payments at Zalando are thus part of operations, together with the areas content creation, logistics and customer care.

As a consequence of its customer-centric approach to payments, Zalando has set up and manages a vast and highly diversified portfolio of payment solutions in order to cater to the many local flavours in the different markets. Fabian Mansfeld stressed the fact that localised payment processes address real customer needs and that localisation is a strong lever in optimising conversion. Localisation is also a key differentiator vis-à-vis any competitors. He presented several examples of localised payment processes and the positive impact on sales that Zalando had registered when introducing popular additional payment methods to their portfolio in given markets: when Zalando introduced "cash on delivery" as a payment option in Italy, the check-out conversion rate increased from 60 percent to 75 percent, while the introduction of "payment by invoice" increased the check-out conversion rate from 50 percent to 70 percent in Belgium.

Fabian Mansfeld pointed out that most corporates expect that once a pan-European instant payment solution has been launched, instant refunds will also be possible. He went on by saying that instant payment solutions do not yet play such an important role in general, even though they do in some countries, such as the Netherlands, Poland and Finland. He valued the guarantee of receiving the funds more highly than the immediate availability of funds but conceded that companies where the payments department is run or heavily influenced by corporate treasurers may see this differently. He also pointed out that companies would certainly appreciate having instant payments at their disposal for paying their own bills "just in time".

Fabian Mansfeld ended his presentation by giving an overview of some of the most important requirements for instant payments from a corporate point of view. These include technical integration and stability, the refund channel, customer acceptance and the pricing model.

When asked about the reason why Zalando had built up its own back-office rather than having used one or several PSPs for the consolidation of their payments business, Fabian Mansfeld answered that the expected payment volume and resilience considerations had been key factors in the company's decision-making.

Agenda item 3: Panel discussion: success factors for instant payments

The panel discussion on success factors for instant payments was led by the Open Forum Coordinator, Hansjörg Nymphius. The panel consisted of speakers from payment service providers (PSPs) as well as the infrastructure and corporate side: Hartmut Bremer (Director, Head of ACH Projects, Deutsche Bank), Stig Korsgaard (Engagement Director, Payments, Nets Denmark A/S), Fabian Mansfeld (Head of Payments, Zalando SE), Kasper Sylvest Olsen (Senior Financial Infrastructure Manager, Danske Bank), and Serge Wagener (Vice President Payments, BCEE Luxembourg).

The panel discussion focused on the following key aspects:

- **Relevance of use cases**
It was stated by several of the speakers that one cannot know all the use cases for a pan-European instant payment solution upfront. However, this should not hamper the building of a pan-European solution, as the use cases will evolve once such a solution has been launched. These use cases will be very diversified (e-commerce, P2P) and instant payments can replace other payment methods, such as cash or cards.
- **Immediate availability of funds**
It was emphasised that customers want to have the money on their account immediately, but do not care that much about the clearing process behind such a solution. There was agreement among the panellists that for the corporate side the speed is less important than the guarantee to receive the money from the customer and that instant refunds are expected in addition to instant payments.
- **Time criticality**
Most panellists agreed that 2016 is too early to launch a pan-European instant payment solution; even 2017 might be too ambitious to deliver such a solution in its entirety. However, it was also stated that PSPs cannot afford to wait that much longer and need to start with launching a pan-European solution. This makes it necessary to keep the solution as simple as possible. Also, it was pointed out that banks might miss the train again if they link an instant payment solution only to e-commerce, as customers are starting to move more and more into m-commerce.
- **Pan-European reach**
Building an instant payment solution with pan-European reach will be the key challenge and it was voiced that there is a need for regulation to push the development of a pan-European instant payment solution, especially if pan-European reach is to be built.



Speakers stressed the challenge of ensuring that early movers and national schemes will be able to interoperate with any pan-European offerings. It was also pointed out that many PSPs would find it difficult to kick off their intra-bank system preparations without there being an inter-PSP infrastructure in place.

Agenda item 4: Closing remarks

The Open Forum Coordinator, Hansjörg Nymphius, presented an overview of the planning for the next Open Forum meetings until the end of the year.

The moderator concluded by thanking all participants and panel speakers for their input and comments and invited everyone to the next meeting on 6th July 2015 from 13:00 to 17:00 CET at the Sheraton Brussels Airport Hotel in Brussels, Belgium.



List of participating institutions in the second meeting on 12th May 2015

ABI
Accenture
ACI
Allevo
Allied Irish Banks
Axway
Banco Popolare di Vicenza
BBVA
BCEE
BearingPoint
BERENBERG
BIL
Clear2Pay
CSC
Danske Bank
De Nederlandsche Bank
Deutsche Bank AG
Deutsche Bundesbank
Diamis
Dovetail
Dutch Payments Association
DZ BANK
EBA CLEARING
EFiS EDI Finance Service AG
Equens
Erlang Solutions Limited
Erste Group Bank
Eurobank
European Central Bank
Fédération Bancaire Française
Federation of Finnish Financial Services
Fiserv
Fundtech
Gemalto
GEVA Business Solutions GmbH
GFT Technologies AG
Global Collect
Helaba



HSBC France
Icon Solutions
iGTB
Infosys Limited
Innopay
IntellectEU
Intercope
J.P. Morgan
KPMG
Latvijas Banka
Lipis
Lloyds Banking Group
Nets
NordLB
NTT DATA Deutschland
PPI AG
Rabobank
RBS
Santander Group
SEB
SECB Swiss Euro Clearing Bank GmbH
Sentenial
SIA S.p.A
Société Générale
SRC Security Research & Consulting GmbH
SWIFT
Temenos
The Bank of Tokyo-Mitsubishi UFJ, Ltd.
TriaX
UBS
UniCredit Bank AG
Van den Berg AG
Vocalink
Worldline
Zalando SE
Euro Banking Association (Secretariat)