

**Summary of discussion\*:  
Seventh meeting of the Open Forum on  
Pan-European Instant Payments  
15<sup>th</sup> November 2016**

**Agenda item 1: Welcome and introduction**

Hansjörg Nymphius in his capacity as Coordinator of the Open Forum welcomed the close to 60 participants from 37 institutions to the seventh meeting of the Open Forum on Pan-European Instant Payments held on 15<sup>th</sup> November 2016, from 14:00 to 17:00 CET. The meeting took place at the Grandhotel Hessischer Hof in Frankfurt, Germany. The list of participating institutions is included at the end of this summary.

After having given a brief overview of the proposed agenda and topics of the meetings, Hansjörg Nymphius introduced the first speaker Prof. Hans-Gert Penzel, Managing Partner at ibi research.

**Agenda item 2: Instant payments: the next innovation wave in payments**

Prof. Hans-Gert Penzel started his presentation by introducing a study on instant payments (*"Instant Payments: eine neue Revolution im Zahlungsverkehr?"*) ibi research conducted together with ING-DiBa and Van den Berg AG, and which is publicly available on their website. The research, published in July 2016, was conducted amongst more than 500 participants throughout Germany, and included retail customers as well as private sector companies and public sector organisations. Prof. Penzel indicated that the past has shown that innovative payment methods, such as instant payments, can only be successful when the three following pre-requisites are fulfilled: high convenience, high perceived security and low cost.

Prof. Penzel pointed out that according to the definition of the ECB, a payment can be defined as "instant" if it is processed in less than ten seconds, if the transaction information is made instantly available to both parties, if the payee can instantly dispose of the money, if the solution is suitable for mass payments and if the system is available 24/7. According to Prof. Penzel, the European regulator sees instant payments as a fantastic opportunity, as they offer the possibility

*\* 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.*



to strengthen the SEPA standards and to establish a strong and independent European solution which will generate real benefits that will convince the European citizens of the value of SEPA.

He further showed the results of some of the questions asked to the survey participants, which can be found in the presentation slides available for download on the EBA website at [www.abe-eba.eu/thought-leadership/instant-payments/](http://www.abe-eba.eu/thought-leadership/instant-payments/). It is important to note that more than 60 percent of private consumers consider instant payments as useful. They also prefer credit institutions to offer instant payments over credit card companies, telecommunication companies or Internet companies such as Google or Amazon. However, the same persons see Internet companies and credit card companies as those driving the topic of instant payments, and not credit institutions, mainly because of the credit institutions' conservative culture and industry-internal competition which was felt to prevent them from making use of their strengths.

Prof. Penzel concluded his presentation by indicating that instant payment solutions will be implemented by 2018 as the demand is very high from regulators, retail and corporate customers. Concerns from some PSPs and ACHs are not likely to delay the implementation process. He also underlined that initiatives to develop instant payment solutions are taken forward worldwide and therefore core banking systems could benefit from these interim solutions and infrastructures and start building on them.

### **Agenda item 3: Taking a look at global instant payment solutions**

Hansjörg Nymphius introduced the next speakers Conny Dorrestijn, VP Global Payments Marketing at FIS, and Marijke Koninckx, and Product Marketing Manager at FIS.

They presented the results of the third edition of the FIS study (*"Flavors of Fast"*) published in 2016. FIS analysed various initiatives around the world and discovered some similarities amongst them. They explained that the real key to success for instant payment systems is not only the speed, but also the innovation potential. FIS scored the various payment systems they analysed based on different criteria in order to help categorise the various payment schemes on their potential for innovation. These criteria include required features such as irrevocability and end-to-end processing within less than a minute, highly desired features enhancing customer value and innovation (such as universal access) and optional features maximising customer value and innovation (like extended B2B remittance).

They continued by presenting their key findings and stressed that there is a strong appetite to implement real-time payments solutions. They gave examples of the real-time payment solution in place in the UK where a new access model was developed and of the Indian real-time solution which has a universal payments interface for customers, payers and payees. Since



there are a lot of systems already in place in the world, one can also learn from experience when building new real-time payments solutions. They explained that one of biggest differences with instant payments is the banks' availability 24/7. Banks are still working with legacy systems for batch processing that are currently not working over the weekend and core banking systems typically have end of day processes during which these systems are offline. It was also stressed that implementing a real-time solution requires more than merely speeding up an existing batch-oriented system. The notions of risk and fraud will also have to be supported in real-time, which can be a challenge within the timeframes in which instant payments need to be processed.

They further presented the drivers for immediate payments and explained that there are two main categories: the regulatory-based schemes and the commercial opportunities. Small-and-middle-sized enterprises (SME) is a customer segment for which FIS sees a lot of business cases as they will benefit from the instant guarantee of funds, low fees, and integrated data. They also mentioned that it is important that banks will offer new kinds of services in relation to instant payments. In addition, the implementation of PSD2 will expose payments to APIs and make immediate and open APIs the new banking ecosystem. They concluded their presentation by indicating that instant payments are the new norm and that banks should no longer wait and start ideating today and stop asking about where the business case is – the topic of instant payments is rather a “staying in business case”.

The presentation slides are available for download on the EBA website at [www.abe-eba.eu/thought-leadership/instant-payments/](http://www.abe-eba.eu/thought-leadership/instant-payments/).

#### **Agenda item 4: Feeling the pulse of instant payments**

The panel discussion was led by Hansjörg Nymphius as Open Forum Coordinator. The panel was composed of the following speakers: Conny Dorrestijn (VP Global Payments Marketing, FIS), Marijke Koninckx (Product Marketing Manager, FIS) and Prof. Hans-Gert Penzel (Managing Partner, ibi research).

The discussion focussed on the following key aspects:

- *Where does Europe stand in the worldwide instant payment landscape? Why are there quite a lot of local European instant payment initiatives?*

It was stated that some countries have indeed already moved ahead before a pan-European solution has been put in place, but that this does not mean that they will be isolated solutions, as they will comply with the EPC SCTInst Scheme. At the same time, it is also inevitable that there are different paces across Europe when it comes to the development of instant payment solutions. It is also imaginable that several countries will develop an instant payments solution together.

It was further stated that the role of the regulators is always a difficult one: if they do not give enough directions, it is thought that they are not supportive, but if they give too many directions, they will be seen as too strict.

- *Do we know where financial institutions stand in their communication on instant payments with their corporate customers? And how interested are the corporate customers in using instant payments?*

It was stated that corporate customers are usually very interested in instant payments, especially SMEs. Instant payments also offer the opportunity to develop additional services and products around the payment itself.

- *Where do financial institutions stand with the implementation of instant payments?*

It was mentioned that financial institutions are currently concentrating on the implementation on PSD2, but that this will be used as driver to implement instant payments. So far, instant payments are not regulatory mandated and financial institutions do not have to comply with the EPC SCT Inst Rulebook. Still, there seems to be a strong commitment by banks to implement instant payments. What is more, instant payments and open banking are seen to be linked to each other.

- *Instant payments will require a 24/7 service level. What does it concretely mean to maintain that kind of service level? Should that service be proposed since the beginning?*

Customer expectations have changed and if it is not a product that is available 24/7, it is likely customer will not make much use of it.

### **Agenda item 7: Closing remarks**

The Open Forum coordinator, Hansjörg Nymphius, ended the meeting by saying that following the discussion, it becomes more and more obvious that cooperation among the banks and all other stakeholders is needed to make instant payments a success.



## **List of participating institutions in the meeting on 15<sup>th</sup> November 2016**

Accenture  
ACI Worldwide  
Bayerische Landesbank  
Berenberg  
Commerzbank  
Danske Bank  
Deutsche Bundesbank  
Diamis  
Dovetail  
Dutch Payments Association  
DZ Bank  
EBA CLEARING  
EFiS  
Euro Banking Association  
FIS  
Gemalto  
Händlerbund e.V.  
HSH Nordbank AG  
ibi research  
Icon Solutions  
Intercope  
IPFA  
J.P.Morgan  
KPMG  
NTT DATA Deutschland  
Postbank  
PPI AG  
RBS  
Santander Group  
SECB Swiss Euro Clearing Bank  
SIA  
STET  
SWIFT  
Temenos  
UniCredit Bank AG  
Van den Berg AG  
VTB Bank