

Instant payments in euro

2022/0341(COD) - 26/10/2022 - Legislative proposal

PURPOSE: to establish at EU level the necessary uniform rules for cross-border instant credit transfers in euro and to increase the overall use of instant transfers in euro.

PROPOSED ACT: Regulation of the European Parliament and of the Council.

ROLE OF THE EUROPEAN PARLIAMENT: the European Parliament decides in accordance with the ordinary legislative procedure and on an equal footing with the Council.

BACKGROUND: instant payments (IPs) are a form of credit transfer whereby funds pass from the payer's account to the payee's in a matter of seconds, at any time, day or night, and any day of the year. This distinguishes IPs from other credit transfers, which are processed by payment service providers (PSPs) only during business hours, with the funds credited to the payee only by the end of the following business day.

Universal availability of euro IPs is a necessary part of updating and modernising the Single Euro Payments Area (SEPA). SEPA allows European consumers, businesses and public administrations to make and receive cross-border payments in euro as easily as domestic payments and enables the public to use their existing payment accounts in their home Member State to receive their salary or pay bills between different Member States.

In the EU, the architecture for instant payments in euro already exists. It comprises several payment systems offering instant settlement, and the Single Euro Payments Area (SEPA) instant credit transfer scheme (SCT Inst. Scheme) launched in November 2017 by the European Payments Council (EPC).

The significant potential benefits of IPs to consumers and businesses in the EU are however impeded by the slow rollout and low uptake of IPs. At the end of 2021, only 11% of euro credit transfers sent in the EU were instant payments.

Legislative intervention is therefore needed to develop euro instant payments across the EU and unlock their benefits for EU citizens and businesses, in particular SMEs.

CONTENT: this proposal aims to amend the Single Euro Payments Area (SEPA) Regulation of 2012, which already contains general provisions for all euro credit transfers (SEPA), by adding specific provisions for instant euro payments (SEPA).

In concrete terms, the proposal provides for:

- a requirement for PSPs providing a regular euro credit transfer service (with targeted exclusions) to offer sending and receiving of IPs in euro;
- a requirement for PSPs not to charge more for IPs in euro than for regular credit transfers in euro;
- a requirement for sanctions screening in the form of very frequent checking of clients against EU sanctions lists (as is already done in certain Member States for domestic payments), rather than for each individual transaction;

- a requirement for PSPs to offer a service enabling customers to be notified when a mismatch is detected between the payee's name and international bank account number (IBAN), as supplied by the payer.

The obligations set out in the proposal will be introduced in stages, allowing payment service providers to spread their internal resources over a longer period and thus optimise their implementation costs.