

CEMLA - Meeting of Heads of FMIs

Session 4
**Fast payments
Towards a new normal?
Advantages and challenges**

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Globally

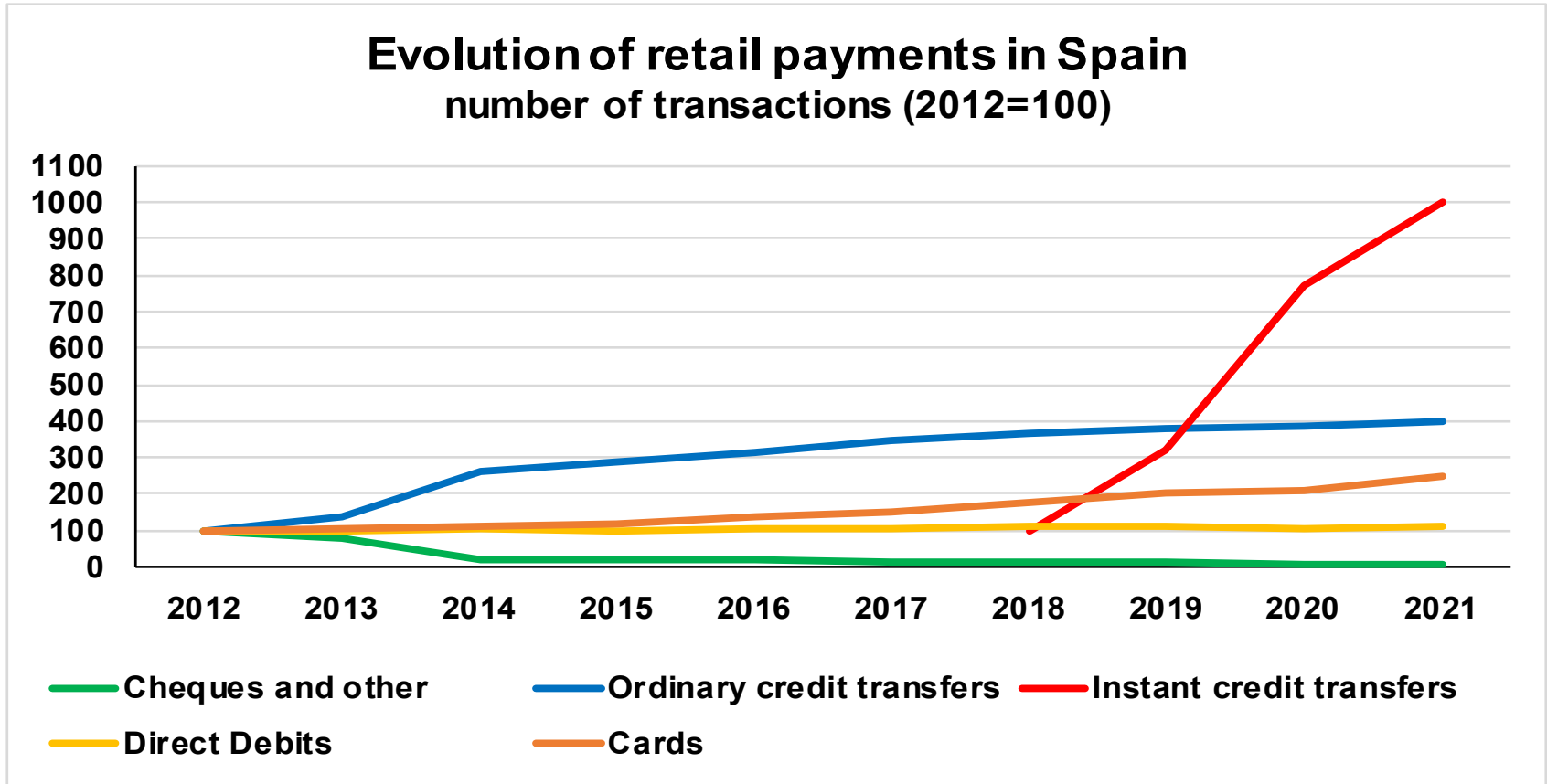
- ✓ **Digitalisation**, changing consumer **habits** and **legislative** action are profoundly changing retail payments
- ✓ Growing interest from **BigTechs** in the payments market beyond mere providers of front-end solutions

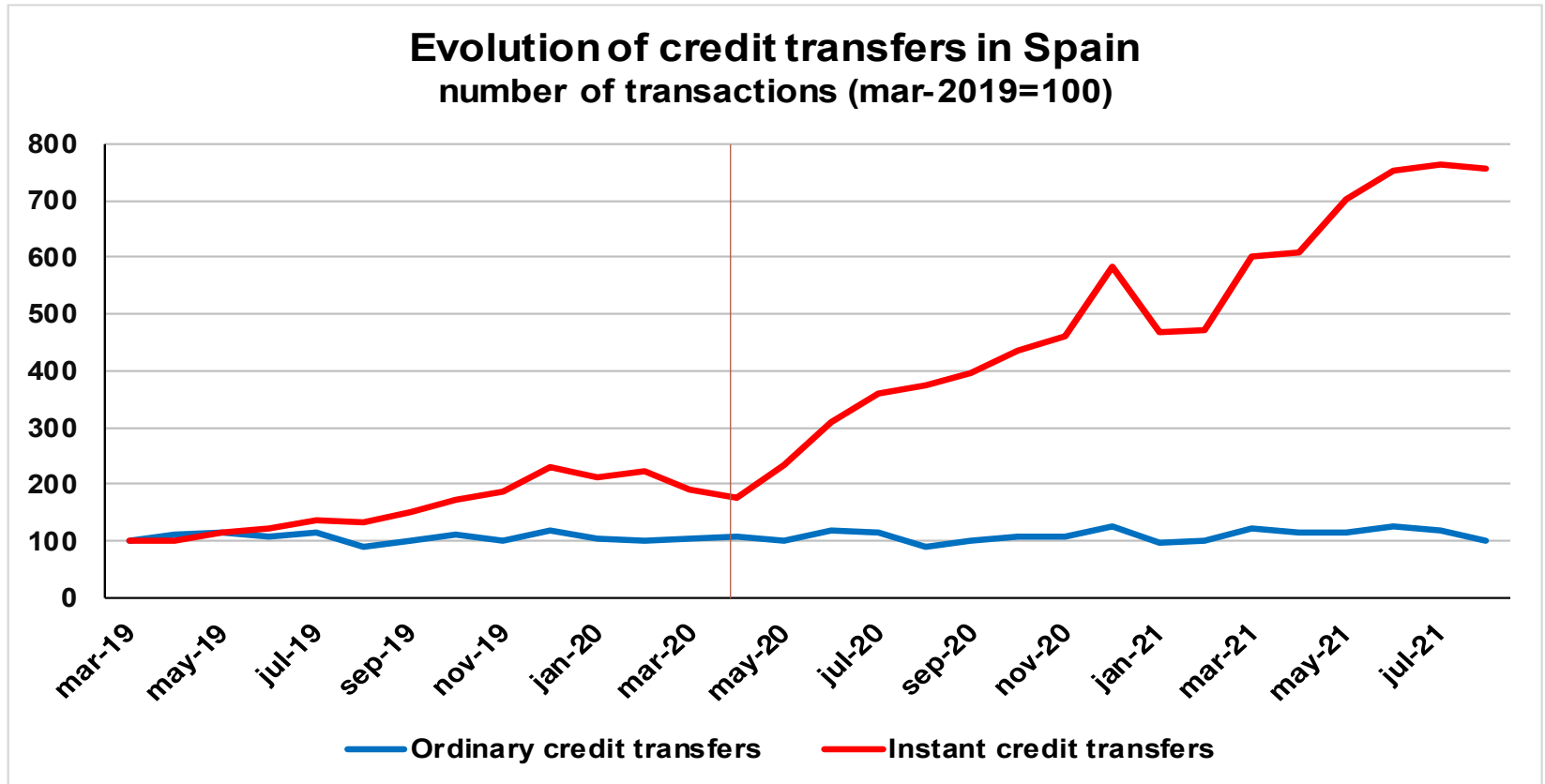
EU

- ✓ **Coronavirus** pandemic → shift to cashless payments
- ✓ Increased use of (**contactless**) **card** payments
- ✓ Expansion of **instant payments** and related initiatives

National level (Spain)

- ✓ Highly **efficient domestic** payments
- ✓ Dominant role of traditional **local players** (PSPs)

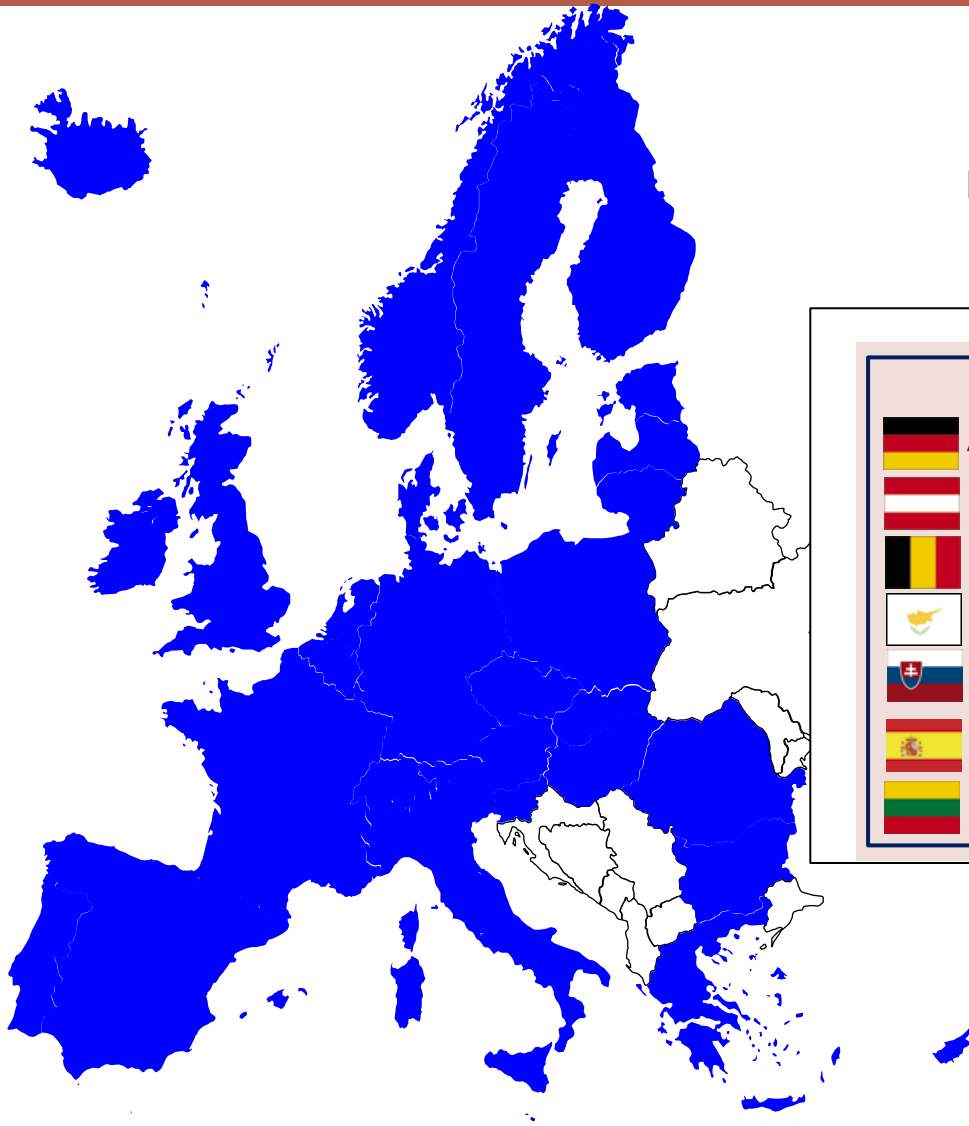




Work in progress towards an integrated European payments market

With the **creation of SEPA**, the EU introduced a harmonized set of **pan-European payment instruments** making electronic payments easier and more convenient for citizens and businesses, currently with an emphasis on the increasing use of **SEPA Instant Credit Transfers (SCT Inst scheme)**

La **zona SEPA** está integrada por los 27 países de la Unión Europea, más Islandia, Liechtenstein, Mónaco, Noruega, Reino Unido y Suiza.

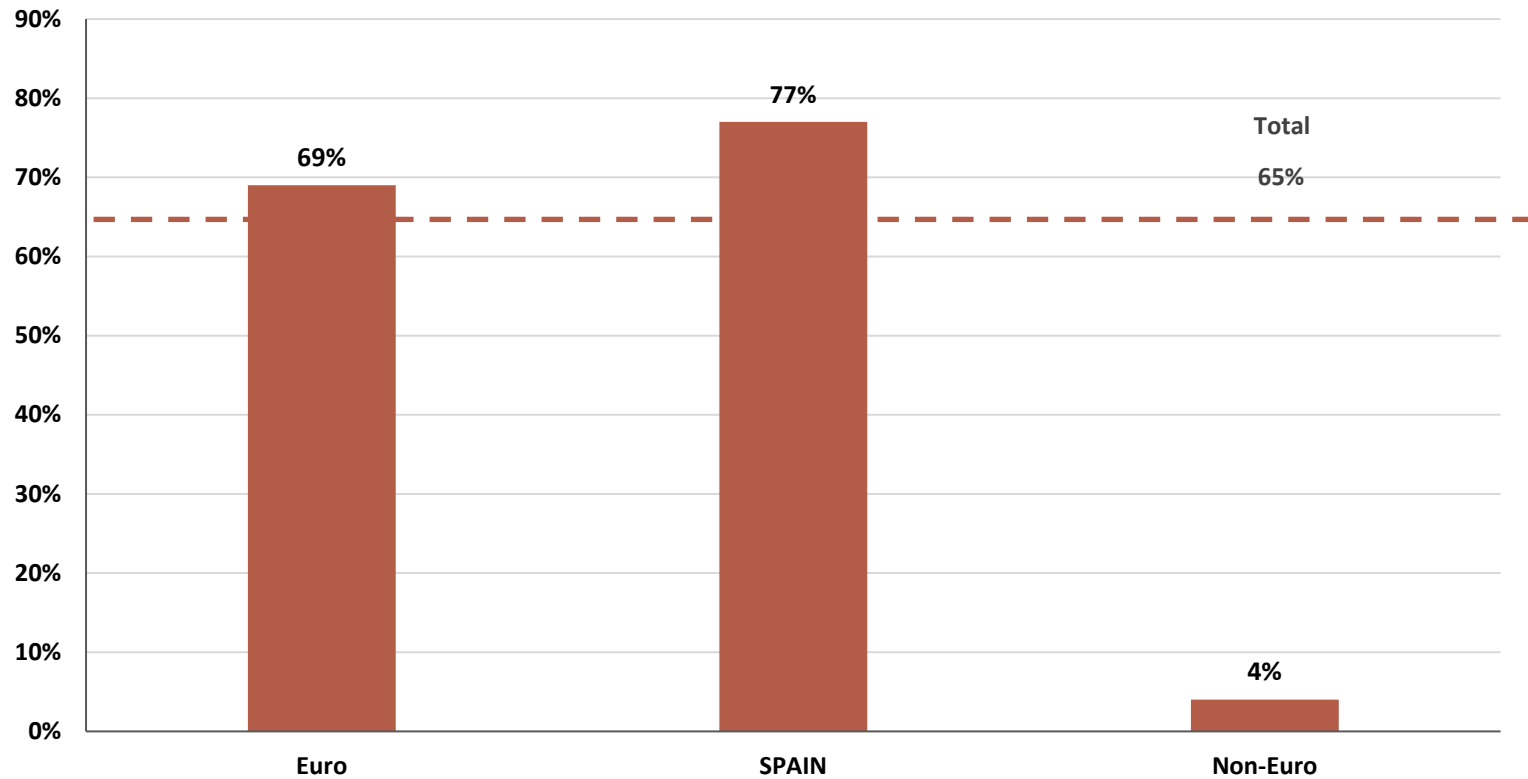


Zona EURO				Unión Europea	
	Alemania		Eslovenia		Irlanda
	Austria		Estonia		Italia
	Bélgica		Finlandia		Luxemburgo
	Chipre		Francia		Malta
	Eslovaquia		Grecia		Países Bajos
	España		Portugal		Letonia
	Lituania				

	Croacia		Bulgaria
	Dinamarca		República Checa
	Hungría		Rumanía
	Polonia		Suecia

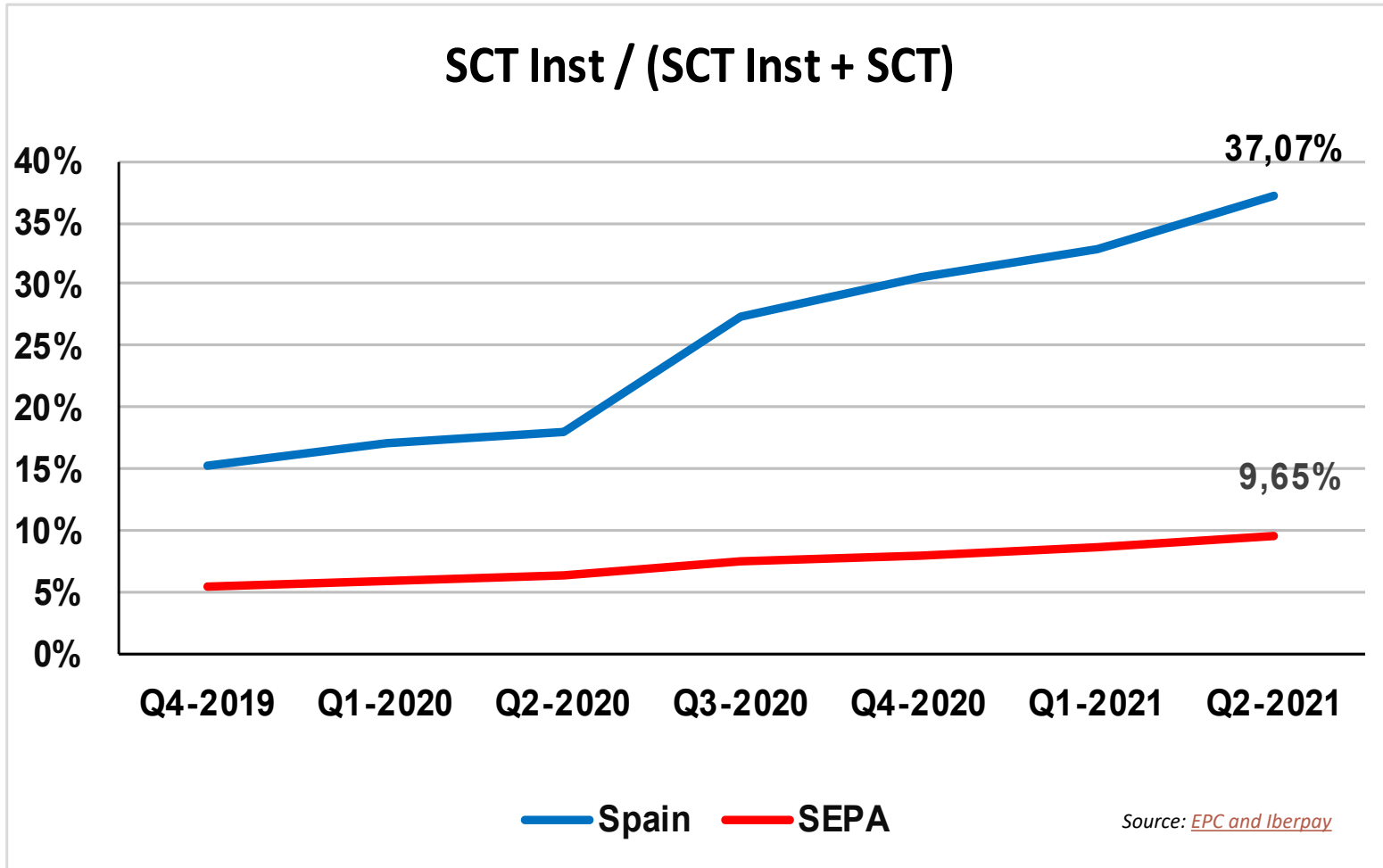
Adoption of the SCT Inst scheme (SEPA Instant Credit Transfers)

% SCT Inst/SCT scheme participants



Source: [EPC report for the ERPB Meeting 28 June 2021 - Status Update on SCT Inst Scheme](#)

SCT Inst (volumes) as a share of of all credit transfers



The full deployment of **instant payments** is a cornerstone of the **Eurosystem's retail payments strategy** (as a market **catalyst** and as a system **operator**)

Strategic objective:

Full deployment of instant payments

(strategic alignment of the **Eurosystem** and **European Commission**)

The Eurosystem's priorities for **instant payments** are:

1. **Availability** to all individuals and businesses across Europe
2. **Attractive conditions** for end users including key features (e.g. for one-off, recurring payments, bulk payments) to encourage the use of instant payments as **the new normal**
3. Additional pan-European functionalities such as **Request-to-Pay**
4. **Overcoming barriers** such as relatively high transaction rejections partly due to difficulties with and fraud prevention and AML/CFT screening



TIPS - a settlement platform for Instant Payments

Dec 2020

58 TIPS DCAs

3,944
reachable
parties

- Launched in Nov 2018 as an **additional TARGET Service**
- **Settling** SEPA Instant Credit Transfers (**SCT Inst**) in central bank money **24/7/365**
 - ✓ **Full cost-recovery & non-for-profit basis**
 - ✓ Same TARGET2 participation rules
 - ✓ No entry or maintenance fees
 - ✓ Price: 0.20 cent (**€0.002**) per **SCT Inst**

Eurosystem's IP pan-European reachability measures (by Feb 2022):

- *All PSPs reachable in TARGET2 that adhere to SCT Inst will be reachable in TIPS*
- *ACHs processing IPs will have a technical account in TIPS*

Multi-currency capabilities:

- As of **May 2022**, RIX-INST (Swedish instant Payments service), will use TIPS to settle IP **in SEK**
- **Danish Krona** could also be settling by **November 2025**

Currently investigating to enable cross-currency capabilities:

- to settle cross-currency transactions (e.g. EUR-SEK, EUR-DKK)
- Work in progress to define:
 - **Operational model**
 - **Legal set-up**
 - **Cross-currency settlement feature in TIPS**

Improving cross-border payments in line with G20 roadmap

A cross-currency settlement functionality in TIPS is in line with the Eurosystem's strategic objective of improving cross-border payments beyond the EU

*If you have a mobile phone,
you have money!*

 bizum

Si llevas móvil,
llevas dinero.



+ **17 M**
USERS



+ **595 M**
TRANSACTIONS



+ **20.600**
ONLINE SHOPS



+ **4.300**
NGOS TO
DONATE TO

65 adhered Credit Institutions

Market initiative (Bank of Spain as a catalyst)



Developed cooperatively by **credit institutions** in Spain

Strategy: implementation of IP mobile payments in order to:

- ✓ promote innovation competing with the BigTechs
- ✓ reduce the use of cash and the shadow economy
- ✓ leverage economies of scale



Main features

- A single solution for mobile instant payments in Spain
- **SCT Inst** compliant
- **Mobile phone numbers** as proxy of bank accounts
- **P2P** (push & pull) payments with a mobile app
- **E-commerce** payments, including **request-to-pay** (pay-by-link)
- Donations to NGOs
- Purchases at physical POS: piloting with Public Lottery
 - ✓ *Merchant creates the purchase transaction*
 - ✓ *Client generates QR on the Bizum app*
 - ✓ *Merchant scans the Bizum QR code*
 - ✓ *Authentication is SCA and PSD2 compliant*

Thank you for your attention

