

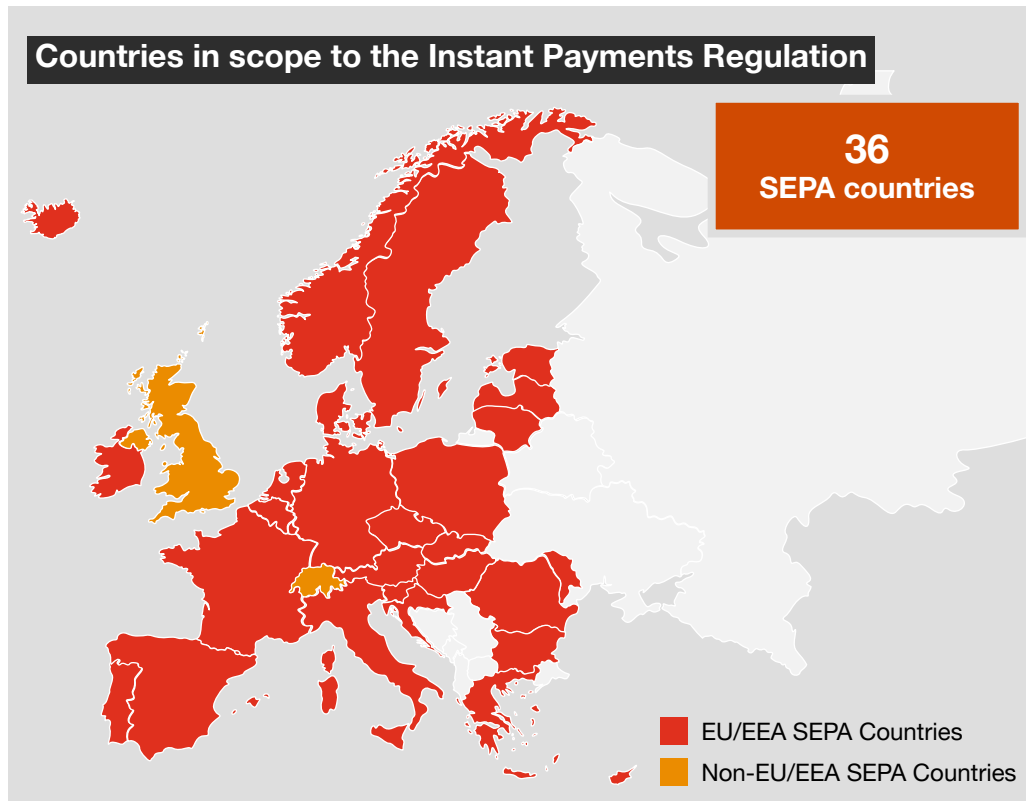


Instant Payments: a spotlight on the European Commission for Regulation



The European Commission developed a Regulation regarding the Euro Instant Credit Transfers

The **European Commission** published the **final Regulation** (November '23) on **Euro instant Credit Transfers**, to amend and modernize SEPA regulation, and to improve the availability of instant payment options in euro to consumers and businesses in the EU and EEA countries.



SCT Instant legislative key pillars

1

Mandatory provision of Instant Credit Transfers in Euro

2

Charges for Instant Payments

3

Verification of a payee in case of instant credit transfers

4

Screening Instant Payments for EU sanctions

5

Reporting to Competent Authorities

- The **Regulation** requires **European and Economic European Area (EEA) Payments Service Providers (PSP)** to allow citizen to make **Instant Payments in euro** in the **Single Euro Payments Area (SEPA)**.
- The **Instant Payments Regulation** is based on **5 pillars** which may have **impact on PSPs' Business Models**.

Source: Regulation of the European Parliament and of the Council amending Regulations (EU) No 260/2012 and (EU) 2021/1230 as regards instant credit transfers in euro, European Commission (November 2023), EPC website

The IP Regulation is based on 5 pillars which may have impact on PSPs' Business Models

Regulatory Pillars

1 | Mandatory provision of Instant Credit Transfers in Euro

- **All PSPs that provide Credit Transfers in Euro will be required to offer the service of sending and receiving IPs in Euro, 24 hours a day and 365 days a year.**

2 | Charges for Instant Payments

- **Charges applied** by PSPs to send and receive Euro instant Credit Transfers **should be no higher than the charges applied to non-instant Credit Transfers.**

3 | Verification of a payee in case of instant credit transfers

- All the **PSPs are obliged to offer to the customers a “Verification of Payee” service** which consists of a check between the **account holder** and the **denomination** provided by the payer at the time of disposition. Such service should be provided **free of charge** to **consumers** and **microenterprises** for protection reasons.

4 | Screening Instant Payments for EU sanctions

- All the **PSPs are obliged to perform a master data screening on a daily basis¹**, to verify if their customers are designated persons or entities subject to **EU sanctions** and in any event immediately after the entry into force of any new or amended designations.

5 | Reporting to Competent Authorities

- PSPs shall **report** to their **Competent Authorities** on the **level of charges** for credit transfers, instant credit transfers and payment accounts. PSPs shall submit such reports **every 12 months.**

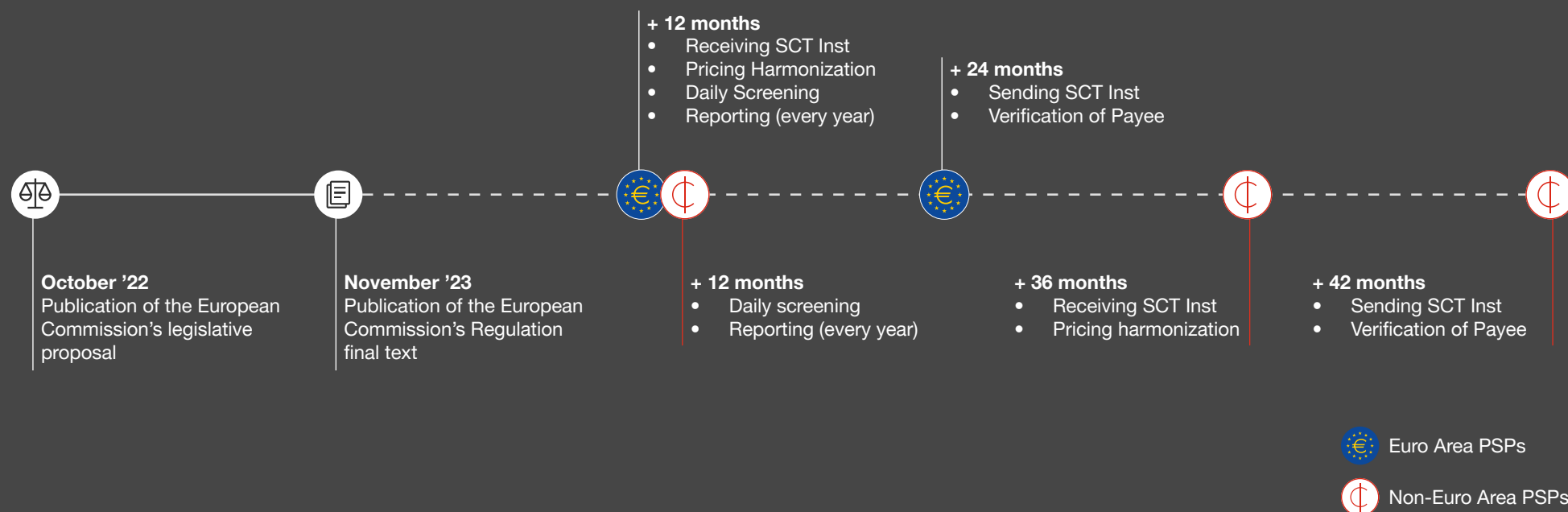
N.B. Such condition also applies on PIs and EMI's which are not subject to the introduced regulatory obligations but may voluntarily choose to offer the service to their customers

¹ This screening mode differ from the one adopted for non-Instant Credit Transfer that rely on a screening on the single operation

All the PSPs from Euro area must comply with the new requirements within 24 months after the regulation entry into force, while non-Euro PSPs will have up to 42 months

ILLUSTRATIVE

European Commission timeline for PSP's IP adoption



Source: Regulation of the European Parliament and of the Council amending Regulations (EU) No 260/2012 and (EU) 2021/1230 as regards instant credit transfers in euro, European Commission (November 2023), EPC website



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