

So it happened...

Instant is getting mandated, will you be ready for it?

The decision to move from a sole focus on reachability to mandating instant payments for all credit institutions has been a long time coming and eagerly awaited by some parts of the industry like the players in open banking. This important piece of regulation will really make instant payments the new normal for everyone, and go a long way to fulfil the purpose the EU had in mind with instant payments in the first place.

As we have seen from examples like 'Faster payments' in the UK, mandating a move to instant payments is a definite way of accelerating the adoption of a payment type. With SEPA Instant the same will be seen in Europe and aligns to what the market's expectations are for moving to real time.

Although the proposed regulatory change doesn't currently impact all financial institutions, they are all already within the instant payments ecosystem and are likely to join the move in order to remain at the forefront of payment change. The mandating of instant payments provides huge opportunities to all financial service providers.

The suggestions on screening and IBAN / Name checks will need some further details confirmed and agreement in market. Are we getting a European CoP (confirmation of payee) or finally adopting R2P (Request To Pay)?

Understanding how the process of EU legislation can work, ratifying this text will take time, and there will most likely be amendments to follow. However based on what we have observed to date here are some of the things we believe will be needed for the scheme to succeed:

01

Trust in the SEPA Instant service is going to be key in market. With SEPA Instant being provided by everyone, delivering best in class fraud and screening services is what will make the difference to your customers.

02

Real adoption is the support of both in and outgoing payments. And though the timelines for the supporting of this are split, if you want your piece in the market it is better to support both flows sooner rather than later.

03

With pricing to drop to the same or lower than current SEPA Credit Transfer (SCT) fees, SEPA Instant will become more of a commodity. With 'free of charge' being a possible way forward, value added services will be a new area of interest for many.

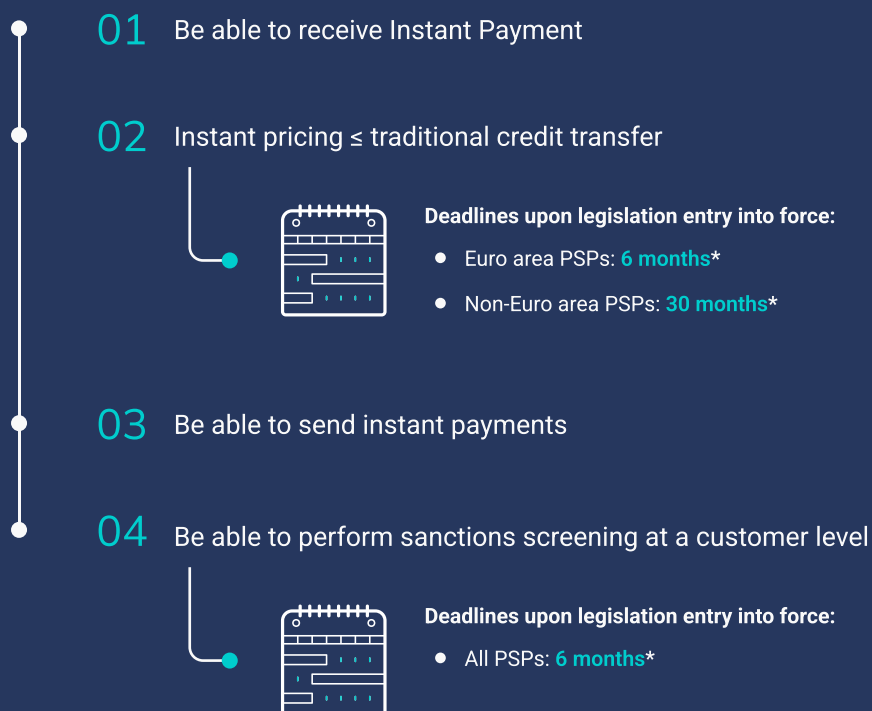
How can you prepare for this change?

Depending on the market and segment you service you will want to choose to stay ahead of the curve by acting early. The expectation around instant payments amongst consumers and businesses will undoubtedly increase, and be expected to be fully available with little to no extra costs.

Whether you are a new joiner or are looking for further reductions to the cost of processing because you can no longer charge, minimising the number of integration points should be something that is considered. In many cases, routing and cost optimisations can be achieved by processing through a regional clearing rather than integrations with multiple local clearings, despite the difference in transaction costs.

We also recommend that you look at the solutions that allow you to reuse your back office as much as possible and use the time available to focus on their existing pain points like the challenges that come with continuous liquidity management for a pre-funded system and running payments validations at higher speed.

European Commission (EC) proposal on SEPA Instant Regulation



* Deadlines established by the EC to meet each requirement, by Euro and non-Euro area PSPs, upon legislation coming into force.

How Form3 SEPA Instant service can support you

A cloud agnostic payments platform for a pan-European instant payments service since day 1.

Form3 have been a registered Technical Service Provider (TSP) for SEPA Instant since 2017.

Reach and Scalability

- Remove the complexity and issues of interoperability by providing access to the pan-European instant Payment systems
- Available to any type of participation model (Direct, Reachable, or Liquidity Provider)
- Scalability to other SEPA schemes through a single API integration.

Smooth Implementation

- Tailored advice on participation models to ensure a fast and simple onboarding
- Future proof your payment infrastructure against evolving scheme rules and regulatory changes
- Certification testing for Go-live and maintenance is supported by Form3

Value-Added Services

- Account (IBANs) Generation and Validation on customer's behalf
 - Support for exception handling scenarios
- Range of connectivity models (Direct Settling Participant, Direct Non-Settling Participant)
- Seamless access to new Form3 solutions such as payment screening and Fraud prevention.

Working with Form3 for SEPA instant ensures

01

A Registered TSP for SEPA Instant since 2017

02

Proven capability to migrate participant from Indirect to Direct Participation without loss of transaction information

03

Cloud native scalable and resilient platform

04

Single stack Restful JSON API

05

Always compliant with market practices and scheme specifications

06

24/7 operational incident management

07

Exception handling (R-messages) support

Find out more about how Form3 can support your SEPA Instant plans

Contact us