

Stakeholder Forum Meeting no. 5

Date: 2021-09-15 Location: Teams

Present

Marianne Melton	Chair (MobilePay)	Via Teams
Andy Morris	ACI	Via Teams
Pasi Miettinen	Bank of Finland	Via Teams
Eva Nässlin-Larsson	Bankgirot	Via Teams
Robert Book	CGI	Via Teams
Kristian Ring	Finance Denmark	Via Teams
Pasi Korhonen	Finanssivalvonta FIN-FSA	Via Teams
Philippe Ameil	Finastra	Via Teams
Dan Axelsson	Getswish	Via Teams
Carlos Rodriguez	Independent	Via Teams
Heike Strasser	Mastercard	Via Teams
Charlotte Fink Jensen	MobilePay	Via Teams
Jonas Jakobsen	P27	Via Teams
Anna Ohlsson Brozek	Riksbanken/Swedish Central Bank	Via Teams
Helena Carnell	Riksgälden/Swedish National Debt Office	Via Teams
Helena Stjernstedt	Swedish Bankers' Association	Via Teams
Ted Scheiman	SWIFT	Via Teams
Emily Rayment	Visa	Via Teams
Peter Larsson	Volante	Via Teams

Representing the NPC

<i>Thomas Bo Christensen</i>	<i>NPC Scheme Management Committee</i>	<i>Via Teams</i>
<i>Camilla Bäck</i>	<i>NPC Scheme Management Committee</i>	<i>Via Teams</i>
<i>Carsten Thaarup</i>	<i>NPC Secretariat – Independent</i>	<i>Via Teams</i>
<i>Jenny Winther</i>	<i>NPC Secretariat</i>	<i>Via Teams</i>
<i>Maria Brogren</i>	<i>NPC Secretariat</i>	<i>Via Teams</i>

Apologies

Morten Fels	DK Ministry of Industry, Business & Financial Affairs
Eduard Stringer	FIS
Andreas Kronblad	Folksam
Carl-Johan Mårtenson	Försäkringskassan
Claus Kempel	Nationalbanken/Danish Central Bank
Michael Pandoscak	SAP
Åsa Gibson-Lundmark	NPC Scheme Management Committee

Agenda

1. Introduction
2. Approval of Agenda
3. Approval of last meeting's minutes
4. Appointment of minutes adjuster
5. Information and Status NPC
6. Denmark and Sweden community update
7. Information & plan NPC Change Management
8. EPC handling the One-leg-out - Presentation from Heike & Carsten
9. Meetings and work plan 2021
10. Open discussion - questions and comments
11. Any other business
12. Next meetings
13. Closing

1. Introduction

Marianne Melton, chair of NPC Stakeholder Forum, opened the meeting and welcomed all.

2. Approval of Agenda

Agenda was approved with no additions.

3. Approval of last meeting minutes

Last meeting's minutes were approved.

4. Appointment of minutes adjuster

Kristian Ring, Finance Denmark, was chosen to be the meeting's minutes adjuster.

5. Information and Status NPC

Jenny Winther, NPC, informed about the NPC ongoing work as per slide 6 in the meeting presentation and informed that no changes have been done in NPC's organisation, it remains the same since before the summer.

Information meetings are planned to end of October, invitation will be sent out shortly and will be published on NPC's webpage.

NPC have had a meeting with the Swedish governmental inquiry that are currently investigation the "*Role of the State in the payment market*". NPC informed about the role of NPC on the Nordic payments market as well as ongoing NPC work and activities.

Annual meeting was held in June, mostly formalities, but it was also decided about updated NPC Bylaws and Internal rules.

SMC meeting was held September 9th. No decisions were taken this meeting, focus was on upcoming public consultation and the meeting was given information about suggested change requests to the 2023 versions of the NPC payment schemes. Decision to start of public consultation will be taken on next SMC meeting October 26th. The draft SMC workplan for 2022 was presented and will be discussed on next meeting as well.

NCT & NCT Inst focus on change management, more information under agenda item 7 – Information & plan NPC Change Management.

Request-to-pay (RTP) WG continue to work with Nordic input to EPC for STRP Rulebook version 2.0.

Confirmation of Payee (CoP) WG work is ongoing and the in-depth legal assessment in the Swedish Bankers' Association and Finance Denmark continue to make progress. In Sweden work is closed to finalised, in Denmark it has recently started. Confirmation of Payee is functionality to confirm a Payee's details before making a payment.

Marianne Melton asked regarding the CoP legal assessment if these would be public. The understanding from the NPC is that the legal assessments from the different Bankers' Associations would be made available for interested parties within the two organisations.

6. Denmark and Sweden community update

Kristian Ring, Finance Denmark, gave a status update from the Danish community.

Danish Central bank, Nationalbanken, has decided to move to Target2 from existing solution called Kronos2. Clarifications with sector are moving ahead, but some important issues are still ongoing. Plan is that the banking sector and Nationalbanken will have to be ready for test January 2024 and starting migration in beginning of 2025.

Nationalbanken also confirmed that to participate in TIPS for DKK you will need to adhere to NCT Inst Scheme, and you also will need to be reachable to TIPS Standard model. The ACH settlement model will

also be offered to the sector by the Nationalbanken for TIPS. There is still a pending question about providers for clearing services after Target2 migration. Finance Denmark are facilitating the planning for the sector and decision about clearing service providers and a transformation plan will be taken during autumn 2021.

Kristian added that NCT Scheme is also in plan to be used, details for when and how are not yet decided.

Helena Stjernstedt, Swedish Bankers' Association gave a status update from the Swedish community.

Helena started with some brief information from last P27 Sounding board. Merger approval for the acquisition Bankgirot from EU commission and are now finalised and P27 are now able to proceed with the work to incorporate that, which is an important part of the journey going forward.

Preparations are ongoing in all countries, the outsourcing part in relation to the clearing license and the new operational model for P27.

According to plan P27 will start with SEK Instant instead of SEK batch and SEK Swish flow is first in line with connection to RIX-INST that will go live in May 2022, May 23rd.

Transformation plan have been updated, new version has been sent out, with an end of the transformation to the new infrastructure in Q4 2024. This is still a preliminary plan.

Please find link to the Swedish Transformation Program [here](#).

Peter Larsson asked if clearing license for P27 is needed for both SEK batch and SEK Inst. For handling SEK batch P27 will need a clearing license whereas no license is needed for P27's processing of SEK Inst towards the RIX-INST settlement system, since this set-up is different.

Thomas Bo Christensen informed about a meeting held by Swedish Riksbank about ISO migration where a preliminary plan was presented for their migration to ISO 20022, Q4 2024 or Q1 2025. Anna Ohlsson Brozek added that the plan is preliminary since the migration to ISO 20022 project is still only a pre-study, the pre-study will present a plan for this later this autumn. Anna suggested that she will present the plan at our next Stakeholder Forum meeting.

Kristian Ring mentioned that there is a focus point for the Danish banking sector that the migration to Target2 and TIPS, SWIFT annual release and the Target consolidation project for euro will be seen in a holistic way to avoid double implementations.

7. Information & plan NPC Change Management

Maria gave a short repetition of the time plan for change management and the reasoning behind it. NPC will be fully aligned with EPC by November 2023. The upgrade to ISO 20022 2019 version is the main reason for giving the market one and a half year to implement the changes in this change management cycle.

In the upcoming public consultation NPC will include suggested changes from the Nordic market, internal changes from NPC and it's working groups as well as changes implemented by EPC for SEPA Schemes 2021 and suggested changes for SEPA Schemes 2023.

All suggested changes and recommendations from NCT & NCT Inst WG will be documented in a public consultation document. When the public consultation starts this document will be published on NPC's webpage together with a response template, and the market (NPC members and other Stakeholders on the payment market) will be encouraged to respond.

A summary with all suggested major changes was sent out to Stakeholder forum prior to the meeting. The suggested changes were also presented to the meeting as per slide 14-27 in the meeting presentation.

Slide 12 in the meeting presentation presents important milestones in the change management cycle and shows when Stakeholder forum will give their input on all suggested changes, through the *position paper*.

NPC suggested that work with the position paper should be done in a smaller task force and then presented to the Stakeholder forum to agree on. Meeting agreed and Carlos Rodrigues and Peter Larsson signed up as volunteers.

Peter Larsson asked how the change requests handled by the EPC is handled by the NPC. The NPC ambition is to harmonise payments and therefore to be as close as possible to the EPC SEPA payment schemes. The NPC will assess all changes requests that EPC will include in the new versions and the NPC will decide to include or not include these changes. Since the ambition is to harmonise with EPC most of the changes in the SEPA schemes will be included in the NPC schemes. The change requests sent to EPC that the EPC decides not to include is not assessed by the NPC unless the change request is also submitted to the NPC.

Action: Meeting representatives are asked to volunteer to the task force creating the position paper.

8. EPC handling the One-leg-out - Presentation from Heike & Carsten

Presentation was given by Carsten Thaarup and Heike Strasser.

Carsten started with some background around cross border payments and the challenges that have been historically. Since SEPA started, changes were made in relation to payments within Europe regulated by law. The large impact on pricing was when all payments within Europe was now defined as domestic payments. IBAN also helped this transition when bank name and address were no longer needed.

Discussion around one-leg-out (OLO) transactions started with limited interest, but now the number of transactions has increased significantly in the last two years. Correspondent banks is trying to make cross border payments into a SEPA payment, even though it is not allowed by the schemes.

Heike continued with some information about what a OLO payment is and the scope of the work within the EPC. OLO transaction are payments where one of the payment service providers (PSPs) are not located in the geographical area of the schema (e.g. SEPA, NPC).

Only credit transfers are in scope in OLO TF at EPC. Work with OLO started back in 2019 when EPC OLO TF started very much based on a change request for SCT and SCT Inst Schemes from a UK bank asking for OLO. UK already have this for incoming OLO Faster payments since the start, reducing the complexity in the infrastructure for cross border payments. Larger banks are helping smaller banks to transfer OLO transaction to the final beneficiary. The fact is that many PSPs/banks already do this even though the EPC payments schemes do not support this. Problem occurs if the payment needs to be returned, information about the Originating party etc. will then be missing in the return payment.

Looking at the Euro OLO credit transfer, it supports both incoming and outgoing OLO transactions, even though focus on incoming due to higher need for that. Entry PSP (bank) and Exit PSP (bank) is the main terms used for processing Euro OLO credit transfer in and out in the Scheme. EPC have worked with simplified scenarios and focusing on mass payments (easy processing) no other high value payments. The intentions are not to change existing set up for cross border (e.g. CBPR+ and HVPS+) for payments going through those market praxis.

Inside of the SEPA area transfer is always in Euro (conversion is expected by Payer's or Payee's PSPs (bank) depending on the payment flow). The PSPs (banks) are responsible for all AML checks and the OLO rules are only applicable to the SEPA leg. Charging principle have been heavily discussed but is out of scope of the OLO Agreement and part of the competitive space outside.

Maria continued with some information about the NPC's work with OLO together with the Nordic communities as per slide 34 in the meeting presentation. To summarise the work, you can say that investigations about how the Nordics will implement OLO is ongoing.

9. Meetings and work plan 2021

On next Stakeholder Forum work with position paper for updated NPC Credit Transfer and Instant Credit Transfer Rulebook will continue.

NPC will present updated status for Request-to-pay & Confirmation of Payee and see what input Stakeholder forum can give going forward.

On next Stakeholder forum work plan for 2022 will be discussed and agreed upon.

More information about ongoing activities for NPC can be found on slide 37 in the meeting presentation.

10. Open discussion - questions and comments

No further questions or comments were raised.

11. Any Other Business

The meeting had nothing to discuss or report.

12. Next meetings

Meeting agreed to change the date for next meeting to November 24th at 13:30-16 CET.

That will be the last meeting before the end of this year. Meeting calendar for 2022 will be presented in the next meeting.

13. Closing

Jenny added that on slide 33 in the presentation all ongoing sector initiatives are presented.

The Marianne Melton thanked all for participating and closed the meeting.

Meeting Secretary: Maria Brogren, Nordic Payments Council

Approved by Chair: Marianne Melton, Chair Stakeholder Forum (MobilePay)

Adjuster of minutes: Kristian Ring, Finance Denmark

Glossary

TERM	DEFINITION
AIS	Account Information Service providers
Additional Optional Services (AOS)	Complementary features and services based on the Scheme, as described in section 2.3 of the Rulebook.
Adherence Agreement	The agreement to be completed as part of the process by which an entity applies to become a Participant. The agreement is found as Annex I of the Rulebook.
Alias	A pseudonym that allows to uniquely identify for instance the Beneficiary account or the Beneficiary. The conversion is done through a lookup in the directory used for that specific alias. Alias is generated by the Beneficiary Bank and given to the Beneficiary. The Beneficiary can request a change of the Alias at any given time.
Business Identifier Code (BIC)	An 8 or 11 character ISO code assigned by SWIFT and used to identify a financial institution in financial transactions.
B2C	Bank-to-customer
Credit Transfer Instruction	An instruction given by an Originator to an Originator Bank requesting the execution of a Credit Transfer Transaction, comprising such information as is necessary for the execution the NPC Credit Transfer and is directly or indirectly initiated in accordance with the provisions of the Payment Services Directive.
Credit Transfer Transaction	An instruction executed by an Originator Bank by forwarding the Transaction to a CSM for forwarding the Transaction to the Beneficiary Bank.
CSM	Clearing and Settlement Mechanism.
C2B	Customer-to-bank
DD	Direct Debit
EBA	Euro Banking Association
EBA	European Banking Authority (regulatory body reporting into the European Central Bank)
EC	European Commission
EEA	European Economic Area
EPC	European Payments Council
ERI	Extended Remittance Information
ERI Option	Extended Remittance Information Option

TERM	DEFINITION
ERI Option Participant	Participant which has formally declared its participation to this option to the NPC
ESA	European Supervisory Authorities
EU	The European Union
Eurosystem	The European Central Bank and the central banks in the Euro area (incl. the non-euro based central banks as well?)
IBAN	International Bank Account Number (IBAN): uniquely identifies an individual account at a specific financial institution in a particular country (ISO 13616).
IG	Implementation Guidelines
Invoicee	The entity, person or company purchasing the goods or service mentioned in the invoice
Invoicer	The entity, person or company selling the goods or service mentioned in the invoice
LSG	Legal Support Group
NASO	National Adherence Support Organisation
National Account Number Structure	Nationally defined account structure, including at minimum bank branch code and account number
Nordic currencies in scope for NPC	Denmark: DKK Sweden: SEK Norway: NOK (this is within the vision from the Norwegian market to be planned exactly when and how)
NPC	The Nordic Payments Council
NPC Bylaws	The Bylaws of the Nordic Payments Council (NPC), as amended from time to time
NPC Credit Transfer (NCT)	The NPC Credit Transfer is the payment message governed by the rules of the NPC Credit Transfer Scheme for making credit transfer payments in the Scheme Currencies from bank accounts to other bank accounts.
NPC Instant Credit Transfer (NCT Inst)	The NPC Credit Transfer is the payment message governed by the rules of the NPC Instant Credit Transfer Scheme for making credit transfer payments instantly (real-time) in the Scheme Currencies from bank accounts to other bank accounts.
NPC SMIR	The Scheme Management Internal Rules, as set out in Annex II of the Rulebook, and as amended from time to time.

TERM	DEFINITION
OLO	One-leg-out transactions. OLO transaction are payments where one of the payment service providers (PSPs) are not located in the geographical area of the schema (e.g. SEPA, NPC)
PAD	EU Payment Account Directive
Payment Services Directive (PSD)	Directive (EU) 2015/2366 of the European Parliament and of the Council of 25 November 2015 on payment services in the internal market, amending Directives 2002/65/EC, 2009/110/EC and 2013/36/EU and Regulation (EU) No 1093/2010, and repealing Directive 2007/64/EC (PSD 2).
PI	Payment Institutions
PIS	Payment Initiation Service providers
PSP	Payment Service Provider
RMA	Risk Management Annex (being developed for all operational NPC schemes)
RTP	Request-to-pay
Scheme Management Committee, or "SMC"	The NPC body that according to the NPC Bylaws is responsible for performing the NPC Scheme Management Functions as stipulated in the NPC SMIR.
SCT Rulebook	The SEPA Credit Transfer Scheme Rulebook, as amended by the EPC from time to time.
SCT Inst Rulebook	The SEPA Instant Credit Transfer Scheme Rulebook, as amended by the EPC from time to time.
SEPA	<p>The Single Euro Payment Area (SEPA) is the area where citizens, companies and other economic actors will be able to make and receive payments in euro, within all the EU Member States, whether between or within national boundaries under the same basic conditions, rights and obligations, regardless of their location.</p> <p>SEPA shall be deemed to encompass the countries and territories which are part of the geographical scope of the SEPA Schemes, as listed in the EPC List of SEPA Scheme Countries (see Reference [11]), as amended from time to time.</p>
SMIR	Scheme Management Internal Rules (separate annex of any rulebook published explaining e.g. how to influence/suggest amendments to the schemes)
SRTP	SEPA Request-to-Pay, the Request-to-pay Scheme produced by the EPC.
SWIFT	Society for World-wide Financial Transactions

TERM	DEFINITION
TF	Task Force, ad-hoc grouping consisting of participants from the NPC Members, started by the SMC for investigation certain questions. Their mandate and tasks are defined in a ToR.
ToR	Terms of Reference
WG	Working Group, a group working for a longer period consisting of participants from the NPC Members started by the SMC. Their mandate and tasks are defined in a ToR.