

# Nordic Payments Council (NPC)

Stakeholder Forum

Meeting no. 10, 17<sup>th</sup> of November, 2022



# Suggested 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. NPC Change Management
8. NPC Confirmation of Payee – agreement position paper
9. One-Leg Out (OLO)
10. Meetings and work plan 2023
11. Open discussion - questions and comments
12. NPC going forward
13. Closing



Name	Organisation
Marianne Melton	Chair (MobilePay)
Andy Morris	ACI
<i>Daniele Astarita (alternate)</i>	<i>ACI</i>
Timo Livarinen	Bank of Finland
Eva Jalrup	Bankgirot
Robert Book	CGI
Morten Fels	DK Ministry of Industry, Business & Financial Affairs
Rasmus Engbæk Larsen	Finance Denmark
Petri Aalto	Finanssivalvonta FIN-FSA
Galor Uziel	Finastra
Eduard Stringer	FIS
Jacob Ruben Hansen	Forbrugerrådet Tænk
Carl-Johan Mårtenson	Försäkringskassan
Dan Axelsson	Getswish
<i>Fredric Nilsson (alternate)</i>	<i>Getswish</i>
Carlos Rodriguez	Independent
Gabriele Leo	Mastercard
<i>Richard Jones (alternate)</i>	<i>Mastercard</i>
Kai Yamaguchi	MobilePay
Mathilde Bak Møller	Nationalbanken / Danish Central Bank
Vivek Kumar Srivastava	Oracle
<i>Hein Wagenaar (alternate)</i>	<i>Oracle</i>
Jonas Jakobsen	P27
<i>Danny Pedersen (alternate)</i>	<i>P27</i>
Anna Ohlsson Brozek	Riksbanken / Swedish Central Bank
Helena Carnell	Riksgälden / Swedish National Debt Office
<i>Johan Löfqvist Klass (alternate)</i>	<i>Riksgälden / Swedish National Debt Office</i>
Michal Pandoscak	SAP
Helena Stjernstedt	Swedish Bankers' Association
Ted Scheiman	SWIFT
Heike Strasser	Unifits
Emily Rayment	Visa
Peter Larsson	Volante

Representing the Nordic Payments Council	
Camilla Bäck	NPC Scheme Management Committee
Thomas Bo Christensen	NPC Scheme Management Committee
Åsa Gibson-Lundmark	NPC Scheme Management Committee
Carsten Thaarup	NPC Secretariat - Independent
Camilla Åkerman	NPC Secretariat
Maria Brogren	NPC Secretariat
Susanna Pärkfjård	NPC Secretariat

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# Information from the NPC

## **NPC General**

- NPC information meetings held in October. Around 150 participants in total

## **NPC Scheme Management Committee**

- SMC meeting November 24<sup>th</sup>: Decision on CoP rulebook publication, updated Implementation Guidelines (NCT & NCT Inst), and Risk Management Annex (NCT & NCT Inst)

## **NCT & NCT Inst WG**

- Update NCT & NCT Inst Implementation Guidelines (v.1.1)
- Update Clarification papers
- One-Leg Out transactions (OLO) for the Nordics

## **NPC Request-to-Pay WG**

- Analysing and giving Nordic input to the EPC SRTP work

## **NPC Confirmation of Payee WG**

- Finalising the Rulebook and implementation Guidelines and supporting legal assessment

## **NPC Legal Support Group**

- Final legal review of Confirmation of Payee Rulebook & change management of the NCT and NCT Inst RMAs

## **NPC Risk Management Support Group**

- Ongoing Risk Management in relation to NPC 2023 change management & Confirmation of Payee

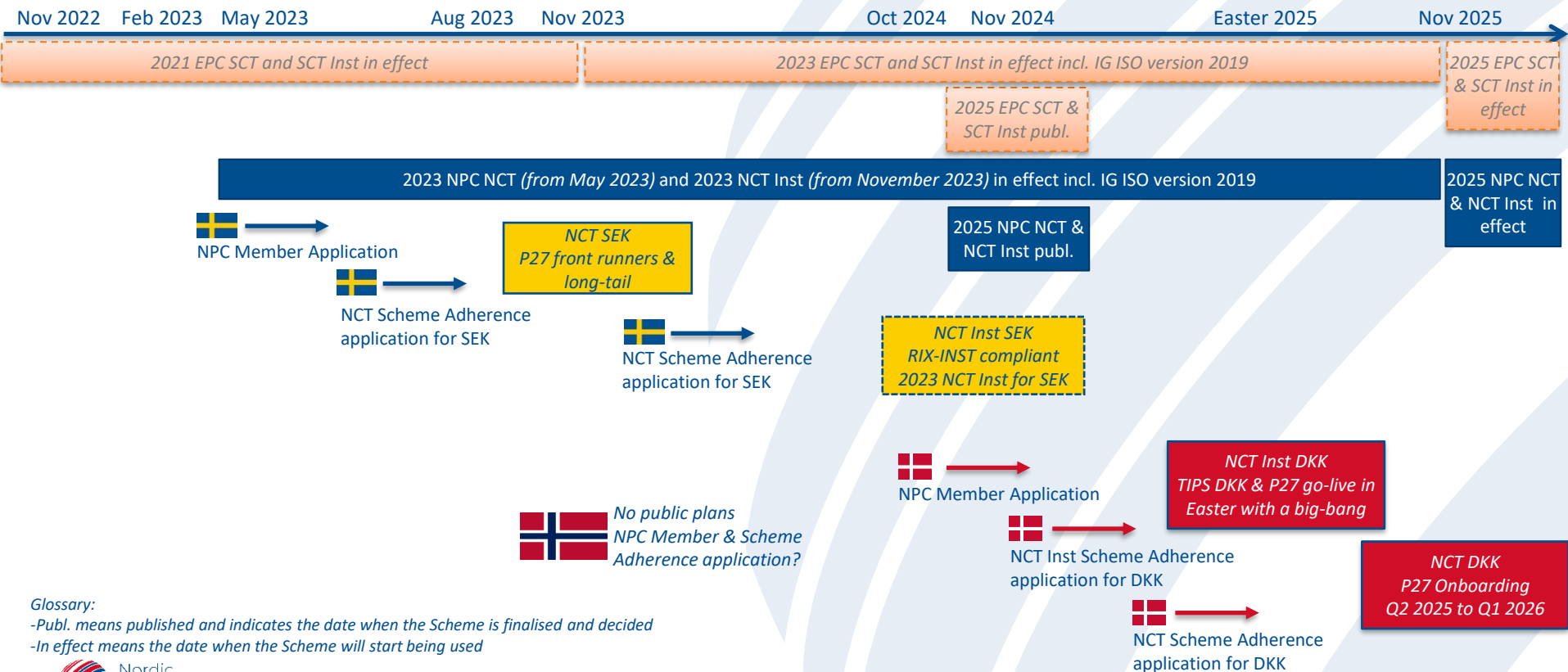
# NPC Members



Founding members:



# Nordic plans vs NPC Membership & Scheme Adherence



## Glossary:

- Publ. means published and indicates the date when the Scheme is finalised and decided
- In effect means the date when the Scheme will start being used

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# NPC Stakeholder forum

HELENA STJERNSTEDT

2022-11-17

# Multiple major strategic initiative in parallel the coming years....

With focus on next year for the Swedish Payment Infrastructure- a few dates .....

## Swedish Transformation program

- The date for the start of the transformation will be adjusted (originally sept 2023)
- The transformation plan will be adjusted after that P27's application have been approved (clearinglicence)
- Work ongoing with detailing the various steps of the transformation plan

## Riksbanken RIX-INST project reference group

- New information at RIX-RÅD (221004) that the Riksbank during September had to cancel planned tests which has caused a delay for the start of the migration of SWISH (latest plan was April 2023 - start of migration with end-date May 2023).
- No new timeplan communicated yet

## Euroclear

- Q3-Q4 2023 Euroclear's transition to a new solution for Issuer payouts (Emittenutbetalningar)

## Supporting the Swedish transformation....

- 1 May 2023- NPC CT Scheme in effect
- 19 Nov 2023- NPC CT INST Scheme in effect

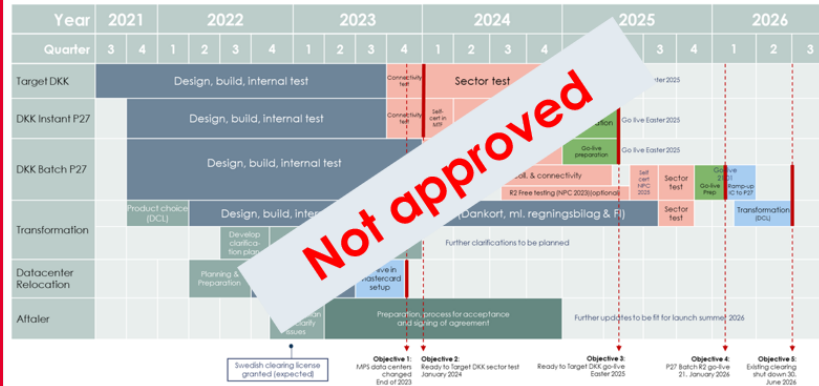


# **NPC Stakeholder forum**

17. November 2022

# Highlights from DK

For steerco approval the 1. December 2022



- Sector plan is on track
- Finance Denmark clearing is planned to close in Q2 2026 – postponed one quarter
- Strong focus on critical path and milestones towards easter 2025:
  - All are ready to begin test Q1 2024
  - P27 liquidity module
  - P27 instant
- There are many cross dependencies → Strong focus on identifying early warning indicators

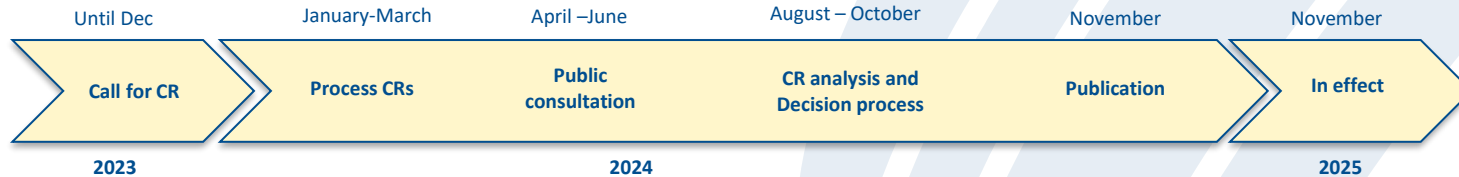
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# NPC Payment Schemes Change Management

- Need for a minor version update (1.1) of 2023 version
  - No large changes
  - Only smaller changes for clarification purposes and/or alignment between IGs/messages
- Change management for NCT & NCT Inst schemes 2025 version start Q3 2023



# NPC Payment Scheme versions until 2025

## NPC Credit Transfer Scheme Rulebook

Published: Dec 2020  
In effect: Dec 2021

Version 2020

Published: June 2022  
In effect: May 2023

Version 2023

Published: Nov 2024  
In effect: Nov 2025

Version 2025

## NPC Instant Credit Transfer Scheme Rulebook

Published: Feb 2021  
In effect: Feb 2022

Version 2021

Published: June 2022  
In effect: Nov 2023

Version 2023

Published: Nov 2024  
In effect: Nov 2025

Version 2025

2020

2021

2022

2023

2024

2025

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# Stakeholder Forum position paper

- The Stakeholder Forum has a formal task to make a position paper on Confirmation of Payee Rulebook
- Smaller task force drafted the Position Paper – sent out as pre-material
- Prior to Stakeholder Forum meeting November 17<sup>th</sup> comments need to be provided to NPC
- One comment sent in – updated draft position paper for meeting to agree
- A document describing the result of the Public consultation and CoP WG recommendations sent out
  - NPC055-01 NPC CoP Rulebook 2022 Public Consultation Change result document
- Decision to publish Confirmation of Payee Rulebook will be taken by SMC on November 24<sup>th</sup> 2022.

**Suggested agreement in Stakeholder Forum meeting November 17<sup>th</sup>:** The Stakeholder forum to agree on the document *NPC099-02 NPC Stakeholder Forum position 2022 Confirmation of Payee Rulebook v1.0*.

# NPC Confirmation of Payee Plan



# Suggested Agenda

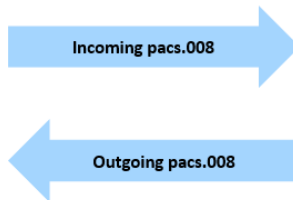
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# What is One-leg out (OLO)?

## EPC definition of an OLO:

- A One-leg out transaction is a transaction where **one** of the PSPs involved in the transaction **is established in and/or licensed to operate in the SEPA Schemes' Geographical Scope handling the Euro Leg** of the transaction and the **other** PSP involved in the transaction **is not established in and/or licensed to operate in a country or territory included in the SEPA Schemes' Geographical Scope or are established in and/or licensed to operate in but do not operate in the Euro Leg** of the transaction concerned.
- In other words, one of the legs in the transaction is handled outside the Scheme and can't be regulated by the Scheme rules. It can be outside SEPA Schemes or NPC Schemes.
- Incoming and outgoing transactions



# EPC OLO work

- Started 2019 by a CR to EPC by a UK Bank – OLO from start in Faster Payments to support smaller banks/gateway
- EPC regularly got questions from participants – is it legitimate to send these payments under SCT/SCT Inst Scheme?
  - Banks use SEPA Schemes today for OLO payments even though it is not allowed and there is a lack in formats
  - There was a need for rules and formats for these transactions
- EPC started OLO Task Force that developed an optional OLO Arrangement Scheme
- OLO Arrangement on public consultation between Nov 2021 until Feb 2022
- After public consultation - work in EPC OLO TF to decide the best solution for OLO
- Recommendation from OLO TF to EPC Board - “Further analysis needed prior to a Go/ No-Go decision” and to ask for more time.
- Deadline November 2022 Board meeting

# EPC OLO work

- OLO TF further analyse:
  - Important concerns from the market
  - Currency conversion and currencies - how can it be done and by what actor (PSP) in the payment chain, open up more
  - Have discussions with organisations that have processing arrangements for international payments (SWIFT, TIPS, BIS innovation HUB, CSMs etc) about how OLO arrangement can contribute.
  - All organisations welcomed EPC OLO initiative, some even explicitly stated that introduction of EPC OLO is a pre-requisite for their own initiatives. They see that EPC OLO would bring harmonisation and enhancing international payments.
- OLO TF continued to discuss the main concerns from the public and private consultation and agreed:
  - To focus on Instant OLO transactions (SCT as a second step)
  - Limit the scope to account-to-account payments
  - Rules and standards should align with SCT Inst (target execution time, timestamp, max amount etc)
- EPC OLO TF recommendation to EPC Board
  - Instrument for EPC OLO will be a Scheme – One-leg Out Instant Credit Transfer Scheme (OCT Inst Scheme)
  - Managed in Module 1 (same as payment schemes)
  - EPC OLO TF will finalise final version including all documentation
  - Entry into force date will be Nov 28th 2023 08:00
  - Hybrid adherence model – both PSPs and Processors (serving one or more PSPs) can adhere
  - Charging principles – start earliest January 2024
- EPC Board decision November 23<sup>rd</sup>

# OLO in NPC context

## Domestic NCT & NCT Inst

- NCT & NCT Inst (in Scheme currency) between participants in the same country

**NPC** existing Schemes today

## Cross border NCT & NCT Inst

- NCT & NCT Inst (not OLO) between participants in different Nordic countries
  - **New possibility** - Cross border within the Nordics (in Scheme currency)
    - Opt-out possibility
  - Screening is needed for cross border (even in Scheme currency)
  - All participants need connection to Settlement in used Scheme currency/ies

## • NCT & NCT Inst – OLO?

- **New possibility** - Cross border outside the Nordics (mass-payments incoming and outgoing)
- Optional to adhere to?
- Screening is needed for cross border
- All participants need connection to Settlement in Scheme currency (same as domestic and cross border within NCT & NCT Inst Schemes)

**Not** part of existing NPC Scheme today

# NPC OLO work

- NCT & NCT Inst WG followed EPC work and have had OLO on agenda during 2021 and 2022
- NPC payment scheme have the same gaps and lack of rules and formats as SEPA Schemes for OLO transactions
- Payment infrastructures in the Nordics migrating to ISO and systems and payment processing changes, migration to ISO 20022 for high value payment systems
- NCT & NCT Inst schemes implemented as a standard in the Nordics
- Interoperability between payment systems, especially Instant, for cross border payments prioritised around the world (i.e. Enhancing cross-border payments: building blocks of a global roadmap)
- Worldwide organisations with ongoing initiatives for international payment see OLO as an important part; EBA Clearing, Swift, Iberpay, TIPS, Worldline, BIS Innovation Hub.

NPC OLO Task Force started to identify if there is a need for OLO in the Nordics in relation to NPC payment schemes – 4 meeting during autumn 2022

# Status OLO work in NPC and Nordic communities

## Sweden

- AG Utlandsbetalningar (Swedish Bankers) – reference group to NCT & NCT Inst WG for OLO topic
- AG Scheme/AG Clearing & Avveckling (Swedish Bankers) - is informed
- Riksbanken – ISO 20022 migration project and current payment flows – in dialogue
- P27 – Information and dialogue

## Denmark

- NPC are in dialogue with Finance Denmark and Nationalbanken
- Information within their forums for EPC and NPC

## Norway

- NPC are in dialogue with Bits about information within their forums as well as Norges Bank
- DNB (as part of SEMWG) gives information about EPC OLO work to Bits forum

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# NPC Stakeholder Forum Work plan and activities 2023

## Meeting March 21<sup>st</sup> - *possible a physical meeting in Stockholm*

- Information regarding NPC Confirmation of Payee Rulebook
- Outcome OLO Task Force
- Presentation...

## Meeting May 23<sup>rd</sup>

- Information regarding 2025 SCT & SCT Inst Scheme public consultation
- Presentation...

## Meeting September 28<sup>th</sup>

- Presentation...

## Meeting November 16<sup>th</sup>

- Workplan 2024
- Presentation...

### Suggested presentations from

- P27
- BITS A/S
- EPC update
- Master Card
- Swish
- Central Banks – ISO 20022 migration, new settlement system (Target)
- ...?

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# NPC going forward

- NPC Payment Schemes Change Management Cycle
  - 2023 version of NPC Credit Transfer and NPC Instant Credit Transfer Scheme in effect May 2023 and November 2023
  - 2025 change management cycle starts in August 2023
- NPC Confirmation of Payee scheme published and in effect November 30<sup>th</sup> 2022

# Questions?

## More information:

- Web: [www.nordicpaymentscouncil.org](http://www.nordicpaymentscouncil.org)
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