

PUBLIC CONSULTATION NPC CONFIRMATION OF PAYEE SCHEME RULEBOOK 2024 CHANGE REQUESTS

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Public



ABSTRACT

The Nordic Payments Council (“NPC”) is responsible for the development and maintenance of the NPC Schemes. This is done according to the NPC Scheme Management Rules (“SMR”). To facilitate payments in the Nordics, NPC has the NPC Credit Transfer and the NPC Instant Credit Transfer Scheme Rulebooks published and in effect. The 2023 NPC Confirmation of Payee Rulebook was the third rulebook published by the NPC.

The aim of the Confirmation of Payee Rulebook is to enable confirmation of a Payee’s (payment recipient’s) payment details before making a payment. The rulebook will enable the Payer to confirm the correctness of the Payee’s account number in combination with the Payee’s name or identification number. This will contribute to a higher quality and more efficient payment process. It can also prevent both misdirected and fraudulent payments as well as reduce the number of rejected and returned payments. In the end, this will contribute to a better customer experience since the Payer will be able to ensure the correctness of the Payee’s payment details prior to making the payment. Based on the Scheme, participants will be able to offer new and innovative services. The Scheme will be able to ensure interoperability and move towards open standards which are expected to improve financial integration and act as a catalyst for a richer set of products and services.

This **NPC 2024 Change Request Public Consultation Document** (document NPC063-01) details change requests (CRs) for possible modifications to be introduced into the next version of the CoP rulebook. This public consultation document builds on change requests submitted by stakeholder representatives and by NPC Working and Support Groups. The CoP 2024 Change Request Public Consultation Document offers the analyses and recommendations by the CoP Working Group (WG) on the way forward regarding individual change requests. A summary overview of the change requests and related recommendations by the CoP WG is provided in chapter 1 of this Change Request Public Consultation Document.

The NPC submits the CoP 2024 Change Request Public Consultation Document for public consultation. The public consultation takes place between March 1st 2024 and June 1st 2024. All NPC participants and stakeholders are encouraged to provide feedback on the possible changes to be introduced into the next version of the CoP rulebook by completing the response template **NPC063-02** available on the NPC website and **send it to info@npcouncil.org by June 1st 2024 at 17h00 CET at the latest.** The NPC will not consider any feedback received after this deadline.

Proposed changes detailed in this CoP 2024 Change Request Public Consultation Document will be taken forward if they are:

- broadly accepted by all NPC participants and stakeholders
- technically and legally feasible
- approved by the Scheme Management Committee (also known as SMC and is the decision-making body in charge of the schemes’ evolution in the NPC).

Others will not be retained.

The updated version of the CoP rulebook will be published in November 2024 and enter into effect immediately as the scheme isn’t currently in use. After NPC CoP is implemented, the market will be given the customary one-year lead time in the future.

More information about the maintenance and the evolution of the CoP scheme is available in Chapter 4 of the Scheme Management Rules (The SMR) being a binding Annex to the current applicable CoP rulebook.

**Please refer to the Annex 1 for the original detailed change requests.
This document contains only a summary of each individual change request.**

TABLE OF CONTENTS

1	Executive Summary: Major Change Requests to the CoP Rulebook.....	5
1.1	NPC Approach	5
1.2	Overview of change requests and proposed way forward for consideration by respondents to the Public Consultation	7
2	Detailed analysis of Major Change Requests to the CoP Scheme Rulebook	9
2.1	#COP01 Replace “Customer” with “Payment Service User”	9
2.2	#COP02 Private Payer requesting corporate Payee confirmation based on unique corporate ID	10
2.3	#COP03 Matching rules and examples.....	11
2.4	# COP04 Scope and application of the scheme.....	12
2.5	#COP05 Execution Time Cycle, timeout and retries.....	13
2.6	#COP06 Technical response to a bulk request.....	14
2.7	#COP07 Obligatory risk-related front-end messages to the Customer.....	15
2.8	#COP08 Corporate IDs available for use in CoP requests	16
2.9	#COP09 API communication details of bulk response	17
2.10	#COP10 Opt-out for PSUs.....	18
2.11	#COP11 Enrich CoP responses with a trust score layer	19
2.12	#COP12 Matching rules and examples for corporate names, account type indicator in requests.....	20
2.13	#COP13 Verticalized scheme documentation	21
3	Changes for Regulatory Reasons.....	22
4	Detailed Analysis of Minor Changes to the CoP Rulebook.....	23
5	Principles governing the Change Management Cycle.....	24
5.1	Change Request Public Consultation Document.....	24
5.2	Structure of the Change Request Public Consultation document	24
6	Change Management Cycle in respect of Major Change Requests	25
6.1	Considerations of Change Requests.....	25
6.2	Change Request Public Consultation Document.....	25
6.3	CoP WG recommendations.....	25
6.4	Public Consultation on the Change Requests	25
6.5	Next steps	25
6.6	Further information	26
7	Change Management Cycle in respect of Minor Change Requests	27
7.1	Publication of list of Minor Change Requests	27
7.2	Comments on the Minor Change Requests	27
7.3	Submission of the list of Minor Change Requests to the SMC.....	27
8	Annex 1 – Original Change Requests for CoP Rulebook.....	28

Version History

Version	Date	Edited by	Comments
0.1	2024-26-01	NPC Secretariat	First draft
0.2	2024-06-02	NPC Secretariat	Final draft for SMC decision to start Public Consultation
0.3	2024-02-08	NPC Secretariat	Section 2.6.2 reformulated (no new content, unchanged recommendation)
1.0	2024-02-20	NPC Secretariat	Version approved by the SMC to start the public consultation March 1 st 2024

1 Executive Summary: Major Change Requests to the CoP Rulebook

1.1 NPC Approach

The principles governing the evolution of the Nordic Payments Council (NPC) payment and payment related schemes as set out in the NPC rulebooks, are detailed in the ‘NPC Scheme Management Rules’ (the SMR). The SMR are available for download on the NPC’s website. Chapters 5, 6 and 7 in this CoP 2024 Change Request Public Consultation Document detail the application of the SMR in the NPC scheme change management process.

This executive summary of the CoP 2024 Change Request Public Consultation Document highlights change requests for major changes to the CoP rulebook received in this scheme change management cycle. Change requests for minor changes (if any) to the CoP rulebook are set out in chapter 4 of this Change Request Public Consultation Document.

All change requests to the CoP rulebook are submitted for public consultation between March 1st 2024 and June 1st 2024. Information on how to share feedback with the NPC is included in the abstract of this Change Request Public Consultation Document and section 1.2.

The NPC received 11 change requests from the Nordic market for major changes suggested to be introduced into the CoP rulebook. The change requests submitted to the NPC are included in Annex 1 to this document.

The SMR makes a difference between so called major and minor changes to the NPC rulebooks. A major change is a change that affects or proposes to alter the substance of the rulebooks and the schemes. Any change to chapters 5 and 6 of the rulebooks is always considered a major change. A minor change is a change of an uncontroversial and usually technical nature that facilitates the comprehension and use of the rulebooks.

All change requests have been categorised as follows:

- Minor change requests
- Major change requests

All major change requests include a detailed description, contributor, and CoP Working Group (WG) analysis and recommendation. The minor comments are detailed with decision in chapter 4.

All change requests to the CoP rulebook were reviewed by the NPC CoP WG. All change requests include a recommendation from the CoP WG unless the CoP WG is not able to provide a recommendation for the public consultation. Each recommendation reflects one of the options detailed in items a) through f) below:

- a) The change request **is already provided for** in the scheme: no action is necessary for the NPC.
- b) The change request **should be incorporated into the scheme**: the change request would become part of the scheme and the rulebook would be amended accordingly.
- c) The change request **should be included in the scheme as an optional feature**:

- The new feature is optional, and the rulebook would be amended accordingly;
 - Each scheme participant¹ may decide to offer the feature to its customers, or not.
- d) The change request is not considered fit for NPC wide use and **could be handled as an additional optional service (AOS)** by interested communities:
- The proposed new feature would not be included in the rulebook or in the implementation guidelines released by the NPC with regard to the rulebook;
 - The development of AOS is out of scope of the NPC. The NPC does however publish declared AOS arrangements on its website for information;
 - The NPC may consider the inclusion of AOS arrangements, if supported by a sufficient number of communities, in a future version of the rulebook.
- e) The change request **cannot be part** of the existing scheme for one of the following reasons:
- It is technically impossible;
 - It is not feasible (explained on a case by case basis);
 - It is out of scope of the NPC;
 - It does not comply with the SEPA Regulation or any other relevant EU, Nordic or Swedish legislation.
- f) The change request may be considered for the development of a **new scheme**:
- The change request reflects major changes which cannot be integrated into an existing scheme;
 - To develop the change request further, i.e. to develop a new scheme, the following requirements must be met:
 - The benefits of the new scheme for payment end users are demonstrated prior to the launch of the development phase;
 - It is demonstrated that a sufficient number of stakeholders will make use of the new scheme;
 - A cost-benefit analysis is provided;
 - It complies with the SEPA Regulation or any other relevant EU, Nordic or Swedish legislation.

¹ A scheme participant is a payment service provider which has formally adhered to an NPC payment scheme.

1.2 Overview of change requests and proposed way forward for consideration by respondents to the Public Consultation

The table below lists all incoming change requests which are submitted for public consultation. The CoP WG has issued a recommendation on the way forward for each change request. The final decision whether a change request will be incorporated into the rulebook is however subject to the outcome of the public consultation.

The contributors to this public consultation are requested to indicate whether they agree with the recommendation of the CoP WG on the way forward.

In case the contributors do not agree with the CoP WG recommendation, they are requested to indicate in the comments section of the response template NPC064-02 (available for download on NPC’s website) their preferred way forward (e.g., support of the original change request, selecting another option).

Furthermore, any additional comments are welcome in the comments section.

Change Request Item NPC	Topic/Comment title	Contributor	Recommendation from CoP WG The final decision is subject to the outcome of this public consultation
Internal Change Requests			
#COP01	Replace “Customer” with “Payment Service User”	CoP WG	Should be incorporated into the scheme as of November 2024 - option b
#COP02	Private Payer requesting corporate Payee confirmation based on unique corporate ID	CoP WG	Should be incorporated into the scheme as of November 2024 - option b
External Change Requests			
#COP03	Matching rules and examples	Banfico	Should be incorporated into the scheme as of November 2024 - option b
#COP04	Scope and application of the scheme	Banfico	Cannot be part of the existing scheme - option e
#COP05	Execution Time Cycle, timeout and retries	Banfico	Cannot be part of the existing scheme - option e
#COP06	Technical response to a bulk request	Banfico	Should be incorporated into the scheme as of November 2024 - option b

Change Request Item NPC	Topic/Comment title	Contributor	Recommendation from CoP WG The final decision is subject to the outcome of this public consultation
#COP07	Obligatory risk-related front-end messages to the Customer	Banfico	Cannot be part of the existing scheme - option e
#COP08	Corporate IDs available for use in CoP requests	Banfico	Cannot be part of the existing scheme - option e
#COP09	API communication details of bulk response	Banfico	Cannot be part of the existing scheme - option e
#COP10	Opt-out for PSUs	Banfico	Cannot be part of the existing scheme - option e
#COP11	Enrich CoP responses with a trust score layer	Banfico	Cannot be part of the existing scheme – option e
#COP12	Matching rules and examples for corporate names, account type indicator in requests	Banfico	Should be incorporated into the scheme as of November 2024 – option b
#COP13	Verticalized scheme documentation	Banfico	Cannot be part of the existing scheme - option e

2 Detailed analysis of Major Change Requests to the CoP Scheme Rulebook

This chapter details all the major comments with the CoP WG analysis and recommendation.

2.1 #COP01 Replace “Customer” with “Payment Service User”

2.1.1 Description

This change request was initially indicated by the NPC Legal Support Group in 2022 and taken forward by the CoP WG.

The suggestion is to start using the PSD2² term and definition of “Payment Service User” (PSU) instead of the current “Customer” in the CoP scheme rulebook.

NPC CoP 2023 version 1.0 defines the Customer to be: a physical (Private individual) or legal entity which fulfils the following three criteria; (i) is a Payer or Payee (ii) is not active in the business of providing Payment Account used for the execution of payments (and therefore not eligible for Scheme participation in accordance with section 4.4 of the Rulebook); and (iii) is a payment service user under the Payment Services Directive. (Chapter 6, page 34)

While the PSD2 Title 1, Article 4, paragraph 10 defines a Payment Service User to be a natural or legal person making use of a payment service in the capacity of payer, payee, or both.

The main argument behind the proposal was to align the CoP scheme with NPC payment schemes and the terminology used in relevant regulation (PSD2, PSD3, PSR, Instant Payment Regulation).

Additionally, this Change Request suggests stating even more explicitly in the rulebook that a participating PSP is allowed to leverage the scheme on their own behalf and act as Payer. This use case was always allowed but will be further highlighted to avoid misinterpretation.

2.1.2 CoP WG analysis and recommendation

Should be incorporated into the scheme as of November 2024 - option b.

The CoP WG recommends starting using “Payment Service User” instead of “Customer” according to this CR. A confirmation of payee request must be followed by a subsequent payment which further confirms that it is performed by a PSU, even though CoP is not a payment service per se. The old definition could be seen as repetitive, so the CoP WG supports simplifying the approach by using the PSD2 definition as it is complete and exhaustive on its own.

2.1.3 Rulebook Impact

No general impact on the Rulebook and the functionality of the scheme itself.

² The second Payment Services Directive: 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 (Text with EEA relevance)

2.2 #COP02 Private Payer requesting corporate Payee confirmation based on unique corporate ID

2.2.1 Description

The Request type CPR (Confirmation of Payee Request as per section 3.2.2. of the v1.0 of the NPC CoP rulebook) is used when confirming that the Payee's Payment Account is correct and open for deposits in combination with confirming that Payee name or Payee Id matches that specific Payment Account. This change request originates from the NPC CoP Working Group that observed an unmotivated restriction of the current rulebook where a private individual was only able to send such CPR request based on name and payment account (as opposed to payment account and unique identification).

2.2.2 CoP WG analysis and recommendation

Should be incorporated into the scheme as of November 2024 - option b.

Unique IDs of corporates are publicly available online and being able to use them in CPR requests will make them more specific and contribute to Payer confidence in the subsequent payment. A CPR request from one private individual to another based on name and ID remains not allowed under the rulebook.

2.2.3 Rulebook Impact

If this change request is supported, this will impact the Rulebook as well as the Implementation Guidelines.

2.3 #COP03 Matching rules and examples

2.3.1 Description

This change request was submitted by a technical solutions provider Banfico (member of the Stakeholder Forum).

Current NPC CoP Implementation Guidelines (v1.1, paragraph 1.5.5.2) specify three types of responses to a CoP Request – Match, No Match and Close Match. A "Close match" is said to occur when there is a "small deviation" between the Payer's provided name and the name on the Payee's account. Banfico believe that the Implementation Guidelines are not specific enough when it comes "Close Match" outcomes and therefore suggest defining "small deviation" and providing more exact rules on how the Infrastructure Providers are expected to perform name matching to avoid a fragmented service implementation in the market.

2.3.2 CoP WG analysis and recommendation

Should be incorporated into the scheme as of November 2024 - option b.

The CoP WG wants to keep the current approach where they see the matching algorithm as the responsibility of the market (out of scope of the rulebook). The CoP rulebook states that the party responsible for the providing the matching result is the Payee PSP but the practise most often leads to Participants outsourcing that action to the Infrastructure Providers (which is allowed under the rulebook and a common market practise as well). Therefore a "small deviation" can't be explicitly defined as the rulebook doesn't in detail regulate that part of the actual service implementation. The CoP WG admits though that the examples provided in the CoP Implementation Guidelines are sparse and don't cover anything related to e.g. matching of corporate names or how to handle Confirmation of Payee Requests (CPR) requests towards joint accounts. As a response to this CR, NPC will publish a Clarification Paper providing a more extensive set of examples as a support document for Infrastructure Providers building their own matching algorithms.

2.3.3 Rulebook Impact

Choosing a Clarification Paper as the form here is deliberate as it doesn't affect the rulebook and allows for publication and updates regardless of where in the Change Management cycle the scheme is at any given point in time.

2.4 # COP04 Scope and application of the scheme

2.4.1 Description

This change request was submitted by a technical solutions provider Banfico (member of the Stakeholder Forum).

The submitter found that the rulebook is not clear on before what kind of payments (scheme/currency/channel) the Participants are allowed to do an NPC CoP check. They suggest specifying the payment initiation channel of the subsequent payment (e.g. account-to-account transfers, Point Of Sale payments, cheques) and explicitly opening for cross-border transfers between the Nordic currencies and euro.

2.4.2 CoP Inst WG analysis and recommendation

Cannot be part of the existing scheme as of November 2024 - option e.

The current NPC CoP scheme rulebook does leave the scope and application area of the scheme quite open. It is stated that a CoP request is a pre-step to a payment (section 1.1 in CoP rulebook v1.0) but otherwise no further information about that payment is provided (what scheme should it adhere to, in what currency should it be denominated). The only way the rulebook scopes in the NPC CoP usage is by saying that a scheme participant must be an Account Servicing Payment Service Provider, active in Denmark, Greenland, Faroe Islands, Finland, Norway or Sweden (section 4.4 CoP rulebook 1.0).

The CoP WG agrees that the above can lead to ambiguity and recommends a deeper analysis of the Eligibility criteria and scope of the scheme to restrict it in a smart and fit-for-purpose way. One possibility would be to mandate the subsequent payment to be in one of the Nordic currencies but not necessarily following NCT or NCT Inst (NPC payment schemes). Opening for cross-border payments between the Nordic currencies and euro is less likely as The European Payments Council has recently published a scheme called Verification to Payee that caters specifically to euro payments.

As stated above, the CoP WG is not yet able to state which approach is best, but it acknowledges the need for clearer scope.

2.4.3 Rulebook Impact

If this change request is supported, this will impact the Rulebook in a major way (especially if the Eligibility criteria are amended) as well as the Implementation Guidelines.

2.5 #COP05 Execution Time Cycle, timeout and retries

2.5.1 Description

This change request was submitted by a technical solutions provider Banfico (member of the Stakeholder Forum).

Here the submitter raised three separate issues. They find that the rulebook should set a time limit for responding to the CoP request to ensure uniformity of the service in the market. The current CoP rulebook only states that there must be an Execution Time Cycle but it's up to Participants and the Infrastructure Provider to determine it. Based on the experience with other European implementations of the confirmation of payee, Banfico suggests the time limit to be 1-2 seconds. On top of that, they advise mandating a timeout response towards the Customer after 2-4 seconds.

The submitter also sees a need to only allow a certain amount of retries that can be performed by the Payer. Such limitation should work against phishing attempts where fraudsters reinitiate the check several times to retrieve personal data of the Payee.

2.5.2 CoP WG analysis and recommendation

Cannot be part of the existing scheme as of November 2024 – option e.

All above issues were considered before the first publication and are seen as being outside of the scope of the rulebook itself. Currently, the CoP WG doesn't yet see a reason to change the approach. They are open to potentially introduce a set Execution Time Cycle or maximal allowed amount of retries but those should be based on market practice and need. Once the CoP scheme will be implemented in the future, it might turn out to be needed and practical to set those limits explicitly on the rulebook level but for now the CoP WG deem it to be too early for those decisions. The CoP WG believes that if a Participant adheres to the Obligations of Payer PSP (section 4.7 in v1.0 of the rulebook), the misuse of the service should be effectively prevented by the means of request pattern monitoring.

The rulebook mandates that a negative response to a CoP Requests (due to e.g. timeout) must be accompanied by an appropriate Reason Code. How that information is presented to the Customer in the Customer-to-PSP space is ruled by terms and conditions of the service, not the scheme rulebook. NPC published a Clarification Paper in the past on suggested front-end messages that PSPs can use and will revisit it to make sure there are appropriate suggestions for a timeout.

2.5.3 Rulebook Impact

If this change request is supported, this will impact the Rulebook as well as the Implementation Guidelines.

2.6 #COP06 Technical response to a bulk request

2.6.1 Description

This change request was submitted by a technical solutions provider Banfico (member of the Stakeholder Forum).

The CoP rulebook states that “A bulk request relates to one Payer who wishes to confirm more than one payment account by one or several Payee PSPs” while the IdentificationVerificationRequest acmt.023.001.03 has a Usage Rule that determines that the recipient (Assignee) of the message can only be a (single) PSP. Banfico raises this contradiction and concludes that the only way to handle bulk requests in the inter-PSP space is for the Infrastructure Provider to split and multiply them before delivering to several Payee PSPs (Assignees). Therefore, the submitter is of the opinion that this should be reflected in the Implementation Guidelines to clarify how the bulk requests are to be handled from the technical and product perspective.

Moreover, Banfico highlights a potential problem where not all Payee PSPs that the request is assigned to are participating in the bulk request type and how that could lead to an undesirable user experience for the Payer if a Participant not adhering to bulk requests is among Assignees in a bulk request.

2.6.2 CoP WG analysis and recommendation

Should be incorporated into the scheme as of November 2024 - option b.

The CoP WG suggests amending some of the Usage Rules in acmt.023 not to prevent various solution architectures. This will open up for implementations where the recipient of the IdentificationVerificationRequest could either be another scheme Participant (bilateral message flow) or an Infrastructure Provider that is a central party in the ecosystem and takes responsibility to potentially split and deliver the message to multiple Payee PSPs participating in bulk request or even to another Infrastructure Provider in the market. How that in turn should be done from technical and product perspective is outside of the scope of the rulebook and up to the Infrastructure Provider.

2.6.3 Rulebook Impact

If this change request is supported, this will impact the Implementation Guidelines.

2.7 #COP07 Obligatory risk-related front-end messages to the Customer

2.7.1 Description

This change request was submitted by a technical solutions provider Banfico (member of the Stakeholder Forum).

The submitter finds the Scope of Liability (section 4.9.1 in v1.0 CoP rulebook) problematic as the rulebook makes Participants and their agents (Infrastructure Providers) potentially liable for losses towards each other.

“A Participant who is party to a Request shall be liable to the other Participant who is also party to that Request for all direct losses, costs, damages and expenses as specified in this Clause.”

Banfico suggests shifting the liability to the Customer in some instances. They find that the Infrastructure Provider shouldn't be liable because of technical downtime and instead, the rulebook should mandate appropriate customer-facing messages that would inform the Payers that if they authorize a payment despite the CoP service not being available, it might lead to fraud or misdirection that no PSP in the chain will be liable for.

2.7.2 CoP WG analysis and recommendation

Cannot be part of the existing scheme as of November 2024 - option e.

The submitter's interpretation of the NPC CoP liability clause is correct - according to the NPC CoP rulebook, an Infrastructure Provider (agent of a Participant) could be liable for direct losses resulting from operational failure. The CoP WG thinks that there is no reason to revisit the Liability clause as the approach is not uncommon in the financial and banking industry.

The rulebook doesn't go as far as to mandate front-end messages towards the Payers as it is the Customer-to-Bank space that is covered by service terms and conditions of a PSP. It is though highly likely that a PSP would inform a Payer appropriately if the CoP service was down. We will revisit the Clarification Paper about the front-end messages and make sure we recommend fit-for-purpose front-end messages that can easily be applied by the PSPs in such situation (without making it mandatory in the rulebook). It should also be noted that a front-end message to the Customer won't affect the liability in the NPC CoP scheme.

2.7.3 Rulebook Impact

If this change request is supported, this will impact the Rulebook.

2.8 #COP08 Corporate IDs available for use in CoP requests

2.8.1 Description

This change request was submitted by a technical solutions provider Banfico (member of the Stakeholder Forum).

The submitter would like NPC to host a centralised list of all Unique IDs of both private individuals and corporates for the Participants and Infrastructure Providers to know which of those can be utilised for Confirmation of Payee requests.

2.8.2 CoP WG analysis and recommendation

Cannot be part of the existing scheme as of November 2024 - option e.

The CoP WG agreed that having a central list with all local IDs is out of scope of NPC. It's up to the Participants and the Infrastructure Provider to decide which of those can successfully be used to send CPR requests. It is though a good idea for the CoP WG to give some relevant examples of IDs in the AT-24 which at this moment only reads The Payee Identification Code (Id): A code supplied by the Payer that is unique for the Payee.

2.8.3 Rulebook Impact

If this change request is supported, this will impact the Rulebook as well as the Implementation Guidelines.

2.9 #COP09 API communication details of bulk response

2.9.1 Description

This change request was submitted by a technical solutions provider Banfico (member of the Stakeholder Forum).

In this submission, Banfico highlights that the maximum number of account verifications that can be included in a bulk request could be as high as 1 million. This implies that the Bulk request must be an asynchronous call from an API perspective that requires further guidelines on how the results can be communicated back (Push API or Pull API or both options) to the Payer. Banfico finds that the rulebook should determine that question.

2.9.2 CoP WG analysis and recommendation

Cannot be part of the existing scheme as of November 2024 – option e.

NPC rulebooks are technologically agnostic and don't go into such detail in order not to dictate how the actual solution should work. Therefore, the CoP WG finds this issue to be out of the scope of the CoP rulebook.

2.9.3 Rulebook Impact

If this change request is supported, this will impact the Rulebook as well as the Implementation Guidelines and API examples document.

2.10 #COP10 Opt-out for PSUs

2.10.1 Description

This change request was submitted by a technical solutions provider Banfico (member of the Stakeholder Forum).

The suggestion was to align with the draft text of the Instant Payments Regulation from 26/10/2023 where one of the paragraphs said that PSUs should be granted the possibility to opt out from the CoP service at any time. Banfico finds that the rulebook should mandate the CoP Participants/Infrastructure Providers to comply with this requirement.

2.10.2 CoP WG analysis and recommendation

Cannot be part of the existing scheme as of November 2024 - option e.

The current NPC CoP rulebook doesn't mention anything about an opt-out possibility for Customers in the Customer-to-PSP space. During the development of NPC's CoP scheme, it was decided to leave this to PSPs to decide how to handle the opt-out in terms and conditions between them and their customers. Reason Code that can be used for opted out accounts is MS03 ("Reason (for No Match) not specified by agent"). On top of that, it's worth adding that the Instant Payment Regulation sets requirements for euro credit transfers and the dedicated confirmation of payee scheme to precede those is the European Payments Council's Verification of Payee ([published for Public Consultation on the 20/02/2024](#)).

2.10.3 Rulebook Impact

If this change request is supported, this will impact the Rulebook as well as the Implementation Guidelines.

2.11 #COP11 Enrich CoP responses with a trust score layer

2.11.1 Description

This change request was submitted by a technical solutions provider Banfico (member of the Stakeholder Forum).

Driven by caution regarding the lenient matching rules provided in the rulebook, the submitter suggests adding a trust score layer to the CoP responses to provide Customers with more information so they can make a better judgement whether to authorize the payment or not. Such trust score layer could contain data points like age of the payee account and some indicator of the account's transaction activity.

2.11.2 CoP WG analysis and recommendation

Cannot be part of the existing scheme as of November 2024 - option e.

The CoP WG isn't sure whether a trust score layer as described above would help or rather confuse the Customer, so the business benefits of this suggestion aren't clear. In case there is positive market feedback to this CR which would indicate that the NPC Members and other stakeholders see a need for this, the CoP WG would explore feasibility of adding a trust score. The first hurdle that comes to mind are bank secrecy laws – stricter in some Nordics countries than the others but the rule of thumb is that a PSP isn't allowed to reveal any information about their clients, only confirm what the Payer already knows and the suggested trust score functionality goes a step further.

2.11.3 Rulebook Impact

If this change request is supported, this will impact the Rulebook as well as the Implementation Guidelines.

2.12 #COP12 Matching rules and examples for corporate names, account type indicator in requests

2.12.1 Description

This change request was submitted by a technical solutions provider Banfico (member of the Stakeholder Forum).

In this CR Banfico highlights a gap in the Implementation Guidelines where most provided rules and examples pertain to private names matching. They would like to see the same done for corporate names and other use cases like joint accounts. Moreover, the submitter finds a free text string not sufficient for corporate payee names and suggests defining some sort of structured input rule. Lastly, they claim that enabling the Payer to indicate whether they intended to pay a personal or a business account would be helpful for decreasing the No Match responses of the algorithm and therefore increasing user friendliness.

2.12.2 CoP WG analysis and recommendation

Should be incorporated into the scheme as of November 2024 - option b.

This Change Request is partially like the COP03 “Matching rules and examples” and the CoP WG’s response is therefore inline: they admit that the examples provided in the CoP Implementation Guidelines are sparse and don’t cover much related to e.g. matching of corporate names or how to handle CPR requests towards joint accounts. As a response to these two CRs (COP03 and COP12), NPC will publish a Clarification Paper providing a more extensive set of examples as a support document for actors building their own matching algorithms.

When it comes to structured input of corporate names, it is a known culprit in the payment’s world to which the ISO standard doesn’t offer a simple solution now. NPC closely follows the EPC’s work and know that one of their task forces is looking at “futureproofing” the SEPA schemes and one of the goals of the initiative is to enable better customer reporting where the display of the merchant names is an important part of the issue. In case the EPC’s work results in a conclusion for how to best input corporate names for clarity, the NPC might adopt the approach.

Regarding the Payer indicating whether they intend to pay a private or a corporate account, the NPC CoP WG is of the opinion that it could add additional complexity to the matching process that should be sufficiently reliable based on the structure and data points of the existing types of requests under the scheme. If the market does not agree with this opinion, the working group would be open to revisiting it.

2.12.3 Rulebook Impact

If this change request is supported, this will impact the Rulebook as well as the Implementation Guidelines.

2.13 #COP13 Verticalized scheme documentation

2.13.1 Description

This change request was submitted by a technical solutions provider Banfico (member of the Stakeholder Forum).

In their experience with other confirmation of payee services across Europe, the inclusion of technical, operational, and legal guidelines on scheme application would be vital to ensure a consistent and ubiquitous service. The change would involve a wider suite of CoP documentation that supports different verticals and functions. It would make it easier for different teams (e.g. technical, business, legal) to review specific documentation rather than dealing with an agnostic document that serves all (a rulebook).

2.13.2 CoP WG analysis and recommendation

Cannot be part of the existing scheme as of November 2024 - option e.

The CoP WG acknowledges Banfico's point of view on the structure of the documentation published by NPC but would also like to provide some background on why the NPC publishes a rulebook, an implementation guideline, clarification papers and so on. The Nordic Payments Council follows its peers in Brussels, the European Payments Council, in many aspects, including their ways of working. The NPC member PSPs are used to the structure of documents published by EPC and it's helpful for them to deal with similar materials from the NPC.

2.13.3 Rulebook Impact

If this change request is supported, this will impact the Rulebook as well as the Implementation Guidelines.

3 Changes for Regulatory Reasons

As the NPC is under the legal obligation to ensure compliance of the rulebooks with all legislation and proposed changes to the rulebooks which can be found in this section (if any) are not subject to public consultation. They are included in this document for information but the contributors to this public consultation can comment on these changes. A change is qualified as “Change for Regulatory Reasons” within the meaning of Section 4.2.9 of the SMR, due to legal amendments that “necessitate the urgent alignment of the schemes with such rules and regulations”.

The NPC Confirmation of Payee scheme was created to accommodate a business need in the market, and not to comply with local regulation (since there wasn’t any). As of March 2024, when this Public Consultation begins, no new laws have been passed that would mandate a confirmation of payee before payments (or transactions) to local accounts based in Denmark, Greenland, Faroe Islands, Finland, Norway or Sweden. It’s worth pointing out that Instant Payments Regulation (to be published in Official Journal in March 2024) introduces an obligation to perform an IBAN/name check before euro payments (that some Nordic PSPs partake in). The European Payments Council (EPC) recently published a new scheme, Verification of Payee, designed to meet the needs of SEPA Instant Credit transfer participants once the Instant Payment Regulation comes into force and an IBAN/name check becomes mandatory.

After reviewing the second Payment Services Directive, the European Commission published an article³ where they state that the IBAN/name verification service introduced for euro payments in the above-mentioned Instant Payments Regulation will be extended to all credit transfers in the entire European Union. It indicates that the NPC CoP scheme will one day inevitably also become a compliance tool as much as a business tool. The estimated enter into force for PSD3 and the Payment Services Regulation can be end of 2026.

Considering the above, this section remains empty - for now.

4 Detailed Analysis of Minor Changes to the CoP Rulebook

There are no Minor Changes in this Change Management cycle of the Confirmation of Payee Rulebook.

5 Principles governing the Change Management Cycle

5.1 Change Request Public Consultation Document

This Change Request Public Consultation Document is submitted by the CoP WG in accordance with the procedures set out in the SMR in respect of changes to the CoP rulebook.

5.2 Structure of the Change Request Public Consultation document

Chapters 2, 3 and 4 describe the changes to the CoP rulebook which are proposed in this Change Request Public Consultation Document. These change requests fall into three categories:

- Chapter 2 covers innovative change requests to technical operations in chapters 3 and 4 of the rulebook and other significant non-technical changes which fall within the definition of a major change;
- Chapter 3 covers change requests to align the CoP rulebook with legislation;
- Chapter 4 proposes changes to correct typing errors and provide additional clarification to the CoP rulebook. These changes consist of minor changes to the CoP rulebook which are uncontroversial in nature and do not affect technical operations.

Chapters 3 and 4 in this NPC420-01 NPC Change Request Public Consultation document are empty due to lack of applicable change requests. The chapters were retained nevertheless for the sake of clarity of structure of the document.

**Annex 1 contains all received original change requests for the 2024
CoP rulebook change management cycle**

6 Change Management Cycle in respect of Major Change Requests

6.1 Considerations of Change Requests

In accordance with section 4.1.4 of the SMR, a number of change requests with respect to the rulebook have been submitted for consideration to the CoP WG. Following consideration of these change requests as required under section 4.1.6 of the SMR, the CoP WG has determined:

- a) that the change requests set out in chapter 2 meet the criteria for acceptance into the 2024 CoP rulebook change management cycle; and
- b) that the change requests set out in chapter 4 constitute minor change requests invoking the procedures set out in section 4.3 of the SMR. This change management cycle didn't contain any minor change requests, but the chapter was retained to keep the structure of the public consultation document unchanged.

6.2 Change Request Public Consultation Document

The CoP WG is responsible for the preparation and development of a Change Request Public Consultation Document in respect of the major change requests referred to in chapter 2 above and guiding the change requests through the rulebook change management cycle. The CoP WG has therefore formulated this Change Request Public Consultation Document under section 4.2 of the SMR. This Change Request Public Consultation Document analyses the major changes which have been proposed and contains in Annex 1 the original change requests.

6.3 CoP WG recommendations

The CoP WG is required under chapter 4.2.1 of the SMR to issue a recommendation on the way forward about each change request. The reasons underlying each recommendation are detailed in chapter 2. The final decision whether a change request will be incorporated into the CoP rulebook is however subject to the outcome of the public consultation. The contributors to this public consultation are requested to indicate whether they agree with the recommendation of the CoP WG on the way forward. In case the contributors do not agree with CoP WG recommendation, they are requested to indicate their preferred way forward.

6.4 Public Consultation on the Change Requests

The NPC encourages all Nordic stakeholders to provide feedback during the public consultation. Banking communities are asked to consult all their members who are involved in the CoP scheme to ensure that the views of the payment services constituency are considered in the public consultation process. The CoP WG encourages the banking communities to consult as wide a range of stakeholders as possible, including NPC participants, future end users and service suppliers. All stakeholders should provide feedback to the NPC on the Change Request Public Consultation Document by June 1st 2024 at 17h00 CET at the latest.

The NPC will not consider any feedback received after this deadline.

6.5 Next steps

Considering the comments received during the public consultation, the CoP WG will produce a Change Proposal Submission Document to the NPC Scheme Management Committee (SMC) for decision making purposes (in accordance with section 4.2.5 of the SMR), and to the NPC Stakeholder Forum (in accordance with section 4.4 of the SMR) for their positions on the CoP WG Change Proposals.

Approved change requests will be incorporated into the version 2.0 of the CoP rulebook and published in November 2024 with the intention that they will enter into effect immediately as the scheme isn't yet in active use and the usual lead time of a year isn't necessary.

6.6 Further information

The above is a summary of the change management process. If you would like further information, please refer to the SMR or contact the NPC Secretariat.

7 Change Management Cycle in respect of Minor Change Requests

7.1 Publication of list of Minor Change Requests

The CoP WG hasn't identified any minor change requests this time which they would consider necessary for the CoP rulebook.

The CoP WG is otherwise required under the SMR to publish a list of minor change requests on the NPC website and to ensure that the list may be viewed by all stakeholders. This obligation shall be met by the publication of this Change Request Public Consultation Document, and in particular through the provision of chapter 4 noting certain change requests as "minor".

7.2 Comments on the Minor Change Requests

All stakeholders may submit comments on the list of minor change requests in this Change Request Public Consultation Document.

7.3 Submission of the list of Minor Change Requests to the SMC

The list of minor change requests shall be submitted to the SMC via the Change Proposal Submission Document in accordance with section 4.2.5 of the SMR.

8 Annex 1 – Original Change Requests for CoP Rulebook

The original change requests can be found in the attached zip file.