

**ATEL**

Luxembourg Association  
of Corporate Treasurers



# ATEL Annual Conference: (R)evolution of Payments

The payments market is entering a new decade

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(ATEL)**

**BearingPoint®**

# Content

## Real time payments and the new normal

Instant Payments Notification (N54)

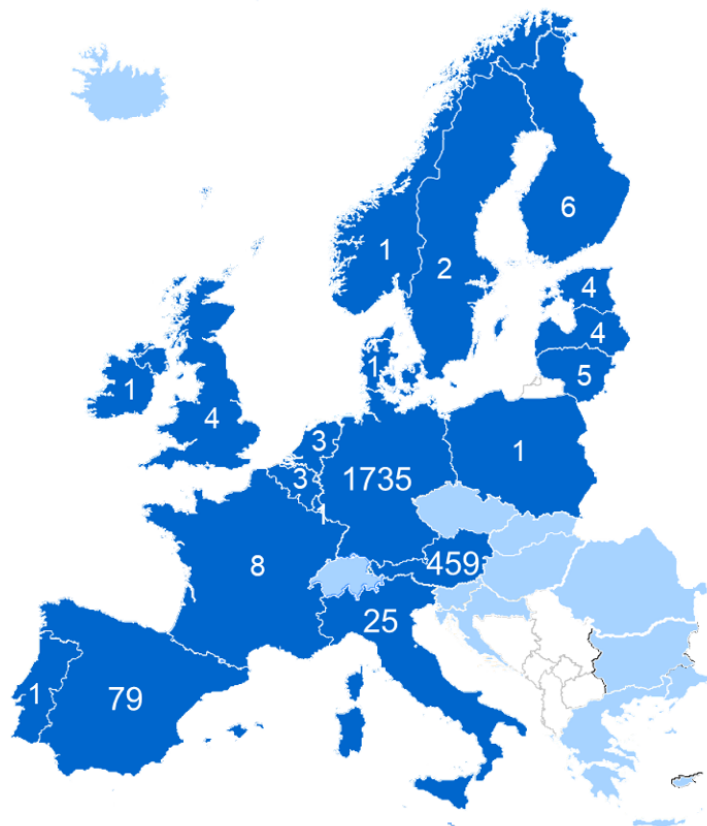
Whats next?

# Instant Payment realizes a pan-European real-time payment procedure

Major changes and consequences are expected due to Instant Payments

Participants &  
Addressable PSPs

Expected reach



- 19 countries in total
- 46 active participants
- Close to 100% reach among SCT Inst Scheme-adhering PSPs

- Steady growth of transaction numbers and overall value since first Instant Payments transaction in 2017
- 19 countries, with 46 active participants are addressable
- RT1 user coverage **should correspond to 90% of STEP2 SCT volumes** by December 2019
- On average **1.000.000 payments per week**
- **25 million transactions** processed since the launch
- Over 99% of transactions are processed in **less than 3 seconds**

# The implementation of Instant Payments reveals the concrete need for new and consistent solutions

Heterogeneous self-developments limit the acceptance and the success of Instant Payments

## The implementation of Instant Payments is well advanced and raises questions ...

- Use of Instant Payments on a **large scale** possible
- **Mostly online / mobile banking** to trigger individual transactions
- **Extension of services** to the needs of corporate customers
- **First determinations** made for corporates (e.g., Instant Payments bulk, Payments Status Report)
- Corporates receive **Instant Payments** and have to process them
- Scope **of standardization to customer-bank and bank-customer interface** is not yet sufficiently covered
- **Timely need** for consistent solutions available

## ... with potential for the design of the „client to bank“ interface, which is standardized and neutral in terms of competition

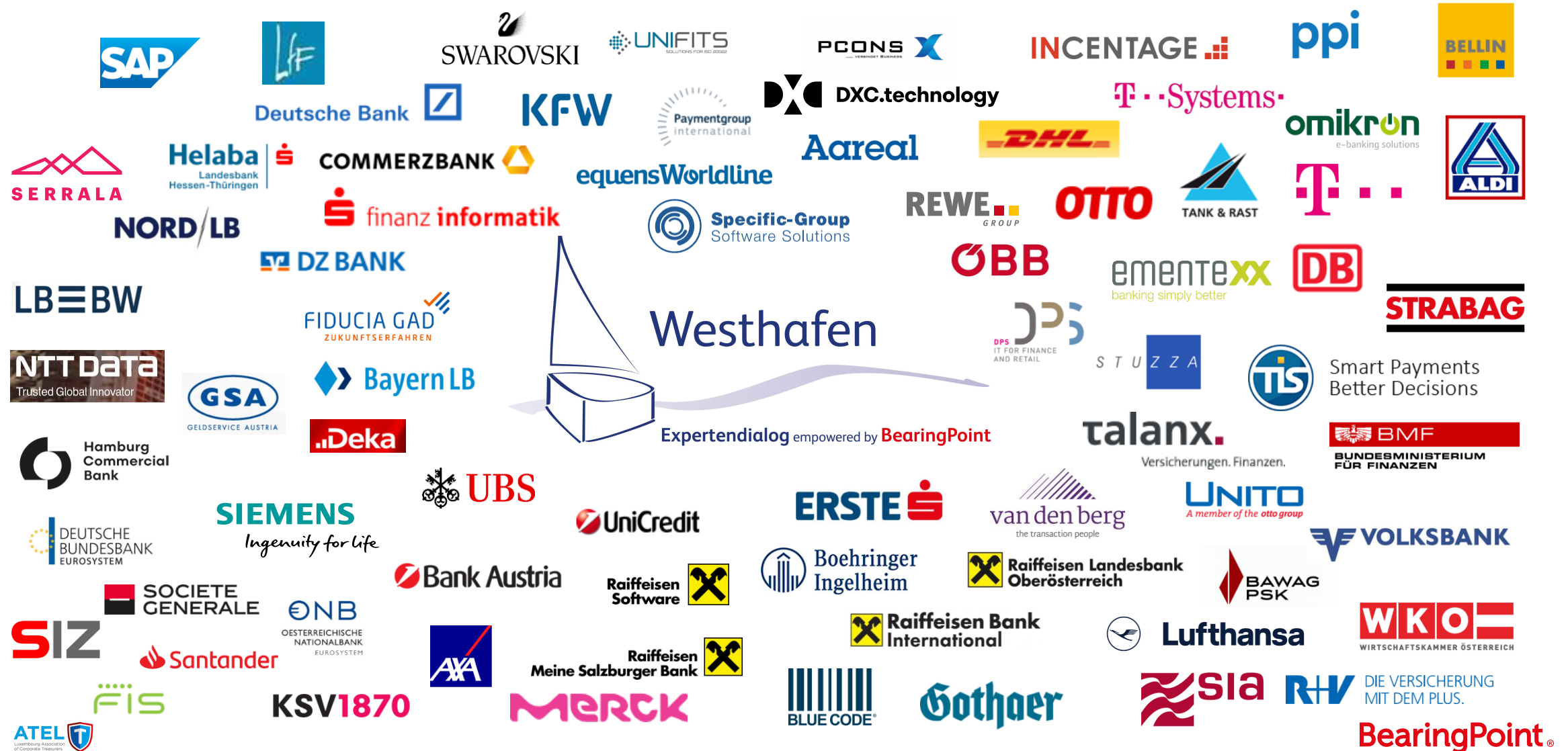
### “Westhafen Expert Dialogue Instant Payments” constituted for the definition of Best Practices

- Forum, **organized by BearingPoint**, for the development of “**Best-Practice**” solutions
- Open for participants from **banks, companies and PSPs**
- Constituted in **April 2018**
- Comprehensive **exchange between practitioners/** experts of suppliers (banks, PSPs) **and users** (corporate clients/ corporations)
- Communication of “Best Practice” approaches **within the payment transactions market**
- **„Terms of Reference“** document to summarize close co-operation

# Several well known corporations, banks and PSPs contribute their expertise to the open forum



Participants in the Westhafen Expert Dialogue



# Content

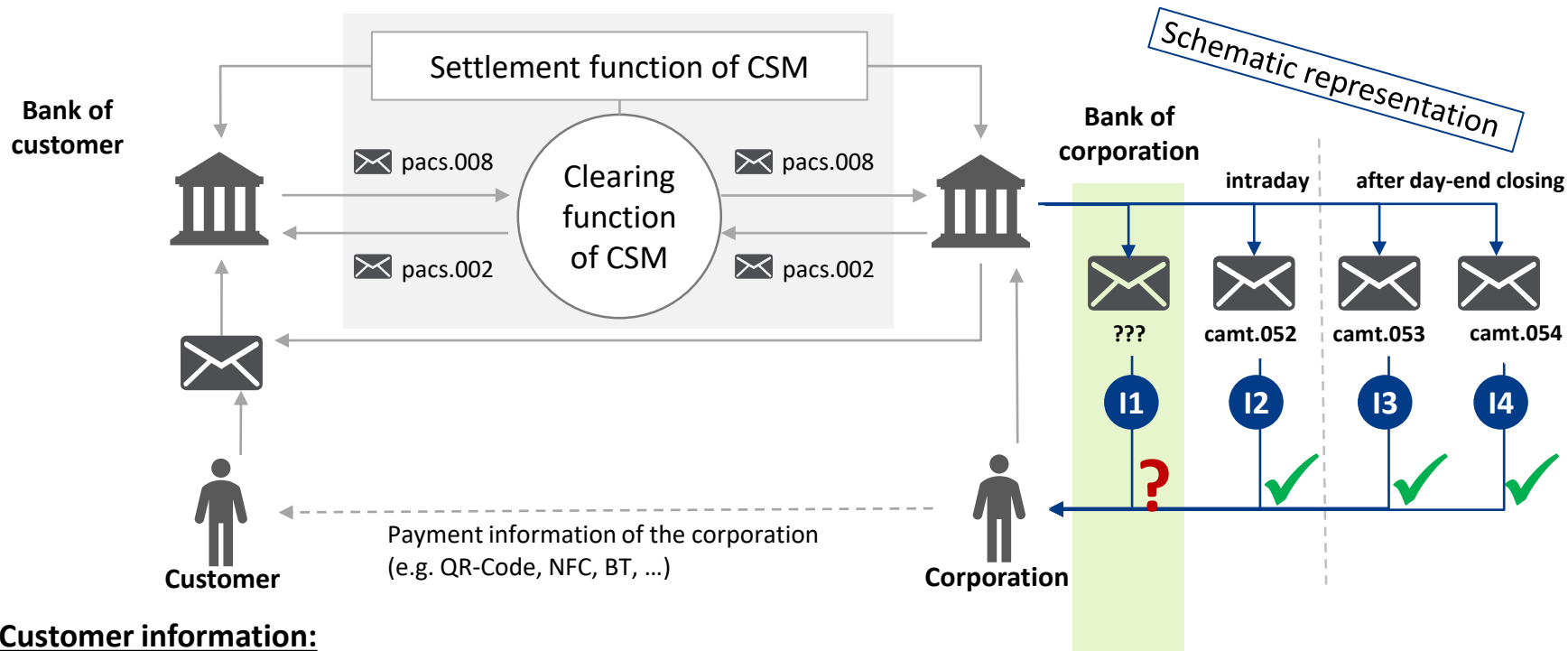
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# The existing solutions to obtain customer information on the receipt of payments are not sufficient anymore

Corporations require immediate information on received payments



## Customer information:

- I1** Immediate information on the incoming of payments through IP
  - processed by the bank (individual transaction, push)
  - requested by the corporation (individual transaction, pull)
- I2** Information on transactions and remittance advice booked intraday (bank statement camt.052, pull)
- I3** Information on finally booked transactions (bank statement camt.053, pull)
- I4** Information on transactions through collective posting (collective transaction camt.054, pull)

**Real-time information about incoming payments is required, for example**

- for the immediate trigger of an order process in eCommerce
- to complete a payment process at the POS

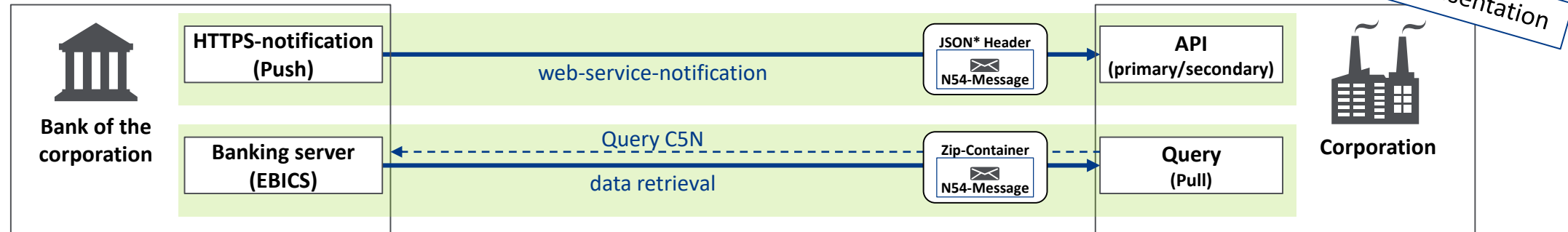
**Existing bank statements are not suitable as real-time information**

**The development of a best-practice solution took place in the Westhafen Expert Dialogue Instant Payments**

# The Westhafen Expert Dialogue has defined immediate customer information of received payments as a best practice

Best practice approach of the credit-notification N54

Immediate information about an inbound Instant Payment



## Format:

- **Credit-notification N54** defined on the basis of the **camt.054**
- Provided data is **payment data**, not a connection to bookings or account information
- Standardization in Germany via the German Banking Industry Committee [Deutsche Kreditwirtschaft (DK)]:  
**CR-FS-18-08 credit-notification instant payment**
- Annex 3 (Version 3.3) of the DFÜ Agreement is **valid as of 17 November 2019**
- **Outlook:**
  - **Native Formats (JSON)** can be derived from the N54

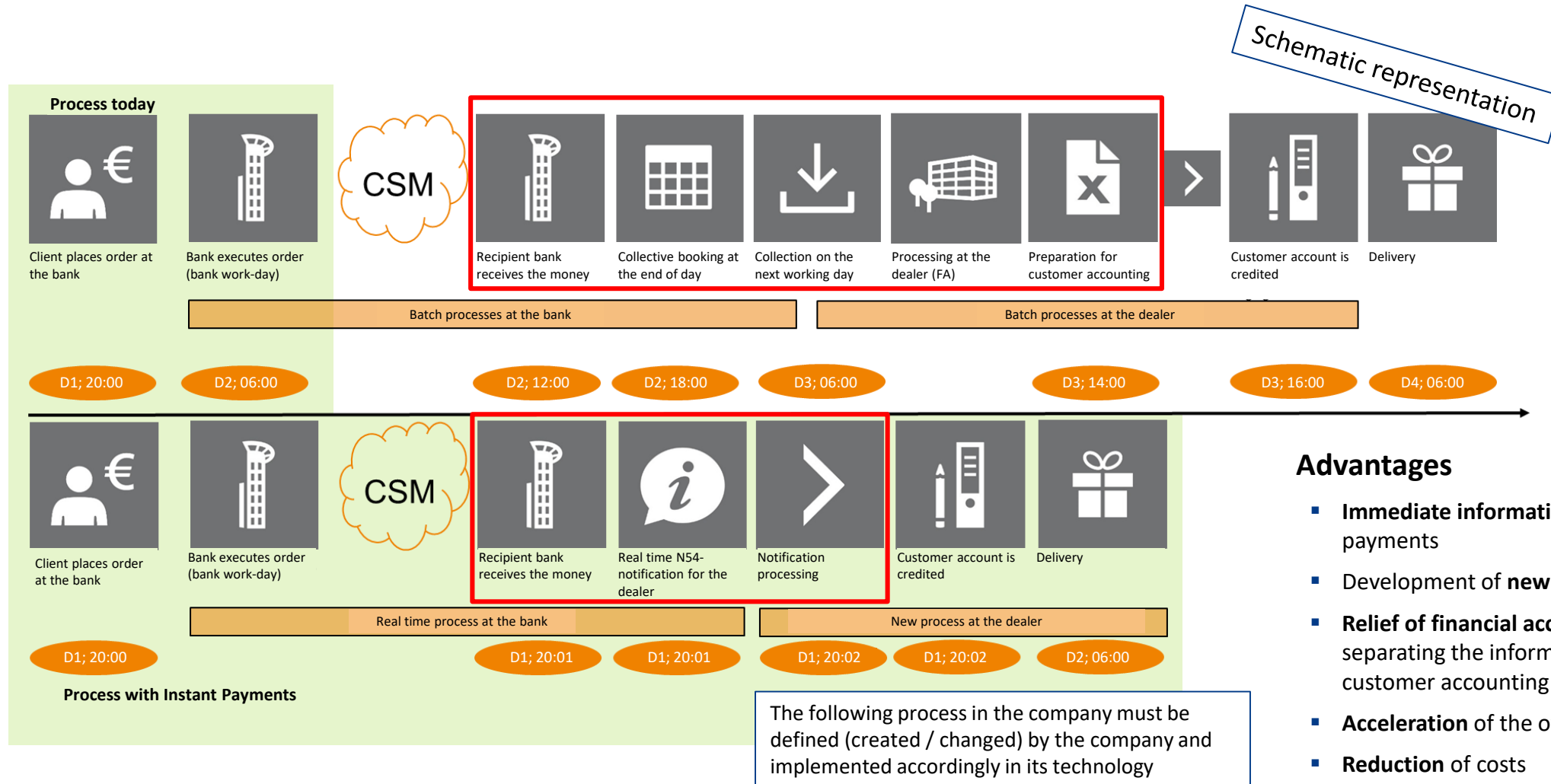
## Transmission channel:

- **Deployment via API:**  
Incoming payments are transferred from the bank to the corporation via a **web-service-notification (HTTPS, push)**
- **Deployment via banking server (EBICS):**  
Incoming payments are received by the corporation via the query of order type C5N (pull)
- **Outlook:**
  - **Real-time information** of available data to trigger the retrieval of this data from the banking server is in preparation
  - **Alternative solutions** to be developed



# For corporations, using the credit-notification enables use cases with shorter processing times

Use Case: Instant Payments at the virtual POS with accelerated shipping of goods



# Further topics for the customer bank / bank customer interface are currently being considered

Need for best practices for instant payments remains

## Change request in direction of Europe

**The immediate provision of incoming payment information is possible with Instant Payments:**

- The Westhafen Expert Dialogue developed a **best practice approach** which resulted in the **N54-notification**
- To ensure that the best practice approach would be used by the market a **change request** was developed
- The change request was **approved** and will be live come **November this year** in the **DFÜ** (remote data transfer) agreement for EBICS
- In addition, a change request has been submitted to the **EPC** to include the N54-notification **within the SCTInst Rulebook**.
- A positive outcome presupposed, this would make the N54-notification a **useable service in Europe**

## Outlook on further topics at the Westhafen Expert Dialogue

### ▪ Incoming payments (credit-notification):

- **Coordination with the Berlin Group** to include the N54 as REST API\* in the Berlin Group Standard
- Definition of **Native JSON\*\*** for REST API, i.e. transfer .camt fields on JSON
- **Internationalization of the "credit-notification"** via CGI, EPC (ESTF), EBA (SMART2, IP Practice Day), SWIFT

### Payment triggers:

- Best Practice for processing of **Instant Payments bulks** (incl. use cases)
- Payment trigger of instant payments via **REST APIs**
- Payment triggering of Instant Payments via **Request-to-Pay** (incl. use cases)

# Content

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# New schemes and challenges which will impact the payments market are already arising at the horizon

Whats next?

## X-Pay

Under the cloak of the German Banking Industry Committee, **old payment systems** are to be **eliminated** and the functions **bundled under the new coat**

## EMPSA

7 mobile payment systems founded the EMPSA, **uniting 25 million mobile payment users** to **foster collaboration & enable the use of the mobile payments systems internationally**

## P 27

P27 aims to establish a **single pan-Nordic payment infrastructure** for more than 20 million inhabitants of **Nordic countries**. The project aims to create the **world's first real time cross currency infrastructure**.

## Others

The three payment schemes on the left are just a **selection of examples** of newly arising schemes. Other payment schemes can be found **within the market**, e.g. the initiative of a **Pan-European Payment Solution**

## Increasing Instant Payments to 100.000 EUR or above

Instant Payments transactions are **currently capped at 15.000 Eur**. This is likely to change in the **2020** when the limit of Instant Payments transactions is supposedly **raised to 100.000 Eur**.

## Request to Pay Initiative (R2P)

The Request to Pay (R2P) initiative was brought to life by EBA Clearing who provided a **blueprint for an infrastructural solution** for the service. With R2P a **payment request by the beneficiary is sent directly to the payer**.

## SWIFT ISO Migration

The SWIFT ISO Migration will not only take place in the European market but also **worldwide**, as financial hubs have opted to use the new **SWIFT ISO format by November 2021**.

**The payments market is entering a new decade**

# Stakeholder's have a different impact and drive in regards to the changes in the payments market

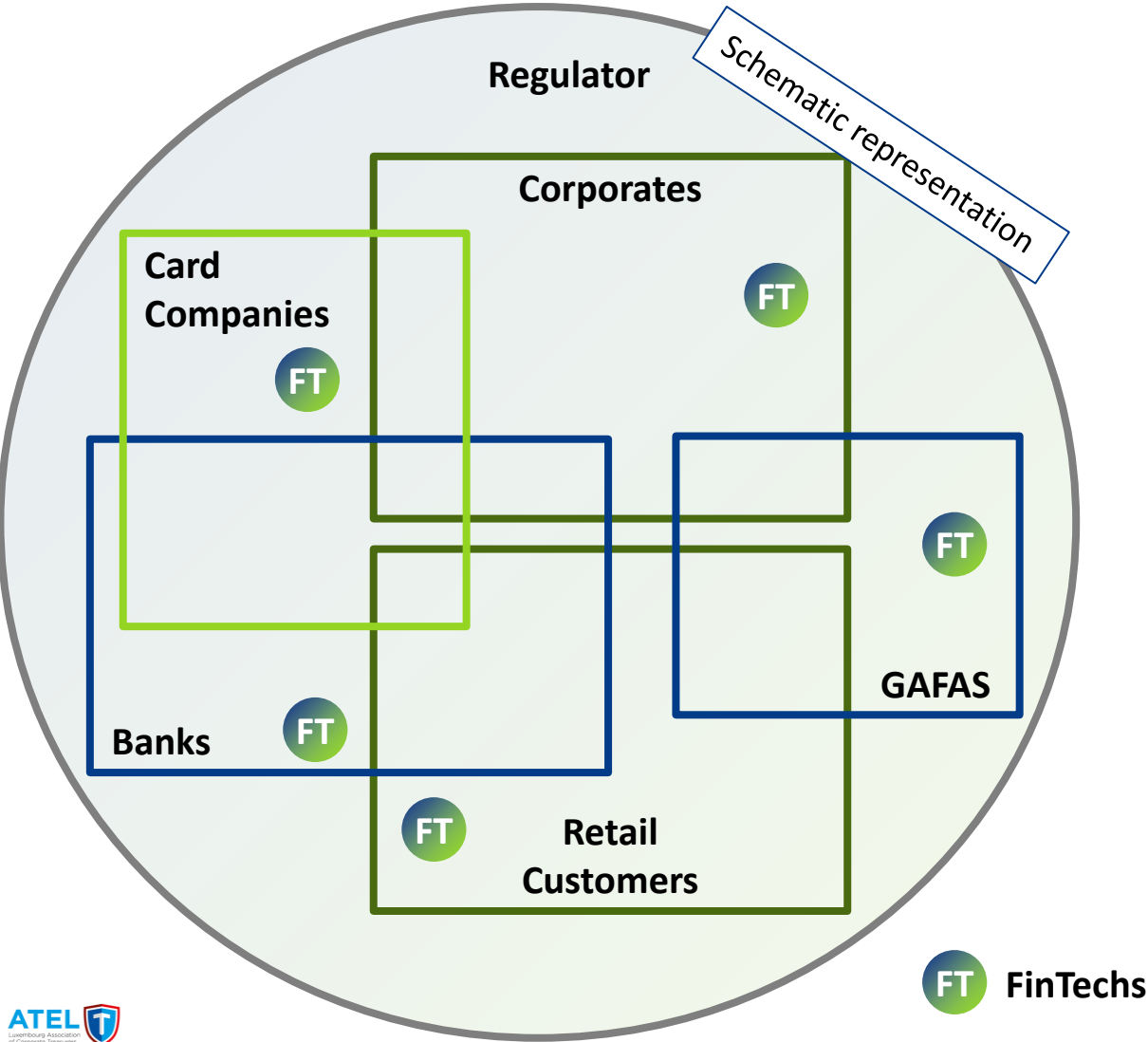
A vote amongst participants

- On the right is a list of **8 stakeholders** that we identified who might **have an impact** within the payments market.
- Changes can, for example, include alterations regarding the **cost of services or products**, the **behavior of participants** in the market or the **standards that are used** by the community
- We would like to conclude our presentation with a **small vote** to determine which group of stakeholders has the **largest impact**.
- That is why we would kindly ask you to **pick 3 out of the presented 8**, to determine the **main driver's for change** in the current environment.

1	Regulators
2	Banks
3	Corporates
4	Retail Customers
5	GAFAS
6	Card Companies
7	FinTechs
8	Others

# Stakeholder's have a different impact and drive in regards to the changes in the payments market

A vote amongst participants



1	Regulators
2	Banks
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8	Others

# The time to participate in the development of the payments market of the future is now

Open groups and forums as a possibility to participate

In the current period there are **many changes** in the payment market

If you are **interested in participating** because you also want shape the payments market, please feel free to **contact us**.



These changes offer the **opportunity to actively engage** in the change, to introduce your **own ideas** and to implement them

The Westhafen Expert Dialogue, empowered by BearingPoint, is an **open forum** and offers all those interested the **opportunity to influence** the payments market of tomorrow

# Ihre Ansprechpartner

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# Westhafen

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