

FS Consulting Blog

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Request To Pay in the pan-European SEPA scheme

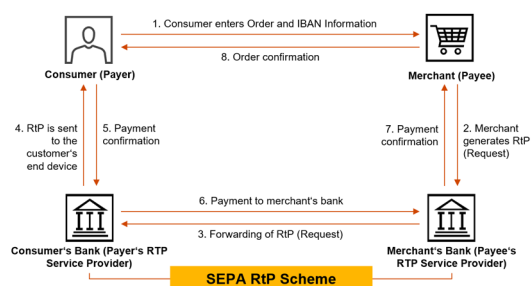
In today's rapidly evolving digital payments landscape, the introduction of the SEPA Request to Pay (SRTP) framework has marked a pivotal milestone that promises to redefine the contours of European payment systems.

This innovative mechanism, designed to enhance the seamlessness and efficiency of financial transactions between both, businesses and customers, highlights new possibilities of flexibility, security, and convenience in electronic payments.

Currently, SRTP adoption is not mandatory. However, ongoing discussions within legislative forums hint at a potential shift towards making it mandatory in the foreseeable future. This speculation is further supported by the European Payments Council's (EPC) active efforts in revising and updating the SRTP Rulebooks, underscoring a growing interest and investment in refining this payment infrastructure. Such developments indicate a clear trajectory towards standardizing SRTP as an integral component of Europe's payment landscape, reflecting its significance and the anticipated role it plays in modernizing and streamlining payment processes.

Between Regulation and Innovation: SRTP in the EU

The SRTP framework is not merely an incremental improvement; it is a strategic leap forward. The functionalities of SRTP, which can primarily be understood as a messaging system, work as follows: by facilitating structured communication flow, a payee sends a payment request directly to the payer's banking interface or Payment-Service-Provider (PSP) in a standardized format. By using SRTP, the payer receives a detailed request that can include e.g. the amount due, the due date, and information about the payee. The payer can choose to accept, reject, or initiate a negotiation about the payment. In contrast to traditional billing systems, which rely on slower methods such as email or postal services for sending requests and reminders, the SRTP system enables the faster transmission of detailed requests. Integrating SRTP with **SEPA Instant Credit Transfer** (SCT Inst) for the actual fund transfer once a payment request is approved could revolutionize payment processing, enabling the entire sequence – from payment request initiation to clearing and settlement – would be executed in near real-time. The image below illustrates a possible use of SRTP's 4-corner model in e-commerce:



In 2021, the European Payments Council (EPC) introduced the first SEPA Request-To-Pay Scheme Rulebook. The Scheme Rulebook was published together with implementation guidelines by the EPC working group with an objective to set business and technical requirements applicable for market participants (PSPs, non-PSPs and Payment-Service-Users (PSU)) interested in the implementation of a Request-To-Pay (RTP) feature within the SEPA payment scheme. Herewith, the SRTP standards were established and are continuously updated according to the development in relevant technologies. By allowing a payee to request the initiation of a payment from a payer both physical and online, SRTP

leverages the messaging benefits together with instant payment functionalities such as [SEPA Instant Credit Transfer](#).

The legal framework for a seamless functioning of SRTP is part of the [Regulation \(EU\) No. 260/2012](#) as defined by the European Council. In this context, a proposal (amendment in the regulation) was published in November 2023 and approved by the EU Parliament on February 7, 2024. This amendment aims not only at solving a problem of insufficient intake of instant payments but also to foster innovation in payment methods, offering consumers more choices, and hence encouraging the growth of complementing features such as SRTP.

Latest Development in SRTP

The launch of the SRTP scheme back in 2021 brought PSPs an opportunity to offer RTP features within the well-established SEPA schemes and hence contributes to the evolution of the European payment landscape. SRTP's potential lies in its ability to streamline transactions, offering a blend of convenience and efficiency that traditional payment methods may lack:

- **Ability to integrate with invoices and billing systems:** Businesses can send detailed payment requests along with invoices, making it convenient for customers to pay precisely the amount owed with minimal effort.
- **New business opportunities:** By adopting SRTP, PSPs can explore new business models and revenue streams for different types of market participants. This innovation opens doors to various market segments and customer needs that were previously unaddressed.
- **Cost efficiency:** With the initial investment and running costs considered, the long-term benefits of SRTP include potential cost savings and increased efficiency for both payees and payers. This efficiency can translate into reduced operational costs over time.
- **Flexible implementation:** The absence of a mandatory timeline for SRTP scheme implementation allows PSPs to adapt at their own pace, aligning their strategies with market readiness and technological capabilities.

To further promote a seamless implementation and functioning of SRTP features across its users in Europe, the EPC published updates in its specification's documents focusing on a correct interpretation and deep dive to use of ISO20022-based financial messages within the SRTP scheme.

SRTP Scheme Rulebook v3.2 and Clarification Paper v3.1

On December 22, 2023, the EPC released two pivotal documents updating the SRTP framework: A new version of the [SRTP Scheme Rulebook v3.2](#) provides a more precise description plus a [Clarification Paper v3.1](#) as a related supplementary guide, offering insights and guidance for SRTP scheme participants.

Enhancements in the SRTP Scheme Rulebook v3.2 are primarily focused on creating clarity and precision in the enrolment and activation process and to facilitate a more streamlined and efficient RTP process within the SEPA framework. New requirements, benefiting both service providers and users by providing clearer procedural guidelines, are including the following key aspects:

- Addition of 16 new optional enrolment and activation messages related datasets. SRTP service providers can decide bilaterally with their payees or payers on the usage of these messages to create a clearer and more specific separation between the payee's and the payer's initiated enrolment and activation processes.
- Addition of various attributes such as "Ultimate Payee", "Identification of the Payee expected by the Payer", or "Merchant Category Code of the Payer" reflects business requirements involved in the processes.
- Removal of the attribute AT-B005 – "Supplementary Data", as it should not be used yet, which highlights the evolving nature and ongoing development and refinement of the SRTP Rulebook.

The Clarification Paper v3.1 complements the SRTP Scheme Rulebook Update v3.2 and provides additional guidance to ensure homogenous implementation across all different SRTP scheme participants. Key aspects of the updates include:

1. Clarification in interpretation & use of specific ISO 20022 fields for messages used both on payer's and payee's side
2. Detailed instructions on how to use ISO 20022 Reference Data (reda) message types, particularly for the enrolment (reda 066 to 069) and activation (reda 070 to 073) processes
3. General clarification that there is no defined maximum number of IBANs that can be used by a payee within the SRTP scheme.

SRTP service providers and their clients (i.e. payer and payees) should look more closely at the above-mentioned points, cross-check them versus their implementation, and if necessary update the affected systems and processes accordingly. This adaption will then enable a more seamless and quicker functioning of SRTP features across users which will contribute to a higher intake of SRTP functionalities on the market bringing benefits for both PSPs and PSUs.

How PwC can help

Steadily navigating through the ever-changing regulations and the fast-paced world of financial technologies poses a significant challenge for PSPs. They must not only implement regulatory requirements to guarantee compliance, but also integrate innovative and competitive solutions to stay ahead of the curve in the marketplace. PwC's extensive project experience, gained from working on a range of complex projects with various market participants, enables us to not only ensure regulatory compliance but also provide advanced

consulting on upcoming topics and innovations. By adopting SRTP now, even before it becomes mandatory, especially when paired with SCT Inst, you not only prepare for future regulatory compliance but also unlock new opportunities, allowing the creation of new ecosystems and multiple use cases for both, businesses and consumers. With our deep knowledge of payment transactions, we position you to thrive in the ever-evolving payments landscape, ensuring you can seize the opportunities that come your way fully.

Contact us if we can help or conduct a readiness assessment for you.

Get ongoing updates on the topic via regulatory horizon scanning in our research application, PwC Plus. Read more about the opportunities and offerings here.

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