

## European Commission

### Targeted Consultation on Instant Payments

#### Cover paper by P27 Nordic Payments

#### Feedback to the European Commission's Targeted consultation on instant payments

P27 welcomes the opportunity to respond to the European Commission's targeted consultation on instant payments. In addition to responding to the questionnaire, we are attaching this letter to accompany our response and to provide further detail and background.

As you will be aware, P27 fully supports the European Commission's vision about the opportunities instant payments can bring to the European payments market. We also welcome the granular approach taken by the European Commission when assessing the obstacles and enabling actions to make instant payments a success. As such, we were very happy to respond to the targeted consultation, however, since the questionnaire mainly contains questions directed to account servicing PSPs (ASPSPs) you will note that many questions have been left blank in our response.

Nevertheless, we would like to take this opportunity to further elaborate on our position in relation to instant payments and in particular draw your attention to some areas where P27 has focused a lot of attention and may be able to help inform the European Commission's work in this area.

Firstly, in relation to the overall approach for promoting instant payments, P27 believes a market driven approach will be the most successful. Europe's citizens and businesses will be best served by payments solutions which arise from true market-need and a solid business case. Market led solutions are better at providing innovation, which will also benefit the end-user of payments. A level playing field between all market operators (both private and public) is essential. We also encourage a regulatory pause so businesses can invest and build solutions based on a stable regulatory framework. If any further regulation is considered, it is vital that the legislation remains principles-based and not overly prescriptive in order not to limit innovation.

In relation to the more specific questions asked in the consultation, P27 has chose to focus on the sections related to sanctions screening and incorrect beneficiary. The main reason behind this is that P27 is not yet operational so we do not yet have proven experience on some areas making us unable to comment on questions related to pricing and functionalities.

In relation to sanctions screening, we are spending considerable resources thinking about and setting up and preparing the framework around sanctions screening for P27. We believe this is an area where cross-border operations especially would benefit from higher level of harmonization between member states. Using advanced technologies especially at network/infrastructure level would also enable increased efficiency and enhanced visibility and ability to track suspicious activities compared to what any PSP can achieve solely on its own, as a single player only has ability to monitor activity on its own accounts.

In relation to incorrect beneficiary, a critical feature of any verification of payee solution is to design it in a way that is not compromising security. It is especially important to ensure that it does not allow phishing (e.g. searching for a valid name + IBAN combinations that potentially can then be misused for fraudulent purposes). Also, banking secrecy and data protection concerns must be considered. This service is especially relevant in a cross-border context. We believe that the services optimally should be based on a standardized solution, and have common, unambiguous and uniform rules on how to handle e.g.



mismatches between IBAN and name (for example, how to handle a minor difference in name verifications, as names typically can be written in multiple ways and may easily also be misspelled). As the service would be equally relevant for instant payments the technical aspects, such as speed, are also critical.

P27 is currently in the process of developing solutions to cater to aspects relation to sanctions screening and incorrect beneficiary. We would be happy to continue dialogue with the commission on these issues as well as the general progress of P27 including , the process and obstacles we have encountered in our development. Should you be available, we would be happy to set up a virtual meeting to discuss further.

**Lars Sjögren**

**CEO**

#### **About P27**

P27 is a company owned by Danske Bank, Handelsbanken, Nordea, OP Financial Group, SEB, and Swedbank. P27 was born out of consumer demand and utilising new technology to build an instant payments system in the Nordics. With a focus on instant, low cost and security, we are creating the infrastructure required to continue supporting a vibrant and competitive payments landscape in the future.