

The SEPA Instant credit transfer ("Instant Payments/ SCT Inst") is an important enrichment of the payments service offering in SEPA, which is well accepted by customers from an actual demand. In addition, SCT Inst creates the basis for new pan-European payment solutions and further offers. This is characterised by supplementary feature and rules that may go beyond the SCT Inst rulebook.

The German Banking Industry Committee (GBIC) welcomes the political efforts to support these trends and developments in a market driven way. The prolongation of the exemption period in Article 4 para. 4 of the SEPA-Regulation for two more years would further support the positive development of adherence to SCT Inst. Based on this, the necessity of mandatory participation could be examined. In this context, mandatory participation by PSPs that do not offer payment accounts for customers, especially smaller or specialised institutions, continues to be inappropriate.

At the same time, a clear distinction should be made between the customer demand and new solutions, which are enabled by SCT Inst. This is necessary as both the respective market needs and the applicable legal conditions could be assessed differently (e.g. regarding the topics of fraud prevention, sanction screening, etc.).

From a market perspective, instant payments address a specific demand and is a payment instrument in its own right. Given market demand, technological and legal conditions, instant payments may not fully replace conventional credit transfers with its different characteristics.

Successful and sustainable innovations require business cases for investments. PSPs need to be able to refinance their considerable investments in the necessary infrastructure as well as higher operating and risk related costs. The introduction of limitations to prices for instant payments impede market innovation and could result in higher account management fees depriving the customer of the possibility to choose between different payment instruments based on their individual needs.

It could be clarified whether, beyond the partial need for digital payment solutions at the POI, there is the need to process transfers in real time and to complete the underlying business immediately. This implies that internal processes have to be modified so that the funds are immediate available. Otherwise, an expectation could be created among consumers that companies or public institutions are not able to fulfil due to a lack of internal processes.

Regarding consumer protection it should be considered that the finality of credit transfers constitutes a defining feature of instant payments. It provides legal certainty for both sides. For the payer to finalize the payment and for the payee when providing services or shipping products. It is therefore an important factor in the competitiveness of instant payments and credit transfers. It should be open to the market participants to define additional product features in the different payment solutions.