

# Follow-up ERPB's recommendations G

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## **Background**

The [Final report](#) of the ERPB Working Group on Instant Payments at Point of Interaction (POI), presented at the ERPB meeting on November 25, 2019, identified various barriers hindering the usage of instant payment at POI.

In order to enable a SEPA wide usage of Instant Payments (IPs) at the POI and enable interoperability between the different "IP at POI solutions", the ERPB Working Group analyzed those barriers and specifically recommended to address in section 4.3.3 Merchant Integration "The complexity of the integration and maintenance of multiple solutions in the various merchant environments (POI, ECR, ERP)<sup>1</sup> while covering all payment functionalities, with appropriate reconciliation, is a major challenge that next to the technical aspects also includes some business aspects".

Consequently, The ERPB issued specifically recommendation G to EuroCommerce requesting "merchants to identify the requirement for the development of dedicated specifications to cover the integration and maintenance of multiple payment solutions in the merchant's environments". The rationale being that merchants require a payment acceptance environment with full integration of all payment functionalities.

## **Deliverables**

EuroCommerce prepared an initial set of requirements for the ERPB meeting in June 2020. Subsequently, an ad-hoc group including the co-chairs of the ERPB Working Group on IP at POI, Multi-stakeholder Group on Mobile Initiated SEPA Credit Transfers, the European Card Stakeholder Group together with the support of EPC secretariat:

- Refined the requirements
- Prioritized those requirements
- Identified the organizations as addressees of those requirements

This ad-hoc group delivered two set of documents:

- A set of fourteen identified requirements for the development of dedicated specifications
- An impact analysis including a prioritization of those requirements and potential addressees

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<sup>1</sup> POI Point of Interaction, ECR Electronic Cash Register, ERP Enterprise Resources planning

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The impact analysis took into consideration the market distribution of the different retail payment environments in SEPA and ranked the requirements based on the following criteria:

- The importance of implementation, including time sensitivity, impact on merchants and consumer take-up together with the impact on the merchant acceptance environment
- The difficulty to implement these requirements. A higher priority was given to the less difficult implementation of those requirements

The sum of the different criteria defined the overall ranking and prioritization.

Finally, the group suggested potential addressees for developing and implementing those requirements while taking in consideration functional and security requirements developed by the

- ERPB Working Group on Instant Payments at POI
- ECSG SEPA Card Standardization volume – book of requirements

It is therefore suggested a common interoperable functional and security requirement be defined by a new group with multi-stakeholder participation and consisting of market participants in Card and SCT Inst Payments.

Specification providers will include those requirements in their technical specifications to be used by vendors, enabling interoperability between vendor solutions within SEPA.

Those solutions will have to be implemented within merchant's acceptance environments supporting either card, instant payments (including Request to Pay) solutions, or both.

Brussels, November 10, 2020

# Requirements for the development of dedicated specifications

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## ERP recommendation G:

Identify the requirements for the development of dedicated specifications to cover the integration and maintenance of multiple payment solutions in the merchant environment

<b>G</b>	Merchants require a payment acceptance environment with full integration of all payment functionalities	Identify the requirements for the development of dedicated specifications to cover the integration and maintenance of multiple payment solutions in the merchant environment	EuroCommerce	June 2020
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## EuroCommerce proposal:

EuroCommerce proposes a set of criteria for the development of requirements that enable the market development of dedicated, interoperable and open technical POI specifications which should support the following features:

1. Payment acceptance from merchants of Cards, SCT inst., or both, at POI within SEPA. Optionally, merchants may offer related services alongside the payment, such as loyalty services.
2. Multiple POI environments (in-store, e-&m-commerce, P2P) with integration to physical Electronic Cash Registers, cloud and middleware (Host) merchant POI infrastructures.
3. Different consumer environments such as cards, mobile devices, wearables and web browsers.
4. Specifications for messaging to the payment service provider, where suitable, based on ISO 20022 standards, which would be freely available, fair, reasonable and non-discriminatory (FRAND) and with applicability within SEPA (and globally)
5. Standardised minimum payment data to be exchanged in order to execute basic payment services and value added services in the complete value chain, between the PSUs and subsequently between the PSU and their respective PSPs.
6. A common or limited number of standards and specifications across SEPA to maximise interoperability and simplify the maintenance of acceptance at POI.
7. Integration of digital payment in-app<sup>2</sup> and app to app<sup>3</sup> including appropriate testing, release and deployment processes.

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<sup>2</sup> In-app payments are payments made directly from within a mobile application (e.g., a merchant app). The payment process is completed within the app to enhance the Consumer experience. [from MSCT IG definition]

<sup>3</sup> App to App payments are payments made by a payment application initiated by another mobile application (e.g., a merchant app). The two applications communicate in order to perform the payment – note that this may be directly or via the respective back-ends. [from ECSG DPTF definition]

8. Different acceptance technologies (QR, NFC, BLE, etc.) and with free access on any consumer device to those technologies supported by the specification(s) either uni-directional or bi-directional, as appropriate.
9. Instant payment solutions where the consumer device is offline<sup>4</sup>. Offline means the consumer device having no internet connection at the time of the payment transaction, which may require the POI to be online.
10. Fall back payment solutions when the POI is offline to enable the payment transaction to proceed and be completed as soon as the POI is back online.
11. Customer authentication to enable a seamless end to end user experience, including Strong Customer Authentication (SCA) methods such as redirection, embedded, decoupled and delegated SCA.
12. The initiation of payment transaction using either consumer or merchant presented data i.e. both supported.
13. With respect to currency, support at least the Euro and optionally support the local currency of other SEPA countries.
14. Clear rules on selection of POI application of different payment instruments/brands to enable a co-existence between:
  - merchant capability to prioritise their preferred payment instrument and application/brand and,
  - consumer choice.

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<sup>4</sup> As also identified by the ERPB Working Group on Interoperability framework for IPs at the POI

#	Requirements	Importance to implement from Low, Medium to High - (LMH)			How difficult to implement (LMH)		Addressee	Deadline
		Time sensitivity & time to market	Impact on most merchant and consumer take up	Impact merchant acceptance environment	Required Resources (manpower, cost) (LMH)	Dependencies with other initiatives, standards		
4	Specifications for messaging to the payment service provider, where suitable, based on ISO20022 standards, freely available, fair, reasonable and non-discriminatory (FRAND) and with applicability within SEPA (and globally)	H	H	H	L	L	Group with multi-stakeholder participation consisting of market participants in card and SCT Inst payments	Nov-21
5	Standardised minimum payment data to be exchanged in order to execute basic payment services and value added services in the complete value chain, between the PSUs and afterwards between the PSU and their respective PSPs	H	H	H	L	L	Group with multi-stakeholder participation consisting of market participants in card and SCT Inst payments	Nov-21
6	A common or limited number of standards and specifications across SEPA to maximise interoperability and simplify the maintenance of acceptance at POI	H	H	H	L	L	Specification providers	Jun-22
11	Customer authentication to enable a seamless end to end user experience, including Strong Customer Authentication (SCA) methods such as redirection, embedded, decoupled and delegated SCA	H	H	M	L	M	Group with multi-stakeholder participation consisting of market participants in card and SCT Inst payments	Nov-21
12	The initiation of payment transaction using either consumer or merchant presented data i.e. both supported	M	H	H	M	L	Specification providers	Jun-22

#	Requirements	Time sensitivity & time to market	Impact on most merchant and consumer take up	Impact merchant acceptance environment	Required Resources (manpower, cost) (LMH)	Dependencies with other initiatives, standards	Addressee	Deadline
1	Payment acceptance from merchants of Cards, SCT inst., or both, at POI within SEPA, optionally, merchants may offer related services along with the payment, such as loyalty services	H	H	H	H	M	Specification providers	Jun-22
2a	In-Store POI environments with integration to physical Electronic Cash Registers, cloud and middleware (Host) merchant POI infrastructures	H	H	H	H	M	Specification providers	Jun-22
3	Different consumer environments such as cards, mobile devices, wearables and web browsers	H	H	L	L	M	Specification providers	Jun-22
7	Integration of digital payment in-app and app to app including appropriate testing, release and deployment processes	M	M	M	L	L	Specification providers	Jun-22
2b	E&m commerce POI environments with integration to Electronic Cash Registers, cloud and middleware (Host) merchant POI infrastructures	M	H	L	L	L	Specification providers	Jun-22
14	Clear rules on choice of POI application for different payment instruments/brand to enable a co-existence between merchant capability to prioritise their preferred payment instrument and application/brand and consumer choice	H	H	M	M	M	Group with multi-stakeholder participation consisting of market participants in card and SCT Inst payments	Nov-21

#	Requirements	Time sensitivity & time to market	Impact on most merchant and consumer take up	Impact merchant acceptance environment	Required Resources (manpower, cost) (LMH)	Dependencies with other initiatives, standards	Addressee	Deadline
9	Instant payment solution where the consumer device is offline. Offline means consumer device having no internet connection at the time of the payment transaction, which requires the POI to be online.	M	M	M	M	M	Specification providers	Jun-22
8	Different acceptance technologies (QR, NFC, BLE, etc) and with free access on any consumer device to those technologies supported by the specification(s) either uni-directional or bi-directional, as appropriate	M	M	M	H	M	Specification providers	Jun-22
10	Fall back payment solutions when the POI is offline to enable the payment transaction to proceed and be completed as soon as the POI is back online	L	L	L	L	L	Specification providers	Jun-22
13	With respect to currency, support at least the Euro and optionally support the local currency of other SEPA countries	M	L	L	M	L	Specification providers	Jun-22