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Feasibility study

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Instant payments in Lithuania: standardisation and developmental directions

Task Group Report on the Integration of Instant
Payments in Business and Public Administration
Processes

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Abbreviations

AMI-Pay – Advisory Group on Market Infrastructures for Payments

BLE – Bluetooth low energy technology

EPC – European Payments Council

EU – European Union

ERPБ – Euro Retail Payments Board

IBAN – International Bank Account Number

PSP – payment service provider

NFC – near-field communication technology

QR – quick response code

RTP – request-to-pay service

SCT – SEPA Credit Transfer

SCT Inst – SEPA Instant Credit Transfer

SEPA – Single Euro Payments Area

SPL – SEPA Proxy Lookup scheme

Introduction

The Payments Council took up the issue of instant payments in order to outline guidelines for further coordinated development of instant payments in Lithuania. At the beginning of 2018, the Payments Council chose three subjects to address in 2018, including “Integration of instant payments in business and public administration processes”. For that purpose, a task group (hereinafter – the Group)¹ was set up, and its objective and work plan were approved at the Payments Council’s meeting on 25 April 2018.

The objective is to analyse the opportunities for, and practical applications of, instant payments, to identify lacking standardisation elements, and to formulate recommendations (non-binding) to business and the public sector.

This report presents the use cases for instant payments identified by the Group, which are relevant for the development of instant payments, EU initiatives in the field of instant payments, as well as preliminary and non-exhaustive requirements for payment service providers, business and public administration entities in order to put instant payments into practical use. The report outlines recommendations to PSPs providing or intending to provide instant payment services.

In this report, the Group has formulated proposals that are put forward to the Payments Council for approval.

¹ The composition of the Group is presented in Annex 3.

Summary

Instant payments have become a new direction for the development of payments both in Europe and across the world. Fund transfers between accounts with different PSPs within seconds are becoming a desired payment standard in many countries, such as the United Kingdom, the South African Republic, Australia, Singapore, Sweden, Denmark, Norway, Poland, Mexico, the USA, Switzerland, etc. This group was also joined by euro area countries where instant payments received support from market participants and EU institutions.

In this report, instant payments mean credit transfers made under the SEPA Instant Credit Transfer (SCT Inst) scheme operated by the EPC. In society, instant payments may be associated with the impression given by the initiation of payments by various means (with a smartphone, a payment card or via a web browser). However, this report only addresses credit transfers having the following main characteristics: they are executed 24/7/365; the funds are credited to the payee's account, even held at another PSP, within ten seconds; and they are processed via the dedicated infrastructure.

The start of the use of instant payments in the EU is 21 November 2017 when common rules for euro instant payments entered into force and the necessary infrastructure became operational. At that time, to enable instant payments between different PSPs, payment systems were developed in seven euro area countries, including the Bank of Lithuania's payment system CENTROLINK.

In Lithuania, coordination of the introduction of instant payments as a service started with the signature of a memorandum of understanding. On 20 November 2017, six main banks in Lithuania and the Bank of Lithuania agreed to take action in order to develop instant payments and to start offering instant payment services to their customers within two years. At the beginning of 2019, instant payment services were provided to customers by two banks (to payees only by one of them) and one electronic money institution.

EU and Lithuanian banks are still in the stage of preparations for the provision of instant payment services to their customers. Although half of EU PSPs have already registered as being able to execute and receive instant payments, this only indicates that they are connected to instant payment systems. Most PSPs do not yet provide instant payment-based services to their customers.

To harness the potential of instant payments within the SEPA, initiatives have been taken at national and euro area-wide level. Instant payments compatible with QR, NFC technologies and the proxy lookup or request-to-pay (RTP) services can be widely used for most frequent payments, namely retail payments. The working groups of the EPC and ERPB are working on the issues of standardisation and harmonisation at EU level. It is appropriate to wait for an EU standard, without developing a national one, in order to combine these technologies and the RTP service with instant payments and to adapt them for more frequent payments.

Among the potential use cases for instant payments identified by the Group, in this stage of the development of instant payments, their adaptation for person-to-person transfers, payments for goods and services in the small and medium business segment and payments for e-commerce transactions have gained the widest support. Where business and public sector entities receive large numbers of payments, instant payments can be most beneficial when they are compatible with QR,

NFC or BLE technologies and the RTP service facilitating the initiation of payments. This provides good experience for payers, while payees can optimise their business processes and improve their quality.

With a view to developing the use of instant payments, it is important to ensure that payers and payees have as uniform an experience as possible with initiating and receiving such payments. The Group has identified 13 aspects relating to instant payments, which are relevant and applicable to all or to a large number of the identified instant payment use cases. In order to harmonise these aspects, the Group has formulated its position on each aspect and puts forward recommendations regarding most of them to PSPs and the Bank of Lithuania. These aspects cover the maximum amount for a transfer, pricing policies taking into account the regulatory framework, account reachability for instant payments, practices for the customer's choice between instant and usual transfers, fields of the instant payment order to be completed and the content and form of information contained in them, information to the payer and the payee about the payment status and the provision of data, as well as the value date. Positions and recommendations are described in detail in Section 3.1 and in Annex 2. It is proposed that the Bank of Lithuania should monitor the implementation of these recommendations by the national PSP community.

As regards more complex use cases for instant payments where QR, NFC, BLE technologies and the RTP service are used, preparations will affect not only PSPs, but also service users. The Group has formulated initial and preliminary requirements which should be implemented both by PSPs and by business and public sector entities or other relevant market participants in order to provide good experience for payers and to benefit from process optimisation or business opportunities. These requirements (Section 3.2) mainly concern technical readiness.

The adaptation of instant payments for use has just got off the ground, especially in segments where more complex solutions are needed to adapt and standardise technologies and related services. Therefore, market participants and public authorities have a strong interest in following the actions taken at regional and EU level and in adapting and implementing harmonised solutions and standards. In this context, representatives of market participants in the Group will maintain liaison, and the Bank of Lithuania will play a coordinating role.

The Group proposes to the Payments Council the following:

Regarding relevant harmonisation aspects of instant payments

- **delegate to the Bank of Lithuania the task of collecting, on an annual basis, information on compliance with the recommendations and presenting it to the Payments Council and, where appropriate, the PSP community;**
- **entrust the Bank of Lithuania with the task of initiating, within one year at the latest, a discussion on increasing the maximum amount for instant payments.**

Regarding increasing the uptake of instant payments

- **entrust the Bank of Lithuania and the Ministry of Finance with the task of informing the public, private and public sector entities about opportunities for instant payments;**

- **entrust the Bank of Lithuania with the task of informing interested market participants about the progress of standardisation initiatives in the EU and, where appropriate, coordinating further action in Lithuania;**
- **recommend that PSPs actively cooperate in Lithuania and the Baltic region in order to develop standardised instant payment-based products and to make them available to residents, businesses and public sector entities.**

1. Instant payments: definition

In society, the immediate execution of a payment may be associated with various payment instruments. When payers make payments using various instruments, they usually get the impression that their payment has been executed within seconds or, in rare cases, within a few minutes. For example, once a payment is made using a card, the payer receives confirmation of the payment; however, the funds are credited to the payee's account only on the next business day or even later. The impression of immediate transfer in Lithuania is also given by transfers that are initiated online between the accounts held with the same PSP. With the emergence of apps for smart devices, which enable users to manage their accounts and to initiate payments, these payments came to be referred to as mobile payments, while the experience of immediate execution is equated with instant payments.

In order to clearly define the subject matter under consideration, the Group prepared a breakdown of payments by means of payment initiation as perceived by the payer and by infrastructure used to execute payments and related rules (Fig. 1). The columns list the means by which payers can initiate a payment, while the rows identify infrastructures used to execute payments. Each box shows what the payment would be referred to by the payer (above) and how it would be regarded by the PSP from the point of view of execution process (below). Thus, a payment initiated using a smart device would be mobile, but it would be referred to as instant only if it is executed in accordance with SEPA instant payment rules and via the dedicated infrastructure.

Fig. 1. Classification of payments by means of initiation and execution infrastructure.

	Smartphone apps	Internet banking	Card as payment means (not limited to VISA/Mastercard)	Personal wearable
Internal PSP system	Mobile payment	Internet payment	Card payment	Remote POS payment
	Internal payment	Internal payment	Internal payment	Internal payment
SEPA credit transfer SCT infrastructure	Mobile payment	Internet payment	Card payment	Remote POS payment
	SEPA payment	SEPA payment	SEPA payment	SEPA payment
SCT Inst infrastructure	Mobile payment	Internet payment	Card payment	Remote POS payment
	Instant payment	Instant payment	Instant payment	Instant payment
Payment cards infrastructure	Mobile payment	Card payment	Card payment	Remote POS payment
	Card payment			Card payment

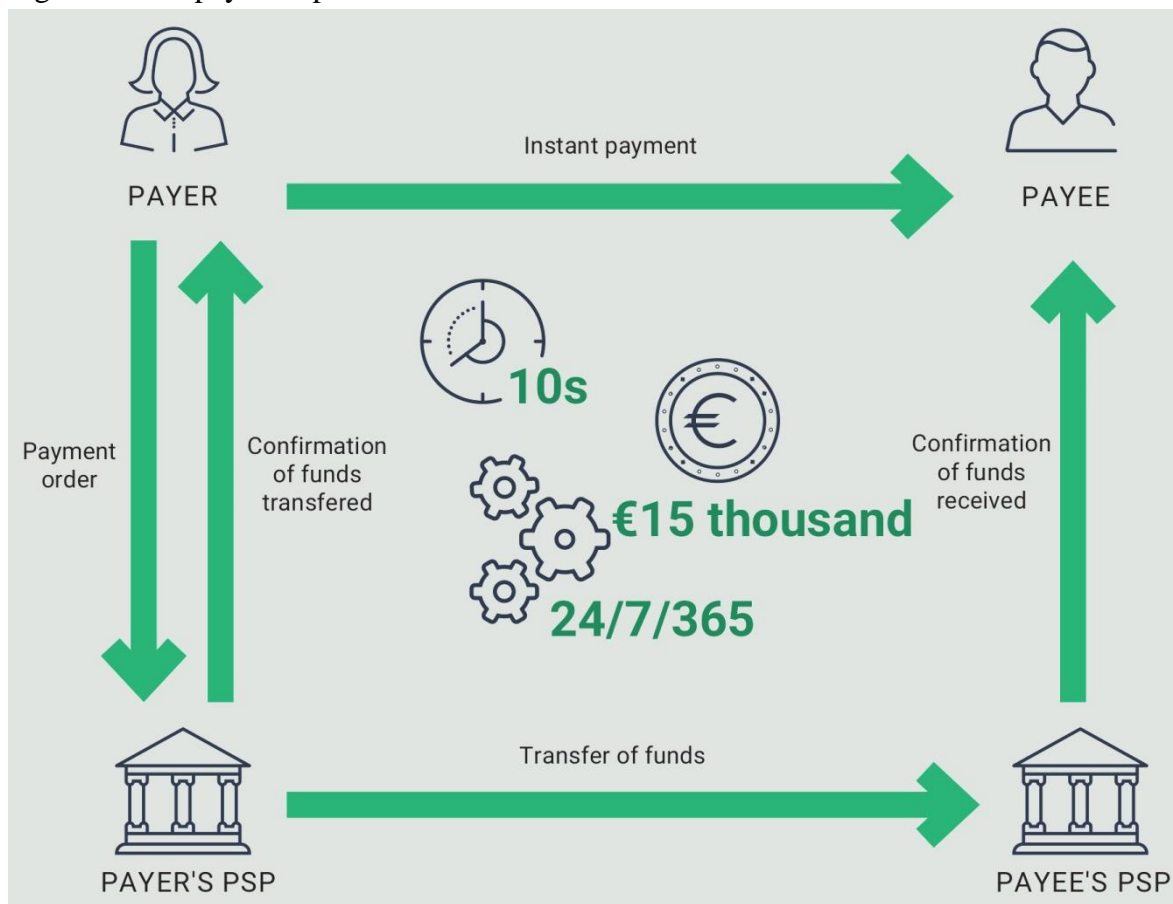
Note: POS means a point of sale where a payment transaction is completed.

In the context of the activities of the Group, instant payments are credit transfers made under the SCT Inst scheme operated by the EPC.² Credit transfers mean a payment service where funds are transferred from a payer’s payment account to a payee’s payment account by the PSP which holds the payer’s payment account, based on an instruction given by the payer. Instant payments have the following characteristics:

- Transfers of funds are performed between accounts – from a payer’s account to a payee’s account.
- Payments are very fast – the funds are made available on the payee’s account in less than ten seconds.
- Funds are credited to the payee’s account immediately.
- Transfers are executed between accounts held with the same PSP and between accounts with different PSPs adhering to the SCT Inst scheme.
- Payments are made 24 hours a day and on all calendar days of the year, including on weekends and public holidays.
- The maximum payment amount is set at €15,000, but market participants can agree on a higher limit.
- The structure of a payment order and the structure of a statement provided to a payee – mandatory and optional fields – are the same as that of a usual SEPA credit transfer (SCT).

² <https://www.europeanpaymentscouncil.eu/what-we-do/sepa-instant-credit-transfer>

Fig. 2. Instant payment process.



Source: Payments Market Review 2018. Bank of Lithuania.

The SCT Inst scheme is optional. PSPs are not obliged to implement it and to be able to execute and receive instant payments under this scheme. Moreover, PSPs may choose and be prepared only to receive instant payments, i.e. they would be reachable on the payee's side. Then PSP customers cannot initiate instant payments, but they can receive them. When a PSP enables its customers to initiate and to receive instant payments, it is fully reachable for instant payments.

2. Start of instant payments in Lithuania and in the EU

The launch of instant payments was prompted by the need identified by ERPB³ for a common European euro instant payment solution. To that end, the EPC drew up a SEPA instant credit transfer rulebook (hereinafter – the scheme) which became effective on 21 November 2017.

At the same time, Lithuania and seven other euro area countries introduced an instant payment infrastructure, which ensures instant payments between different PSPs. On 21 November 2017, the

³ Euro Retail Payments Board is a forum moderated by the European Central Bank where representatives of payment service providers and payment service users deal with strategic-level issues relating to the market of retail euro payments.

Bank of Lithuania's payment system CENTROLink was prepared for instant payments and since then has direct link with EBA Clearing's instant payment system RT1.

2.1. Readiness of PSPs for instant payments

In order to promote the emergence and development of instant payments, on 20 November 2017 the Bank of Lithuania and six banks in Lithuania signed a memorandum. It was agreed that three commercial banks⁴ will, within two years, start offering to their customers services enabling them to initiate and receive instant payments. In the meantime, the other three banks⁵ promised to make preparations to ensure that their customers could receive instant payments.

In Lithuania, some PSPs launched instant payments as early as in 2018, but many PSPs, including from other EU countries, are not yet ready to provide this service to their customers. At the beginning of 2019, instant payment services were provided to customers by two banks (to payees only by one of them) and one electronic money institution in Lithuania. At the same time, according to the EPC, around half of EU PSPs from 16 countries were reachable for instant payments, i.e. they could only receive or both receive and initiate these payments. However, a few have enabled their customers to initiate instant payments through the tools they provide, such as online banking or smart apps. Most PSPs are still in the process of testing their internal systems, their interoperability with payment systems and other infrastructures for instant payments.

2018 saw further development of the instant payment infrastructure. In November 2018, within its system TARGET2, the Eurosystem launched an interbank instant payment settlement service – TIPS. SEPA Proxy Lookup scheme (SPL)⁶ also became operational to enable, together with proxy lookup databases connected to it, the IBAN of the payee's account accessible for instant payments to be identified on the basis of the phone number or email address of the payee from any EU country. Such a proxy database has also been developed by the Bank of Lithuania. It is accessible to PSPs both from Lithuania and other countries. Some banks operating in Lithuania intend to use it. Based on user needs, the Bank of Lithuania may develop an interface between the proxy database and SPL.

2.2. Instant payment-based product initiatives

With a view to expanding the use of instant payments, initiatives on their adaptation to payment products are carried out both on national markets and at EU level. Instant payments are seen not only as payments that will replace usual SEPA credit transfers, but also as adaptable to various use cases, and they would become an alternative to payment cards and other payment instruments

⁴ SEB Bank AB, Swedbank AB, Luminor Bank AB.

⁵ Šiaulių bankas AB, Citadele bank AB, Danske Bank A/S Lithuania branch.

⁶ The SEPA Proxy Lookup scheme (SPL) is managed by the ECP. The scheme rules define how to join and use this service. This service may be used by PSPs and may be joined by other proxy lookup service providers. The company EquensWorldline has been selected as a SPL technical provider. For more information see:

<https://www.europeanpaymentscouncil.eu/document-library/rulebooks/sepa-proxy-lookup-spl-scheme-rulebook>

(direct debit, cash settlement). The importance of instant payments in the EU is also reflected in statements by ECB management and high-level EU politicians.⁷ The EPC and ERPB set up working groups to address issues relating to instant payments. Communities of market participants in many countries (e.g. the Netherlands, Lithuania, Estonia) hold discussions on the development of instant payments.

The EU aims at enabling the payer to initiate, with the instant payment initiation tool provided by the payer's PSP (e.g. a smartphone app), a payment to the payee using services of another PSP (and even in another EU country). The simplest case would be one where, in order to initiate an instant payment, it suffices to know the payee's mobile phone number which allows, through the proxy lookup infrastructure, identifying the payee and the IBAN of his payment account. More complex cases, such as the generation of an instant payment on the basis of the QR code or information transmitted via NFC or BLE, require the standardisation of information transmitted via QR and NFC or BLE, so that the payer could, using the PSP's smart app, scan the QR code or NFC or BLE information and generate an appropriate instruction to initiate an instant payment. The development of instant payments is also linked to the standardisation and development of the RTP service.

The EU-level working groups aim at establishing compatibility, interoperability and standardisation requirements which would allow instant payments to be adapted to a wide range of use cases, including where the payer and the payee are in different EU countries. Within the EPC, the market stakeholder group developing Mobile initiated SCT and SCT Inst interoperability guidelines⁸ is ceasing its work. Its contribution will be drawn upon, and its work continued by a working group set up within the scope of the activities of ERPB, which will address instant payments at the point of interaction (POI)⁹, also covering e-commerce. Moreover, the EPC has set up a request-to-pay multi-stakeholder group.¹⁰

The Group considers it appropriate to wait for the conclusions of the EU-level standardisation initiatives and to feed them into the development of instant payments in the country. At the same time, it should be made possible to make instant payments to other EU countries, including payments to merchants in other EU countries where appropriate standards will be put in place. The development and implementation of a national standard may involve double costs, as it is highly likely that the national standard may require modification and adaptation to the EU standard.

3. Instant payment use cases

Instant payments may be used in various situations where the speed of a transfer of funds is of the essence. The payee benefits when the funds are made available in his payment account within a few seconds after the initiation of the payment, allowing the payee to use them immediately. An urgent

⁷ http://europa.eu/rapid/press-release_SPEECH-18-6687_en.htm

⁸ <https://www.europeanpaymentscouncil.eu/search?kb%5B0%5D=tags%3A4801&node=15996>

⁹ https://www.ecb.europa.eu/paym/retpaym/shared/pdf/Mandate_of_the_working_group_on_instant_payments_at_the_POI.pdf?680d70f0fd69516234bf8e1616038aca

¹⁰ <https://www.europeanpaymentscouncil.eu/document-library/other/terms-reference-request-pay-multi-stakeholder-group-rtp-msg>

transfer of funds may also be relevant for the payer where it is important that settlement is made, i.e. funds are credited to the payee’s account, by the due date.

The Group identified use cases for instant payments in accordance with the chosen methodology and evaluated them based on relevance. This exercise described 16 possible use cases (Annex 1) for instant payments. Of these, 6 use cases were selected as currently relevant in the market. This may serve as an indication for payments market participants as to where to focus their efforts in adapting instant payments for uses by residents, businesses and public sector entities.

The identification of use cases for instant payments was based on the breakdown by segments to which the payer and the payee belong. These segments include:

- natural persons or consumers, customers (person, P, or customer, C);
- business entities (business, B);
- public sector entities, public authorities (government, G).

Specific examples of payments between payers and payees in these segments are given in Table 1.

Table 1. Examples of possibilities for instant payments by segments of payers and payees

Payee Payer	Natural person (P or C)	Business (B)	Public sector (G)
Natural person (P or C)	<ul style="list-style-type: none"> • Fast transfer (receipt) of funds • Using apps • Substitute for cash 	<ul style="list-style-type: none"> • Small trade, payment for services • E-commerce • Integration with the existing payment by card equipment • Substitute for cash • Alternative to payment cards in retail trade • Utility and other bill payments • Standardisation of initiation QR, BLE, NFC, POS API 	<ul style="list-style-type: none"> • Payments to the State Tax Inspectorate, customs authority, Sodra, etc., where information must be reported
Business (B)	<ul style="list-style-type: none"> • Payment of wages • Transfer of funds for the returned goods 	<ul style="list-style-type: none"> • Urgent payments for goods and services • Substitute for cash 	<ul style="list-style-type: none"> • Payments to the State Tax Inspectorate, customs authority, Sodra, etc., where information must be reported

Public sector (G)	<ul style="list-style-type: none"> • Payment of wages • Payment of benefits 	<ul style="list-style-type: none"> • Reimbursement of tax overpayments 	<ul style="list-style-type: none"> • Payments to the State Tax Inspectorate, customs authority, Sodra, etc., where information must be reported • Reimbursement of tax overpayments
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Of these 16 instant payment use cases, the largest numbers of cases were those where the payee is a business entity – 8, followed by 6 cases where the payee is a natural person and 2 cases where the payee is a public authority.

When evaluating the relevance of instant payment use cases, the members of the Group identified 13 use cases, of which 6 were selected as currently relevant in the market.

Table 2. Relevant instant payment use cases selected during the evaluation.

Use case No	Use case
1	P2P payments with a smartphone
2	P2P payments by initiating a payment via internet banking or at a PSP customer service office
3	C2B payments to small businesses (e.g. in marketplaces) using the QR code, BLE, NFC or similar technologies
4	C2B payments to small businesses (e.g. in marketplaces) using proxies (e.g. phone number)
5	C2B e-commerce and other remote payments
6	C2B, B2B, G2B payments are initiated using the RTP service

3.1. Harmonisation aspects of instant payments

In order to deliver as uniform an experience as possible for residents, businesses and public authorities in using instant payments, the Group has formulated its position on 13 relevant aspects relating to instant payments. Regarding some of these aspects, the Group puts forward recommendations to PSPs that provide or will provide instant payment services in Lithuania. These harmonisation aspects apply to all or to a large number of the identified instant payment use cases.

A detailed description of 13 relevant aspects relating to instant payments, as well as the Group's positions and further recommendations are presented in Annex 2. Summarised positions (in italics) and recommendations regarding these aspects are presented in Table 3.

Table 3. Summarised positions and recommendations regarding relevant harmonisation aspects of instant payments.

Aspect	Group's position and/or recommendations
Maximum possible amount for a SCT Inst transaction	<p><i>There is currently no need to agree on increasing the maximum possible payment amount.</i></p> <p><i>The issue will be reviewed after one year taking into account market needs, or earlier if it is raised by the EPC.</i></p> <p><i>It is up to each PSP to set a lower payment limit.</i></p> <p>LB: initiate a discussion about the need to agree on increasing the maximum possible amount.</p>
Pricing in accordance with the Regulation on cross-border payments (924/2009) (charges for cross-border and domestic payments must be the same)	<p><i>In the context of the Regulation on cross-border payments (924/2009), SCT and SCT Inst are not considered to be corresponding payments; consequently, their fees may differ.</i></p> <p><i>The pricing of instant payments should be no less favourable than that of usual SEPA credit transfers with a view to developing instant payments. However, each PSP is free to choose its pricing policies.</i></p>
Accounts reachable for SCT Inst	<p>PSPs: enable all their customers to receive automatically SCT Inst payments in all their open payment accounts (without active action on the part of the customer).</p>
Customer's choice between SCT and SCT Inst	<p>PSPs: offer their customers SCT Inst payments as the default, if SCT Inst can be used for the payment initiated by the payer and the SCT Inst pricing is not less favourable than the SCT pricing.</p>
Information to the payer about accounts reachable for SCT Inst (how to find out whether or not they are reachable)	<p><i>A SCT payment cannot be executed automatically instead of the initiated SCT Inst payment without a separate confirmation by the payer.</i></p> <p>PSPs: make it possible for the payer to see whether the payee's PSP is able to receive SCT Inst prior to the initiation of a SCT Inst payment.</p> <p>PSPs: inform the payer immediately if, after the initiation of the SCT Inst payment, the payee's account appears not to be reachable for SCT Inst.</p>
SCT Inst initiation not only by a proxy, but also by entering the IBAN of any payee reachable for SCT Inst	<p>PSPs: make it possible at least via one channel (e.g. internet bank) for the payer to initiate SCT Inst payments on the basis of the IBAN of the payee in any country reachable for SCT Inst payments, not limiting to LT IBAN number.</p>
Use of Lithuanian characters in SCT Inst payments	<p><i>It must be possible to use Lithuanian characters in SCT Inst payments.</i></p> <p>LB: initiate changes in the SCT agreement on the use of Lithuanian characters by supplementing it with the SCT Inst service.</p>
Set of fields to be completed by customers when initiating SCT Inst payments	<p>PSPs: enable customers making a SCT Inst payment to complete the same set of fields as in the case of SCT payments made via the same payment initiation channel, if those fields are supported</p>

	by the SCT Inst scheme.
Information transfer in accordance with the technical specification of utility and other bill payments	<p>PSPs: use the technical specification of utility and other bill payments in SCT Inst payments in cases where this specification is used in SCT payments.</p> <p>PSPs: enable companies to get information from SCT Inst fields in the same way as from SCT fields where utility and other bill payments are collected using the technical specification of utility and other bill payments.</p>
Informing the sender (payer) and the recipient (payee) about SCT Inst execution	<p><i>Informing the payee by notification immediately after the crediting of the funds under SCT Inst creates added value for the payee, and each PSP chooses conditions for the provision of the information service.</i></p> <p>PSPs: offer payers to provide information immediately about the payment status as part of their standard service.</p>
Submission of the payer's data to the payee	<p><i>Where immediately after the crediting of the received funds the merchant receives a notification thereof, this notification should contain only the received amount.</i></p> <p><i>Where the payer's and the payee's PSPs are parties to the agreement on the provision of relevant information enabling the payee to identify the payment transaction in the harmonised field of the SCT Inst order, this information may be included in the notification sent to the payee immediately after the crediting of the received funds.</i></p>
Value date	Credit institutions: follow the best market practice on the value date agreed on by AMI-Pay. ¹¹
Implementation of the requirement for the debit value date	PSPs: use SCT Inst payments for implementing the provision of the Law on Payments.

3.2. Instant payments in business and in the public sectors

Instant payments can be beneficial for business and public sector entities in receiving payments and provide good experience for payers when technologies are in place facilitating the initiation of payments. These technologies ensure automatic generation of a payment order via payer interface (e.g. mobile app), so the payer only has to confirm the payment. Automatic generation of a payment order ensures correct input data (name of the payee, account number, purpose, other fields of the payment order containing the information necessary for the payee). This makes it easier for the payee to automatically cross-check and reconcile payments – who pays for what – in their internal systems.

The QR code, NFC and BLE are the most commonly quoted technologies already in place to initiate payment orders. In addition to these technologies, the RTP service – a service where a

¹¹ AMI-Pay – Advisory Group on Market Infrastructures for Payments where Eurosystem and service providers active in the payments market exchange views on innovation and harmonisation in the field of payments, as well as Eurosystem payment-related services.

message is sent to the payer with the details of the requested payment – is very important. This service is currently offered by many PSPs to their customers via mobile apps for P2P payments. However, this service would be of much greater value where RTP requests were submitted to a payer in another PSP, which could be done by business and public sector entities.

When evaluating the potential and benefits of the usage of instant payments initiated using the said technologies and the RTP service, the Group discussed and developed preliminary and non-exhaustive requirements as the basis for further development of payment products in the C2B and C2G segments. The Group did not work out all the elements necessary for these instant payment use cases, both because of EU-wide initiatives to establish relevant standards and because of the complexity of the issue and lack of time needed for this task.

Table 4. Preliminary requirements relating to the usage of instant payments in the C2B and C2G segments when QR, NFS and BLE technologies and the payment request service are used.

Requirement	Relevant for
When a QR code is used, all the relevant information must be extracted from the code, which is then included in the payment order. In that case, there is no longer any need to verify information in the payment order (e.g. payment code in the case of payments made to the collection accounts of the State Tax Inspectorate). The same applies when a payment order is generated using another technology or the RTP service.	Payee Payer’s PSP QR code and other technology providers RTP service provider
The payee must be able to generate a proper QR code or RTP request with all the relevant information. Detailed requirements regarding the generation of RTP requests would be established by the provider of this service.	Payee QR code providers RTP service provider
The payee may prepare for the generation of QR codes to initiate an instant payment, even if the payee uses services provided by a PSP which does not enable its customers to initiate instant payments using a QR code. It is essential for the payee’s PSP to be able to receive instant payments.	Payee
Where a payment order is generated for the payer, the payer must not be allowed to change the details of the payment order. The payer would only approve the payment or decline it. Changes to the amount of the transfer may be allowed in the payment order if the nature of the payment provides for its choice (e.g. amount of donation).	Payer’s PSP Payer
Automatically generated instant payments may be made to an account at another PSP. As a result, fees charged to the payer for instant payments may differ (charges may be higher). It is thus important for the consumer to be properly informed.	Payer’s PSP Payer
The QR code and the RTP request should have an expiration date. This is due to the fact that the information provided with the QR code and the RTP request may change over time.	Payee Payee’s PSP Payer’s PSP

	QR code providers RTP service provider
The payee's internal information systems must be adapted to real-time processing of the information received about the instant payments made in order to enable the completion of the purchase or the provision of the service (checkout). The same applies to public sector entities providing services to residents and/or businesses.	Payee Payee's internal IT system (ERP system) developers
The payee's internal information systems must be able to extract real-time information from PSPs about the payments received (changes in the account statement). The payee and the PSP may agree on the information service where a message about the instant payment received is sent to the payee via the chosen channel.	Payee Payee's PSP Payee's internal IT system (ERP system) developers
The QR code should be such as to enable payers to recognise visually that the QR code is designed to generate a payment order on the basis of which an instant payment will be made, for example, the QR code contains "SEPA INST".	QR code providers Payer

Annexes

Annex 1

Instant payment use cases by payee

The terms used in the tables below are understood as follows:

1. “Bank” refers to all PSPs.
2. “Interbank payment” refers to a payment between PSPs.
3. “Bank branch” refers to a PSP branch.

Table 1.1. Instant payment use cases when the payee is a natural person (P or C)

Questions			Payee – natural person (P2P, B2C, G2C)					
1.	Use case name	Identification of a specific use case.	P2P payments by transfer (bank branch or internet banking)	P2P payments with a mobile phone.	P2P payments with a mobile phone, initiated using RTP (request to pay). Payment initiation is aided by the request for payment sent by the payee, i.e. the link by clicking which a payment order is generated.	P2P payments are made through PIS (payment initiation service).	B2C payments by transfer (bank branch or internet banking)	G2C payments by transfer (bank branch or internet banking)

2.	Use case process without using the instant payment service	Description of the current process of the use case, indicating the payment service currently used. If the case use is currently not present in the market, an indication to this effect.	Internal and interbank SEPA credit transfer. A payment form is filled in, using an IBAN account number.	App-initiated internal and interbank SEPA credit transfer.	This solution in Lithuania is offered by banks for internal payments. The RTP link may be sent in the manner chosen by the payer (e.g. by SMS, email, etc.); however, another bank's app is not interoperable.	It is not taking place. PSPs will be ready for PIS provision in 2019 (news).	Internal and interbank SEPA credit transfer. A payment form is filled in, using an IBAN account number. Banks have a dedicated service (e.g. for wage pay-outs) when a batch of grouped payments is submitted.	Internal and interbank SEPA credit transfer. A payment form is filled in, using an IBAN account number.
3.	Possible use case process using the instant payment service	Description of the process as to how the use case would be affected by the use of the instant payment service.	Internal and interbank SCT Inst payment. It is essential that the payer's and the payee's banks participate in the SCT Inst scheme. A payment form is filled in, using an IBAN account number or SPL (Standardised Proxy Lookup). In terms of usability, in the context of the SPL service, the most appropriate solution would seem to be the linking to an email address book from which the payee can be selected, as entering the phone	Internal and interbank SCT Inst payment. It is essential that the payer's and the payee's banks participate in the SCT Inst scheme. There must be simple initiation via apps; there is a need for the interbank SPL service. The payee could enable push notifications in order to receive	Internal and interbank SCT Inst payment. The RTP link is interoperable at the interbank level – it is an open scheme.	Similarly as P2P payments by transfer (at a bank branch, via internet banking or a mobile device), only payment initiation is conducted via a third PSP.	Internal and interbank SCT Inst payment. A payment form is filled in, using an IBAN account number or SPL.	Internal and interbank SCT Inst payment. A payment form is filled in, using an IBAN account number or SPL.

			number, like the IBAN, from memory is complicated.	information about the funds received immediately.				
4.	Problem addressed (benefits)	Identification of the problem addressed, or the benefits for payers/payees in the use case, if the instant payment service is used.	Need to receive funds immediately, substitute for cash.	Need to receive funds immediately, substitute for cash.	Need to receive funds immediately, substitute for cash. This addresses the problem when the payer has to enter payment data himself.	Need to receive funds immediately, substitute for cash.	Need to receive funds immediately, e.g. wage pay-outs to employees, insurance claims, reimbursement of overpayments.	Need to receive funds immediately, e.g. wages, social insurance benefits, reimbursement of overpayments.
5.	Experience in other countries	Provision of information about the application of the instant payment service to the use case in other countries (where an equivalent exists).		Denmark, Sweden, UK				
6.	What is needed for the instant payment service to be widely applied to the use case, or the need for standardisation	If known, identification of the reasons for possible failure to achieve wide application of the instant payment service to the use case, or the need for standardisation	SCT Inst payments are selected as the default. The interbank SPL service also covers email addresses.	SCT Inst payments are selected as the default. There is a need for the interbank SPL service.	Standardisation of the RTP link functioning at the interbank level. SCT Inst payments are selected as the default.	Applicability of APIs to SCT Inst services.	SCT Inst payments are selected as the default.	SCT Inst payments are selected as the default.

7.	Other	Provision of other relevant information	There are interbank SPL development initiatives in the Lithuanian market.	There are interbank SPL development initiatives in the Lithuanian market.				
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Table 1.2. Instant payment use cases when the payee is a legal person – business entity (B)

Questions			Payee – legal person (C2B, B2B, G2B)							
1.	Use case name	Identification of a specific use case.	<u>C2B</u> e-commerce and other remote payments. Bank branch/internet banking.	<u>C2B</u> payments to small businesses (e.g. in marketplaces). Mobile payment, using SPL (Standardised Proxy Lookup)	<u>C2B</u> payments to small businesses (e.g. in marketplaces). Mobile payment, using QR, BLE, NFC or other technologies.	<u>C2B</u> payment via the PSP's mobile app by the customer who is a natural person to the legal person for goods (services)	<u>C2B, B2B, G2B</u> payments are initiated using RTP (request to pay). Payment initiation is aided by the request for payment sent by the payee, i.e. the link by clicking which a payment order is generated.	<u>B2B</u> Bank branch or internet banking	<u>B2B</u> payment by the customer which is a legal person to the legal person for goods (services)	<u>G2B</u> Bank branch or internet banking
2.	Use case process without using the instant payment service	Description of the current process of the use case, indicating the payment service currently used. If the case use is currently not present in the	Internal and interbank SEPA credit transfer (manual or automated payment processing on the payee's side). Bank link service (only	Payment cards, cash	Payment cards, cash	The buyer pays through the bank, notifies the customer by phone, email, via Facebook messaging app (Facebook Messenger)	E-invoice (partial equivalent) QR or BAR code is sent with an invoice or to email. Operational only in PSPs whose apps can read QR	Internal and interbank SEPA credit transfer. A payment form is filled in, using an IBAN account number. A file of grouped SCT payments may	The buyer pays through the bank, notifies the customer by phone, email, via Facebook messaging app (Facebook Messenger)	Internal and interbank SEPA credit transfer. A payment form is filled in, using an IBAN account number. A file of grouped SCT payments may

		market, an indication to this effect.	within the bank). PIS (payment initiation service). Payment cards.			or other means and waits for the customer to notify that the money has been received (in the case of at least slightly larger companies, the accountant is usually also involved in the process chain). Only then the transaction is completed, usually not until the next day.	code.	also be submitted.	or other means and waits for the customer to notify that the money has been received (this process usually involves accountants or other responsible persons who can login to the bank). Only then the transaction is completed, usually not until the next day.	also be submitted.
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3.	Possible use case process using the instant payment service	Description of the process as to how the use case would be affected by the use of the instant payment service.	Internal and interbank SCT Inst payments (for PSPs participating in the scheme). The PIS model in e-commerce may undergo changes (e.g. securing funds for the merchant). The merchant has to receive a notification about the crediting of funds in order for the purchase to be completed (checkout) and for the client to receive his purchase.	Payments are initiated using the interbank SPL service. Internal and interbank SCT Inst payments (for PSPs participating in the scheme). The merchant can subscribe to push notifications about payments credited to its account or check its account regularly.	Payments are initiated using QR, BLE, NFC or other technologies. Internal and interbank SCT Inst payments (for PSPs participating in the scheme), e.g. the payer scans the QR code with his smartphone, and an instruction to transfer funds is generated within his PSP's app. The payer only needs to enter the amount and to confirm the payment.	Instant payments would reduce the timespan of transaction execution: if it were an advance payment, the customer would start processing the order one day earlier; if it were a final payment, the buyer could pay when picking up the goods, and the transaction would be settled at least one day earlier, i.e. two processes would be carried out simultaneously.	The RTP link is interoperable at the interbank level. Use of internal or interbank SCT Inst payments (for PSPs participating in the scheme). The payee generates a payment link. The link is sent to the payer via email or SMS. A payment order is generated using the link within the PSP's app. It is filled in with all the information necessary for the payee.	Internal and interbank SCT Inst payments. It is essential that the payer's and the payee's banks participate in the SCT Inst scheme. Payments can be generated on the basis of invoices or RTP and QR codes; the adaptation of ERP/accounting systems is essential so that invoices are recorded in the accounts and subsequently linked to payment messages both with the payee and with the payer.	Everything would run in the same way, only in real time, making the process at least one day faster. This would require calling accountants (in the case of a buyer, to make a transfer, in the case of a customer, to login to the bank, to confirm the receipt of money).	Internal and interbank SCT Inst payments. It is essential that the payer's and the payee's banks participate in the SCT Inst scheme.
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4.	Problem addressed and benefits	Identification of the problem addressed, or the benefits for payers/payees in the use case, if the instant payment service is used.	Immediate crediting of money to the payee's bank account for the goods or services sold. It is sufficient for a merchant to have a contract with a single PSP for receiving payments from payers using PSPs that are reachable for SCT Inst. Funds become available to merchants immediately.	Immediate crediting of money to the payee's bank account for the goods (services) sold; alternative to cash. Payment of the required amount is always ensured, no need to worry about giving change. No need for additional equipment; it is sufficient to have a smartphone.	Immediate crediting of money to the payee's bank account for the goods or services sold; alternative to cash. Payment of the required amount is always ensured, no need to worry about giving change. There is no need for additional equipment; it is sufficient to have a smartphone and a sticker with a QR code.	Payments can be made at the point of sale without a bank card.	Immediate crediting of money to the payee's bank account for the goods or services sold. The payee may provide a unique number, a code with RTP, which will be embedded in a payment order. When payment is made on the basis of that number or code, it is possible to automate as to what has been paid for.	Immediate crediting of money to the payee's bank account – faster movement of funds, faster execution of works in cases where pre-payment is pending. Possibility to link with other business processes – payment of invoices. If the STI also provided a virtual cash register, possibility to link with the registration, payment and declaration to the STI of transactions of that cash register. The STI would then be able to generate RTP for taxes and to collect them immediately.	Payments can be made at the point of sale without a bank card by an employee having access to mobile banking or by mutual phone calls with the accounting department.	Immediate crediting of money to the payee's bank account – faster movement of funds.
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5.	Experience in other countries	Provision of information about the application of the instant payment service to the use case in other countries (where an equivalent exists).		Standardisation, e.g. European Payments Council (EPC)	QR code standardisation, e.g. EMVco (global), Chinese central bank, Singapore No BLE and NFC standardisation, e.g. at global or national level, development of private schemes					
6.	What is needed for the instant payment service to be widely applied to the use case, or the need for standardisation	If known, identification of the reasons for possible failure to achieve wide application of the instant payment service to the use case, or the need for standardisation.	SCT Inst payments are selected as the default. Since companies will have to adapt their internal systems to notifications about the funds received in their account and to finalise the purchase session, it is suggested to standardise notification.	SCT Inst payments are selected as the default. It is appropriate to provide that a message with <u>only the amount</u> would be sent to the app by default. It is appropriate to assess whether the statement could show	SCT Inst payments are selected as the default. Standardisation of the application of QR, BLE or NFC technologies on the payer's and on the payee's side. PSP apps must be able to scan, e.g. QR, and to generate a correspondin	If the buyer or the seller does not use bank's mobile apps, this is inapplicable, as there is no possibility to check whether the money has been made available.	SCT Inst payments are selected as the default. The use of the RTP message is mentioned in pain.013; therefore, it is proposed to evaluate its adequacy, the necessary infrastructure and technical solutions. Possibility to provide certain	There is a need to consider the limit of the transfer amount. Since companies will have to adapt their systems for automated processing, it is important to provide information in the same fields in SCT Inst as those in the SCT order. The cross-checking of information	If companies have complex procurement rules where purchases have to be authorised by one or more employees, this is difficult to apply, unless an employee would pay from his personal account and the company	There is a need to consider the limit of the transfer amount. Since companies will have to adapt their systems for automated processing, it is important to provide information in the same fields in SCT Inst as those in the SCT order. The cross-checking of information against

				limited information on payers, as the representation of the payer's data to the merchant may discourage the payer from using this means of payment. Merchants may be reluctant to receive information on the payer (compliance with the requirements of the GDPR).	g payment order. The payee receives only the information that is necessary for the completion of the sale.		payment information, e.g. unique number code, in the message about the payment received. Messages in different PSPs may differ, which may limit the possibility of changing PSPs. Standardisation of notification to be considered.	against documents is important.	would then reimburse his expenses.	documents is important.
7.	Other	Provision of other relevant information		There are interbank SPL development initiatives in the Lithuanian market					In a number of companies, each employee has a card bank account, so perhaps it is possible to link those accounts	Public authorities will have to adapt their systems.

										with bank's apps on their service phones.	
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Table 1.3. Instant payment use cases when the payee is a public authority (G)

Questions			Payee – public authority (P2G, B2G)	
1.	Use case name	Identification of a specific use case.	<u>P2G and B2G</u> payments by transfer (bank branch or internet banking)	<u>C2G and B2G</u> payments, initiated using RTP (request to pay). Payment initiation is aided by the request for payment sent by the payee, i.e. the link by clicking which a payment order is generated.
2.	Use case process without using the instant payment service	Description of the current process of the use case, indicating the payment service currently used. If the case use is currently not present in the market, an indication to this effect.	Internal and interbank SEPA payments. Payers often use specialised forms (information provided with the payment is essential). Public institutions have accounts in many banks; consequently, internal payments are executed immediately, while interbank payments – at clearing times. Many services are currently provided by PSPs free of charge.	Specialised forms currently have part of functionalities (the payee is able to partially regulate information provided in the payment). E-invoice (partial equivalent).
3.	Possible use case process using the instant payment service	Description of the process as to how the use case would be affected by the use of the instant payment service.	Internal and interbank SCT Inst payments. Filling in a simple or specialised (e.g. utility and other bill payment) form, using an IBAN account number.	The RTP link is interoperable at the interbank level. Use of internal or interbank SCT Inst payments (for PSPs participating in the scheme). The payee generates a payment link with all the relevant information. The RTP link is provided with an invoice or to email, it is generated alongside declarations, etc.

4.	Problem addressed (benefits)	Identification of the problem addressed, or the benefits for payers or payees in the use case, if the instant payment service is used.	Possibility for public authorities to use the one-stop shop principle, i.e. to have collection accounts in a smaller number of banks, but to receive payments immediately.	Immediate crediting of money to the payee's bank account. The payee may provide a unique number, a code with RTP, which will be included in a payment order. When payment is made on the basis of that number or code, it is possible to provide as to what has been paid for.
5.	Experience in other countries	Provision of information about the application of the instant payment service to the use case in other countries (where an equivalent exists).		
6.	What is needed for the instant payment service to be widely applied to the use case, or the need for standardisation	If known, identification of the reasons for possible failure to achieve wide application of the instant payment service to the use case, or the need for standardisation.	Provision of information in the SCT Inst payment must comply with the requirements of public institutions for payments. Uniform provision of information in different banks would require smaller investment in payment processing on the part of public institutions. SCT Inst payments may be selected as the default.	SCT Inst payments may be selected as the default. It is important to provide information in the same fields in SCT Inst as those in the SCT order. The use of the RTP message is mentioned in pain.013; therefore, it is proposed to evaluate its adequacy, the necessary infrastructure and technical solutions.
7.	Other	Provision of other relevant information		

General harmonisation aspects of instant payment use cases

1) Maximum possible amount for a SCT Inst transaction

The maximum possible amount for a SCT Inst payment defined in the EPC SCT Inst scheme is €15,000. SCT Inst scheme participants may agree between themselves on a higher limit of the maximum possible amount. Moreover, the payer's bank may decide to apply a lower limit of the maximum possible amount when offering its customers to make instant payments by certain means (e.g. with a mobile phone at the point of sale, etc.).

The limit of the maximum possible amount restricts the applicability of SCT Inst payments (e.g. to corporate payments or payments to the state). However, increasing the limit of the maximum possible amount would pose additional obstacles: the maximum possible amount for SCT Inst is applied by interbank payment systems; non-interoperability at the international level; a shorter timespan for the payer to notice and recall its erroneous large-value payment; increased risk of fraud in large-value payments, etc. The limit of the maximum possible amount under the SCT Inst scheme could be changed by the scheme administrator.

The proposed position of the group:

- the group agrees that there is currently no need to agree on increasing the limit of the maximum possible amount;
- the group agrees that an increase in the limit of the maximum possible amount will be reviewed after one year taking into account market needs, or earlier if this issue is raised by the EPC. A discussion on this issue will be initiated by LB;
- the group agrees that the setting of a lower payment limit is each PSP's competitive decision; however, customers must be clearly informed about limits.

2) Pricing in accordance with the Regulation on cross-border payments (924/2009)

The Regulation on cross-border payments (924/2009) (hereinafter – the Regulation) provides that charges for cross-border euro payments in EU countries must be the same as those for corresponding national payments. Experts from the Bank of Lithuania consider that, pursuant to the provisions of the Regulation, charges for a cross-border SCT Inst euro payment and for a domestic SCT Inst euro payment should be the same, whereas SCT and SCT Inst payments are not considered to be corresponding payments; consequently, their fees may differ.

The experience of foreign countries (European comparative study “[Are Instant Retail Payments Becoming the New Normal? A Comparative Study](#)”) shows that higher fees limit the use of SCT Inst services in countries; thus, pricing policies have a strong impact on the uptake of these services. The group agrees that, in order to ensure a widespread use of SCT Inst payments in Lithuania, the SCT Inst pricing should be no less favourable than the SCT pricing (in terms of both individual fees and inclusion in basket pricing), while pointing out that each PSP is free to choose its pricing policies.

The proposed position of the group:

- the group shares the view that the SCT Inst pricing should be no less favourable than the SCT pricing in order to ensure SCT Inst development. However, each PSP is free to choose its pricing policies; therefore, the group refrains from giving recommendations on this issue.

3) Accounts reachable for SCT Inst

The market practice shows that where a PSP participating in the SCT Inst scheme does not automatically enable all its customers to receive SCT Inst payments in all their payment accounts with it, or where such a possibility is open only to some of its customers (payees), this constitutes obstacles to the uptake of SCT Inst services. For the uptake of these services, it is also important that payees do not encounter additional obstacles in order to receive SCT Inst payments in their accounts (e.g. the payee's PSP should not require active action from its customer (payee) with regard to account reachability).

The proposed position of the group:

– the group recommends that PSPs participating in the SCT Inst scheme should automatically enable all their customers to receive SCT Inst payments in all their open payment accounts (without active action on the part of the customer).

4) Customer's choice between SCT and SCT Inst

PSPs may indirectly encourage their customers to use specific payment instruments – the selected default option (e.g. SCT Inst instead of SCT) encourages customers to use the option offered by default. The SCT Inst service is more favourable to the payer and the payee than the SCT service (provided that their pricing is the same and that a payment can be executed under the SCT Inst scheme, e.g. the payment amount does not exceed the maximum amount). PSPs should have an interest in offering their customers the most favourable service as the default option.

The proposed position of the group:

– the group recommends that PSPs should offer SCT Inst payments to their customers as the default, if SCT Inst can be used for the payment initiated by the payer and the SCT Inst pricing is not less favourable than the SCT pricing.

5) Information to the payer about accounts reachable for SCT Inst (how to find out whether or not they are reachable)

It is important for the payer to know whether the payment will be executed as SCT Inst or as SCT before the payment is made. Clear information is necessary in order to avoid disappointment at the service, which is particularly important when a new service is introduced to the market.

If, after the initiation of the SCT Inst payment by the payer, the PSP establishes that SCT Inst cannot be executed because the payee's account is not reachable, the payer must be immediately informed thereof. The payer must be informed of the reason that SCT Inst was not executed because the payee's account is not reachable. Instead of failed SCT Inst, a SCT transaction cannot be executed automatically, without a separate confirmation by the payer.

The proposed position of the group:

- the group recommends that PSPs should make it possible for the payer to see whether the payee's PSP is able to receive SCT Inst prior to the initiation of a SCT Inst payment;*
- the group agrees that where the SCT Inst payment was initiated in respect of the payee whose account is not reachable for SCT Inst, the payer must be immediately informed that the payee's account is not reachable for SCT Inst;*

- *the group agrees that a SCT payment cannot be executed automatically instead of the initiated SCT Inst payment without a separate confirmation by the payer.*

6) Possibility to initiate SCT Inst by entering IBAN of any country reachable for SCT Inst, not limiting to a standardised proxy

The SCT Inst scheme was developed in order to ensure international reachability. When analysing potential barriers to the uptake of SCT Inst services and after examining existing services in Europe, ECB notes that the possibility to enter only an IBAN and/or phone number of a certain country is a barrier to the international reachability of SCT Inst services.

SCT Inst is usually initiated using a standardised proxy, e.g. phone number, which hinders international reachability. To ensure international reachability, a PSP offering SCT Inst services has to make it possible at least via one channel (e.g. online banking) for the payer to initiate SCT Inst using IBAN of any country reachable for SCT Inst payments (not limiting to Lithuanian IBAN numbers).

The proposed position of the group:

- *the group recommends that all PSPs providing SCT Inst services should make it possible at least via one channel (e.g. internet bank) for the payer to initiate SCT Inst payments on the basis of IBAN of any country reachable for SCT Inst payments, not limiting to LT IBAN numbers.*

7) Use of Lithuanian characters in SCT Inst payments

The use of Lithuanian characters in SCT Inst payments requires an agreement between PSPs. This issue is most relevant in cases where SCT Inst is initiated while filling in the purpose of the payment. Within the framework of the SCT service, PSPs entered into an agreement that allows using Lithuanian characters, so this possibility is relevant for SCT Inst payments in order not to adversely affect the consumers' experience in using SCT Inst.

The proposed position of the group:

- *the group agrees that it must be possible to use Lithuanian characters in SCT Inst payments;*
- *the group recommends amending the SCT agreement on the use of Lithuanian characters by supplementing it with the SCT Inst service.*

8) Set of fields to be completed by customers when initiating SCT Inst payments

When initiating SCT, customers of PSPs are enabled to complete many fields with information necessary for the payee, such as payer reference party, payer's code in the payee's information system, payment code. The payment code field is one of the critical fields for a number of companies and public institutions, as the information in the payment code field allows the payee to identify the payment. In order to ensure a widespread use of SCT Inst payments, it must be possible, when initiating SCT Inst, to complete the same fields of the payment order via the payment initiation channel as those completed when initiating SCT.

The proposed position of the group:

- *the group recommends that PSPs should make it possible for customers making a SCT Inst payment to complete the same set of fields as in the case of SCT payments made via the same payment initiation channel, if those fields are supported by the SCT Inst scheme.*

9) Information transfer in accordance with the [technical specification of utility and other bill payments](#) (it was agreed upon in SCT)

All PSPs providing utility and other bill payment services are ready to provide to the payee information of payments submitted through specialised forms when SCT is filled out in accordance with the technical specification of utility and other bill payments. In order to ensure a widespread use of SCT Inst in utility and other bill payments, where, for the purposes of utility and other bill payments, a PSP currently fills out SCT in accordance with the technical specification of utility and other bill payments, this specification should also be used where payments are made using the SCT Inst service.

Together with SCT payments, companies receiving utility and other bill payments (payees) also receive information in accordance with the technical specification of utility and other bill payments. Companies retrieve this information from their PSP using the tools provided by the PSP so that the said information could be automatically recorded in their information system. Where the payee's PSP provides payees with the tools to retrieve information provided in SCT payments in accordance with the technical specification of utility and other bill payments, the same tools should also be provided where information is, in accordance with the technical specification of utility and other bill payments, provided in SCT Inst payments.

The proposed position of the group:

- the group recommends that PSPs providing utility and other bill payment services to payers should use the technical specification of utility and other bill payments in SCT Inst payments in the cases where this specification is used in SCT payments;*
- PSPs providing services to companies that receive utility and other bill payments using the technical specification of utility and other bill payments enable these companies to obtain information from SCT Inst fields in the same way as from SCT fields.*

10) Information for the sender and the recipient (whether it should be mandatory)

Provision of information to the sender and the recipient about the payment status not only in the account statement, but also by an additional immediate message is added value for both the payer and the payee. This allows better adaptation of SCT Inst in different use cases.

Immediate provision of information to the payer about the non-executed SCT Inst payment ensures proper information and allows the payer to decide on further action (e.g. initiation of SCT). In the light of the above, immediate provision of information to the payer about the payment status (executed or non-executed) must be offered as part of a standard service with SCT Inst.

The proposed position of the group:

- the group recommends that PSPs should offer their customers immediate provision of information about the payment status as part of their standard service;*
- informing the payee via notification creates added value for the payee; thus, the group agrees that it is considered additional added value and is a free choice for each PSP.*

11) Submission of the payer's data to the payee

Where SCT Inst payments are used, the payer and the payee will see information about each other in their account statements. The payee receives the payer's data (at least the payer's name and the IBAN of the payer's account) with the instant payment. The SCT Inst scheme does not include any exceptions for

statements. Therefore, where an instant payment is made to an unknown merchant the payer might feel uncomfortable.

For the merchant, it is normally important to get immediately a message about the crediting of the funds received with the instant payment. The content and form of this message is the choice of the payee's PSP as to how this service is provided to the payee. For the payer's experience to be favourable, however, this message should not contain detailed information on the payer. It would be sufficient to provide information about the amount credited. In some cases this may be insufficient for the payee, who could then be provided with information enabling the identification of the transaction (unique number of the transaction, identifier of the payee's point of sale, etc.), provided that the reflection of such information in the instant payment order is agreed on between the payer's and the payee's PSPs. In this case, when the payer initiates an instant payment, the information necessary to the payee would be contained in the harmonised field of the SCT Inst instruction.

It should be noted that the information received in the merchant's statement cannot be used for purposes other than payment-related purposes. If the payee were to try to use the information received, namely the names of payers, for advertising or other purposes, he should comply with the general personal data protection requirements.

In order to change the current rules relating to the payer's data provided to the payee, the SCT Inst scheme rules would have to be amended.

The proposed position of the group:

- *where immediately after the crediting of the received funds the merchant to whom the instant payment is made receives a notification thereof, this notification should contain only the received amount;*
- *where the payer's and the payee's PSPs are parties to the agreement on the provision of relevant information enabling the payee to identify the payment transaction in the harmonised field of the SCT Inst instruction, this information may be included in the notification sent to the payee immediately after the crediting of the received funds.*

12) Value date (this issue is addressed by ECB's Advisory Group on Market Infrastructures for Payments (AMI-Pay))

When SCT Inst transactions are executed between different credit institutions¹², the question may be raised as to how to value date the balance on the payment account of the customer of a credit institution during weekends and public holidays. At that time the funds are debited from the customer's account in one credit institution and credited to the customer's account in another credit institution within a few seconds. However, the funds are not transferred between the accounts of the credit institutions at the central bank where interest is calculated. As a result, interest will be calculated in respect of the payer's credit institution, though the funds will no longer be available on the payer's account, whereas no interest will be calculated in respect of the payee's credit institution, though the funds will be already available on the payee's account. These credit institutions should decide how to value date the balance on the customer's account – on the date on which the funds are actually debited (credited) to the customer's account or on the date of the change in the balance of the credit institution on its account at the central bank. In that case the payer could receive interest on the balance no longer available on the account, whereas the payee would not receive interest on the funds already credited to the account.

¹² This issue is relevant for credit institutions only, as they may pay interest on balances on payment accounts.

AMI-Pay agreed that the best market practice is value dating on calendar days on which transactions are executed, i.e. the balance on the payer's and on the payee's accounts changes. However, credit institutions have the right to choose the most acceptable practice.

In Lithuania, no practice exists to calculate interest for customers on the balances on their payment accounts. This is partly due to the level of interest rates set by ECB and liquidity management practice. If conditions change, however, credit institutions may start applying interest calculation practice.

The proposed position of the group:

– it is recommended that credit institutions follow the best market practice on the value date agreed on by AMI-Pay.

13) Debiting of the funds

From 20 October 2019, pursuant to the amendments to the Law on Payments implementing the Payment Services Directive (PSD2) which have entered into force, payment service providers will have to adjust prevailing practices regarding the time of receipt of the payment and of the debiting of the funds – following the entry into force of these amendments, the customer's account cannot be debited before receipt of the payment order. This is relevant where payments are initiated outside opening hours of a payment service provider, and the time of receipt would be the following business day. Instant payments would allow implementing this requirement of the Law on Payments simply by providing SCT Inst payments. Then the time of receipt of the payment, the execution of the payment and the debiting of the funds in practice take place at the same time.

The proposed position of the group:

– the members of the group recommend that PSPs should use SCT Inst payments for the purpose of implementing the relevant provision of the Law on Payments.

Annex 3

Composition of the Task Group on the integration of instant payments in business and public administration processes

Sector represented	Institution represented in the Payments Council	Members
Public institutions	Bank of Lithuania	Tomas Karpavičius
	Bank of Lithuania	Živilė Dumbauskienė
	Bank of Lithuania	Jurgita Šimkonė
	Ministry of Finance of the Republic of Lithuania	Joana Daukševič
Payment service providers	Association of Lithuanian Banks	Mantas Zalatorius
	Association of Lithuanian Banks	Ramūnas Strauka
	Association of Lithuanian Banks	Jonas Vyšniauskas
	Association of Lithuanian Banks	Andrius Kamarauskas
	Association of Lithuanian Banks	Vita Savanevičiūtė
	Association of Lithuanian Banks	Gintautas Giržadas
	Fintech Lithuania	Rišardas Bedulskis
	Association of Payment and Electronic Money Institutions	Kęstutis Gataveckas
	Association of Payment and Electronic Money Institutions	Andrius Karaliūnas
	Association of Payment and Electronic Money Institutions	Neringa Knyvienė
	Association of Payment and Electronic Money Institutions	Antanas Muliolis
	Association of Payment and Electronic Money Institutions	Šarūnas Stanislovenas
	Association of Payment and Electronic Money Institutions	Mindaugas Vilkelis
	Association of Payment and Electronic Money Institutions	Ingrida Čegyūtė-Griniene
	Association of Payment and Electronic Money Institutions	Andrius Vosylius
Payment service users	Council of Small and Medium-Sized Enterprises	Irena Knezytė
	Association of Lithuanian Chambers of Commerce, Industry and Crafts	Gabrielius Bilkštys
	Alliance of Lithuanian Consumer Organisations	Rūtenis Paukštė
Academia	Mykolas Romeris University	Marius Laurinaitis
Observers	“Fitek LT” UAB	Paulius Augulis
	“Mobilieji mokėjimai” UAB	Dainius Burneika
	Fintech Hub LT	Titas Budrys

