

Summary of the tenth meeting of the Irish Retail Payments Forum (IRPF) – 14 November 2023

This note summarises the outcome of the tenth meeting of the IRPF, which focused on the European Retail Payments Board (ERPB) Agenda, Instant Payments, National Payments Strategy (NPS) Public Consultation, Digital Euro, and Digital Identity. The meeting was hosted in the Central Bank of Ireland's (Central Bank) building in North Wall Quay, Dublin 1.

List of Attendees

Acting Chair: John Geelon, Head of Function, Payments and Securities Settlements Division, Central Bank

1. Banking and Payments Federation Ireland (BPFI)
2. Central Bank of Ireland
3. Competition and Consumer Protection Commission (CCPC)
4. Credit Union Development Association (CUDA)
5. Department of Finance (DoF)
6. Department of Social Protection (DSP)
7. Electronic Money Association (EMA)
8. Fintech and Payments Association of Ireland (FPAI)
9. Irish League of Credit Unions (ILCU)
10. Mastercard
11. VISA

Apologies

12. Convenience Stores and Newsagents Association
13. Consumers' Association of Ireland
14. Credit Union Compliance Centre
15. Danske Bank
16. E-Commerce Association of Ireland
17. Irish Small and Medium Enterprises Association
18. National Transport Authority
19. Retail Excellence
20. Retail Grocery, Dairy & Allied Trades Association
21. Retail Ireland (Ibec)
22. Square
23. TrueLayer

Welcome Address

Acting Chair, John Geelon (Central Bank) opened the meeting by welcoming everyone and thanked those presenting today.

Mr Geelon advised that the first half of the meeting would focus on the here and now payments landscape and the immediate ask of IRPF members, while the second half of the meeting is slightly more future focussed with longer time horizons.

Mr Geelon spoke to some of the developments in payments since the IRPF last met. In particular, (i) the Digital Euro, with the Governing Council decision taken on 18 October to move to the preparation phase, and (ii) political agreement on the Instant Payments legislation proposal, also being a very welcome initiative that the Central Bank has long been advocating for. This anticipated legislation will be a key development in supporting the delivery of two of the main goals of the Eurosystem's retail payments strategy i.e., the full deployment of SEPA Instant Credit Transfers (SCT Inst.), and supporting the creation of a pan European solution at the point of interaction, i.e. at the physical point of sale and online.

Mr Geelon emphasized how Irish payment service providers (PSPs) must prepare themselves for offering instant payments to customers. He also encouraged payment service users (PSU) to consider how they can benefit from adopting instant payments in their day to day operations and referenced an informative brochure 'Benefits of SEPA Instant Credit Transfer (SCT Inst)' which will be shared with members after today's meeting.

Mr Geelon handed over to Sorcha Keogh (Department of Finance) to speak to the Euro Retail Payments Board (ERP) agenda ahead of next week's meeting.

European Retail Payments Board Agenda Items

Sorcha Keogh (DoF) introduced the proposed European Retail Payments Board (ERP) agenda items for the upcoming meeting on 20 November 2023. Ms Keogh is attending the meeting as a technical expert in support of Michael McGrath, who is acting as vice chair of the financial services committee.

Ms Keogh noted that most of the supporting documents were yet to be made available, and so the update was solely based on the proposed agenda which will be made available to the IRPF members.

Member Discussion

Finian McCluskey (DSP) requested more information on the SEPA Payments Account Access Scheme (SPAA).

Gillian Byrne (BPF) summarised how SPAA seeks to leverage open banking, enhancing the value-add propositions following on from what was achieved in the 2nd Payment Services Directive (PSD2). Ms Byrne highlighted that it will initially be an optional scheme for PSPs to adhere to, with the first mandatory rulebook to be presented to the Board of the European

Payments Council (EPC) on 21 November. Ms Byrne will share additional information with the Central Bank for onward circulation to IRPF members.

John Geelon (Central Bank) added that Anne-Marie McKiernan (Director of Financial Operations, Central Bank) currently holds one of five National Central Bank (NCB) seats at the ERPB and will be in attendance on 20 November.

Gillian Byrne requested that Ms Keogh share any documents relating to the communications strategy (when available) to assist their members with instant payments.

Instant Payments

Sorcha Keogh (DoF) opened the item by highlighting that the instant payments proposal reached agreement on 7 November, confirming the obligation of PSPs to be in a position to receive SCT Inst within nine months, and send within eighteen months.

Ms Keogh highlighted pieces of work that DoF will have to complete once the text is agreed, such as Irish translation requirements, potential amendments to the Irish SEPA Regulations & Settlement Finality Directive (SFD).

Member Discussion

Gillian Byrne (BPF) queried the applicable timelines following publication of the instant payments legislative proposal in the Official Journal (OJ).

Ms Keogh advised that timelines will start twenty days after publication in the OJ.

Barry Harrington (ILCU) queried whether the definition of 'current accounts' will be taken from the Payment Services Directive (PSD) or the Payment Accounts Directive (PAD), and asked that Ms Keogh keep the IRPF group informed should this be discussed during trilogues.

John Geelon (Central Bank) queried whether an amendment would be required to the Irish Statutory Instrument (S.I.) for the SFD. Barry Harrington advised that an update may be required after the legislative proposal text goes to the Attorney General's office.

Instant Payments Continued

Gillian Byrne (BPF) continued the agenda item by outlining the requirements within the legislative proposal for instant payments with Q1 2024 being the expected timeline for publication in the OJ.

Timelines have increased from six to nine months for PSPs receiving payments; for pricing requirements; and for sanctions screening. Timelines are set at eighteen months to send instant payments and implementing the Confirmation of Payee (CoP) / IBAN name checking service.

Political agreement has been reached on the provision of a CoP / IBAN name checking service, however the full details of the required implementation may not be understood until publication of the instant payments proposal in the OJ. Indications are that the CoP service will be required for both instant and regular credit transfers, so as to provide broader anti-fraud coverage and to not disadvantage instant payments from the outset. This service is not expected to be

mandatory for batch / larger payment files, but the option will need to be made available 'on demand' to submitters of batch files.

BPFI is facilitating regular meetings with members to assist them in meeting the proposal requirements.

[Member Discussion](#)

Michael Concannon (FPAI) queried whether business customers using the bulk service are required to make changes (e.g. payroll systems).

Gillian Byrne responded to advise that technical changes will be required e.g. file format changes, error codes etc. They will also need to manage customer expectations – both by communicating with customers, or possibly using this as an opportunity to make tech changes. The reconciliation processes will be a key focus area, as this may change.

National Payments Strategy (NPS) – Public Consultation

Diarmuid Angland (DoF) introduced the NPS Public Consultation, which is expected to be launched in approximately two weeks, and is expected to remain open for eight weeks. Mr Angland highlighted how the consultation will be based on a number of key focus areas.

Mr Angland outlined the submission process via the portal to the members. He highlighted that all submissions will be publically released and there is a possibility that a synopsis of submissions will also be released.

DoF expects to publish the Strategy over the summer of 2024.

Mr Angland shared contact details for DoF and encouraged members to make contact, advising that bilateral meetings may be arranged to better understand any technical submissions.

[Member Discussion](#)

Gillian Byrne added that the BPFI will respond as an industry representative but have also encouraged their members to respond individually. Ms Byrne queried whether DoF are looking at any other EU payment strategies e.g. Portugal.

Diarmuid Angland advised that the DoF have looked to the Dutch, Hungarians etc. and have spoken to numerous Central Banks and Ministries.

John Geelon (Central Bank) queried where/how the consultation paper will be promoted.

Mr Angland advised that there will be outreach to members of the Oireachtas, various stakeholders, and a public facing communications release. He also highlighted how some of the smaller firms added great value to previous NPS consultations.

Digital Euro Update

Jason Roche (Central Bank) opened by highlighting the decision taken by the Governing Council to proceed to the preparation phase, effective from 1 November.

Mr Roche shared some positive findings from the investigation phase, in particular those noted in the ECB's stocktake report, and how the possibility of developing a Digital Euro that meets users' needs and Eurosystem requirements has been demonstrated.

Mr Roche pointed out that the preparation phase will be a two part phase earmarked to take approximately seven years. Part one is expected to take two years and will focus on;

- The progression of the Rulebook Development Group (RDG) defining the common set of rules, practices and standards that will allow the distribution of Digital Euro through intermediaries. Mr Roche highlighted that the RDG comprises consumers, merchants, payment institutions, credit institutions, and central banks.
- Selecting providers that could develop a Digital Euro platform and infrastructure, whilst adhering to public procurement laws.
- Testing and experimentation to develop a Digital Euro that meets both the Eurosystem's requirements and user needs (e.g. privacy, financial inclusion, user experience and environmental footprint).
- Public and stakeholder engagement

Mr Roche stated that after two years, the Governing Council will decide whether to move to preparation phase part two which will pave the way for a possible Digital Euro issuance and roll out.

In terms of legislative aspects, Mr Roche highlighted how the European Commission initiated the legislative process for a Digital Euro with the publication of a legislative proposal in June 2023 for adoption by the European Parliament and the Council. The European Commission's draft 'Single Currency Package' proposal provides the legal framework for a Digital Euro whilst also strengthening the role and acceptance of cash in society.

Mr Roche noted that whilst the preparation phase will run in parallel with the legislative process, the decision to issue a Digital Euro will only be considered by the Governing Council at a later stage and only once the European Parliament and EU Council have adopted the Digital Euro legal act. The ECB will continue to work closely with EU Co-legislators to provide technical input and recently issued the [opinion on the legislative proposal](#).

Mr Roche noted that the Digital Euro would fit within the existing regulatory framework; for example, with payment transactions involving Digital Euros covered by PSD2 (or PSD3 and PSR once adopted) and AMLD5 (or AMLD6 and AMLR once adopted).

Mr Roche emphasised how the draft legislation is quite prescriptive, and sets out a broad number of obligations for Central Banks, intermediaries / PSPs, new obligations for National Competent Authorities, and new rights or protections for consumers.

Mr Roche referred to a slide titled 'Intermediaries/ PSPs obligations' that demonstrates some of the obligations for PSPs contained within the legislative proposal, while also highlighting new opportunities which will create a re-think of existing business models; deposit/funding bases; cost/revenue changes; and operational processes. For example, holding limits were identified

as an effective and sufficient design element to mitigate financial risks, how these are to be enforced and maintained operationally.

Mr Roche encouraged IRPF members to review the legislation to better understand what it may mean for members and their business services.

Member Discussion

Gillian Byrne (BPF1) highlighted that EU legislation on cash will be available much sooner, i.e. will not wait seven years to run alongside the Digital Euro.

Martin Langan (Central Bank) added that the Cash legislation could be there by end of 2024, depending on factors such as the European elections. He agreed that enactments will not be coordinated, however welcomed the linkages given Digital Euro and Cash are set to complement one another.

Ms Byrne queried whether all PSPs are 'required' to accept Digital Euro, and also highlighted how timelines are key for all, not just the banking industry. Mr Roche advised that the current draft legislation prescribes that the Digital Euro should have legal tender status which requires mandatory acceptance for payment. However, certain exceptions may apply such as for non-profit legal entities or microenterprises for which the cost of required infrastructure could be disproportionate – unless they already accept comparable digital means of payment. Members may review Articles 7 and 9 of the draft legislation for more information.

Digital Euro Update Continued

Mr Roche resumed his presentation by presenting the new Digital Euro Brochure to the IRPF members. The QR code provided directs the user to a Digital Euro Information Page on the ECB's website.

Member Discussion

Roisin Smith (CUDA) queried whether the brochure is public for onward sharing with Credit Unions.

Mr Roche confirmed that the brochure is public and will be circulated with members after today's meeting.

Gillian Byrne (BPF1) highlighted the importance of keeping Digital Euro high on the agenda to avoid it being lost with competing requirements.

Martin Langan (Central Bank) highlighted the importance of stakeholder engagement and added that the Digital Euro team will continue to leverage ECB communications but wish to avoid repetitive updates.

Mr Roche added that while the Digital Euro Project is at an information sharing/awareness stage, the team is considering industry engagement and how it will be managed.

Mikela Trigilio (Central Bank) added that the Central Bank is seeking to enhance its catalyst and advisory function, inclusive of Digital Euro and Cash, and welcomes any suggestions in relation to workshops, focus groups, and information sessions.

John Geelon (Central Bank) closed the first half of the meeting by welcoming industry feedback to allow the Central Bank to reflect at year end.

EU Digital Identity Wallets – Payments Pilot Projects

Sabine Otto opened by introducing herself and Dietmar Garwinkel at DG CONNECT, the European Commission. Ms Otto advised that she will focus on the legal framework and Mr Garwinkel will focus on the implementation.

Ms Otto began by highlighting the shortcomings of eIDAS 1.0, particularly in terms of cross-border, as one of the main motives to move Digital Identity to EU level.

Ms Otto spoke to characteristics and functions of the Wallet

Characteristics	Functions
Free use for all EU citizens	Identification
Accepted throughout the Union	Store & present attestations of attributes
Secure and privacy oriented	Sign & seal electronically

Ms Otto highlighted that there will not be just one EU Digital Identity Wallet, but rather many variations built to one specification, ensuring interoperability.

Ms Otto provided some real life example/payment use cases. For example, no requirement to travel to a bank branch to open a bank account as you should be able to verify your identity with your Digital Identity Wallet. A more comprehensive list of use cases are available on the presentation slides being shared.

Ms Otto spoke to milestones, in particular the legislative process, wallet technical specification, wallet reference implementation and large scale pilots. Again, the specifics are included on the slides.

Ms Otto handed over to Mr Garwinkel, a DG National expert from Germany, working on the technical side to speak to the implementation of a Digital Identity Wallet.

Mr Garwinkel began by highlighting that the Commission are working on implementation prior to confirmation of legal text. He advised that it is already quite advanced, with some technical specifications to flesh out. Mr Garwinkel highlighted that version 1 of the Architecture and Reference Framework (a set of common standards and technical specifications for the implementation of the Wallets) has been published. He also made reference to a playbook that outlines the specific use cases.

Mr Garwinkel spoke about the Wallet Reference Implementation, advising that it will be open source and will be available for re-use, i.e. Member States (MSs) issuing a wallet can reuse all or part of this.

Mr Garwinkel also referred to the large scale pilots and timelines, which are available on the slides. Dietmar did point out that there is always potential for further work programs to commence and extend beyond the conclusion of those currently under review.

Mr Garwinkel spoke in more detail on three of the pilots, EWC, NOBID and Potential, again available on slides provided. He highlighted how fifteen providers play the providing role across eighteen MSs for the EWC Pilot. Mr Garwinkel also mentioned that Potential is the largest pilot project, and while it does not include payments use cases, it does provide insight into bank account opening.

Mr Garwinkel welcomed any interested parties to join the Pilot Project, however noted that it is not remunerated for.

Member Discussion

John Geelon (Central Bank) queried (i) the risks with interoperability for wallets given there is not one unified wallet intended, and (ii) who should entities contact if interested in the Pilot Project.

Mr Garwinkel highlighted that interoperability is always a challenge and the easiest solution would be to reuse the specification mentioned earlier, however MSs are free to use their own solution. He advised interested parties to contact DG CONNECT.

Mr Geelon then introduced itsme to speak about Digital Identity for Banking and Payments.

Digital Identity for Banking and Payments - itsme

Wouter Vanderheere introduced himself as Chief Strategy Officer and his colleague Tom Van Den Bosch as Chief Product Officer of itsme

Mr Vanderheere began by highlighting the need for Digital Identity referencing all the digital interactions he experienced in travelling to this meeting today. He highlighted how Digital Identity has become a shared trust infrastructure with so many use cases.

Mr Van Den Bosch highlighted the importance of trust by all parties, and also highlighted the shift in user expectations with fraud. He provided a demo to show the process of onboarding a customer remotely, in same way as in a bank.

Mr Van Den Bosch also emphasised that inclusivity is embedded in their business model. One example was itsme working with disability federations to ensure ease of access for all. He also highlighted that itsme are strong on transparency, i.e. the 'what you see is what you sign' screen in the app.

Mr Van Den Bosch spoke about the importance of facilitating in a digital world, in particular removing frictions today. He highlighted how their users are provided with a simple 3-4 steps regardless of the complexity arising from security/regulations as itsme ensure those elements are hidden under water in terms of user experience.

Mr Van Den Bosch explained how itsme play the central hub role transferring aggregated data to providers rather than the provider seeking information from multiple data points.

Mr Van Den Bosch advised that 85-90% of the Belgian population from 16 years of age use their service, and provided additional user base statistics in the presentation slides.

Mr Van Den Bosch advised that itsme are a qualified trust service provider, and a scaled solution from a European perspective. Their solution was envisaged to be international from the beginning and so itsme are interested in local requirements and how they could support this in Ireland.

Mr Van Den Bosch welcomed direct contact from members.

Member Discussion

Gillian Byrne (BPFI) queried whether it is a standalone or embedded app from a consumer perspective.

Mr Van Den Bosch explained that it is a standalone app free of charge to users, and the model is based on B2B invoicing.

Mr Van Den Bosch spoke to the slide on 'minimise fraud', highlighting that the standalone app is more secure, particularly with high-risk payments as it has a separate validation/additional security, i.e. a fraudster needs to take control of the digital identity before they can get into the banking system. He also advised that itsme have their own security centre collaborating with national security authorities to reduce fraud.

Ms Byrne queried whether she could use the same standalone app for all if she were multi-banked.

Mr Van Den Bosch confirmed itsme provides a consistent process from a consumer perspective and so the standalone app can be used for all if multi-banked.

Barry Harrington (ILCU) queried how itsme achieved 85% penetration in only seven years.

Mr Van Den Bosch advised that it was mainly a result of ease of use, consistency, security and remaining relevant with day to day experiences. Mr Vanderheere added that itsme was designed to be neutral to all rather than directed at a particular sector, and as a result embeds security and compliance in every way for every kind of sector.

Jason Roche (Central Bank) queried (i) whether it is linked to the secure element on a specific device, (ii) if multiple devices be linked for authentication, and (iii) what happens in the event the device is lost.

Mr Van Den Bosch responded (i) Yes, to the extent possible, it is Android and IOS compatible. It leverages the secure element e.g. checking the right code is entered on a device. (ii) You can only have one active instance of itsme on one device, and it is not permitted on tablets as they are seen as a family shared device. (iii) itsme recognise that not only do users lose phones but they also change phones every 2-3 years, and so, secure reactivation is available via secure identification with your bank.

Roisin Smith (CUSA) queried how itsme reduced fraud by 26%.

Mr Van Den Bosch reiterated that, with itsme, there is more than one single point of failure for a fraudster to hit, and how itsme have been reactive in preventing fraud by linking in with the cyber crime unit to analyse patterns, traffic etc.

Patrick McGonigle (CCPC) queried the difference in the ratings for Android and Apple store.

Mr Van Den Bosch agreed with IOS being more closed however setting standards, and Android being more flexible but therefore at more risk.

John Geelon (Central Bank) queried whether the level of information being shared can be tailored for all eventualities, e.g. a car rental company needs to see your driver's licence however a landlord does not require this.

Mr Van Den Bosch advised that the user always has the right to reject, but that the app will show which elements are required by the service provider and why i.e. the car rental company requires your driver's licence in order for you to rent a car.

Mr Geelon queried whether itsme prompts a user to update identification if it is close to the expiry date, e.g. passport. He also queried whether a user's identity can expire.

Mr Van Den Bosch confirmed that itsme does not provide a trigger for the user in relation to expiry dates. However, if reactivating (e.g. lost/new phone), then the expiry would be checked during that process.

Sinead Halhed-Moran Walsh (EMA) queried whether there is a project team up and running, and when it's likely that citizens will have this. She also queried whether it will be accepted nationally or at EU level.

Mikela Trigilio advised that the Office of the Government Chief Information Officer (OGCIO) are leading out on the technical implementation of the Irish public digital identity solution, with the Department of the Environment, Climate and Communications (DECC) leading out on the political side. The Central Bank are acting in a catalyst capacity only.

Closing Address

Mr Geelon closed by thanking the members for both travelling and engaging in today's IRPF meeting.