

Summary of the eleventh meeting of the Irish Retail Payments Forum (IRPF) – 22 May 2024

This note summarises the outcome of the eleventh meeting of the IRPF, which focused on the following:

- IRPF Account-to-Account Workshop,
- National Payments Strategy, the Digital Euro,
- Instant Payments Regulation,
- Fraud
- Payment Services Directive 3 (PSD3) and the Payments Services Regulation (PSR).

The meeting was hosted in the Central Bank of Ireland's (Central Bank) building in North Wall Quay, Dublin 1.

List of Attendees

Chair: Karen O'Leary, Head of Division, Payments and Securities Settlements Division, Central Bank

1. An Post
2. Banking and Payments Federation Ireland (BPFI)
3. Central Bank of Ireland
4. Competition and Consumer Protection Commission (CCPC)
5. Danske Bank (Rotational)
6. Department of Finance (DoF)
7. Department of Social Protection (DSP)
8. Electronic Money Association (EMA)
9. Fintech and Payments Association of Ireland (FPAI)
10. Irish League of Credit Unions (ILCU)
11. Mastercard
12. Square (Rotational)
13. TrueLayer (Rotational)
14. Visa

Apologies

1. Credit Union Development Association (CUDA)
2. Convenience Stores and Newsagents Association (CSNA)
3. National Transport Authority
4. Retail Excellence
5. Retail Grocery Dairy & Allied Trades Association (RGDATA)
6. Retail Ireland (Ibec)

Welcome Address

Chair, Karen O’Leary (Central Bank) opened the meeting by welcoming everyone and thanked those presenting today. Ms O’Leary spoke to the IRPF Account-to-Account workshop held by the Central Bank of Ireland on the 12th of April and to the National Payments Strategy workshop led by the Department of Finance, notifying the great progress in that space. She advised that work on these topics could involve the creation of working groups.

Ms O’Leary also introduced Gillian Phelan, as new Head of Division for the Digital Euro Unit of the Central Bank.

Ms O’Leary advised on the implementation of the Instant Payment Regulation and emphasized that it has to be a priority for the members. She also mentioned that Instant payments could potentially be a building block for a Digital Euro.

Ms O’Leary noted that the EU Digital Identity Framework came into force on the 20th of May 2024, and though it is not itself a financial service, it will introduce innovative solutions in the payments space. It was noted that Member States will be required to offer at least one EU Digital Identity Wallet to all Citizens, and Residents by 2026, for both public and private services.

Ms O’Leary handed over to Mikela Trigilio (Central Bank) to speak to the IRPF Account to Account (A2A) Workshop that was hosted by the Central Bank on 12 April 2024.

Outcome of IRPF Account-to-Account (A2A) Workshop

Mikela Trigilio (Central Bank) informed the members that the purpose of the workshop was to assess market sentiment towards A2A payments. The workshop summary document which had been shared with Members previously was intended to reflect outcomes only, and not to overlay with any analysis. Ms Trigilio shared that the Central Bank received very positive feedback from the participants. She also advised the IRPF members that the Central Bank had received some questions regarding the role of the Central Bank and the IRPF in terms of developing of A2A solutions in Ireland. The Central Bank was clear that the workshop was designed to promote the development of **market led** A2A solutions.

Members Discussion

Joe Morley (TrueLayer) noted the quality of the workshop and mentioned that he was not aware of such an event being held by other National Competent Authorities in Europe. Mr Morley questioned how to distil the outcome and use it to affect change. He stressed the need to identify a key market fit and then scale, as the value of an A2A solution needs to be proven for both consumers and merchants.

Paul Mortby (Square) also noted his appreciation of the workshop. Mr Mortby questioned the future role of the IRPF on A2A payments. Mr Mortby underlined the need for prioritisation and mentioned topics that could be of interest for the IRPF e.g. digital identity solutions and crypto currencies.

Ms Trigilio queried the kind of structure that would be needed. She mentioned the possibility of having working groups focusing on the implementation of A2A. However, Ms Trigilio underlined that the IRPF needs to ensure a coordinated approach while not impacting competition.

Conor Langford (Visa) saluted the IRPF workshop. Mr Langford also stressed the need for a clearer definition of 'retail payments' and the scope of investigation in the remit of retail payments.

Karen O'Leary (Central Bank) responded that the language could differ between personas. For the scope, Ms O'Leary mentioned that small businesses needed low-investment hardware and software A2A payment solutions.

Gillian Byrne (BPF1) expressed her appreciation for the workshop, which she considered extremely beneficial as well as facilitating a good reflection on the payment ecosystem.

Ms Trigilio wondered if the next steps needed to be more specific, such as doing a proof of concept or at least an exploration of a proof of concept. Ms Trigilio queried if the IRPF should continue to focus on broader, conceptual foundations, or should instead explore a specific area or case study more deeply.

Barry Manning (Danske) responded that the issue with broad approaches is that they can be endless. Mr Manning expressed his wish to consider issues from broad perspective but adopt an approach that focuses on specific actions.

Mr Langford agreed with the need to explore both broad concepts and specific use cases.

Joe Morley (TrueLayer) provided the example of single use payments versus Variable Recurring Payments (VRP). He advised that this could be mapped out broadly and then acted on narrowly, replicating the Transport for London (TfL) use case. Mr Morley stressed the need to sequence the actions with a long-term roadmap.

Ms O'Leary stated that the IRPF needed to consider effort vs impact and select use cases that were low effort-high impact.

Ms Trigilio questioned the different possibilities as regards research and analysis. She mentioned written procedures, stakeholder engagement and working groups.

Mr Langford advised to focus on the broader view even if some specific trials could be done.

Paul Mortby (Square) noted that it was still unclear what specific research should be done and how it could fit in the agenda of the National Payments Strategy. He stressed the need to establish a picture of the Irish retail payments landscape, including an assessment of shortcomings and strengths. He referenced a recent study from BPF1 in this regard, and also expressed his support for the National Payments Strategy.

Ms Trigilio responded that more benchmarking and analysis were required at this stage to develop a research agenda, highlighting the possibility for a bulletin or report focusing on A2A solutions in the Irish market

Conor Langford (Visa) also mentioned the data gap highlighted by the National Payments Strategy. As an accountable industry, he stressed the need for the payment ecosystem to map out personas in the market.

National Payments Strategy (NPS)

Susan O'Reilly (Department of Finance) provided the IRPF members with an update on the advancements related to the National Payments Strategy public consultation. Ms O'Reilly

mentioned that the strategy document is in draft and is expected to be published by the end of the year. Ms O'Reilly also mentioned the workshop organised by the Department of Finance on 01 May 2024, held in the Central Bank. She shared that fraud was a key topic raised during the public consultation. The Department of Finance is open to receive input from the members on ideas or suggestions in the fraud space. Ms O'Reilly pointed out that the strategy was a key priority of the Minister and that all input would be very welcome.

Robert Devereux (Department of Finance) gave the timeline of the National Payments Strategy. The consultation was closed in February, followed by a summary publication based on eighty-five submissions and more than forty stakeholder meetings. The public consultation allowed the Department of Finance to get an overview of the areas of interest of the payments stakeholders and to obtain recommendations.

Diarmuid Angland (Department of Finance) detailed the output from the workshop, which gathered seventy attendees. The workshop focused on four areas of interest: (1) the National Payments Strategy principles, (2) payment choice & cash, (3) instant payments & open banking, and (4) payment fraud. Mr Angland also detailed the next phase of the National Payments Strategy, which focuses on the investigation of actions and recommendations that include further dialogue with the payments stakeholders and engagements with potential action owners.

Members Discussion

Gillian Byrne (BPF) provided her strong support for the National Payments Strategy. Ms Byrne expressed an interest in the content of the actions and queried when BPF would be consulted.

Mr Angland responded that the Department of Finance would make contact in the coming weeks.

Ms Byrne questioned whether there would be a timeline given for enactments required under the National Payments Strategy, as all actions cannot be completed immediately.

Mr Angland responded that there will be a sequencing of actions and the IRPF members should be provided with more information in the coming weeks.

Ms O'Reilly added that a clear communication with timelines will be shared. She pointed out that there may be some deadlines in Q1 2025.

Conor Langford (Visa) stated that 'small businesses' are both payers and payees, but when they are mentioned in the strategy, he assumes they are referring to them as payees only, therefore 'small business choice' refers to 'payee choice'. Payers and payees coming into scope needs to be clarified. He also queried whether the IRPF will be an action owner under the strategy.

Mr Angland responded that these questions could not be answered yet. He stressed the need for clear definitions and outcomes.

Karen O'Leary (Central Bank) pointed out that assigning an action to a committee rather than an established body would be problematic. She also noted the difficulty of setting timelines in that field and recommended coordination. Ms O'Leary specified that the IRPF could be used to collaborate and discuss items arising from the National Payments Strategy, but it should not be the coordinating body.

Barry Harrington (ILCU) advised that their members' priority at the moment was the Instant Payment implementation. However, Mr Harrington confirmed they would be happy to own some National Payments Strategy actions. He also highlighted that data is a concern for ILCU members.

A Digital Euro

Gillian Phelan (Central Bank) introduced herself as the new head of the Digital Euro Unit of the Central Bank.

Rachel Crowley (Central Bank) then presented the update on the digital euro project. Ms Crowley mentioned that the digital euro was responding to evolving payment trends and would strengthen the resilience of the European payments ecosystem. She explained that the digital euro would be accessible for person-to-person payments; at the physical point of sale and online, as well for payments from and to the government. The digital euro will be widely accessible and accepted since all euro area banks will offer digital euro and all euro area merchants who already accept digital payments will also have to accept digital euro.

The implementation of the digital euro would be accompanied by a strong digital inclusion element supported by an EU legislative proposal and ECB measures. Ms Crowley mentioned that the digital euro would offer a platform for innovation, enabling intermediaries to achieve pan-European area reach and build value-add services on top of the digital euro platform. She explained that the digital euro would be a complement to cash in the digital age and a complement to private means of payment. A payment option allowing everyone to pay digitally everywhere in the euro area and that would bring the valued features of cash to the digital sphere (off-line functionality, privacy, acceptance and availability).

Jason Roche (Central Bank) explained that the ECB preparation phase progress report is likely to be published mid-late June, following the European elections. He advised that the Eurosystem digital euro project is now in part 1 of the preparation phase (November 2023-October 2025). The goal is to prepare as much as possible to be ready to issue a digital euro with key activities focused on progressing functional specification documents such as the User Requirements Document (URD) and Rulebook. He added that there is a sizable amount of work in defining the overarching project plan across each of the workstream and hiring the relevant experts, procurement of external D€ components – supporting the tender process and establishing framework agreements, support the legislative process underway as well as increasing stakeholder management and communications – including the benefits a digital euro could bring. Mr Roche also noted the joint effort with the Department of Finance to work on the legislative proposals related to the digital euro and agreed to circulate the ECB progress report to all IRPF members as soon as available.

Ms Phelan advised that sufficient safeguards would be included in the digital euro design and that holding limits will be calibrated. As regards the latter, article 15.1 of the digital euro draft Regulation outlines the provisions to limit the use of digital euro as store of value. She specified that the digital euro will be a payment instrument and not an investment product.

Members Discussion

Judith Crawford (EMA) queried if the acceptance of the digital euro had already been discussed. Ms Crawford also asked if European funds would be allocated to the merchants for them to build the functionalities into either e-commerce checkouts or in-store terminals to allow the use of digital euro.

Martin Lagan (Central Bank of Ireland) responded that there have been discussions around this as a general principle. Compared to cash distribution, everyone bears their own costs and there are views that a digital euro should be the same, otherwise we are effectively talking about a subsidy. Notwithstanding this, the payment scheme enabling digital euro services will be free for use. In addition, Mr Lagan advised that discussions are ongoing with respect to fees and compensation models, further updates will be communicated to members in due course. He hopes to be in a position to answer additional questions when the rulebook goes to public consultation.

Gillian Byrne (BPF) supported Ms Crawford's comments with respect to grants for merchants, acquirers and Payment Service Providers (PSPs), as the wider stakeholder cost is significant. Mr Lagan responded that settlement fees had yet to be decided. He specified that the Regulation refers to more data sharing to identify the appropriate fees.

Jason Roche (Central Bank) advised on the ECB's appetite to keep costs down as much as possible. He mentioned a recent gap analysis on different payment standards, such as those associated with card terminals. It is not yet determined if that would be appropriate for the design of the digital euro and the technology it will use. Mr Lagan added that between now and the implementation of the digital euro, terminals will have to be upgraded on a number of occasions. The aim will be to re-use as many standards as possible in order to harmonise them. However, he pointed out that some standards will need to be developed.

Conor Langford (Visa) queried information on the targeted date for digital euro launch that was initially planned for 2031.

Mr Lagan explained that it was complicated to provide a definitive date at this stage. He mentioned the best scenario for the legislation and the Eurosystem project to reach the next milestone is around October-November 2025. This would allow the Eurosystem to start the implementation process depending on any political decision to issue. However, he pointed out that the banking and settlement sides would also need to prepare. Indeed, PSPs need to build infrastructure, connect to systems, etc. The launch of digital euro could be anywhere from 2029.

Mr Langford queried if payees would have an acceptance choice.

Mr Lagan responded that the choice would be for the payer. He mentioned that there would be some nuance to exemptions from legal tender status. Mr Lagan added that merchants who accept digital payments should be obligated to accept the digital euro, as things currently stand.

Barry Manning (Danske) wondered what the impact on cash acceptance might be.

Susan O'Reilly (Department of Finance) confirmed that cash acceptance would be mandatory, based on the current Legal Tender proposals.

Mr Langford summarised, if a merchant is only accepting cash, they would not be obligated to accept digital euro. However, if a merchant accepts digital payments, he would have the obligation to accept digital euro. This was confirmed by Mr Lagan (Central Bank).

Mikela Trigilio (Central Bank) added that the digital euro is also relevant in the context of the National Payments Strategy principles, in that it could be argued that the Irish payments ecosystem needs more alternatives to provide greater access and choice. It is also important to have alternatives in the event of system issues impacting specific instruments. Bringing new payment methods to hardware at the till, for example, has a cost involved, which is a problem

when we look at the resilience of the system. She suggested that we need to be more agile because the direction of the wider economy is towards more tech-driven solutions. If payments cannot keep pace it would be very problematic. She emphasized that it is in the best interests of merchants and PSPs to work towards a more agile ecosystem.

Paul Mortby (Square) agreed on the necessity to discuss merchant acceptance and also wondered how the digital euro will be integrated with tap to pay (i.e. soft POS/phone-to-phone). Mr Mortby queried for insight on the direction in which the European Parliament is heading.

Sorcha Keogh (Department of Finance) responded that there was no Parliament text as yet. She also pointed out that the legislative proposal would be slow.

Karen O'Leary (Central Bank) pointed out the uncertainty related to the European elections. She highlighted that political backing would be needed to progress the digital euro at the European level. For now, the European payments landscape is fragmented because it is lacking a unified payment experience. This can cause particular challenges in European countries that have national card schemes, and share land borders with other countries that have a different scheme. Consumers travelling between these countries can encounter issues with their national payment cards being accepted, as the underlying card payment scheme may not operate on a cross-border basis. In comparison, Ireland does not have a domestic payment system or national card scheme; we rely on international card schemes, which is functioning well from a consumer perspective as these card schemes facilitate global reach.

Gillian Byrne (BPMI) requested information on the industry engagement, given the vast nature of the ecosystem and players that need to be involved. She pointed out the Bundesbank's industry forum that includes banks and the merchant sector.

Ms O'Leary responded that the Central Bank was engaging bilaterally with the industry at the moment. She mentioned the probability of having broader industry engagements in the coming year.

Mr Roche (Central Bank) pointed out the next industry event which will be hosted by IBEC in September, will gather fifty CEOs and the Director of Financial Operations of the Central Bank, Anne-Marie McKiernan. For the moment, the Central Bank is targeting a broad audience.

Mr Langan (Central Bank) mentioned that stakeholder maps have been developed to support the Central Bank's investigation into the Irish implementation. He also mentioned the deep collaboration between the European National Central Banks on this topic. Finally, he noted the challenge of engaging with the industry too early to provide relevant input.

Mr Langan stated that the implementation challenges would be more on the acceptance side rather than on the issuer side. Compared to amount of testing and onboarding that was required for the T2/T2S project, there is a much bigger population of providers to consider for the digital euro. Mr Langan noted again the great opportunity that the Digital Euro is representing for innovation.

Ms Crawford assured the E-MA was very supportive and agreed that the digital Euro is a great opportunity.

SEPA Instant Payments Regulation

Gillian Byrne (BPMI) gave an overview of the implementation of the SEPA Instant Payments Regulation. She explained that Banks and PSPs must have the ability to receive instant credit

transfers in euro by 9 January 2025 as well as send instant credit transfers in euro and provide the IBAN name check service by 9 October 2025.

[Member Discussion](#)

Judith Crawford (EMA) queried how the banks would implement the measures.

Gillian Byrne (BPFi) responded that this regulation introduced the requirement to adhere to the SEPA Instant Credit Transfer scheme. Acting as the national body that helps the member to adhere to the schemes, BPFi will support the Bank's instant payment implementation.

Barry Manning (Danske) highlighted that the core payment system infrastructure is already developed, but that some changes will be required.

Judith Crawford (EMA) queried about the ability of the Irish market to meet the implementation deadline.

Gillian Byrne responded that more time would have been welcomed. However, she pointed out that the timeline had always been clear.

Barry Manning explained that Danske Bank is already offering instant payments. However, as most other PSPs in Ireland do not have the capacity to accept them, they decided not offer this functionality for the moment.

Conor Langford (Visa) wondered if the name checking issues had been solved as regard the complexity of account names in Ireland.

Ms Byrne confirmed that the matter had been addressed in the scheme rulebook.

Gillian Byrne specified that each PSP would likely be using a third party provider for the verification of payee requirement.

Payment Fraud

Niamh Davenport (BPFi) presented the BPFi financial crime strategy that stands on four pillars: collaboration, education and awareness as well as the legislative landscape. She also detailed the anti-fraud campaign led by BPFi.

[Member Discussion](#)

Judith Crawford (EMA) queried if a change has been noticed in the data since the 'FraudSMART' anti-fraud campaign was launched.

Niamh Davenport (BPFi) responded that BPFi noted a positive impact. She also highlighted the importance of education in preventing payment fraud.

Barry Harrington (ILCU) highlighted the necessity of making a collective effort to counter fraud.

[Data Sharing and the fight against Fraud](#)

Judith Crawford (EMA) presented the work of the Payment Scheme Fraud Prevention Working Group which focuses on SEPA payment scheme fraud. She explained that the working group was involved in the European Payments Council Malware Information Sharing Platform (EPC MISP), verification of payee for instant payment, the sharing of fraud typologies, and drafts a Payment Threats and Payment Fraud Report every year. She detailed one use case of the EPC MISP, that

would allow the sharing of personal data (IBANs) linked to mule accounts. This use case is highly requested by the industry. However, it is not live yet due to some European Member States considering IBANs as personal data, and the current legal framework making sharing personal data difficult on a cross-border basis. Ms Crawford also pointed out the challenge related to false positive identification of fraudulent accounts.

Third Payment Services Directive (PSD3) / Payment Services Regulation (PSR)

Judith Crawford (EMA) presented an update on PSD3 and the PSR. She explained that the main issues identified by the EMA related to:

- the definition of e-money and an authorised payment transaction
- the safeguarding of funds using more than one method
- PSPs' liability for refunding a subset of Authorised Push Payment scams, and
- Technical Service Providers' (TSPs) liability for failing to support the application of Secure Customer Authentication.

She also expressed strong concerns as regard virtual IBANs.

Member Discussion

Joe Morley (True Layer) explained that virtual IBANs underpinned most of the Fintech providers. He stressed that Payment Institutions and Electronic Money Institutions are concerned about the implications in the European Banking Authority's report on virtual IBANs because they would be required to have an account in a credit institution in every country they would offer these IBANs. However, he also noted the EBA's concerns about fraudulent transactions that could be facilitated through the use of these IBANs.

Mikela Trigilio (Central Bank) mentioned that the Central Bank (Anti-Money Laundering Division) was investigating the topic. She also stressed the need for balance from a reconciliation perspective.

Judith Crawford (E-MA) expressed her appreciation on the Central Bank position.

Barry Manning (Danske) pointed out the fraud risk rising from transfer of funds from a virtual IBAN directly to another jurisdiction.

Michael Concannon (FPAI) pointed out the role that social media companies and other non-financial actors have in preventing payment fraud.

Niamh Davenport (BPF) outlined that there is a balance to find between consumer protection and optimising business practices. Karen O'Leary confirmed that moral hazard could impact these initiatives.

AOB

Mikela Trigilio (Central Bank) mentioned that a written procedure would be shared with the members concerning the organisation of the IRPF.

Closing Address

Ms O'Leary (Central Bank) closed by thanking the members for engaging in today's IRPF meeting.
