ERPB WORKING GROUP ON E-INVOICING 2016-2017

Maksuneuvosto

12.4.2018

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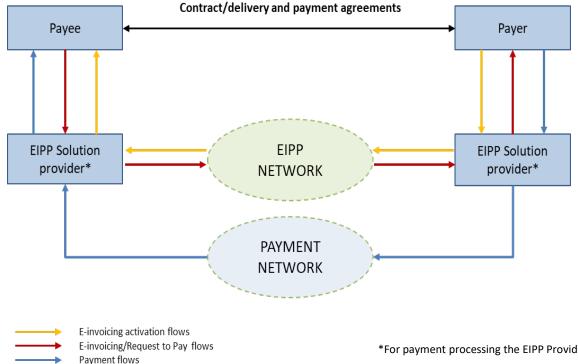
Stylised message flows and relations within the EIPP eco-system

Working Group mandate and operation

ERPB mandated the Working Group in its November 2015 meeting, with a mandate to:

- Review the barriers for take-up of a harmonised e-invoice/bill payment service with pan-European reach for consumers and businesses in SEPA.
- Focus on services which are provided by PSPs and/or third party e-invoicing service providers and which enable consumers, SMEs and micro enterprises to consolidate the management and payment initiation of received e-invoices/bills in a seamless and fully digitalised way throughout SEPA.
- To cover relevant aspects for the receivers/payers as well as senders/payees
- In-house procesessing of invoices from a payers' perspective out of scope.

Work started on 22 March 2016 and was co-chaired by the EPC (supply side – Jussi Snellman) and EACT / Business Europe (demand side – Massimo Battistella).

Working Group Deliverables

The ERPB working group prepared a report for the EPBP consisting of:

- (i) review of the landscape

- (ii) analysis of the barriers to the take-up (incl. the reasons why previous attempts have failed) and to the integration of EIPP/EBPP solutions in Europe

- (iii) options that could be considered to overcome them.

(i) Current EIPP Landscape

- Majority of market solutions are offered by PSPs, but there are also e-invoice service providers (not integrated with PSPs) offering services on a direct basis.

- Most of the solutions are not limited to a single sector or industry and can be used to pay both regular invoices and invoices for one-off transactions.

- Existing solutions are typically domestic-focused, though some cross-border activity exists.

- In most cases current volumes of e-invoices are still rather low, but there is expectation of fast growth

- The preferred payment means are SEPA SCT and SDD or the equivalent credit transfer and direct debit instruments in non-Euro countries.

- There is no clearly dominating standard, and domestic standards are also used in many markets.

(ii) Barriers to the uptake of integrated EIPP services

- Cost and complexity of current solutions

- Insufficient reachability and diverging business rules

- "Lock-in" effect – difficulty for users to move from one provider to another without losing their data and without high organisational /technical effort.

- The power of current habits and strong inertia when facing changes; perceived suffiency of existing semi-digital solutions

- Concerns regarding data privacy.

- Lack of knowledge about e-invoicing and its advantages

- Financial and digital inclusion issues

(ii) Overcoming Barriers
Critical Success Factors that must be fulfilled

- Compelling value proposition for all actors in the EIPP chain

- Customer centricity of solutions

- Creating critical mass and network effects

- Ensuring Security and trust

(iii) Options on how to tackle the identified barriers to support take-up and integration of EIPP services - 1/2

- **Need for a well-articulated value proposition**

  Realisation of a solid business case and value proposition could materially improve the business perspectives of all actors involved and remove a significant barrier to adoption. This would respond to points arising in the Survey results regarding cost and the complexity concerns with current solutions as well as the lack of sufficient current demand

- **Improving customer centricity and the trust equation**

  Improvement of the customer centricity based on features/functionalities, wider awareness of financial and digital services and high level of trust and security are vital.

(iii) Options on how to tackle the identified barriers to support take-up and integration of EIPP services - 2/2

- **Facilitating adoption through better targeting of defined customer segments**

  A more targeted set of initiatives towards larger billers on the payee side and high potential end-users on the payer side. Adopting this strategy of targeting 'First movers' could address the perception of low demand

- **Improved standards for interoperability**

  Establishing a common set of minimum requirements at business rules/terms' and technical standards' level that would improve interoperability and pan-European reach when implemented.

Renewed Working Group mandate and operation

ERPB mandated the re-establishment of the Working Group in its November 2016 meeting.

The Working Group was mandated (February 8) to:

- analyse the applied business rules, practices, technical standards and implementation guidelines of the already operational EIPP solutions
- pinpoint aspects that would need to be harmonised
- identify minimum requirements for business rules and technical standards that could support integration of existing and new EIPP solutions at domestic as well as pan-European level, covering also the creation/transmission of request-to-pay messages that enable automatic generation of payment orders

The work started on 17 March and ended on 8 November with the delivery of the final report.

Findings of the analysis

Based on analysis of the existing solutions, the Working Group found:

- clear evidence of the attractiveness of the EIPP solutions proposition

- current disharmony in rules, standards, procedures and practices that is impeding interoperability and scalability

- that at the basic service level the EIPP solutions, at minimum, should enable:

  i. the Payee to send e-invoices for presentment along with requests-to-pay in the Payer PSPs' secure electronic channel, process and reconcile received payments related to e-invoices/requests-to-pay sent;

  ii. the Payer to receive, view and pay seamlessly the e-invoices in its PSP's secure electronic channels.

Aspects which need minimum harmonisation

The basic service level description formed the foundation for further analysing business processes and technical messages relevant for interoperability, allowing the Working Group to:

- identify the following aspects that needs to be harmonised:

    1. *Definition of roles and responsibilities*

    2. *Supporting infrastructures for EIPP service delivery and processing*

    3. *Request-to-pay and other EIPP-related messages*

    4. *EIPP service provider switching*

    5. *Framework for a minimum set of rules*

- propose minimum requirements for these aspects, that are detailed in the chapter 5 of the report.
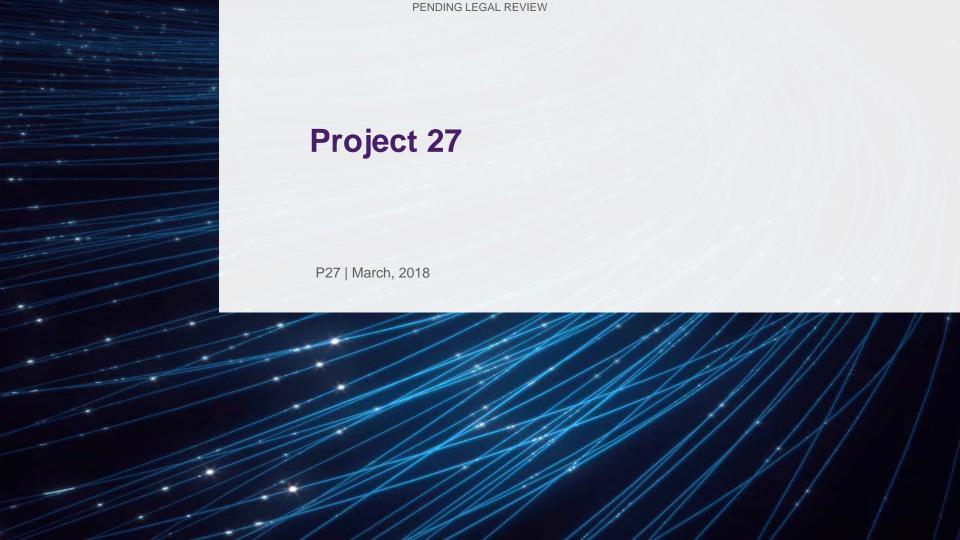
Way forward

To address the harmonisation needs, the following next steps could be envisaged:

- An ISO 20022 based message for request-to-pay should be developed along with the other EIPP servicing messages (enrolment, activation)
- A common EIPP framework could be developed consisting of a minimum set of rules, to support integration of existing and give guidance to emerging EIPP solutions.
- An interoperable EIPP eco-system needs to be established based on multi-lateral arrangements.
- Minimum rules and technical messages for enabling EIPP provider switching should be developed
- The take-up of EIPP services should be encouraged among the critical user segments (e.g. large billers, digitally enabled consumers and small businesses, public sector)

The development of the governance framework for pan-European EIPP solutions should be addressed and the future work should be based on a multi-stakeholder approach, capitalise on existing solutions, be open to innovation, and establish a level playing field for all regulated players.

Työ jatkuu 2018 EPC:n koordinoimassa Multistakeholder -työryhmässä

- ERPB:n marraskuun 2017 kokouksen statement:
  - The ERPB endorsed the next steps suggested by the working group, including the set-up of an agreed governance framework reflecting a multi-stakeholder approach. Following a step-by-step approach, the work would first focus on the adoption of a technical ISO 20022-based message for request -to-pay for EIPP and the harmoniation with the EIPP servicing messages to form a "common language" for communication between different EIPP providers.

- ERPB kutsui EPC:n koordinoimaan jatkotyötä ja perustamaan tätä varten eri sidosryhmistä kootun työryhmän, joka aloitti toimintansa alkuvuodesta 2018. Sen toisena puheenjohtajana toimii Pirjo Ilola (FA). Ryhmän mandaatti sisältää mm:
  - Selection of a set of ISO 20022 messages for the request-to-pay.
  - The functional design of a set of technical messages which fulfil the requirements for servicing messages,
  - Proposal of a way forward for an implementation model.
  - Impact analysis of the new set of messages on the existing SEPA schemes at standardisation and operating levels.

- Työn ensimmäisessä vaiheessa keskitytään RTP sanomaan. Maksutavoista mukana on aluksi vain tilisiirto (STC ja SCT INST) mutta ei SDD. Lisäksi mukaan pyritään saamaan kuitti.

Project 27

P27 | March, 2018

The P27 project has an ambitious pan-Nordic scope…

The P27 vision and scope…

…is to create an open-access pan-Nordic payments infrastructure

Single Nordic infrastructure for multi-currency clearing and settlement platform

Standardized products and services across the Nordic countries

Modular functionality, with potential for country-specific overlay services and functionality

*Establish within the Nordic countries the **world's first integrated region for domestic and cross-border payments** in multiple currencies through an open-access, common infrastructure that should **deliver state-of-the-art payment experiences to customers across the Nordics***