



Achieving Instant Payments & Verification of Payee Compliance

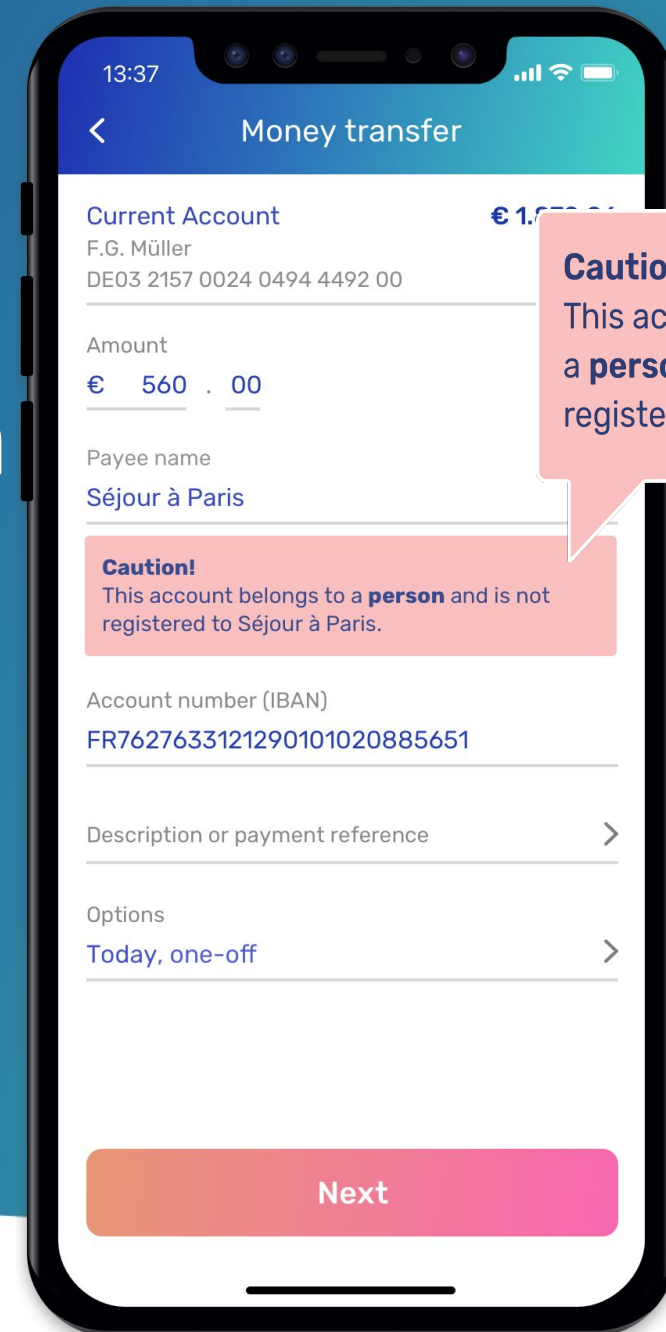
Webinar

5 November 2024

Start: **10:00 AM**



SurePay Webinar



02. Verification of Payee standard by EPC



Frans van Beers

Senior Policy Advisor Payments at
Dutch Payments Association



Verification of Payee – Introduction VOP standard for SEPA by EPC

webinar SurePay 5 November 2024

Frans van Beers
Senior Consultant Payments
Chair EPC VOP Task Force

online
5 November 2024

Why Verification of Payee - VOP?

(More) certainty for the payer on the account holder's name when initiating a payment (credit transfer)

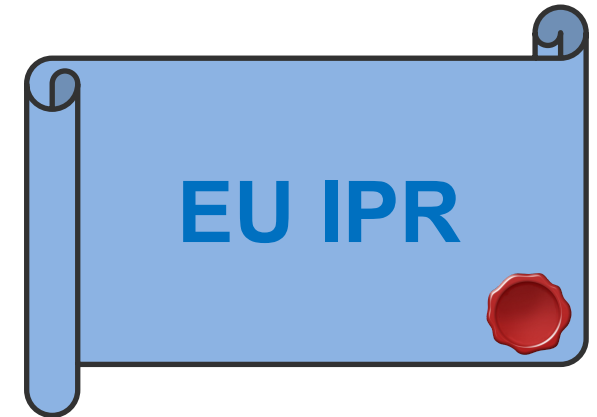


Obligatory requirement in the Instant Payments Regulation

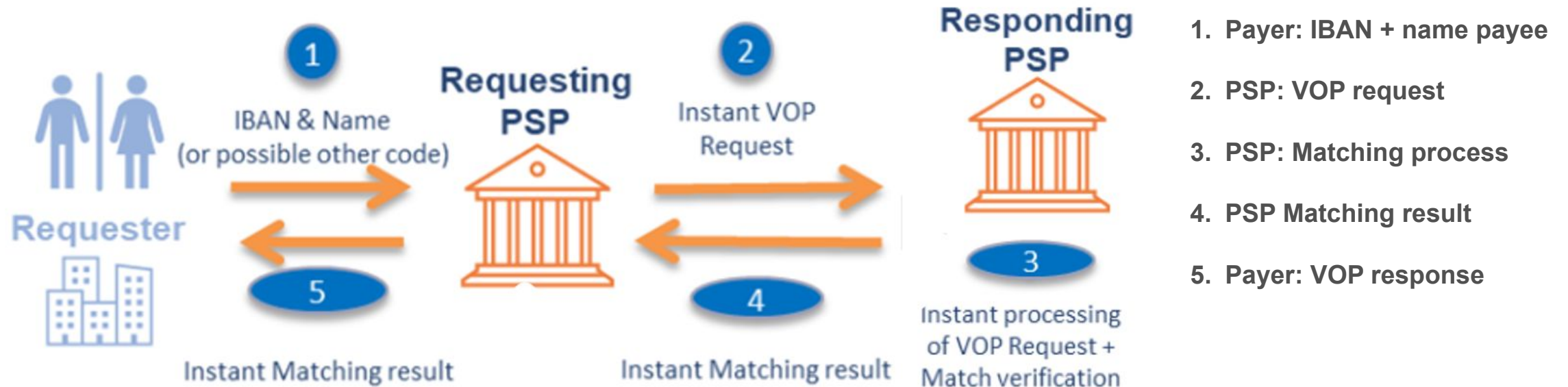


<https://www.europeanpaymentscouncil.eu/document-library/rulebooks/verification-payee-scheme-rulebook>

- Regulation requires that all PSPs in SEPA must offer Verification of Payee
- Full reachability vice – versa in SEPA is obligatory
- There are already VOP (CoP) providers in the market, with their own solutions
- Regulation defines 4 response categories:
 - Match
 - No Match
 - Close Match (With name suggestion)
 - Check not possible
- Regulation does not define specific matching rules



Basic setup of VOP



source: EPC VOP SchemeRulebook v 1.0

Additional requirements

Which parties must offer VOP?

- Regulation applies to PSPs, interoperability obligation lies upon the PSP
- Service providers (RVM's) may provide VOP services ☐ contracted by PSPs
- PSPs remain responsible (compliance and agreement between payer/account holder)

Timelines readiness (linked to euro payments):

- **Eurozone country of the EU 9 October 2025**
- Non-eurozone country of the EU 9 July 2027
- EEA country 9 July 2027 (conditionally on regulatory adaptation in those countries)

VOP Scheme setup by the European Payments Council

- a) **VOP Scheme Rulebook**: published 10 October 2024
- b) **EPC recommendations** for the **Matching Process**: published 10 October 2024
- c) **VOP API-specifications** and API security framework: available as of 31 October 2024
- d) **EPC Directory Service (EDS)**: fully operational as of end-September 2025 (at the latest)
- e) **Adherence pack**: available Q1 2025
- f) Risk Management Annex – **RMA** (under construction)

(a) VOP Scheme Rulebook covers the requirements for PSPs

(and takes into account that RVM's can be in place)

1.3 Conceptual workflow of a VOP Request and Related Response

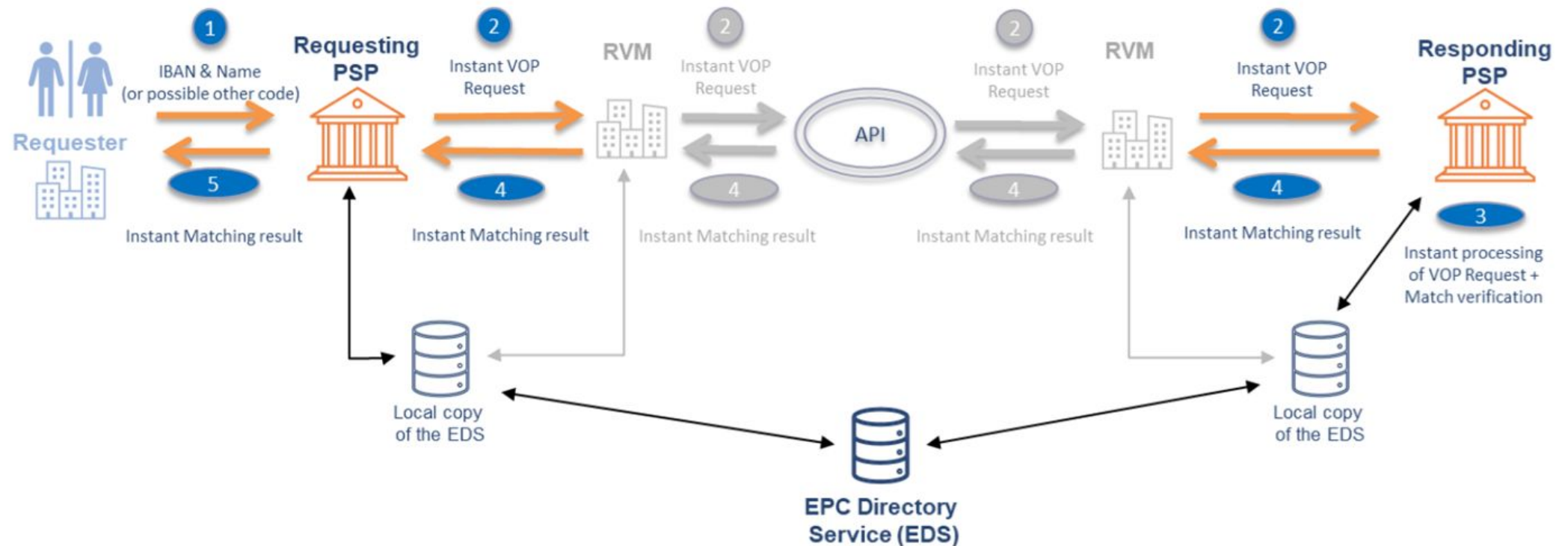


Figure 1: VOP Conceptual Workflow

(a) VOP Scheme Rulebook & (e) adherence

- VOP Scheme is obligatory for all PSP's adhered to SCT and/or SCT Inst; opt-out for specific PSPs
- Adherence and with that the responsibility for correct execution of VOP-requests can only be by PSPs
- PSPs may make use of a Responding Verification Mechanism (like SurePay) but remain accountable for the correct execution VOP towards their customers, the scheme and the regulator
- VOP Rulebook covers (only) the requirements set by the IPR
- Additional services may be in place based on an AOS (Additional Optional Service); they may not infringe or prohibit the basic VOP processing
- EPC will facilitate the onboarding (adherence) of PSPs via their RVM where required;



EPC will shortly send out a dedicated EPC Bulletin on the VOP Scheme conditions, set-up, adherence, pricing

(b) EPC recommendations for the Matching Process

- EU Regulation defines (only) the possible responses to a VOP request:
 - Match
 - No Match
 - Close Match (with name suggestion)
 - Check not possible
- EU Regulation does not set rules for matching ☐ responding PSP to determine adequate response
 - broad variety in name conventions and characters used between countries and practices
 - 'local' practices best known in the 'local' community; biggest challenge are the rules for Close Match
 - RVMs can support in defining/setting (local) checking algorithms
- EPC recommendations for matching process are for guidance and do not offer full coverage
- Processing is based on individual transactions (just like SCT Inst); bulk = multiple single VOP checks



(c) VOP API-specifications and API security framework:

- API specifications to support technical interoperability in SEPA
- Combined with an API security framework to guarantee that VOP requests are correctly processed within the EPC VOP community
- Can be requested EPC secretariat 'to whom it may concern'
- More detailed info:

<https://www.europeanpaymentscouncil.eu/news-insights/release-updated-api-security-framework>

1.3 Conceptual workflow of a VOP Request and Related Response

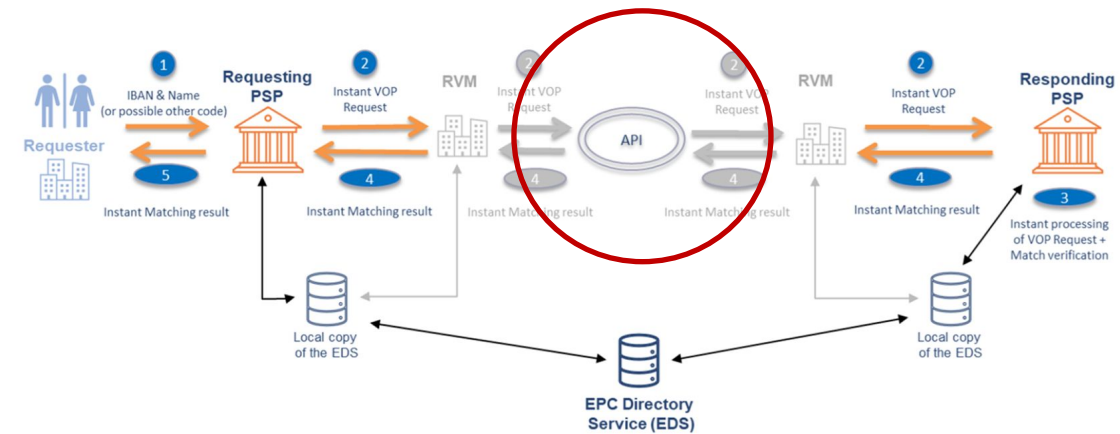


Figure 1: VOP Conceptual Workflow

(d) EPC Directory Service (EDS)

- EDS offers the “Yellow Pages” for the entry-point for a VOP request or verify the source of a VOP request
- EDS will be operated under the control of the EPC by an external service provider
- EDS will offer a **downloadable file** to be used by PSPs and RVMs
- PSP will manage their VOP entry point themselves, or delegate that to their RVM
- EDS will manage that PSPs remain up to date on changes and are informed on updates

1.3 Conceptual workflow of a VOP Request and Related Response

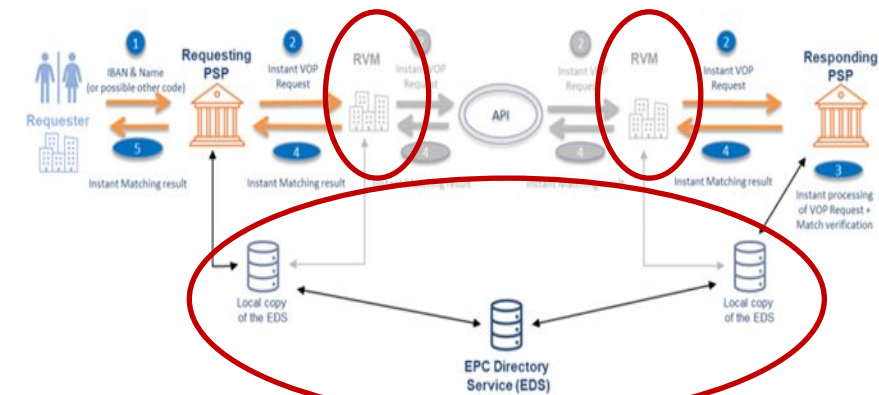


Figure 1: VOP Conceptual Workflow

(e) Adherence & (f) RMA

- Adherence process will be in line with the adherence procedures for the present EPC Schemes.
- RVMs may support adherence for the PSPs they service, when mandated by their PSPs
- As it are only PSPs which will adhere no additional 'homologation' will be required; more details to follow.
- EPC will make a Risk Assessment and publish (confidential for adherents only) a Risk Mitigation Annex to the VOP RB; Publication expected Q1 2025.



Thank you for your attention

For more info and / or questions afterwards you may contact me via

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Frans C. van Beers
Senior Consultant Payments
Dutch Payments Association

03. Achieving VOP compliance



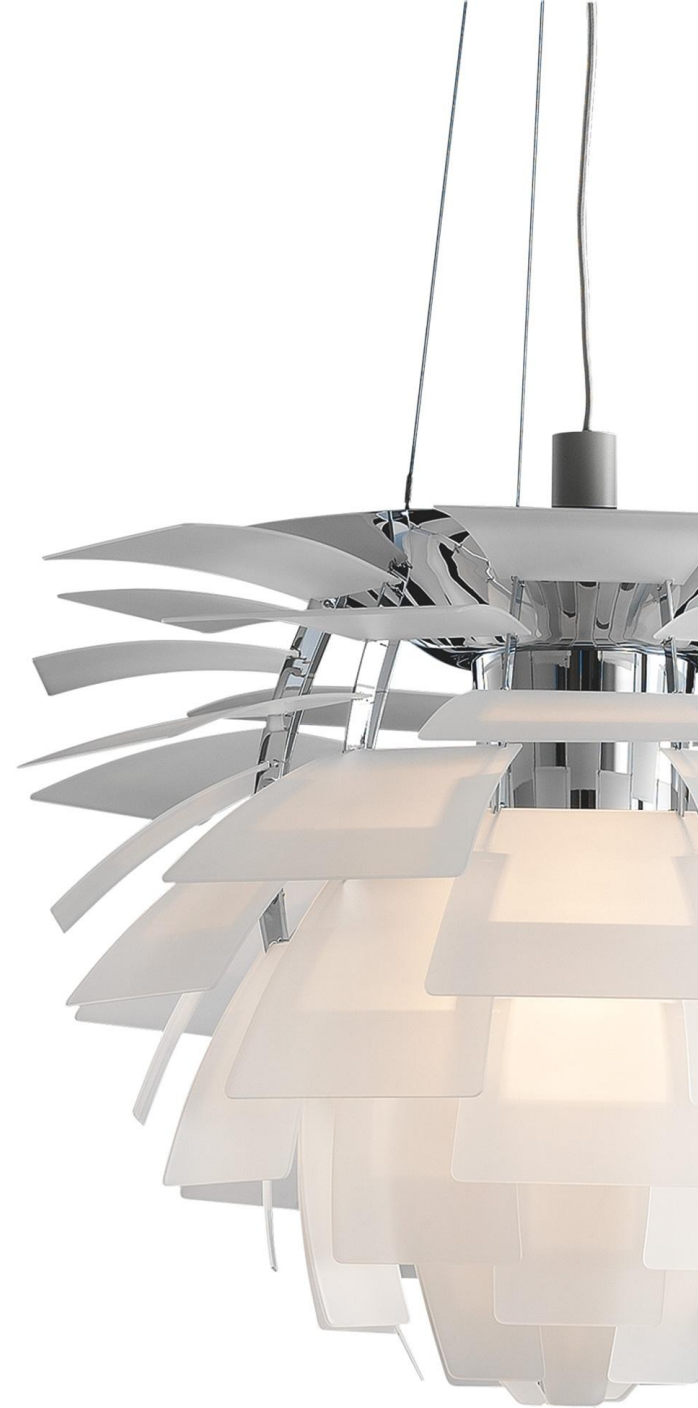
Kjeld Herreman
Founding Partner at Paylume





Verification of Payee

**Achieving compliance with the
Instant Payments Regulation**





Education

We love sharing the knowledge we have acquired from decades in the payments industry with people at all levels, from board to back-office personnel, to equip them with the knowledge and skills they need to address the payments challenges they face. Our payments experts draw from their wealth of experience to provide educational services to those just taking their first steps in the industry, to industry veterans looking to stay afloat of the latest trends and evolutions. We pride ourselves in working with leading industry associations, and are thrilled to tailor trainings to your specific needs.



Advisory

Are you looking to reassess your payment product offering and to benchmark it against the competition? Are you looking to optimise your profitability by optimising pricing or reducing costs? Need to understand what the latest regulatory changes mean for you, and how to best address them? Not sure how to cost-effectively and efficiently prevent your clients from being defrauded? Or perhaps you're a private equity fund looking to invest in the payments space? We've got you covered.



Transformation

Our consultants have worked with banks of all sizes to rearchitect their payments technology and to deliver complex payments projects. Whether you're looking for support in conducting a request for proposal for a new payments platform, getting the most out of your existing systems, or implementing new schemes or payment methods, you're at the right place. We'll help you get it done.

Achieving VOP Compliance

11 things not to forget

Ensure you have access to the **latest documentation** from the European Payments Council as well as regulatory texts and clarifications from the European co-legislators.

Take stock of the **data sources** you have for name/identifier data for all accounts capable of receiving SEPA payments. Verify the data quality of these data sources.

Make an inventory of all the **payment channels** that are in scope and alert the relevant owner of these channels of the upcoming changes.

If you have corporate customers, query them to see what their expectations are regarding Verification of Payee for **file-based payment processing**. Define a strategy and user experience for file-based VOP. **Twice is nice!**

Consult which **Routing and Verification Mechanisms** are available to you and assess their capabilities against your requirements.

Compare this to your capabilities to develop solutions in-house or with technology partners.

Define a **target architecture** for your VoP systems, both for Requesting and Responding, taking into account the appropriate resilience requirements.

Adhere to the EPC scheme and update the **European Directory Service** with your reachability details.

Implement & tweak a **name matching algorithm**.

Create a **communication strategy** to inform your customers of how they can use the VOP service and how it will impact them.

Ensure corporates have a way of **communicating commercial names** to your Institution.

Define a **testing strategy**: if possible, use production data which will provide the most accurate results for name matching precision.

After going into production, **monitor the effectiveness** of your Verification of Payee service and make the appropriate corrections to your matching algorithms.

04. Implementing Verification of Payee

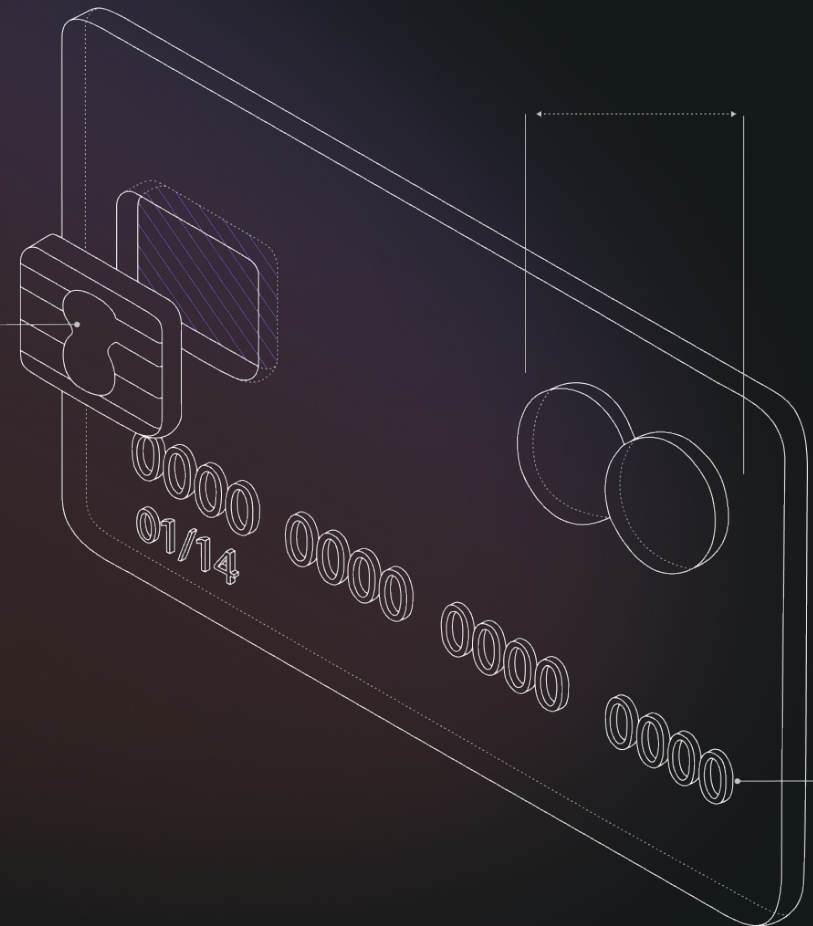


Alexandra Davidson
Payment Product Manager
SWAN



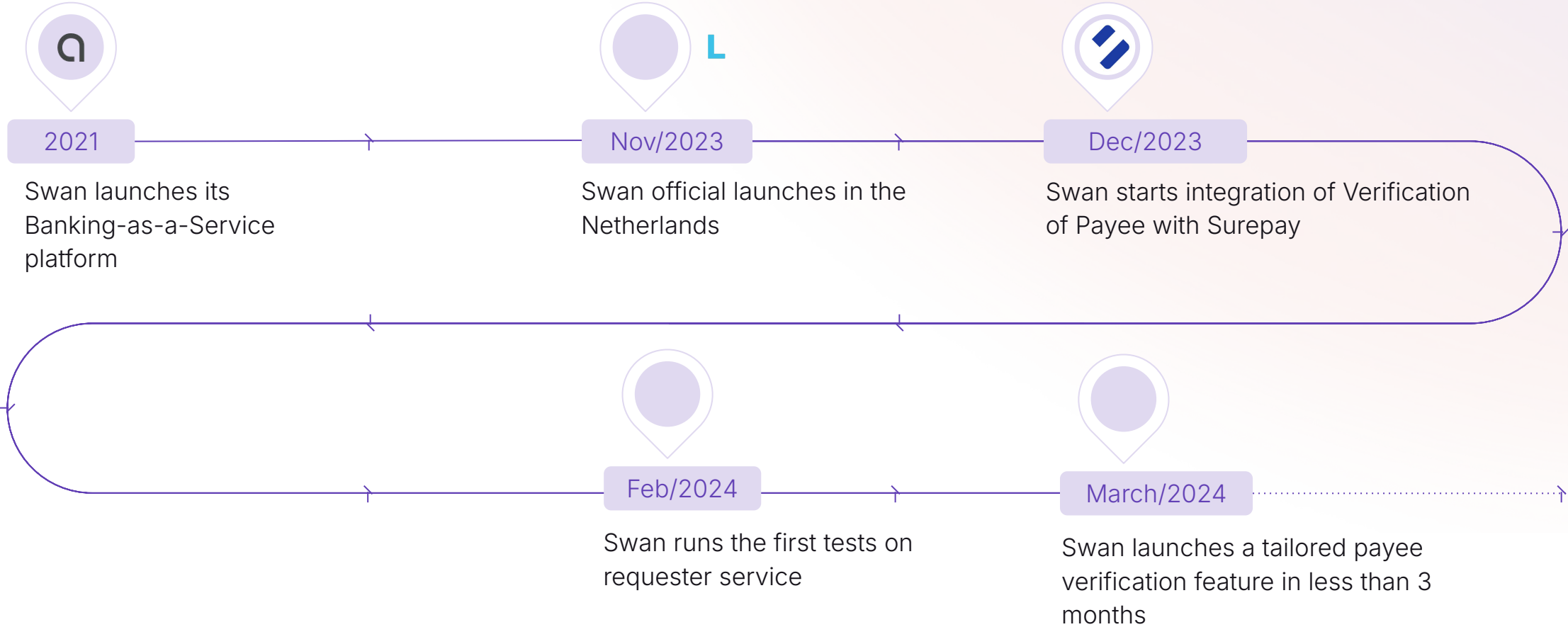
swan |

Swan is the easiest way
to embed banking
features like accounts,
cards and payments.



Swan implementation experience of Verification of Payee

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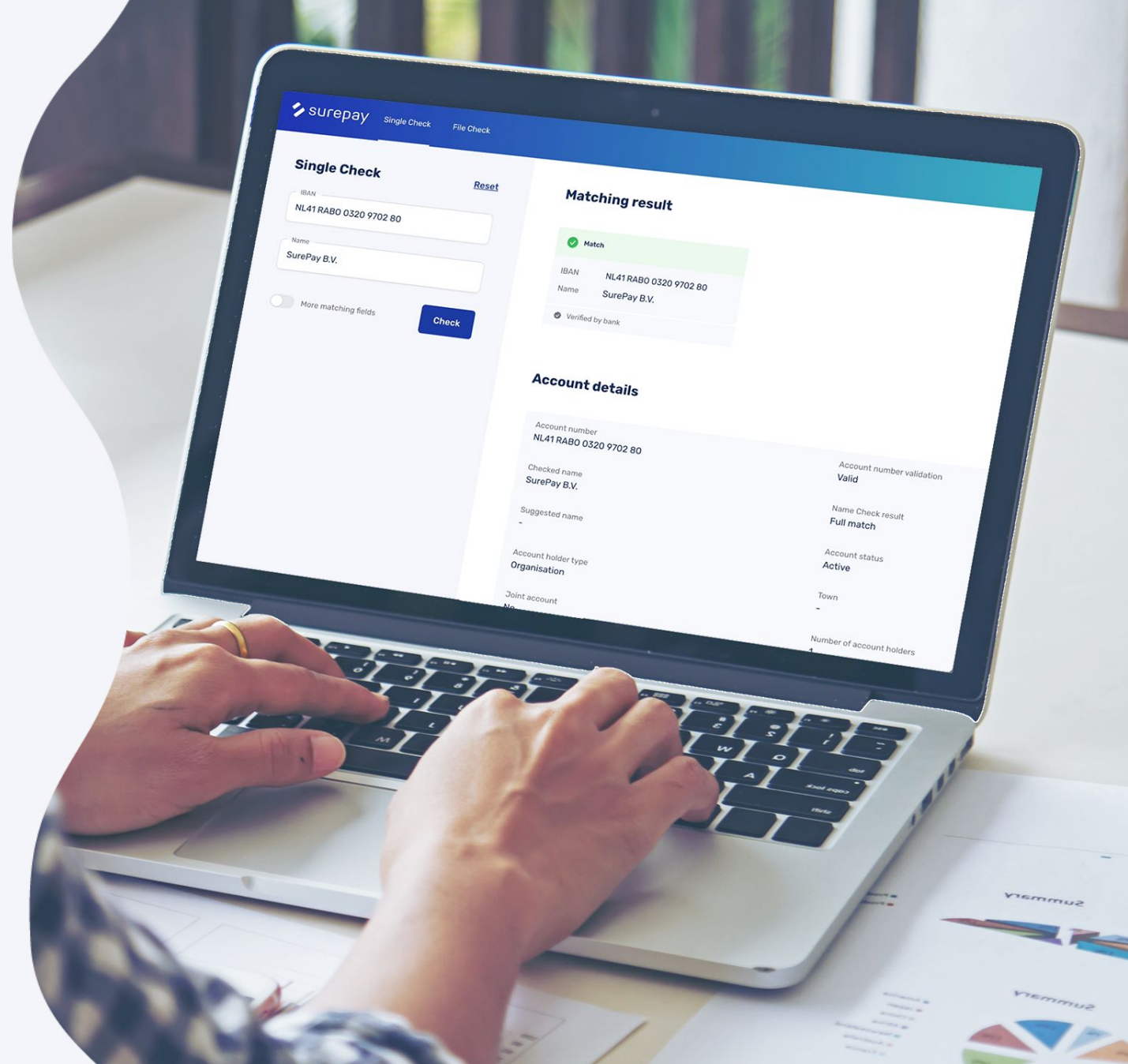


05. Portal Demo



Florian Blom

Implementation Specialist
at SurePay



SurePay in EU Market



Rapidly expanding across Europe



±8,500,000,000 checks performed in total



400.000+ no match alerts banks per day



200+ banks and **400+** corporates connected



Central solution in the Netherlands and Belgium, **Leading solution provider** in UK, **Interoperable** with multiple schemes (FR, IT, SWIFT)



VoP: Solution to prevent misdirected payments and fraud

13:37

Money transfer

Current Account € 1.872,06
G.H.I. Peeters
BE01 2345 6789 1011

Amount
€ 50 , 00

Beneficiary name
David Janssens ✓

Beneficiary account number (IBAN)
BE11 0198 7654 3210

Description or payment reference

Options
Today, one-off

Next

Match

13:37

Money transfer

Current Account € 1.872,06
G.H.I. Peeters
BE01 2345 6789 1011

Amount
€ 50 , 00

Beneficiary name
David Janssens

Do you mean David Janssens?

Beneficiary account number (IBAN)
BE11 0198 7654 3210

Description or payment reference

Options
Today, one-off

Next

Close Match

13:37

Money transfer

Current Account € 1.872,06
G.H.I. Peeters
BE01 2345 6789 1011

Amount
€ 50 , 00

Beneficiary name
Antwerp Food Company

Beneficiary account number (IBAN)
BE11 0198 7654 3210

Caution!
This account belongs to a **person** and is not registered to Antwerp Food Company.

Description or payment reference

Options
Today, one-off

Next

No Match

Current Account

G.H.I. Peeters
BE01 2345 6789 1011

Amount

€ 50 , 00

Beneficiary name

David Janssens ✓

Beneficiary account number (IBAN)

BE11 0198 7654 3210

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Options

Today, one-off

Current Account

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BE01 2345 6789 1011

Amount

€ 50 , 00

Beneficiary name

David Janssens

Do you mean [David Janssens](#)?

Beneficiary account number (IBAN)

BE11 0198 7654 3210

Description or payment reference

Options

Today, one-off

Current Account

€ 1.872,06

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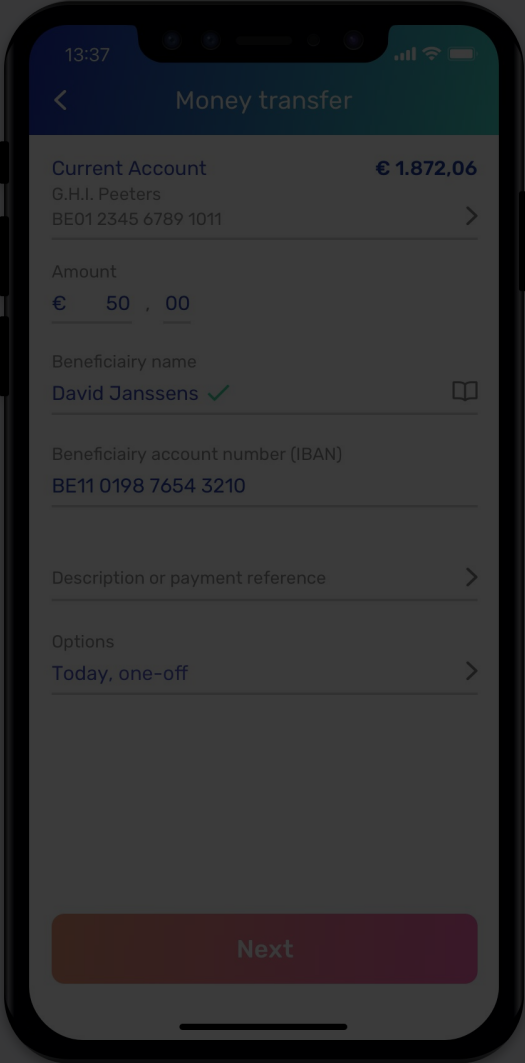
This account belongs to a **person** and is not registered to Antwerp Food Company.

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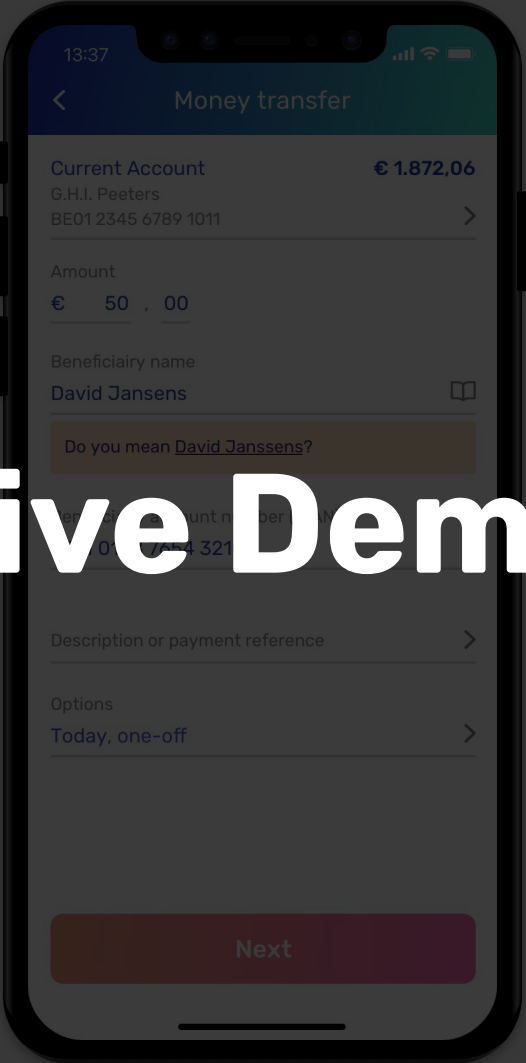
Options

Today, one-off

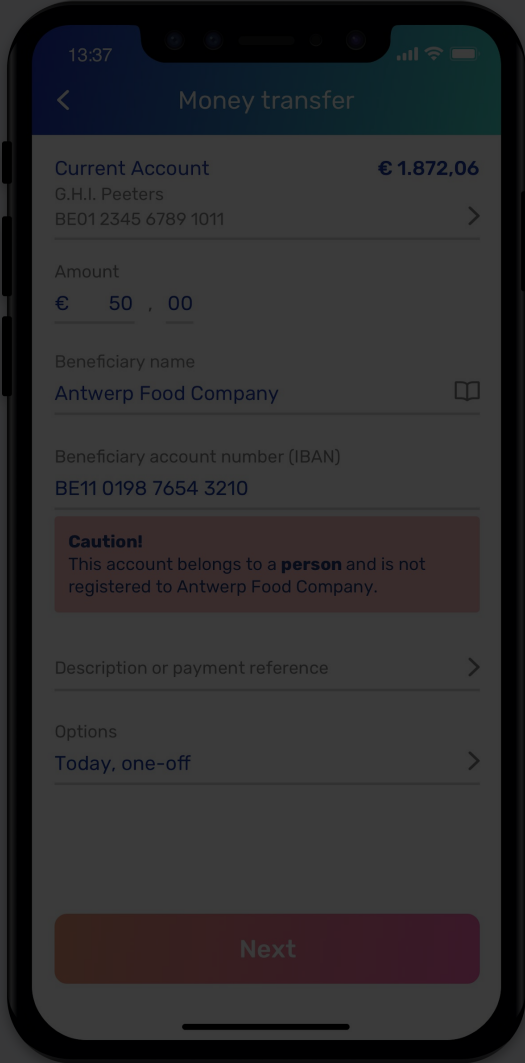
VoP: Solution to prevent misdirected payments and fraud



Match



Close Match



No Match

Live Demo

Don't underestimate Verification of Payee

1 Across all channels

- ✓ Solution needs to be offered in **all payment initiation channels** (free of charge)
- ✓ Applicable to **Instant Credit Transfers** as well as **regular Credit Transfers**
- ✓ For **single payments** as well as **batch payments**, including **opt-in / opt-out** option for the latter

2 Interoperability

- ✓ Be **reachable to all PSPs in scope** of the regulation
- ✓ **Routing outgoing requests** to the right PSPs
- ✓ **Register and maintain** your information in the **EDS**
- ✓ Connect to **additional schemes** in the future

3 Performance

- ✓ Respond to incoming requests in time, **maximum of five seconds end-to-end**
- ✓ **Fast processing time** of both single- and batch payments
- ✓ **Algorithm** that **supports the desired customer experience**

Implementation approach

1 Workshops

- ✓ Ensuring there is a **shared understanding** about the approach
- ✓ **Tailor fit** the approach to the requirements set out by you
- ✓ **Decide** on the desired data hosting solution

2 Development

- ✓ **Iterative approach** with recurring check-in moments
- ✓ **Shared communication channels** speed up the process

3 Testing and acceptance

- ✓ When all the agreed on tests have been passed, we are ready for go-live

4 Go-live & Hypercare

- ✓ After go-live we will **closely monitor** the traffic to ensure that everything is working as expected.

5 Business as usual

- ✓ Service is operational and working as expected

SurePay's Verification of Payee

- 1 **Best connected VoP**
- 2 **On time implementation**
- 3 **Refined algorithm**
- 4 **All-inclusive services**
- 5 **Dedicated CS team**



Any Questions?

