

PRESS RELEASE

Paris and Sydney, 25 October 2018

SMART2 issues two guidance notes to help solve practical issues that PSPs are facing in the SCT Inst ramp-up phase

The SCT Inst Migration Action Round Table (SMART2) has published two recommendation notes put together and endorsed by account-servicing payment service providers (AS-PSPs) operating across SEPA. The two notes are aimed to help remedy practical issues hampering the smooth handling of euro instant payments. The notes were published today at the Sibos conference in Sydney and are available for download on the website of the Euro Banking Association, which supports the SMART2 group.

SMART note 1: Communication on PSP unavailability in the SCT Inst inter-PSP space

The first note zooms in on communication practices in cases where PSPs are temporarily unavailable for receiving SCT Inst transactions. The note strongly recommends that PSPs actively communicate on their unavailability, since this could help to increase transparency in the inter-PSP space and support PSPs in better managing their customers' experience and expectations.

As there is no established practice in place around the communication on a PSP's unavailability to other parties involved in the inter-PSP space, the SMART2 recommendation note suggests that CSMs and their participants should implement communication channels that allow PSPs to communicate quickly and in an automated fashion on any SCT Inst-related unavailability.

"While PSPs should ensure that their internal SCT Inst processing systems operate 24/7/365, and also during maintenance hours, they may nevertheless experience situations where they are unable to receive SCT Inst transactions. To limit the impact on counterparties and their customers, PSPs should be enabled to inform the next party in the chain of their own unavailability or that of an addressable PSP in a fast and automated way," said Serge Wagener, Board Member of the Euro Banking Association and Chairman of the SCT Inst Migration Action Round Table.

"The SMART2 participants agreed that it would be optimal if CSMs could offer two communication options to their PSPs, namely via the ISO 20022 messaging channel and via a different channel, such as a GUI. We hope that the recommended practice will be followed by many institutions offering SCT Inst Services, for the benefit of the end-users", added Mr Wagener.

The SMART2 recommendation note on "Communication on PSP unavailability in the SCT Inst inter-PSP space" is available for download [here](#).

SMART note 2: How beneficiary PSPs should react to transaction hits in SCT Inst

PSPs are obliged by EU regulations on embargos or other financial sanctions to carry out checks before executing transactions. Such checks may need to be carried out by the beneficiary PSP even if the originator PSP has already carried out checks, in particular in the case of cross-border transactions. The second guidance note issued by SMART2 brings together in one place publicly available sets of recommendations from

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different sources on the handling of transaction hits and subsequent actions at beneficiary PSP level.

“The best practices recommended in our second SMART2 note foresee that beneficiary PSPs should immediately reject any transaction causing a hit and use the reason code AG01 when rejecting. The reason code should be used with the interpretation ‘Beneficiary Customer payment account is not reachable for SCT Inst, can be reached via regular SCT without guarantee of a successful execution’. This will allow the originator PSP to either automatically resend the transaction as an SCT transaction or to suggest to the originator to do so”, said Serge Wagener.

“Beneficiary PSPs are further encouraged to continue investigating the hit to improve their screening tools. This should help to bring down the number of false hits in the long run. Since instant payment processing is still in its ramp-up phase, we will reconsider and potentially evolve our recommendations in line with any insights from the experience gained in the future”, added the SMART2 Chair.

The SMART2 recommendation note on “How beneficiary PSPs should react to transaction hits in SCT Inst” is available for download [here](#).

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About the SCT Inst Migration Action Round Table (SMART2)

The SCT Inst Migration Action Round Table (SMART2) is an infrastructure-agnostic forum for account-servicing PSPs geared at bringing clarification to instant payment migration-related issues and to work towards defining industry best practices and publishing common positions based on a consensus among the participants, where needed.

The forum is logistically supported by the Euro Banking Association and provides a facility for consultations on issues of operational nature that need to be collectively addressed during the ramp-up period of instant payments.

More information about SMART2 can be found at <https://www.abe-eba.eu/market-practices-regulatory-guidance/sct-inst-migration-round-table-smart2/>.

About the Euro Banking Association (EBA)

The Euro Banking Association (EBA) is a practitioners’ body for banks and other service providers supporting a pan-European vision for payments.

The mission of the EBA is to foster dialogue and experience exchange amongst payments industry practitioners towards a pan-European vision for payments. We

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pursue our mission through involving member organisations and relevant stakeholders in thought leadership on innovation, helping our members to understand and implement regulation and by supporting the development of market practices.

The EBA has more than 160 members from the European Union and across the world.

For additional information about the Euro Banking Association, please visit www.abe-eba.eu or follow us on www.linkedin.com/company/euro-banking-association or [www.twitter.com/EBA Association](http://www.twitter.com/EBA_Association).