Verification of Payee (VOP) scheme, update from the European Payments Council (EPC)

Giorgio Andreoli,
Director General, European Payments Council

Salone dei Pagamenti

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EPC overview

EPC MISSION AND ROLE
- **Harmonisation, integration and development** of European payments through the **SEPA ("Single Euro Payments Area")**
- EPC SEPA **schemes' management** (Rulebooks)
- EPC SEPA **schemes' design and standardisation** (ISO20022 and API technical specs.)

EPC NUMBERS
- **3,900+** SEPA scheme participants
- **81 EPC Members** (PSPs[2] and EU/National PSP associations)
- **50+** Bln of SEPA transactions per year (2023, ECB data)
- **38 SEPA countries** EU-27 + 3 EEA + 6 non-EEA (incl. UK and CH)
  - Other Western Balkans and Eastern Europe countries expected to join

EPC PRODUCTS
- **5 payment schemes:** SCT, SCT Inst, SDD Core and B2B, OCT Inst
- **3 payment-related schemes:** SRTP, SPAA, VOP
- **2 community ICT services:** MISP Fraud-prevention, EDS Directory Service
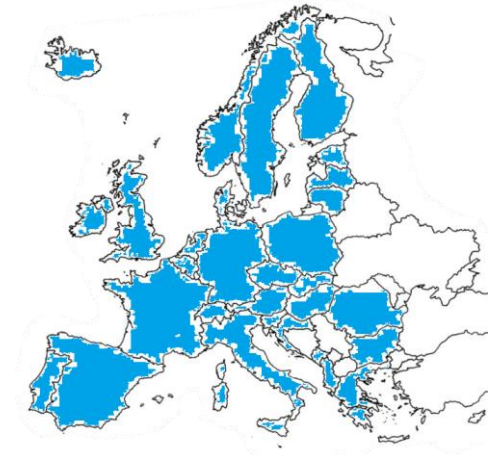
1. PSP = Payment Services Provider, as per Payment Services Directive 2 (PSD2) Annex I

VOP context:
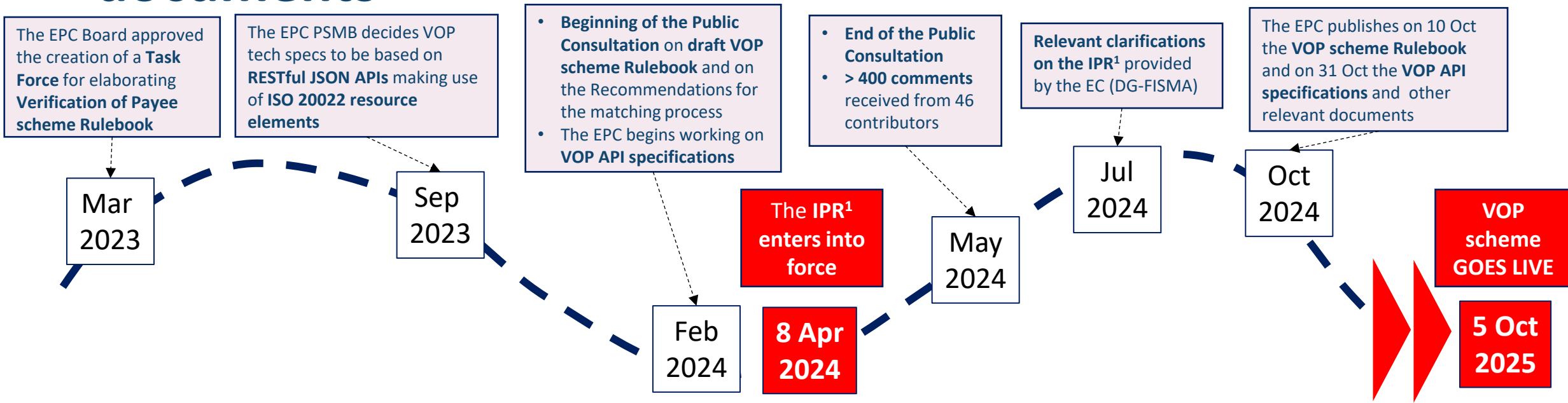# Instant Payments in Europe

Key numbers[1]

		SEPA	Euro Area	Updated to
Penetration	% (numbers) of SCT Inst vs. SCT PSPs	**73%** (2,627/3,592)	**85%** (2,563/3,022)	Nov 2024
	# Countries with SCT Inst PSPs	**32** out of 38	**20** out of 20	Q3-2024
Usage	% of SCT Inst on total SEPA Credit Transfers volumes[3]	**16.8%** (3)	**22.1%** (2)	Q4-2023
	% of Instant Payments on total non-cash transactions	**N/A**	**4.9%** (2)	Q4-2023

% of SCT Inst on total Credit Transfers (SCT + SCT Inst), SEPA area, Q3-2024

1. Source: EPC data updated to Q3-2024 unless otherwise specified
2. Source: EPC elaboration based on EPC and ECB data, May 2024
3. Calculation does not include (Instant) Credit Transfers in non-Euro currencies

Verification of Payee (VOP) scheme, timeline and documents

The EPC Board approved the creation of a **Task Force** for elaborating **Verification of Payee scheme Rulebook**

The EPC PSMB decides VOP tech specs to be based on **RESTful JSON APIs** making use of **ISO 20022 resource elements**

- **Beginning of the Public Consultation** on **draft VOP scheme Rulebook** and on the Recommendations for the matching process
- The EPC begins working on **VOP API specifications**

- **End of the Public Consultation**
- **> 400 comments** received from 46 contributors

Relevant clarifications on the IPR[1] provided by the EC (DG-FISMA)

The EPC publishes on 10 Oct the **VOP scheme Rulebook** and on 31 Oct the **VOP API specifications** and other relevant documents

Mar 2023

Sep 2023

Feb 2024

The **IPR[1] enters into force**

8 Apr 2024

May 2024

Jul 2024

Oct 2024

VOP scheme GOES LIVE

5 Oct 2025

Document	URL
VOP Scheme Rulebook v1.0	https://www.europeanpaymentscouncil.eu/sites/default/files/kb/file/2024-10/EPC218-23%20v1.0%202024%20Verification%20Of%20Payee%20Scheme%20Rulebook_0.pdf
VOP Recommendations for the Matching Processes	https://www.europeanpaymentscouncil.eu/sites/default/files/kb/file/2024-10/EPC288-23%20v1.0%20EPC%20Recommendations%20for%20the%20Matching%20Processes%20under%20the%20VOP%20Scheme%20Rulebook_0.pdf
VOP Inter-PSP API specifications v1.0.1	https://www.europeanpaymentscouncil.eu/sites/default/files/kb/file/2024-11/EPC103-24%20v1.0.1%20VOP%20API%20Specifications_0.pdf
Yaml file	https://www.europeanpaymentscouncil.eu/sites/default/files/files/2024-11/EPC267-24%20VOP%20API%20YAML_v1.0_0.zip
EPC API Security Framework (ASF)	https://www.europeanpaymentscouncil.eu/sites/default/files/kb/file/2024-10/EPC164-22%20v2.0%20API%20Security%20Framework.pdf

1. Regulation (EU) 2024/886 (Instant Payments Regulation (IPR)), amending the Regulation (EU) 260/2012 (SEPA Regulation) establishing technical and business requirements for credit transfers and direct debits in euro

Verification of Payee (VOP) scheme and the EPC Directory Service (EDS)
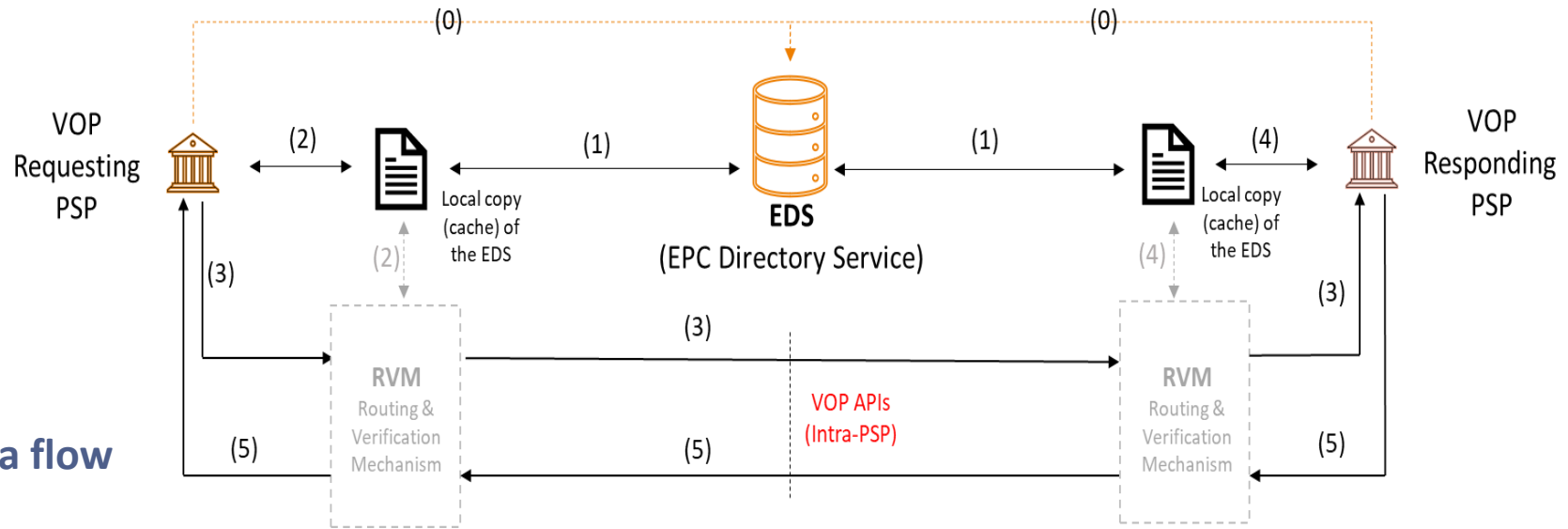

End-to-end VOP data flow (simplified view)

(0) VOP scheme participant(*) updates reachability data (URI of API endpoint) on the EDS.

(1) EDS Directory is downloaded daily by VOP scheme participant(*) and cached locally.

(2) VOP scheme participant(*) retrieves reachability data (URI) of the VOP Responding PSP

(3) A VOP API call request is issued by the VOP Requesting PSP(*) to the VOP responding PSP(*),

(4) VOP Responding PSP(*) authenticates the VOP Requesting PSP and verifies on the EDS it is a VOP scheme participant

(5) VOP responding PSP(*) provides the VOP result (match, no match, close-match with name indication, tech error) as per VOP Scheme Rulebook

(*) or a Routing and Verification Mechanism (RVM) acting on behalf

VOP scheme, technical specifications
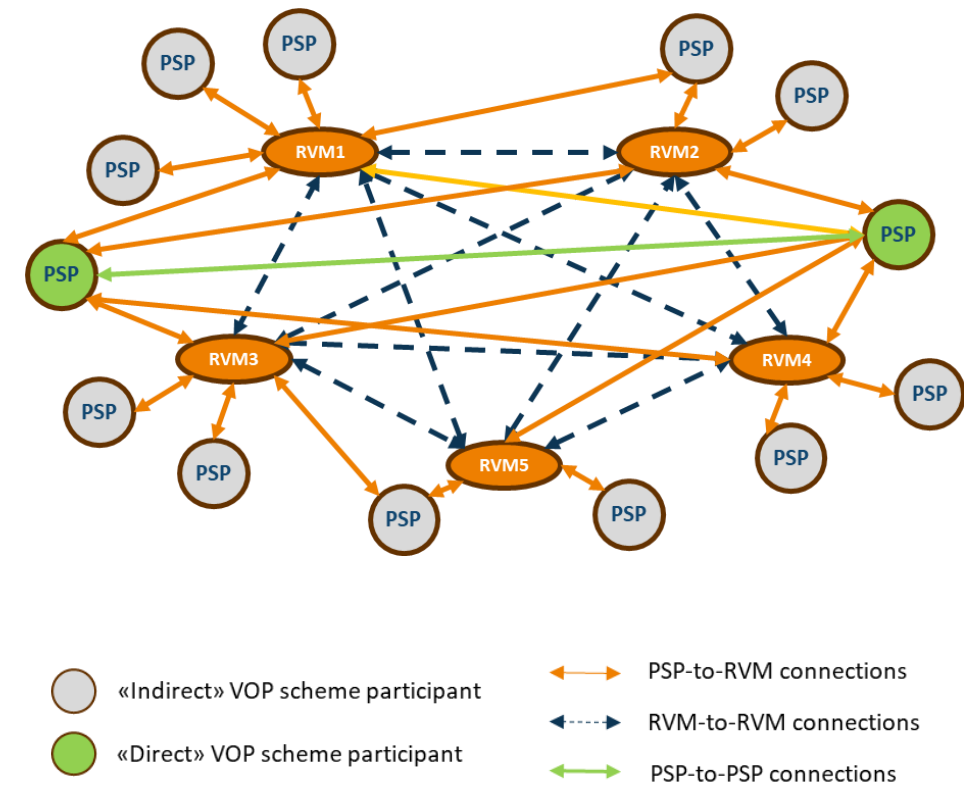
Key principles

- **Federated approach,** allowing PSP communities already using local CoP/VOP schemes and solutions to keep using them, and facilitating **cross-border reachability and interoperability**

- Technical specifications based on the well-known **API framework** already used in **PSD2 open banking access-to-account**, so to maximise assets reuse and minimise impact on PSPs and other stakeholders

- VOP APIs technical specs based on
  - **RESTful APIs**
  - simple **request/response** paradigm
  - **ISO20022 Resource Elements**
  - **API security framework** based on eIDAS certificates
    - **QWAC PSD2** (client-side)
    - **EV TLS** (server-side)
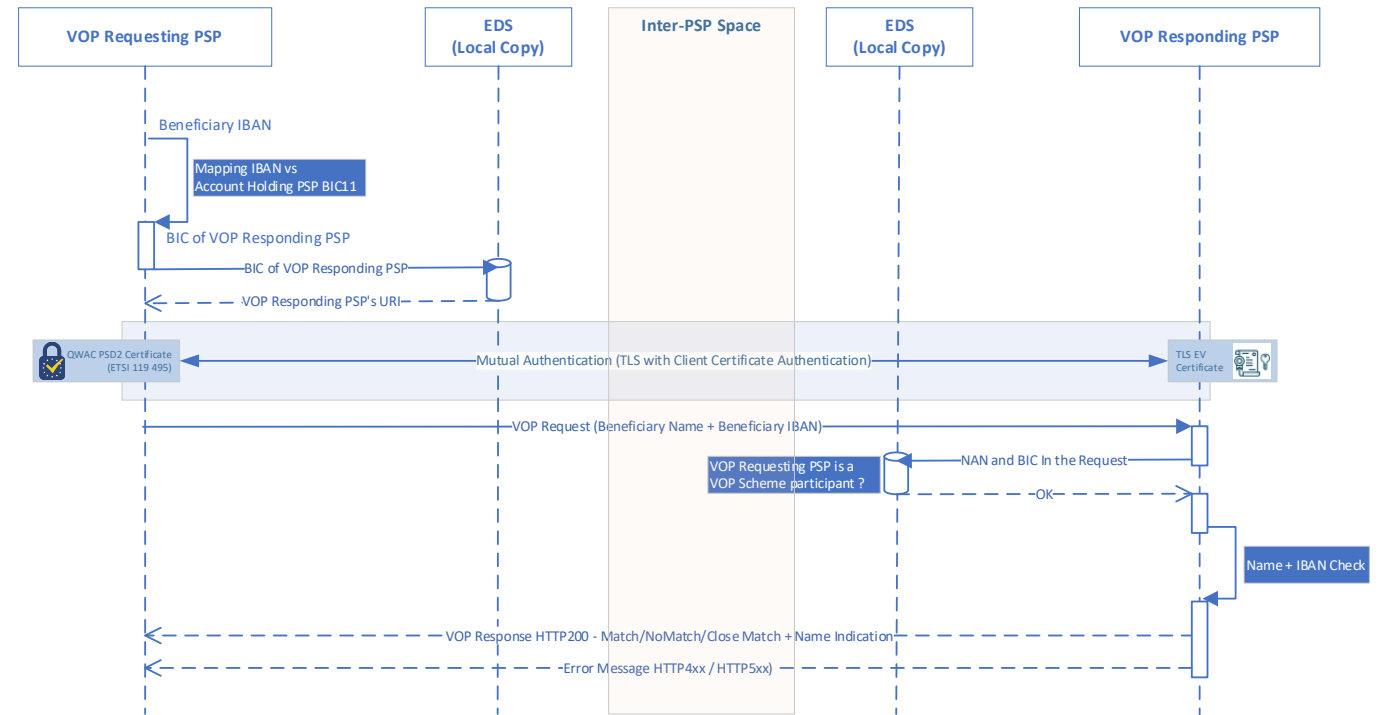
VOP scheme, mitigating the interoperability issue

- VOP is expected to be the **first massive usage API-based scheme** in European A2A payments
    - **3,000 PSPs** (2025), up to **3,500+** (2027 and beyond)
    - **Indirect** (through RVMs) and **direct** participation models for PSPs
    - **300-400 reachable API end-points** (expected scenario)
    - Potentially, several **Billions transaction per year**
- To secure **pan-EEA reachability**, VOP scheme will make use of a **centralized directory service** (**EDS**)
- Achieving **pan-EEA interoperability** at VOP go-live will be a **challenge**, potentially requiring a combination of **self-certification processes** and **tools** (API sandbox, test catalogue)

Legend:
- ⚪ «Indirect» VOP scheme participant
- 🟢 «Direct» VOP scheme participant
- ⟷ (orange) PSP-to-RVM connections
- ⟷ (dashed) RVM-to-RVM connections
- ⟷ (green) PSP-to-PSP connections

THANK YOU!

@EPC_SEPA