

# INSTANT PAYMENTS COMPLIANCE

## A PRACTICAL GUIDE FOR PAYMENT SERVICE PROVIDERS

The financial landscape is rapidly evolving with the introduction of instant payments, driven by the Regulation EU 2024/886, published on 19 March 2024. This guide is designed to help Payment Service Providers (PSPs) navigate the new regulations with a practical, step-by-step approach. We will cover essential steps, timelines as well as dependencies and will explore how Finologee can assist in ensuring compliance.

### Why instant payments matter?

Instant payments are transforming the financial industry, offering real-time transaction capabilities that enhance customer satisfaction and operational efficiency. With the regulatory deadlines approaching, now is the time for PSPs to act.

### A practical approach for compliance

#### 1 Regulatory assessment

- Stay updated:** Regularly review updates from regulatory bodies such as the European Central Bank (ECB), European Payment Council (EPC) and National Competent Authorities.
- Gap analysis:** Conduct a comprehensive assessment of your current processes and systems against the regulatory requirements.

#### 2 Technological readiness

- Infrastructure upgrade:** Ensure your core banking systems are upgraded to support real-time processing.
- Integration:** Implement real-time IBAN-name checks and integrate with instant payment networks like SEPA Instant Credit Transfer (SCT Inst).

#### 3 Process and workflow optimisation

- Streamline operations:** Revise operational workflows to handle the speed and volume of instant payments.
- Enhance security:** Improve fraud detection mechanisms and ensure 24/7 availability.
- Compliance reporting:** Implement systems for daily sanctions screening and monitoring, and be prepared to provide detailed transaction data to regulators.

#### 4 Customer communication & support

- Inform and educate:** Clearly communicate the availability and benefits of instant payments to customers.
- Robust support:** Establish strong customer support to handle queries and resolve issues promptly.

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## TIMELINE FOR COMPLIANCE

Compliance with instant payments regulations should be a top priority. Here's a suggested timeline to ensure readiness:

### Short term (0-6 months)

- Conduct a regulatory assessment
- Define a compliance strategy
- Begin staff training and upgrade technological infrastructure
- Initiate integration with instant payment schemes
- Develop real-time monitoring systems

### Medium term (6-12 months)

- Complete integration and testing
- Launch customer communication campaigns
- Ensure 24/7 operational readiness

\*excluding PIs & EMIs benefiting from a 36 month-implementation period

Receiving SCT Inst*	Sending SCT Inst*	Verification of Payee
 9 January 2025	9 October 2025	9 October 2025
 9 January 2027	9 July 2027	9 July 2027

## Transactional layer vs verification of payee

**Transactional layer:** Ensure your systems can handle real-time transactions, integrating with payment networks and upgrading infrastructure as needed.

**Verification of payee:** Implement robust identity verification processes to confirm the correct beneficiary before processing transactions, thereby reducing fraud and errors.

## How can Finologee help?

- As a key player in Luxembourg, Finologee provides software-as-a-service bank compliance platforms to more than 40 financial institutions with its mutualised infrastructure for meeting PSD2 and CEDRS (account and safe-deposit holders reporting to the regulator) regulatory requirements, **Finologee offers a new platform, IBANTrust, to address the needs of PSPs implementing the verification of payee feature.** Finologee provides a ready-to-use and outsourcing and professional secrecy regulatory compliance enabling platform for the verification of payee service layer.
- Extend your reach, as well as your data validation and exposure capacity through Finologee's partners, with **Surepay and Swift Pre-Validation integration:** ensure smooth integration with your existing systems

Finologee also partners with financial institutions to provide a complete solution, covering both the transactional and verification layers of instant payments.