

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
non - €	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.