

REGULATION ON INSTANT CREDIT TRANSFERS

On 26 October 2022 the European Commission presented a legislative proposal on instant credit transfers in euro in Europe, amending Regulation (EU) 260/2012 and Regulation (EU) 2021/1230, given their low level of implementation. At the time of the impact analysis carried out by the Commission prior to the publication of the proposal, instant credit transfers accounted for only 11% of total euro credit transfers sent in the European Union (EU).

The figures have improved since the initial analysis was performed, but still fall short of the desired rollout. In particular, in Spain, one of the countries with the highest penetration of instant credit transfers, levels already exceeded 52% of total credit transfers in the second quarter of 2023. In the EU, the figure is considerably lower at 15.46% in the same period.

On 7 February 2024, the European Parliament approved the regulatory text, the main features of which are as follows:

- 1 Concept of instant credit transfer: credit transfer which is executed immediately, 24 hours a day, on any calendar day. In particular, it provides for the funds to be made available to the payee within ten seconds of receipt of the payment order by the payer's payment service provider.
- 2 Mandatory provision of the instant credit transfer service: payment service providers have to offer instant credit transfers if they offer ordinary credit transfers. Payment institutions and electronic money institutions will have a longer period to comply with the obligation, in order for an amendment to Finality Directive 98/26/EC to enter into force which will allow them access to designated payment systems.
- 3 Charges: the charges applied to payment service users for sending and receiving instant credit transfers may not exceed the fees charged for ordinary credit transfers.
- 4 Verification of the payee identity service: the payer's payment service provider shall provide a service (prior to sending the instant credit transfer and at no cost to the customer) to verify that the name of the payee matches the name of the IBAN holder.
- 5 Verification of the list of sanctioned persons (targeted financial restrictive measures): the obligation to verify for each transaction that the payment service user is not on any of the lists resulting from the European Union's restrictive measures disappears; it becomes an obligation to comply at least once a day.