



The future of RON payments is instant



Ionel Dumitru, Advisor to the CEO

Summary

1

IP - the new virus in payments

2

The IP project in Romania

3

How it will work

4

What's next? Conclusions...

1. IP - the new virus in payments



European View



- November 2016: SCT Inst Rulebook and the proposed detailed business and technical rules scheduled to be published
- October 18th, 2017 - **SEPA Credit Transfer Inst rulebook v1.1**
- July 19th, 2017: **SEPA Instant Credit Transfer Scheme Interbank Implementation Guidelines v1.1**
- November 25th, 2016: **SEPA Instant Credit Transfer Scheme Customer-to-Bank Implementation Guidelines v1.0**
- November 21st, 2017, 08:00 CET - **SCT Inst scheme** go-live.



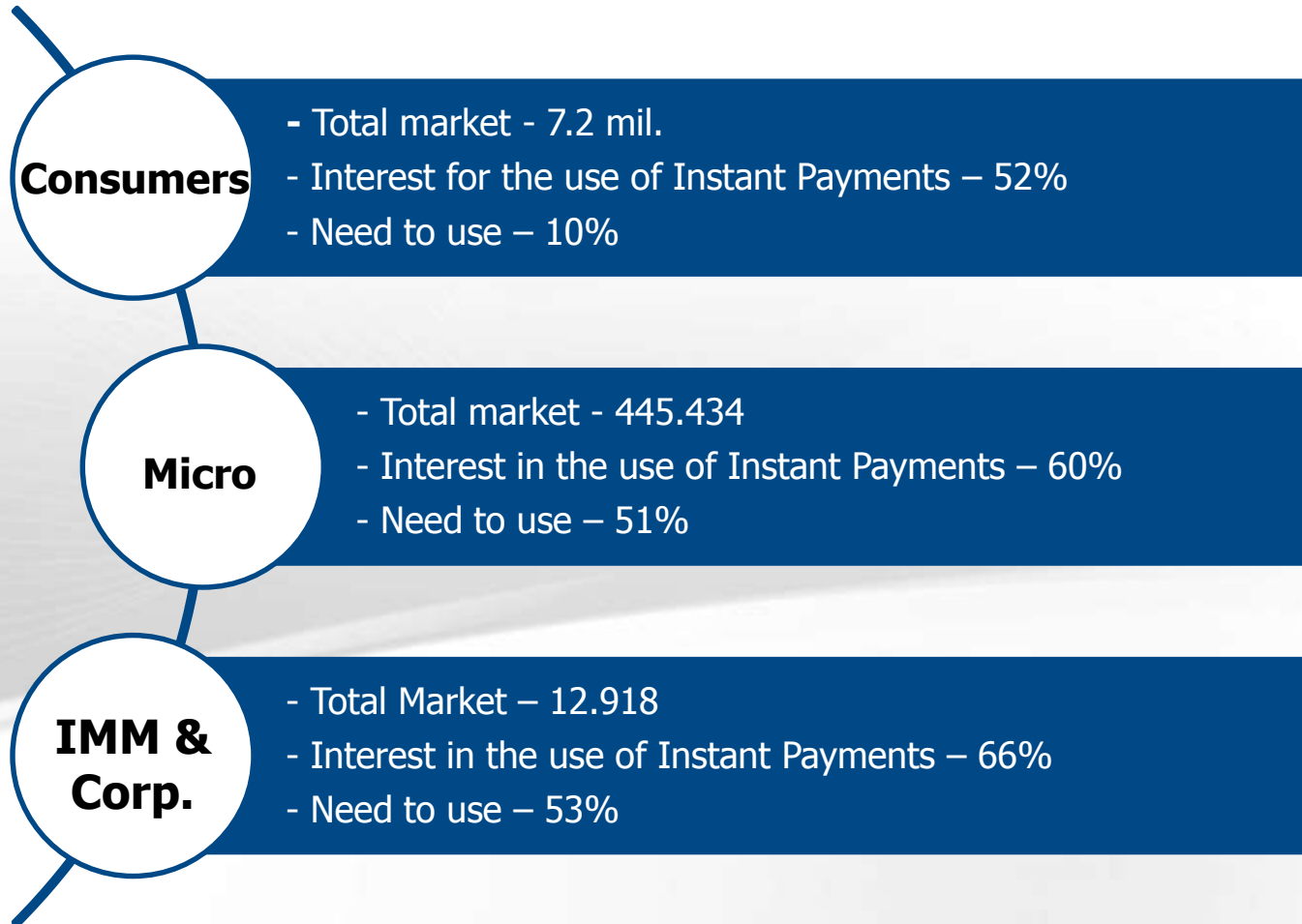
- ISO 2022 Real Time Payments Group (RTPG) is working towards the development of XML ISO 2022 messages for instant payments.



- October 20th, 2017: **EACHA Instant Payments Interoperability Framework v1.1** - approved.

2. The IP Project in Romania

a. Market Study - 2013



b. Project status



- Letters of intent from 24 banks and one payment institution (2016)
- The Ministry of Public Finance has unofficially showed interest for the Instant Payments service



- two rounds of meetings with the banks (May – June 2016 and September – October 2017) which have confirmed:
 - IP as the next worldwide retail payments standard
 - Intent of the banks to adjust to the IP requirements
 - competition under PSD2 terms is to be expected from non-bank PSP's



- Now: solution testing (TRANSFOND)
- February 2018- System open for banks test
- Estimated **Go-Live** of the Instant Payments system – **1st half of 2018.**

c. Stakeholders

TRANSFOND

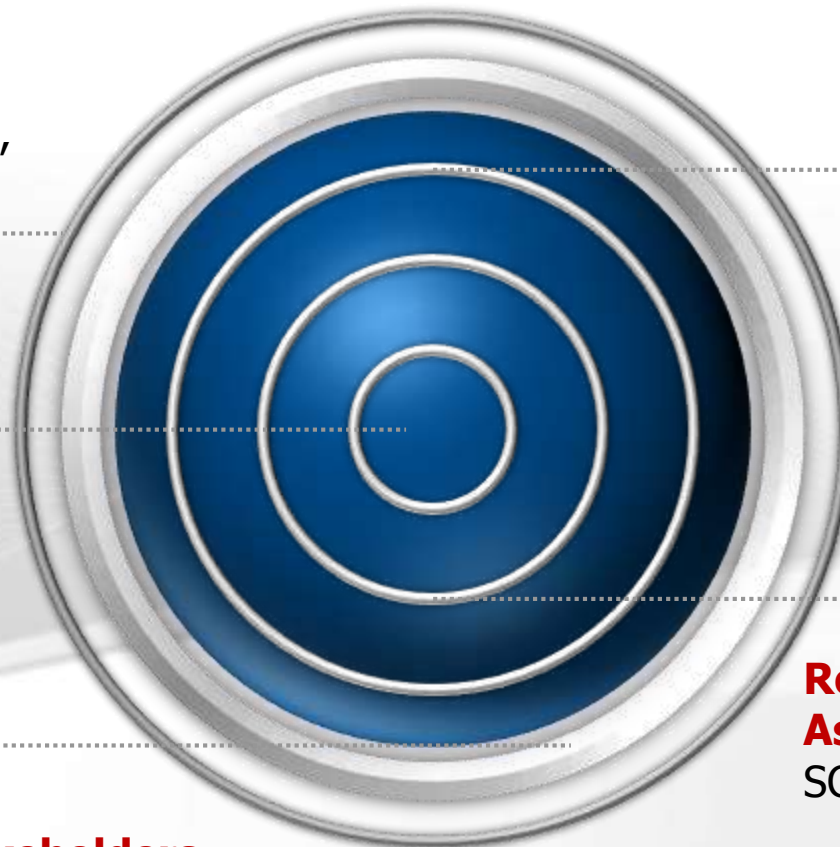
IP System (infrastructure),
Proxy data base

PARTICIPANTS

Banks and PSP's which
have sent the Letter of
Intent

OTHER Stakeholders

Merchants, TPPs, Solution
providers, POS vendors/
solutions etc



National Bank of Romania

Approval of the system rules
and the scheme

Romanian Banking Association

SCT Inst scheme owner

d. Usecases and pricing

Usecases

- P2P – sending money to friends & family, bill sharing
- P2M – merchants will receive funds in a matter of seconds – *ie.* late payment of invoices.
- P2G – when the State Treasury is going to adhere to the system.
- B2B- after hours (urgent, dvp etc) payments

Pricing model

- Free during the 1st year of operation
- 0.9 lei/transaction after that
- monthly fixed fee

3. How it will work

a) Characteristics



Instant – processing
≤ 10 secunde



Non stop



Threshold :
70.000 RON (15.000 euro)



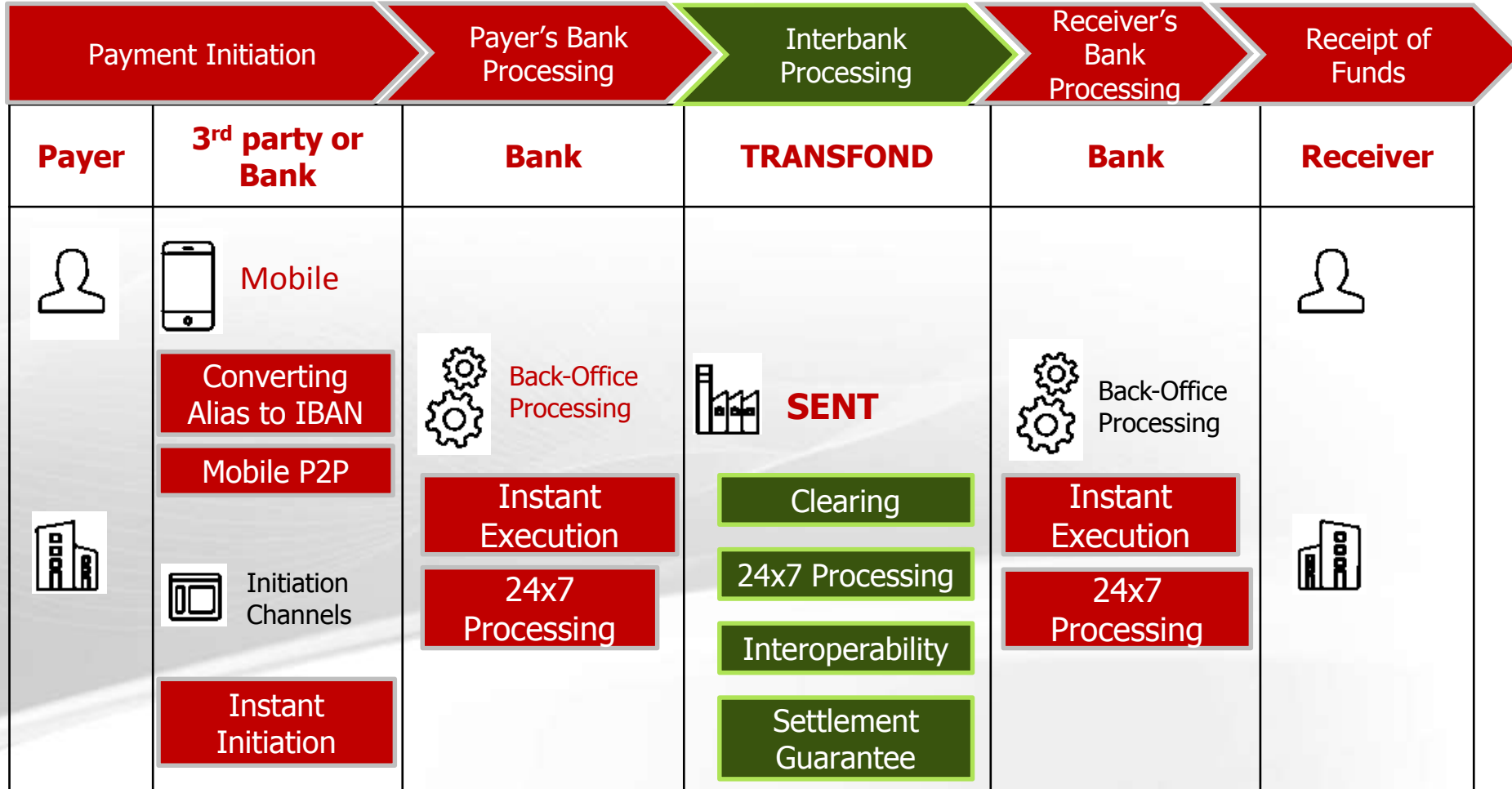
New innovative
product **TFD** - SENT

Characteristics

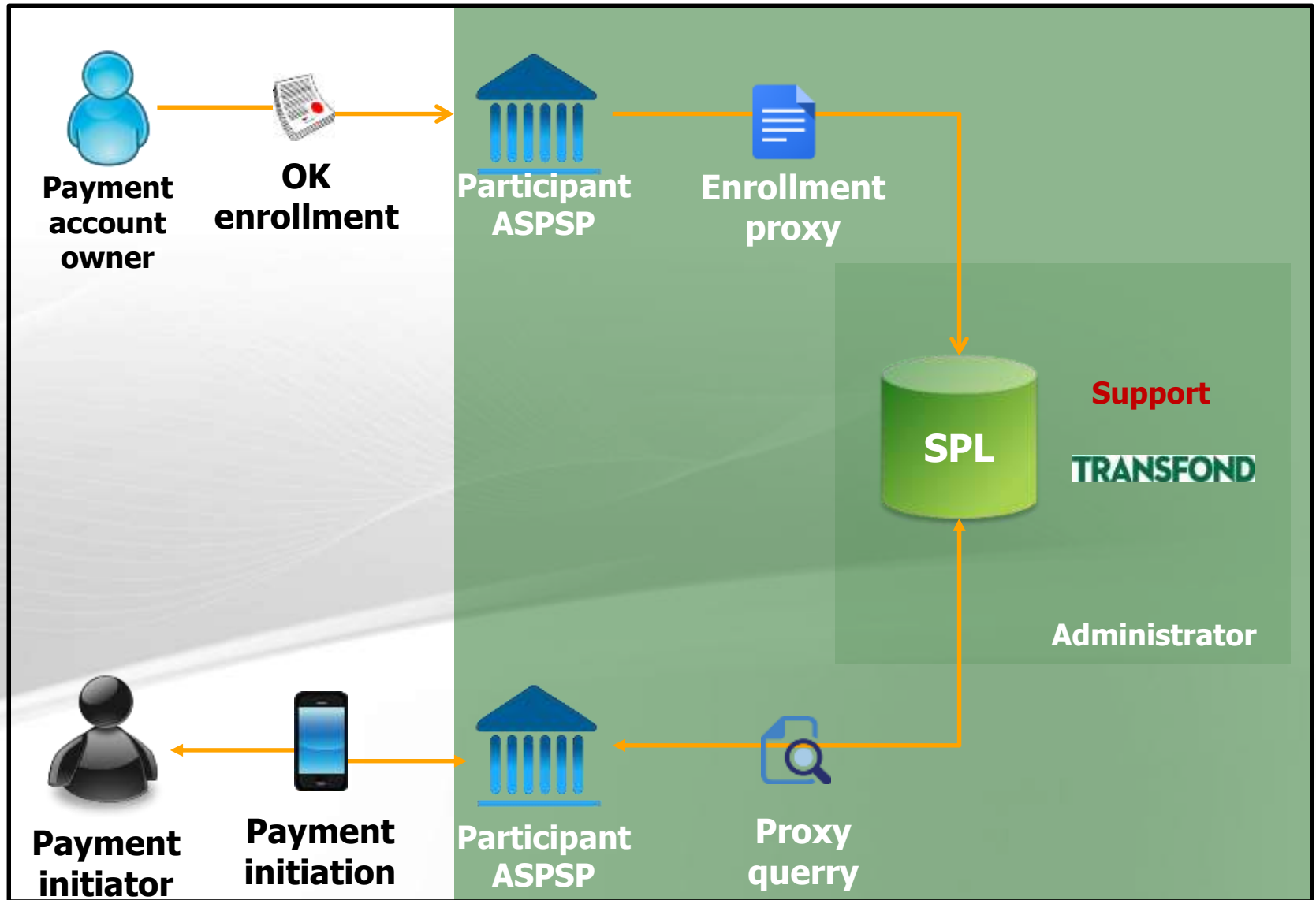
- **Messages processing SCT Inst, Recall, Request for Recall, SCT Inst inquiry message**
- **Clearing of transactions**
- **Irrevocability** - all accepted payments are suitable for settlement
- **RTGS reserves**
- **Settlement of net positions in RTGS**
- **Unrestricted access to participants**
- **RON product**

3. How it will work

b. flow



c) SPL for mobile payments initiation



Conclusions

1. The whole world will be "instant" soon
2. TRANSFOND will deliver IP- RON to banking community next year
3. New services will be offered by banks and TPPs

What's next?

A world of possibilities!



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Thank you!