pay

How We Will Pay Tomorrow Is Being Decided Today — One Man, One Mission — Swiss RTGS Systems in Global Comparison — Secure Online Identification Enters a New Phase — EU Instant Payments and Switzerland

The Payments Professional Magazine from SIX — #12 — 2024

A VISIT WITH

One Man, One Mission: Creditor Protection

10

HEARTBEAT

Snapshots of Global Large-Value Payment Systems

08

FUTURE TALK

Pascale Bruderer and the Digital Franc

07

EXPERTS ONLY

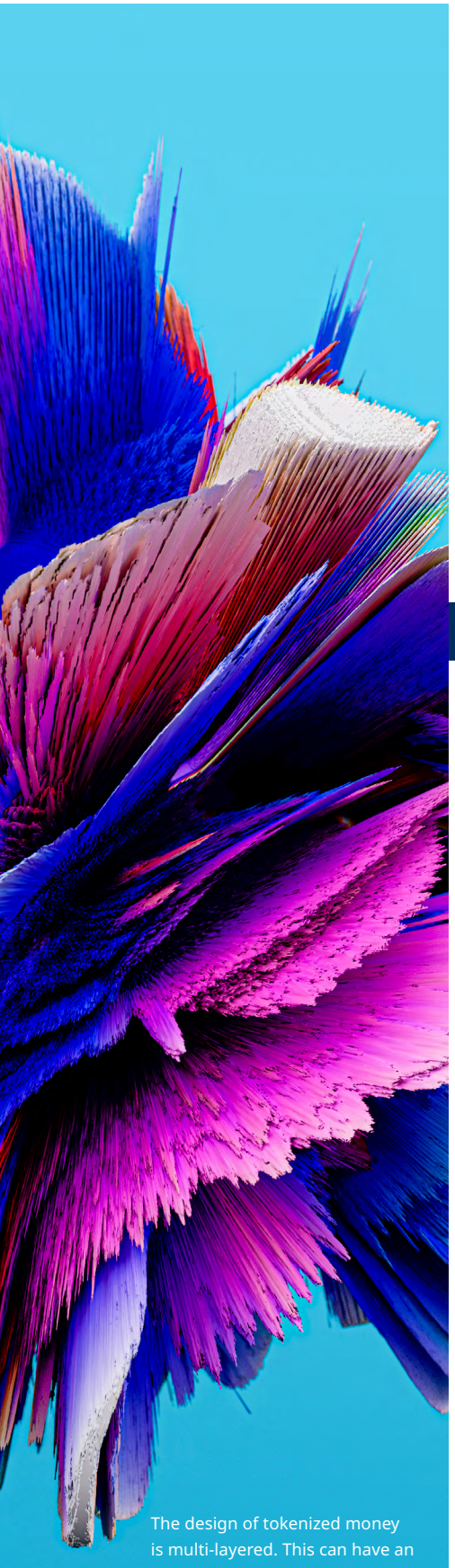
CGI Delay and the Impact on Switzerland

15

SECTIONS

03 Focus Topic
12 Values
14 Panorama
18 Global Perspectives

Editor SIX Group Ltd, P.O. Box, 8021 Zurich, Switzerland, six-group.com/pay, pay@six-group.com Advisory board Daniel Berger, SIX; Boris Brunner, Head, SIX; Laura Felber, SNB; Yoann Foumany, SECB; Pierre-Michel Gicot, BCV; Susanne Höhener, Liechtenstein Bankers Association; Elias Niederberger, Credit Suisse (Switzerland) Ltd; Peter Ruoss, UBS Switzerland AG; Stefan Schneider, PostFinance Editorial office Gabriel Juri, Management, SIX Concept & Design *MADE* Identity AG, Zurich, Switzerland Printing sprüngli druck ag, Villmergen, Switzerland Translations SIX Picture credits Robert Kohlhuber (Cover, S. 3–6), Ornella Cacace (S. 2, 10), Tobias Siebrecht (S. 13) Illustrationen Gregory Gilbert-Lodge (p. 2, 7, 14)



The design of tokenized money is multi-layered. This can have an impact on the stability of money and payments, the market structure, and customer protection.

How We Will Pay Tomorrow Is Being Decided Today

TEXT
DR. MARTIN HESS, HEAD OF ECONOMIC POLICY AT THE SWISS BANKERS ASSOCIATION (SBA)

The sparrows are singing it from the rooftops: We are on the verge of the widespread public adoption of modern token money based on distributed ledger technology (DLT). Traditional payment means are too inefficient and stablecoins and cryptocurrencies too volatile for digital business models to succeed.

Private token money already plays a certain role today as an investment and speculative object, besides a means of exchange for a narrow circle of users. However, it does not serve as a widely used payment means. It is in this role that it could create great added value in an increasingly digital world. The business community is clamoring for programmable, blockchain-based currencies for payments. Not surprisingly, most central banks are exploring digital forms of central bank money (central bank digital currency, CBDC). At the same time, private issuers of stablecoins are increasingly taking steps to ensure that their payment means can be more widely accepted and used.

The Laws of Economics Also Apply to Innovative Forms of Money

It is not citizens who want better payment means or metaverse marketplaces with lofty visions of the future that are driving the development of modern payment means. Rather, it is the traditional economy with its everyday challenges that needs innovation. On the one hand, it is about increasing efficiency; on the other, it is about opening up new business models. On the government side, the focus is on securing sovereignty in the competition between currency areas.

Parallels to the traditional world can be found not only in the innovation drivers, but also in the various forms of token money. These are as diverse as today's range of payment methods. The tokenized counterparts to cash, deposits and private currencies are retail CBDC (rCBDC), tokenized deposits, and stablecoins. With book money, commercial banks have long provided their customers with an instrument for money and thus value creation. This is now set to open up new business opportunities on an innovative technological basis.

Guessing at the Future Payment Landscape

It is still unclear today which digital payment means will prevail for the general public in the future. This depends not only on the added value they offer for the intended use cases or on the specific situation of a country or currency area; it is also influenced by the risks associated with the introduction of token money as a payment means. Considerations of stability and resilience are paramount.

The use of token money must not jeopardize the high stability of the current financial system. It is also crucial to ensure its stable value if it is to be widely used as a payment means. The failure of Facebook's Libra stablecoin project has made it clear that there must be high regulatory requirements for freely accessible digital payment means. Few countries are as far along in forming political opinion on the subject of token money as Switzerland. Here, the Federal Council and the Swiss National Bank (SNB) signaled their opposition to an rCBDC at an early stage.

Stablecoin providers face two major challenges. On the one hand, they must be able to operate profitably within a tight regulatory corset. On the other hand, they must guarantee stability even in difficult market situations. Otherwise, confidence will erode. An example of this is the temporary collapse of the USDC stablecoin against the dollar. This was triggered by the collapse of Silicon Valley Bank, where billions of USDC reserves were deposited.

This and other examples reinforce the public's skepticism towards stablecoins and indicate that, as in other economic sectors, only a small proportion of projects are likely to be successful. Even the release of a functioning monetary token is no guarantee that it will be widely used. The economist Hyman Minsky aptly stated a long time ago: "Anyone can create money; the problem is getting it accepted."

It is therefore uncertain what the global payments landscape will look like in ten years' time. We are likely to see a coexistence of different forms of money, each with its specific advantages for particular use cases. Moody's Investors Service takes a look into the future and predicts that tokenized bank deposits and CBDCs are better positioned than stablecoins to become a widely used payment means.

The Social Goals of Policy

The specific design of token money should not only be derived from the added value it offers to potential use cases. It also has implications for the integrity and stability of money and payments, the market structure, and customer protection. Therefore, the introduction of token money for the general public affects society as a whole. Agustín Carstens of the Bank for International Settlements therefore calls for central banks to work together with other

In the future, a rich palette of digital payment methods could be made available to the public.

public institutions and private stakeholders. Together, they should realize the vision of a socially oriented payment system.

Not surprisingly, political and social objectives are at the forefront of the rCBDC projects, which are driven solely by public authorities. The digital euro, which could be introduced as early as the end of 2025 after a two-year preparatory phase, is about Europe's strategic autonomy in payment transactions. It is also about reducing dependence on expensive foreign credit card providers and maintaining the power to shape monetary policy in the event of a further decline in cash in circulation. In contrast, CBDC regimes already operating in developing countries such as Nigeria aim to provide access to the financial system for the general population. They also aim to bridge the occasional shortage of physical banknotes.

Switzerland Must Act

With its successful economic and financial center, its world-leading technical universities, and its high level of innovation, Switzerland is also striving to position itself strategically in a digitalized real economy. To achieve this, it needs a future-proof payment infrastructure. TWINT is a success story today and the instant payment system is about to be launched on the market. There is also already talk of a tokenized Swiss franc. Such a public good is of central importance for the competitiveness of the Swiss financial sector and its strategic positioning in an increasingly digital economy.

Inaction is not an option. The lack of a programmable franc for the general public poses major risks in the global competition between locations. Without it, the digitalization of the economy could progress more slowly and interoperability with digital markets abroad would become a challenge.

Adapting traditional systems to meet the high demands of the global digital economy would be very costly. One possible consequence could be the use of foreign token money. The associated risks for the financial system, Switzerland's attractiveness as a business location and its sovereignty cannot yet be fully assessed. Even if there are still many unanswered questions and uncertainties surrounding token money, the conclusion that the status quo is the least risky option seems premature and short-sighted.

The Banks' Contribution

Since last summer, the banks in Switzerland have been working together to explore the possibilities of a digital franc. This is intended to be a transformative step for the future of banking in Switzerland. Under the coordination of the Swiss Bankers Association (SBA), a group of banks has launched a project to introduce a digital franc based on tokenized book money. This should have the character of a public good and lay a solid foundation for new and innovative services in Switzerland.

This token money could prove to be an important innovative step in the processing of financial transactions. It promises high efficiency gains, especially for complex payment transactions. In addition, the delivery versus payment (DvP) principle enables simultaneous processing. This largely eliminates settlement and counterparty risks.

Private token money and real digital central bank money (the SNB's wholesale CBDC) already exist in Switzerland today – at least in pilot operation. This allows banks to settle digital bonds on the SIX Digital Exchange platform. The main difference between the existing token money and the SBA's project is availability to the general public and the usability for any number of use cases.

One day, the potential use cases for the tokenized franc should extend beyond purely financial applications into the real economy. The DvP functionality combined with the possibility of very small denominations, for instance, opens up the field for so-called nano-payments. These are of great importance for pay-per-use business models. Transactions in a CHF-DLT financial ecosystem and machine-executed transactions also require seamless integration of payment instruments.

The SBA's work to date has shown that the technical challenges of token money are generally manageable. However, the ability to create a robust legal and economic framework is critical to success. This must enable every participating bank to tokenize book money while complying with all relevant regulatory requirements. The next step is to conduct a feasibility study. This will require close cooperation between the authorities and the financial sector, in line with Carstens's vision. Only in this way will the Swiss economy have an innovative payment means that, like conventional money, guarantees the necessary reliability and enjoys sufficiently broad legitimacy.

The tokenized franc will enable the issuance of nano-payments.

"Regulated, Sovereign, from Switzerland and for Switzerland"

FUTURE TALK WITH PASCALE BRUDERER, FOUNDER AND PRESIDENT OF THE BOARD OF DIRECTORS OF SWISS STABLECOIN LTD (SSC)

Last year, you tested the practicality of your digital franc. What were the results?
We clarified many technical issues to specify the design and tested processes. Our focus is on public blockchain technologies, interoperability, and environmental and economic sustainability. The Digital Swiss franc (CHFD), initially a token on the Ethereum blockchain, will gradually be available on multiple technologies.

Private Swiss franc stablecoins are already in circulation. What's your strategy to create network effects and promote the use of your CHFD among the population?
Trust is crucial for acceptance. This requires technical security, sound regulation, and full collateralization for sustainable value stability. But that's not all! Strong partnerships with Swiss-based companies in the financial sector and the real economy are also key factors.

A consortium of banks under the umbrella of the Swiss Bankers Association is planning a tokenized book money. How big is the risk of going it alone?
It's important not to go it alone and to use synergies when it comes to a widely accessible digital franc. Since we launched the project two years ago, interest from banks has grown considerably. I'm pleased with the Bankers Association's conceptual thinking and am curious to see where it goes from here. Our doors are open. SSC wants to be a catalyst and make an active contribution. It needs to be thoroughly clarified, yes, but it also needs to be implemented. Once again, broad partnerships are absolutely crucial.

And this in a small country like Switzerland with many established electronic payment methods.
That's true. But why are 92% of the world's central banks working to digitize their currencies, even in regions like the EU, which have well-developed traditional payment infrastructures? Because new technologies enable innovative applications and efficiencies through direct connectivity and the immediacy of transactions. We're well advised to create an offering that complements the established account-to-account payment infrastructure.

Monetary sovereignty lies with central banks. You often emphasize the importance of a digital franc for national monetary sovereignty. Why should your startup care?
The availability of a digital franc is a question of both innovation and monetary sovereignty. As an entrepreneur, former politician and citizen, this is close to my heart. Our currency is attractive and we shouldn't leave it to foreign stablecoin providers. If the Swiss National Bank opposes a retail CBDC for regulatory policy reasons, that's to be accepted. Nevertheless, we should join forces in our country to create our own offering: regulated, sovereign, from Switzerland and for Switzerland. This is what we're committed to.

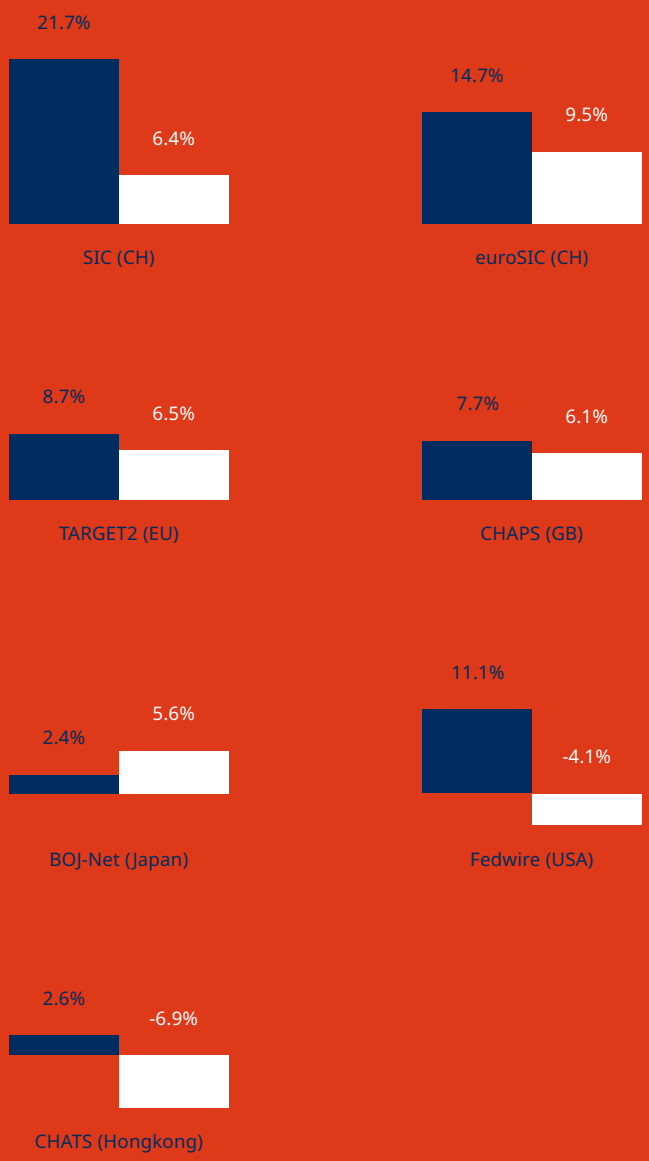
INTERVIEW
GABRIEL JURI

Large-value payment systems from around the world. Snapshots of transaction traffic show the leading position of Swiss RTGS systems from various perspectives.

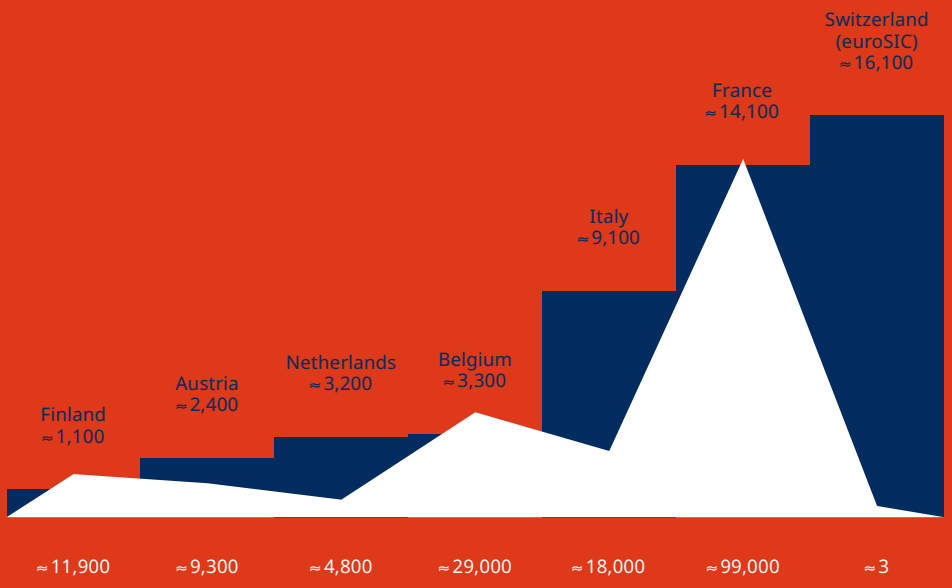
Growth rates of transaction volumes in RTGS systems between 2020 and 2021 and between 2021 and 2022

The Swiss RTGS systems in Swiss francs (SIC) and euros (euroSIC) have the highest growth rates between 2020 and 2021 compared with the world's largest systems. euroSIC is the world champion between 2021 and 2022.

- Growth rates 20/21
- Growth rates 21/22



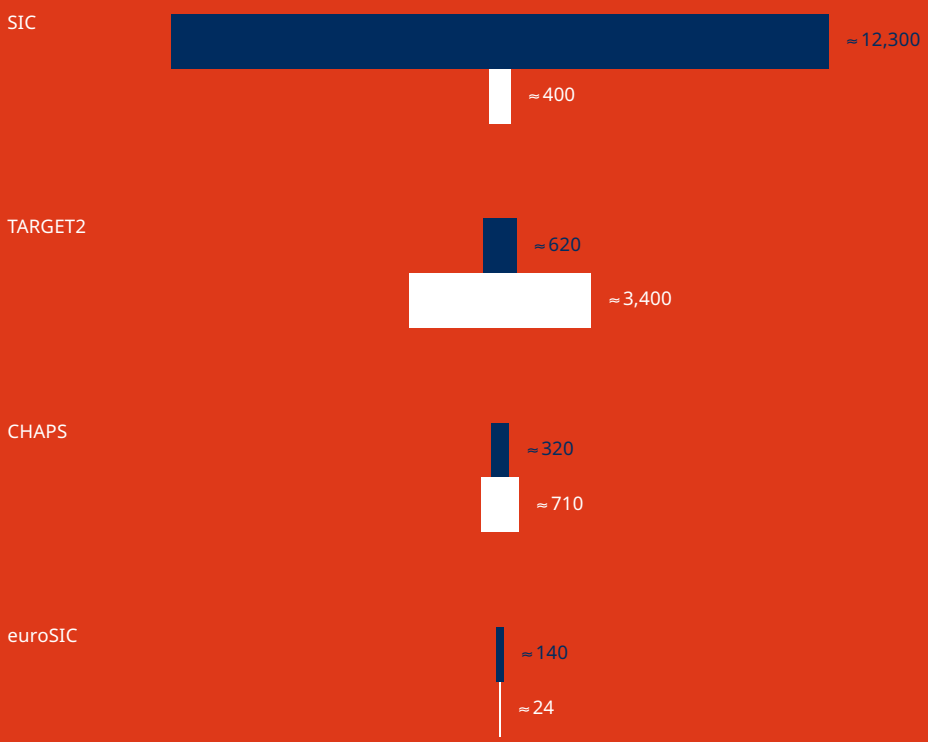
Sources: European Central Bank, Bank of Japan, Bank of England, Hong Kong Interbank Clearing, The Federal Reserve, SNB/SIX



Volume and value of euro transactions of TARGET2 countries compared to Switzerland (2022)

The volume of Swiss euro transactions (euroSIC) not only exceeded that of countries with a comparable population size, but also that of Italy and France. The value of euroSIC transactions is the lowest compared to transactions in the other countries.

- Volumes in million transactions
- Values in trillion Swiss francs



Daily records (2022)

The daily records also show that the Swiss RTGS systems have the lowest values. This is due to the fact that they process bulk payments as well as large-value payments. In terms of the number of transactions, the SIC system is far ahead.

- Transactions in thousands
- Values in billion Swiss francs

One Man, One Mission: Creditor Protection

A VISIT WITH RAOUL EGELI, PRESIDENT OF THE CREDITOR PROTECTION ORGANIZATION CREDITREFORM (AND MUCH MORE).

TEXT
SIMON BRUNNER

"The chocolate chips are gone in a flash; we have top them up all the time," Barbara Egeli marvels as she refills the basket. She is the wife of Raoul Egeli, whom we are visiting today, and we meet her in the foyer of the four-story headquarters of the Egeli Group in St. Gallen.

A quick phone call upstairs, and the next Egeli arrives, this time the daughter. She is Raoul Egeli's assistant. Nathalie Egeli takes us to the fourth floor. Her brother is also there, and four other Egelis also work in the family business. Finally, we reach the corner office with a postcard view of the city. Raoul Egeli is waiting for us – hair perfectly slicked back, fashionable jacket, cool shoes. A big Appenzell cow on his belt buckle. "I'm a fan of Roger Dörig, the maker of Appenzell belts," he explains.

Egeli seems relaxed and polite, but he is a man on a mission. And his mission is to protect creditors. His goal: to reduce the number of unpaid invoices from defaulting payers (the fact that, as a debt collection specialist, he is eliminating himself in the process, "doesn't bother him at all"). In Switzerland, "half a million people have payment problems," says Egeli, and the same goes for 60,000 companies. "You have to be careful." Egeli knows what he's talking about. Creditreform, the credit reference agency, issues credit information to check the creditworthiness of all companies and private individuals based in Switzerland – "and not all of them have noble intentions," says Egeli. He mentions the case of a gentleman who enters companies as an undertaker and then drives them to the wall. "There's money to be made in that, too."

We have our charlatans, but isn't it one of the great strengths of Switzerland that we can trust each other? Here, a handshake is enough to seal a deal. Egeli replies: "Debt collection agencies in Switzerland handle an average of more than 5 million outstanding claims and loss certificates with a monetary value of more than 11 billion Swiss francs. Money that creditors are waiting for. Eleven billion francs – that's also the economic damage that companies and the state suffer every year as a result of payment defaults! That's equivalent to the annual turnover of Swisscom."

A gigantic sum that Egeli is fighting against. Prevention helps the most.

The goal is to avoid the unpleasant situation of having to collect outstanding debts in the first place. “I don’t understand why everyone doesn’t automatically check the solvency of their business partner before providing a service against an invoice.“ A company or individual with a poor credit rating “logically” has a much higher default rate. “You can still work for them – but not on account, please.”

However, if you find yourself in a situation where you need to collect a payment, Egeli strongly advises that you hire a collection specialist. When asked about the dubious image of this group of professionals – salespeople with bomber jackets, caps, and baseball bats – Egeli really gets going: “This image is definitely wrong. As a collection agency, we are first and foremost intermediaries between creditors and debtors. In order to protect the interests of the creditors, we need not only good systems for the smooth processing of the many cases, but above all good employees with the necessary specialist knowledge of debt collection and bankruptcy law.”

A carpenter, butcher or graphic designer does not have to collect large invoices every day. “They don't have the expertise,” says Egeli, “and it's complicated because on the one hand their own livelihood is often at stake, and on the other hand, they don’t want to destroy their relationship with the debtor and want to work for him again in the future.” For these reasons, external support is advisable, not least to keep emotions out of the equation.

Raoul Egeli is President of Creditreform Switzerland (founded in 1888). He is also President of Creditreform International e.V., the association of 21 national companies. What cultural differences does he see in payment behavior? “In Eastern Europe, the war has had a strong impact on companies’ ability to pay," says Egeli. "In Southern Europe, payment terms are much longer anyway. But the North is ahead of us in terms of creditor protection, which is reflected in shorter payment terms." In addition to these two roles, Egeli is president and managing director of the family holding company, the Egeli Group. Founded by grandfather Egeli in the middle of the Second World War, the group now comprises eleven companies in four divisions at six locations. Its 220 employees generate annual sales of 45 million Swiss francs. For most people, that would be enough hats. Not for Raoul Egeli, who is also managing director of five local Creditreform Egeli companies, vicepresident of Inkasso Suisse, a member of the Chamber of Commerce, and more. He also writes professional articles and books.

The company’s headquarters are located at the foot of the Bernegg in St. Gallen, and Raoul Egeli is regularly featured in the “Who's Who” celebrity directory. But his many commitments and smooth demeanor can be deceiving: Egeli is a fighter and above all a political mastermind. But not as a party member. He prefers to talk politics on a factual level and tries to exert influence through committees. Primarily, he cares about less bureaucracy and more protection for creditors. For example, the cost of collecting debts is so high that small claims are not even pursued. Companies simply write them off, leaving paying customers to foot the bill. “That can’t be right,” he says indignantly.

One last question: “When was the last time you forgot to pay a bill?” Egeli thinks for a long time. “Unfortunately, that’s happened to me, and it was very unpleasant. That’s why I always prefer to pay right away – even if it would be more economical to wait.”

5.275

The game of cards came to Europe from China 600 years ago. It is associated with luck, brains, strategy, and fun, but also with vice and money. A shortage of money, due to people gambling away their fortune at the table, and emergency money, when playing cards replaced currency in times of economic crisis. Today, card money has a collector's value. But none is as valuable as a Pokémon card that sold for 5.275 million US dollars at auction two years ago.

In 2022, eBill transactions accounted for 5% of all invoices in Switzerland. Assuming a tenfold increase, annual CO_2 emissions could be reduced by more than half, according to a new study. This is equivalent to the amount of CO_2 produced by approximately 120 million kilometers driven by cars today.

More information

Information Source for Secure Online Banking

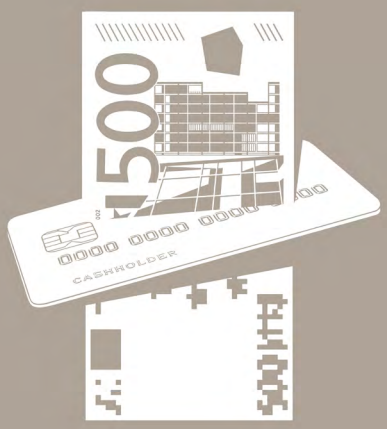
More than 90 Swiss financial institutions support the EBAS portal of the Lucerne University of Applied Sciences and Arts (HSLU). This underlines the importance of the portal as a trusted source of information on secure online banking. Practical tips on data protection and online courses are aimed at the general public and SMEs. In addition, the HSLU offers training courses on IT security with a focus on e-banking for customer advisors and helpdesk staff at banks.

More information

Decoupling

Three eras have shaped payment transactions. Paper-based transactions with cash, checks, and bank credit transfers until the 1960s, then plastic with physical cards, and finally account-to-account payments since the 1990s. According to a new McKinsey white paper, we are on the cusp of a fourth: the “decoupling” of the value chain. This is characterized by the fact that payments are increasingly decoupled from accounts. Banks will no longer be able to rely solely on the account ownership paradigm. They will have to build new business areas to keep customers in their service ecosystem.
The new era will be even more reliant on technology, providing banks with numerous opportunities for innovation, differentiation, and growth.

More information



Will Cash Become Rare?

In a recent study, the Deutsche Bundesbank examines the future use of cash. The central bank warns that access to and acceptance of cash would not be fully guaranteed in two of the three payment worlds outlined and that the stabilizing function of cash would be jeopardized in times of crisis.

More information

CGI Delay and the Impact on Switzerland

Required knowledge
— In-depth knowledge of the ISO 20022 and Swift FIN standards
— Familiarity with the Swiss Payment Standards

The Common Global Implementation (CGI) initiative aims to simplify the various implementations in payment transactions between corporates and banks by promoting the acceptance of ISO 20022 XML. Those waiting for the publication of the CGI guidelines for the customer-bank interface of the new ISO 20022 message versions announced for November 2023 have been disappointed. This is because the corresponding guidelines, which were originally due to have been issued in November 2022 but were also postponed due to the delayed start date of the migration to ISO 20022 messages in the Swift network, have not yet been published. This is not surprising, as CGI is a very ambitious project. The goal is to help international companies with a broad market practice to process their payments in a standardized format. So why another delay?

One reason is certainly the lack of demand. The current version is still suitable for all business cases and as long as the majority of banks have not switched to ISO 20022-compliant MX messages in the Swift network, the new version will not add any value. This is in addition to the aforementioned postponement of the changeover start for Swift to March 2023 and the SEPA migration start date to March 2024. In addition, Swift has now decided to introduce a new structured address type – known as a hybrid address – as of November 2025, which is relevant for the parties involved in a payment.

Cross-Border Payments Versus Domestic Payments

Another important issue is still open. There are market participants for whom the CGI primarily covers cross-border payments. For domestic payments, the rules of the home country should apply. Others are of the opinion that CGI should also enable domestic payments in order to make it easier, especially for internationally active companies, to process payment orders in as many countries and networks as possible from a central system. This issue is also very important for the Swiss community. With the QR-bill, we have a payment method that clearly dominates the domestic market and covers around two-thirds of payment orders. But it is clearly a national implementation and the necessary elements are not supported by all markets, so it will depend on whether payment orders with QR references will also be possible with CGI. Another aspect is the fact that the Swiss Payment Standards (SPS) already cover the three most important networks: the Swiss RTGS systems SIC/euroSIC, SEPA, and CBPR+. There is therefore no urgent need in Switzerland for an independent practice covering only crossborder payments via Swift, i.e. CBPR+.

What has been described so far relates to place payment instructions, i.e. the CGI guidelines for pain.001 and pain.002. Reporting is equally, if not more, important for the automation of transaction processing. And this is where market participants face a much bigger step in the international context. While the penetration of reporting with camt.05x messages is now very high and many use cases already rely on the more comprehensive data in Switzerland, MT940/942 still dominates in the global context. While in the global multi-bank approach, market participants can easily and costeffectively receive account information via Swift FIN, i.e. with Swift's MT940 definitions, various national markets or individual banks have developed sophisticated coding for MT940 together with their software partners, which already allows a high degree of automation. Unlike pain.001/002, there are no SEPA-related specifications for camt.05x either.

Questions About Questions

To ensure a successful transition to ISO 20022 messages for reporting, the international standardization bodies still need to do some preparatory work and clarify what the basis for such implementation guidelines should be. Will they extend the interbank CBPR+ guidelines to include customer aspects? Will the EPC issue new reporting requirements for SEPA? What exactly will be the scope of the future CGI guidelines? Will only incoming and outgoing payments be described, or other transactions as well?

For Swiss market participants, it will be important to know to what extent national specifics can be mapped with CGI messages and how big the difference to the SPS guidelines will be. The SPS already uses schemas that are as open as possible. The challenge is not so much at the message level, but rather in possible differences in element mapping, validations, and stricter rules regarding the mandatory nature of elements that are inherently optional. We are already seeing foreign banks operating in Switzerland struggling to comply with the SPS requirements. And with the extension of the character set in line with developments in the official registers in Switzerland, there is another addition that has not yet been followed internationally. We do not need to include all of this in the CGI guidelines in Switzerland, unless it is absolutely necessary for end-to-end processing, such as the QR reference.

The goal of the Swiss representatives in the CGI working groups is on the one hand to support the CGI guidelines at a national level and on the other hand not to create any contradictions with the proven and, above all, widely implemented SPS guidelines. The parallel phase will end in November 2025 and we will only rely on the new ISO 20022 message versions. Banks will still be able to offer their customers the option of using the traditional message versions. However, we will no longer be able to ensure that all use cases are consistently covered. This also applies to existing CGI offerings. The time to migrate is getting shorter and shorter.

MARTIN WALDER,
HEAD BILLING & PAYMENTS STANDARDS, SIX

QR-bill and eBill – the Duo of the Future

Required knowledge
— Application of the QR-bill and eBill Implementation Guidelines

In the age of digitalization, the introduction of the QR-bill and the eBill platform in Switzerland is an important step towards optimizing invoicing. They ensure not only greater efficiency, but also greater security in the processing of financial transactions. In contrast to conventional methods such as sending PDF invoices by e-mail, the comrinvoice information.

Integration and Adoption

A key aspect that characterizes the QR-bill in Switzerland is its broad acceptance and integration into companies' payment transactions. Today, virtually all invoice issuers and payment system software vendors in Switzerland support the QR-bill, underscoring its central role in the Swiss financial ecosystem. The great advantage of the QR-bill lies in its seamless integration into existing payment systems. By using the QR reference to uniquely identify payments and by being compatible with Swiss payment standards, which are based on the internationally recognized ISO 20022 standard for the exchange of electronic financial messages, the QR-bill bridges the gap between traditional and digital payment methods. This integration ensures smooth, efficient, and error-free transaction processing, making the QR-bill an indispensable tool in modern business transactions.

Security and Customer Satisfaction

The eBill platform is characterized by a closed loop, which is supported by the central infrastructure of SIX and the integration into e-banking platforms of the banks. This approach ensures that all data, even when converted between different formats, always remains in a secure environment (see figure). For invoice issuers, the closed eBill loop provides valuable

Information	**QR-bill (QR code)** Invoice issuer	**eBill (XML)** Network partner
IBAN The QR-IBAN is recommended for an eBill-enabled QR-bill. *Example:* *44 3199 9123 0008 8901 2*	QRCH +CdtrInf ++IBAN	bill +singlePayment ++paymentInformation +++accountAndReference ++++generic +++++iban
Invoice recipient Payable to *Example:* *Example Invoice AG* *Rue du Lac 1268* *2501 Biel*	QRCH +CdtrInf ++Cdtr	bill +invoice issuer
Amount Payment amount *Example: 3,949.75*	QRCH +CcyAmt ++Office	bill +singlePayment ++paymentInformation +++amount ++++value
Currency Currency of payment *Example: CHF*	QRCH +CcyAmtDate ++Ccy	bill +singlePayment ++paymentInformation +++amount ++++currencyCode
Final invoice recipient Payable by *Example:* *Peter Muster* *Rosenaustrasse 20* *8036 Zurich*	QRCH +UltmtDbtr	bill +billRecipient
Reference type QRR (for QR reference) is recommended for an eBill-enabled QR-bill. *Example: QRR*	QRCH +RmtInf ++Tp	bill +singlePayment ++paymentInformation +++accountAndReference ++++generic +++++referenceType
Reference The QR reference (for QR-IBAN) is recommended for an eBill-enabled QR-bill. *Example:* *210000000003139471430009017*	QRCH +RmtInf ++Ref	bill +singlePayment ++paymentInformation +++accountAndReference ++++generic +++++referenceStructured

Table: eBill-enabled QR-bill

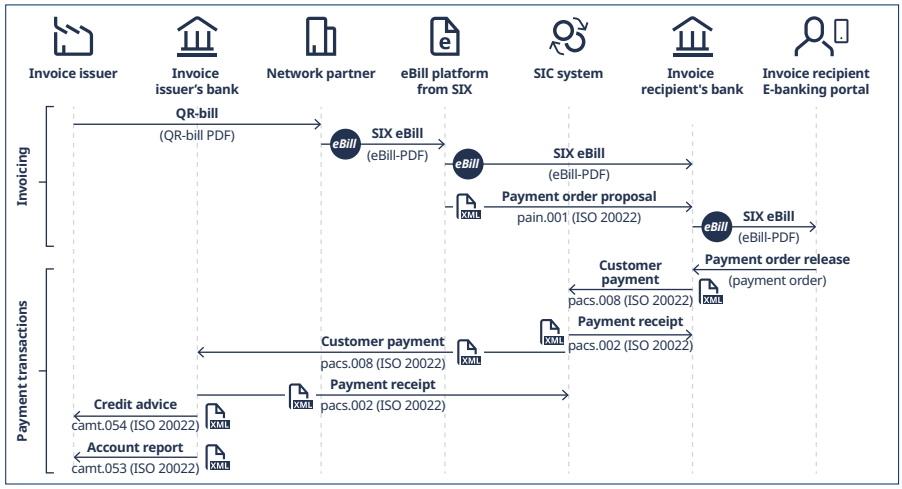


Figure: Message flow of an eBill-enabled QR-bill – end-to-end

Information	QR-bill (QR code) Invoice issuer	eBill (XML) Network partner
Unstructured information Unstructured information can be used to specify a payment purpose or for additional information. *Example:* *Order from 02/10/2024*	QRCH +RmtInf ++AddInf +++Ustrd	bill +singlePayment ++paymentInformation +++accountAndReference ++++generic +++++referenceUnstructured
Invoice information The invoice information contains coded information for the automatic booking of the payment. Certain information is required for eBill-enabled QR-bills. *Example of an invoice dated 11/05/2023, payable by 12/05/2023 (with a 30-day payment period):* *S1/10/10201409/11/231105/40/0:30*	QRCH +RmtInf ++AddInf +++StrdBkgInf	**Business case date** bill +businessCaseDate Explanation: Corresponds to the day /11/ (document date) *Example: 11/05/2023*
		Due date bill +singlePayment ++paymentInformation +++dueDate Explanation: The due date must be supplied as a condition in day /40/, whereby the deadline (days) is specified. The document date (day /11/) serves as the reference date. *Example: 12/05/2023 (30 days payment period)*
		Reference number bill +referenceNumber Explanation: Corresponds to the tag /10/ (invoice number) *Example: 10201409*
Alternative procedure parameters The alternative eBill procedure must be used for eBill-enabled QR-bills. *Example:* • *eBill/B/email@example.com* • *eBill/B/41010560425610173* • *eBill/B/CHE123456789*	QRCH +AltPmtInf ++AltPmt	**Identification of the invoice recipient** bill +billRecipient ++emailAddress or ++billRecipientID or ++enterpriseIdentificationNumber *Examples:* • *email@example.com or* • *41010560425610173 or* • *CHE123456789*

security by ensuring that personal invoice information, which is usually business-critical, remains protected. At the same time, the seamless integration with banking systems makes it easier for recipients to pay their invoices by allowing them to review and pay eBill invoices directly from their e-banking portal. These benefits translate into greater efficiency, lower error rates and higher customer satisfaction.

QR-bill and eBill Set New Quality Standards

Together, QR-bill and eBill form a robust infrastructure that ensures security and seamless integration with existing payment systems, providing a secure alternative to traditional methods. Network partners can convert eBill-enabled QR-bills in PDF format directly into an eBill invoice and send it via the eBill platform. For a QR-bill to be eBill-enabled, it requires additional information, such as the invoice recipient's e-mail address in the “Alternative procedures” field (see table).

PETER RUOSS, PRODUCT OWNER
PAYMENT SOFTWARE PARTNERS
UBS SWITZERLAND AG

It All Depends on the Intensity of Use

A new study by the Swiss National Bank (SNB) shows that the rules set by financial intermediaries have a strong causal influence on the use of payment technologies. The analysis of debit card payments at the POS between 2019 and 2021 shows that the increase in the maximum amount per transaction from 40 to 80 Swiss francs in connection with the Covid-19 pandemic has led to a significant increase in the use of contactless payments. However, this increase mainly affects consumers who were already using contactless payments. For those who were not yet using this technology, the change in the amount limit did not have a significant impact.

The increase of the limit in Switzerland in April 2020 was in line with the approach in other OECD countries. It remains to be seen whether the results of the SNB study are transferable. However, given that debit cards are also the most widely used payment method in many other European countries, the method of analysis used in the Swiss study may also be suitable for the situation in other countries.

Data Set and Filter

The analysis is based on anonymized data from more than three billion transactions in the period between 2019 and 2021. To overcome the empirical challenges, the team of authors used data filters. It compares the payment behavior of the same consumers making purchases from the same merchants during the same time period. Concerns about changes in the availability of payment technology – i.e., the ability to make contactless payments – are addressed by limiting the sample to merchants and cards or cardholders who had access to contactless payments as of 2019. In this way, the consumption structure remains unchanged. The final dataset includes approximately 20 million transactions, just over 400,000 different payment cards, and nearly 18,000 merchants.

Implications for Payment Innovation?

The results of the study suggest that policymakers should consider the role of financial intermediaries and usage rules when evaluating payment innovations such as instant payments or digital central bank currencies. In particular, the SNB's analysis suggests that an amount limit could influence the intensity of consumer use of individual payment technologies.

GABRIEL JURI

FURTHER INFORMATION:

STUDY

Secure Online Identification Enters a New Phase

International standardization is critical to the framework within which Switzerland can operate. Swift and the Technical Committee for Banking of the International Organization for Standardization (ISO/TC 68), in which the Swiss Association for Swift & Financial Standards (SASFS) actively represents Switzerland's interests, play a key role in payment traffic. International standardization is also of central importance for the Swiss financial center in technological matters, as the example of electronic identities shows. In addition to interoperability and user-friendliness, the focus here is on the security of online identification.

The Key to Greater Security

The "Protected Confirmation" security function represents key technology for digital identity wallets, as envisaged by the European Union with the eIDAS Regulation and Switzerland with the Swiss E-ID. This security function enables the end user to confirm a sensitive transaction or log in to a sensitive service via a trusted user interface while retaining sole control over the confirmation process. This should also be the case with a compromised end device.

This may sound trivial on the surface, but it is extremely challenging. Until now, the technical implementation of this security feature has been too complex, which is why its implementation has been postponed several times. The SASFS therefore supports the standardization activities in this area, which are being promoted by UBS and the Bern University of Applied Sciences as part of an Innosuisse project and are also likely to be important for the E-ID. The Federal Council's ambitious timetable calls for E-ID to be introduced from 2026, in line with EU plans.

Without this security feature, end users could be easily tricked into sharing their securely stored digital identity wallet credentials for fraudulent transactions. For example, fraudsters could fake identification for an innocent activity while accessing online banking in the background.

New Security Feature Proves its Worth

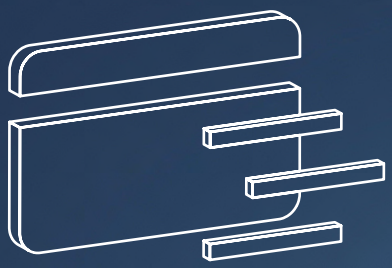
The practicality of the new security feature was clearly demonstrated in last year's pilot with the UBS Access App. In addition to this successful pilot with Google, another milestone is now on the horizon: a collaboration with the FIDO Alliance (FIDO = Fast IDentity Online), a California-based non-profit organization that promotes open and royalty-free industry standards for global authentication on the internet. Through the technologies it supports on devices and in browsers, FIDO largely defines the de facto standards of the future and thus the technical possibilities of future online identification solutions.

DR. ALAIN HILTGEN,
MEMBER OF THE BOARD, SASFS

FURTHER INFORMATION:

GOOGLE SECURITY BLOG

APPLICATION EXAMPLE



Switzerland and the EU's New Instant Payments Regime

In November 2023, the EU Commission presented the amendments to the 2012 SEPA Payments Regulation. The new rules are intended to pave the way for instant payments in the EU/EEA countries. Switzerland will also be affected.

Main Pillars

Firstly, all payment service providers (PSPs) offering instant payments in euro must be able to receive and send them around the clock (24/7/365). Fees must not be higher than for other credit transfers.

Secondly, PSPs must check – free of charge for consumers and micro-enterprises – whether the IBAN matches the beneficiary's name, specified by the paying party. They must also check the master data against the latest sanctions lists on a daily basis.

Finally, PSPs will have to disclose all payment transaction fees to the competent authorities on an annual basis in order to ensure transparency.

Timetable

Following the publication of the final text of the Regulation by the EU Commission on November 23, 2024, PSPs in euro countries will have six months from the entry into force of the Regulation to receive instant payments. The same deadline applies to price harmonization, daily screening, and reporting. Within one year, they must be able to send instant payments and ensure the verification of the beneficiary.

With the exception of sanctions screening, the Regulation grants PSPs outside the euro area longer deadlines: 30 months for receiving instant payments and price harmonization, including reporting, and 36 months for sending instant payments and IBAN/name verification.

What About Switzerland?

Wealth management and private banks in Switzerland are particularly interested in participating in the euro instant payments market. The SECB Swiss Euro Clearing Bank, in its primary role as the payments bank for the Swiss financial center, is currently exploring the possibility of offering euro instant payments services to and from Switzerland by the end of 2024. This shows that the new EU regulation is also relevant for non-euro SEPA countries and can have a profound impact on the financial landscape – with all its potential benefits and challenges.

YOANN FOUMANY,
HEAD CUSTOMER SERVICES, SECB

FURTHER INFORMATION:

PRESS RELEASE

Money isn't a material reality –
it is a psychological construct.

Yuval Noah Harari (1976)