

Are you ready for the new instant payments reality?

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Why now –
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Easy to say,
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valantic FSA –
a stand-out choice
for regulation-ready
Instant Payments

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Intro

Europe is on the cusp of the next payments evolution. With the continuing roll out of mandatory instant pan-European payments under **SEPA IPR**, the European Commission is not just imposing another compliance requirement on financial markets participants, it is underscoring a systemic shift toward real-time financial infrastructure as the standard for financial services delivery.

At the same time, today's consumers and businesses are accustomed to (and expect) digital immediacy: In an era of digital wallets and instant messaging, having to wait one or two business days for a business payment to 'clear' is increasingly anachronistic.

In an environment where the 'need for speed' is a predominant driver of customer satisfaction, and set against a backdrop of intense global competition, IPR is another big step towards unification and consolidation of the pan-European payments landscape.

Why now – what's behind the regulation?

The SEPA regulatory drive reflects broader dynamics in the European (and global) financial landscape, not least the increasing ubiquity and influence of technology firms and non-EU native global financial networks. Real-time systems such as India's UPI, Brazil's Pix, and China's Alipay are setting new global benchmarks in speed and user experience.

As such, Instant Payments regulation (IPR) is part of a bigger strategic impetus to create a harmonized, sovereign payments ecosystem that militates against undue dependence on non-European, non-FI payments infrastructure.

So let's unpack the obligations, requirements, risks and opportunities presented by IPR.

This regulation, adopted by the European Parliament on **7 November 2023**, requires **Payment Service Providers (PSPs)** to send and receive EUR credit transfers in and across the Single Euro Payments Area (SEPA) with **real-time-availability of funds** (within ten seconds), on a **24/7/365** basis.

Timelines and deadlines

IPR's phased implementation creates pressing obligations on financial institutions to ensure that payment infrastructures are fit for purpose for instant payments.

The critical date for IPR adoption for inbound payments is 9 January 2025, when PSPs in Euro SEPA countries were obligated to provide instant payment on incoming requests. The date when instant outbound payments are mandatory for this cohort is 9 October 2025.

Non-Euro SEPA countries are also subject to these new rules: Corresponding dates for regulatory compliance for PSPs in non-Euro countries to make and receive payments in Euro SEPA countries are 9 January 2027 (incoming) and 9 July 2027 (outgoing) respectively.

IPR regulation also mandates:

- ✓ **No opt-outs** for PSPs offering SEPA Credit Transfers (SCTs)
- ✓ **Mandatory pricing parity** between instant and non-instant SCTs
- ✓ **Verification of payee** (IBAN-name check) for fraud prevention to be executed as part of the "10 second" instant payment window

Preparing for compliance - the operational challenge

Meeting and satisfying mandated timeframes and obligations for instant payments requires a significant lift to traditional PSP infrastructure and workflows, in terms of:

- ✓ Managing real-time processing capabilities
- ✓ Ensuring efficient clearing system access
- ✓ Implementing rigorous payee verification
- ✓ Reducing settlement latency

Beyond regulatory compliance, effective and seamless instant payments will also be a competitive service differentiator.

Easy to say, harder to do?

While the merits of instant cross-border payments are undeniable from a customer perspective, not least with respect to increased liquidity efficiency and intraday working capital management, and more robust KYC and fraud protections, many PSPs subject to the new rules still have much to do to meet regulatory implementation deadlines.

Infrastructure challenges and market gaps

Transforming current payments architecture into a 24/7 real-time system with ISO 20022 compliant messaging is not straightforward and impacts multiple layers of banking infrastructure. IBAN-name verification presents technical and operational challenges, particularly with respect to high-volume, cross-border payment customers. Online Funds Reservation, which requires that money be made available to the beneficiary in seconds is another challenge.

There is already some inconsistency in SEPA IPR adoption in and across Euro countries (and relatively low adoption rates in several non-Euro SEPA countries). Benelux countries, Finland, Lithuania and Slovenia have high IP adoption rates. Germany, France and Italy - much larger markets - are somewhat behind the curve.

Penalties, pressures and regulatory realities

This disparity reflects the technological burden of upgrading legacy infrastructure and processing frameworks, and the technical complexity of integrating real-time reconciliation and fraud mitigation workflows. (It might also indicate a degree of industry resistance to fully embracing the shift from optional to mandatory instant payments provision.)

However, with the next critical deadline (October 2025) looming on the horizon, banks really have no choice; they must get fully on board the Instant Payments train and prioritize solution development and deployment, notwithstanding other pressing business and compliance challenges, and ever-present budget and resource limitations.

IPR mandates that National Competent Authorities (NCAs) will enforce compliance and impose penalties for violations. While specific penalty frameworks will vary by country, regulators are expected to act swiftly against PSPs that delay implementation or fail to meet specific operational obligations like IBAN-name checks.

Risks of falling behind

Payer/payee screening is especially challenging in a world of near-instant transactions, particularly for organizations that don't operate on a 24/7/365 basis but are obliged to conduct transaction screening within the 10-second payment timeline.

Similarly, Verification of Payee (VOP) processes that ensure that the IBAN provided matches the intended recipient's name may also be challenging, in terms of scale and geographical coverage,

and without standardized, consistent and interoperable API connectivity and messaging.

Non-compliance is not just about the risk of falling foul of regulators and associated penalties. The perhaps even greater risk in today's highly competitive financial services landscape is reputational damage, erosion of customer trust (and loyalty) and ultimately market exclusion as a non-compliant outlier in a real-time payments world.

24/7 instant payment flows – at scale

Legacy batch-based systems, siloed payment formats and ineffective fraud detection capabilities are no match for the demands of 24/7/365 instant payment flows.

Satisfying real-time payments requires (in no particular order):

- ✓ End-to-end workflow automation
- ✓ 'Modern' API technology and connectivity
- ✓ Support for ISO 20022
- ✓ Instant and enriched AML and KYC screening

Real-time reconciliation and exceptions management in the same way that PSD2 paved the way for Open Banking, IPR also offers the potential to facilitate real-time treasury management, embedded finance and truly frictionless cross-border commerce.

valantic FSA – a stand-out choice for regulation-ready Instant Payments

Navigating IPR complexities demands a technology partner that goes beyond the provision of an off-the-shelf solution, working with you to build and deliver a scalable, future-ready payments infrastructure that supports other potential payment corridors beyond SEPA, and enables PSPs, and their customers, to extend their reach and footprint in cross-border B2B and B2C transactions.

Beyond instant payments, investment in valantic FSA's extensive payments expertise and solution suite today is an assurance of remaining ready and relevant tomorrow, in terms of continuing service innovation like real-time invoice settlement and JIT financing for SMEs, and broader financial market evolution, for example, the (eventual) advent of the digital Euro.

First and foremost, our proven, full-service and modular payments capabilities can be deployed very quickly (days not months) and without compromising existing infrastructure.

We ensure that you can tick all Instant Payment boxes with:

- ✓ Scalable, high performance, high throughput, real-time transaction processing
- ✓ End-to-end messaging and workflow automation
- ✓ Low-code/no-code integration
- ✓ Full ISO 20022 compliance with EPC and clearing scheme rulebooks
- ✓ Automated validation, routing, exception handling
- ✓ Smart ISO 20022 message conversion and enrichment
- ✓ SEPA, Swift, TARGET2 and national clearing connectivity
- ✓ Support for other global formats and standards
- ✓ Multi-entity, multi-clearing connectivity

Partnerships not products

More than a software vendor, valantic FSA is a strategic transformation partner combining decades of experience building and supporting digital technologies and architectures, with proven expertise in financial trading, payments and regulatory compliance.

Modular, low- and no-code solutions ensure fast deployment, minimal business disruption and easy scalability, enabling PSPs to meet IPR deadlines, and laying firm foundations to support market and service evolution, regulation, and systems interoperability.

From Tier 1 banks to mid-sized PSPs, many valantic FSA clients have already made the successful transition to real-time financial infrastructures - on time, on budget and with measurable ROI.

SEPA Instant Payments regulation is not just a compliance hurdle - it's a critical inflection point for PSPs. Those who embrace the change, modernize with agility and prioritize real-time customer experiences will lead the market in competitive differentiation, share of wallet and operational (and commercial) resilience.

Regulatory timelines and deadlines

Region	Incoming IP Mandatory	Outgoing IP Mandatory
Euro SEPA countries	9 January 2025	9 October 2025
Non-Euro SEPA countries	9 January 2027	9 July 2027

Seamless scaling, x-gen in action

valantic FSA's powerful x-gen technology enabled a leading EU bank to process 135 million instant payments in one year post-implementation, improving customer satisfaction by 28 Net Promoter Score (NPS) points - demonstrating x-gen's powerful impact.



About us

valantic FSA automates the trading and transaction workflows at more than 100 firms in the Financial Services industry.

Our mission is to digitize, augment and evolve the value streams within our clients. This delivers new levels of efficiency, insight, and agility so that our clients can position themselves for maximum impact today and in the future.

Our deep industry expertise is used to assemble these systems from a broad range of proven components and next-generation technologies.

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Smarter automation driving the financial industry.



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