

SEPA Instant Payments

Process pan-European instant payments effectively

What are SEPA Instant Payments?

The SEPA Instant Payments Regulation (SEPA IPR), adopted by the European Parliament in March 2024, signals a pivotal transition to a standardized, pan-European real-time payments infrastructure. From real-time payments to real-time treasury, SEPA IP lays the foundation for embedded finance, open banking, and instant B2B flows. Through the SEPA "One Leg Out" system, the regulation also opens the door to the settlement of instant payments for non-euro transactions beyond the SEPA zone.

Key drivers for instant payments regulation:

- Fast, low-cost option for retail and commercial payments in Europe
- Strengthening European payment settlement methods while reducing dependency on non-European payment networks
- Competing effectively with alternative payments rails such as PayPal, Apple Pay, India's UPI, China's Alipay and Brazil's Pix
- Meeting expectations of an increasingly 'digital first' customer base (B2B and B2C)



SEPA IPR at a glance

- ✓ Applies to all PSPs offering SEPA credit transfers
- ✓ EUR credit transfers (SCT Inst) must be completed in <10 seconds
- ✓ Instant payments to be available 24/7/365 across the SEPA region

Mandatory obligations

- No opt-outs for SCT-offering PSPs
- Price parity: Instant = Standard SCT
- IBAN-name verification ("Verification of Payee") within the SEPA IPR settlement cycle
- Simplified sanction screening
- National Competent Authorities (NCAs) to enforce compliance & penalties

SEPA One Leg Out

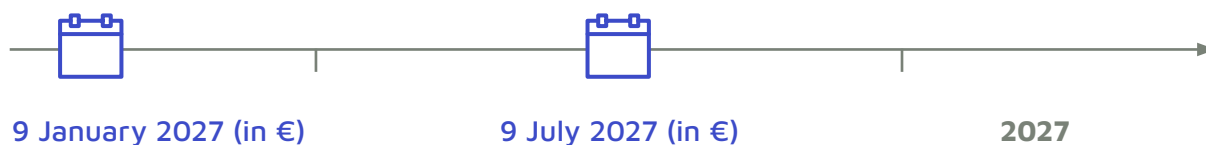
- SEPA One Leg Out (OLO) - optional service defined by EPC
- Settlement of non-euro currency payments on euro accounts from and to the SEPA zone, within 20 seconds
- SEPA PSPs may offer IPR services with non-SEPA zone payment providers
- Euro Leg Entry PSPs act as gateway between SEPA and non-SEPA zone banks

Key IPR Mandates & Timelines

Non-Euro SEPA Countries

Incoming IP Mandatory

Outgoing IP Mandatory



Compliance hurdles and challenges

Delivering compliant instant payments is a multi-layered challenge:

Infrastructure

- Many legacy systems incompatible with 24/7 availability
- Banks applications often unable to process transactions in real time
- High-friction integration with learning systems
- IBAN verification complexity, at scale

Operations

- Real-time screening
- KYC/AML checks within 10-second window
- Lack of interoperable APIs
- 24/7 instant payment flows – at scale

Implementing SEPA IP effectively requires:

- ✓ End-to-end automation from initiation to settlement
- ✓ API-driven orchestration
- ✓ ISO 20022-native support of all relevant ISO flavors
- ✓ Enriched AML/KYC screening
- ✓ Real-time exception handling
- ✓ Smart routing & enrichment

valantic FSA – the stand-out choice for SEPA IPR

We're not just a vendor – we're a transformation partner. Our SEPA IPR-ready solutions are designed to be implemented – and live –

in days, not months, for compliance and competitive edge.



Why valantic FSA?

Benefits beyond compliance

SEPA IPR isn't just a compliance burden - it's the opportunity for financial institutions to lead in customer experience, operational efficiency and market share.

valantic FSA Instant Payments solutions deliver:

- ✓ High-performance real-time transaction processing
- ✓ Multi-clearing connectivity
- ✓ IBAN-name check (VOP)
- ✓ Payment time-out and exception handling
- ✓ User friendly GUI for data monitoring, manual interventions and reporting
- ✓ Full ISO 20022 compliance according to EPC and various clearing schemes

Benefits

- Online interoperability with banks application landscape (channels, backoffice, AML, clearing)
- Easy to deploy in combination with existing payment scheme infrastructure
- Seamless integration with existing backend applications (low-code/no-code development based on x-gen)
- Management of R-transactions with option of case management
- Validation of input data and conversion/enrichment of data to ensure ISO compliance
- Compliance with EPC workflow and usage guidelines for IP processing



Instant payment processing - a key building block within valantic FSA's Payments Suite

valantic FSA's Payments Suite sits across existing enterprise architecture and links seamlessly to channel interfaces, backoffice applications and external infrastructure.

A modular solution, the Payments Suite enables a PSP to meet demand quickly by adding and withdrawing capabilities. This approach ensures that running costs remain aligned to revenue streams. The Payments Suite supports virtually

all payment capabilities, including payment initiation, routing, settlement, validation, and easy message conversion.

A high level of customizability within the Payment Suite, combined with IP-processing workflows, allows banks to comply with their own processes and standards. Complementary functions such as fund reservation, booking, R-transactions, dashboards, manual capture and message repair are part of the offering.



The low-code/no-code platform for seamless integration and customization

valantic FSA's x-gen is a complete, end-to-end messaging and workflow automation solution for financial institutions. It connects valantic FSA's Payment Suite easily to existing client architecture and channels, core banking platforms and market infrastructure.

Designed to scale quickly to support growing businesses and to process high payment volumes, low-code x-gen integration can reduce manual interventions by 95%.

x-gen's smart automation converts incompatible formats and messages to local clearing standards for assured completion of transactions.

Transaction workflows are split into component parts and delivered in a modular "pick and choose" model from primary and secondary services including intelligent payment routing, reporting, investigations and user administration.

valantic FSA Smarter automation driving the financial industry.



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