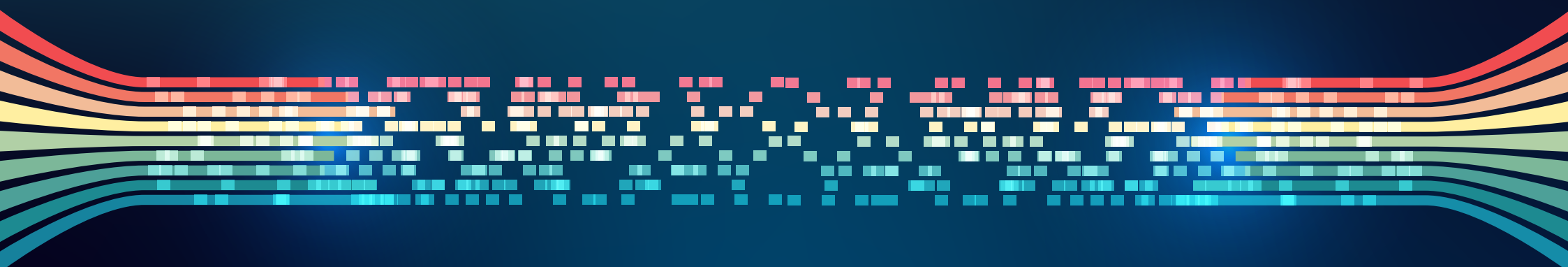


# EASING THE PRESSURE -

helping financial institutions safely test and integrate  
the latest SEPA real-time standards

An Iliad Guide: SEPA Instant Credit Transfer (SCT Inst) Testing Solution



# INSTANT PAYMENTS INNOVATION IS ACCELERATING ACROSS EUROPE. ARE YOU KEEPING PACE?

**With Europe's major financial institutions facing more operational pressures than ever before, staying up to date with the latest banking innovations is a perennial challenge. But while lagging behind is not an option in this disruptive era, there's no escaping the fact that building new tech and integrating ecosystem changes take time. It's complex.**

A case in point is the European Payment Council (EPC)'s recent upgrade to SEPA Instant Credit Transfer (SCT Inst). As of March 2024, the 2021 SCT Inst rulebook version 1.2 has progressed to 2023 SCT Inst rulebook version 1.1.

This has resulted in a number of updates, such as replacing the term 'Customer' with 'Payment Service User' to enable the Inst scheme to cater for both retail and Financial Institution-to-Financial Institution payment use cases. Additionally, the definitions of the terms 'Originator' and 'Beneficiary' have been amended

to reflect the possibility that PSPs might take up these roles. And the definition of the term 'Payment Account' has been changed to indicate that such an account can also be held by a PSP.

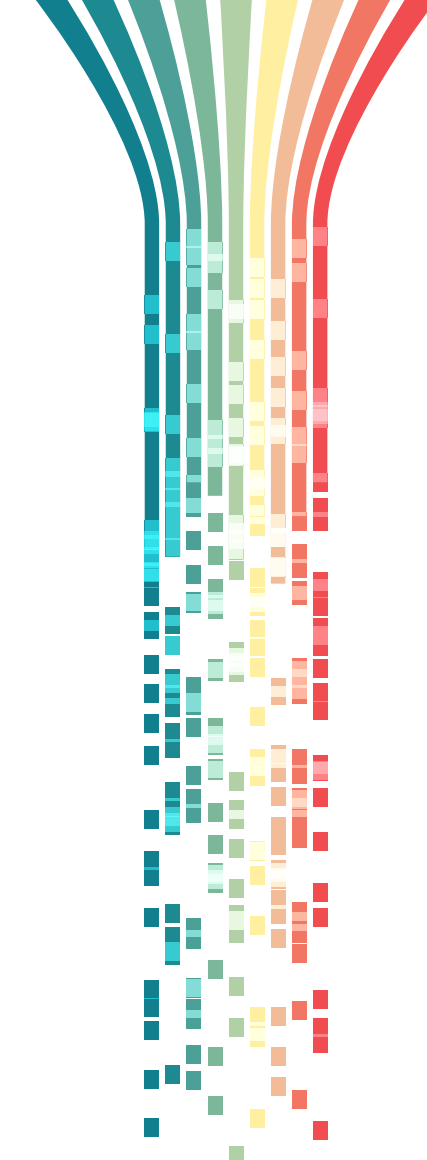
The 2023 SCT Inst rulebook also features changes set out in 2020, namely the migration of all ISO 20022 standard-based XML payment messages used under the Inst scheme, to the 2019 version of the ISO 20022 standard. On top of this, there has been an alignment of the attribute numbering between the four payment scheme rulebooks as of the respective 2023 rulebooks.

For banks, adopting the new rulebook version is a significant piece of work fraught with risk. Errors flagged during the SEPA certification process could delay integration, handing competitors an advantage. That's why, whether you're preparing to implement the 2023 rulebook changes or integrate with SCT Inst for the first time, it's vital that you test all endpoints before launching.

To help payments innovators do just that, Iliad Solutions has developed the SCT Inst Testing Solution. This accompanying guide sets out the software's capabilities and explains how Iliad's

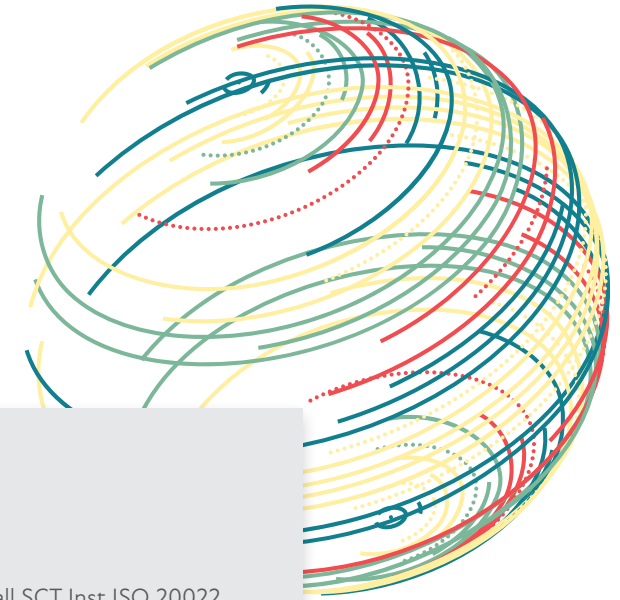
globally renowned t3 testing and certification platform will put you on the track to instant payment success.

Thanks to SEPA's infrastructure, which is being harnessed by more than 60% of European payment service providers, millions of businesses and consumers across the continent are experiencing the convenience of real-time transactions and transfers. It's vital then that banks have the tools necessary to safely test and integrate with today's eCommerce and smartphone-based economy. That's what Iliad's SCT Inst Testing Solution enables.



# EMPOWERING FINANCIAL INSTITUTIONS TO SEAMLESSLY OFFER INSTANT PAYMENTS

To help organisations on their SCT Inst journey and keep up-to-date with the latest changes, Iliad Solutions has developed the SCT Inst Testing Solution. An orchestrated version of our proven t3 platform, the Solution empowers financial institutions to securely simulate all types of instant payment journeys included in the 2023 rulebook - across both internal and external ecosystems.



## Key features and capabilities include:

- Create bespoke tests tailored to your unique environment
- Run automation using our test studio and palettes with a blend of test data
- Quickly see where errors are occurring with user friendly test results
- Manage all data centrally to ensure full sight of all results at all times
- Thoroughly test downstream applications affected by real-time payments
- Comprehensively test regression and allow for test automation with data tagging
- Devise condition-based test scenarios with matching response rules (PACS.002 etc)

## It's also good to know that with Iliad's SCT Inst Testing Solution:

- All SCT Inst message scenarios are supported and updated prior to version releases
- Communication protocols, including HTTPS, TCP/IP, MQ, are supported
- Testing includes both the SCT Inst and a tailored participant's profile, covering send and/or receive, liquidity management transfers, settlement services and more
- Implement any business rule using t3 'Rule Actions'.
- Agile methodologies and DevOps are complemented, allowing full and continuous automated regression testing
- Test and validate all SCT Inst ISO 20022 messages types, value and non-value messages, including SCT Inst business rules
- Data can be reused, imported and exported, this includes public keys and certificates
- Access can be granted to unlimited users across multiple environments (Dev, SIT, etc)

Major global financial institutions are using Iliad Solutions' comprehensive capabilities to test and certify the sending and receipt of instant payments.



# TEST EVERY TRANSACTION SCENARIO WITH CONFIDENCE

The EPC has developed the Inter-PSP Implementation Guidelines to help businesses implement Version 1.1 of the 2023 SEPA Instant Credit Transfer Scheme Rulebook, based on the 2019 message version of the ISO 20022 standard.

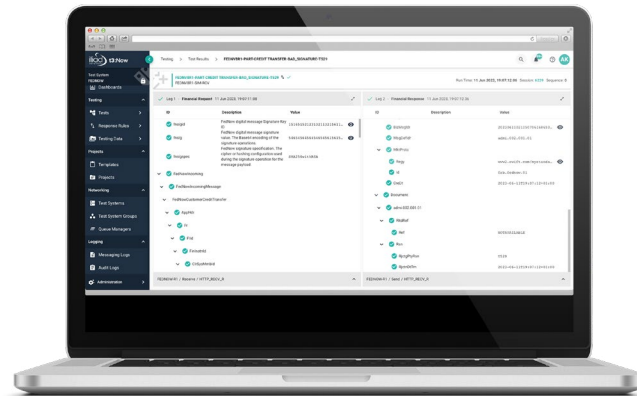
The guide sets out SEPA rules for implementing the latest Inter-Payment Service Provider (PSP) ISO 20022 XML message standards. With that in mind, Iliad's SCT Inst Testing Solution pack has been developed specifically to mirror the EPC's new guidelines.

The Testing Solution pack is also extendable, meaning that financial institutions can test all SCT Inst scenarios using our Solution, in addition to copying an included template to create and run other types of scenarios under test. For example, copying a template and testing and changing the data values in Leg 1 will change subsequent legs.

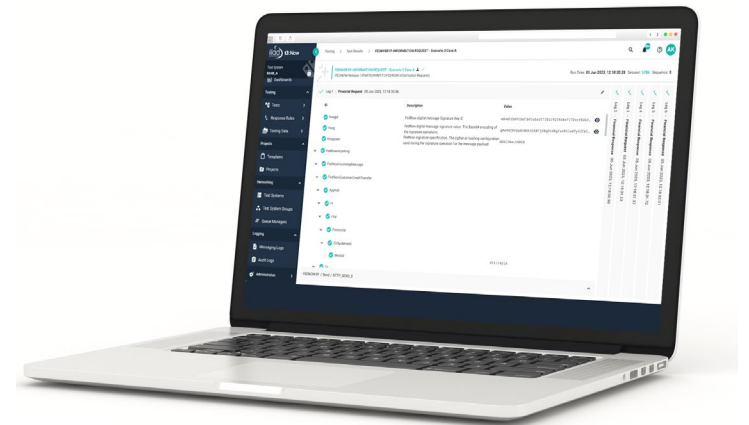
## TESTING SCENARIOS NOT COVERED IN SCT INST INTER-PSP IMPLEMENTATION GUIDELINES

Some organisations may think it sufficient to simulate SCT Inst instant payment calls using only the SEPA guidelines, which test a limited range of scenarios. But at Iliad, we think there's a need to demonstrate operability across a much broader set of situations. For example, here are two possible scenarios covered by our Solution:

### Validate against SCT Inst business rules



### Complex end to end Scenarios



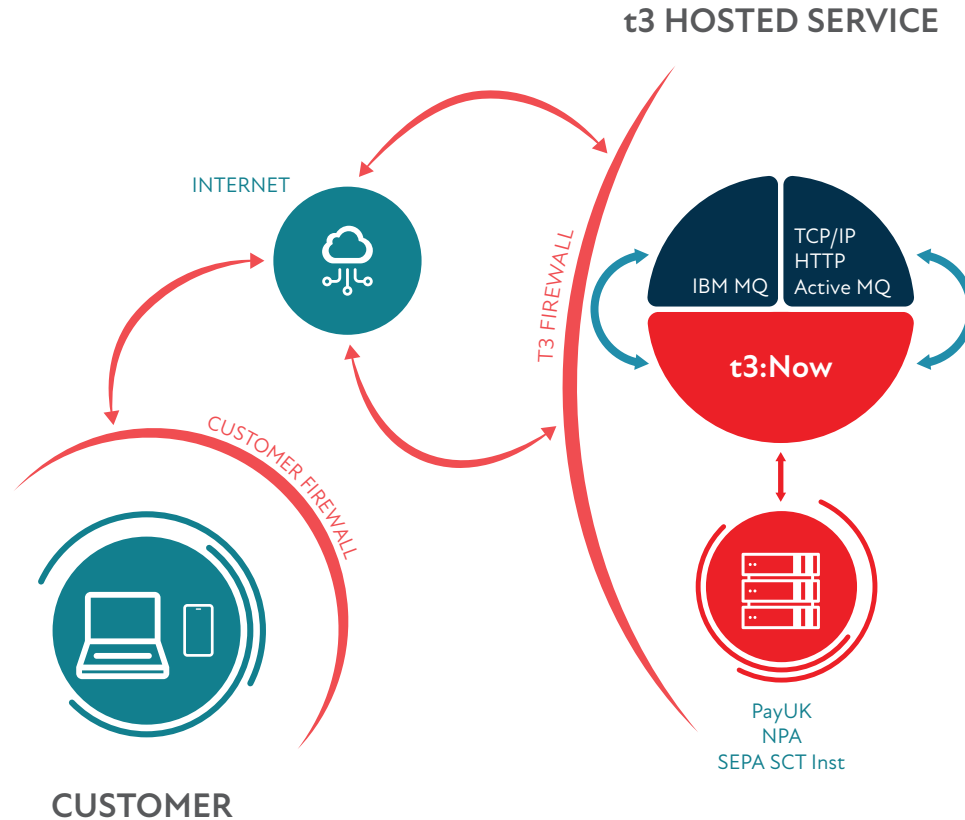
Iliad's SCT Inst Testing Solution gives financial institutions the confidence that all instant payment functionality is working flawlessly prior to and post launch.



# ON YOUR TERMS: A TAILORED APPROACH TO IMPLEMENTATION

Iliad's SCT Inst Testing Solution has been designed to support a wide range of financial institutions with differing instant payment requirements. The Solution is an orchestrated version of our t3 virtualised test platform, which gives financial institutions around the world more control, reduced implementation costs, and greater confidence in their innovation projects.

Firstly, to aid connectivity between your financial institution and SCT Inst, we provide a hosted solution with a range of connections such as TCP/IP, HTTP and MQ. This is the simplest and safest way of testing instant payments across your business and with any third parties.



In addition, we enable two levels of testing, mindful that different PSPs will want to engage SCT Inst payments in different ways:

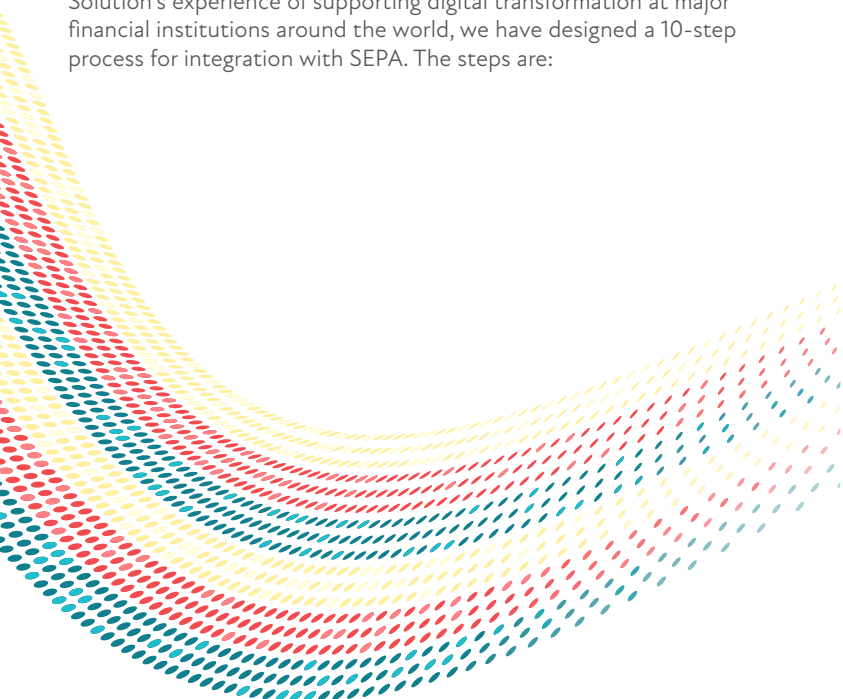
- 1 Instant payments settlement. This is for PSPs that want to allow their customers to receive faster payments from any payer.
- 2 Instant payments processing and settlement. This is for PSPs that want to allow their customers to make and receive instant payments.

As well as virtualising SCT Inst payments, t3 is well equipped to test other common payments protocols including SEPA, the UK's NPA, Card Auths, Open API, etc. This means that once you've deployed t3, it can be extended easily for other banking innovation use cases.

# DEVELOPING YOUR STRATEGY FOR SCT INST IMPLEMENTATION

For many financial institutions implementing the EPC's SEPA instant payments functionality, this could be their first working interaction with the ISO 20022 message standard. And if you're operating on an older system, it's very much a break from the past.

Consequently, you'll need to allocate sufficient time and resources to developing an effective approach to implementation. Based on Iliad Solution's experience of supporting digital transformation at major financial institutions around the world, we have designed a 10-step process for integration with SEPA. The steps are:



- 1 Know SEPA requirements and how you will join. This will depend on the type of PSP you are, for example, an electronic money institution or a payment institution. You will also need to decide which type of SEPA payment scheme to integrate, such as the SEPA Credit Transfer Scheme, SEPA Instant Credit Transfer Scheme, SEPA Core Direct Debit Scheme, or SEPA Business to Business Direct Debit Mandate.
- 2 Take time to prepare for implementation - understand what your developer team needs to get on with the job and which parts of your business will be affected.
- 3 Engage with the industry for insights on best practice and learnings around implementation. Helpfully, the EPC has created a toolkit for new participants. And many major financial institutions and sector media outlets have produced freely available resources on SEPA.
- 4 Get up to speed on compliance. Existing businesses will fully understand regulatory requirements, however implementation of one or more SEPA schemes will give rise to new compliance considerations.
- 5 Join SEPA under the relevant participant category.
- 6 Thoroughly understand security issues and challenges by engaging with any third-party providers of KYC and AML technology. Testing all scenarios is a crucial part of the security process.
- 7 Educate your staff about your integration with SEPA and how this is going to change and enhance your products. For example, new datasets derived from SEPA schemes could alter certain functions within your organisation, creating new workflows.
- 8 Ensure certification is done properly and comprehensive testing is completed before you arrive at the certification stage.
- 9 Progress through approval and launch on SEPA.
- 10 Evaluate the success of your implementation and make necessary adjustments to frontend and backend processes.



# A TRACK RECORD OF FASTER PAYMENTS INNOVATION

With proven expertise in financial services technology, Iliad Solutions is a trusted partner to major financial institutions around the world. And because we're uniquely platform agnostic, we are well placed to support your instant payment adoption ambitions.

Indeed, since founding in 2001 our specialists have supported organisations large and small to seamlessly integrate the latest banking technology. Major successes include supporting U.S. banks with their adoption of TCH Real-Time Payments, and assisting UK banks to onboard Faster Payments and Pay UK's NPA initiative.

Our approach works because we understand the financial services industry and develop tailored testing products that meet our clients' needs. We go beyond simply testing to ensure payments work; our platform leaves no stone unturned, enabling banks to test payment products to destruction upstream and downstream.

Whether you are planning to integrate or update the SEPA's SCT Inst payments infrastructure, make sure you can move with confidence. Test with Iliad.

To find out how to get started, contact us on [info@iliad-solutions.com](mailto:info@iliad-solutions.com) or +44 (0) 113 243 0004.