
IBAN-name check

**Current developments
and concepts**



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The authors would also like to thank Georg Nitsche, Filip Vasic (OeNB), Caroline Neyrinck (EBA) and Sarah Luisa Guida (PwC Strategy& Germany) for their contribution.

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ABOUT THE PAPER

Instant payments (IPs) are becoming an increasingly relevant credit transfer method in the European Union (EU). Preparations are ongoing to further increase market adoption through regulation, based on a proposal published by the [European Commission \(EC\)](#) in October 2022.¹ Among other requirements, this regulatory proposal includes an obligation for payment service providers (PSPs) to offer a service that enables customers to be notified when a mismatch is detected between the payee's name and IBAN that the payer provided for the initiation of a payment.

Such IBAN-name check services are already offered by PSPs in several European countries today, based on solutions developed by different providers. Other solutions are in the process of being developed.

This paper presents the results of a stocktaking exercise on existing IBAN-name check solutions across Europe, and the Eurozone in particular. The paper also strives to cover other relevant initiatives or market developments related to this topic. The aim of this paper is to contribute to the wider industry discussion, and to provide helpful information to European PSPs and the entire payments ecosystem as they contemplate how to meet the potential requirement to provide IBAN-name check services at a pan-European level in the (near) future.

The co-authorship between Oesterreichische Nationalbank (Austrian National Bank, OeNB), Deutsche Bundesbank (Bundesbank), the Euro Banking Association (EBA), and PwC Strategy& brings together a broad and deep expertise in the field of payments and adjacent topics. To complement this expertise and the targeted desk research carried out for this paper, conversations were held with experts from banks, providers of IBAN-name check services and related institutions.

In total, 17 structured interviews were conducted for the purposes of this paper. These included five interviews with providers of IBAN-name checks, and three additional interviews with representatives from public institutions and initiatives that play an active role in the payment service industry. Moreover, representatives from nine European banks, based in Austria, Belgium, France, Germany, Italy and the Netherlands, contributed their insights to this exercise. The practical experience detailed in these conversations as well as the opinions, views and questions shared by the interviewees shaped many of the considerations outlined in this paper.

¹ European Commission (2022): Regulatory proposal on instant payments, retrieved 20th March 2023.

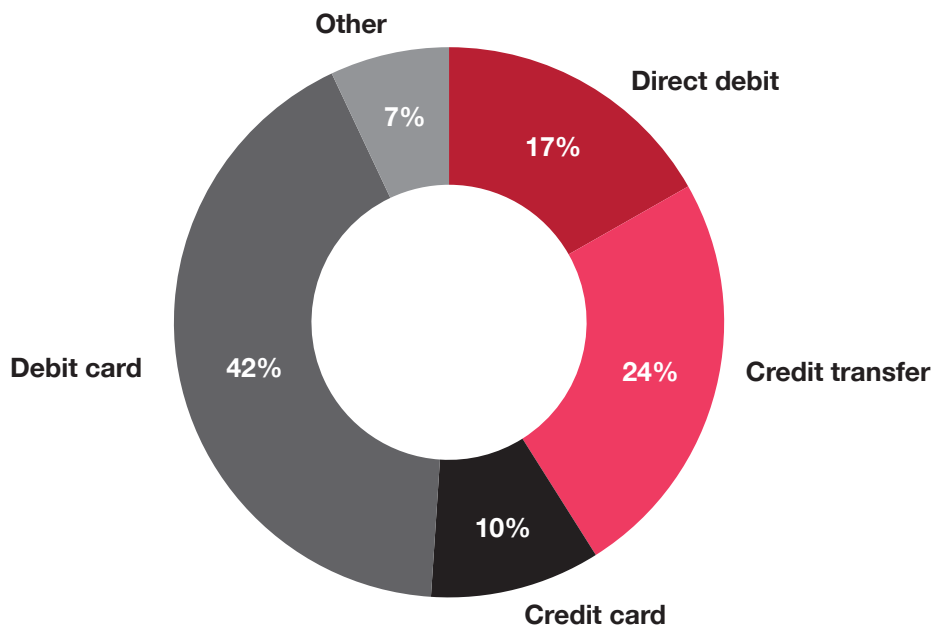
Rise of instant payments

Instant payments are on the rise all over Europe. According to the [European Payments Council \(EPC\)](#),² PSPs in 29 countries have joined its SEPA Instant Credit Transfers (SCT Inst) scheme introduced in 2017. Between 2018 and 2022, [SCT Inst increased](#) from 0% to 14% of all SEPA credit transfers.² Some countries have forged ahead, such as the Netherlands, where “more than [90% of domestic single credit transfers](#) are instant payments”.³

Instant payments can play a major role when it comes to expanding the space for account-based payments. Services such as request to pay or mobile wallet solutions with directly linked payment accounts allow money to be withdrawn from accounts and broaden the space for instant credit transfers in use cases where other payment instruments, namely direct debits, or card payments, have traditionally been used. More innovative payment solutions are being developed based on instant payments, which will further stimulate the growth of account-based payments. In 2021, [credit transfers](#) amounted to 24% of the total [transaction volume](#) in Europe and represent 94% of the transaction value.^{4, 5, 6}

EXHIBIT 1

Share of transaction numbers by cashless payment method in the EU (as of 2021)^{1, 2}



1 European Central Bank (2021): Number of payments per type of payment service, retrieved 20th March 2023.

2 Debit cards include those cards with a debit function, as well as those with debit and/ or delayed debit function. Credit cards are those with a delayed debit function, credit function and credit and/ or delayed debit function. Other payment methods mean cheques, e-money issued by residence PSPs, and other.

Source: Analysis by the co-authors

2 European Payments Council (2022): SEPA Instant Credit Transfer, retrieved 20th March 2023.

3 FIS, Worldpay (2022): The Global Payments Report.

4 European Central Bank (2021): Number of payments per type of payment service, retrieved 20th March 2023.

5 The average transaction value of credit transfers amounted to € 7k, compared to € 36 of card payments. The 94% also include payments by corporates of up to several €m.

6 It should be noted that the maximum amount of SCT Inst transactions is limited to € 100,000 for the time being. Source: European Payments Council (2022): Maximum Amount for SCT Inst Instructions, retrieved 20th March 2023.

The growth of instant payments will continue in the near future as the EC intends to make instant Euro payments universally available across Europe by means of the proposed regulation. Because of the real-time payment processing and immediate availability of funds 24/7 that instant payments entail, this growth requires a specific focus on:

- **Combatting fraud**
- **Avoiding misdirected payments**
- **Ensuring (consumer) trust**

Authorized push payment (APP) fraud is a common type of fraud related to credit transfers. It consists in fraudsters manipulating their victim into transferring funds to an account under their control.⁷ Experience suggests that instant payments are a particularly attractive instrument for this type of fraud since they allow for real-time transfer of funds to a bank account (or a succession of bank accounts), which can then be followed by an immediate cash-out, because the funds become available to the beneficiary right away. This quickly places the transaction funds out of the reach of the involved PSPs and responsible authorities.

APP fraud has been constantly rising in Europe in recent years, according to the EPC.⁸ Experience suggests that it has become a relevant cause of fraud losses in countries with a large share of instant payments.

Already in 2020, selected major UK banks were required to offer an IBAN-name check service called “Confirmation of Payee” (CoP). Notwithstanding, in 2021 losses through APP fraud reached their peak in the UK, increasing by approximately 39% from 2020.⁹ The same year, the real-time payment system “Faster Payment Service” was used in 98% of APP fraud cases.⁹ However, after the successful holistic implementation of CoP services in 2021, the increase in losses through APP fraud started to decline for the first time, with a 7% decrease between H1/2021 and H2/2021.⁹

This development is reflected in the EC’s proposed regulation on the broader implementation of instant payments. The proposal includes a requirement for PSPs to notify their customers when a discrepancy is detected between the name and the international bank account number (IBAN) they have entered for a payee (referred to in this paper as an IBAN-name check). The EC proposes to introduce the IBAN-name check in order to prevent fraudulent transactions, to detect errors, and to increase customer trust in instant payments.¹⁰

⁷ Payment Systems Regulator (2023): APP scams, retrieved 14th April 2023.

⁸ European Payments Council (2022): Payments Threats and Fraud Trend Report, retrieved 20th March 2023.

⁹ UK Finance (2022): Half Year Fraud Update, retrieved 20th March 2023.

¹⁰ It is expected that the issue of misdirected payments is rather small given that every IBAN already has a check digit.

Enable and guard

As reported by the EPC, instant payments are gaining traction across Europe.¹¹ However, the EC has stated that the uptake of IPs in Euro is progressing too slowly, resulting in unrealized benefits, lower efficiency levels and a limited choice of means of payment for the payer, particularly when it comes to cross-border transactions.¹² With regard to the pricing of instant payments, the EC has noted that the uptake of IPs has been low in those national markets where higher charges have been applied to IP transactions than to other types of credit transfers.¹¹

On 26 October 2022, the EC published a regulatory proposal with the aim to significantly increase the uptake of Euro instant payments in the EU.



Greater use of IPs will also stimulate the development of new payment solutions, so that IPs can be used at the Point of Interaction (PoI) to buy goods and services, in particular in cross-border transactions. This will increase competition in the sector and generate cost reductions for merchants, who can potentially pass them on to consumers.”

The European Commission¹²

¹¹ European Payments Council (2022): SEPA Instant Credit Transfer, retrieved 20th March 2023.

¹² European Commission (2022): Regulatory proposal on instant payments, retrieved 20th March 2023.

The proposed regulation is geared, among other objectives, “at increasing the supply of euro instant payments in the EU, addressing dissuasive fees for euro instant payments compared to alternative payment means and increasing payer confidence in euro instant payments.”¹³ The proposed regulation intends to secure these goals through four concrete points that need to be accommodated by PSPs:

- 1.** If regular credit transfers are offered, instant payments need to be offered as well
- 2.** IP charges for end users should not be higher than those applied to regular credit transfers
- 3.** Customers need to be checked against EU sanctions lists frequently yet efficiently
- 4.** A notification service needs to be offered in case of discrepancies between payee’s name and IBAN (referred to as IBAN-name check in this paper)

Given that instant payments are processed instantly, and funds are immediately made available to the beneficiary, the EC acknowledges both the need for efficiency (e.g., in sanctions screening) as well as for nurturing trust and preventing fraud resulting from instant payments.

This paper specifically looks at the proposed mandatory introduction of an IBAN-name check by PSPs and provides an overview of IBAN-name check services currently available or planned to become available soon to PSPs in Europe. This stocktaking exercise aims to facilitate the decision-making process of PSPs in the orientation phase preceding and following the publication of the final regulation of instant payments and related IBAN-name check requirements.

¹³ European Commission (2022): Impact Assessment Report, retrieved 28th March 2023.



Combatting (some of the) fraud











It is generally undisputed that instant payments are attractive to fraudsters, mainly because the instrument enables them to move funds across different accounts and borders in real time and facilitates a speedy cash-out. Therefore, some interviewees have argued that an increase in instant payments requires further strengthening and acceleration of fraud combatting tools. At the same time, it is less clear which types of fraud can be successfully tackled by the suggested mandatory IBAN-name check.

An IBAN-name check could address those types of APP fraud where fraudsters trick their victim into authorizing a payment to a beneficiary they know, but where the IBAN belongs to an account that is controlled by the fraudster. At the same time, victims may be more likely to proceed with a payment despite an IBAN-name mismatch in scenarios where the fraudster is able to continuously pressurize or manipulate them, possibly even during the payment process. The table below gives an overview of the different types of fraudulent actions identified as payment fraud “modi” by the Euro Banking Association in its [EBA Fraud Taxonomy](#).¹⁴ It seeks to establish the scenarios for which an IBAN-name check could make a difference, and how effectively it could curb such potential fraud.

¹⁴ Euro Banking Association (2022): EBA Fraud Taxonomy.

EXHIBIT 2

Overview of the potential impact of IBAN-name checks on fraud cases for credit transfers, based on relevant fraud modi defined by the EBA Fraud Taxonomy¹

No impact expected	Low impact expected	Medium impact expected	High impact expected
 Extortion	 Emotional manipulation	 Safe account fraud	 Impersonation of creditor
 Pure account takeover	 Investment fraud	 Stop unauthorised transaction fraud	 Phoney debt/bill collection
	 Online shopping fraud	 Advance fee fraud	 Fake institution
		 Overpayment scams	 Creditor account data manipulation

¹ Euro Banking Association (2022): EBA Fraud Taxonomy.
Source: Analysis by the co-authors

Albeit using a slightly different taxonomy, statistics from the UK suggest that impersonation and investment fraud account for most fraud losses.¹⁵ In 2021 alone, impersonation fraud was responsible for approximately 40% of fraud losses, while investment fraud made up approximately 30%.¹⁶ A detailed description of the different fraud types, according to the EBA Fraud Taxonomy, can be found in the appendix to this paper.

In contrast to APP fraud, payments directed to an unintended payee, i.e., misdirected payments, appear to be less of an issue at first sight. They amounted to 0.0013% of all payments of the SD10 banks in 2021.^{16, 17} Yet they should not be easily dismissed and can still be addressed through IBAN-name checks. Each IBAN carries a check digit, which substantially reduces the probability of payers entering a misspelled IBAN.

Nevertheless, misdirected payments can still occur, in particular in three scenarios:

1. The payer selects the wrong contact from an address book or payment template, or they have previously saved a wrong IBAN-name combination. Hence the payer would send the payment to someone different from the intended recipient.
2. The payer attempts to send money to an account that is already closed. In the worst case, the IBAN of the closed account is mapped to a newly opened account of a different person. This can for example occur in the Netherlands.¹⁸
3. The payer mistypes the IBAN and coincidentally manages to generate a valid IBAN. Although this case is very unlikely, it can still occur.

¹⁵ UK Finance (2022): Half year fraud update, retrieved 20th March 2023.

¹⁶ Payment Systems Regulator (2022): Requirements for participation in CoP, retrieved 20th March 2023.

¹⁷ Meaning the UK's six biggest banking groups, directed under the PSR's "Specific Direction 10" and referred to as "SD10 banks".

¹⁸ Febelfin (2022): IBAN-naamcontrole – wetsvoorstel – advise.



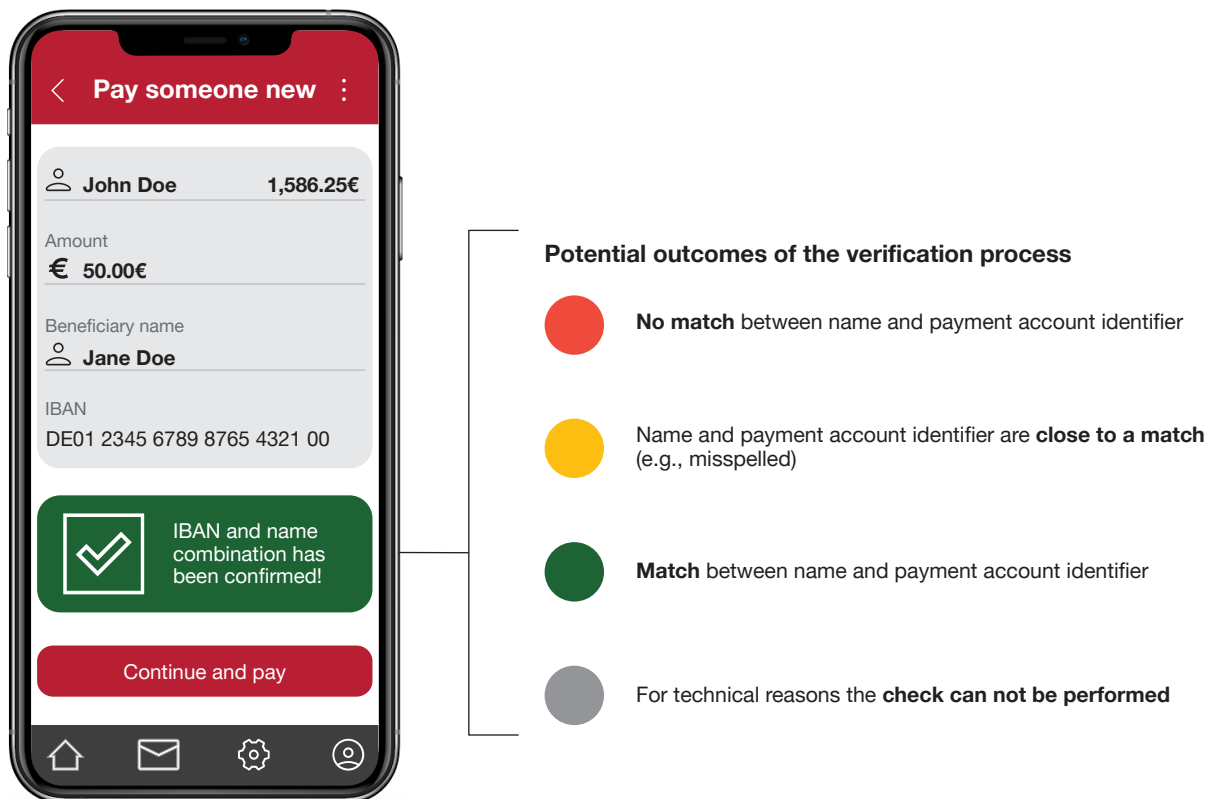
The IBAN-name check

An IBAN-name check allows the payer to verify the validity of the entered combination of a payment account identifier – i.e., the IBAN – and the name of the account holder, as well as the existence of the beneficiary’s account. This check will therefore add an extra layer of trust and security to the payment process.

The functionality of the IBAN-name check could be seamlessly integrated into a PSP’s customer service proposition. It does not interfere with the payment process and is executed before the payment is initiated. It is the understanding of the PSPs interviewed that – whilst it needs to provide a timely response – the IBAN-name check is not part of the execution time of the instant payment itself, which is currently set at a targeted maximum execution time of 10 seconds. Interviews with banks already offering an IBAN-name check have shown that the additional small amount of time needed to perform this check is not detrimental to the instant payment experience.

An IBAN-name check in an online banking environment could potentially work as illustrated in *Exhibit 3*. The payer enters the payment information of the payee and the amount of money they want to transfer. This information is checked in the background in real-time, and the payer receives feedback on the accuracy of the data before authorizing the instant credit transfer.

EXHIBIT 3
User interface and potential results of the verification process



Source: Analysis by the co-authors

As detailed in the interviews, banks with integrated IBAN-name check services typically provide three results from the check:

1. **Match** – the combination of IBAN and name can be verified and is valid.
2. **Close match** – the combination of IBAN and name almost matches, i.e., there is a small deviation from the underlying data.
3. **No match** – the validity of the combination of IBAN and name cannot be confirmed.

In addition, some existing solutions also provide information if the check cannot be performed, i.e., due to technical reasons or because of an opt-out by the payee. The payer will be notified accordingly. In all existing services, regardless of the outcome of the check that is communicated to the payer, the payer has the option to execute the payment.

In Europe, the concepts currently applied cover four parties (payer/initiator, PSP of the payer/initiator, PSP of the payee/beneficiary, IBAN-name check provider enabling the exchange of data) and follow a model where the process is then carried out in three major steps (see *Exhibit 4, next page for illustration*).

Step 1 represents the actual process of checking the IBAN against the beneficiary's name. It is further separated in three sub-processes:

- **1a – Request:** the payer provides the payment details of the recipient, and a request to check the data is sent.
- **1b – Verification:** the combination of IBAN and name of the payee is verified.¹⁹
- **1c – Notification:** the result of the check is sent to the payer's PSP. The European Commission defines the type of feedback to be released to the PSP as follows:



Where they [IBAN and name] do not match, that PSP shall notify the payer of any discrepancies detected and the degree of any such discrepancy.”

The European Commission²⁰

¹⁹ The proposed EC regulation does not specify how this check should be conducted and what potential outcomes should look like. Instead, this all remains at the discretion of the relevant PSPs and the IBAN-name check provider, if involved.

²⁰ European Commission (2022): Regulatory proposal on instant payments, retrieved 20th March 2023.

In step 2, the payer’s PSP provides a summary of the payment request to the payer. In step 3, and based on the received information, the payer must decide whether to execute the payment. It remains at the payer’s discretion to authorize the payment, even if the IBAN-name check service highlights a discrepancy. In this regard, the draft of the EC states the following:

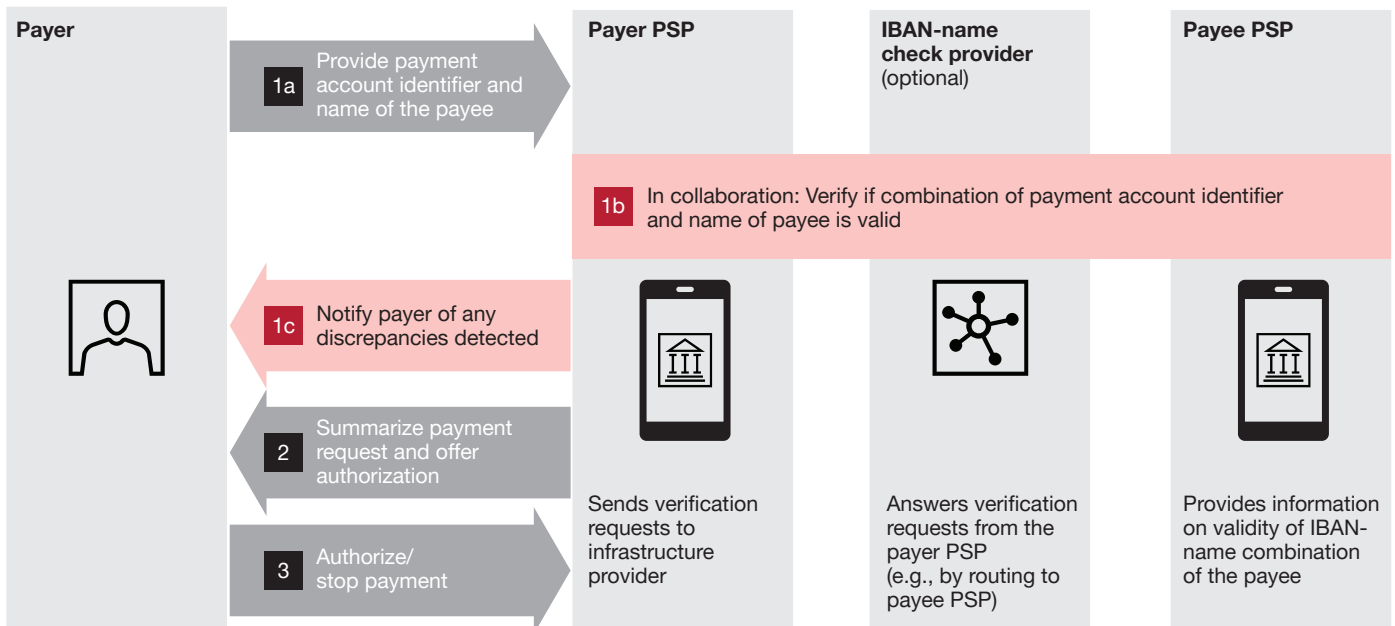


PSPs shall inform their PSUs (“Payment Service User”) that authorizing a transaction despite a detected and notified discrepancy or opting out from receiving the service (...) may lead to transferring the funds to a payment account not held by the payee indicated by the payer.”

The European Commission²¹

21 European Commission (2022): Regulatory proposal on instant payments, retrieved 20th March 2023.

EXHIBIT 4
IBAN-name check process from the customers perspective



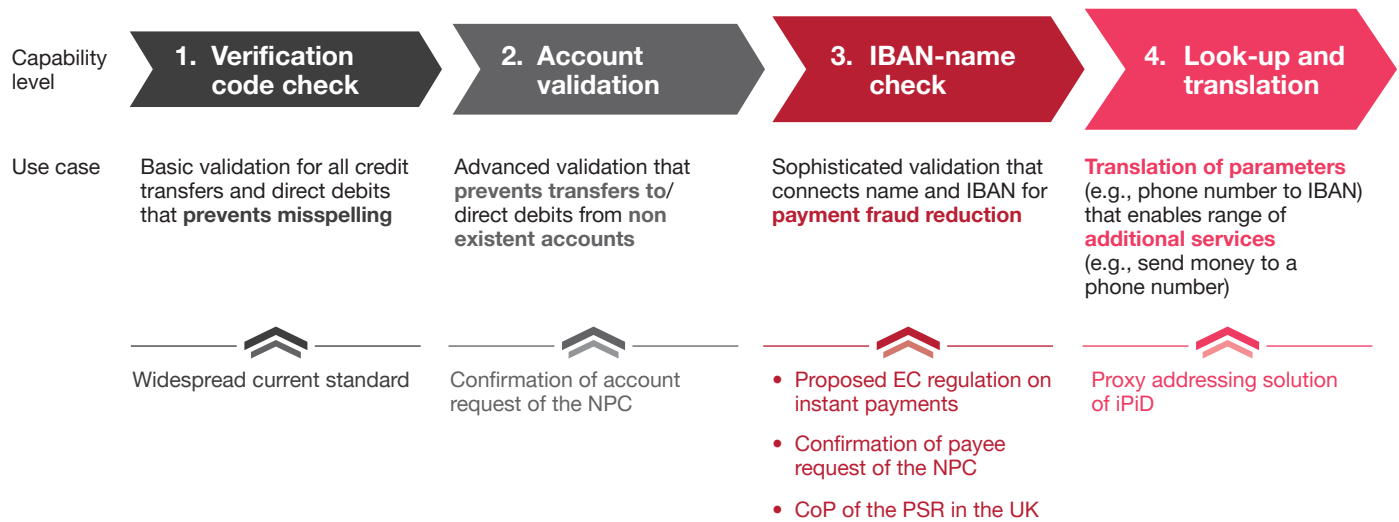
Source: Analysis by the co-authors

Potential development of further fraud prevention services

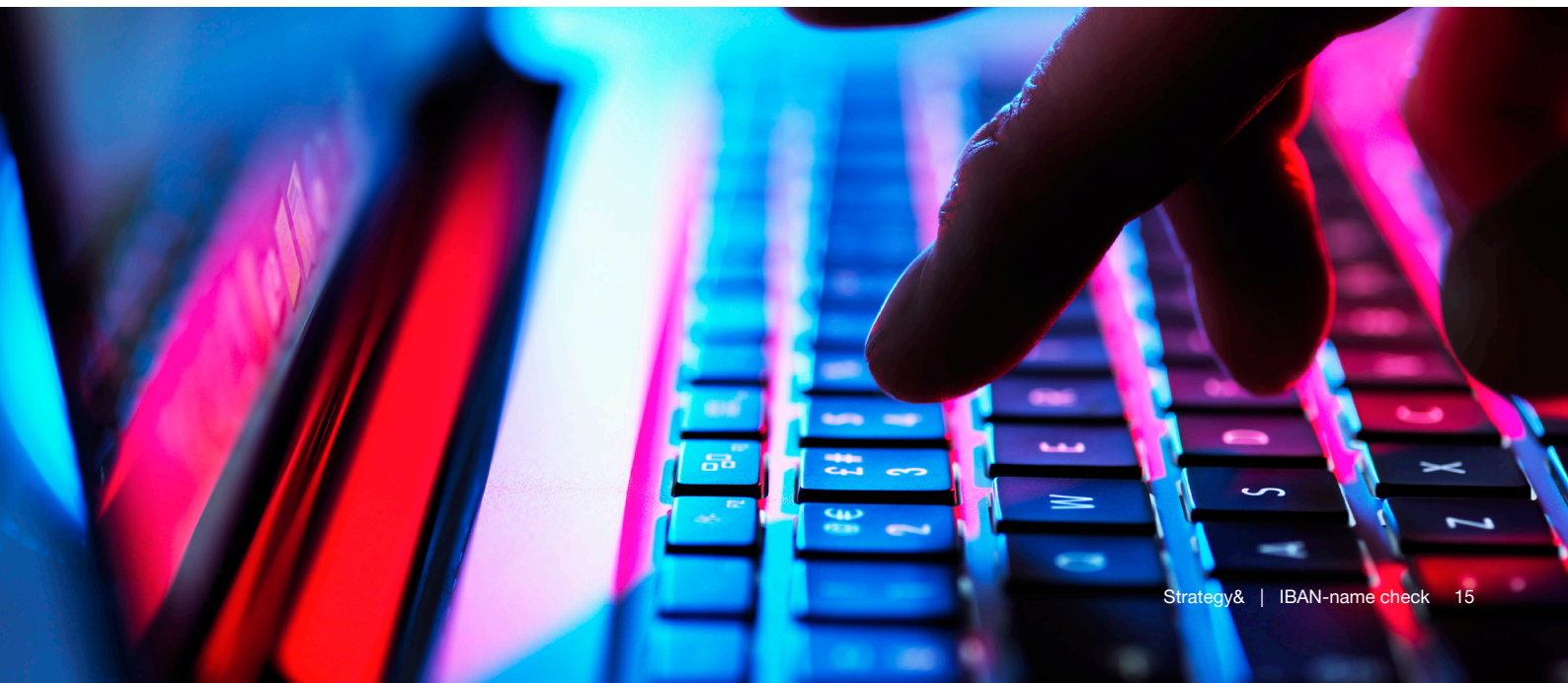
As of today, an IBAN-name check does not exist at a pan-European level. There are already individual services within individual communities, countries, or subregions. Some of these approaches also target SEPA cross-border use cases, but they offer very limited or no interoperability. *Exhibit 5* below gives a short overview of the current capability levels of IBAN-name check approaches.

EXHIBIT 5

Additional services/use cases



Source: Analysis by the co-authors



1. Verification code check

This is the standard functionality that examines the validity of an IBAN in the most basic way for online payments. When a customer enters an IBAN to perform a regular credit or direct debit transfer, the system offers information on the associated credit institution, provided that the data entered is correct. The correctness of the IBAN is displayed to the payer/ordering customer to cover direct debits. Hence, potential misdirected payments through misspelling of the IBAN can be prevented.

2. Account validation

The validity check of an IBAN – together with the confirmation of the existence of an account – represents capability level two. This is especially helpful with closed accounts, where the payer is notified and can then cancel the payment. However, APP fraud is not mitigated, as the affiliation between the recipient and their account details cannot be established.

3. IBAN-name check (focus of this paper):

The IBAN-name check represents capability level three. In contrast to the previous levels, a connection between the IBAN and the name is now drawn. Benefits named by providers in the conducted interviews are: (i) prevention of APP fraud, (ii) mitigation of misdirected payments, and (iii) an overall improvement of customer experience, including increased customer trust. Interviewed banks in principle agree on the benefits; however, they take a more cautious stance on the realized benefits, especially regarding a notable reduction of APP fraud.



Today, commercial clients can consume the API through our gateway against a fee. They use it to run the IBAN-name check before submitting their SEPA credit transfer batches to the bank.”

Sandra Peute, ABN AMRO

4. Look-up and translation

Capability level four, look-up and translation, shows the potential evolution path for the IBAN-name check in relation to the payment process. Based on its “translation” function, it could potentially translate the entered name to an IBAN and vice versa. Furthermore, other fields could potentially be added, e.g., an address or phone number. Some interviewed providers see potential in these extended services. Use cases involve payment to an account identified by a phone number rather than by an IBAN, or a guest check-out process at a merchant through a phone number. Although there have been no relevant examples for translation services in the European market to date, SurePay’s services, for instance, go beyond a simple IBAN-name check (see chapter “Experiences from current solutions and initiatives” for more details).

Apart from its application to instant payments, the IBAN-name check can be used for additional services. A possibility could be the verification of beneficiary accounts for direct debits, so that funds can be pulled at a later stage. Furthermore, it could be applied to the international “look-up” service to match account numbers and payees’ names to mobile phone numbers, to leg in/leg out transactions outside of the EU, or to other services that go beyond the payment processes. However, these types of services do not feature in the paper, as none of the interviewees have suggested this to be part of the current discussion.



There can be a business case for the IBAN-name check if use cases beyond payments are taken into consideration (e.g., verification when opening a mobile phone account) that can be monetized by PSPs.”

Ulrich Loof, DZ Bank AG

The European Digital Identity Wallet (EUDI) could potentially play a role for additional services around the IBAN-name check. The proposed [eIDAS 2.0 regulation](#) which is expected to be published in the course of this year, will potentially oblige member states to implement an identity wallet built on basis of the European Digital Identity Framework and Toolbox (the EUDI-Toolbox is a common ruleset for the technical implementation of the expected wallet-solutions).^{22, 23} The general idea behind this is to increase the interoperability of the implemented wallet-solutions within the EU. This would potentially also make it very easy for member states to adapt their national eID to the EUDI-Wallet in the long run. Existing APIs built upon the EUDI-Toolbox could also play a role in an IBAN-name check solution or make the implementation of a European IBAN-name check solution easier.

Furthermore, we understand that the long-term goal of the proposed eIDAS 2.0 regulation is to introduce an EUDI-Wallet with multiple attributes/IDs, which could form the potential basis for many different use-cases across borders. Most importantly, the EUDI-Wallet could include compulsory attributes, such as names or birth dates, for other (financial) use cases like opening accounts (KYC) or making payments. However, it could also be a possibility to add discretionary attributes like IBANs or other personal information. Those attributes could then potentially be accessed by third parties, e.g., banks, via an API, with the user’s consent. The different use cases for the eID or EUDI-Wallet could be built upon a common interface. Therefore, it would be relatively easy to integrate adjacent use cases, such as IBAN-name checks.

The currently proposed EC regulation explicitly requests a check of IBAN and name of a payee. On the other hand, the scheme developed by the Nordic payment council, for example, allows an ID to be used instead of the name, yet does not determine which type of ID. None of the interviewed providers or PSPs mentioned any concrete plans to link the IBAN-name check with the European ID.

²² European Commission (2021): Regulation for a European Digital Identity, retrieved 14th April 2023.

²³ European Commission (2022): European Digital Identity Architecture, retrieved 14th April 2023.

Trust benefit and real impact

Improving user trust as well as the possibility of reducing APP fraud and misdirected payments were the most frequently discussed topics by the interviewed PSPs and providers in connection with IBAN-name checks. Regarding fraud and misdirected payments, selected data points from the EU and the UK offer some indication of the size of the problem:

- The [European Banking Authority reports](#) that in H2/2020, around 0.0012% of the total volume of credit transfers in the EU were fraudulent.²⁴
- In the [UK, the volume of APP fraud](#) amounted to 0.01% within the Faster Payments Service in 2021.^{25, 26, 27}
- The share of payments through the Faster Payments Service that were misdirected due to wrong/misspelled payment information amounted to approximately 0.0002% of the [payment volume in the UK](#) in 2020.²⁸

The share of “no match” cases, as reported by providers in the interviews, amount to several percentage points and vary between different providers and regions (see *Exhibit 6, next page*). The ratios are affected by multiple factors:

- **Scope:** in some countries, online (e-commerce) payments, – where the payee provides a valid IBAN-name combination as part of the checkout process – make up a relevant part of the total volume of IBAN-name checks (increasing the share of matches).
- **Data:** the underlying data is a major factor in the respective share of “close matches” and “no matches”. Current providers make validations based on different data fields (e.g., an ID or tax number instead of a name), while the data quality varies as it depends on what PSPs feed into the system (e.g., more complex name fields are more prone to errors and can result in a larger share of “close matches”).
- **Outcome:** providers use different definitions of “close match”, and some even leave the definition to the PSP and just submit a certain score.
- **Extra validation:** in some cases, corporates use other methods for validation before they use the verification of the provider (e.g., comparison with other available payment information from the payee), which results in a lower number of “no match” cases.

The share of “no match” cases being higher than the reported shares of fraud and misdirected payments can be explained by two reasons: firstly, “no match” cases can still result in successful payments (e.g., in case of a more severe misspelling of the name and other false negatives, when sending payments to joint accounts, or addressing a holder of a “power of attorney” rather than the account holder in name). Secondly, there can be unreported cases of fraud and misdirected payments.

²⁴ European Banking Authority (2022): European Banking Authorities observations on payment fraud data, retrieved 20th March 2023.

²⁵ Faster Payment Service is the real time payments system in the UK.

²⁶ Pay.UK (2023): Faster Payments Statistics, retrieved 20th March 2023.

²⁷ UK Finance (2022): Half year fraud update, retrieved 20th March 2023.

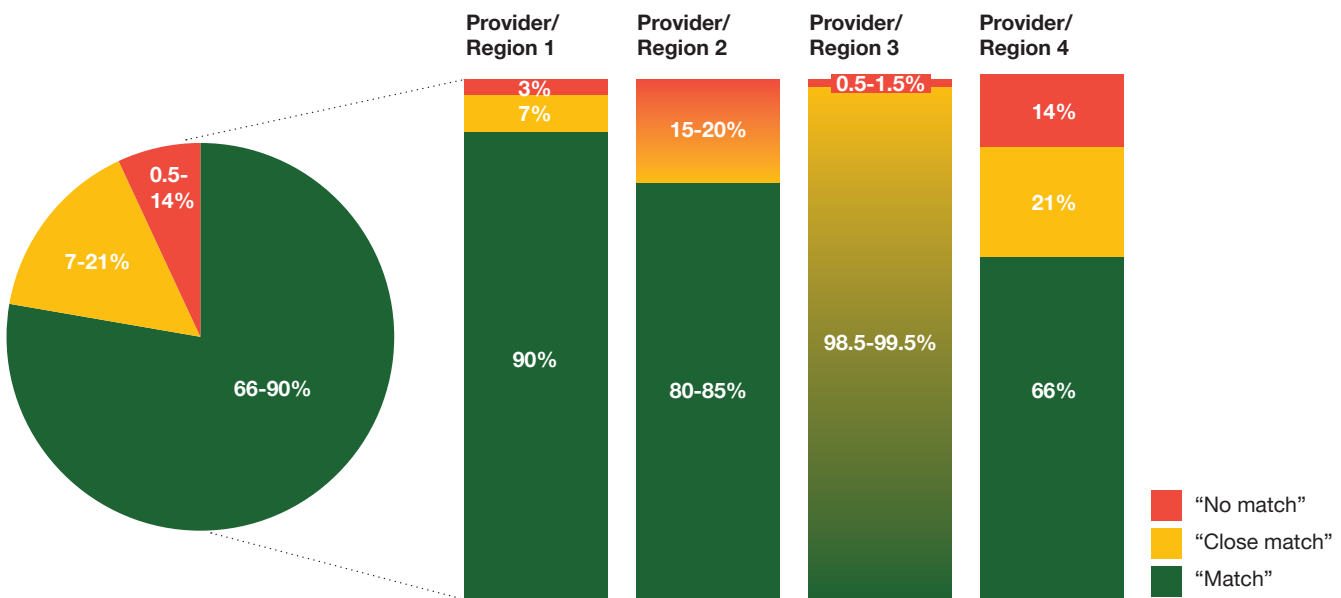
²⁸ Payment Systems Regulator (2021): CoP - Call for Views, retrieved 20th March 2023.

Indicative experience suggests that both false positives and misdirected payments pose a special operational challenge in instant payments when compared to standard SCT or SEPA Direct Debit (SDD) files. Due to their instant and final nature, there is no time for manual adjustments on the side of the payee's PSP. In the absence of these manual adjustments, they will be automatically rejected.

The differences in the percentages in *Exhibit 6* may indicate that a harmonized approach and standardization for classifications seems to be necessary for a uniform assessment in order to get a coherent and comparable assessment from different players.

EXHIBIT 6

Share of results for successful IBAN-name checks in selected European regions based on estimates from different providers



Source: Analysis by the co-authors



The share of rejected payments is more than 10 times higher in instant payments compared to standard SCT payments.”

Ulrich Loof, DZ Bank AG

Given the size of these figures, another key question is whether fraud and misdirected payments can be effectively reduced.

Real-life experience from banks using the service suggests that fraud is reduced in some of the APP cases. For example, a bank in the Netherlands that introduced the check noted a significant reduction of invoice fraud within the country, i.e., of cases where the fraudster impersonates a creditor, and a migration of fraudulent transactions to the cross-border space. However, some of the banks interviewed stated that fraud reduction rarely happens through the introduction of one single measure and that there might be more effective ways of tackling outgoing payment fraud.

In the UK, whose Faster Payments system has a much longer history, fraud was effectively reduced after the UK Payment Systems Regulator (PSR) made selected banks introduce the confirmation of payee (CoP) service. Within the first quarter following the CoP-introduction, the value of relevant APP fraud cases decreased on average by more than 10% for the banks that had implemented CoP services. For the banks that had not introduced CoP in the same period, relevant APP fraud increased by more than 60%, which again exemplifies how quickly fraudsters direct their attention to the weakest link.^{29, 30}

Fraudsters adapt to this new layer of security. After the introduction of CoP in the UK, more than 25% of the relevant APP fraud attempts still succeeded despite a “no match” response.²⁹



Fraudsters are adapting really fast, so limiting the possibility for this type of fraud usually means new or other types of fraud will increase. From the past, we learned that a drop in fraud by introducing new measures is only temporary. Fraudsters find new ways and it is questionable if the total volume of fraud actually reduces by playing whack-a-mole. To really fight fraud, much more collection, even across industries, is needed.”

Edwin Sanders, Rabobank

As the UK figures³¹ show (35% decrease of misdirected payments in the the first year after CoP services were introduced), there seems to be clear evidence that misdirected payments can be effectively reduced by IBAN-name checks.²⁵

²⁹ Payment Systems Regulator (2021): CoP – Call for Views, retrieved 20th March 2023.

³⁰ As defined in the study of the Payment Systems Regulator (2021): CoP – Call for Views, retrieved 20th March 2023.

³¹ Payment Systems Regulator (2022): CoP – Requirements for further participation, retrieved 20th March 2023.

Generally speaking, opinions about the real impact of IBAN-name checks are rather mixed. While some of the interviewed providers are considering broad deployment of IBAN-name check services and see a high potential in these services for fraud prevention, the PSPs interviewed are more cautious. They focus more on customer experience and user feedback than on fraud prevention.



We hear a lot of feedback from customers that they feel more confident doing payments when the name and account number are confirmed in real time when entering a payment.”

Edwin Sanders, Rabobank

The IBAN-name check helps customers and the bank but is less useful for preventing fraud.”

An Austrian banking group

The regulator should not rigidly regulate individual tools by law, but rather provide the regulatory framework and leave it up to the institutions to decide how to implement it [fraud prevention in general]. In any case, an IBAN-name check does not prevent social engineering, which accounts for around 90% of fraud cases in payment transactions.”

A German banking group

Another aspect that was frequently mentioned by interviewed providers and PSPs, in the context of the real impact of IBAN-name checks, is the effort required for their implementation. Again, the picture here is mixed. Banks that already have such a service in place state that the effort for implementation is limited.



The technical integration was easy and took place within a couple of months. The discussion of conceptual questions beforehand (e.g., data storage, GDPR assessment, liability, and other contract conditions) was the most time-consuming factor.”

Ulrich Loof, DZ Bank AG

Other PSPs raise concerns, particularly when considering a more comprehensive implementation. They expect that the effort involved in implementation will be higher than the benefits in terms of fraud mitigation would justify.



In countries where no central provider for IBAN-name checks is prominent, the delivery is complicated and expensive. The effort required for the implementation of processes and structures is not comparable to the cost of fraud.”

Commerzbank

We spent a lot of effort integrating an IBAN-check solution for corporates that is not integrated into the payment flow. When such a solution also touches the e-Banking platform and the user front-end during a payment, it will become even more complex.”

An Italian bank



Experiences from current solutions and initiatives

A number of providers and initiatives currently offer services or schemes for the IBAN-name check. These services and schemes have been deployed in different countries and have reached various levels of maturity. In some of these countries, the introduction of such checks was perceived as having resulted in fraudsters shifting their activities to markets that do not use such solutions yet.



Yet, what do the various checks offered across Europe look like in general? And what do they have in common?



Following the introduction in the Netherlands of [...] confirmation of payee (CoP) [...] the number of fraudulent domestic transfers has dropped by 81%. At the same time, the Dutch banks are reporting a massive increase in the number of fraudulent transfers to European IBAN accounts.”

The European Parliament³²

There are six attributes to be considered when looking at the different providers:³³

Attribute	Questions posed	General takeaways
 Geographic scope	<ul style="list-style-type: none">• Which countries are covered by the service?• Are cross-border payments in scope?	Generally, the providers offering IBAN-name check solutions are all primarily operating on a national basis. Nevertheless, it can be observed that some are joining forces. Collaborations have been, or are being established across a broad network of banks, usually based on interconnectivity solutions. Another possibility, with a higher level of integration between providers, would be an interoperability approach. Both allow the checking of cross-border payments, primarily in the European Union.
 Type of IBAN-name check concept	<ul style="list-style-type: none">• What kind of concept is offered by the party?	Parties involved in the provision of services related to IBAN-name check generally offer two kinds of concepts. On the one hand, there are providers that offer solutions for the operational implementation of IBAN-name checks to PSPs. For this, they typically establish their own standards. On the other hand, there are initiatives that implement schemes or rulebooks. Their aim is to establish uniform rules, standards and practices, and hence by that to achieve interoperability between solutions.

³² European Parliament (2022): Parliamentary question on CoP systems, retrieved 20th March 2023.

³³ The overview covers selected major providers and is non-exhaustive.





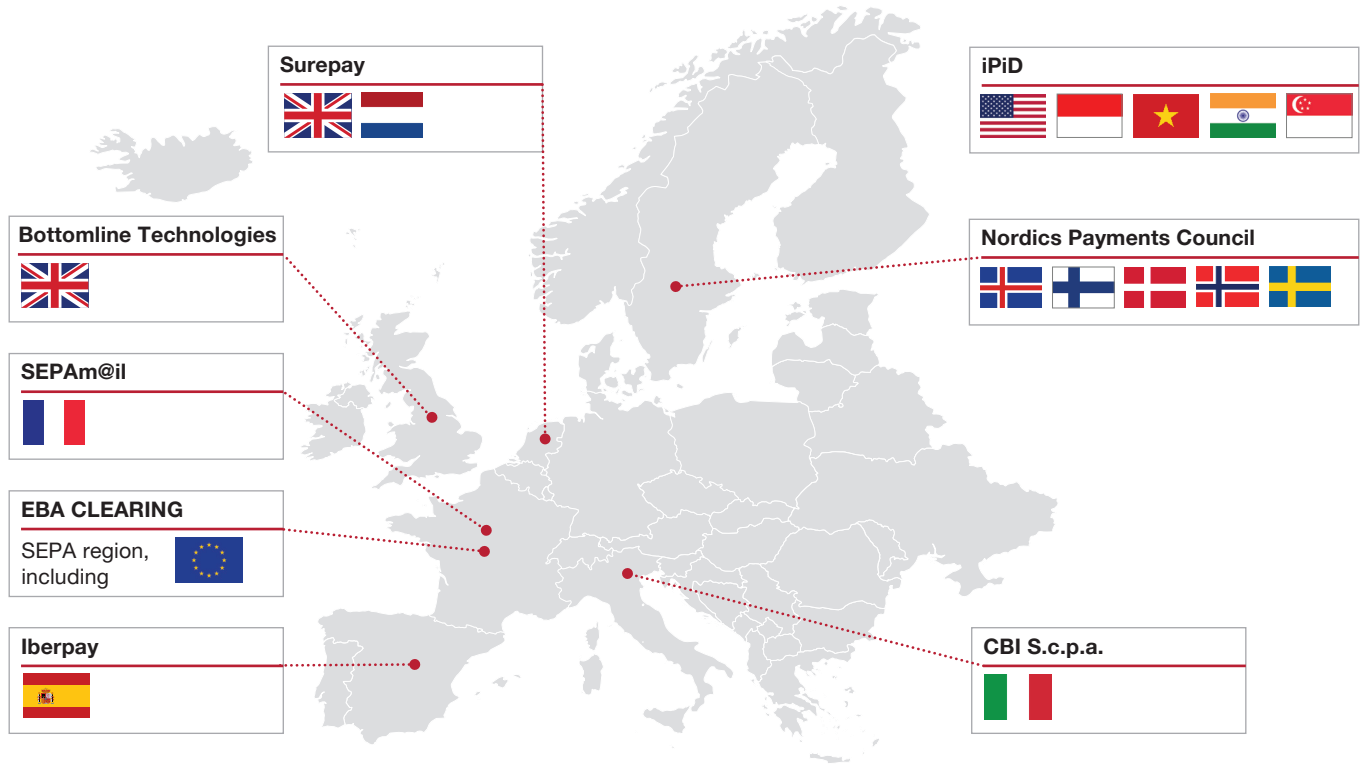
Attribute	Questions posed	General takeaways
 <p>Type of identity check</p>	<ul style="list-style-type: none"> Which identification attribute is the IBAN compared to? Which type of algorithm is used? 	<p>The IBAN-name check confirms the existence of an account and verifies it with the identity of a person. For the identity check, some providers use the account holder's name, whereas others use the national identity number. To fulfill the EC's regulation in the future, the name check option will be a mandatory feature.</p> <p>To perform the check, providers can use one of two kinds of algorithms:</p> <ul style="list-style-type: none"> Probability algorithm: cannot confirm for sure whether the combination of name and IBAN is correct, but states a probability based on the times this combination has already been used for payment transactions Deterministic algorithm: checks directly whether the combination of name and IBAN can be found in a respective database
 <p>Transaction types in scope</p>	<ul style="list-style-type: none"> Are credit transfers and direct debits covered? Is the check applicable for bulk payments? 	<p>The general functionality of IBAN-name check solutions is mostly applicable to single credit transfers. Some providers also integrated a service especially designed for the retail sector, where direct debit transactions can be processed. An application on bulk payments is only possible to a limited extent as the correction of faulty IBANs needs a great deal of manual effort. Nevertheless, as the demand exists, certain providers also offer services for bulk payments.</p>
 <p>Target clients</p>	<ul style="list-style-type: none"> Which different types of client groups are served? 	<p>IBAN-name checks are used by different target groups. In the retail sector, the checks are usually processed automatically. In the corporate and public sector, data is usually checked before delivering the services, given the large amount of data to be processed.</p>
 <p>Data architecture</p>	<ul style="list-style-type: none"> Does the provider have a proprietary data base? 	<p>Most providers use an API interface to seamlessly integrate their services into the customer journey and the technical environment of a PSP. Most of the time they offer a decentralized solution, meaning the request is sent by the sending PSP to the receiving PSP, which then responds to it in real time. The other possibility is to offer a centralized solution, where the data is stored in a database and the search for the query is carried out via a lookup in the file.</p>

Exhibit 7, next page offers an overview of the different providers and schemes operating in Europe, while the section below looks at the most important providers and their key characteristics.

EXHIBIT 7

Share of results for successful IBAN-name checks in selected European regions based on estimates from different providers



Source: Analysis by the co-authors

The industry is seeing other known and unknown initiatives, aiming at increasing confidence in payments reaching the intended beneficiaries. One of the more prominent examples is SWIFT's "Payment Pre-validation" service, launched in 2022. Offered within the SWIFT gpi service, it looks at beneficiary or payment accounts known from previous flows, recurring on the 9 billion annual transactions touching 4 billion global accounts on the SWIFT service annually. Whilst not an IBAN-name check in the sense of this paper, this service and similar other services could play a future role also within the SEPA.

Bottomline Technologies

			IBAN mapped to name		Credit transfer only
	IBAN-name check service		Public, corporate and retail customers		Central architecture

Bottomline is a global service provider for payments and business processes. They invested in the CoP SaaS solution early, before the PSR mandated its adoption in the UK. They have become the largest UK provider for banks, offering a white-labelled solution for

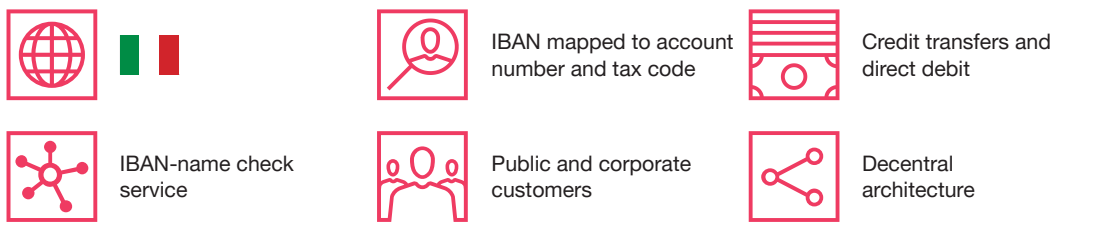
NatWest customers and a new CoP solution provided directly to corporates. Uniquely, they themselves are also a live participant of the CoP service for servicing their own customers.

Bottomline focuses on credit transfers in Pound Sterling to cover new accounts using the UK schemes Faster Payments and CHAPS. Their inbound and outbound solution executes exactly what is demanded by the service owners Pay.UK and the PSR as a result of their collaborative approach with the regulator and wider industry stakeholders.

To create resilience, the solution runs a client-specific database of accounts to perform the requested IBAN-name checks. Updates to the database are provided by the connected PSPs every night and several times a day to ensure it is up to date at any time. Intraday API calls are also available to update the new accounts in real time.

The next major milestone for Bottomline and other IBAN-name check providers is set for October 2023 when a new set of named banks will go live with their IBAN-name check services. This will not just expand Bottomline's coverage, but also increase access and availability of the service for a growing number of participants.

CBI S.c.p.a



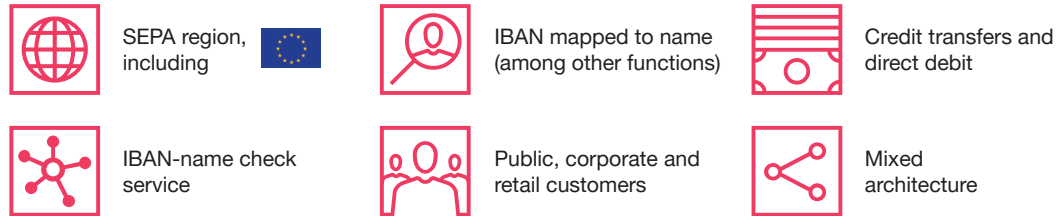
CBI is an Italian public limited consortium company, comprising 400 banks and other intermediaries as shareholders. Founded in Italy, CBI offers solutions to the financial and banking industry by supporting digital payments, open banking, and open finance. The company provides a solution called "Check IBAN", which allows online verification of the association between IBAN code, and tax ID or VAT number. The information is provided by a natural person or a legal entity active in Europe. In Italy, the service is currently offered to more than 100 banks to allow providers to operate more efficiently in the fraud prevention landscape while covering most of the Italian financial market (around 98% of the Italian banking market).³⁴ The Check IBAN solution is currently used by corporates and public entities, as it requires an Italian tax ID or the VAT number of the payee to be inserted together with the IBAN that is to be verified.

If a PSP sends a verification request, CBI – which acts as a single point of access for the whole Italian financial community – routes it via API to the payee's PSP. The PSP then conducts the verification and provides feedback in a peer-to-peer logic, which is then immediately transferred back via API. It allows the user to verify the inserted combination of IBAN and tax ID or VAT number. The presence of CBI in international standardization working groups, e.g., ISO, guarantees full interoperability and reachability of all financial ecosystem players.

CBI will also soon offer an IBAN-name check service for both retail and corporate customers. The service will allow a real-time verification and is based on a central algorithm defined and managed by CBI, as well as on API interfaces. The service that will first be available in Italy also uses a harmonization layer to enable interconnectivity of international solutions and wider reachability across Europe and beyond.

³⁴ CBI Globe (NA): Servizio Check IBAN, retrieved 20th March 2023.

EBA CLEARING



EBA CLEARING is a provider of pan-European payment infrastructure solutions. It was founded in 1998 and is owned by 48 Banks operating across Europe. They operate the RT1 system, a payment system settling SEPA Instant Credit Transfers (SCT Inst), and the STEP2 system, a payment system settling SEPA Credit Transfers (SCT) and Direct Debit (SDD) payments. STEP2 and RT1 are pan-European systems in design and intention and have full reach: together the services connect 5,000 PSPs and process around 70 million transactions per day on average.

In March 2023, EBA CLEARING announced that RT1 and STEP2 will be enriched with a fraud pattern and anomaly detection (FPAD) solution.³⁵ The solution will contain a pan-European IBAN-name check functionality that PSPs can access to address the requirements of the proposed EC regulation and will be based on historical payment data.

Beyond the IBAN-name check, the service will cover additional functionalities to detect fraud and anomalies for both payment transactions and payment accounts. The latter evaluates the risk associated with a certain payment account outside a transaction context.

The IBAN-name check, and the additional functionalities are provided to the PSPs via APIs, which leverage the existing API infrastructure for the RT1 and STEP2 systems.

The solution will be launched in a phased approach, making the IBAN-name check available in November 2023 and in line with the proposed regulation. The company is closely following the evolution of the regulation and the impact this could have on RT1 in general and on these functionalities in particular. EBA CLEARING will also closely monitor the EPC's work on a Confirmation of Payee concept, which is being developed in the context of the proposed regulation, with a view to supporting this concept going forward, in line with the requirements of the STEP2 and RT1 users.

iPiD



iPiD, short for International Payment Identity, is a private company that was founded by former SWIFT employees, with its headquarters in Singapore. It is offering verification of payment account identifiers for cross-border payments globally.

³⁵ EBA CLEARING: Fraud prevention and detection capabilities, retrieved 23rd March 2023.

Its service is live in India, Indonesia, Vietnam, and the USA. The company expects that it will be able to offer its services for ten more countries in 2023, including UK, Italy, Spain, Bangladesh, Pakistan, Nepal, Nigeria, and Kenya.

iPiD services is a single window platform accessing available local data aggregators and/or validation services. It provides API solutions to its customers (i.e., PSPs), and does not design the front ends for them. The matching process depends on the geographical region in which the service is offered. For example, in India the check is based on the exact matching with the data that is found in the payee's PSP's database. The USA, meanwhile, employ a probability-based approach, using historical payment data. The more often this account information is used in the requested combination, the higher the confidence that the payee information is actually correct.

The proposed EC regulation will most likely improve the availability of data for the European market which can then be provided to aggregators like iPiD enabling them to verify payees in Europe receiving international payments.

SEPA@il



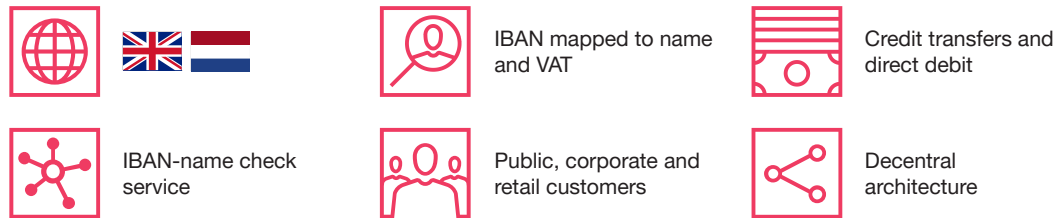
SEPA@il.eu is the leading IBAN-name check provider in the French market and the only one with direct access to bank databases. It is owned by a consortium of French banks and provides interbank services that facilitate financial exchanges between companies, individuals and banks. Their IBAN-name check application DIAMOND is used by more than 130 banks today that are members of the SEPA@il scheme, representing 95% of the French banking market. In 2022, approximately 30 million queries were performed.³⁶

Its IBAN-name check solution operates in a decentralized way between banks, which are members of the members of the SEPA@il scheme. The scheme defines a rule book, a norm of exchanges and implementation guidelines to be followed by its members. During the process, SEPA@il acts as the operational scheme manager, the certification authority, and the data registry. However, the exchange of flows is directly processed peer-to-peer. An IBAN-name check request (query) is sent by the payer's PSP to the payee's PSP using the ISO 20022 standard. The latter uses an algorithm to cross-check the data in the request with its own data and sends a report back to the payer's PSP. A Service Level Agreement and an API interface also allow for the easy exchange of information up to the ordering party (payee). The service can also be used if a payer wants to check the IBAN of a payee.

Through SEPA@il, the payee or payer can receive feedback within a few seconds. This is therefore in line with the requirements of the proposed EC regulation. In the future, SEPA@il will collaborate with its European peers to improve the service of cross-border needs. Collaboration with SurePay has already been implemented and CBI will follow.

³⁶ SEPA@il (2020): DIAMOND – The interbank innovation solution against fraud, retrieved 20th March 2023.

SurePay



Founded in 2016 as a corporate venture by Rabobank, 40 banks and 250 organizations across Europe are now using SurePay's solutions. Since their IBAN-name check solutions went online, in 2017 in the Netherlands and 2019 in the UK, the company has been involved in more than 5.5 billion transactions.³⁷

The connected banks in the Netherlands use SurePay's IBAN-name check solution for all single credit transfers and offer it for free to their retail and business clients. Beyond that, SurePay provides a range of other services aiming to enhance customer experience when executing a payment. A payer can, for example, send money directly to a contact in their phone directory. In this case, the phone number is used as the unique identifier rather than the IBAN, and the contact's name is checked with the account holder. They are also able to report back further personal data with the inserted IBAN, e.g., whether it is a corporate or private account, or they state the amount of account holders that are related to the account.

SurePay performs the matching on behalf of the PSPs but does not require a central database. It relies on data provisioning API-calls in real time. Either the payer's PSP sends a request directly to the payee's PSP (UK) or to SurePay which then answers the request (NL). The answer is reached the same way. In general, based on the data provided, SurePay performs the sending, routing, matching, and responding on behalf of the PSP. In case a PSP does not have the technical infrastructure to answer a data request in the desired time, SurePay offers to host a database on behalf of the PSP, which contains the required data to answer these requests. This database is updated on a daily basis by the PSP. A specialized IBAN-name check is available for corporates and businesses, including VAT checks, CompanyID checks and Switch checks.

As described by SurePay, their solution can provide IBAN-name check results right from the start, even in markets where they are only connected to a minority of the PSPs. If the payee's PSP is not connected to SurePay, it can still provide an indicative result by comparing the IBAN-name combination to historic payments or verification requests. The more frequently a combination is seen, the higher the confidence in the combination's validity. In this way, SurePay can enter new markets and immediately add value to connected PSPs. Its methodology becomes more accurate with more connected PSPs. Moreover, it has started collaborating with other European providers, such as SEPAm@il and CBI, to improve coverage of cross-border payments. For a global reach, it has installed connections for PSPs to SWIFT Beneficiary Account Verification and JPM Liink, e.g., to provide connection with the USA.

³⁷ SurePay (2023): Factsheet – SurePay Statistics, retrieved 20th March 2023.

Iberpay



IBAN mapped to ID, VAT or passport number



Credit transfers and direct debit



IBAN-name check service



Public and corporate customers



Decentral architecture

Iberpay was established in 2005 and is owned by 13 major Spanish banks. Its core services are processing, clearing, and settling of payments within the Spanish banking sector. Beyond these they also offer additional services like the Spanish Cash Distribution System and interoperability services with other operators in the SEPA region.








The company also offers a check solution for the IBAN in the Spanish market and by that facilitates the exchange of information needed to confirm the ownership of payment accounts. It is offered to EU credit institutions, payment institutions and electronic money institutions with a pay per use model, in which the PSP answering the request received a fee for providing the feedback.

Its service is based on a self-developed real-time technology, which enables the check of close to 80 million accounts with Spanish IBANs. This means that they are able to verify virtually 100% of Spanish accounts with that service.³⁸ The check is performed by confirming the combination of an IBAN with the ID code (the same as the VAT number) or passport number of the customer or entity. As for now the name is exchanged but it is not always checked in the process, as Iberpay is aiming to avoid mismatches between the real name and the name provided. The company is working on a corresponding functionality to check names if the latter is required.

The service allows for different connection models. A so-called “direct participant” has a technical connection to the service to be able to send and receive IBAN check requests. This is on the one hand possible for their own accounts and on the other hand for the accounts of participants that are represented by them. This means that they can access the information system directly and request validations instantly. Furthermore, the monitoring of the request history is possible, as well as obtaining statistics. In contrast to that, “indirect participants” do not have direct access to the service but send and receive requests through a direct participant.

³⁸ Iberpay (2023): Account Ownership Confirmation Service, retrieved 21st April 2023.

Nordic Payments Council: NPC Confirmation of Payee Scheme Rulebook

			IBAN mapped to name or identification code; Confirmation of account number		Credit transfers and direct debit
	IBAN-name check scheme and rulebook		Public, corporate and retail customers		Not applicable

The Nordic Payments Council (NPC) is a non-profit member association formed in December 2018 by four Nordic bank's members associations – Bits A/S (Norway), Finance Denmark, Finance Finland and the Swedish Bankers' Association. The NPC members consist of Nordic bankers' associations, banks and payment institutions covered by the PSD2 directive. The main objective of the NPC is to contribute to harmonized payments in the Nordics, and its role is to support and promote the integration and development of Nordic payments. The NPC manages the Nordic payment and payment-related schemes that aim to facilitate payments within the Nordic countries.

In February 2023, the NPC published an NPC Confirmation of Payee scheme that also came into effect. The scheme comprises a set of rules, practices, and standards to achieve interoperability for the provision and operation of confirming Payee Payment Accounts between participants of the scheme prior to making a payment. The main benefit of such confirmation is to enhance the end-user experience by creating trust in the payment system, prevent fraud and misdirected payments, and to improve modernization of current services by introducing international standards (ISO 20022) and creating interoperability within the Nordics by means of common rules, processes, and formats.

Its objective is to establish a Nordic primary source for the definition of these rules and obligations, harmonizing standards and practices, removing inhibitors, and fostering a competitive market for payment services that benefit end consumers. It aims to achieve interoperability between scheme participants for the provision and operation of account information confirmation, before the actual payment is initiated. The scope of the scheme is limited to the confirmation of the account information of a payee and does not encompass payment processing.

The scheme also defines a minimum set of data elements to be collected from the payer by its PSP, as well as the rules the PSP must follow. It also includes the obligations and specific rules that the payee's PSP has to fulfill in its mandatory response to requests. Participants in the scheme are granted the flexibility to operate their own processes yet need to comply with the rulebook and other relevant documents issued by the NPC.

Considerations around rules and regulations

The interviewed PSPs and solution providers pointed out that article 5c of the EC's proposed instant payment regulation raises certain legal and regulatory questions that need to be considered and discussed. The following paragraphs offer a short overview of key open points deemed most relevant by the interviewed banks and providers. These individual aspects do not claim to be exhaustive.

This section also zooms in on considerations regarding the role that a potential European ruleset or concept could play in the IBAN-name check.

Applicable data protection rules

IBAN and name fulfill the criteria of “personal data” as defined by the General Data Protection Regulation (GDPR), which means they need to be well protected. This covers both the usage of the data, as well as the rules about storage (e.g., duration and location of data storage). Some interviewees mentioned that in order to ensure that IBAN-name checks could be deployed and used in the same or a similar way across Europe, it would be important that legislation relating to data protection and privacy (e.g., banking secrecy laws) is applied in a uniform manner throughout the EU.

However, interviewees also argued that rules on data protection should leave enough room for the development of value-added services around an IBAN-name check, such as innovative market solutions for use cases that go beyond a pure IBAN-name validation. Individual service propositions could provide additional convenience for the end user, e.g., by proposing a correction for a misspelled name in case of a close match.

A sense of uncertainty was also expressed around the question of whether PSPs would be obliged to allow all or certain payees (e.g., politically exposed persons) to opt out of an IBAN-name check service.

Questions concerning liability

Even though the IBAN-name check may prevent cases of misdirected payments and fraud, respondents made it clear that they can still occur. Three major cases were mentioned during the interviews:

1. **False positive** – Invalid combination of name and IBAN falsely results in a positive match.
2. **False negative** – Valid combination of name and IBAN falsely results in a negative match.
3. **No recommendation** – Operational issues (e.g., downtime) prevent the check from being conducted.



Questions around liability are completely unclear. What happens if the payee's bank provides the wrong information? What happens if the payer's bank passes on information incorrectly to the client?"

A German banking group

The introduction of an IBAN-name check could potentially influence the liability question for the occurrence of any losses in these cases. This lack of certainty regarding the impact of the IBAN-name check on the liability of the stakeholders was the foremost concern for many of the interviewed experts. Some of them stressed that this uncertainty would need to be addressed at a pan-European level to ensure that the IBAN-name check could be applied across Europe.

European concept

A clear outcome of the interviews conducted for this paper was that standardization and interoperability were seen as key factors in enabling a harmonized and pan-European deployment of IBAN-name check offerings.

Current providers will adapt their IBAN-name checks to such a pan-European concept: some mentioned that this could facilitate interoperability between existing services in the future. The interviewees, however, also made it clear that providers should be able to develop additional services on top of the pan-European concept in order to enhance quality and reliability.



An interoperable solution would be preferable, so that PSPs and providers do not have to start from scratch in building a new IBAN-name check solution. Such a restart would require significant costs and a long time for implementation.”

Sophie Giorgi and Olivier Julou, Crédit Agricole



Moving towards a pan-European approach

The road towards a uniform European IBAN-name check concept has not been finally determined. However, the proposed regulation stipulates that PSPs should implement a service within twelve months after the legislation enters into force. The implementation timeline, as mentioned in the current proposal, presents a challenge for PSPs and providers alike, as many other regulations need to be implemented within the same timeframe, such as other provisions on instant payments, the “European Payments Initiative”, a revised PSD2 and a possible “Digital Euro” project. Currently, the implementation period is still subject to discussion.

Aside from the implementation timeline, the main concerns raised by interviewed PSPs regarding the proposed regulation revolved around the following points: (i) the IBAN-name check only addresses a fraction of possible fraud scenarios; (ii) implementation costs and required capacities should be kept limited; (iii) existing and working solutions should not be disrupted; (iv) current providers need to achieve cross-border reach across different standards, data requirements and approaches; (v) long or complex names of payees can drive “no match”-cases even if the right payee is intended.

To enable standardization and interoperability, some interviewed PSPs underlined that they would welcome and support the development of a pan-European IBAN-name check concept, ideally by the European Payments Council.³⁹

Views on the proposed IBAN-name check can be summarized as follows:

- Some PSPs and providers have already observed increasing consumer trust among users of an IBAN-name check.
- The IBAN-name check service should be limited to single instant payments and hence exclude bulk payments.
- Some PSPs suggest focusing the service on retail customers. They argue that corporates already have other checks in place to reduce rejected or erroneous data.
- A possible solution could benefit from more clarity on the definitions of the results of the service. How are “match”, “no match” and “close match” defined?⁴⁰
- Rules and standards appear worth of consideration in achieving a pan-European solution.

The IBAN-name check has the potential to build trust, rather than offering a silver bullet to combat fraud. The right balance will need to be struck between a wider set of fraud-fighting measures, improvements in user experience, European interoperability, and reasonable implementation efforts.

³⁹ At the time of this stock-taking exercise, the EPC’s intention to develop a pan-European IBAN-name check concept was still under discussion.

⁴⁰ In case of a European scheme of interoperable check services, it should be clarified what qualifies as a “close match”.

Glossary

Abbreviation	Technical Term
API	Application Programming Interface
APP	Authorized Push Payment
Bundesbank	Deutsche Bundesbank, Frankfurt, Germany
CoP	Confirmation of Payee
EC	European Commission, Brussels, Belgium
EPC	European Payments Council, Brussels, Belgium
EBA	Euro Banking Association, Paris, France
IBAN	International Bank Account Number
IP	Instant Payment
KYC	Know Your Customer
NPC	Nordic Payments Council, Stockholm, Sweden
OeNB	Oesterreichische Nationalbank, Vienna, Austria
PSP	Payment Service Provider
PSR	Payment Systems Regulator, London, United Kingdom
PSU	Payment Service User
PoI	Point of interaction
SCT	SEPA Credit Transfer
SCT Inst	SEPA Instant Credit Transfer
SDD	SEPA Direct Debit

Appendix

Relevant fraud modi for IBAN-name check as identified by the [EBA Fraud Taxonomy](#).⁴¹

IBAN-name check is expected to have a high impact on the reduction of fraud cases:

Fraud type	Explanation	Sources
Impersonation of creditor	An impersonation attack is an attack in which an adversary successfully assumes the identity of one of the legitimate parties in a system or in a communications protocol. The goal of a strong identification or entity authentication protocol is to render negligible the possibility that for a party A, any party C distinct from A carrying out the protocol and playing the role of A can cause another party B to complete and accept A's identity.	Adams C. (2005) 'Impersonation Attack'. In: Encyclopedia of Cryptography and Security.
Phoney debt/bill collection	Aggressive fake debt collectors, who try to bully their targets into paying money they do not owe.	AARP (2022): Debt collection scams, retrieved 31st March 2023.
Fake institution	The fraudster impersonates an institution like a healthcare provider or other government agency and asks the customer to provide authentication codes in order to e.g., identify themselves, sign something, or confirm something. The customers believe that they are resolving a legitimate issue by engaging with the fraudster.	Euro Banking Association (2022): EBA Fraud Taxonomy.
Creditor account data manipulation	Creditor account data manipulation occurs if, following an account takeover, the fraudster changes creditor account data stored in this account so that future transactions reach the wrong beneficiaries.	Euro Banking Association (2022): EBA Fraud Taxonomy.

⁴¹ Euro Banking Association (2022): EBA Fraud Taxonomy.

IBAN-name check is expected to have a medium impact on the reduction of fraud cases:

Fraud type	Explanation	Sources
Safe account fraud	The fraudster impersonates a bank or police representative and asks bank customer to transfer money from his/her payment account to a 'safe account'. This kind of fraud could alternatively involve the victim handing over account credentials or card details and/or completing authentication steps required to access the account and/or sign off payment transactions.	Barclays 'Safe Account Scam' https://www.barclays.co.uk/fraud-and-scams/fraud-protection/
Stop unauthorized transaction fraud	The fraudster impersonates a bank or police representative and tells the bank customer that an unauthorized transaction can be blocked by handing over authentication codes and/or signing off transactions and/or sending money.	Euro Banking Association (2022): Fraud Taxonomy.
Advance fee fraud	The aim of this type of scam is to trick victims into sending money up front by using inventive and seemingly legitimate reasons for doing so – for example, to claim a bigger prize or benefit or by simply appealing to people's emotional side.	Australian Competition & Consumer Commission (2010): Beware of scams, retrieved 31st March 2023.
Overpayment scams	Overpayment scams work by getting you to 'refund' a scammer who has sent you too much money for an item you are selling.	Australian Competition & Consumer Commission: Overpayment scams, retrieved 31st March 2023.

IBAN-name check is expected to have a low impact on the reduction of fraud cases:

Fraud type	Explanation	Sources
Emotional manipulation	Scammers exploit emotional triggers to persuade you to provide money, gifts, or personal details. Alternatively, this fraud type could result in the victim handing over account credentials or card details and/or completing authentication steps required to access the account and/or sign off payment transactions.	Australian Competition & Consumer Commission: Dating & Romance, retrieved 31st March 2023.
Investment fraud	Investment schemes involve persuading you or your business to part with money on the promise of a questionable financial opportunity.	Australian Competition & Consumer Commission: Investment scams, retrieved 31st March 2023.
Online shopping fraud	Shopping and auction fraud involves fraudulent shopping scams that rely on the anonymity of the internet. Examples involve the buyer not receiving goods or the sellers not receiving the payment.	ActionFraud National Fraud & Cyber Crime Reporting Centre: Online shopping fraud, retrieved 31st March 2023.

IBAN-name check is **not expected to help with the prevention of fraud cases:**

Fraud type	Explanation	Sources
Extortion	Death threats, warnings of arrest or similar intimidation accompany demands by scammers to pay money that you supposedly owe. This fraud type could also result in the victim handing over account credentials or card details and/or completing authentication steps required.	Australian Competition & Consumer Commission: Threats to life, arrest or other, retrieved 31st March 2023.
Pure account takeover	An account takeover can occur when a fraudster or computer criminal poses as a genuine customer, gains control of an account and makes unauthorized transactions. Online banking accounts are usually taken over as a result of phishing, spyware or malware scams. Pure account takeover is a form of account takeover where the fraudster gains access to the account without tricking the victim into a handover of credentials.	ActionFraud National Fraud & Cyber Crime Reporting Centre: Account takeover, retrieved 31st March 2023.

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ACCC	–	–	Overpayment scams	https://www.scamwatch.gov.au/types-of-scams/buying-or-selling/overpayment-scams
ACCC	–	–	Threats to life, arrest or other	https://www.scamwatch.gov.au/types-of-scams/threats-extortion/threats-to-life-arrest-or-other
CBI Globe	–	Servizio Check IBAN	Servizio Check IBAN Privati – Intermediari Aderenti	https://www.cbiglobe.com/Engine/RAServeFile.php/f/Check%20Iban/Check_IBAN_Privati_Aderenti_v.12.pdf

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European Banking Authority	2022	European Banking Authorities observations on payment fraud data	Discussion Paper on the European Banking Authorities preliminary observations on selected payment fraud data under PSD2, as reported by the industry	https://www.eba.europa.eu/sites/default/documents/files/document_library/Publications/Discussions/2022/Discussion%20Paper%20on%20the%20payment%20fraud%20data%20received%20under%20PSD2/1026061/Discussion%20Paper%20on%20the%20EBA%27s%20preliminary%20observations%20on%20selected%20payment%20fraud%20data%20under%20PSD2%20as%20reported%20by%20the%20industry.pdf
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Oesterreichische Nationalbank

The Oesterreichische Nationalbank (OeNB) is the central bank of the Republic of Austria and an integral part of the Eurosystem. As such, the OeNB fulfills a wide range of tasks and responsibilities, which also involves participation in international organizations and offering extensive information services to the general public.

One of the OeNB's key responsibilities is to provide payment services. Thus, the OeNB gives top priority to ensuring that payment systems run efficiently and smoothly. After all, their smooth functioning is crucial for strengthening trust in the Austrian financial market. At the national level, the OeNB is responsible for providing the payments infrastructure for Austria's financial services market, which requires continued efforts to improve the technical infrastructure. At the European level, it is the Eurosystem that provides payment systems to ensure quick and secure noncash transactions, i.e. through TARGET.services.

Deutsche Bundesbank

The Deutsche Bundesbank is the independent central bank of the Federal Republic of Germany. Its central business area is the monetary policy of the Eurosystem and the primary objective is to maintain price stability in the euro area. The Bundesbank fulfills important tasks in the national and international context, including participation in the national supervision of credit institutions, as well as in the areas of cash, non-cash payments and financial stability.

The Bundesbank also manages Germany's currency reserves, serves as the government's principal banker and performs important statistical tasks. It also advises the Federal Government on issues of monetary policy importance.

Euro Banking Association (EBA)

The Euro Banking Association (EBA) is a practitioners' body for banks and other service providers supporting a pan-European vision for payments. The mission of the EBA is to foster dialogue and experience exchange amongst payments industry practitioners towards a pan-European vision for payments. We pursue our mission through involving member organisations and relevant stakeholders in thought leadership on innovation, helping our members to understand and implement regulation and by supporting the development of market practices.

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