

# ESBA Policy Briefing

## Instant Payments



### RELEVANCE TO SMALL & MICRO BUSINESSES

**Adoption Rate:** A significant number of SMEs (68%) plan to adopt real-time payment processing within the next 12 months. Currently, only 10% of SMEs receive payments instantly, and 11% within an hour. The majority experience longer waiting times, with 35% stating it takes two to three days for a payment to reach their account.

**Benefits:** Instant payments offer substantial benefits for corporate clients, particularly SMEs. They improve liquidity management and accelerate fund flows, essential for business operations. There's a strong demand from corporate clients for instant payments, and in banks where upgrades were delivered, up to 40% of existing SEPA credit transfers were rapidly shifted to instant payments.

**EU's Mandate and Control Over Fees:** The EU promises to control fee levels as part of the new mandate, making it a cost-effective option for SMEs..

### LINKS & RESOURCES

- [Q&A on Instant Payments](#)
- [European Commission Payment Services Portal](#)
- [European Central Bank Briefing](#)

### INTRODUCTION

In November 2023, the European Union made significant strides in the area of instant payments. The Council of the EU and the European Parliament reached a provisional political agreement on the instant payments proposal. This agreement aims to enhance the availability of instant payment options in euros for consumers and businesses across EU and EEA countries.

The draft law is expected to be presented to the European Parliament before May 2024 and, subject to ratification, will be implemented by the end of the following year.

The EU's initiative aligns with the broader demand for innovative financial services among corporate clients, especially SMEs, who often feel underserved by traditional banking systems.

### SCOPE AND OBJECTIVES

**Instant Payment Features:** Instant payments are defined as credit transfers that make funds available in a payee's account within ten seconds of a payment order. The EU's push towards instant payments is part of modernizing the 2012 Single Euro Payments Area (SEPA) Regulation. These measures aim to ensure that instant payments in euros are widely available, facilitating transactions 24 hours a day, seven days a week.

**Current Adoption and Challenges:** Despite the technology for instant payments being available for some time, adoption has been slow. Only 56% of Europe's payment service providers have registered for the SEPA Instant Credit Transfers (SCT-Inst), and just 14% of all transfers by value use this scheme.