



Reconciliation and Settlement of Card Payments via Instant Payments and Premium Payment APIs

A White Paper as an Introduction to the Topic

Version 1.1

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Contents

1	Introduction.....	1
2	SEPA-Model for Settling Card Transactions	4
3	Data Flow for SCT Inst for Cards.....	6
3.1	Variant A: Settlement integrated in Authorisation, single authorisation message	7
3.2	Variant B: Settlement integrated in Authorisation, dual authorisation message.....	9
3.3	Variant C1: Settlement decoupled from Authorisation, single transaction initiation.....	11
3.4	Variant C2: Settlement decoupled from Authorisation, initiation via batch	13
3.5	Variant D: Integrating the Card Authorisation Process into the Payment APIs.....	15
4	Functional Architecture for the API centric Model and Outlook	18
5	R-Transactions	19
5.1	Reversals and Charge Backs	19
5.2	Merchant Refund.....	19
6	References.....	20
7	Annex A: Overview data modelling	21

1 Introduction

Card Clearing, Current Market

A card based transaction provides authorisation to debit an account of the cardholder and to credit an account of the card acceptor, which is e.g. a merchant or an ATM provider, with the respective transaction amount. Up to now, transfer of the transaction amount from an account of the cardholder to an account of the card acceptor is a two-step process for payments with cards, divided in clearing and settlement.

Clearing is performed in order to transmit the transaction data needed to validate the transaction between the card acceptor, the cardholder and their respective institutions within the card payment scheme, the acquirer and the card issuer. Settlement is performed between the banks of the card issuer and the acquirer in order to finally debit the cardholder's bank account and to credit the card acceptor's account at the acquiring bank¹. Normally it takes place between zero and two days after the clearing.

Synergies with new SEPA Instant Payment Infrastructure

The European banking industry has implemented the European Payments Council (EPC) managed "SEPA Credit Transfer Instant (SCT Inst)" scheme to support a pan-European instant payment. Within this scheme, funds are made available to the creditor within seconds. The financial risks for these transactions in the interbank sphere are managed by the settlement system between the related debtor and creditor banks.

It is now analysed within the European banking industry whether the new payment instruments will also be used for the reconciliation and settlement of card transactions by extending the processes and formats used for SCT Inst to the requirements of settling single card transactions directly through the payment infrastructure by changing the today's pull mechanism between the acquirers of card transactions and the issuers of cards.²

The reasons for such a solution are manifold. The main reason is, that this leads to a full Straight-Through-Processing (STP) for settling card transactions by using the same processes and formats between different banks and between banks and Clearing and Settlement Mechanisms (CSM), comparable to what the SCC Framework of Berlin Group had delivered

¹ Please note that issuers and acquirers within card schemes are not necessarily banks. For the framework the role of participation to a card scheme and holding contracts with the card holder on one side and the card acceptors on the other side is separated from the banking role as participants to EPC payment schemes.

² The focus of this paper is primarily on SCT inst rails, as it currently stands as the sole pan-European instant payment instrument. This is further emphasized by the Berlin Group's concentration on SEPA standards. However, this does not limit the application of any other instant payment instrument, such as those based on credit transfers.

in [BG SCC] before. This STP processing is expected to reduce the costs of the clearing processing significantly, if only one SEPA format for card settlement is to be supported within Europe in a midterm perspective, irrespective of local or cross-border interfaces. This is of particular interest, as the impending instant payment regulation will lead to a reachability for SCT inst across Europe.

In addition, the instantaneous character of the payment is potentially providing funds to card acceptors instantly and is reducing settlement risks between issuer and acquirer heavily, which might be of specific interest in case of cross-border transactions.

SEPA card transactions through SCT Inst

For re-using the SCT Inst rails for reconciliation and settlement of card based transactions, some specifics have to be considered within such a solution. This solution is referred to in the following as "*SCT Inst for cards*":

- Match the roles of actors within card schemes to the roles of actors within the SCT Inst scheme.
- Define the information to be transported between issuer and acquirer to guarantee well defined account statements resulting from these SCT Inst transactions and for matching the resulting SCT Inst with the card transaction in the card acceptor's system. The latter is referred to as reconciliation in the following.
- Consider reversals of card transactions to be covered due to e.g. time outs in the card acceptor system or other operational problems.
- Consider merchant refunds/charge backs of card based transactions.

Synergies with PSD2-like API evolvement and further developments

A clearing and settlement of card transactions via instant payments is changing the payment initiation process significantly, since the settlement is initiated directly via the card issuer as crediting payment instead of initiation via the card acquirer for the related debit payments today. Payment initiations directly via the debtor bank has been introduced by the Payment Initiation Services of PSD2 – the (debtor) banks have developed so-called APIs for payment initiation. Such APIs can be addressed by so-called Payment Initiation Service Provider (PISP), entities regulated by national banking supervisory authorities. The most prominent API standard for this in Europe is the NextGenPSD2 API standardised in the Berlin Group committees.

Already during the implementation phase of PSD2, the European Retail Payment Board (ERPB) has worked on product requirements for premium payment services via the PSD2 API based infrastructure, offering typical card payment features like deferred payments, reservation of funds or an execution in several partial payments via API for account to account payments. This work has led to the related SEPA Payment Account Access Scheme (SPAA)

of the EPC, defining the related services in detail and offering them within a commercial framework.

SEPA card transactions through premium payment APIs

The openFinance Taskforce of Berlin Group is offering these premium payment services a.o. now in the openFinance API Framework which has been developed by taking the NextGenPSD2 API as a starting point. Please see [BG oFA G2] for an overview on standardised services.

Having this development in mind, it seems natural to discuss the usage of the premium payment APIs reflecting card business functions also directly for card payments as such. This was already a variant mentioned in an earlier version of this white paper. Due to the enhancements in premium payment API standardisation and evolvement of API Access Schemes, this topic is now taken as a central point of the white paper at hand.

Aim of this document

The aim of this document is to progress further thinking in the Berlin Group work on meeting the vision of European regulators regarding the usage of SCT Inst rails as the new normal for mass payments in a transparent way towards the European payment industry.

To support this, the document at hand is discussing these above items within different technical scenarios. This document then offers to banks and processors technical models detailed enough to be used for studies on potential implementation efforts and potential synergies with related standardisation and implementation projects.

The version 1.1 at hand is an update of the first analysis published in 2021. This update is taking account the Version 2 of the Berlin Group openFinance API Framework, which is addressing a.o. many premium payment services (e.g. deferred payments, reservation of funds, multiple recurring payments) and new access channels with the introduction of signed requests as a new way to deal with customer authentication (SCA).

The purpose of the current document is **not** to deliver a technical standard or a detailed implementation feasibility analysis on its own.

2 SEPA-Model for Settling Card Transactions

In the following, a model for *SCT Inst for Cards* is described. First, the actors and roles for a settlement on transaction base are defined.

The card transaction settlement consists firstly of moving funds between an issuer of cards and an acquirer acting on behalf of card acceptors: payment guarantees and contracts are defined between these two parties within a card scheme. The relations between issuer and cardholder and between card acceptor and acquirer are defined within their own spheres, and not relevant for the settling of card transactions at an inter-bank-level.

SEPA 4-Corner Model

The general model for settling a card transaction between card acceptor and cardholder via acquirer and issuer by matching it to the EPC payment scheme models of debtor, debtor bank, creditor and creditor bank as identified by the Berlin Group is the following:

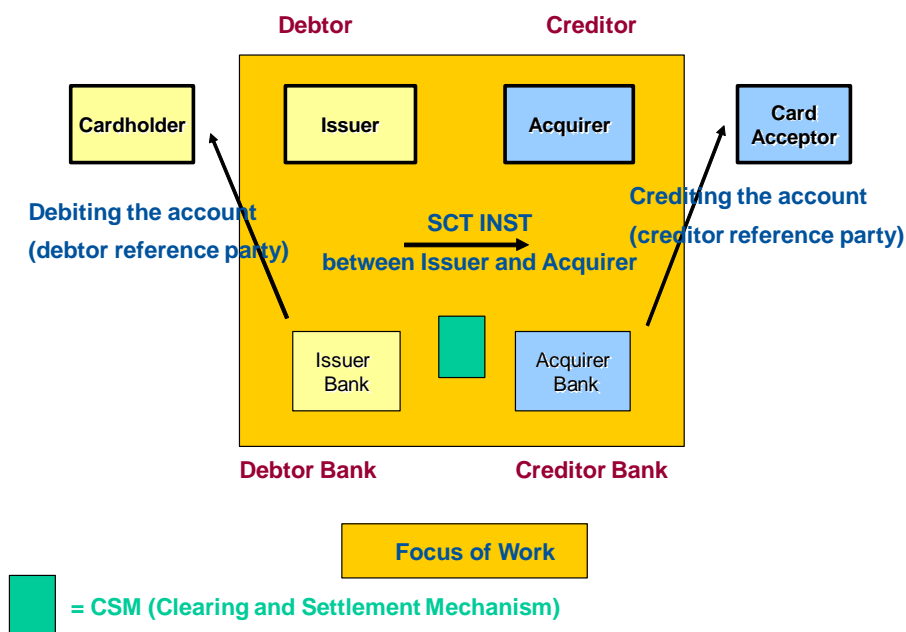


Figure 1: Model for SCT Inst for Cards

Note: Exactly this model has been applied by the SEPA Card Clearing Framework (SCC) of Berlin Group, which is a pull mechanism for card clearing based on the SEPA payment infrastructure.

Note: This document is focusing on the interbank standard. This standard should work independently from processing models, i.e. with a central processor or also in a bilateral mode.

Nature of the Payment

As mentioned above, the focus of SCT Inst will be on the crediting from issuer to acquirer. Cardholders and card acceptors still are reference parties mentioned in the transactions. The ultimate booking between cardholder and issuer and between acquirer and card acceptor is within their own sphere defined by own contracts and procedures and is not in scope of the work on a general *SCT Inst for cards*. Still, the notion of reference parties might have an impact on the legal assessment of such transactions as Person to Business payments versus Bank to Bank payments.

Note: The assessment of *SCT Inst for cards* as a direct funds transfer from cardholder to card acceptor as debtor and creditor would lead to a different data modelling. In this case, e.g. the name of the cardholder as debtor would be delivered via the SCT Inst to the card acceptor automatically.

Note: The Berlin Group SEPA Card Clearing Framework (SCC) was designed already as a clearing mechanism using batch processing via SEPA Clearing and Settlement Mechanisms (CSM). Settlement optimisations like netting would be provided by the CSM like for other SEPA payment instruments. For that reason, operative settlement functionalities are not addressed by SCC. The same would apply for *SCT Inst for cards*. Any CSM functionalities offered within SCT Inst could also be offered to *SCT Inst for cards* and are not addressed by this document.

3 Data Flow for SCT Inst for Cards

There are four potential models to be discussed in this document for the initiation of *SCT Inst for cards*:

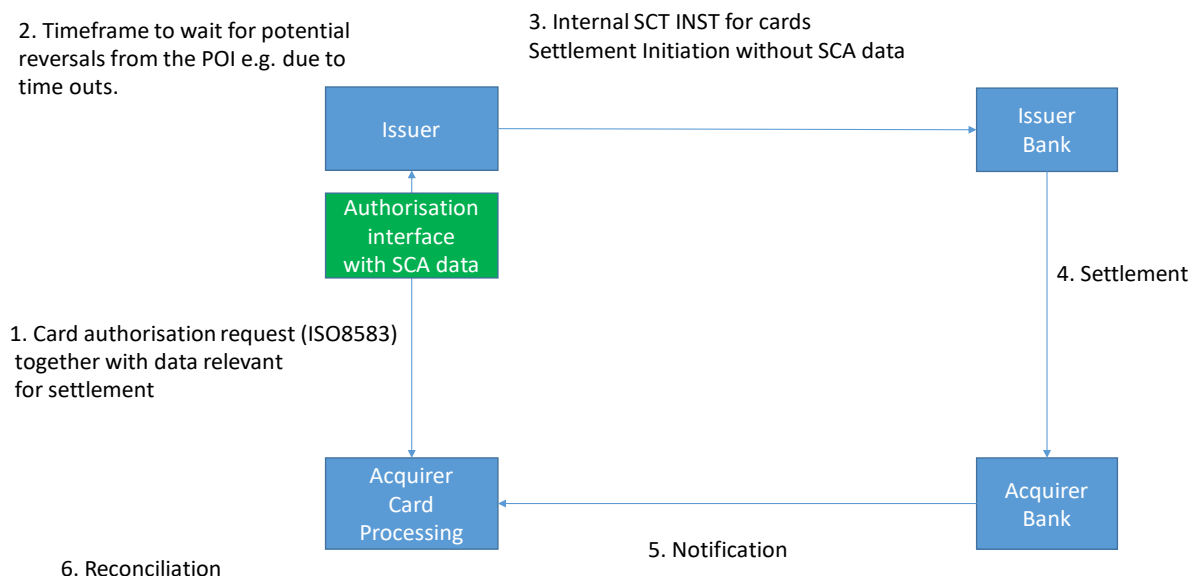
- Variant A: Settlement integrated in authorisation scenario, **single message** system based on ISO8583: In the first scenario, the acquirer is addressing the issuer with card authorisation data enhanced by data relevant for settlement. The payment will then be initiated by the Issuer after a successful authorisation, potentially after a short period waiting for reversals.
- Variant B: Settlement integrated in authorisation scenario, **dual message** system based on ISO8583: In the second scenario, the acquirer is addressing the issuer with card authorisation data enhanced by data relevant for settlement as in the first scenario. The acquirer is then informed about a successful authorisation. In addition, the acquirer then needs to confirm the positive result of the authorisation process at the POI to the issuer.
- Variant C: Settlement decoupled from authorisation scenario (similar in process flow, but separation of infrastructure and standards to be used): In this third Variant C, the Acquirer is performing an authorisation process with the issuer as today via ISO8583 based messaging and requests the initiation of the SCT Inst towards the Issuer payment frontend via an API infrastructure **after** a successful completion of the authorisation process at the POI and having received a related authorisation token.
- Variant D: In this variant, ISO8583 is not anymore used for authorisation processing. Instead, the premium APIs as offered in the openFinance API Framework of Berlin Group will be used as a common interface, integrating payment authorisation and related actual initiations for settlement processes.

Since Variant D is offering not only a very new technical solution to the market but also enables the merging of infrastructures of card payments and account-to-account payments it is discussed under a more strategic perspective in a dedicated section afterwards.

Note: The digital Euro project of the ECB is intending to also distribute digital Euros via cards as form factor.. The digital Euro as such can be seen as an instant payment means from a technical processing point of view. Thus, the digital euro processing in card based use cases could use an analogous model as introduced in Variant D.

3.1 Variant A: Settlement integrated in Authorisation, single authorisation message

The following picture provides the transaction flow, where the green box is the external interface which might be impacted by the *SCT Inst for cards* model.



Step 1: Authorisation Request

The acquirer is addressing an authorisation request with settlement related data to the issuer. The issuer is performing SCA/risk analysis and responding to the acquirer whether the transaction is authorised. The acquirer will inform the card acceptor on the authorisation result.

Step 2: Time Delay

The POI, specifically in a POS environment of merchants, might generate reversals e.g. in a time out situation for the authorisation response. The reversal might need time to be evident even on acquirer processing systems. For this reason, a certain time frame for waiting for potential reversals to be accepted should be introduced in this step, e.g. 5 minutes.

Step 3: *SCT Inst for cards* initiation

After a positive authorisation and timeframe reached (cp. Step 2), the issuing system is initiating an *SCT Inst for cards* settlement within the internal systems.

Step 4: *SCT Inst for cards* inter-bank

The *SCT Inst for cards* is processed in the inter-bank sphere.

Step 5: Notification of the acquirer

The acquirer bank is notifying the acquirer about incoming funds.

Step 6: Reconciliation within the acquirer

These incoming funds are then reconciled within the acquirer with the positive authorisations performed.

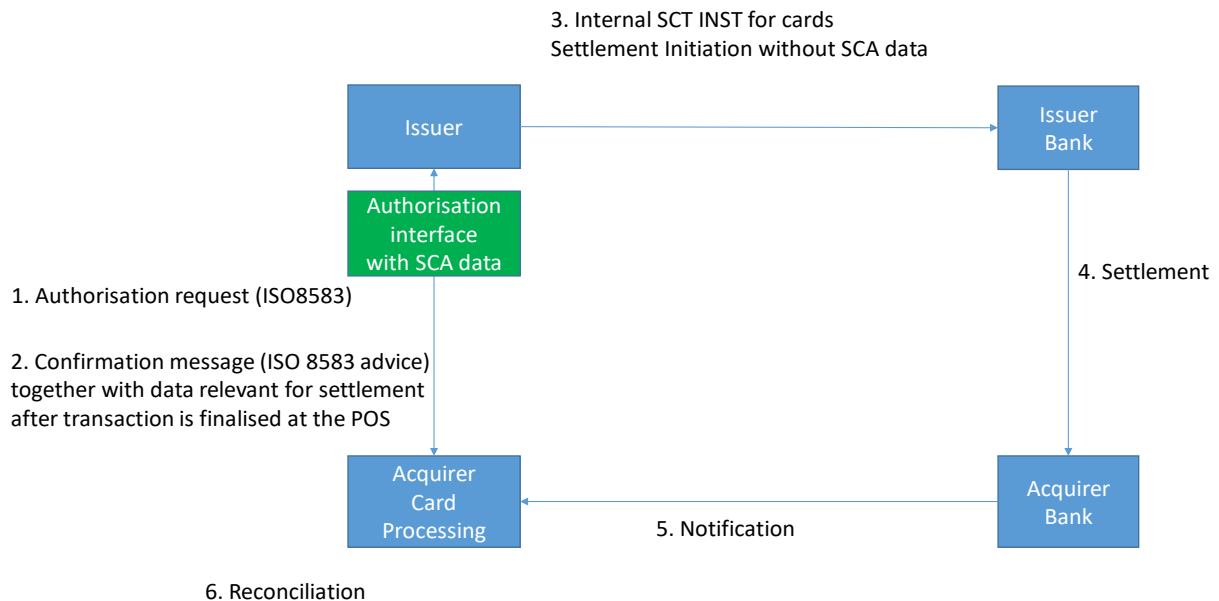
Evaluation

This technical model comes with challenges,

- since settlements might need to be revoked for technical reversals arriving too late at the authorisation interface, which still happens often due to terminal network issues,
- since customers might see such erroneous bookings early in their banking apps,
- since more complex transaction types like deferred payments or pre-authorised transactions would have to be processed differently in the authorisation system: for both transaction types advice messages would be necessary to start the related settlement processes, and
- since authorisation systems would need to implement payment initiation routines and related investments would need to be made.
- No impact by current premium openFinance API standardisation.

3.2 Varian Bt: Settlement integrated in Authorisation, dual authorisation message

The following picture provides the transaction flow, where the green box is the external interface which might be impacted by the *SCT Inst for cards* model.



Step 1: Authorisation Request

The acquirer is addressing authorisation data to the issuer exactly as today. The issuer is performing SCA/risk analysis and responding to the acquirer whether the transaction is authorised. The acquirer will inform the card acceptor on the authorisation result.

Step 2: Confirmation message

The acquirer is confirming in a second (advice) message towards the issuer that the transaction result has been successfully communicated at the POI to the card acceptor and the Cardholder. This transaction also contains settlement related data.

Note: For offline transactions, only advice messages about the successful transaction would be sent. In case of deferred payments or pre-authorisations this advice message would only be sent when the actual settlement amount has been fixed.

Step 3: *SCT Inst for cards* initiation

After a confirmation of the positive authorisation, the issuing system is initiating an *SCT Inst for cards* settlement within the internal systems.

Step 4: *SCT Inst for cards* inter-bank

The *SCT Inst for cards* is processed in the inter-bank sphere.

Step 5: Notification of the Acquirer

The acquirer bank is notifying the acquirer about incoming funds.

Step 6: Reconciliation within the Acquirer

These incoming funds are then reconciled within the acquirer with the positive authorisations performed.

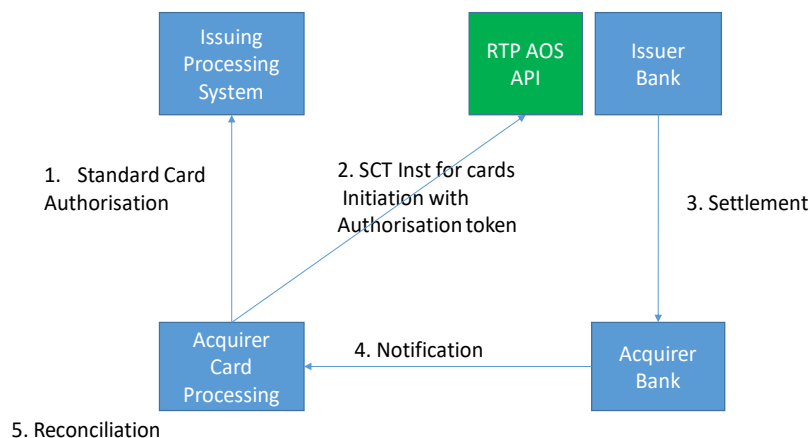
Evaluation:

This model would work seamless in operations but would need potentially high investments due to the strong process change relative to today's card processing with the authorisation system of the issuer being involved in settlement and reconciliation.

Current premium payment APIs of the openFinance API Framework have no direct impact.

3.3 Variant C1: Settlement decoupled from Authorisation, single transaction initiation

The following picture provides the transaction flow.



Remark: The green box here stands for an API for payment initiation. From a technical XS2A API perspective, this API would follow a delegated SCA approach. The delegation of SCA from the Issuing bank perspective is to the card scheme. This payment initiation could also be seen as an Additional Optional Service to upcoming Request to pay (RTP) Schemes – cardholder authorisation does not need any more to be processed, and in this case the Issuer Bank would be the receiver of the request to pay with the cardholder as the ultimate debtor as described above. For this reason, the above API is denoted as RTP AOS API.

Step 1

The issuer is authorising the card transactions as today. The acquirer receives an "API authorisation token" by the Issuer in case of an online authorised card transaction.

Step 2

The Acquirer is starting the settlement initiation towards the Issuer Bank with the authorisation token included. The debtor account is either identified via a pre-agreed debtor account or indirectly via the card PAN. In the latter case, the issuer needs to convert the PAN to the related IBAN.

In case of an offline authorised transaction, the EMV card cryptogram needs to be used as an authorisation token. Alternatively, the issuing processing system is providing authorisation

tokens also for offline transactions previously sent via advice messages to the issuing processing system.

Note: In addition the acquirer might need to add information about the card transaction for later dispute management, (e.g. about SCA measures, acceptance channel, merchant category code) within the payment initiation API as a separate container, not to be used in the interbank SCT Inst message. The reason is that banks' dispute management systems are based on clearing data today as it is used e.g. in SCC. This container then should also contain the EMV cryptogram for information. The integration of such a container is not yet defined on openFinance API Framework level, but could follow the same technical integration approach as in [BG SCC] where the related container is embedded into technical direct debit clearing messages.

Step 3:

The *SCT Inst for cards* is processed in the inter-bank sphere.

Step 4: Notification of the acquirer

The acquirer bank is notifying the acquirer about incoming funds.

Step 5: Reconciliation within the acquirer

These incoming funds are then reconciled within the acquirer with the positive authorisations performed.

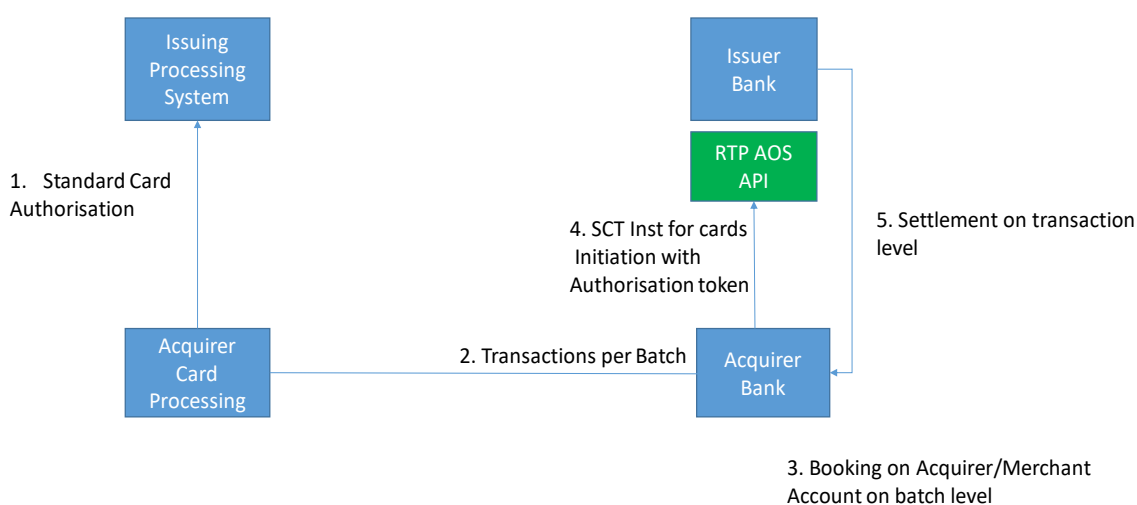
Evaluation

This model would work seamless in operations. The advantage of this model compared to the model in Section 3.2 is that the issuing authorisation system does not need to be adapted strongly. The investments of establishing the new settlement procedure and the operative costs are located directly with the institutions involved into the reconciliation and settlement process, i.e. it is implemented fully within today's clearing infrastructure.

The premium payment API services today are fully integrating the authorisation process for the TPP based payment initiations. Thus, the APIs are currently not offering the variant for only sending payment initiations (which are authorised by the customer and the bank already) without handling authorisation first. Such a specific functional adaptation would be needed. This comes with the specific challenge to add a reference to the related authorisations in a separate infrastructure.

3.4 Variant C2: Settlement decoupled from Authorisation, initiation via batch

The following picture provides an adaption of the variant defined in Section 3.3, where the initiation is done from the acquirer to the acquirer bank in a batch. This batch is booked to the merchant account as today. The acquirer bank then retrieves the funds from the issuers by collecting the single transactions via the RTP AOS (either as API or via CSM mechanisms) as defined above:



Step 1 Authorisation

The issuer is authorising the card transactions as today.

Step 2 Batch submission

The acquirer is submitting successfully finalised transactions as batch to the acquirer bank. The debtor account is either identified via an access token provided by the authorisation system or indirectly via the card PAN. In the latter case, the issuer needs to convert the PAN to the related IBAN.

In case of an offline authorised transaction, the EMV card cryptogram needs to be used as an authorisation proof. Alternatively, the issuing processing system is providing authorisation tokens also for offline transactions previously sent via advice messages to the issuing processing system.

Note: In addition the acquirer might need to add information about the card transaction for later dispute management, (e.g. about SCA measures, acceptance channel, merchant category code). The batch format needs to support this additional information. The reason is that banks'

dispute management systems might be based on clearing data today as it is used e.g. in SCC. This container then should also contain the EMV cryptogram for information. The integration of such a container is not yet defined at openFinance API Framework level.

Step 3: Batch booking to the creditor

The acquirer bank is booking the batch on the related creditor account (acquirer account or merchant account).

Step 4: Requesting the settlement to the issuer

The acquirer bank is requesting the issuers to settle the single transactions by using the RTP AOS API of the issuer. The related payment requests also contain card transactional data, e.g. for dispute management, cp. Step 2.

Step 5: Issuer settles

The *SCT Inst for cards* is processed in the inter-bank sphere.

Evaluation

This model would work seamless in operations as the similar model above. As above, the advantage of this model compared to the model in Section 3.2 is that the issuing authorisation system does not need to be adapted strongly. The investments of establishing the new settlement procedure and the operative costs are located directly with the institutions involved into the reconciliation and settlement process, i.e. it is implemented fully within today's clearing infrastructure.

The advantage vs. the variant defined in Section 3.3 is that the acquiring bank could use the same booking logic towards merchants as today. A disadvantage of this model would be the potential PCI DSS consequences for the acquirer bank when not using tokenized PANs/access tokens.

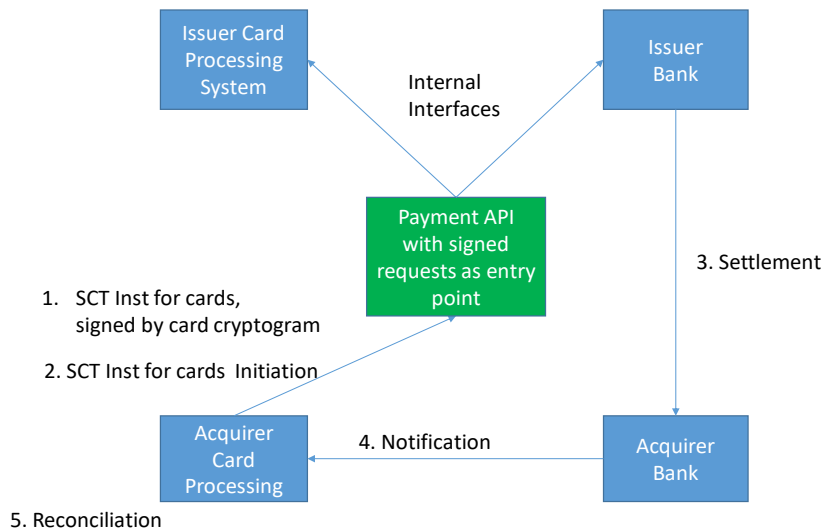
Since both models are quite similar, it could also be a choice of the acquirer whether to use either variant.

The premium payment API services today are fully integrating the authorisation process for the TPP based payment initiations. Thus, the APIs are currently not offering the variant for only sending payment initiations (which are authorised by the customer and the bank already) without handling authorisation first. Such a specific functional adaptation would be needed. This comes with the specific challenge to add a reference to the related authorisations in a separate infrastructure.

3.5 Variant D: Integrating the Card Authorisation Process into the Payment APIs

This model has technical aspects covered only in the following section. But it offers a much broader perspective of strategic positioning of retail payment services distributed via premium APIs independently of the frontend system. This perspective stresses the need of the usage of highly standardised APIs to enable banks to meet the requirements resulting from many different evolving frontend systems, e.g. digital cards, dedicated wallets or the digital euro in a harmonised way. These aspects are addressed in a separate section below.

The authorisation interfaces mentioned above are based on ISO8583 messages as widely used in the card business today. New API technologies and upcoming standards would also allow to implement these interfaces as an API Service, in technical analogy to PSD2 XS2A accounts. In the latter case, this variant is similar to an **Embedded SCA processing** model resp. a signed payment request model, where authorisation relevant SCA data is transported through the API to the issuer to ensure correct SCA processing at the POI. The advantage of the complex use cases offered now in the openFinance API Framework is that the API is covering authorisation and collections or other downstream processes as a common entry point to the issuing systems. Thus the flow control and risk management is bundled at the same point of processing. It results in the following architecture:



The actual transaction flow is similar to Variant C1, but using different technical interfaces:

Step 1: Authorisation Request

The acquirer is addressing authorisation data to the issuer as an API request, containing the envisaged payment data as well as the card transaction container and potentially an encrypted PIN. The API endpoint addressed is the endpoint of the related service (standard payment,

deferred payment, pre-authorisation etc.) The issuer is performing SCA checks/risk analysis and responding to the acquirer whether the transaction is authorised. The acquirer will inform the card acceptor on the authorisation result.

Step 2: Payment initiation message

The acquirer is confirming in a second API call – an initiation request – towards the issuer that the transaction result has been successfully communicated at the POI to the card acceptor and the cardholder.

Note: For offline transactions, only advice messages about the successful transaction would be sent. In case of deferred payments or pre-authorisations the actual initiation message would only be sent when the actual settlement amount has been fixed. This is fully following the payment logic of the related premium payment APIs of the openFinance API Framework.

Step 3: *SCT Inst for cards* initiation

After having received the related payment initiation, the issuing system is initiating an *SCT Inst for cards* settlement within the internal systems.

Step 4: *SCT Inst for cards* inter-bank

The *SCT Inst for cards* is processed in the inter-bank sphere.

Step 5: Notification of the Acquirer

The acquirer bank is notifying the acquirer about incoming funds.

Step 6: Reconciliation within the Acquirer

These incoming funds are then reconciled within the acquirer with the positive authorisations performed.

Note: The premium payment APIs of the openFinance API Framework are still under constant development and more functionality will be added. The API delivers an URI for the authorised payment. This URI makes it easy for the acquirer to change transaction parameters later on (with the consent of the cardholder) or post more information. Specifically, you could have later calls on the API on the generated API payment object for

- Changing payment details like authorised amount or validity period
- Sending more collection messages related to the addressed authorisation
- Posting documents related to the payment process, e.g. e-receipts.

Note: The openFinance Framework is now adapted to support "signed request" as a fourth SCA approach to process transactions which have been authorised already by the customer. Up to now, signatures like XML based signatures (following XADES standard of ETSI) or JWS

(following JADES standard by ETSI) are supported. The EMV application cryptogram together with a card transaction container as a sort of "symmetric signature" still needs to be added to the API Framework and is dependent on implementation interest first.

Evaluation

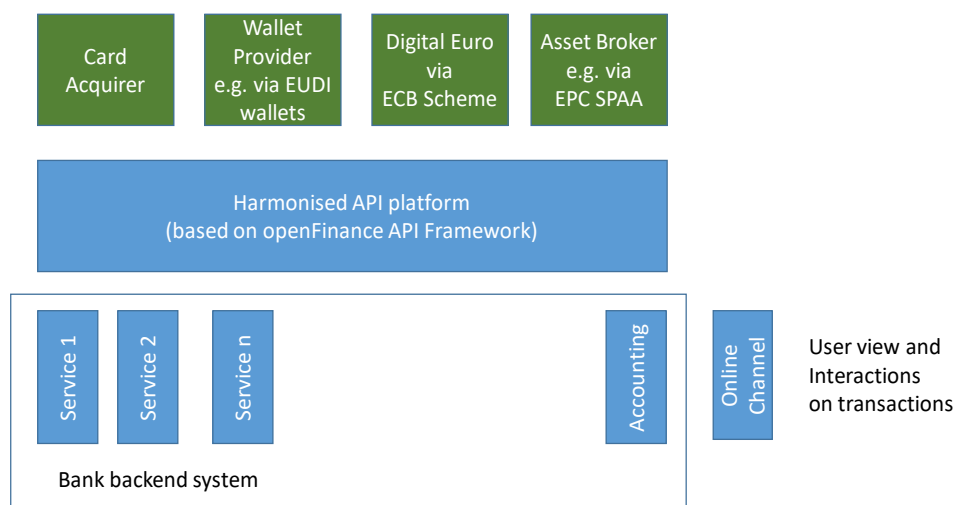
This model is a further technical development of the model described earlier and makes more powerful API functions available to processing. An additional potential advantage of this model would depend on potential synergies with the APIs for account to account payments as they are addressed ie.g. in EPC SPAA and are provided already in the Berlin Group openFinance API framework. It would enable the same processing for cards as for the upcoming API access schemes, where SCA is provided via online banking authentication methods, thus generating synergies in implementation and operations of such features.. Potentially, it would also allow a harmonised processing with wallet driven transactions like any private wallet or the future EUDI wallets and a potential ECB wallet for the digital Euro. So such a model might be advantageous in cases where issuers would like to choose an omni-channel distribution strategy for payment services.

Anyhow it must be noted that the scope of the openFinance API specifications [BG oFA WP] still needs an extension to card related SCA measures.

4 Functional Architecture for the API centric Model and Outlook

The full implementation of card processing in an openFinance API model offers a broader view on the integration of card processing into bank systems. With premium APIs, banks are starting to distribute payment services directly to the market. These distribution channels will come with added values in the future, like attaching documents or providing merchant-related budget control for whitelisting. The latter is already a feature described in EPC SPAA and provided by the openFinance API Framework.

Such services have a high impact on backend implementation. Once delivered by the backend, an openFinance API platform could distribute these services via premium APIs to asset brokers as cooperation partners, wallet providers or to card acquirers. Consequently, an API based implementation model for cards would support these new and upcoming features for card processing channels in a harmonised and easy way potentially leading to a better time-to-market. In essence, a bundled and harmonised API platform could be part of a multi-channel distribution strategy of payment services in retail banking:



For an implementation strategy, such a harmonisation could be restricted first to complex and new transaction types with user interaction resulting e.g. from e-commerce and mobile commerce.

5 R-Transactions

5.1 Reversals and Charge Backs

Under certain circumstances, the SCT Inst for card transactions might need to be reverted. This is due to e.g.

- Reversal in Variant 1, if a technical reversal appears after payment initiation of the authorisation system.
- Reversal for any sort of a technically erroneous *SCT Inst for Cards* transactions
- Charge Back: A payment was correctly processed, but the underlying business transaction has been (partially) revoked by the customer or the business transaction has not been performed correctly.

For reversals, the acquirer may literally return the *SCT Inst for cards* received erroneously.

For charge backs, the Issuer Bank can perform a "request to return" (camt.056 message) on basis of the addressed SCT Inst transaction with potentially dedicated reason codes. The acquirer then needs to return the related SCT Inst, if the charge back was applicable by corresponding card scheme rules.

5.2 Merchant Refund

Merchant Refunds do not relate necessarily to card transactions in the past. Such a refund transaction would be an SCT Inst from the acquirer to the issuer where the ultimate creditor would be identified using reference data returned in a merchant refund authorisation response. Such a solution would need a reconciliation process within the issuing system, if the reference does not equal the cardholder account.

All the R-transaction issues are related heavily to implementation and are not further addressed in this document.

6 References

[BG SCC] Berlin Group, SEPA Card Clearing Framework (SCC), Operational Rules, Release Note 2014, 30 June 2014, www.berlin-group.org

[BG oFA WP] Berlin Group, openFinance API Framework, openFinance Workplan 2023, 03 March 2023, www.berlin-group.org

[BG oFA G2] Berlin Group, openFinance API Framework, A Guide to Version 2, 05 October 2023

7 Annex A: Overview data modelling

To support the settlement and reconciliation within *SCT Inst for cards*, the following data modelling is proposed. The data usage is compared to the ISO20022 based modelling of the SEPA Cards Clearing Framework (SCC) as published by the Berlin Group and then transposed to the ISO20022 model of SCT inst. Please note that this is a first overview for a better understanding and needs further refinement if standardised on technical level.

Please note, that more data than transported via the SCT Inst for card mechanism on the card based transaction needs to be stored in the acquiring and issuing system e.g. for dispute processes. This data includes e.g. acceptance channels, merchant category code or SCA related information. This data is not needed to be transported in the settlement transaction because it is known on both sides. This might still have an impact on a potential API design for the initiation of the SCT Inst payment, cp. Section 3.3, such that the issuing bank has dispute related information directly in the core systems. For this reason, it is still referred in the below table, but marked as "not relevant inter-bank" for the actual *SCT Inst for cards* inter-bank transaction.

Card transaction data element (reference to ISO8583 where applicable)	SCC usage	proposed SCT Inst for cards usage
Reference to a card scheme	card container	Could be transported implicitly by using it e.g. as a scheme name for identities etc. Usage on group header level would be preferred since this is important information about potential underlying card scheme rules e.g. for dispute processes.
PAN, BMP2	card container	Not relevant inter-bank, but could be transported as maskedPAN in ultimate Debtor ID to show the used card to cardholder in account statements.
Transaction amount, BMP4	instructed amount	<p>instructed amount in case of integrated interchange fee processing.</p> <p>If this transaction is in foreign currency, this information should be transported in the remittance information field since this needs to be transported to the cardholder.</p> <p>Implies closed user groups for CSMs since this is a "white field" in SCT Inst. CSMs support closed user groups.</p>

Card transaction data element (reference to ISO8583 where applicable)	SCC usage	proposed SCT Inst for cards usage
Reconciliation amount, BMP5	interbank settlement amount	interbank settlement amount If interbank fees are not processed within the clearing/settlement of the transaction, then this is the transaction amount (potentially translated to Euro if accepted in foreign currency)
Conversion rates	card container	A clear model for currency conversion needs to be developed first.
Trace number, BMP11	card container	Not relevant inter-bank, but could be part of acquirer reference, see below
Local transaction date time, BMP12	card container	Not relevant inter-bank, but could be part of acquirer reference, see above.
Date Expiration, BMP14	card container	Not relevant inter-bank
POS Data code, BMP22 (Acceptance channel information)	card container	Not relevant inter-bank
Card sequence number, BMP23	card container	Not relevant inter-bank
Merchant Category Code, BMP26	card container	Not relevant inter-bank
Acquirer reference data, BMP31	end to end identification	end to end identification Should be pre-structured by using the components <ul style="list-style-type: none"> • Terminal ID: 8 char • Trace Number: 6 char • TransactionDateTime: 12 char • Acquirer own Reference: 9 char.

Card transaction data element (reference to ISO8583 where applicable)	SCC usage	proposed SCT Inst for cards usage
		<p>Then this identification could also be supported as acquirer reference when initiated by the authorisation system.</p> <p>This data should be sufficient on the acquiring side to reconcile the transactions with the successful authorisations.</p> <p>In case of a full API solution, this definition would not be needed. The acquirer reference would be free to use for the acquirer.</p>
Acquirer id, BMP32	creditor identification	Creditor identification
Approval Code, BMP38	mandate identification	Not relevant inter-bank
Terminal ID, BMP41	card data	Not relevant inter-bank, but could be part of acquirer reference, see above
Card Acceptor Identification Code, BMP42	Ultimate Creditor Identification	Ultimate Creditor ID
Card Acceptor Name Location, BMP43	Ultimate Creditor Name	<p>Ultimate Creditor Name with a substructure</p> <p>Acceptor name//city/2 char country code</p> <p>as defined in the SCC framework.</p>
Amount fees, BMP44	charges information	Fee amount information is mapped to charges information fields. This might imply a closed user group with the CSMs.
Amounts additional, BMP54	card container	Not relevant inter-bank if specific amount information like tip etc.
ICC Systems related data, BMP55	card container	Not relevant inter-bank

Card transaction data element (reference to ISO8583 where applicable)	SCC usage	proposed SCT Inst for cards usage
reconciliation account acquirer	creditor account	creditor account
reconciliation account issuer	debtor account	debtor account depending on card scheme definitions, this might be the account of the ultimate debtor
issuer id	debtor id	debtor id
issuer name	debtor name	debtor name as provided by issuer If initiated by the acquirer directly, a constant "ISSUER" would be sufficient, cp. SCC definitions.

Note: In case the card scheme is not mandating the processing via a dedicated acquirer, the card acceptor information might directly be used for the creditor related fields.