



QUESTIONS & ANSWERS ON

The One-Leg Out Instant Credit Transfer (Oct Inst) Scheme



1. What is a One-Leg Out transaction?

It is a transaction whereby only one of the payment service providers (PSPs) - either the Payer's or the Payee's - is located in the Single Euro Payments Area (SEPA) Schemes' Geographical Scope.

The EPC's One-Leg Out Instant Credit Transfer (OCT Inst) scheme clearly supports such specific payment transactions. On top of that, the OCT Inst scheme also supports cross-currency payments between euro and other non-euro SEPA currencies (i.e. Nordic currencies, CHF, GBP, Central and Eastern European currencies) **within** the SEPA Schemes' Geographical Scope.

2. Why has the EPC launched the OCT Inst scheme?

It all started in 2018 with a change request - which was not retained for the 2019 SEPA Credit Transfer (SCT) rulebook - to include incoming euro One-Leg Out (OLO) credit transfers under the SCT rulebook. In the following years, the EPC regularly received questions from SEPA payment scheme participants on whether such transactions are within the scope of the SCT scheme (which they are not).

At the same time, continuous enhancements to payment market infrastructures and national payment schemes across the globe have given opportunities for PSPs to improve their

international payment service offerings in terms of speed, transaction tracking, payment finality and costs. A good example is the progressive global roll-out of the ISO 20022 standard. The use of this standard allows the transport of consistent, structured and accurate information about Payers, Payees, invoice data and more. The widespread use of this standard globally can facilitate technical interoperability between the various national or regional payment schemes or infrastructures.

As for the regulatory side, the European Commission (EC) issued already in 2018 a Communication on strengthening the international role of the euro and subsequently, in 2020, its Retail Payments Strategy¹ outlining among others a pillar on efficient international payments. In addition, the Financial Stability Board (FSB) - an international body monitoring and making recommendations about the global financial system - published in October 2021 several targets for enhancing cross-border payments and regularly reports on progress in implementing the G20 Roadmap for Enhancing Cross-Border Payments. One of the FSB's quantitative targets with respect to the international payments is that *"75% of cross-border retail payments to provide availability of funds for the recipient within one hour from the time the payment is initiated..., by end 2027"*².

Against this background, the EPC Board decided to launch an ad-hoc One-Leg Out Task Force (OLO TF) to provide the Board with a report on the business aspects, consequences of and scenarios for allowing euro OLO credit transfers. Based on that report, the Board agreed with the development of an [Inst] Euro One-Leg Out Credit Transfer (OCT) arrangement. This arrangement covered both standard and instant OCT transactions. The related rulebook had then been submitted to a three-month public consultation from mid-January to mid-April 2022.

Eventually, this proposed arrangement rulebook has evolved into the One-Leg Out Instant Credit Transfer (OCT Inst) scheme rulebook.

3. What are the main objectives of the OCT Inst scheme?

- The OCT Inst scheme makes it possible for PSPs in the Euro Leg to maximise synergies with the existing SEPA payment 'rails' - including procedures, features and standards - that are reflected in arrangements which PSPs are already familiar with such as the SEPA Instant Credit Transfer (SCT Inst) scheme and the existing SEPA payment infrastructures.
- PSPs in SEPA can process incoming and outgoing instant OLO credit transfers through highly automated funds transfer systems available in the Euro Leg and, if available, via similar systems in the respective non-Euro Leg countries or jurisdictions.

¹ <https://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:52020DC0592&from=EN> (pillar 4: Efficient international payments, including remittances)

² [Targets for Addressing the Four Challenges of Cross-Border Payments: Final Report \(fsb.org\)](#) (table 1 on page 3).

- It gives PSPs the opportunity to offer their customers a faster execution of such transactions, more up-front transparency on costs and parties involved, and a better payment status traceability.

4. Why does the OCT Inst scheme focus exclusively on instant payments?

The outcome of the 2022 public consultation on the initially proposed [Inst] Euro OCT arrangement highlighted various concerns. The choice for an optional arrangement caused reachability concerns and would dent the attractiveness and the commercial viability of the proposed arrangement.

The market also stressed several limitations and the complexity of the proposed arrangement. The proposed arrangement restricted itself to credit transfers in euro end-to-end. This would considerably reduce the potential number of transactions covered by such arrangement. Also, the combination of outgoing and incoming Euro OCT transactions, and of instant and standard Euro OCT transactions in one single rulebook made it a complex rulebook.

The EPC then reached out to a few organisations that considered developing or have already developed solutions to enhance the processing of international payments. All organisations reported that their current focus is on international instant payments and that their solutions (would) support cross-currency international payments.

All this market input led to the EPC's decision to develop a payment scheme dedicated to **instant** OLO credit transfers. A more limited focus would allow a faster time-to-market of an EPC OLO payment scheme and better reflect market and regulatory requirements.

5. Why does the OCT Inst scheme speak about Euro Leg and non-Euro Leg (instead of a SEPA Leg and non-SEPA Leg)?

The comments from the public consultations and the discussions with the organisations concerned mentioned under question 4 also suggested not limiting an EPC arrangement only to credit transfers in euro end-to-end. Such extension would increase the attractiveness of the arrangement. Furthermore, several representatives of the interviewed organisations proposed that an EPC arrangement should also support cross-currency payments between euro and other non-euro SEPA currencies (i.e. Nordic currencies, CHF, GBP, Central and Eastern European currencies).

This input led to the EPC's decision that the OCT Inst scheme is agnostic about whether, how, where in the payment chain and by whom the currency conversion operation is done under the condition that all details of a currency conversion operation are made available in a fully transparent way. The OCT Inst scheme is open to any possible currency (including non-euro SEPA currencies) under the condition that at least one of the two legs of the OCT Inst transaction is denominated in euro (the so-called Euro Leg).

In the future, the EPC may decide to develop a Standard OCT scheme rulebook if and when deemed appropriate.

6. What are the main features of the OCT Inst scheme?

- 1) The OCT Inst scheme supports the processing of the Euro Leg of incoming and outgoing instant account-to-account-based one-leg out credit transfers. The scheme only sets business and processing rules for the Euro Leg of such credit transfers. It does not set rules for the non-Euro Leg as the non-Euro Leg rules for each OCT Inst transaction will differ due to the payment infrastructures, systems or practices used in each non-Euro Leg jurisdiction.
It may thus well happen that e.g., the non-Euro Leg of an OCT Inst transaction is not processed instantly because e.g., the jurisdiction of the non-Euro Leg concerned has no instant retail payment infrastructure yet. For such specific non-Euro Leg situations, the Euro Leg-based Payer's PSP informs the Payer upfront that the non-Euro Leg of an OCT Inst transaction will not be processed instantly.
- 2) In the inter-PSP space of the Euro Leg, the execution of an OCT Inst transaction involves the following main actors: the Euro Leg-based Payee's PSP, the Euro Leg Entry PSP, the Euro Leg-based Payer's PSP, the Euro Leg Exit PSP. These four Euro Leg PSPs must be a participant of the OCT Inst scheme.
- 3) The OCT Inst scheme is an optional scheme, available to any PSP in the SEPA Schemes' Geographical Scope. The PSPs wishing to become an OCT Inst scheme participant need to act at least as a Euro Leg-based Payee's PSP.
- 4) All adhering scheme participants must be technically capable to process the Euro Leg of the OCT Inst transactions on a 24/7/365 basis.
- 5) The scheme is built on the foundation of the existing SCT Inst scheme with which it is aligned as much as possible. This gives the PSPs which currently offer the SCT Inst scheme an ideal stepping stone to implement the new scheme.
- 6) The scheme encourages the processing of OCT Inst transactions via ISO 20022 standard-based XML messages end-to-end. As a minimum, the Euro Leg of the OCT Inst transaction will always be based on ISO 20022. The scheme currently follows the 2019 version of that ISO standard.
- 7) When end-to-end processing based on ISO 20022 in the non-Euro Leg is not possible, the Euro Leg Entry PSP and the Euro Leg Exit PSP ensure that all instructed data is made available to the subsequent parties in the payment chain.
- 8) The OCT Inst scheme allows all types of charging options - with the recommendation to apply the 'shared' principle.
The 'shared' principle is to be respected in case the EU Payment Services Directive (PSD) applies to both the Euro Leg PSP and the non-Euro Leg Financial Institution (FI).
- 9) The scheme foresees an inter-PSP space inquiry process about outgoing OCT Inst transactions in case of a Claim of Non-Receipt whereby the Payee in the non-Euro Leg claims not to have received the initial OCT Inst Transaction.
- 10) The scheme facilitates the transport of more data in line with SWIFT's Cross Border Payments and Reporting Plus (CBPR+) and Cross-Border Instant Payments Plus (IP+) guidelines to achieve the highest possible level of harmonisation and data compatibility with the non-Euro leg processing.

7. What currency payment situations does the OCT Inst scheme support?

The scheme supports the following payment situations:

- An OCT Inst transaction from or to an account held at a FI which operates outside the SEPA Schemes' Geographical Scope (e.g., an FI based in USA, Japan etc): the currency of the funds transferred in the non-Euro Leg can be in each possible currency including in euro.

The scheme thus supports even payment use cases whereby the Payer or the Payee with an account held at a FI in that non-SEPA jurisdiction wants to send or to receive an international instant credit transfer in euro end-to-end (e.g., because the Payer or the Payee holds a euro account with that FI concerned).

- An OCT Inst transaction from or to a payment account held at a FI established and/or licensed within in the SEPA Schemes' Geographical Scope (e.g., a PSP based in Poland, Sweden, Switzerland, UK etc): the currency of the funds transferred in the non-Euro Leg can be in each possible currency except in euro.

In case the Payer or the Payee holding a payment account with that FI wants to instantly send or to receive funds in euro, it needs to use a euro payment instrument instead (e.g., SCT Inst scheme, T2, EURO1).

The actors involved in the execution of an OCT Inst transaction are free to determine which actors can do a currency conversion when necessary.

8. Does the OCT Inst scheme to some extent not overlap with the SCT Inst scheme?

The key determinants for using either the OCT Inst scheme or the SCT Inst scheme are the following:

- In which currency the Payer wishes to transfer funds (i.e. in euro or in another currency).
- The currency requested by the Payer in which the Payee must receive the funds (i.e. also in euro or in another currency).
- In which countries the financial institutions sending and receiving these funds respectively are based (i.e. only one is based in SEPA or both are based in SEPA).

The SCT Inst scheme has been designed for instant credit transfers processed **in euro** end-to-end **within SEPA**. The Payer explicitly instructs its PSP based in SEPA to instantly transfer an amount **in euro** from his/her payment account to a payment account held at another PSP based in SEPA. An example is a payment service user with an account held at an UK PSP instructing its PSP to send **euro** via an instant credit transfer to a payment account at an Italian PSP (or vice-versa).

The SCT Inst scheme cannot be used to send euro via an instant credit transfer from an account (in euro or in another currency) held at a financial institution based in a non-SEPA

country, to a payment account in euro at a PSP based in SEPA (or vice versa). In this scenario, the OCT Inst scheme is to be used.

9. In which payment situations the OCT Inst scheme can(not) be used within SEPA?

The OCT Inst scheme is to be used for instant credit transfers within SEPA only when

- the Payer explicitly instructs its PSP based in SEPA to instantly transfer an amount ***in any currency other than in euro*** from its payment account to a payment account held at another PSP based in SEPA.

An example is a payment service user with an account held at a Swedish PSP sending an instant credit transfer in SEK (via the national SEK instant credit transfer instrument) to a payment account in euro at a German PSP.
- the Payer explicitly instructs its PSP based in SEPA to instantly transfer an amount in euro from its payment account to the payment account of the Payee held at another PSP based in SEPA whereby the Payer explicitly indicates that the **funds to be credited to the Payee must be in a currency other than in euro**.

An example is a payment service user with an account held at a Spanish PSP sending an instant credit transfer in euro whereby the Payer indicates that the Payee with an account at a Polish PSP must receive the countervalue of that euro amount in PLN (is processed via a national PLN instant credit transfer instrument).

10. Can we easily sum up the situations in which to use the OCT Inst scheme or the SCT Inst scheme?

The table below summarises in which circumstances only the OCT Inst scheme or only the SCT Inst scheme can be used:

Which EPC instant credit transfer payment scheme to use?				
<i>Note: apart of the currency in which the instant credit transfer itself is expressed, under the OCT Inst and SCT Inst schemes the payment account of the Payer and/or of the Payee can be in euro or in any other currency.</i>			To Payee with an account held in	
			SEPA	non-SEPA
For Euro --> Euro trx (i.e. no currency conversion)	From Payer with an account held in	SEPA	SCT Inst	OCT Inst
		non-SEPA	OCT Inst	Other non-EPC scheme
For Euro --> other currency trx or for other currency --> Euro trx	From Payer with an account held in	SEPA	OCT Inst	OCT Inst
		non-SEPA	OCT Inst	Other non-EPC scheme

11. How can Payers and Payees benefit from the OCT Inst scheme?

- Payers and Payees in the Euro Leg would have an account-to-account based payment solution supporting both incoming and outgoing international instant euro credit transfers, whereby maximum execution times are set for the Euro Leg of such transfers. Depending on the performance of the channel used in the non-Euro Leg

jurisdiction where the transaction is coming from or going to, this may lead to a more rapid and predictable end-to-end execution of these payments.

- Attributes are foreseen to provide Payers and Payees with better transparency on the costs for all parties - both those inside and outside of the Euro Leg - as well as on payment status traceability (e.g., via the option of using the Unique End-to-End Transaction Reference (UETR)).
- The scheme relies on open and commonly accepted standards and data elements which help to improve the initiation and reconciliation of such transfers on a Straight-Through-Processing (STP) basis.
- The scheme also supports the possibility to send or to receive remittance data end-to-end on either a structured or an unstructured basis.
- The current maximum amount of 100.000 EUR per OCT Inst transaction can already support a wide variety of payment use cases. the current maximum amount can be revised at any time in response to any needs from the market.

12. How can PSPs benefit from the OCT Inst scheme?

Euro Leg-based Payee's PSPs and Payer's PSPs

- The scheme allows these Euro Leg PSPs to offer account-to-account based payment solutions supporting both incoming and outgoing OCT Inst Transactions. It gives them the possibility to offer their Payees and Payers a faster execution of such transactions, more up-front transparency on costs and on the parties involved in/concerned about, and a better payment status traceability (e.g., via the UETR and inquiry use cases).
- The scheme sets well defined processing timelines and steps for OCT Inst transactions in the Euro Leg. It also enables more efficient and cost-effective processing, clearing and settlement for these credit transfers within the Euro leg, using the ISO 20022 XML messaging standard and existing intermediary PSPs and Clearing and Settlement Mechanisms (CSMs) operating in the Euro Leg.
- The clearing and settlement for such credit transfers through Euro Leg-based intermediary PSPs and CSMs, and through the preferred non-Euro Leg channels (e.g., national payment infrastructures, schemes or systems) will potentially improve the liquidity management for those involved (e.g., via the offset between incoming and outgoing payment positions). It may also allow participants to optimise the number of euro correspondent banking relationships.
- The scheme supports concepts, processes and attributes covered in the CBPR+ and IP+ guidelines, facilitating the processing of such transfers based on better structured and richer data under the ISO 20022 XML messaging standard.
- Participants would also be able to rely on a predictable and automated r-transaction handling and inquiry processing which could support several use cases.

Euro Leg Entry PSPs and Exit PSPs

- These participants can develop new business models by offering OCT Inst transaction services in the role of Euro Leg Entry PSP and/or Euro Leg Exit PSP for both Euro Leg-based PSPs and non-Euro Leg FIs.
- They can offer a standardised way of processing the Euro leg of international instant credit transfers and they can re-use the existing SCT Inst rails to process them.

13. Will it be more financially attractive for PSP customers to make OCT Inst transactions?

The matter of the fee charged - or not - by the PSP when a customer makes an OCT Inst transaction is outside of the scope of the OCT Inst scheme designed by the EPC. In other words, each PSP will decide on its own pricing policy.

14. Which entities can adhere to the OCT Inst scheme?

- PSPs established in and/or licensed to operate in a country or territory included in the SEPA Schemes' Geographical Scope, and operating in the Euro Leg, can adhere on an individual basis as a **participant**.
Participants adhering to the OCT Inst scheme will as a minimum support the scheme as a Euro Leg-based Payee's PSP. They can also indicate whether they also support the scheme as a Euro Leg-based Payer's PSP, Euro Leg Entry PSP and/or as Euro Leg Exit PSP.
- **OCT Inst processors** can adhere to the OCT Inst scheme as well. An OCT Inst processor is a legal entity established and/or under oversight to operate in a country or territory included in the SEPA Schemes' Geographical Scope. It offers OCT Inst scheme-based services towards one or more participants and formally adheres to the scheme on behalf of the participants using its services.

15. In what way does an OCT Inst processor differ from an OCT Inst participant?

The services concerned of an OCT Inst processor do not necessarily include OCT Inst clearing or settlement services. Such entity may operate in the capacity of a CSM in the Euro Leg but alternatively can be a financial messaging service provider, a currency conversion service provider or even an OCT Inst participant. The OCT Inst processor may offer, either directly by itself or indirectly using other actors, Euro Leg Entry PSP-related and/or Euro Leg Exit PSP-related services to participants.

The idea behind allowing processors to adhere to the OCT Inst scheme is that they may already serve a large community of PSPs for which they have designed or will design specific rules for OLO transaction processing. A SEPA-wide reach through legal commitments with OCT Inst processors can be achieved much faster than on an individual PSP basis.

16. What OCT Inst scheme adherence option may suit the best for each interested PSP?

The hybrid adherent model gives PSPs in the Euro Leg the choice how they want to support the OCT Inst scheme. Some PSPs may prefer the reachability to the scheme via an OCT Inst processor as they have already a direct access to such entity (e.g., an SCT Inst scheme participant to an SCT Inst scheme-compliant CSM) and these PSPs are just interested to take up the role of a Euro Leg-based Payee's PSP.

PSPs adhering on their own may do this because the OCT Inst processors concerned may only support a few currency pairs/corridors or countries or these PSPs already have their own (extensive) network covering various regions and/or currencies. These PSPs may also be interested to position themselves in the Euro Leg as an Entry PSP and/or Exit PSP.

Another reason a PSP may adhere to the OCT Inst scheme on its own is that certain PSPs cannot enter in a direct relationship with some of these OCT Inst processors (e.g., a Payment Institution or an Electronic Money Institution not having access to a CSM in the Euro Leg whereby such CSM positions itself as an OCT Inst processor).

17. As of when can interested entities submit their adherence applications for the OCT Inst scheme?

Interested entities can already submit their OCT Inst scheme adherence application since June 2023. The OCT Inst scheme adherence pack is available on the [EPC website](#).

The planned updates to the Register of OCT Inst scheme participants and the number of OCT Inst scheme participants and OCT Inst processors are available on the [Register of EPC Participants webpage](#).

18. Do the interested entities have to pay a scheme participation fee for the OCT Inst scheme as is already the case for the SEPA payment schemes?

The EPC reserves the right to recover costs to manage the scheme from the participants. The policy of the EPC about fees related to the management of the OCT Inst scheme will be decided from time to time by the EPC. These fees will be published in a timely manner on the EPC website. The EPC will not levy fees in 2024.

19. What are the next steps with respect to the scheme?

As for the other payment schemes currently managed by the EPC, the EPC carries out the administration of the OCT Inst scheme, as well as its maintenance and evolution.

The administration and compliance processes aim to ensure that the OCT Inst scheme is administered in a fair and transparent manner at every stage in accordance with the rulebook and general principles of applicable law.

The OCT Inst scheme will follow the same transparent change management cycle as the other four EPC payment schemes. The scheme is updated every two years to reflect market needs and the evolution of technical standards.

The next OCT Inst scheme rulebook change management cycle which will take place in 2026.

Scheme participants and other stakeholders are invited to submit change requests for the OCT Inst scheme rulebook by 31 December 2025 by completing a [dedicated template](#). These change requests will be considered for the rulebook version and associated implementation guidelines to be published in November 2026 and taking effect in November 2027. A three-month public consultation on these change requests will take place in the Spring of 2026.

In addition, the EPC applies a more flexible approach to changing the maximum amount of an OCT Inst transaction. As of 28 November 2024, the Payment Scheme Management Board (PSMB - the EPC decision-making body in charge of the payment schemes' administration and evolution) will review this amount every year, and it will decide if it is still appropriate.

Scheme participants will also have the opportunity to suggest to the PSMB a new maximum amount. With this process, the maximum amount of an OCT Inst transaction could be changed quickly (90 calendar days after its publication on the EPC website).

The change management procedures aim to ensure that the scheme will be kept relevant for its users, up-to-date, and innovative.