

# REQUEST TO PAY

WHAT BENEFITS IT COULD BRING TO BUSINESSES AND CONSUMERS?

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OCTOBER 6, 2022

# Finance Latvia Association



MEMBER BANKS

**12 MEMBER BANKS,  
> 90% OF INDUSTRY  
ASSETS**



ASSOCIATED MEMBERS

**22 ASSOCIATED  
MEMBERS, INCL. PENSION  
FUNDS, SMART-ID,  
MINTOS, VISA**



PAYMENTS

**> 90% INSTANT PAYMENT  
ACCOUNTS,  
> 12B EUR IN CARD  
PAYMENTS ANNUALLY**



CUSTOMERS

**>2 MILLION CUSTOMERS,  
46% USING MOBILE APPS**

# What is *Request To Pay (RTP)*?

«The RTP is a messaging functionality. It is not a payment means or a payment instrument, but **a way to request a payment initiation**. The scheme can be considered as a complement to the payment flow because it supports the *end-to-end* process and lies between an underlying commercial transaction and the payment itself.»

If the buyer refuses the payment, the merchant receives an immediate **refusal message**. If the buyer accepts the payment request, the payment is **triggered** by the buyer as a SEPA transfer **without** the buyer having to enter the amount, the account details of the dealer, and any invoice number.

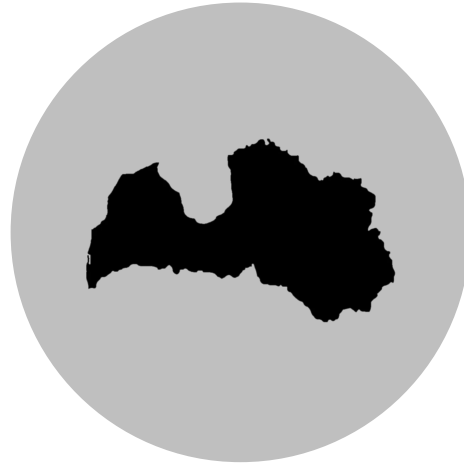


# What drives RTP as a service?



## EU LEVEL

The European Retail Payments Strategy establishes new payment solutions as policy objective



## NATIONAL LEVEL

The Financial Sector Development Plan in Latvia addresses RTP service as a priority



## BUSSINES LEVEL

Demand from business and other stakeholders for new solutions on ways for money to move



## CONSUMER LEVEL

Demand for faster and better UX in payments

# National retail payment strategies – EU

## Priorities:

- Increasing instant payment use
- Implementing Request to pay
- Promoting e-invoicing
- Pay-by-account/mobile  
*(less card payments at POI)*

## Things which keep banking industry stressed & busy:

- CESOP
- IBAN portability
- IBAN verification
- Fraud prevention
- Digital EURO
- eIDAS for SCA / digital wallet

## Challenges:

- Fees for instant payments are still too high in several member states
- Request to pay needs interbank infrastructure; business are still not aware of advantages; banks do not invest because of lack of demand
- Several standards for e-invoicing (PEPPOL, banks)
- SRTP is not yet a complete electronic invoice
- Requests for partial payments or installment payments

# Where are businesses now?

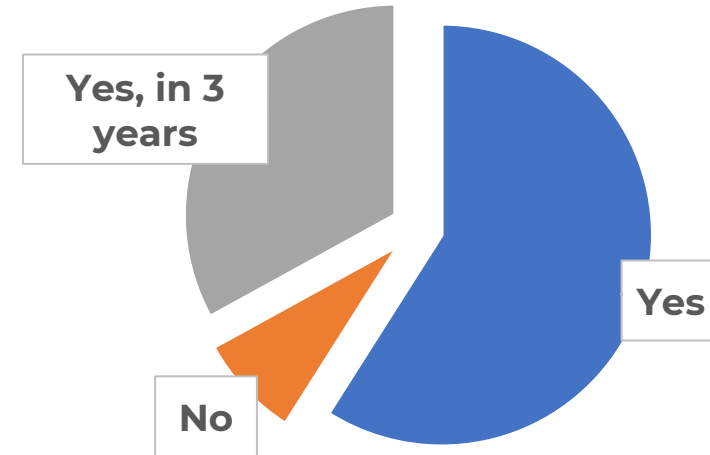
We conducted a survey to understand trends in e-commerce payments.

## What payments methods do you use?



- Card payments
- Bank-Link (direct agreement with a particular bank)
- E-invoices (50:50)
- PSD2: still baby steps

## Would you be interested in implementing RTP?



## Is unrecognized payments an issue?

**No.** No need for implementing **structured payment/receipt reference (SPR)**

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