



Verification Of Payee: A Comprehensive Guide to EU Compliance

A white paper by Ozone API

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01. Executive Summary

As digital payments continue to grow across Europe and globally, the need for enhanced security and fraud prevention has never been more critical. With 42% of financial institutions seeing an increase in fraud in 2024, Verification Of Payee (VOP) represents a crucial step forward in payment security.

The European Payments Council (EPC) introduced VOP in October 2024, publishing the EU's first VOP scheme rulebook. By October 9th, 2025, all Payment Service Providers (PSPs) that offer instant payments or credit transfers within Single Euro Payments Areas (SEPA) must implement VOP compliance.

This whitepaper provides a comprehensive overview of VOP, drawing from expert insights, technical deep-dives, and global implementation experiences. Key findings include:

- **Proven Impact:** The UK's Confirmation of Payee (CoP) scheme has achieved a 60% reduction in fraud cases since 2020
- **Implementation Approach:** Most tier 2 PSPs choose to partner with Routing and Verification Mechanisms (RVMs) rather than build in-house solutions
- **Tight Timeline:** With the October 2025 deadline approaching, immediate action is required for compliance

02. Introduction: A Global Review of Verification Of Payee

What is Verification Of Payee?

Verification Of Payee (VOP) is a fraud prevention and security measure that reduces the risk of a payment being sent to the wrong person or business by verifying the payee's details before the transaction is processed. It acts as a standalone messaging service and does not impact other aspects of the normal payment journey.

As financial regulators push for greater security in digital payments, VOP is emerging as a common approach to tackle escalating fraud, but just how global is it?

The European context

In October 2024, the European Payments Council (EPC) introduced Verification Of Payee (VOP), and published the EU's first VOP scheme rulebook, a huge step forward for digital payments. By the 9th October 2025 Payment Service Providers (PSP) that offer instant payment or credit transfers within Single Euro Payments Areas (SEPA) will have to implement VOP.

The VOP scheme was developed to comply with legal obligations stemming from the EU Instant Payments Regulation (IPR), ensuring that money reaches the right account when a payment is sent.

Belgium: building on EU experience

Belgium introduced Verification Of Payee (VOP) in 2022, with major banks and payment service providers in the country integrating the system. The goal was to

enhance security for digital payments, similar to the approach taken in the Netherlands. Belgian banks such as KBC, BNP Paribas Fortis, and ING Belgium were among the early adopters of the system.

UAE: open finance integration

Verification of Payee in the UAE is a fundamental capability of the Open Finance Framework, a market-wide platform that supports open finance operations, including account data sharing and payment initiation. The framework will also soon support insurance data sharing, insurance quotes, and foreign exchange.

The API Hub that underpins the UAE Open Finance Framework implements identification of IBAN to the correct financial institution, allowing the VOP request to be routed correctly, before verification of the IBAN is undertaken by the financial institution. Name matching is then performed by the API Hub, and provided back to TPPs for display to the customer.

In the UAE, VOP is mandated for payment initiation flows, meaning that TPPs must undertake VOP before initiating any payments, ensuring that payments can be executed on the Open Finance Framework with increased confidence.

03.The Technical Fundamentals of Verification Of Payee

How VOP works

VOP, or Verification of Payee, is an initiative from the European Payments Council (the EPC) to improve the security of account-to-account payments in the SEPA zone. Users can check the account name or business identifier of the account they are sending money to before they make a payment.

Following the new regulatory requirements, when a person or business initiates a transaction, there will now be a mandatory verification process. The VoP scheme allows the payer's PSP to verify if the IBAN and payee name match the records held by the payee's PSP.

VOP response types

A VOP request has 4 possible responses:

1. Match – The details are correct, and the payment can proceed
2. No Match – The details do not match the recipient's account information
3. Close Match – Some details are similar but not exact, prompting the payer to review the information
4. Not Applicable – The check cannot be completed

The design is intended to protect the privacy of the payee's information whilst providing appropriate feedback to the payer such that they can decide whether or not to proceed with the payment. In cases of a 'close match' response, the actual name of the payee is provided back to the payer for feedback.

If a 'no match' or 'close match' response is received, the payer can decide whether to proceed with caution, correct the details, or contact the recipient before completing the transaction.

VOP vs CoP: key differences

Verification Of Payee and Confirmation of Payee are different schemes with different technical requirements, but VOP can be thought of as the European equivalent of CoP in the UK.

The purpose of both schemes is to prevent potential payment fraud by giving enhanced information to the payer about the payee details. However, there are key differences:

- **Trust Framework:** In VOP participants identify themselves through PSD2 eIDAS certificates, whereas in CoP everything is managed through the centralised Pay.UK directory
- **Verification Inputs:** VOP allows either the account name or an unambiguous account identifier (like LEI or a Tax Code) to be verified using an IBAN, whereas CoP verifies a business or personal account name using Sort Code and Account Number (SCAN) as the primary identifier

Technical infrastructure

Routing and verification mechanisms (RVMs)

An RVM or 'Routing and Verification Mechanism' are technology services providers who can act as members of the Verification Of Payee scheme and make VOP requests and provide VOP responses on behalf of PSPs or Financial Institutions who hold the end relationship with the customer.

EPC directory service (EDS)

The EDS is the EPC Directory Service, the EDS will act as the central directory for scheme participants enabling them to understand how to reach each other's Verification Of Payee services, it does not store any information about end users.

API reference toolbox (ART)

ART, also known as the API reference toolbox, is a testing facility that will be provided by the EPC to participating PSPs and RVMs to help participants build a scheme-compliant VOP solution and also to self-certify compliance with the EPC directory specifications.

04. EU VOP Compliance: A Comprehensive Guide for Banks & PSPs

Who is impacted and key deadlines

Any Bank or Payment Services Provider that makes SEPA Credit Transfer or SEPA Instant Credit Transfer payments is impacted by the VOP rules and regulations. All SEPA payments including bulk payments should have Verification Of Payee checks available to the payer and these checks should happen on every payment.

Critical timeline

The timeline for VOP compliance is already underway. Following the January 31st 2025 opt-out deadline, banks and PSPs are moving towards full implementation:

- March 2025 – Opening of adherence process
- 5th October 2025 – The rulebook comes into effect
- 9th October 2025 – Implementation deadline for PSPs

Why VOP is important

1. Reducing payment fraud

Fraudsters are increasingly tricking individuals and businesses into sending payments to fake or compromised accounts. VOP acts as a security checkpoint, preventing payments from being misdirected to fraudulent accounts.

Verification Of Payee (VOP) is a fraud prevention and security measure that ensures a payment is being sent to the correct person or business by verifying the payee's details before the transaction is processed. The matching of account details helps reduce potential fraud either by showing an incorrect input.

2. Preventing human error

Mistyped account numbers and incorrect recipient names cause costly mistakes. VOP reduces errors by alerting payers if details are incorrect.

3. Strengthening trust in digital payments

Customers and businesses gain confidence knowing payments undergo verification. This is crucial as instant payments become widespread.

Challenges and considerations for banks and PSPs

Banks and payment service providers face a choice: build in-house solutions or partner with third parties. Open banking initiatives show that in-house development can be costly and complex as the implementation of the VOP service requires significant changes to the IT infrastructure of PSPs.

Financial institutions must assess the investment required for compliance. They should consider technology integration, operational impacts, and ongoing maintenance. Beyond cost, technical and operational challenges exist. Banks must integrate VOP into existing infrastructure, manage processing times, and train staff in fraud, compliance, and customer service.

With tight deadlines and high costs, many banks may find that partnering with an experienced provider is the most efficient option.

05. Implementation Strategies and Expert Insights

Learning from Confirmation of Payee

A lot of tier 2 PSPs in the UK chose an integration partner for CoP, so in terms of the build or buy case study, VOP, just like CoP, lends itself to a buy approach, particularly given the complexity and timescale.

Build vs buy decision

PSPs should consider their specific scenario, but most will choose to use an RVM to reduce implementation cost and complexity as well as simplifying the longer term needs of maintaining the VOP solution as the scheme and requirements evolve.

RVMs can simplify the integration process for PSPs in a number of ways whether on the VOP APIs, or on the EPC directory integration.

Benefits of using an RVM

In the short term, outsourcing the build work to an RVM partner can help PSPs to hit the deadline. In the longer term using an RVM to support VOP means PSPs don't have to worry about the operations and maintenance costs associated with building VOP in-house.

An RVM does all the heavy lifting and takes the regulatory burden off your hands. They can access the directory, they can do the routing, all on your behalf.

Selecting an RVM partner

PSPs need PSD2 QWAC certs to make requests, RVMs are unable to provide this for the PSP. Consider the integration and features supported by the RVM. Ensure

you're working with a partner who will have time to support you on the journey, because there are still a fair few unknowns.

Implementation steps

First you need to understand how VOP applies to you:

- What payment channels?
- What payment types?
- What account types?
- Account / branch structure?

You then need to submit the onboarding documents to the EPC, get a PSD2 QWAC certificate if you don't already have one, and then start speaking to some RVMS.

Ozone API's VOP solution

Ozone provides two VOP integrations – Requester API and Responder API allowing any PSP customer to on the one hand make VOP requests and also to submit VOP responses when requests are made by other PSPs.

At Ozone API, we deliver open APIs for banks and financial institutions around the world, from open banking to open finance and Verification Of Payee. Our market-leading platform is trusted by central banks, major global banks, financial institutions and fintechs of all sizes.

Whether it's complying with VOP, implementing the latest open banking API standards, or a combination of both, we provide everything you need for a quick and simple delivery. Our VOP pricing is clear and transparent, with no hidden charges. We've also got a wealth of knowledge and can help your teams navigate what this means for them.

Our VOP pricing is easy to understand and totally transparent. Plus, it scales right along with your needs!

06. Conclusion and Next Steps

The countdown for Verification Of Payee (VOP) compliance is already underway. With the October 9th, 2025 deadline rapidly approaching, banks and PSPs must act now to ensure compliance with the VOP scheme.

Key takeaways

- **Proven Success:** Global implementations show significant fraud reduction, with the UK achieving 60% reduction in fraud cases
- **Mandatory Compliance:** All European PSPs providing SEPA payments must implement VOP by October 2025
- **Strategic Decision:** Most organisations benefit from partnering with experienced RVM providers rather than building in-house
- **Immediate Action Required:** The implementation timeline is tight, requiring immediate planning and partner selection

Next steps for banks and PSPs

Are you surprised that Verification Of Payee isn't more widely adopted despite its benefits? A global overview of Verification Of Payee shows that while adoption is growing, many regions have yet to implement it.

Banks and PSPs in the EU will now be preparing to comply with the EU VOP mandate, and come 2026, this list of countries will be much longer. Will other countries also start to see the huge benefit in having a fraud-preventing solution? Only time will tell.

With a rapidly approaching deadline, Ozone API has everything you need to quickly, and simply implement Verification Of Payee. Ready to explore how we can support you? We'd love to hear from you.

Get in touch today to speak to one of our sales experts: sales@ozoneapi.com



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This whitepaper is based on expert insights from Ozone API's webinar "Unlocking the Power of Verification Of Payee" featuring industry experts from Ozone API and Thistle Initiatives, technical interviews with Ryan Waters (Senior Product Manager, Ozone API) and comprehensive market research.

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