



## EURO RETAIL PAYMENTS BOARD

Statement following the third meeting of the Euro Retail Payments Board held on 29 June 2015

### Follow-up on the recommendations made by the Euro Retail Payments Board (ERPB)

The members of the ERPB took note of the status of past ERPB recommendations and agreed that, overall, the follow-up on these recommendations has been satisfactory. The ERPB specifically took note of the efforts made by national communities and the European Commission to increase awareness among debtors, creditors and payment service providers of the legal ban on IBAN discrimination, i.e. on practices which do not allow the use of non-domestic payment accounts in SEPA. The ERPB Secretariat will continue monitoring the actions taken by the relevant stakeholders and report back to the ERPB on a regular basis.

### Instant payments in euro

Based on the invitation extended by the ERPB on 1 December 2014, a task force set up by the European Payments Council (EPC) has prepared an assessment of the issues related to pan-European instant payment solutions and reported back to the ERPB.

The members of the ERPB welcomed the EPC report as an important step towards achieving pan-European instant payments in euro. On the basis of the report, the members of the ERPB agreed:

- that irrespective of the payment instrument on which they are based, instant payment solutions offered to end-users in euro should be developed at the pan-European level or, if developed at the national level, should at least be interoperable with those solutions based on the same payment instrument;
- to invite the EPC to present to the ERPB by November 2015 a proposal for the design of an instant SEPA Credit Transfer scheme (SCT<sup>inst</sup>) in euro, which could be adhered to by EU payment service providers on a voluntary basis;
- to call for the creation of a group that reflects the composition of the ERPB at the level of alternate ERPB members to offer guidance as needed to the EPC regarding the development of the SCT<sup>inst</sup> in the period from July to November 2015.

The ERPB expects that pan-European instant payment solutions based on credit transfers in euro will be based on SCT<sup>inst</sup>.

### Person-to-person (P2P) mobile payments

Based on a report of the working group on P2P mobile payments, the members of the ERPB agreed to endorse the vision of allowing any person to initiate a pan-European P2P mobile payment safely and securely, using a simple method with information the counterparty is prepared to share in order to make a payment.

In particular, payment service providers (PSPs) offering P2P mobile payment services should make use of existing infrastructure as far as possible (i.e. SEPA payments and IBANs). Moreover, a harmonised process should be created to allow P2P mobile payment data (e.g. mobile phone numbers or email addresses and IBANs) to be exchanged between local solutions across borders.

The ERPB expects the existing and future local mobile P2P solutions to cooperate to ensure pan-European interoperability, and invites the EPC to facilitate this.

The full set of recommendations made by the ERPB on P2P mobile payments issues (including the addressees of the recommendations) is attached to this statement (Annex 1).

## **Recommendations on technical standards related to payment cards**

On the basis of a detailed report by the Cards Stakeholders Group (CSG), the members of the ERPB took stock of the market initiatives to develop technical standards ("implementation specifications") for payment cards in the EU.

The members of the ERPB agreed that in the terminal-to-acquirer and card-to-terminal domains, the choice of implementation specifications should be market driven and conform to the SEPA Cards Standardisation Volume (SCS Volume). In the terminal security domain, terminal security certification methodologies, processes and certification frameworks should implement the relevant list of requirements described in the SCS Volume.

Furthermore, the members of the ERPB agreed to invite the CSG to:

- implement the relevant procedures and start to monitor the conformance of implementation specifications for payment card products and services to the SCS Volume in the second half of 2015;
- perform a study at the European level to evaluate any interest and benefit of the migration to a single message standard and standardised clearing/settlement practices in the issuer-to-acquirer domain;
- report back to the ERPB every 12 months with an update on the stock-taking exercise concerning the progress of the implementation of harmonised standards related to payment cards in Europe.

The related recommendations made by the ERPB are presented in more detail in Annex 2.

## **Electronic invoicing solutions related to retail payments**

On the basis of a note prepared by the ERPB Secretariat, the ERPB endorsed the objective of a harmonised electronic invoice/bill presentment & payment (EIPP/EBPP) service for payers and payees, and an electronic invoicing/billing network for payees to reach all consumers and businesses in Europe.

The members of the ERPB agreed that the European standard on electronic invoicing (as required by Directive 2014/55/EU) will be, together with the SEPA payment instruments, one fundamental building block for enabling the development of fully automatic e-invoicing and payment solutions, which are interoperable at the pan-European level.

The members of the ERPB took note of the preliminary assessment of existing barriers to the implementation of pan-European EIPP/EBPP solutions and agreed to continue work on this dossier with the aim to conclude on next steps in the meeting of the ERPB in November 2015.

## **Annual report of the ERPB (2014-15)**

According to its mandate, the ERPB publishes annual reports on its activities. The ERPB adopted the first such report covering the period from May 2014 to June 2015, to be published in July 2015.

## **Items for information**

In addition to the above, the ERPB took note of the update provided by the European Commission on the legislative process of the review of the Payment Services Directive and the implementation of the Regulation on Interchange Fees, as well as the interim report by the working group on mobile and card-based contactless proximity payments, which is due to provide a final report to the ERPB in November 2015.

## Annex 1

### Recommendations related to person-to-person (P2P) mobile payments

Number	Issue / rationale	Recommendation	Addressees
ERP/2015/rec1	There is fragmentation among existing P2P mobile payment solutions that operate at a domestic, local or even intra-bank level. The existence of about 50 local solutions represents a foundation to build upon, rather than to compete with. Any new solution should seek to work with these solutions, rather than to create a new competitive alternative.	Consensus and cooperation between the existing local solutions should be developed by organising a forum for existing EU P2P mobile payment solutions to work on pan-European interoperability. In particular, the forum should come together to develop a set of rules and standards (framework) related to joining and using pan-European mobile payment services. In addition, a governance structure (responsible for, inter alia, defining, publishing and maintaining the framework) needs to be set up.	European Payments Council and existing providers of P2P mobile payment solutions
ERP/2015/rec2	To achieve interoperability it is necessary to ensure the creation of a harmonised method of allowing P2P mobile payment data (i.e. proxy and IBAN) to be exchanged between P2P solutions, so any user can potentially reach any other user of P2P mobile payments in Europe.	To put in place a standardised proxy lookup (SPL) service which allows P2P mobile payment data (i.e. proxy and IBAN) to be exchanged among P2P mobile payment solutions on a pan-European level. The SPL service is outlined in the working group report.	Existing providers of P2P mobile payment solutions
ERP/2015/rec3	Different technical options for how the SPL service is supplied can enable different commercial models. A decision on the preferred technical solution needs to be made by the industry experts, since this may have a significant impact on how the SPL service could be funded or charged for. Uncertainty may present a barrier to local solutions getting involved.	A full commercial review of the alternative methods of appointing one or several suppliers of the SPL service should be conducted. (Such review and the related discussions shall not enter the competitive domain of P2P payment solutions and in particular will not touch upon price levels or other features affecting end users.)	Existing providers of P2P mobile payment solutions
ERP/2015/rec4	The impact of current and near-future data protection regulations on the proposals could have a significant impact on how the proposed SPL service operates.	A full legal review should be undertaken.	Existing providers of P2P mobile payment solutions

## Annex 2

### Recommendations related to technical standards for payment cards

Number	Issue / rationale	Recommendation	Addressees
ERP/2015/rec5	<p><b>Terminal-to-acquirer domain</b></p> <p>The same set of functional requirements has been agreed among card stakeholders, but there is still widespread fragmentation in terminal-to-acquirer card payment protocols owing to differing domestic market practices.</p>	<p>The ERPB recommends that, for newly installed payment card terminals, the choice of protocol specification should be market driven and conform to the SEPA Cards Standardisation Volume (SCS Volume).</p> <p>Acquirers and processors should recognise and work with at least one protocol that conforms to the SCS Volume.</p>	Acquirers and processors of payment card transactions; merchants accepting payment cards
ERP/2015/rec6	<p><b>Card-to-terminal domain</b></p> <p>All terminal applications in Europe are now based on EMV specifications. However, different payment applications are used to implement the rules of the different card schemes active in the different markets. This is due to different market practices and leads to widespread market fragmentation in Europe.</p>	<p>The ERPB recommends that, for newly installed payment card terminals, the choice of terminal payment application should be market driven and conform to the SCS Volume.</p> <p>Acquirers and processors should recognise and work with at least one terminal payment application that conforms to the SCS Volume.</p>	Acquirers and processors of payment card transactions; merchants accepting payment cards
ERP/2015/rec7	<p><b>Terminal security domain</b></p> <p>Significant convergence has taken place over recent years as the Cards Stakeholders Group already agreed on the same set of security requirements.</p> <p>Two security evaluation methodologies/certification frameworks have been identified to verify that these requirements are being respected:</p> <ul style="list-style-type: none"> <li>▪ Payment Card Industry Security Standard Council;</li> <li>▪ Common Criteria.</li> </ul>	<p>The ERPB recommends that the identified terminal security certification methodologies, processes and frameworks implement the relevant list of requirements described in the SCS Volume.</p> <p>Schemes shall strictly follow the process described in the SCS Volume for this domain.</p>	Terminal security implementation specification providers and their certification bodies; card schemes

## LIST OF ATTENDEES OF THE THIRD MEETING OF THE EURO RETAIL PAYMENTS BOARD (ERPb) ON 29 JUNE 2015

**Chair:** Mr Yves Mersch, Member of the Executive Board, ECB

Sector	Members
BEUC (European Consumers' Organisation)	Ms Monique Goyens Director General BEUC
AGE Platform (the association of consumers 50+)	Ms Anne-Sophie Parent ( <i>alternate</i> ) Secretary General AGE Platform
Retailers (Eurocommerce & ERRT)	Mr Jacques Parson CEO Kappé International BV
Corporates (EACT & BusinessEurope)	Mr Jean-Marc Servat Chair EACT
SMEs (European Association of Small and Mid-sized Enterprises - UEAPME)	Mr Bernard Cohen-Hadad Vice-President of CGPME
National public administrations	Mr Aidan Carrigan ( <i>alternate</i> ) Vice-Chair EU Financial Services Committee & Assistant Secretary, Financial Services Division, Department of Finance, Ireland
European Payments Council (EPC)	Mr Javier Santamaría Chair EPC, Senior Vice President Banco Santander
Co-operative banks (European Association of Co-operative Banks - EACB)	Mr Christian Brauckmann Member of the Executive Board of WGZ Bank
Savings banks (European Savings & Retail Banking Group - ESBG)	Mr Antonio Massanell Lavilla Chairman of Cecabank & Member and Secretary of the Steering Committee of CaixaBank
Commercial banks (European Banking Federation - EBF)	Mr Maurizio Sella ( <i>alternate</i> ) Chair of Banca Sella Holding
European Payment Institutions Federation (EPIF)	Mr Brendan Walsh Executive Vice President, Chairman of American Express Service Europe Limited Board
Ecommerce Europe (web-merchants)	Mr Dennis Van Allemeersch CEO Hotel Booker BV
E-money Association	Mr Richard Wagner CEO of Advanced Payment Solutions

<b>National Central Banks (on rotating basis)</b>	<b>Active participants</b>
Deutsche Bundesbank	Mr Carl-Ludwig Thiele Member of the Executive Board
Latvijas Banka	Mr Māris Kālis Chairman of the Board
Banque centrale du Luxembourg	Mr Pierre Beck Director, Member of the Executive Board
Oesterreichische Nationalbank	Mr Kurt Pribil Executive Director, Member of the Governing Board
Danmarks Nationalbank	Mr Hugo Frey Jensen Governor, Member of the Board of Governors
<b>European Commission</b>	<b>Observer</b>
European Commission	Mr Mario Nava Director