

Update of the work plan of the Euro Retail Payments Board

1. Background

In its meeting on 16 May, the Euro Retail Payments Board (ERPB) adopted the main elements of its work plan and established two working groups with immediate effect. It was also agreed a) to collect ERPB members' fine-tuning suggestions on the work plan and b) to examine the possible setting up of workgroups on mobile payments and / or innovative payments. Attached to this note is an update of the work plan of the ERPB, based on the comments received (Annex 1), together with draft mandates for two new working groups to be set up: one on pan-European person-to-person mobile payments and one on mobile and card-based contactless proximity payments (Annexes 2 and 3). A table is also attached summarising comments received on the ERPB work plan after the May meeting of the ERPB (Annex 4).

2. Updated work plan

In all, seven members and two active participants of the ERPB provided comments on the work plan. On the basis of the comments received:¹

- Items 4 (the acknowledgement of the Cards Stakeholder Group) and 5 (the promotion of technical standardisation for card payments) have been merged to reflect the agreement in the ERPB meeting that the CSG will carry out a stocktaking of standardisation initiatives and also provide a timeline for their implementation.
- Item 6 (Developments in e-identification and e-invoicing) is proposed to be refined to only focus on payments-related e-invoicing taking into account the EU Commission's efforts and continuing work in the field of e-signatures.
- Item 7 (Security of euro retail payments services from the users' perspective) is proposed to be removed due to the work to be carried out in this domain by other relevant bodies (SecurePay Forum, European Banking Authority)

¹ Items are referred to based on their numbers in the version of the work plan that was submitted to the May 2014 meeting of the ERPB.

- Item 8 (Accessibility, simplicity and choice for consumers in retail payments) is proposed to be dealt with only after the effects of the Payment Accounts Directive can be clearly seen in the market.
- Item 10 (business practices of card schemes) is suggested to be taken up once the outcome of the negotiations on the interchange fee regulation is clear.

The work plan has also been amended to reflect the issues that have been closed and the timelines of the various new working groups proposed (see below).

3. Proposed focus and mandate(s) of working group on mobile payments / innovative payments

3.1 Legal basis and the role of the ERPB in innovative payment services

The ERPB was established by the Governing Council in December 2013. Article 1 of the mandate of the Euro Retail Payments Board states that “*the objective of the ERPB is to contribute to and facilitate the further development of an integrated, innovative and competitive market for euro retail payments in the EU.*” Furthermore, Article 1 refers explicitly to card payments and mobile payments and the task to identify and pursue ways to foster innovation. Accordingly, in its May 2014 meeting the ERPB agreed to explore ways to set up working group(s) focusing on innovative and mobile payment services.

3.2 Activities of other relevant bodies in the field of innovative payment services

When defining the work plan of the ERPB in the field of payment innovations it is important to take into account the work carried out by other relevant public authorities or private bodies in order to avoid overlaps and confusion over division of labour.

The **European Commission (EC)** has an interest in the field of mobile and other innovative payments, both from the internal market perspective and from the industry perspective.² At the level of recent concrete actions the EC organised a joint workshop with **ETSI** (the European Telecommunications Standards Institute, dealing with detailed technical standards related to telecommunication and data exchange) on the ecosystem of M-payments in July 2014. In their communication of the conclusion of the workshop the organisers explicitly referred to the work carried out by the ERPB providing guidance and high level principles in the field. The EC is currently considering next steps in this dossier. The EC has emphasized that it is fully supporting the work of the ERPB in this domain and seeing the opportunity to cooperate with and rely on the work carried out by the ERPB in this field.

The **European Payments Council (EPC)** has been monitoring the field of mobile payments. Until a few years ago, it was much more active in the field of e-payments, but this work essentially stopped due to an intervention by DG COMP. The EPC has contributed to the development of mobile payments over the

² The EC had included mobile and internet payments already in a previous Green Paper (published on payment services in 2012), in the lead-up to the legislative proposal for the review of the Payment Services Directive.

past years through the publication of a number of white papers on mobile payments and mobile wallet payments in which a number of gaps were identified requiring further work. The EPC also believes that the ERPB is the body which could follow up on these gaps and which could ensure a wide stakeholder-involvement in this domain.

In addition to the above there are a number of relevant bodies focusing on technical standards relevant for mobile or innovative payments, such as **EMVCo** (which is the owner of the EMV-chip specifications used in card payments), the **GSMA** (representing the mobile communication industry), **ETSI** (mentioned above), **GlobalPlatform** (developing standards for secure chip technology) and the **Mobey Forum** (focusing on financial services provided via mobile platforms). These bodies involve a particular set of stakeholders (i.e. mostly payment service providers or mobile communication providers) and focus their work on technical standards to be implemented by this set of stakeholders.

3.3 Summary of comments received from members / participants

A majority of the members that provided comments expressed a clear preference to set up a working group on mobile payments (rather than generally on innovation). There are differences on the proposed focus of this working group, but person-to-person (P2P) mobile payments have received most attention, while instant payment solutions were identified as a closely related issue. The muted take-up of the contactless proximity payments initiated with a payment card or a mobile device was also raised as an issue worth closer examination (see the table in Annex 4 for more detail on comments received).

Most commenters were of the view that the working group(s) to be set up by the ERPB would need a clear focus. Based on the comments received it is suggested to set up two working groups with more focused mandates instead of only one attempting to cover the very broad topic of innovative payment services under one single umbrella. Many commenters also emphasized the need of not having too many (preferably not more than two) ERPB working groups operating in parallel with a view to the limited resources available to ERPB member associations.

3.4 Proposal for a way forward

In light of the comments received it is proposed to:

- a) Set up a **working group** focusing on **person-to-person mobile payments** with the mandate to analyse the high-level requirements for the development of pan-European solutions. The draft mandate of the working group is attached in Annex 2. This working group could start work in December 2014, with the aim of finalising its work and reporting back to the ERPB in May / June 2015.
- b) Set up a **working group** on card and mobile based **contactless proximity payments**. A draft mandate of the working group is attached in Annex 3. This working group could start work in December 2014, with the aim of finalising its work and reporting back to the ERPB in Q4 2015.

- c) Discuss in the ERPB the developments in **instant retail payment services** and the related issues from an EU perspective. Understanding the current landscape and future trends in this topic is very important for the full understanding of forces shaping innovative retail payment services. The discussion on this topic would be based on **a note prepared by the ERPB Secretariat** for the ERPB meeting on 1 December 2014.

The work plan of the ERPB has been amended accordingly and is attached below (Annex 1).

Annex 1

The updated work plan of the ERPB



Updated workplan of
the ERPB - implement

Annex 2

DRAFT MANDATE OF THE WORKING GROUP ON PERSON-TO-PERSON MOBILE PAYMENTS

Based on Article 8³ of the mandate of the Euro Retail Payments Board a working group is set up with the participation of relevant stakeholders to analyse the high-level requirements for the development of integrated pan-European person-to-person mobile payments solutions.

Scope: A mobile device can be used in many ways to make a payment. One includes the use of the mobile to initiate and receive a payment from consumer to consumer. Person-to-person mobile payment solutions have developed in various countries inside and outside the euro area. Many of these solutions have the potential to be used in person-to-merchant payment situations as well. Currently there seem to be no initiatives in place to provide solutions in euro at a pan-European level. The purpose of the working group would be to develop the case for pan-European person-to-person mobile payments solutions in euro (with the potential to further evolve into consumer to merchant solutions as well) and what the high-level requirements for these would be. This would include analysing national solutions and identifying any barriers that may prevent the development of pan-European solutions.

Deliverables: The working group is expected to:

- i. elaborate on a vision (the ‘what’ we want to achieve) for euro person-to-person mobile payments;
- ii. define the essential conditions for the realisation of the vision;
- iii. distinguish between essential conditions that need to be addressed in the competitive and in the cooperative space; and
- iv. identify concrete actions to be taken for the essential conditions in the cooperative space to materialise.

The working group is expected to prepare a report to the ERPB on its findings, including concrete recommendations.

Time horizon: The working group is expected to start working in Q4 2014 and deliver its results in May/June 2015 by reporting back to the ERPB. The group would then be dissolved.

Participants and chairmanship: Membership in the working group is open to all volunteering members of the ERPB. The working group will ideally include at least representatives of payment service providers, consumers, and e-commerce. One representative of the ERPB Secretariat and a limited number of representatives of euro area NCBS will be invited to join the working group as active

³ “For the execution of its mandate, the ERPB may establish a working group (..) for a limited period of time for dealing with specific work priorities. Several groups may operate in parallel, depending on the work priorities. A group is disbanded as soon as its mandate is fulfilled. (...) Depending on the work priority at hand, the group(s) may be asked by the ERPB to draft or make recommendations on business practices, business requirements for standards, standards or implementation specifications or to address specific issues”

participants. The working group could also involve relevant third parties (e.g. mobile payment solution providers) as active participant in order to make use of specific expertise if needed. A representative of the EU Commission will be invited as observer. The working group is to be co-chaired by the EPC (supply side) and BEUC (demand side). The final composition of the working group will be submitted to the ERPB for endorsement.

Rules of procedure: The mandate of the ERPB defines a broad set of rules for the procedures of its working groups. The working group takes positions on a $\frac{3}{4}$ majority basis. Upon request, dissenting members (if any) may have their opinions annexed to the final document(s) prepared by the working group. The members of the group decide on how to organise their work. Costs related to the operation of the working group are met by the members of the group.

Annex 3

DRAFT MANDATE OF THE WORKING GROUP ON MOBILE AND CARD BASED CONTACTLESS PROXIMITY PAYMENTS

Based on Article 8⁴ of the mandate of the Euro Retail Payments Board a working group is set up with the participation of relevant stakeholders to address issues related to the muted take up of mobile and card based contactless proximity payments.

Scope: Several innovative payment solutions rely on contactless technologies to initiate payments or transfer payment related data in proximity payment situations. They usually provide a more convenient user experience at the point of sale and a substantially faster check-out. Even though these types of payments are still at an early stage of development, there is already a trend towards setting standards that differ across schemes, devices and countries. The purpose of the working group would be to analyse existing solutions and standards (both national and international) and assess to what extent there are differences in standards and technical implementation preventing interoperability at pan-European level.

Deliverables: The working group is expected to:

- i. elaborate on a vision (define the ‘what’ we should achieve) for mobile and card based contactless proximity payments in euro;
- ii. define the essential conditions for the realisation of the vision;
- iii. distinguish between essential conditions that need to be addressed in the competitive and in the cooperative space; and
- iv. identify concrete actions to be taken in order for the essential conditions in the cooperative space to materialise.

The form of communicating the findings and the recommendation of the working group is a report to the ERPB.

Time horizon: The working group is expected to start work in Q4 2014 and report its findings in Q4 2015. The group would then be dissolved.

Participants and chairmanship: Membership in the working group is open to all volunteering members of the ERPB. The group will ideally include at least representatives of payment service providers,

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consumers, retailers, and corporates. One representative of the ERPB Secretariat and a limited number of representatives of euro area NCBs will be invited to join the working group as active participants. The working group could also involve relevant third parties (e.g. mobile network operators, payment processors) as active participants. A representative of the EU Commission will be invited as observer. The working group is to be co-chaired by the EPC (supply side) and Eurocommerce / ERRT (demand side). The final composition of the working group will be submitted to the ERPB for endorsement.

Rules of procedure: The mandate of the ERPB defines a broad set of rules for the procedures of its working groups. The working group takes positions on a $\frac{3}{4}$ majority basis. Upon request, dissenting members (if any) may have their opinions annexed to the final document(s) prepared by the working group. The members of the group decide on how to organise their work. Costs related to the operation of the working group are met by the members of the group.