EUROPEAN CENTRAL BANK

EUROSYSTEM

EURO RETAIL PAYMENTS BOARD

Statement following the fourth meeting of the Euro Retail Payments Board held on 26 November 2015

Follow-up on the recommendations made by the ERPB

The members of the Euro Retail Payments Board (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 Secretariat will continue to monitor the related actions taken by the relevant stakeholders and report back to the ERPB on a regular basis.

Legal and policy developments

The European Commission presented an update on the legislative process of the review of the Payment Services Directive (PSD) and the implementation of the Interchange Fees Regulation. The Commission also presented an overview of the Digital Single Market Strategy as well as the soon to be published Green Paper on Retail Financial Services. On this last point, the Commission invited the ERPB to participate and provide its input to the consultation that will follow the publication of the Green Paper. The ERPB expressed its readiness to contribute to the consultation on the Green Paper.

Instant payments in euro

Based on the invitation made by the ERPB on 29 June 2015, the European Payments Council (EPC) prepared a proposal for the design of an instant SEPA Credit Transfer scheme (SCT^{inst}) in euro which could be adhered to by EU payment service providers on a voluntary basis. In preparing this proposal, guidance was provided to the EPC as needed by a High Level Group (HLG) that reflected the composition of the ERPB at the level of alternate ERPB members. The EPC's scheme design proposal is intended to remain neutral towards the other layers of instant payments (i.e. end-user solutions, clearing and settlement).

The members of the ERPB welcomed the EPC's proposal. It also acknowledged the need to address a number of outstanding issues in the preparation of the scheme itself. The members of the ERPB:

- endorsed the general scheme design proposal presented by the EPC, and, on this basis, expects the EPC to make an SCT^{inst} rulebook available for adherence by PSPs from November 2016 with a view to implementing the scheme by November 2017;
- invited the EPC to address outstanding issues related to key aspects of the scheme (e.g. parameters such as the processing time and amount limits) and to present an interim report at the June 2016 ERPB meeting;
- agreed that the HLG shall continue to provide guidance as needed to support the EPC in the next stage of its work on the scheme up to June 2016;
- took note of the parallel work by competent bodies on the clearing and settlement layers, due to be finalised by the second quarter of 2016, taking into account, among other aspects, the need for a pan-European reach.

Mobile and card-based contactless proximity payments

On the basis of a report of the working group on mobile and card-based contactless proximity payments, the members of the ERPB agreed to endorse the vision of developing over time, across Europe, a secure, convenient, consistent, efficient and trusted payment experience for customers (consumers and merchants)

for all retail transactions at the point of interaction (POI), based on commonly accepted and standardised contactless and other proximity payment technologies.

The ERPB welcomed the working group's report and supported the recommendations put forward for the take-up of mobile and card-based contactless proximity payments focusing on:

- achieving standardisation across the industry, through both the development of new standards and the implementation of existing ones;

- promoting the take-up of contactless products via coordinated communication across market stakeholders;

- addressing specific issues related to technical and regulatory aspects of contactless proximity payments.

The full set of recommendations made by the ERPB on mobile and card-based contactless proximity payments (including the addressees of the recommendations) is attached to this statement (Annex 1).

Electronic invoicing solutions related to retail payments

In their meeting of 29 June 2015, ERPB members suggested considering harmonised electronic invoice/bill presentment and payment (EIPP/EBPP) services with a pan-European reach for all consumers and businesses in the Single Euro Payments Area (SEPA) and asked the ERPB Secretariat to prepare a note as well as a mandate for a working group focusing on analysing EIPP/EBPP solutions in Europe.

On the basis of the documentation prepared by the ERPB Secretariat, the members of the ERPB agreed to take a step-by-step approach to this dossier. A working group was set up to prepare a report by November 2016 reviewing the landscape and analysing the reasons why previous attempts have failed and the barriers to the take-up and integration of such solutions in Europe. On this basis, the ERPB will then review the need for further work in this field.

Items for information

In addition to the above, the ERPB took note of the debriefing by the ERPB Secretariat on the work of the Retail Payments Working Group of the Bank for International Settlements (BIS) Committee on Payments and Market Infrastructures.

Annex 1

Recommendations related to mobile and card-based contactless payments

Number	Issue/Rationale	Recommendation (Timeline)		Addressees
ERPB/ 2015/r ec 8	Multiple standards with a variety of options are currently present in the market. The rationale is to streamline the standards used in the industry.	i.	Speed up the creation of a single common POI kernel specification for contactless transactions (already planned under EMV Next Generation) and make the specifications publicly available as soon as possible. (December 2016)	EMVCo
		ii.	Limit the number of terminal configuration options in the EMV Next Generation specifications, in order to allow consistency among implementations and provide consumers with a streamlined payment experience across different terminals. (December 2016)	
		iii.	Include a parameter in the EMV Next Generation specifications that would allow the identification of the form factor of the consumer device used for the initiation of the contactless transaction. (December 2016)	
ERPB/ 2015/r ec 9	Aligned card scheme requirements and the promotion of the adoption of open protocols in the POI domain will ease the take-up of contactless payments.	i.	Define an aligned European mandate for the implementation of contactless-enabled POIs, including a specification of where they should be available. The ECB should act as facilitator for this. (June 2016)	Card scheme sector
		ii.	Harmonise the level of transaction limits at POIs at country level for each use case/payment context. (Ongoing)	
		iii.	Request the use of open protocols in the POI domain and the POI-to-acquirer domain which are compliant with the SEPA Cards Standardisation Volume and labelled by the Cards Stakeholders Group. (June 2017)	
		iv.	Mandate a common implementation plan for the EMV Next Generation specifications with an appropriate migration period. (December 2017)	
ERPB/ 2015/r ec 10	The standardisation of open specifications for a card and mobile contactless payment application could allow payment application developers and card manufacturers to achieve economies of scale and would lower the cost of	i.	Develop common requirements for contactless transactions for inclusion in the Cards Standardisation Volume Version 8. (December 2016)	Cards Stakeholder s Group
		ii.	Conduct a feasibility study on the development of open specifications for a card and mobile contactless payment application, as well as on their implementation, maintenance and testing. For mobile applications, the open specifications should also address the different possible configurations for the	

| | | these items for the issuers, thereby fostering contactless adoption.

The specification of common POI implementation guidelines will lead to a more uniform payment experience, for both the consumer and the merchant. | management, provision and personalisation of the card data: secure element (SE, including universal integrated circuit card (UICC), embedded SE and microSD) and host card emulation (HCE). The future specifications should build on the work of EMVCo and GlobalPlatform. (December 2016)

iii. Develop use cases/payment contexts for contactless payments (card and mobile-based) for integration in Cards Standardisation Volume Version 8. (December 2016)

iv. Develop POI implementation guidelines including common minimum requirements for contactless POIs (both for the payment processing side and for the consumer/POI interface), building on the EMVCo work and addressing the requirements of disabled people. Adequate use of available input should be made. (December 2016) | |
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| ERPB/ 2015/r ec 11 | Enhance social awareness of contactless payments. | Coordinate, in cooperation with the card schemes, an institutional communication campaign by ERPB members to increase familiarity with contactless payment products (card and mobile-based).

The communication campaign should result in the creation and distribution of information material on contactless payment solutions and their use to all ERPB members and affiliates. Moreover, ERPB members and the ECB are requested to make the information material produced available on their websites. (June 2016)

This information material should cover the following topics:

- how to use contactless payments (from both a consumer and a retailer perspective);

- highlighting the improved payment experience for consumers;

- the choice of applications for contactless payments;

- explaining the benefits of using contactless payments;

- addressing consumer concerns (privacy, safety, security, freedom of choice, etc.);

- training material for retail staff. | EPC, consumer and retailer associations |
| ERPB/ 2015/r ec 12 | The adoption of contactless payments by specific sectors has proven to be an important catalyst and may be critical for its | Prioritise the installation and use of POI terminals which are enabled to accept EMV-based contactless transactions. (Ongoing) | Public administrati on and transport sectors |

			where card payments are suitable

ERPB/ 2015/r ec 13	The standardisation of a generic secure platform for mobile devices and of complementary processes will help improve cost-effectiveness in the development, certification and implementation of mobile proximity payment services.	i. Agree on and pursue the development of specifications for a "smart secure platform" (enabling the provision of value-added services relying on authentication of the user, regardless of the mobile device, communication channel or underlying technology), taking into account the requirements of mobile payments, and building on the work already done by EMVCo and GlobalPlatform. (December 2017)
		
		ii. Develop implementation guidelines (December 2016) (building on work already done by GlobalPlatform) that define:
		
		   o a process that provides service providers with the credentials for access to secure elements;
		
		   o a process that allows a service provider to be authenticated, to securely obtain the credentials to access a mobile device's hardware vaults (i.e. the secure element), and to communicate with these vaults.
			European Telecommu nications Standards Institute (ETSI)

ERPB/ 2015/r ec 14	Promote the use of a generic secure platform for mobile devices.	Require mobile devices to be certified in accordance with the future "Smart Secure Platform" being developed by ETSI (see ERPB/2015/rec 13). (December 2018)	Mobile payment service providers
ERPB/ 2015/r ec 15	Provide clarity on near field communication (NFC) enabled mobile device evaluation/certification processes.	i. Prepare an overview paper on the functional and security evaluation/certification of NFC-enabled mobile devices (covering all aspects and configurations – SE, HCE, trusted execution environment (TEE), etc.) in cooperation with GlobalPlatform and EMVCo. In particular, issues related to contactless interference issues should be addressed. (June 2016) ii. Encourage European mobile network operators (MNOs) to promote the sale of NFC-enabled equipment. (Ongoing)	GSMA
ERPB/ 2015/r ec 16	Consumer mobile device independence for freedom of choice in mobile contactless payment services.	Provide access to the mobile device's contactless interface in order to ensure that the consumer can have a choice of payment applications from different mobile payment service providers, independently of the mobile device and the operating system used. (Ongoing)	Mobile device manufactur ers, mobile operating system developers, GSMA/MNO s, and competition authorities
ERPB/ 2015/r ec 17	Address the potential negative impact legal	Work together to ensure a consistent understanding of the phrase "choice of payment application" in the Interchange Fees	European Commission

	issues could have on the take-up of contactless payments.	Regulation and to address the impact that it could have on contactless payments. The impact analysis undertaken by the Cards Stakeholders Group (see Annex 8) should be taken into account. (June 2016)	, regulators and the Cards Stakeholders Group

LIST OF ATTENDEES OF THE FOURTH MEETING OF THE
EURO RETAIL PAYMENTS BOARD (ERPB) ON 26 NOVEMBER 2015

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

Sector	Members
Retailers (Eurocommerce & ERRT)	Mr Christian Verschueren Director General Eurocommerce
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 *(alternate)* 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
Cooperative banks (European Association of Co-operative Banks – EACB)	Mr Christian Brauckmann Member of the Execuive 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 *(alternate)* Chair of Banca Sella Holding
European Payment Institutions Federation (EPIF)	Mr Ron Kalifa *(alternate)* Deputy Chairman WorldPay Group
Ecommerce Europe (web-merchants)	Mr Dennis Van Allemeersch CEO Hotel Booker BV
E-money Association	Mr Rich Wagner CEO of Advanced Payment Solutions
National central banks (on rotating basis)	**Active participants**
Deutsche Bundesbank	Mr Jochen Metzger Head of the Payments and Settlement Systems Department
Banque de France	Mr Denis Beau Director General
Banca d'Italia	Mr Emerico Antonio Zautzik Director General for Markets and Payment Systems
Banque centrale du Luxembourg	Mr Pierre Beck Director
De Nederlandsche Bank	Mr Coen Voormeulen Division Director Cash and Payment Systems
European Commission	**Observer**
European Commission	Mr Mario Nava Director