



# Interoperability of e-Payment Schemes

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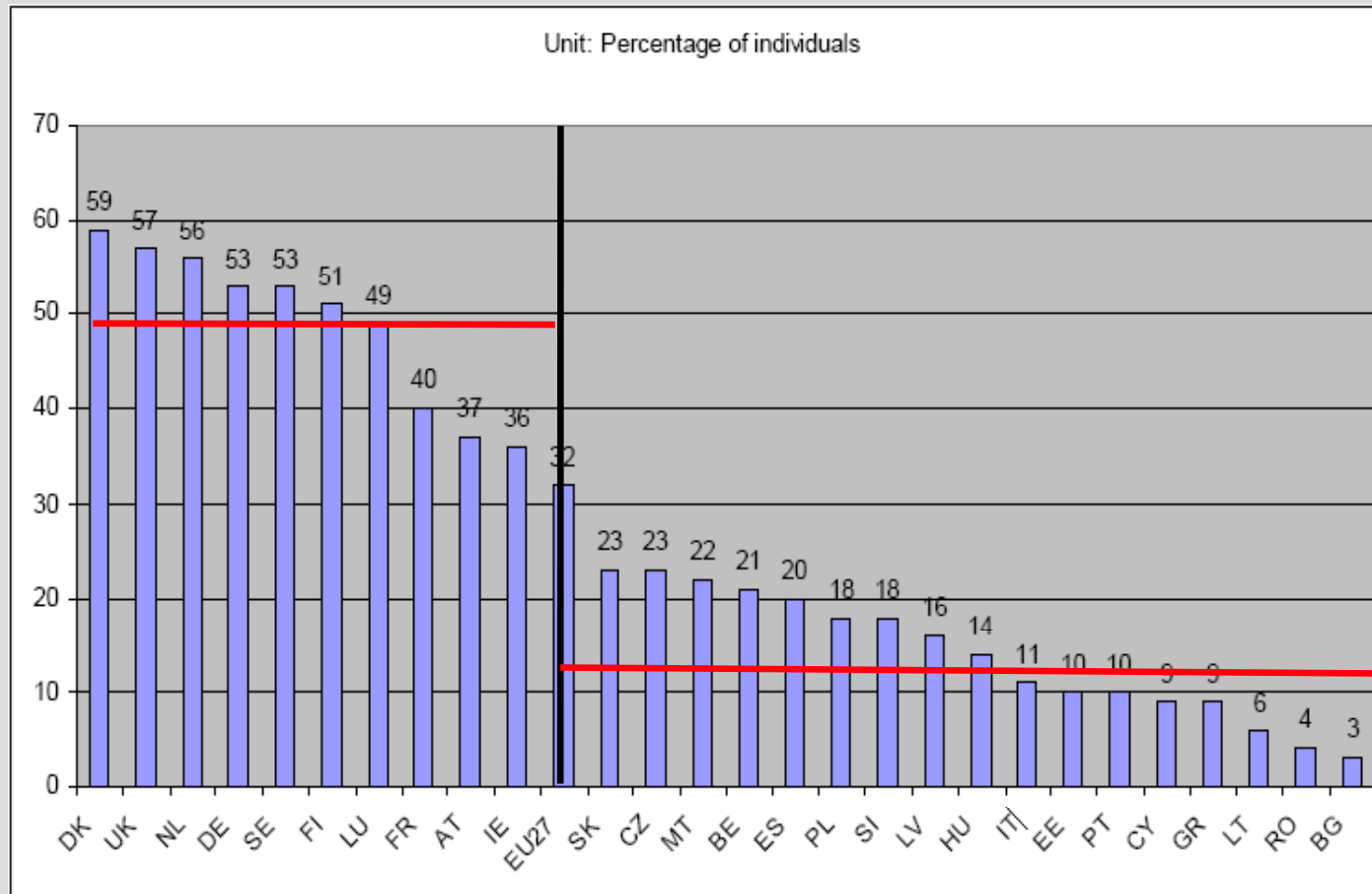


A Report from European Commission reveals:

- E-Commerce has already achieved national success, but has still potential in cross-border sector
- 27% to 33% EU citizen with internet shopping experience.
- 6% to 7% EU citizen with cross-border internet shopping experience
- 1/3 of the respondents are willing to shop abroad if the product there is better or cheaper
- The progress made in EU countries are varying:
  - UK 57%
  - Denmark / Germany / Netherlands > 50%
  - Greece / Italy / Portugal 10%
  - Bulgaria / Romania 3% - 4%

# The growing e-Payment Market in Europe

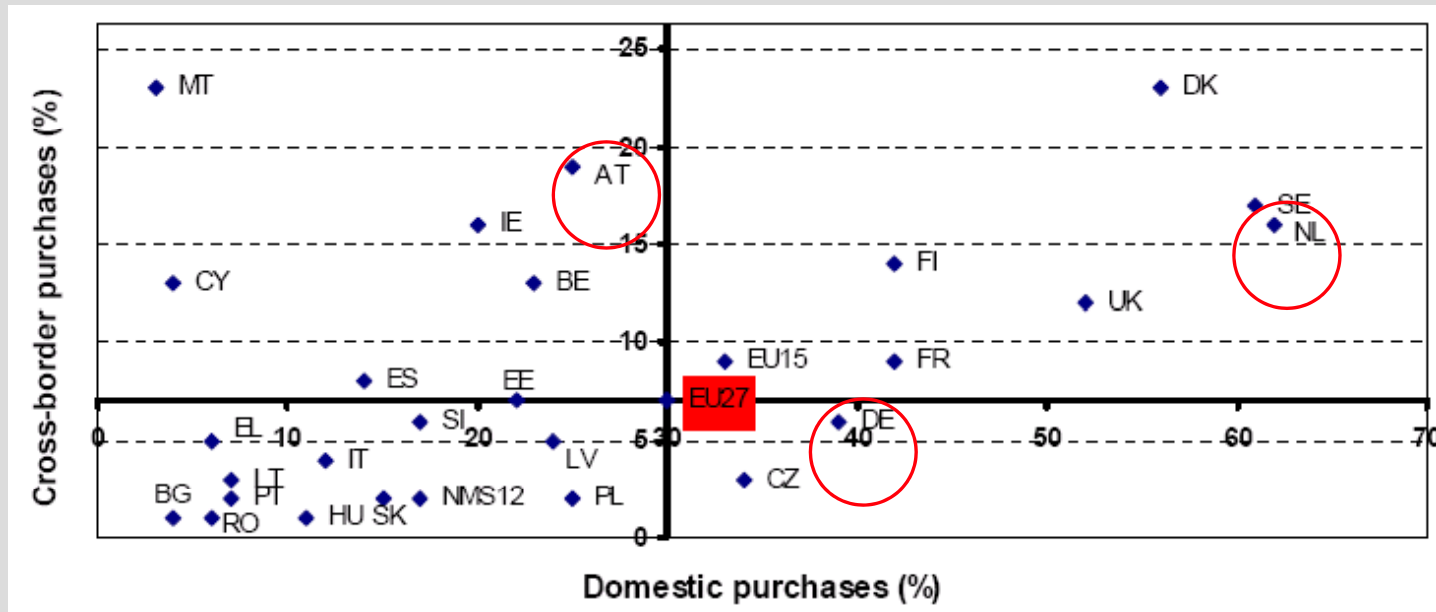
## Percentage of private purchases over the Internet in 2008



differential in the private purchase behavior between the countries

# e-Payments Market

## Few cross-border purchases



- What's holding the consumer and merchants back?
  - Lack of interoperability of the payment systems
  - Consumer's concern about Privacy protection / Security
  - Credit card fraud

A secure and trusted cross-border payment method is desired.

# Online Banking e-Payments

## Success stories in domestic markets



### Germany: giro pay

Over 2.300 online stores  
 5.8 million transactions \*  
 17 million online-banking user



### Netherlands: iDEAL

Over 13.000 online stores  
 69 million transactions \*  
 10 million online-banking user



### Austria: eps

Over 800 merchants  
 2 million transactions \*  
 3 million online-banking user



\* Total number of transactions in 2010

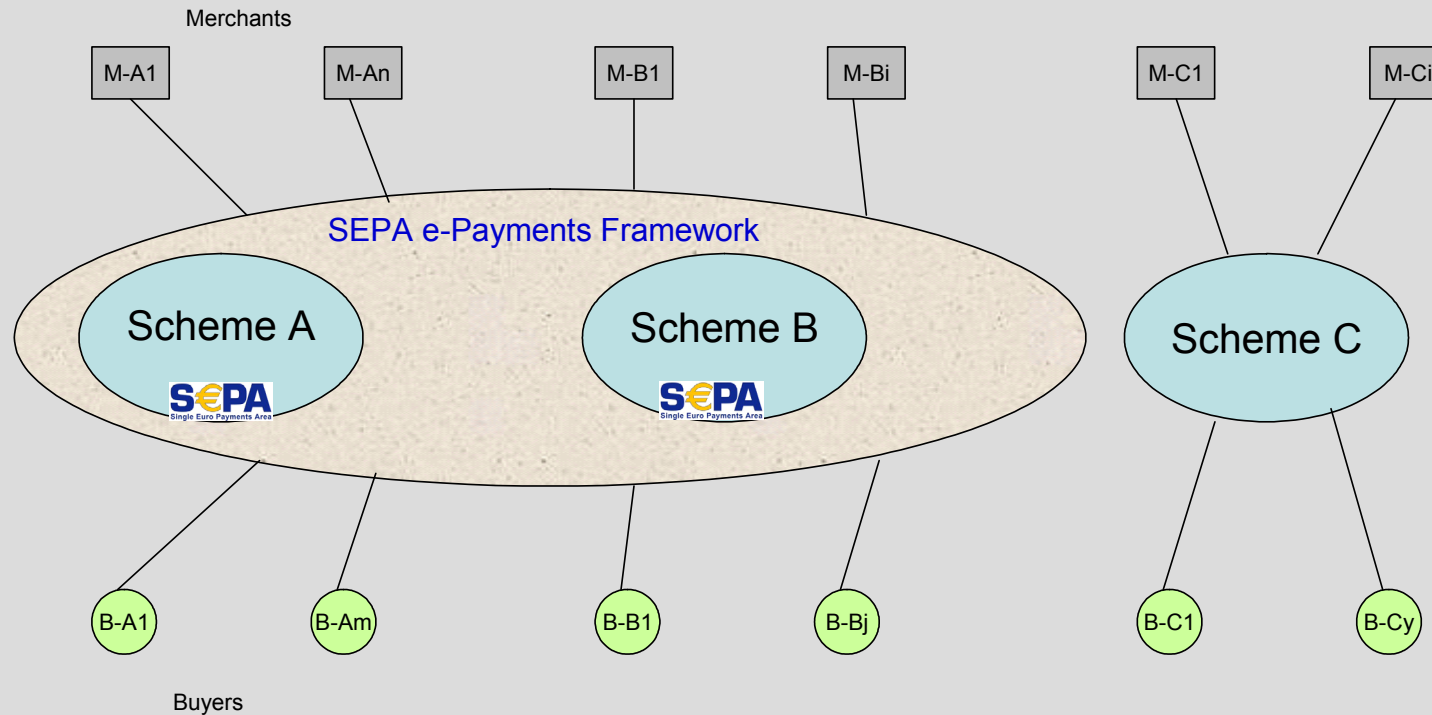
Each scheme is strong in local market but has less international impact



- **E-channel Task Force (ECTF)**
  - founded by EPC with the vision to define standards and rules for e-Payments in SEPA area
  
- **SEPA e-Payment Framework**
  - To define standards & rules for interoperability between e-payment schemes
  - Use of SCT to complete the e-payment transaction
  - gives recommendation for building such an e-Payment scheme
  
- **The vision of EPC - “full reachability for consumers”**
  - All e-payment schemes in SEPA are enrolled to the Framework
  - Each bank in SEPA is a member of (at least) one SEPA compliant e-payment scheme
  - Each account holder in SEPA can make SEPA e-payments

# SEPA e-Payment Framework

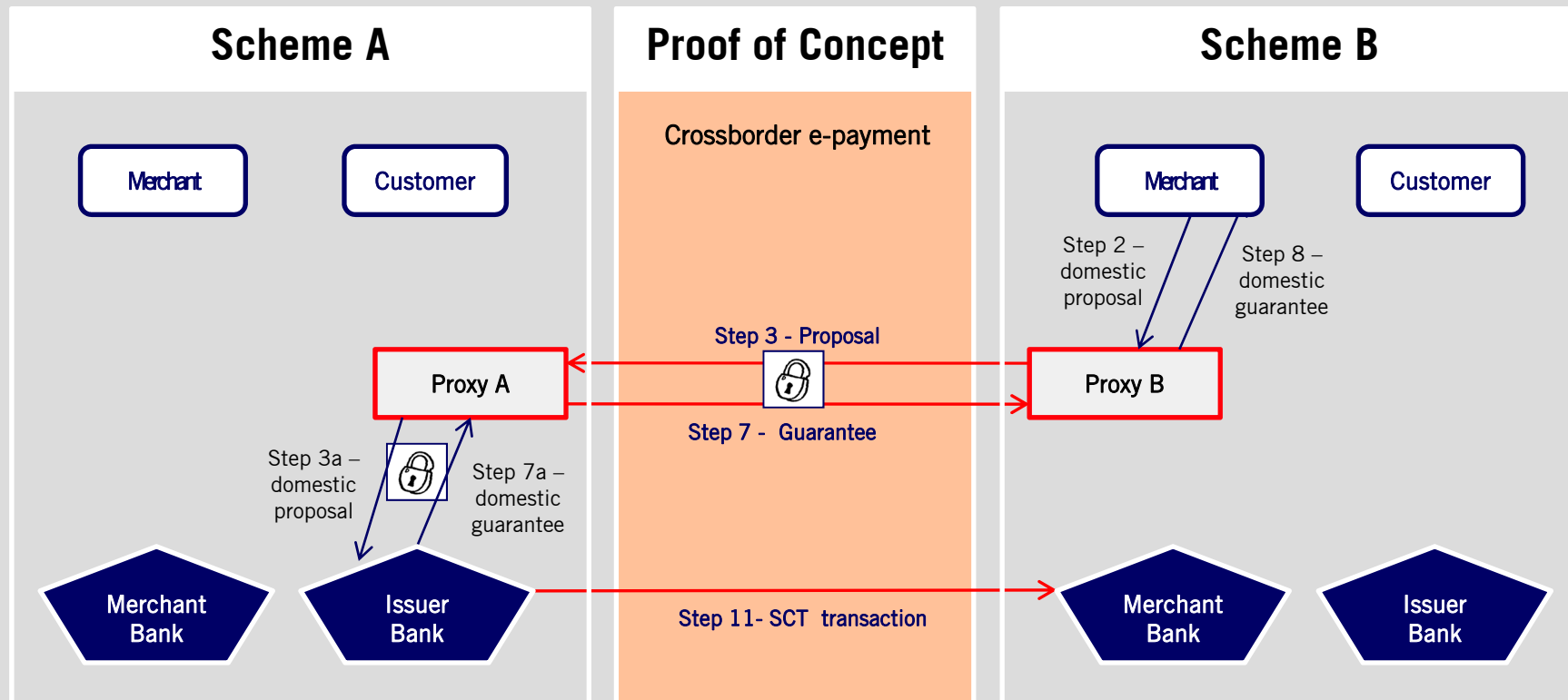
## The concept of interoperability



### Framework rules on the Interoperability between two Schemes

# SEPA e-Payment Framework

## A Crossborder e-Payment





# SEPA e-Payment Framework

## Proof of Concept exercise



**The three existing schemes initiated a Proof of Concept based on the work of the EPC.**

- Goal of the exercise:
  - to validate the work of the EPC
  - to investigate whether there is a business case for interoperability
  - to investigate the legal issues
  - to define data attributes to get the interoperability work in practice



# SEPA e-Payment Framework

## Content of Proof of Concept



### SEPA e-Payments Framework

Technical Interoperability

User Experience

Legal

PR/Marketing

Risk Management

Security



# Proof of Concept exercise

## The way forward



### Standardisation

The outcome of the Proof of Concept will be considered by EPC in the SEPA e-Payment Framework.



### Adoption

We hope and expect that other communities will join the Framework after the Proof of Concept

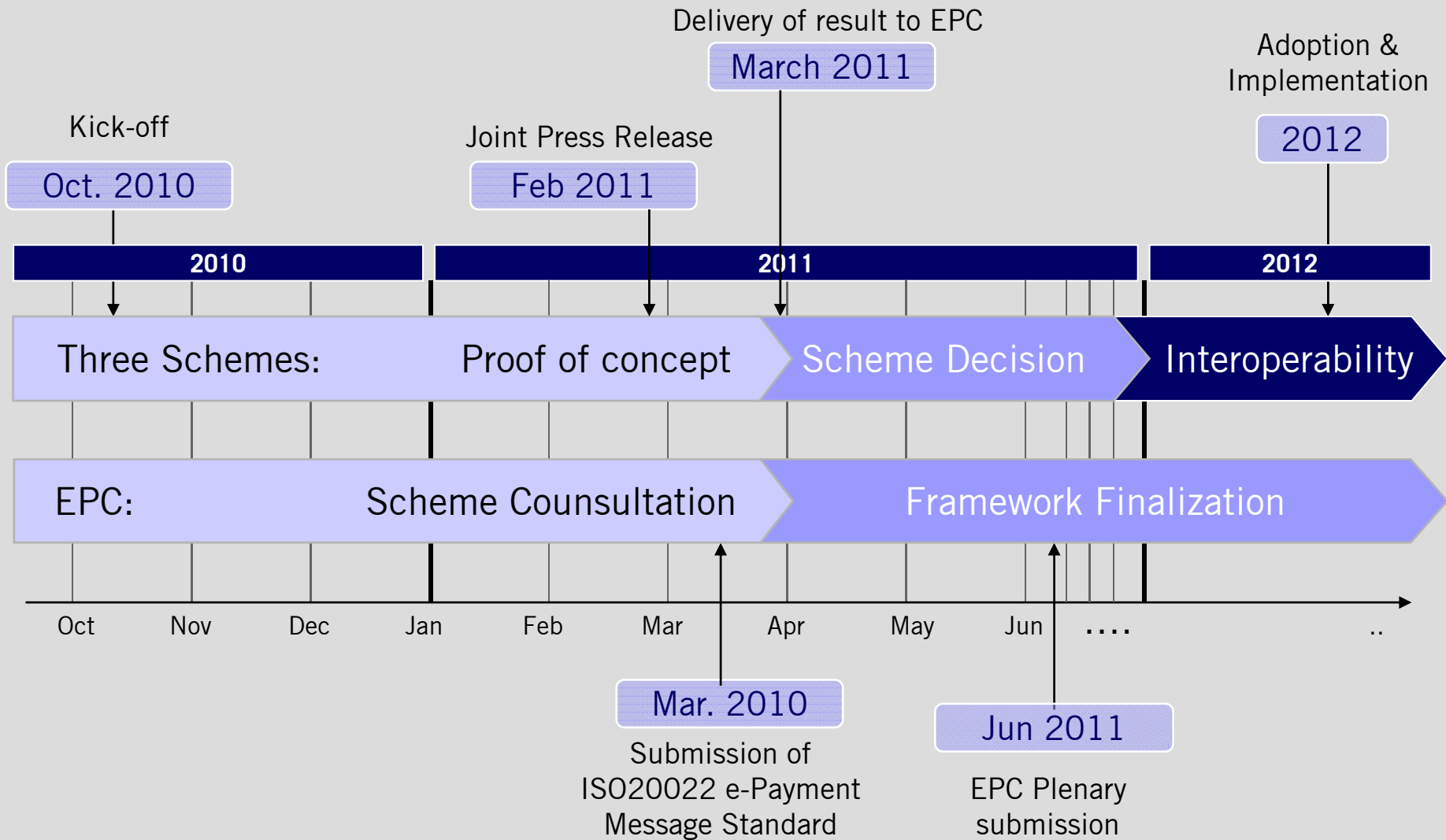


### Interoperability

The participating Schemes are highly committed to respond to the market needs and to establish Interoperability.

# SEPA e-Payment Framework

## The timeline



# Interoperability

## Benefits for all involved parties



### Consumer:

have secure & trusted payment method while shopping online in foreign country

### Merchant:

reach more customers

### Financial Institution:

increase transaction volume with existing infrastructure

**The need of  
interoperable  
online banking  
e-Payment Schemes**



Thank You.

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