European Committee for Banking Standards

Draft Position of European Banks on Mobile Payments
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ECBS
European Committee for Banking Standards

Agenda

1. Introducing ECBS
   - Membership and structure
   - Publications
   - ECBS’ Technical Committees

2. Work in progress on « Electronic Services »
   - e-banking
   - e-Payment Initiator
   - Interoperability of bank trust services
   - Mobile Payments

ECBS Membership

1. Three European Credit Sector Associations (ECSAs)
   - Banking Federation of the E.U.
   - European Savings Banks Group
   - European Association of Co-operative Banks

2. National representatives from 20 countries
3. 4 Technical Committees and 15 Working Groups
   - More than 300 experts from the banks
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**ECBS Publications**

downloadable from ECBS website: [http://www.ecbs.org](http://www.ecbs.org)

- **General**
  - AR 9001: Annual Report
  - WPO 9002: Work Programme Overview
  - ORG 9003: ECBS Terminology
  - LFL 9204: IBAN Leaflet
  - LFL 9206: IPI Leaflet

- **Specific (work done in the Technical Committees)**

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**ECBS’ Technical Committees**

- Payment Cards and Related Services (TC 1)
- Automated Cross Border Payments (TC 2)
- Security (TC 4)
- Electronic Services (TC 6)
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Technical Committee 6 (TC6) Electronic Services

- Chairman: Dr I Beyritz, BdB – Germany
- Liaison: CEN, ISO, ICTSB, ETSI
- Four active working groups
  - WG 1: Electronic Banking
  - WG 2: electronic Payment Initiator (ePI)
  - WG 3: Bank Trust Services
  - WG 4: Mobile Payments

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WG 1 Electronic Banking

- TR601 « European Electronic Banking Standards Framework (EEBSF) » (July 2001):
  - Compilation of business requirements
  - Framework towards which domestic standards can converge
  - Objective: Influence other standardisation activities (ebXML, SWIFT, UN/CEFACT)
WG 1 Electronic Banking

- Work in progress: Evaluating and commenting on current SWIFT’s modelling projects
  - Active participation in the SWIFT Business Validation Groups
- Updating European Electronic Banking Standards Framework (EEBSF) based on SWIFT projects

WG 2 electronic Payment Initiator (ePI)

- EBS602 « electronic Payment Initiator (ePI) » (September 2002):
  - Objective: facilitates STP end to end
  - An ePI is a standard data container made available electronically to the ordering customer by the beneficiary
  - The ePI is not a product but part of a process developed in co-operation with SWIFT
ECB CONFERENCE
on E-payments in Europe
19 November 2002, Frankfurt

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WG 2 electronic Payment Initiator (ePI) – Scheme overview

1. Work in progress: Production of SIG for the « electronic Payment Initiator (ePI) »:
   - Guidance for banks, software vendors and corporate customers
   - Presentation of different ePI business scenarios
   - Focus on security

2. Next step: Producing an ePI marketing document
**Objective:**
enabling trust schemes to be interoperable where appropriate for the benefit of customers and banks alike

**Analysis of the requirements for interoperability**

**Taking into account economic viability of making trust schemes interoperable across domains**

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**Scope of interoperability covers all aspects** that allow the recipient to accept and process e-signatures including digital certificates

**Interoperability is essential at:**
- Transaction level regarding message formats
- Trust domain level

**Interoperability can be achieved:**
- With intermediaries
- Without intermediaries
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**WG 3 Bank Trust Services**

- Certificate Service Provider (direct validator)
- Evaluation of the quality of the scheme
- Operational validation of a certificate
- Direct Validation Service
- Signer
- Digital Certificate
- Relying Party (Recipient)

Focus of report

Out of scope

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**WG4 Mobile Payments**

- Mobile Commerce Awareness Report (only for bankers) (July 2001)
- Work in progress: DTR 603 « Business and Functional Requirements for Mobile Payments »
- Implementation Considerations
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Business and Functional Requirements for Mobile Payments

Structure of the report:
- Characteristics of the mobile payment market
- Objectives of the banking sector
- Business requirements
- Functional requirements

Objectives of the Banking Sector

…to integrate mobile payments into their portfolio:
- Positive business case
- Customer confidence and bank image
- Customer loyalty
- Independence of business
- Compliance with existing online transaction structures
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Technology Models

- Chip-based solutions
  - Single SIM
    - operator issued
    - bank issued
  - Dual chip
  - Dual slot
- Non chip-based solutions
  - One-time or permanent passwords
  - Java-based

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SWOT Analysis

- Matrix analysing for the different technology models their
  - Strengths
  - Weaknesses
  - Opportunities (banking recommendation)
  - Threats
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Four-box Model Architecture

Banks prefer the « four-box-model » as underlying architecture of mobile payments:
- The four « boxes » are: the customer, the customer’s bank, the merchant and the merchant’s bank
- Customer and merchant have their own bank
- Common model for: card payments and national giro systems

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M-Payments today

- Main actors: Banks, Telcos, Device manufacturers
- Need for network independent standards for
  - security
  - interoperability
- It will take time for mobile payments to reach critical mass
**General Conclusions**

- **Growing on-line market:** Electronic Services, especially e-payments, are the focus of European Banks' standardisation work.
- **Banks aim for convergence of standards**
- **European interoperable standards** are:
  - the main objective
  - the main challenge
- **Security and consumer trust** are key

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**Questions?**

Thank you very much for your attention!

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