

# ECB CONFERENCE

on E-payments in Europe

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**European Committee for Banking Standards**



## Draft Position of European Banks on Mobile Payments

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## European Committee for Banking Standards



### Agenda

- ☞ Introducing ECBS
  - Membership and structure
  - Publications
  - ECBS' Technical Committees
- ☞ Work in progress on « Electronic Services »
  - e-banking
  - e-Payment Initiator
  - Interoperability of bank trust services
  - Mobile Payments



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### ECBS Membership

- ☞ Three European Credit Sector Associations (ECSAs)
  - Banking Federation of the E.U.
  - European Savings Banks Group
  - European Association of Co-operative Banks
- ☞ National representatives from 20 countries
- ☞ 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>

#### 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 (EBSF) » (July 2001):
  - Compilation of business requirements
  - Framework towards which domestic standards can converge
  - Objective: Influence other standardisation activities (eXML, SWIFT, UN/CEFACT)



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### 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 (EBSF) based on SWIFT projects



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### 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



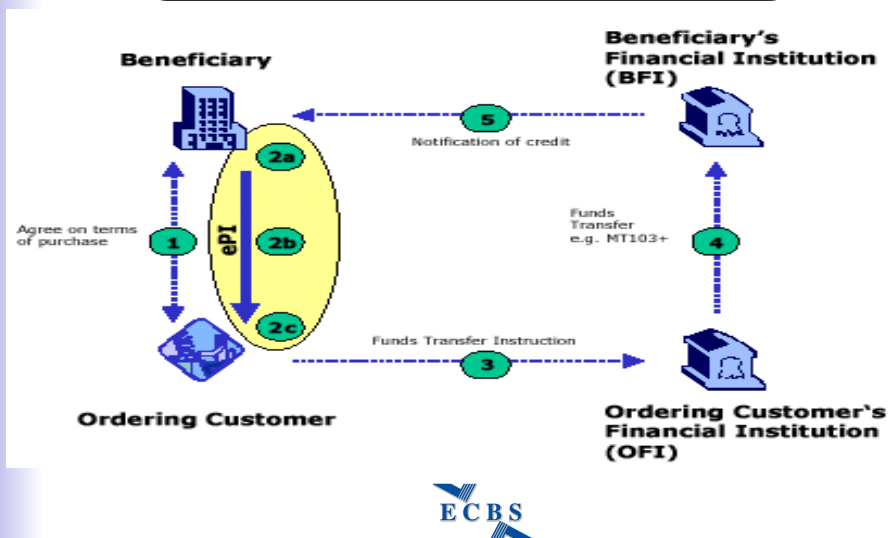
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### WG 2 electronic Payment Initiator (ePI) – Scheme overview



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### WG 2 electronic Payment Initiator (ePI)

- 📄 **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
- 📄 **Next step: Producing an ePI marketing document**

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### WG 3 Bank Trust Services

#### Work in progress: TCD604 « Bank Trust Services »

- 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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### WG 3 Bank Trust Services

- 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



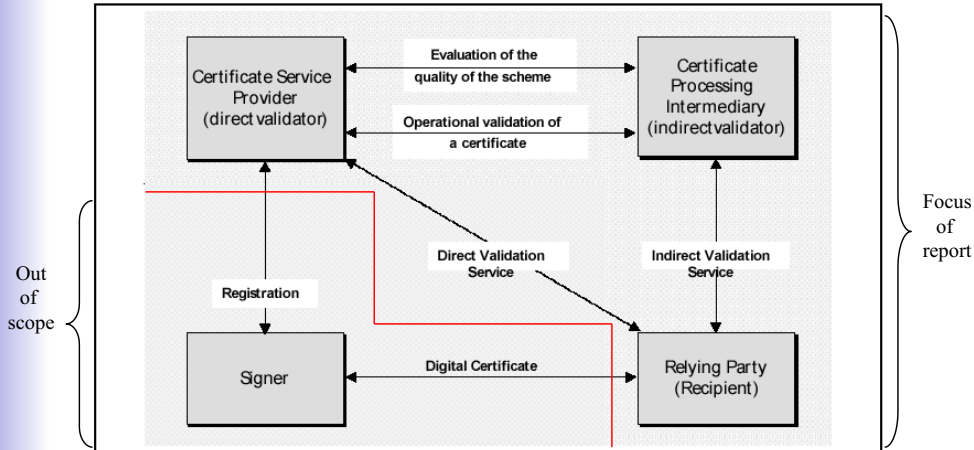
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### WG 3 Bank Trust Services



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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



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### 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



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### 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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