

Moving target

THE EUROPEAN PAYMENTS COUNCIL HAS REVISED ITS VISION FOR HOW MOBILE PAYMENTS SHOULD OPERATE IN EUROPE. **GRAHAM BUCK** REPORTS.

The European Payments Council (EPC) published the second edition of its white paper on mobile payments in early February, and has opened a public consultation for all Single Euro Payments Area (SEPA) stakeholders.

The EPC, a representative body for the European banking industry and other payment institutions, originally set out its views on mobile payments for SEPA in a July 2010 white paper. Back then, it saw mobile as "an ideal launch pad for SEPA payment instruments", as users were increasingly using their mobiles for services beyond traditional voice calls and short messaging services.

Consumer expectations had been raised thanks to the introduction of packaged offers, including the provision by mobile phone operators of internet access. Users were keen to access new services such as mobile payments and retailers have been responding steadily to this demand. Europe has already seen a number of major pilots and roll-outs, such as Payez Mobile in France. Mobile technology is also regarded as the main driver for change in the global automated teller machine (ATM) industry over the next five years.

The basic aim of the EPC's original white paper was to review how m-payment services could best be delivered through co-operation between service providers in the banking industry and newly emerging players in the mobile services arena. It also looked at how the mobile channel could be harnessed for SEPA payment instruments.

M-payments can be divided into two basic types:

- remote m-payments, which let two parties send/receive/exchange funds using the mobile channel, irrespective of their location; and
- contactless m-payments, which require the mobile device to be "waved" in close proximity to a point-of-sale terminal.

The EPC says that it aims to support the development of both types of m-payment as it believes this will ensure the development of a sustainable infrastructure. Its chairman, Gerard Hartsink, says: "The EPC, working together with all stakeholders active in the mobile payments ecosystem, is willing to contribute to the development of the necessary standards and business rules with regard to the initiation and receipt of SEPA payments by mobile.

"Our intention is to help establish a framework which enables potentially all payers and payees to make m-payments across the European Economic Area, and create a secure environment for the multiple stakeholders active in the field."



The second edition of the white paper includes a focus on mobile wallets at high level and has been updated to cover both contactless and remote m-payments. Also included are particular use cases for mobile remote card and SEPA credit transfer payments.

Dag-Inge Flatraaker, chair of the EPC's m-channel working group, says: "The EPC's white paper on mobile payments responds to changing needs in the payments area and demonstrates how m-payments can increase efficiency, effectiveness and convenience... We invite all interested parties to review the second edition of the white paper and share their comments by 23 March 2012."

Flatraaker is also general manager and head of group interbank infrastructure and payment system strategy at Norway's DNB Bank. Flatraaker has been a speaker at conferences on new payment channels, outlining how Europe's mobile payments landscape should be shaped by setting a common standard, examining the role that will be played by mobile network operators in the payments market, and suggesting how banks can take advantage of mobile banking as a new source of revenue.

Full migration to SEPA is officially less than two years from completion, the European Council and European Parliament having agreed to set an end date of 1 February 2014. The EPC has been at pains to stress that although it is developing payment schemes and frameworks that will assist in a smooth transition to SEPA, it is not – nor will it become – responsible for overall management of the SEPA process.

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Documentation relating to the EPC's 2012 public consultation is available at <http://bit.ly/AELxdV>