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GREEN PAPER: Towards an integrated European market for card, internet and mobile payments

Market feedback on EU Commission Consultation Questions

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Question #	Question	Answer / Contribution
1)	Under the same card scheme, MIFs can differ from one country to another, and for cross-border payments. E.g. due to a wide variety of different (levels of) fees as well as different legal regulations in various Member States.	
1) a)	Can this create problems in an integrated European payment card market?	We do not see any problem caused by different domestic MIF because there is no fully integrated payment market. Legally all agreements between merchants and acquirer have to follow country legislation. Different MIFs then only have a minor effect.
		Although the different fees within a card scheme may lead to problems because the same technical solution leads to different fees, there are reasons why such a differentiated pricing makes sense. For example, there are countries with an entirely different infrastructure and different earnings.
		Different levels of domestic MIF in EU countries reflect structural differences of the development of the payment markets in each EU country. Regulation of domestic MIF by legislators or regulators might put the further development of national payment markets in EU countries at risk since EU wide domestic MIF rates will not further incentivize deployment of cost intensive new payment technology (Chip, NFC etc.) and payment products (Pre-paid products, dual application cards, digital wallets, etc.).
1) b)	Do you think that the different terms and conditions in the card markets in the different Member States may be due	Different terms and conditions in all member states are the reality today. These T&Cs reflect the varying domestic legislation on subjects such as consumer protection. In

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	to / reflect objective structural differences in these markets?	addition, the terms and conditions that card systems implement are based on direct costs and on risk and compliance costs of payment business. These costs have developed differently from country to country over the last years. Therefore the MIFs reflect this situation.
		Different levels of domestic MIF in EU countries reflect structural differences of the development of a payment market in each EU country. Deployment of national or international credit and debit card products, acceptance of cards by merchants or public administrations (e.g. insurers, electricity utilities, special retail segments, etc.; number and average transaction amount) are in all EU countries quite different.
1) c)	Do you think that the application of different fees for domestic and cross-border payments can be based on objective reasons?	Yes. The different fees are based on different costs as mentioned above. In addition, the markets have different maturities which in the end impacts costs and risks.
		Differences in national card product distribution (debit/credit/commercial/pre-paid), POS terminalisation, card usage by consumers, acceptance of cards by merchants etc.), justify different levels of national and cross-border MIFs.
2)	Is there a need to increase legal clarity on interchange fees? If so, how and through which instrument do you think this could be achieved?	<p>Interchange fees are defined by payment systems and are also influenced by markets. Any exercise of competition powers would impact this market rule.</p> <p>Since commercial card interchange fees are the only means to cover the costs for card-issuance, it is severely affected in overlooking the future of its whole business-model in regard to a specialised corporate card issuer in the Travel & Entertainment-sector by the prevalent uncertainty around the future of positive commercial card ICF. . This means that the Corporate Credit Cards the issuer issues to employees of its corporate customers are primarily intended to be used for such employee's expenses while being abroad, i.e. outside Germany or the U.K., on business trips ('on-trip'-expenses). The issuer`s corporate customers are primarily large-scale enterprises that operate globally. The issuer also envisages Small & Medium sized enterprises that operate internationally as Corporate Credit Card-Programme customers. Commercial card interchange fees are in this field of business the main contribution margin since</p>

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		<p>corporate customers do not accept recovery of the cost of card issuance by e.g. annual cardholder fees. Corporate cards usually do not have the revolving credit facility. Therefore, there is no income from interest rates with corporate cards. It lies within the business-travel-related nature of the corporate card issuer's Corporate Credit Card-Programmes that the cards issued under it are primarily used in cross-border contexts.</p>
		<p>Legal clarity should be achieved by the judgement of the General Court in Luxemburg. As long as this legal proceeding is pending no further regulation of interchange fees should be taken by regulators or legislators.</p>
3)	<p>Do you think that action on interchange fees is necessary? If so, which issues should be covered and in which form? E.g.:</p>	<p>There is no need to act on interchange fees over and above today's situation.</p>
3) a)	<p>Should MIF levels be lowered? Why? E.g. do they act as entry barriers to low-cost card schemes?</p>	<p>Commercial card interchange fees do not have to be lowered. Low cost card schemes have enjoyed growth in the last couple of years in spite of the fact that interchange fees for credit cards can be higher compared to theirs. We have therefore no perception that MIFs result in entry barriers.</p>
3) b)	<p>Should fee transparency be provided? Why?</p>	<p>Yes, fee transparency would be helpful for merchants and corporate card holders to take informed decisions based on the knowledge of total cost of card acceptance.</p>
		<p>All cross-border interchange fees of Visa Europe and MasterCard Europe and many of the domestic interchange fees are already published on the official websites of the card schemes and acquirers are obliged to inform their merchants about the access to this information in their merchant agreements.</p>
3) c)	<p>Should market access be facilitated? Why?</p>	

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3) d)	Should three-party schemes (only one PSP servicing both payers and payees) be covered?	.
3) e)	Should a distinction be drawn between consumer and commercial cards?	<p>Yes.</p> <p>According to our observations merchants have substantial benefits from the use of commercial cards by their customers. The most fundamental ones being:</p> <ul style="list-style-type: none"> - safe payment, - minimal fraud risk, - overcome their corporate customer's employee's reluctance to use their personal cards for business expenses, - avoiding direct, de-central invoice to several customers. <p>Further examples for such benefits are:</p> <ul style="list-style-type: none"> - customer retention-tools that go along with features like the combination of airline bonus programmes with card-payments ('miles per Euro'), - the sourcing of Management Information System ("MIS")-data at the point of sale, which is a service that many corporate customers require from merchants and which many, esp. small & medium-sized, merchants cannot provide by themselves, i.e. that four-party credit card systems act as an enabler for merchants and provide cost transparency to end-customers. <p>Four-party-system-issuers incur considerable costs for these enabling services. This doesn't cause extra costs to the merchant or to end-customers because the merchant has no different costs due to different Interchange-Fee ("ICF")-rates since the respective merchant service fees ("MSC") remain (depending upon card-type) the same.</p> <p>According to our observations one of the main benefits to cardholders in the corporate card-market that no annual card fees apply, would vanish in the event of an intervention on commercial card ICF since corporate card issuers could no longer afford it.</p>

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3) f)	Other actions?	<p>-Help to increase the number of issuers and acquirers (e.g. non-banks).</p> <p>- An obligation to enter into a bilateral ICF-agreement if one party desires to do so may be helpful in finding optimal ICF levels. This does not exist in all member states.</p>
4)	Cross-border acquiring – problems that hinder its development.	<p>There are no obstacles to cross-border or central-acquiring set by the international card schemes, but there are obstacles set by national card schemes such as national clearing and settlement requirements, requirements to participate in the national bank payment infrastructure etc.</p> <p>There are obstacles when it comes to cross-border acquiring. In some countries there are agreements which allow the usage on a national level to which one does not find access to or there are agreements among the issuers which allow a much lower cost structure for them.</p> <p>Cross-border acquiring would bring the following advantages:</p> <ul style="list-style-type: none"> a) more competition among payment service providers in the various markets, b) the merchant could choose between more providers, meaning he may compare prices for services, c) big merchants may chose a service provider for their Europe-wide business while not having to deal with nation-specific costs; this is a big saving for the merchants, d) Investments for the acquirer may be effected more easily as they aim at a wider market.
4) a)	Are there currently any obstacles to cross-border (also called "central") acquiring?	Yes. Different national settlement structures in the countries require multiple approaches.
4) b)	If so, what are the reasons?	With regard to some domestic card schemes, SEPA is not implemented fully.
4) c)	Would facilitating cross-border or central acquiring lead to substantial benefits?	Yes. The ability to act as one global Acquirer would mean an easier market entry and potentially entail cost benefits for merchants and consumers.

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5)	Cross-border acquiring – solutions.	<p>The simplification of cross-border acquiring may be reached by the following measures:</p> <ul style="list-style-type: none"> a) standardized interfaces in the various markets, b) standardized approval protocols for the payment systems, c) Mandatory access upon fulfilment of predefined conditions of a payment card system in relation to regulatory requirements including costs (MIT etc.) as well as technical requirements.
5) a)	How could cross-border acquiring be facilitated?	Equal technical and regulative base in all countries.
5) b)	If you think that action is necessary, which form should it take and what aspects should it cover?	
5) c)	For instance, is mandatory prior authorisation by the payment card scheme for cross-border acquiring justifiable?	Mandatory prior authorisation of a card transaction acquired by a cross-border acquirer is fully justified in order to receive the payment guarantee of the issuers as it is the case with any other domestic card transaction.
5) d)	Should MIFs be calculated on the basis of the retailer's country (at point of sale)? Or, should a cross-border MIF be applicable to cross-border acquiring?	The costs of the issuers remain the same regardless whether the transaction is acquired domestically or centrally. Therefore, it is fully justified that the interchange fee of the issuer/merchant is applied in the case of central acquiring.
5) e)	Other?	
6)	Co-badging combines different payment brands on the same card or device – Pros & Cons.	We do not see a need for this area to be regulated.
6) a)	What are the potential benefits and/or drawbacks of co-badging?	Co-badging of multiple payment solutions but provided by one payment system is already implemented and available to consumers. These solutions typically combine the advantages of the individual solutions (e.g. combine Debit/Credit Card, combine P-Card/Corporate Card).

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6) b)	Are there any potential restrictions to co-badging that are particularly problematic? If you can, please quantify the magnitude of the problem.	The existing restrictions we see are not problematic. More openness would not automatically generate additional value for consumer.
		Co-badging already exists in a number of EU countries where domestic card schemes are co-badged with an international card scheme to enable the cardholder to use its card internationally. Co-badging should be done on a voluntary basis. Mandatory or regulated co-badging could lead to risks in the management of numerous card services and features which might differ between certain card schemes.
6) c)	Should restrictions on co-badging by schemes be addressed and, if so, in which form?	As we do not see any problems today from co-badging we do not see the need to address any restrictions.
7)	Co-badging – which brand to use?	
7) a)	When a co-badged payment instrument is used, who should take the decision on prioritization of the instrument to be used first?	The usage of a payment instrument in the case of co-badging should be done by the merchant or cardholder, however not by the issuer, because they also have to pay for the costs associated with it. The decision which brand or product – debit or credit card - to use should be taken by the cardholder since he pays for the card and it is up to him to decide which product fits best to him according to his financial situation. Otherwise the cardholder would not identify any use from it and that again might reduce the acceptance. If the merchant comes to the conclusion that both payment methods supported by the card are "equal" he may, as an additional service, let the cardholder chose which payment system to use. The merchant thereby takes into consideration a longer time for the execution of the payment transaction at the point of sale (<i>Kassendurchlaufzeit</i>).
7) b)	How could this be implemented in practice?	Consumer may decide at point of sales as it works already today.
		One option would be that the chip on the co-badged card and the POS terminal must be able to disclose to the cardholder this option.

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8)	Some card schemes have subsidiaries that process the transactions and are in a position to impose the use of this subsidiary on scheme participants. Problems.	
8) a)	Do you think that bundling scheme and processing entities is problematic, and if so why?	The combination of payment system and payment clearing is not useful because both services should generally exist apart from each other. The advantage would be that with a separation of these two roles a clear definition on the participation to the payment system must be made and standardized admission protocols must be defined. This is to ensure that all market participants are treated equal.
		May squeeze out alternative high-quality offerings. Competition may consequently be reduced to competition on price and no longer on quality as independent added-value processors would lose their USP if processing was to be concentrated.
		Acquirers and issuers as participants and members of the international card schemes are free to use any processing services offered by the card schemes. This does not apply to the use of authorization processing and clearing and settlement which needs per se to be centralized at the data centre of the card schemes to ensure the worldwide acceptance and correct processing of all cards issued worldwide. All other processing services (transaction capture and processing, card issuance, card account management, etc.) are offered and performed by a great number of processors which offer their services globally and European-wide. There is a big competition in this area which enables issuers and acquirers to get cost reduction in regards to processing.
8) b)	What is the magnitude of the problem?	Competition is no longer active and subsidization of different businesses is possible.
9)	Solutions.	
9) a)	Should any action be taken on this?	.

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9) b)	Are you in favour of legal separation (i.e. operational separation, although ownership would remain with the same holding company) or 'full ownership unbundling'?	.
10)	In contrast to banks, payment institutions and e-money institutions do not have direct access to clearing and settlement systems.	<p>In general, it would be very helpful to have the possibility to choose, if a direct access is needed or not. Especially, if the banks are in direct competition to the business model of the payment institution.</p> <p>Without direct access to the clearing and settlement systems a payment institution has a great cost-disadvantage because it needs the service of another partner which means another cost factor.</p> <p>The direct access to clearing and settlement systems is discriminatory towards payment institutes and makes market liberalization more difficult.</p>
10) a)	Is non-direct access to clearing and settlement systems problematic for payment institutions and e-money institutions and if so what is the magnitude of the problem?	It would be an additional opportunity to have direct access to settlement systems. A direct access to clearing and settlement systems could optimize the payment process and eliminate the third part risk (process) of the banks, reduced cost, thereby creating independence.
11)	- Solutions.	Unified framework conditions are advisable because this ensures transparency as well as equal competition. The modalities and fees must be transparent and must not mean a hurdle for the market participants. All required guidelines must be amended accordingly.
11) a)	Should a common cards-processing framework laying down the rules for SEPA card processing (i.e. authorisation, clearing and settlement) be set up?	Overall framework conditions for the execution of payment card transactions, including regulations for SEPA usage (i.e. approval, clearing and settlement) must be enacted.

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11) b)	Should it lay out terms and fees for access to card processing infrastructures under transparent and non-discriminatory criteria?	Modalities and fees for access to card processing infrastructures should be set in accordance with transparent and non-discriminatory criteria.
11) c)	Should it tackle the participation of Payment Institutions and E-money Institutions in designated settlement systems?	The participation of payment institutions and e-money institutions in designated settlement systems must be regulated as a matter of urgency.
11) d)	Should the SFD (Settlement Finality Directive) and/or the PSD (Directive 2007/64/EC on payment services in the internal market) be amended accordingly?	The directive about the finality of settlements and the directive on payment services in the European Market must be amended accordingly.
11) e)	Other ideas?	
12)	Considering the SEPA Cards Framework.	
12) a)	What is your opinion on the content and market impact (products, prices, terms and conditions) of the SCF (SEPA Cards Framework)?	.
12) b)	Is the SCF sufficient to drive market integration at EU level?	.
12) c)	Are there any areas that should be reviewed?	.
12) d)	Should non-compliant schemes disappear after full SCF implementation, or is there a case for their survival?	.
13)	In many payment services models, prior information on the availability of funds is a key element. As keepers of the bank account, banks currently have a 'gateway	Payment institutions as well as e-money institutes must be able to receive information on the availability of financial means on bank accounts. They should be subject to as little hurdles as possible and should be available in real time.

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	function', thus determining the viability of many business models. To allow new service models, consumers could agree that information on the availability of funds on their bank account is given to payment certain service providers of their choice.	
13) a)	Is there a need to give non-banks access to information on the availability of funds in bank accounts, with the agreement of the customer?	Yes. Currently we only receive such data about German bank accounts via banks as service providers. A direct access as a non-bank to information on the availability of funds in European banks would improve the credit risk assessment process when enrolling new European end customers.
13) b)	If yes, what limits would need to be placed on such information?	
13) c)	Should action by public authorities be considered, and if so, what aspects should it cover and what form should it take?	
14)	Given the increasing use of payment cards, including e-commerce, it is likely that there will be a growing number of companies whose activities are dependent on the acceptance of payments by card. In that case, the question arises whether it is in the public interest to define rules describing the circumstances and procedures under which card payment schemes may refuse acceptance.	
14) a)	Do you think that there are companies whose activities depend on their ability to accept payments by card? Please give concrete examples of companies and/or sectors.	T&E-Sector like hotels, car rental, cruise lines, airlines.

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14) b)	If so, is there a need to set objective rules addressing the behaviour of payment service providers and payment card schemes vis-à-vis dependent users?	The payment schemes should develop dedicated rules for dedicated industries.
15)	<p>Consumers are seldom aware of the full cost of using specific payment instruments, i.e.</p> <ul style="list-style-type: none"> - imposed on them directly, - but also on the merchants. Typically merchants include their transaction costs in the prices of goods and services they offer. The end result is that all consumers pay more for their purchases in order to cover the real cost of more expensive payment methods used by some. <p>Making the total cost of using different payment instruments more transparent could therefore drive down total payment costs in the economy.</p>	<p>No, this information is not required because:</p> <ul style="list-style-type: none"> a) the merchant does not show the direct cost of cash payments, b) the merchant makes a pre-selection by choosing a payment method, c) the merchant is not forced to accept a payment system, d) additional information in relation to costs might irritate the cardholder and he may wrongly believe that he has to bear these costs and would therefore not use the card in the future.
		<p>There is no evidence by economists that disclosure of the costs of a payment product to the consumer will drive down the total payment costs in the economy. Disclosure of these costs might be used by cardholders to force merchants to grant rebates for non-usage of the most expensive payment procedure. In addition the payment costs are only a portion of the total costs of the merchant like transportation costs, supply costs etc. Disclosure of costs of a payment product might also be used to prevent consumers from using certain payment products which might increase the costs of cash handling.</p>
15) a)	Should merchants inform consumers about the fees they pay for the use of various payment instruments?	<p>It is not necessary to require merchants to publish this information. If, however, merchants do publish this information it should be ensured that the costs published do reflect the true costs and that published costs are not significantly higher than the true costs. This should be considered in the event of potentially setting common rules on informing. Otherwise, the result could be that information is not comparable from one merchant to the other.</p>

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		<p>Incomparability may prove disadvantageous to merchants because the customer may use this information for negotiation of rebates by using different payment methods.</p>
15) b)	<p>Should payment service providers be obliged to inform consumers of the Merchant Service Charge (MSC) charged/the MIF income received from customer transactions?</p>	<p>No, we do not see any benefit from this. MSC is subject of negotiation between merchant and payment provider.</p>
15) c)	<p>Do you think this information is relevant for consumers and does influence their payment choices?</p>	<p>We do not see impact on payment choices by consumers. Consumer typically use the most convenient payment method. As they do not pay directly for the service they most likely will not care.</p> <p>For corporate customers however this information is relevant to take informed purchasing decisions.</p>
16)	<p>Another option to increase transparency of pricing and to stimulate the use of the most efficient payment instruments could be the systematic and comprehensive use of rebates, surcharging and other steering practices by the merchant. At the same time the potential abuse which could arise from surcharging should be considered, i.e., lack of transparency, lack of alternative payment instruments to avoid paying a surcharge.</p>	<p>Additional regulation is not required as long as the ability of the provider to compete (meaning cost structures) is granted.</p> <p>Besides, further harmonization diminishes the chances of innovative payment enterprises. It should not be aimed at. Special regulation for alternative currencies is not desirable. An influence on merchants is not desired.</p>
		<p>There is no evidence by economists that rebates and surcharging will drive the consumer to use the most efficient payment means. The consumer choice is mainly driven by factors like personal advantages connected to a payment means, payment terms of his payment means, special bonuses etc.</p>
16) a)	<p>Is there a need to further harmonise rebates, surcharges and other steering practices across the European Union</p>	<p>No. We identify, however, that surcharge seems not always related to the real costs of payment method. A guidance to use surcharge to compensate costs only may be</p>

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	for card, internet and m-payments?	useful.
16) b)	If so, in what direction should such harmonisation go?	It needs to be defined that surcharge has to reflect the costs only. By this there should not be any common amount for all payment systems but different amounts per system.
16) b) i.	Should certain methods (rebates, surcharging, etc.) be encouraged, and if so how?	No.
16) b) ii.	Should surcharging be generally authorised, provided that it is limited to the real cost of the payment instrument borne by the merchant?	A harmonized and European-wide approach would be helpful.
16) b) iii.	Should merchants be asked to accept one, widely used, cost-effective electronic payment instrument without surcharge?	No. It should be totally free to a merchant which payment instruments he uses and the use should be in compliance with the card scheme rules, merchant agreement with the PSP and local regulation. There is no need for further regulation.
16) b) iv.	Should specific rules apply to micro-payments and, if applicable, to alternative digital currencies?	
16) b) v.	Other?	
17)	Some rules applied by card schemes currently make it difficult for merchants to influence consumer decisions on the choice of a payment instrument and limit their own ability to accept only selected cards. This facilitates the application of high MIFs by PSPs, hence potentially increasing the cost of card payments and stifling competition.	There is no evidence for this assumption.
17) a)	Could changes in the card scheme and acquirer rules improve the transparency and facilitate cost-effective pricing of payment services?	The EU commission do not acknowledge that there is only one Honour all Card Rule for different payment products of the international card schemes and that Blending of Merchant Service Charges by acquirers to merchants is only allowed by the card

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		schemes, if the merchant chooses to opt for a blended fee. Merchants are free to require unbundled MSCs from their acquirer (consumer card products/commercial Card Products/Debit card product).
17) b)	Would such measures be effective on their own or would they require additional flanking measures?	Unbundling of MSCs has already been implemented by acquirers.
17) c)	Would such changes require additional checks and balances or new measures in the merchant-consumer relations, so that consumer rights are not affected?	
17) d)	Should three-party schemes be covered?	.
17) e)	Should a distinction be drawn between consumer and commercial cards?	Not in this aspect.
17) f)	Are there specific requirements and implications for micro-payments?	
18)	Card payments - Considering the need for further standardisation for card payments.	<p>Unified standards for card payments are advisable in every case to ensure competition. These standards must be applicable for the following interfaces:</p> <ul style="list-style-type: none"> a) Card – POS Terminal b) POS Terminal – register system of the merchant c) POS system – acquirer d) Acquirer – Scheme-Provider. <p>Unified standards for card payments bring advantages to companies which newly enter into the market and thereby hinder any kind of market foreclosure.</p>

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18) a)	Do you agree that the use of common standards for card payments would be beneficial?	Technical standardization may be partly. E.g. the processing of card payments is based on detailed definitions within one payment system. However, we would see a benefit from standardized data formats with focus on data for reporting.
18) b)	What are the main gaps, if any?	Today, each payment system has different data formats even if the content is very similar. This causes high costs for the implementation of technical interfaces. In acquiring, different standards and systems among the countries are gaps.
18) c)	Are there other specific aspects of card payments, other than the three mentioned above (A2I, T2A, certification), which would benefit from more standardisation?	No.
19)	Considering sufficiency of current regulations and governance arrangements.	
19) a)	Are the current governance arrangements sufficient to coordinate, drive and ensure the adoption and implementation of common standards for card payments within a reasonable timeframe?	Yes, existing regulations are sufficient and give the payments systems and all involved parties enough room to set up the best suitable solutions.
19) b)	Are all stakeholder groups properly represented?	Yes.
19) c)	Are there specific ways by which conflict resolution could be improved and consensus finding accelerated?	
20)	Considering the need for further involvement of EU bodies.	
20) a)	Should European standardisation bodies, such as the European Committee for Standardisation (Comité européen de normalisation, CEN) or the European Telecommunications Standards Institute (ETSI), play a	Not necessary. We don't see a need for a more active role.

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	more active role in standardising card payments?	
		The common standards should be developed by all parties of the payment system (issuer/acquirer/card scheme/terminal vendor) since they have the greatest knowledge of the technical requirements of the operation of a four party system involving data center of the issuer/acquirer/terminal network provider/ card scheme). The common standards should not be set by a regulator or a standard setting-body in particular one with no expertise in running a payment scheme. CEN or ETSI are not specialised in the card payment industry.
20) b)	In which area do you see the greatest potential for their involvement and what are the potential deliverables?	We do not see any area with potential.
20) c)	Are there other new or existing bodies that could facilitate standardisation for card payments?	No.
21)	E- and m-payments - considering the need of further standardisation.	
21) a)	On e- and m-payments, do you see specific areas in which more standardisation would be crucial to support fundamental principles, such as open innovation, portability of applications and interoperability?	For m-payment: technical standardization is required. The huge number of technical elements (UICC, secure elements, devices, operating-systems) and the number of involved parties (MNOs, schemes, trusted service manager) make a standardization necessary.
		Technical standardization for m-payments should be left to the parties involved, i.e. Telcos, mobile phone vendors, chip vendors, card schemes, issuers, acquirers). M-commerce is at its very early stages. A premature interference by regulators with a process led by the industry would have a negative impact on emerging new technologies, products and payment structures for m-payments.
21) b)	If so, which?	Risk aspects have to be considered.

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22)	E- and m-payments - considering the need for further involvement of EU bodies.	
22) a)	Should European standardisation bodies, such as CEN or ETSI, play a more active role in standardising e- or m-payments?	The common standards should be market-oriented and developed by all parties of the payment system (Telcos/mobile phone vendors, chip vendors, card schemes) since they have the greatest knowledge of the technical requirements operating such a system. The common standards should not be set by a regulator or a standard setting-body, in particular, one with no expertise in running a payment scheme. CEN or ETSI are not specialised in the card payment industry. Instead, the common standard should consider market-oriented factors.
22) b)	In which area do you see the greatest potential for their involvement and what are the potential deliverables?	The involvement we see, if any, is a passive monitoring and controlling against standards role.
23)	To ensure that any payment can reach any beneficiary without disadvantages to the actors and intermediaries involved, a higher level of coordination might be desirable in the form of full interoperability.	
23) a)	Is there currently any segment in the payment chain (payer, payee, payee's PSP, processor, scheme, payer's PSP) where interoperability gaps are particularly prominent?	No.
23) b)	How should they be addressed?	
23) c)	What level of interoperability would be needed to avoid fragmentation of the market?	
23) d)	Can minimum requirements for interoperability, in particular of e-payments, be identified?	

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24)	Solutions (m- and e-payments).	
24) a)	How could the current stalemate on interoperability for m-payments and the slow progress on e-payments be resolved?	
24) b)	Are the current governance arrangements sufficient to coordinate, drive and ensure interoperability within a reasonable timeframe?	
24) c)	Are all stakeholder groups properly represented?	
24) d)	Are there specific ways by which conflict resolution could be improved and consensus finding accelerated?	
25)	The security of retail payments is a crucial prerequisite for payment users and merchants alike.	
25) a)	Do you think that physical transactions, including those with EMV-compliant cards and proximity m-payments, are sufficiently secure?	Due to the fact that EMV-compliant cards cannot be counterfeited at the moment the security is sufficient.
25) b)	If not, what are the security gaps and how could they be addressed?	
26)	The continuous replacement of signature-based cards by 'Chip and PIN' cards has helped reduce fraud significantly at European level. However, fraudulent activity is now increasingly moving to remote card transactions, in particular to payments over the internet. Non-card e-payments are also vulnerable to fraud.	

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26) a)	Are additional security requirements (e.g. two-factor authentication or the use of secure payment protocols) required for remote payments (with cards, e-payments or m-payments)?	There is no necessity to regulate this area, it should be left to issuers and acquirers to work on, e.g., 3D Secure authentication includes additional cardholder verification by means of a specific password.
26) b)	If so, what specific approaches/technologies are most effective?	3D Secure in combination with a dynamic password or a one-time transaction code which is an effective preventive measure against phishing mails.
27)	Potential remedies, e.g. two-factor authentication with use of a PIN + a one-time transaction code.	
27) a)	Should payment security be underpinned by a regulatory framework, potentially in connection with other digital authentication initiatives?	Not necessary. All security developments were made by the industry and should not be subject to a regulatory framework
27) b)	Which categories of market actors should be subject to such a framework?	
28)	All payment means referred to in this document imply the processing of personal data and the use of electronic communication networks.	
28) a)	What are the most appropriate mechanisms to ensure the protection of personal data and compliance with the legal and technical requirements laid down by EU law?	<p>The most appropriate mechanisms to ensure the protection of personal data and compliance with the legal and technical requirements laid down by EU law should be based on the two following principles:</p> <ol style="list-style-type: none"> 1. Data reduction and data economy regarding personal data as described in section 3a of the Federal Data Protection Act (BDSG), 2. Technical and organizational measures pursuant to section 9 of the Federal Data Protection Act and as listed in the Annex to this Act. <p>Section 3a Data reduction and data economy</p>

Question #	Question	Answer / Contribution
		<p>Personal data shall be collected, processed and used, and data processing systems shall be chosen and organized in accordance with the aim of collecting, processing and using as little personal data as possible. In particular, personal data shall be rendered anonymous or aliased as allowed by the purpose for which they are collected and/or further processed, and as far as the effort required is not disproportionate to the desired purpose of protection.</p> <p>Section 9 Technical and organizational measures Public and private bodies which collect, process or use personal data on their own behalf or on behalf of others shall take the necessary technical and organizational measures to ensure the implementation of the provisions of this Act, especially the requirements listed in the Annex to this Act. Measures shall be necessary only if the effort required is in reasonable proportion to the desired purpose of protection.</p> <p>Annex (to Section 9, first sentence) Where personal data are processed or used in automated form, the internal organization of authorities or enterprises is to be such that it meets the specific requirements of data protection. In particular, measures suited to the type of personal data or categories of data to be protected shall be taken:</p> <ol style="list-style-type: none"> 1. to prevent unauthorized persons from gaining access to data processing systems for processing or using personal data (access control), 2. to prevent data processing systems from being used without authorization (access control), 3. to ensure that persons authorized to use a data processing system have access only to those data they are authorized to access, and that personal data cannot be read, copied, altered or removed without authorization during processing, use and after recording (access control), 4. to ensure that personal data cannot be read, copied, altered or removed without authorization during electronic transfer or transport or while being recorded onto data storage media, and that it is possible to ascertain and check which bodies are to be transferred personal data using data transmission facilities (disclosure control), 5. to ensure that it is possible after the fact to check and ascertain whether personal

Question #	Question	Answer / Contribution
		<p>data have been entered into, altered or removed from data processing systems and if so, by whom (input control),</p> <p>6. to ensure that personal data processed on behalf of others are processed strictly in compliance with the controller's instructions (job control),</p> <p>7. to ensure that personal data are protected against accidental destruction or loss (availability control),</p> <p>8. to ensure that data collected for different purposes can be processed separately.</p> <p>One measure in accordance with the second sentence Nos. 2 to 4 is in particular the use of the latest encryption procedures.</p>
29)	<p>Until now, SEPA has been predominantly run as a self-regulatory project, set up and managed by the European banking industry through the EPC, with the strong support of the ECB (European Central Bank) and the Commission.</p> <p>A more active involvement of the EU institutions (for example, the ECB, the Commission or the European Banking Authority (EBA)) in the SEPA governance may be useful.</p>	
29) a)	How do you assess the current SEPA governance arrangements at EU level?	Useful.
29) b)	Can you identify any weaknesses, and if so, do you have any suggestions for improving SEPA governance?	
29) c)	What overall balance would you consider appropriate between a regulatory and a self-regulatory approach?	
29) d)	Do you agree that European regulators and supervisors should play a more active role in driving the SEPA	No.

Question #	Question	Answer / Contribution
	project forward?	
30)	Considering involvement of other market participants.	
30) a)	How should current governance aspects of standardisation and interoperability be addressed?	The way as it is addressed today is almost adequate. The involved parties need space for negotiations and bilateral agreements. In the end, the markets will benefit from these circumstances. When it comes to the steering and standardisation, payment institutes as well as e-money institutions should be more involved.
30) b)	Is there a need to increase involvement of stakeholders other than banks and if so, how (e.g. public consultation, memorandum of understanding by stakeholders, giving the SEPA Council a role to issue guidance on certain technical standards, etc.)?	No. We do not see the need for additional stakeholders.
30) c)	Should it be left to market participants to drive market integration EU-wide and, in particular, decide whether and under which conditions payment schemes in non-Euro currencies should align themselves with existing payment schemes in Euro?	Yes. Markets shall regulate themselves.
30) d)	If not, how could this be addressed?	
31)	Considering involvement of public authorities.	
31) a)	Should there be a role for public authorities, and if so what?	No. We do not see the need for any additional role of public authorities.
31) b)	For instance, could a memorandum of understanding between the European public authorities and the EPC	Not necessary.

Question #	Question	Answer / Contribution
	identifying a time-schedule/work plan with specific deliverables ('milestones') and specific target dates be considered?	
32)	This paper addresses specific aspects related to the functioning of the payments market for card, e- and m-payments.	The questions and ideas mentioned in this green paper are extremely important. It is especially noteworthy that the market participants are asked and that the EU commission thereby gets a direct market feedback.
32) a)	Do you think any important issues have been omitted or under-represented?	No.
