



# SEPA Card Standardisation

*"Stock Taking" Exercise*

&

*Implementation plan*

*Progress Report*

- The Cards Stakeholders Group (CSG)
  - Created in 2009
  - Regrouping 25 Members (organisations) of five main Card value chain Sectors: PSPs, Schemes, Processors, Vendors and Retailers
  - Main objective is the definition/description of standard requirements related to Cards (card and card based transactions)
  - With specific mandates of the
    - EPC to maintain and develop the SEPA Cards Standardisation Volume ("the Volume") which includes related standardisation requirements
    - ERPB acknowledging the CSG work and inviting it continuing its standardisation work
  - Organising its work with numerous Expert teams whose membership is open subject to the appropriate knowledge
  - Having published Volume V7.0 in Jan. 2014 (stable version for face-to-face card transactions), composed of 6 books
  - Aiming at publishing an updated version of the Volume v7.1 (individual books) in the second half of 2015 and a full updated version v8.0 in Q1 2017
- Conformance with the Volume is a strategic decision of each stakeholder. It will be based on a self-assessment whose results will be published. For those opting for Volume conformance, no cherry-picking is allowed. The first requirements they will need to respect are related to face-to-face transactions in Jan. 2017



# Card Standardisation Progress Report

1. Executive Summary
2. The ERPB Request
3. Different **domains** of the card payment chain
4. SEPA Card Standardisation Volume **implementation process**
5. Identification of the **outstanding work** to be done
6. Some **examples** of the (existing or needed) initiatives to solve the issues
7. Implementation **monitoring** process
8. Next steps
9. **Conclusions** and **expectations**



# 1. Executive summary

The ERPB is requested to acknowledge:

- The CSG has already achieved a substantial level of standardisation in a multi-stakeholder, fully open and transparent manner
- The CSG has a concrete implementation plan for the published version of the Volume, as well as a maintenance process following the integration of new evolutions and innovations
- The CSG welcomes the acknowledgement of the ERPB (May 2014), and looks forward to your continued support of:
  - the real multi-stakeholder standardisation process being developed within the CSG
  - its work to develop a sustained self regulatory nature of Cards standardisation in Europe

The ERPB is requested to acknowledge:

- The CSG has built essential card standardisation bricks through the issuance of books of requirements, ensuring a pan-European acceptance of SEPA for Cards. This approach was chosen due to:
  - respect of **competition** law
  - moving targets as the **regulation** is going to add new requirements and as **innovation** requires flexibility
  - **cost optimisation** reasons
- Any migration plan in the domain of card and card-based payments is a multiple-year process

The ERPB is also requested to

- Leverage the work already done by the CSG and its various working group and **mandate** the CSG
  - to continue working on the next steps for the Standardisation of Cards, Card-based face-to-face and remote payments transactions
  - with a central role in the standardisation of card payment activity and form factors (contact chip, contactless, mobile and other form factors) as well as in the related concepts' definition
- Suggest how CSG can be given indications from Authorities as regards the extent and depth of next work of harmonisation on standard requirements and on the related technical level



## 2. The ERPB request





## 2 - Reminder - ERPB Request 16 May 2014

*“ERPB members agreed to invite the Cards Stakeholders Group (CSG) to carry out*



- a **stock-taking** exercise on the implementation of payment cards standardisation*
- and devise a **plan** on dealing with the **practical implementation issues** in this respect at the next meeting of the ERPB”*

## 2 - ERPB update Workplan 26 Sep 2014

*“... Items 4 (the acknowledgement of the Cards Stakeholders Group) and 5 (the promotion of technical standardisation for card payments) have been merged to reflect the agreement in the ERPB meeting that the CSG will carry out a stocktaking of **standardisation initiatives** and also provide a timeline for their implementation”*

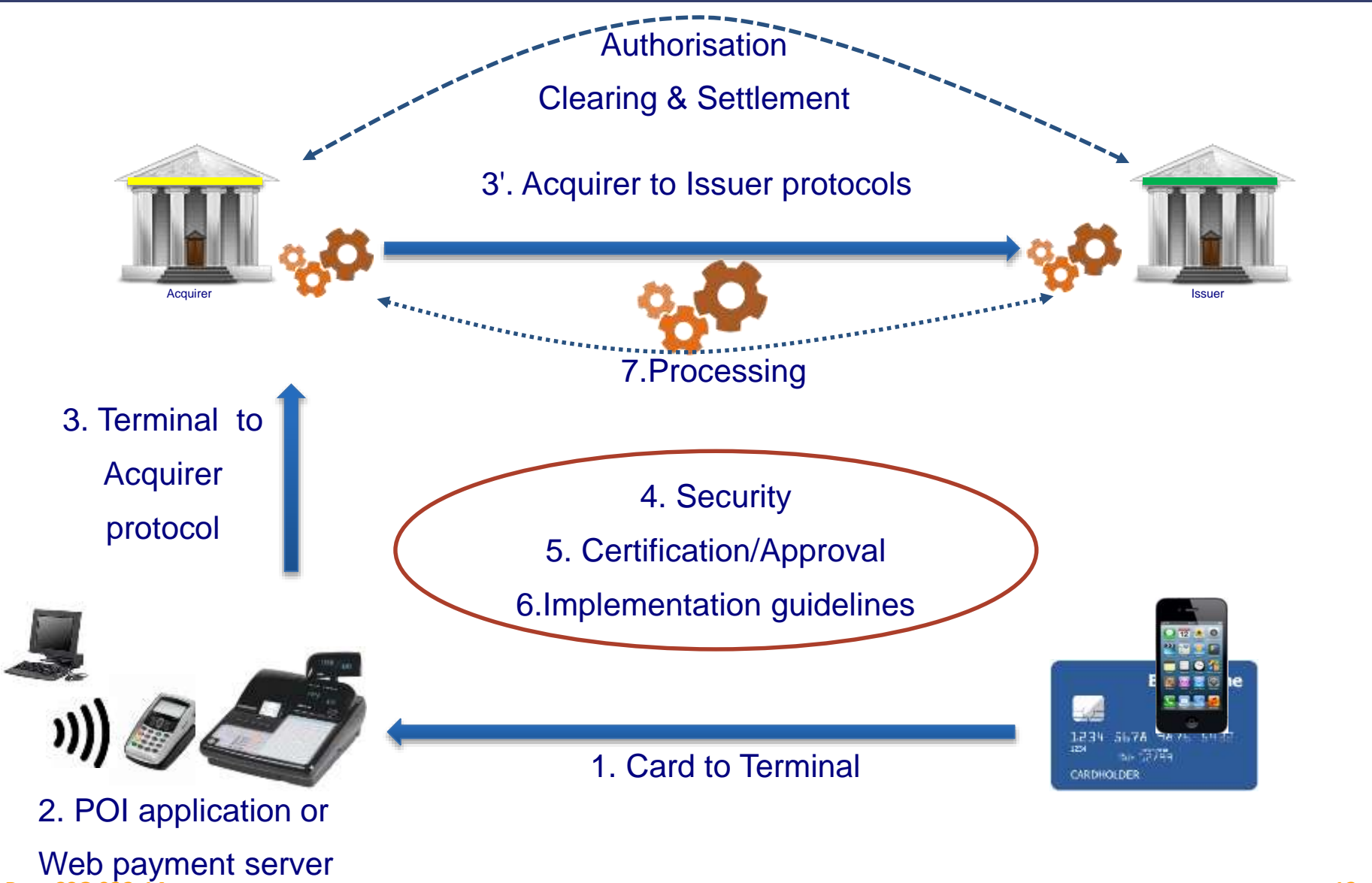
*... 6) Set up a working group on **card and mobile based contactless proximity payments**. A draft mandate of the working group is attached in Annex 3. This working group could start work in October 2014, with the aim of finalising its work and reporting back to the ERPB in Q4 2015”*

## 2 - ERPB update Workplan 26 Sep 2014

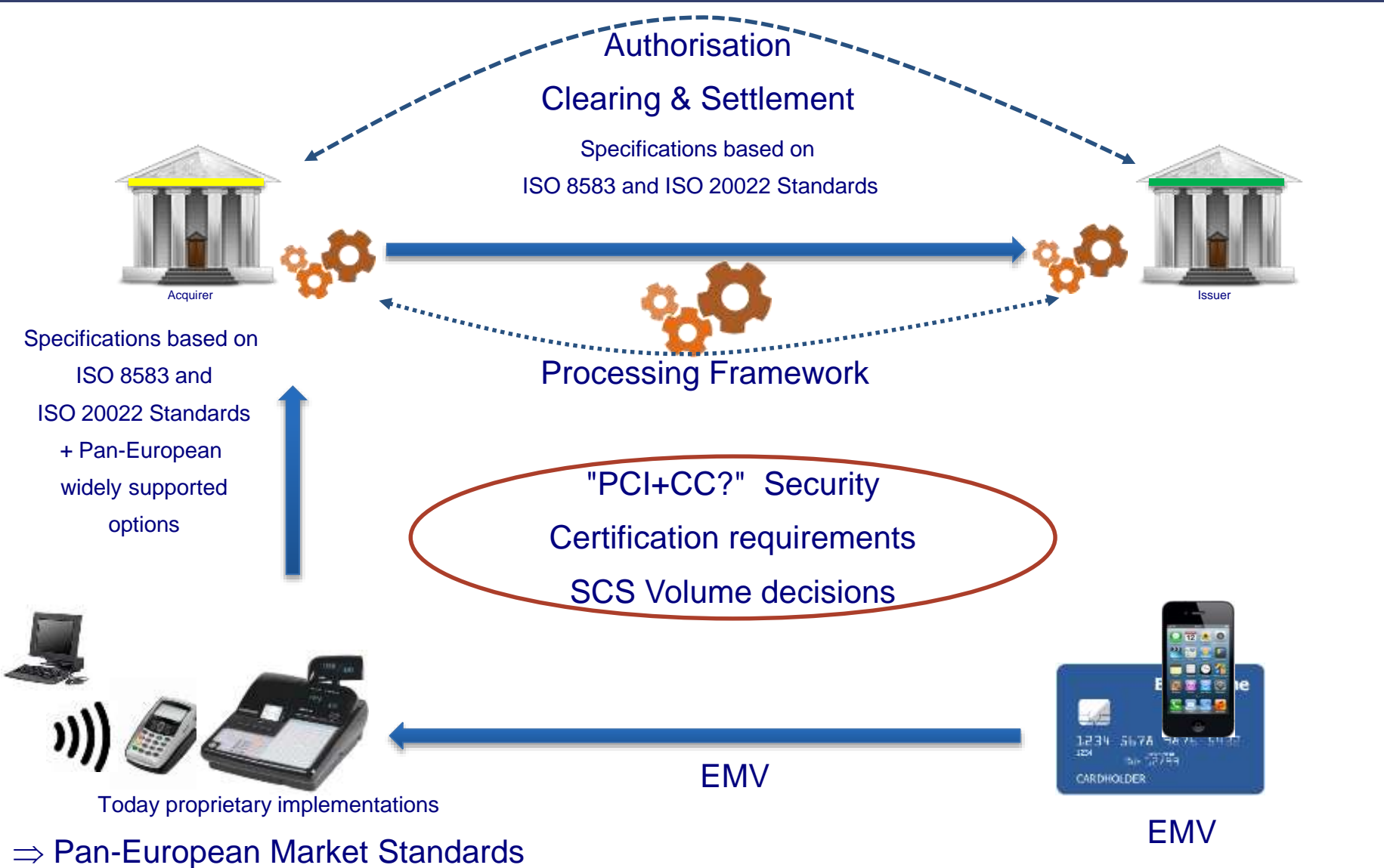
- The **CSG** works a.o. on defining cards standardisation requirements which are then rolled out by **Specifications Providers** allowing **Solution Providers** to develop their products and services
- The CSG **achieved already** important work (included in the published Volume V7.0) on:
  1. Technical standardisation for card payments 
  2. Mobile- and card-based contactless proximity payments and is currently working on optimising the integration of the functional and security requirements of face-to-face and remote, card and card-based payments
- Note: The CSG could **also** consider including in its scope **additional services** a.o.,
  1. Person-to-person mobile payments in euro
  2. Pan-European instant payment solutions
- Therefore, the CSG has concerns with the creation of ERPB WG on these aspects, if this would lead to a clear **overlap** of resources and efforts with the CSG on European card standardisation (cfr. ERPB - May 2014 decisions)
- **Moreover, the CSG is expected to work at a lower level than the ERPB WGs**
- However, based on the same ERPB decisions, the CSG would be happy to contribute to the ERPB initiatives in the field of **remote, card** and **card-based** payments with its current and future achievements and would be happy to enter into discussion about any ERPB additional request related to these domains.



### 3. Different domains of the card payment chain



# 3 - Examples of standards per domain

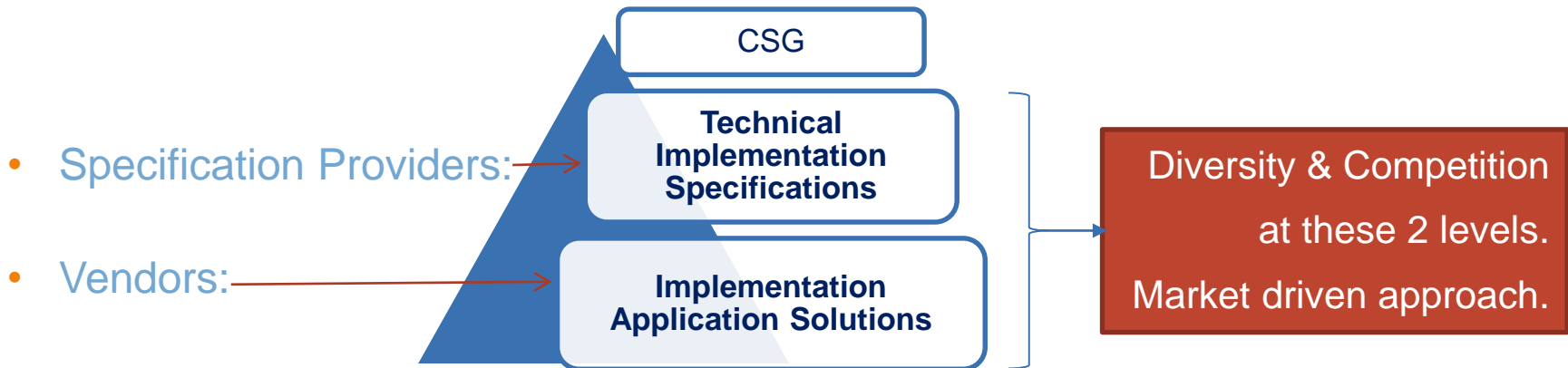




## 4. SEPA Card Standardisation Ecosystem

## 4 - EPC & CSG - SEPA Card Standards Ecosystem

- SEPA Cards Standardisation structured via:
  - EC, ECB, EBA, ERPB, EPC: Regulation, Self-Regulation, principles & rules  
+ *Institutional dialogue*
  - CSG - SCS VOLUME: → Requirements for Standards, Technical Specifications & Processes
  - Standards Bodies: → International Standards & Specifications

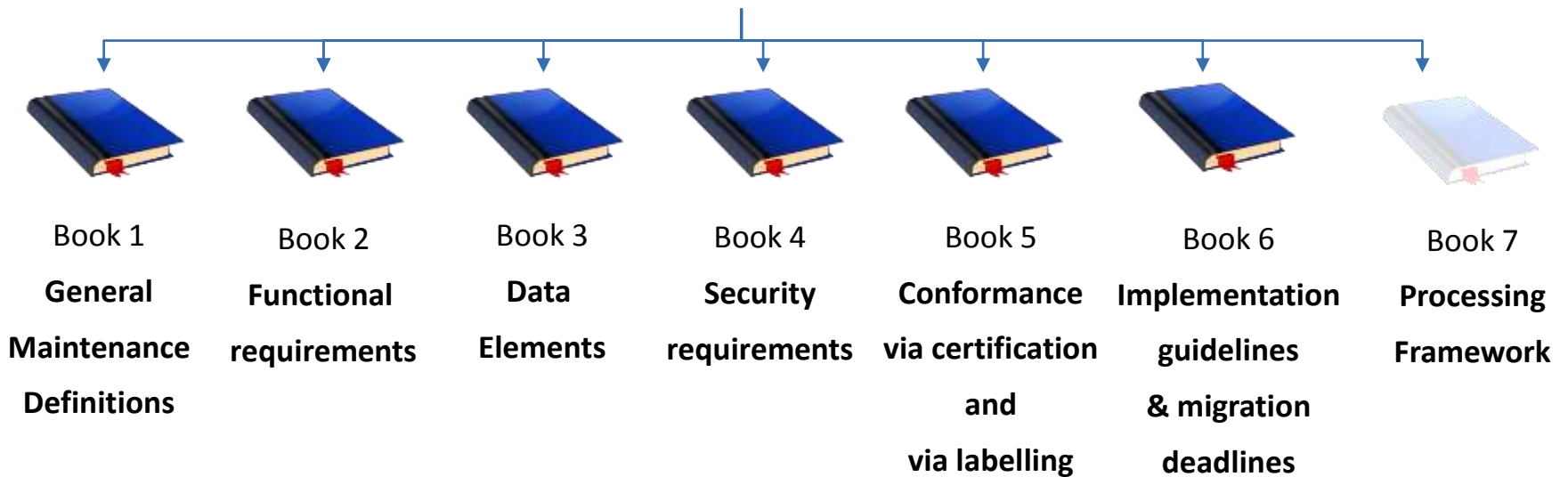




# 4 - Cards related SEPA requirements expressed in:



## SCS Volume





## 5. Identification of the outstanding work to be done

## 5 - Pan-SEPA card acceptance possibility

- Main priority: optimisation of card acceptance solutions using the same technologies and/or service providers in the whole SEPA to accept all the different cards
  - Ability to work with all the different scheme requirements active in SEPA (global card schemes and 'EU domestic' card schemes): diversity of schemes & competition between them
  - **Terminal Security** (security requirements and methodology to check and certify that these requirements are met)
  - **Terminal to Acquirer protocol** (communication messages between the retailers and the acquirers)
  - **Terminal Application** (software on the POS terminal, mPOS, merchant server, etc.)



## 6. Some examples of the initiatives to solve the issues

## 6 - Physical Payment Terminal Security

For physical payment terminal security, it is the goal of the CSG to achieve a single converged security requirement set, testing methodology and governance

The CSG is working for this goal with the following two initiatives to achieve this convergence:

- **PCI:** Worldwide security requirements for terminals and data security, as well as testing methodology and certification
- **OSeC:** Initiative for European security requirements, testing methodology and aligned certification for Europe based on Common Criteria - ISO 15408

Results so far:

Convergence of security requirements: already achieved (in Volume 7.0)

Governance, methodology and certification: still to be agreed between 2 main options

This is coming from an initial situation where more than 15 pre-existing processes were in place

## 6 - Terminal to Acquirer Protocol

For terminal protocols, the CSG intends to let different initiatives compete and expects these to be in conformance with the SCS Volume Requirements by 2017

Amongst the initiatives today are:

- **C-TAP**: Protocol already deployed in 3 EU Member States (Benelux) with pan-European support
- **EPAS Protocols**: ISO 20022 protocol with pan-European support
- **IFSF**: Pan-European ISO 8583 acquiring protocol in the domain of petrol and a few other sectors. In use in all EU Member States
- **Others?**

Today there are in SEPA more than 40 protocols and associated certification compliance processes



## 6 - Terminal Payment Application

For these terminal payment applications and their compliance certification processes, the CSG intends to let different initiatives compete and expects these to be in conformance with the SCS Volume Requirements by 2017

- **C-TAP**: Terminal Application already deployed in 3 EU Member States (Benelux) with pan-European support
- **SEPA-FAST**: Terminal application with pan-European support
- **Others?**

Today there are in SEPA more than 40 terminal applications and associated certification compliance processes

There are also important initiatives in other domains:  
(examples here in Acquirer-to-Issuer communication domain)

**SCC:** SEPA Cards Clearing (based on ISO 20022)

**ATICA:** Acquirer to Issuer Card Messages (ISO 20022 Card messages, including the ones on authorisation, clearing and other card service messages needed for card-based transactions, more than 50 messages will be submitted to ISO 20022)





## 7. Implementation monitoring process

## 7 - Implementation Monitoring Process

- Implementation is expected to happen according to the principles and dates provided in the SCS Volume Book 6 "Implementation Guidelines" which notably states that:

"All newly approved products and solutions shall conform to the requirements of the latest published Volume release within a maximum of **3 years** after publication"
- For the requirements expressed in the SCS Volume version 7.0 published in January 2014, this means that all new approval issued by card schemes and other approval bodies shall conform to the Volume by **January 2017**
- Other implementation dates also exist for specific domains or services and are fully detailed in the Book 6

## 7 - Specific guideline and implementation dates

Specific guidelines are defined in Book 6, for example:

- For issuance, all SEPA cards shall support DDA and CDA and shall not support SDA card data authentication from 2018. For acceptance, the support of SDA card data authentication is optional and shall not be used with SEPA cards from 2020
- Plaintext PIN is no longer deemed to be a sufficiently secure cardholder verification method to be supported from 2018 on issuance side and from 2020 by the POI on acceptance side
- All schemes to accept one evaluation process with two certificates (PCI and CC) for POI Security Certification (Attended, Unattended and Chip only) by end 2017

Specific guidelines are defined in Book 6, for example:

(Near dedicated contexts for Low Value Payments and transit transactions)

- Support of payment, cancellation and refund services is required from 2019 from issuer, schemes and acquirers for payments in attended environment where the Cardholder is present, the Cardholder Verification is performed and the final amount is known
- PIN is the only Card Verification Method (CVM) for payment in an unattended environment where the cardholder is present and final amount is known
- In context with low value payments with the Cardholder present, and where risk assessment allows it, “No CVM required” is supported in attended or unattended environment from 2019
- Common implementation rules are mandatory from 2019 in Deferred Payments in an attended and unattended environment with an estimated amount at payment initiation, cardholder is present with cardholder verification

## 7 - Implementation Monitoring Process Structure

- CSG is currently investigating what the appropriate structure would be to:
  - Monitor the conformance with the Volume by the different stakeholders (PSPs, Schemes, Retailers, Processors, Vendors)
  - Assess the conformance of the specifications and specification providers ("Labelling process")

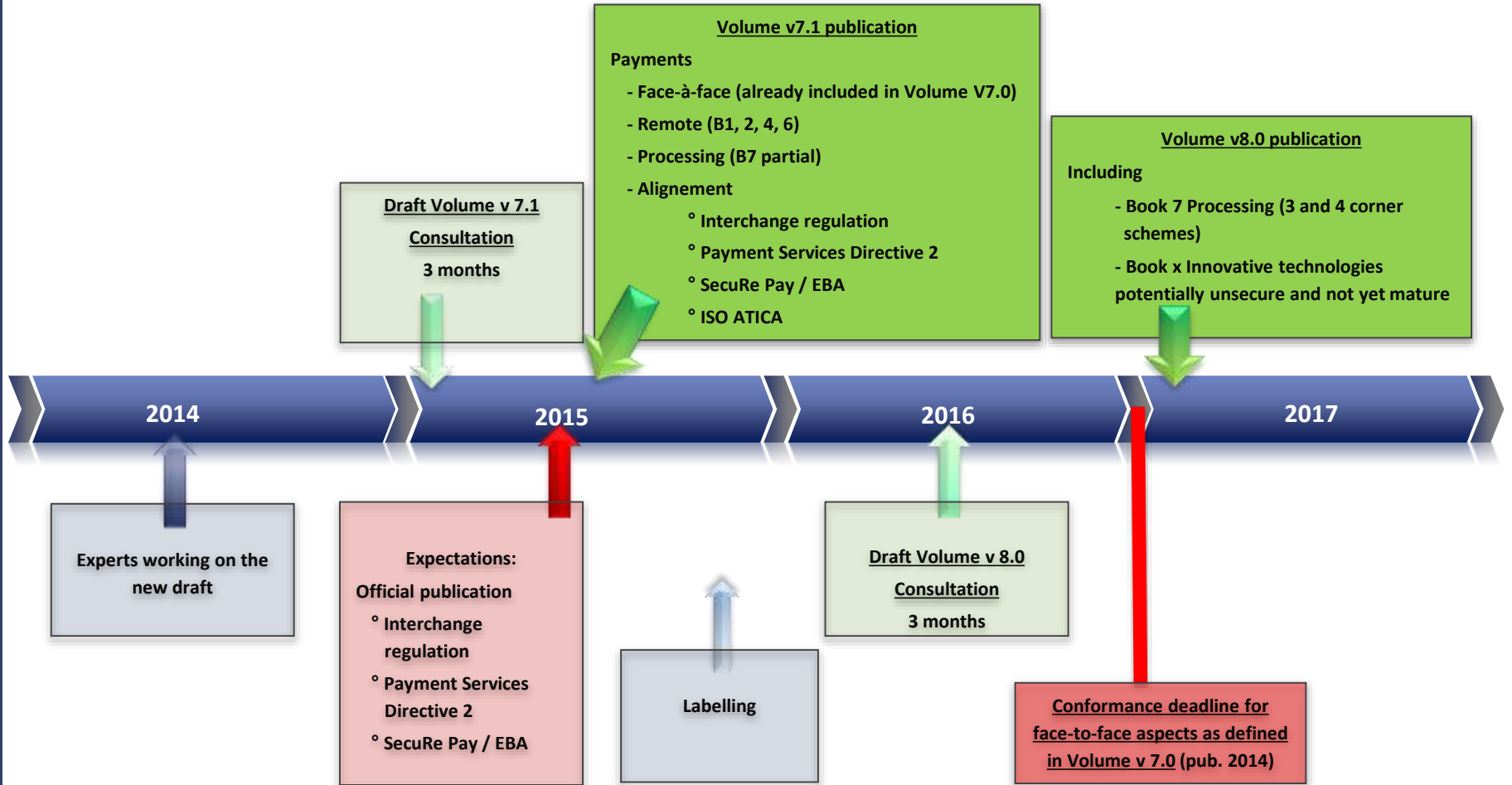


## 8. Next steps

- Establish optional labelling process structure
  - Including the establishment of a legal entity to oversee the process
- Establish Volume Conformance implementation monitoring process
  - Specification implementation monitoring
  - Stakeholder conformance and/or adoption monitoring (Schemes, PSPs, Retailers, Processors, Vendors)
  - Implementation plans and timings as defined in Book 6
- Establish matrix of inclusion to the Volume of innovative services
- Maintain and develop the SCS Volume
  - Adapt all the Volume to the new EU legislations and regulations
  - SCS Volume V7.1: Including the Card Not Present payments (Internet, Mobile payments...)
  - Standard maintenance as planned (Volume V8.0)
- Continue engaging dialogue with regulators



# 8 - Next Steps - Timeline





- CSG has for action plan to address in 2015
  - Volume v7.1 - Consultation and delivery
  - Alignment SCS volume with Regulation (definitions, application selection, etc.)
  - Fraud prevention and security notably for remote payments
  - Monitor implementation v7.0
  - Labelling + structure (entity)
  - Privacy Impact Assessment Template (PIA TF)
  - Tokenisation
  - Authentication/Identification (e.g. Biometrics)
  - Innovation process and assessment

Other ERPB requests?



## 9. Conclusions and expectations

## 9 - The ERPB is requested to acknowledge (1/3)

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## 9 - The ERPB is requested to acknowledge (2/3)

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  - **cost optimisation** reasons
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## 9 - The ERPB is also requested (3/3)

- To leverage the work already done by the CSG and its various working group and **mandating** the CSG
  - to continue working on the next steps for the Standardisation of Cards, Card-based face-to-face and remote payments transactions
  - with a central role in the standardisation of card payment activity and form factors (contact chip, contactless, mobile and other form factors) as well as in the related concepts' definition
- To suggest how CSG can be given indications from Authorities as regards the extent and depth of next work of harmonisation on standard requirements and on the related technical level



# Thank You !



# Questions ?