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## **Intermediary Status Update of the Steering Committee of the Mobile Proxy Forum (MPF) to the June 2017 meeting of the Euro Retail Payments Board (ERPB)**

### **1. Introduction**

Since the November 2016 meeting of the ERPB, the Steering Committee of the Mobile Proxy Forum (MPF) held the following meetings:

- 5<sup>th</sup> meeting on 14 December 2016.
- 6<sup>th</sup> meeting on 31 January 2017.
- 7<sup>th</sup> meeting on 23 February 2017 (conference call).
- 8<sup>th</sup> meeting on 30 March 2017.
- 9<sup>th</sup> meeting on 4 May 2017.

There are currently a total of 37 members (excluding the observers from the ECB and the European Commission (EC)).

### **2. Standardised Proxy Lookup (SPL) service rules**

During its March 2017 meeting, the Steering Committee approved the rules for operating, joining and participating in the SPL service (including a polling logic). The SPL rules were subsequently published on the EPC website.

### **3. eDelivery versus SPL**

During the January 2017 meeting of the Steering Committee, EC representatives provided a presentation on the topic of eDelivery<sup>1</sup>, one of the Connecting Europe Facility (CEF) Digital programmes, which allows to securely exchange data and documents. The message exchange infrastructure is described as “a combination of a message exchange model, a discovery and security model, on top of the internet, or of a private networks, to exchange (un)structured information wrapped in a messaging envelope.”

The Steering Committee has to make a major strategic choice between on the one hand defining and implementing from scratch the “ideal solution” within the MPF (i.e., the SPL based on the agreed service rules) and on the other hand capitalising on the EC’s existing eDelivery solution whose technical specifications and (partial) funding opportunities could be exploited at the likely “cost” of a reduced set of functionalities whose implications would need to be carefully assessed. As a first step, the Technical Working Committee was tasked to prepare a detailed technical assessment (see item 4).

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<sup>1</sup> <https://ec.europa.eu/cefdigital/wiki/display/CEFDIGITAL/eDelivery>

#### **4. MPF working group activities**

In 2017, the Steering Committee established the following three MPF working groups:

##### **Technical Working Group (TWG)**

Since its first meeting on 28 February 2017, the TWG met on a regular basis. Its main focus was on assessing the pros and cons of the eDelivery solution in comparison to the SPL service (as previously identified by the Steering Committee) in order to provide a formal recommendation to the May 2017 meeting of the Steering Committee on the way forward. In summary, the TWG recommended not to endorse the eDelivery architecture as the first choice for implementing the SPL.

Following the recommendation of the TWG, the Steering Committee concluded that it would be hard to match the eDelivery solution to the SPL rules as previously defined. However, in order to be able to make a decision two other factors would need to be taken into consideration i.e. the availability of funding and the need to find a vendor to bring the solution to the market (see item 5).

##### **Legal Working Group (LWG)**

The LWG's task is to undertake a thorough legal review of the impact of data protection and privacy regulations as well as aspects of competition law on the proposed pan-European SPL service.

It will also be responsible for coordinating the development of a legal structure for the entity in charge of the management of the SPL service and for drafting contracts between this legal structure and the technology supplier(s) of the SPL service.

The LWG held its kick-off meeting (via conference call) on 7 April 2017, which resulted in the drafting of a high level list of legal issues.

##### **Market Implementation Working Group (MIWG)**

The Market implementation Working Group is tasked with conducting a full commercial review of the alternative methods of appointing one (or more than one) supplier of the SPL service. It will be also be in charge of the request for proposal (RFP) process for the selection of the technology supplier(s) of the SPL service.

The MIWG will hold its inaugural meeting on 24 May 2017 and one of its first tasks will be to consider ways on how the SPL service could be taken to the market.

#### **5. Key challenges**

The Steering Committee identified the following key challenges which would prevent ensuring a practical implementation of the SPL service by the November 2017 deadline:

##### **Funding**

The Steering Committee assessed the possible preliminary funding needs related to the development of the SPL service solution, and in particular concerning the setup of a legal entity. However, at this point in time, none of the members are able to commit

funding. As a result, it is the view of the Steering Committee that it is unable to ensure a practical implementation of the SPL service by the November 2017 deadline.

In view of the above, the Steering Committee wishes to invite the ECB and the European Commission to assist with identifying funding capabilities, especially as they set the original goal to ensure pan-European interoperability in the field of P2P mobile payments.

### **Setup of a legal entity in charge of the management of the SPL service**

A legal entity would need to be established which requires time and funding.

### **Appointment of a service solution vendor**

The MIWG will need to conduct a commercial review of the alternative methods of appointing one (or more than one) supplier of the SPL service and also prepare an RFP for the selection of a technology supplier of the service.

## **6. Next steps**

In order to be able to progress, further clarity would be needed on where the funding of the SPL solution could come from.

Although the Steering Committee prefers the centralised approach in line with the defined SPL rules, funding needs are expected to be considerably higher compared to the eDelivery solution. This in view of the possibility to apply for grant funding<sup>2</sup> for the latter solution covering up to 75% of the costs of implementation.

Identified potential disadvantages of the eDelivery approach include added complexity, a decentralised approach and the fact that it was not developed for accommodating a SPL solution for pan-European mobile P2P payments. The advantages are that it is likely to have a short time to market (e.g. required technical modifications could be deployed during the summer of 2017), it is based on open standards and the security architecture is well established and compliant with the regulatory framework.

One alternative implementation scenario, discussed at the May 2017 meeting, would be to ensure a minimum viable product by the November 2017 deadline by utilising a de-centralised, multilateral approach, initially with two participants. This would need to be seen as a limited technical solution for the purpose of a pilot, but would require less central funding than the centralised solution. However, a polling of the Steering Committee meeting failed to identify enough volunteers from the attendees for this to be viable.

The next meeting of the Steering Committee is scheduled to take place on 13 June 2017.

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<sup>2</sup> Application period ends on 21 September 2017