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THE CARDS STAKEHOLDERS GROUP, ITS FUNCTIONING AND THE REASONS FOR ACKNOWLEDGMENT BY THE ERPB

1. Introduction

The Cards Stakeholders Group (CSG) was created in 2009 in order to address the needs for standardisation in the field of card payments. The CSG has been very active since then with its most visible contribution being the cards standardisation volume published as a stable version in January 2014.

The attached set of slides prepared by the CSG explains the role and activities of the CSG in cards standardisation. More information on the CSG can be found on the European Payments Council (EPC) website (<http://www.europeanpaymentscouncil.eu/index.cfm/sepa-vision-for-cards/sepa-vision-for-cards>).

With this note, the ERPB secretariat provides short background information on the CSG activities up to now, a short assessment of its work as well as a suggestion on how the work of the CSG could be encompassed in the newly established ERPB.

2. Background information

With representatives of the five most relevant sectors in the field of cards (Payment Services Providers represented by the EPC, Card Schemes, Processors, Vendors and Retailers), the CSG was established in 2009. The CSG is currently co-chaired by the chair of the EPC Cards Working and a representative from the Retail sector. EMVCo¹ and PCI SSC² as well as the ECB and the EC (Directorate General Internal

¹ EMVCo works to facilitate worldwide interoperability and acceptance of secure payment transactions. It is managing and evolving the EMV®1 Specifications and related testing processes. This includes, but is not limited to, card and terminal evaluation, security evaluation, and management of interoperability issues. Today there are EMV Specifications based on contact chip, contactless chip, common payment application (CPA), card personalisation, and tokenisation. Source: http://www.emvco.com/about_emvco.aspx

Market) are invited as observers and participate too in the development of requirements for cards standardisation in Europe.

The balanced and overreaching representation of the relevant stakeholder sectors in the field of cards standardisation makes the CSG a very important body to get to a technical environment in which cards and terminals are fully interoperable within the whole SEPA.

Moreover, the presence of the ECB and the EC as observers in the CSG ensures that the objectives for a fully integrated and harmonised retail payments market in the field of card payments is being pursued by the cards industry in this work.

The establishment of the CSG has been a very important step to ensure that all relevant players in the card payment transaction chain are involved in the work on requirements for cards standardisation. Therefore, and already from the beginning, the ECB has been supporting its work by welcoming its invitation as observer and by recognising its achievements in publications and speeches.

In January 2014, the CSG has published version 7 of the SEPA Cards Standards Volume of Requirements (the Volume), which defines cards functional and security requirements. The Volume foresees that all new solutions shall conform to the requirements of the latest published release within a maximum of 3 years after publication.

The Volume currently defines the functional and security requirements for the “so called” face-to-face transactions. Those are the typical card transactions in which the payer and the payee are present together during the transaction. The CSG is currently working on other aspects in which standardisation efforts are still needed. Those aspects cover mainly card-not-present (e.g. via the internet) transactions as well as other type of card transactions not initiated through the chip embedded in the card. This is becoming very relevant now with, for example, the emergence of mobile telephones as another way of initiating card-based transactions. The CSG is planning to work and release a new version of the Volume (version 8) in January 2017.

It is also important to note that due to the global dimension of card transactions, most of the CSG work makes use of existing international standards like the ones deployed by ISO, and the implementation specifications developed by EMVCo and PCI SSC. This follows also the Eurosystem’s view of what is developed and used in Europe should also be possible to be deployed in other regions of the world.

3. Assessment of the CSG’s work

In several publications and speeches, the Eurosystem has welcomed the establishment of the CSG and encouraged the industry to join forces to continue delivering in the field of requirements for cards standardisation. In particular, in its 7th SEPA Progress Report, the Eurosystem noted that with the establishment of the CSG, the distribution of responsibilities in cards standardisation became clearer.

² PCI Security Standards Council is an open global forum, launched in 2006, that is responsible for the development, management, education, and awareness of the PCI Security Standards, including the Data Security Standard (PCI DSS), Payment Application Data Security Standard (PA-DSS), and PIN Transaction Security (PTS) requirements. Source: https://www.pcisecuritystandards.org/organization_info/index.php

Since the establishment of the CSG, the ECB has followed very closely the work of the group and has been observing good progress in this field, the most evident one being the publication of increasingly matured releases of the volume.

Having the CSG co-chaired by representatives of the supply side and the demand side, makes sure that the work addresses the needs on both sides of the market. Obviously, having both sides present during the discussions may in some cases imply lengthy discussion and in some cases, even lack of progress in some areas. This is where the participation of the EC and ECB as neutral third parties becomes important so that progress is made even in some aspects in which confronted positions may make agreements difficult.

The CSG operates via the creation of expert teams, in which the different stakeholders participate and which provide input for the plenary session. The CSG plenary decisions are based upon the achievement of a consensus among the different sectors.

Not to forget is the fact that the CSG also organises broader involvement by means of public consultations on every new draft release of the Volume.

Overall, the CSG is a very important body in the field of cards standardisation and as such needs to be supported. Work done up to now has been significant, but a lot of work still needs to be done in particular on card not present transactions as well as non-chip based card transactions and non-traditional card transaction initiation devices.

4. Acknowledgment of the CSG by the ERPB

In its mandate, the ERPB has as a clear task to contribute to and to facilitate the further development of an integrated, innovative and competitive market for euro retail payments. In its work, the ERPB is asked to identify the “technical” obstacles that may prevent such developments and to address them.

The role the CSG has been playing up to now is mostly in addressing the lack of standardisation in the different domains in the card transaction chain. As indicated above, a lot of work has been done but a lot remains still to be done. Such work needs to be conducted by experts with a solid knowledge of cards issues. This knowledge looks now to be available in the CSG.

Without excluding the capacity of the ERPB in identifying new priorities and issues that need to be addressed in the cards domain, standardisation needs to continue with the highest priority and a well-established body like the CSG looks to be the better place to continue this work at the level of identifying the European requirements for card standardisation.

The CSG could be invited to report on a regular basis to the ERPB on progress made in this field, and in case of conflicting views (or even slow progress) the CSG could consider asking for guidance to the ERPB.

The ERPB is invited:

- *to discuss the progress made by the Cards Stakeholders Group in the field of developing European requirements for cards standardisation;*
- *to agree that further work on cards standardisation requirements should continue to be addressed by the Cards Stakeholders Group under the acknowledgement of the ERPB;*
- *to agree that the CSG will be invited to report to the ERPB on an annual basis on the progress made as well as to ask for guidance (if applicable) on relevant issues;*
- *to note that its acknowledgment of the CSG does not prohibit the ERPB to become active itself in the European cards standardisation domain, if deemed appropriate.*