



SOME THOUGHTS ON THE "GREEN PAPER"

The Green Paper issued by the European Commission is a public consultation on the subject of electronic payment services. All stakeholders are invited to express their position, through a list of 30 questions, by April 11, 2012. The objective is to evaluate the need and possibility of taking a certain number of Community-scale measures at the European level.

This consultation addresses several topics, in particular:

- Access to European electronic payments markets and governance
- Making payments secure and protecting personal data
- Transparency of costs and optimising electronic payment services
- Standardisation and interoperability

CB supports this dialogue process initiated by the Commission. CB hopes that sharing the positions of all the players of the electronic payment ecosystem (payment systems, banking establishments, new entrants, industrialists, merchants, consumers, etc.) will provide effective input to the discussions in progress and will lead to measures that are both appropriate and proportionate. The stakes are high: providing Europe with operating principles that make it possible to ensure the development of all economic partners and protect the interests of all, particularly of merchants and consumers.

CB approves the principles of governance that appear to be emerging, principles of openness that CB supports all the more since they are the principles it applies in its own system: permanent dialogue with all stakeholders, which makes it possible to better define the products and services that match changes in needs and use, while ensuring that an overall balance is maintained.

CB also approves the affirmation of the need for secure payments for everyone, an essential element on which CB has built a solid foundation of confidence despite changes in needs and habits and increasingly sophisticated fraud attempts. This security has a cost, of course, but, in addition to the trust it generates, it ensures the sustainability of the financial institutions' economic models, and in particular those where the payment is not linked to a credit activity.

On the other hand, CB rejects ideas that might lead to a widespread trend of electronic payments becoming free of charge. How can companies be compelled to accept and manage all the electronic payments and continuously increase the level of security if they are not allowed to cover the costs involved and to be remunerated for the added value they offer to users? How can competitors be asked to work together to increase the acceptance of electronic payments if they are not allowed to cover the costs of this collaboration? If a free electronic payments system were to become widespread, this would no doubt result in less transparency since, in one way or another, the players would be forced to cover the costs incurred by, for instance, putting in place a system to cross-subsidise them through their other activities. And in that case, it would be a safe bet that the consumers would end up paying the largest share. In extreme cases, it is even conceivable that some players would have to give up offering electronic payment services, contrary to the principles of a competitive market!

CB emphasises the vital role that "Card Scheme" plays in the proper functioning of electronic payments. Contrary to what the Green Paper sometimes suggests, the Card Schemes must be viewed as organisers and facilitators which ensure not only that transactions work smoothly in daily life but also provide controls on essential facets, such as security. They are also entities in which all

the stakeholders can collaborate and innovate together for the benefit of the users. The Card Schemes are an integral link in the ecosystem. They ensure security, interoperability and also that market needs and changes are taken into account. If the Card Schemes were no longer play this key role, some may well be tempted, in the interests of short-term profits, to lower the levels of security and the quality of service. Once again, if the Card Schemes were no longer to play their vital role, standardisation may also be at risk. Standardisation facilitates and allows something which seems at first glance to be irreconcilable - large-scale acceptance and increased competition between players - to be reconciled. Because of its extensive knowledge of this issue, CB is heavily involved in European standardisation projects and is convinced that it is through this effort that a wide range of services can be offered to merchants and consumers most cost-effectively.

CB wishes to stress the importance of ensuring that situations that distort competition are avoided. Today it can be seen that, although it was not the original intention, the Payment Services Directive (PSD) has helped to develop inequalities between the traditional Payment Service Providers and the new entrants, by not requiring them to meet and respect exactly the same obligations, even sometimes putting at risk the delicate security balances that the card payment systems have successfully introduced and maintained, year after year. The PSD has also introduced inequalities between EU Member States by allowing 23 articles out of a total of 76 to be freely interpreted in the national transpositions, thus encouraging service providers and other players to register in the EU Member States where the regulations are the most advantageous whilst still benefiting from the European passport. This allows them to operate anywhere in Europe under the regulations of the registration country and to override the legislation of the Member State of the consumer (an example of this is that surcharging is authorized in some countries, which means that if the website where payment is made is registered in a country where surcharging is allowed, then consumers will have to honour this surcharging even if they are using the website from a country where surcharging is prohibited). Not to forget the different implementation schedules for the Eurozone and non-Eurozone, which sometimes results in the latter being treated more favourably. CB believes that the SEPA zone should be expanded to the entire European Union in order to re-establish equality of treatment.

Finally, CB hopes that compliance by everyone with the application of the established rules and regulations established will be ensured and that we will not see, as we do now for instance, that some players respect and apply the "unbundling" decision - the separation of operational activities and regulatory activities - while others ignore it.

CB will respond to the Green Paper before April 11 2012 in this spirit of probity and transparency, and in particular will underline :

- *The vital role played by the Card Schemes, in particular with regard to cooperation and security;*
- *The imperative need to establish principles that are fair, clear and stable over time for all Member States and all players;*
- *The importance of the principle of remuneration for electronic payments, at the best price, for all those who provide them and benefit from them;*
- *The necessity for Europe to have a real Community-scale electronic payment project, which will be based not on the systematic incrimination of the traditional players, but on values shared by everyone;*
- *... And, in the end, for all the players operating in Europe to respect and comply with adopted principles.*