CSG 125-10
(v0.3)

10 November 2014
UB/JM/CS/PS/FG

SEPA Card Standardisation
"Stock Taking" Exercise & Implementation plan
Progress Report
ERPB - 1 December 2014

Circulation: ERPB (cc. CSG GM)
Restricted: Yes

1. Introduction:

The Cards Stakeholders Group (CSG):

- Was 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.

2. Card Standardisation Progress - 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:

  o The real multi-stakeholder standardisation process being developed within the CSG;

  o Its work to develop a sustained self-regulatory nature of Cards standardisation in Europe.

- 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:

  o Respect of **competition** law

  o Moving targets as the **regulation** is going to add new requirements and as **innovation** requires flexibility

  o **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 mandating the CSG

  o To continue working on the next steps for the Standardisation of Cards, Card-based face-to-face and remote payments transactions;

  o 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.

3. Card Standardisation Progress - Detailed Report:

The annex, in form of a slide show (Pres CSG , describes in more details:

1. The CSG understanding of the ERPB Request

2. The Different Domains of the card payment chain

3. The SEPA Card Standardisation Volume implementation process

4. The Identification of the outstanding work to be done

5. Some examples of the (existing or needed) initiatives to solve the issues

6. The Implementation monitoring process

7. The Next Steps

8. Conclusions and Expectations

In this detailed report, the card standardisation ecosystem is presented:

3 examples have been taken in the domain of card payment terminals:

1. Card 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.**

2. Card Payment Terminal - Acquirer Communication 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.

3. Card Payment Terminal Application

For 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.

These efforts are intended to improve the initial situation where there were in SEPA more than 15 pre-existing security certification processes in place, more than 40 terminal applications and protocols and associated certification compliance processes.

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