

“Strategy forward for the EPC”

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BUCHAREST

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- Status
- Challenges
- Necessary Actions
- Decisions

- In the last 10 years, more than 360 professionals from 32 countries developed within the EPC structure rule books for the SEPA Credit Transfer and the SEPA Direct Debit.
- Those EPC experts created a framework for the European cards business, and engaged successfully in a stakeholder organization (CSG, cards stakeholder group) with schemes, retailers, vendors and processors, to set up a comprehensive documentation about standardization in the cards area (the Volume).
- Activities in cash and in innovative areas like e- and mobile payments supported the task to help make the SEPA vision come true.

- With the „SEPA end date regulation“ phase 1 of the SEPA project comes to an end (Feb.2014)
- The migration phase is the final important step in the SEPA project – SEPA „products“ enter the reality.
- The regulators (DG Competition, DG Market and ECB) are heavily engaged in steering this political project, ECB acts as an observer in EPC meetings (working groups, plenary)
- The green paper“ Towards An Integrated European Market For Card, Internet and Mobile Payments“, issued by the EC, started SEPA phase 2
- Cooperation/developments in SEPA phase 2 is heavily influenced by the horizontal guidelines concept of the DG Competition

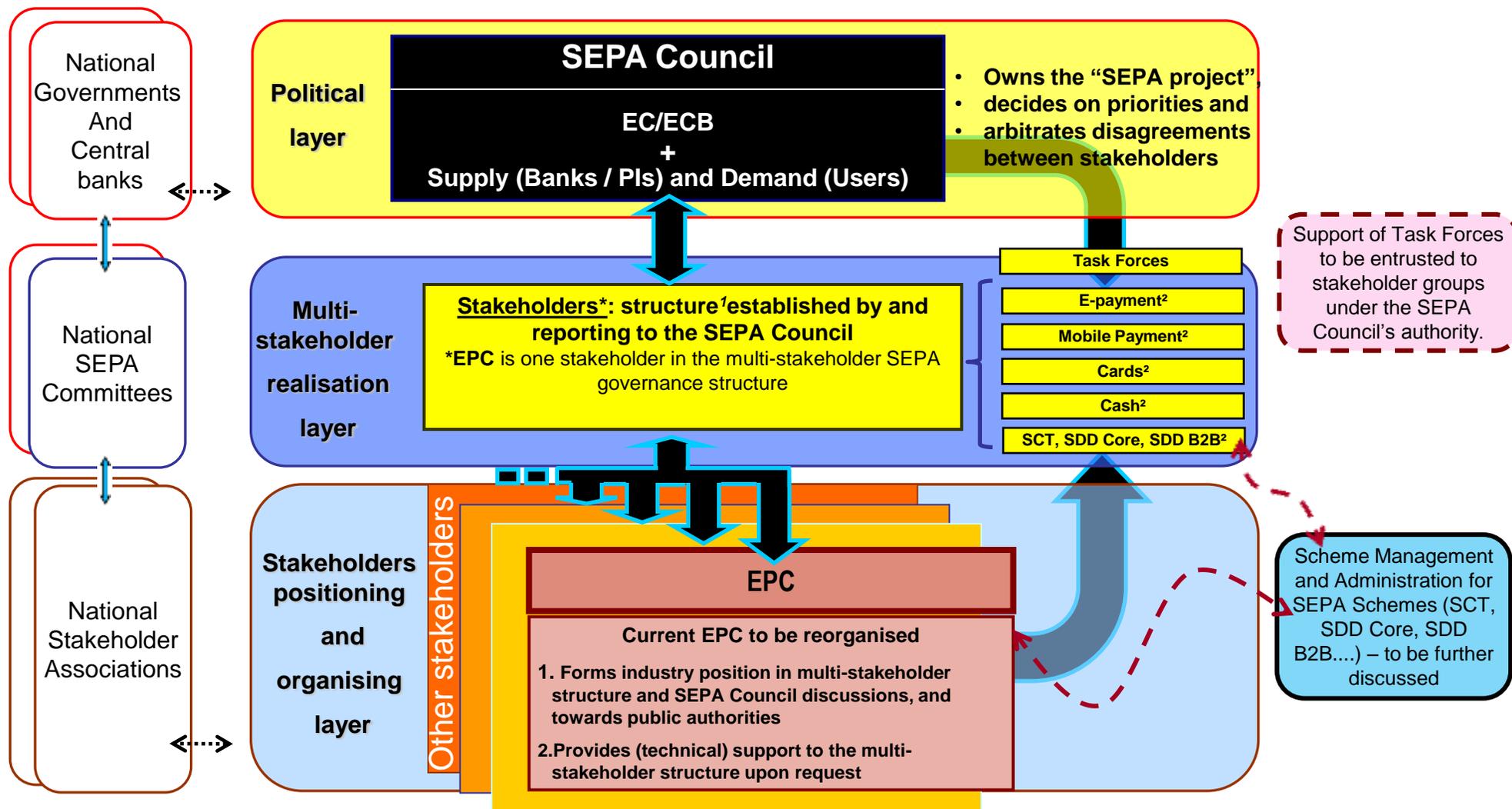
1) Migration

- There is a tendency to keep national solutions as they proved to work well over the last years. Harmonizing SEPA according to the clearly defined policies of the authorities will need commitment, willingness for compromises and a strong belief in Europe.
- AOS's and optional features in the rulebooks may reflect some reluctance towards change.
- The current crisis, political interest and the image of banks are less supportive for this task.

2) Change of Governance

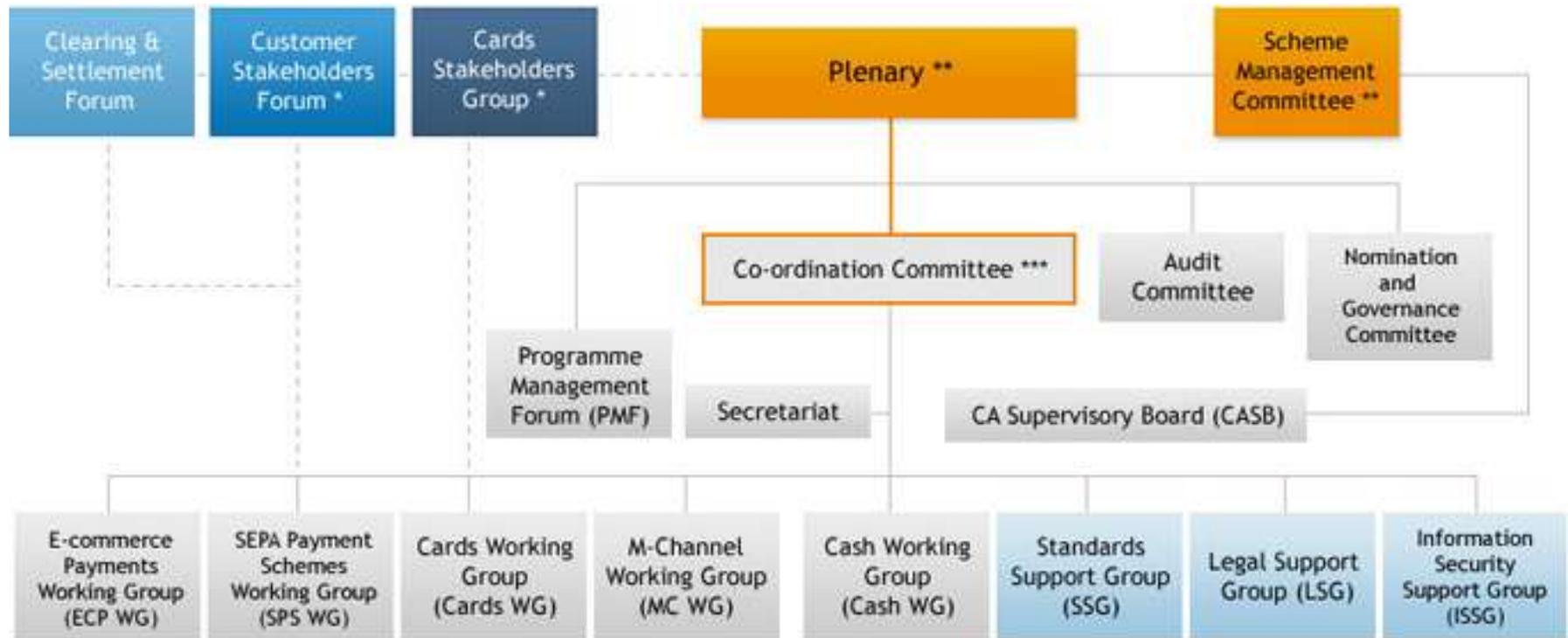
- The EC pronounced the necessity to change the current governance structure of the SEPA project.
- EPC offered a solution (see next slide) stressing the original structure of a stakeholder driven approach.
- Clear statements about the way forward are expected from the authorities by years' end.
- EPC is currently planning in the „old“ structure and will have to change horses midstream.

SEPA governance - EPC proposal



1. Inspired by the ‘Cards Stakeholders Group’ model
2. Current work items (i.e. E-payments, mobile, etc.) are illustrative and may evolve in future.

Current structure of the EPC



- * Alignment with other stakeholders
- ** Decision-making body
- *** Strategy and process body

3) Innovation

- The authorities press for innovation in Europe in order to compete with the R.O.W.
- Innovation is driven by social media developments, by technology and by human behavior
- Banks seem to be less innovative than new entrants (non banks)
- Business case thinking limits the engagement of banks as front-runners in this innovation race
- New entrants in the payments area are interested to get access to the (bank) accounts, supported by DG Competition

- Banks have to organize a smooth migration to the SEPA instruments in order to be ready for SEPA phase 2
- EPC has to change according to the new, upcoming SEPA governance structure.
- Banks have, supported by the EPC, to engage in innovation and solutions in the „virtual“ payments area (e-commerce).
- Banks have to find ways how to interact with new competitors.
- Payments has to become again a board topic (anchor product „account“ is at stake).





Thank you for your attention!