



Innovation and governance in SEPA

9th Conference on Payments and Securities Settlement Systems, Ohrid, 5-8 June 2016

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EUROSYSTEEM



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What is SEPA?



**One single market for euro
retail payments in 34 countries**

Goal of SEPA: an integrated euro payments market

- 34 SEPA-countries
- 523 million citizens
- 4,500 payment service providers
- A single set of payment instruments in euro
- Efficient and interoperable infrastructures for the processing of euro payments
- Common technical standards
- A harmonised legal basis



SEPA in more detail



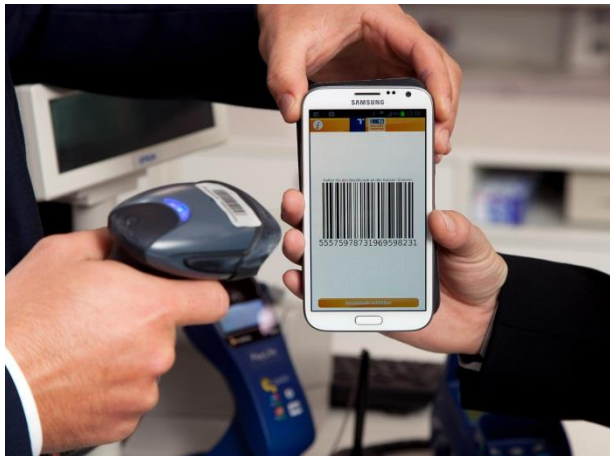
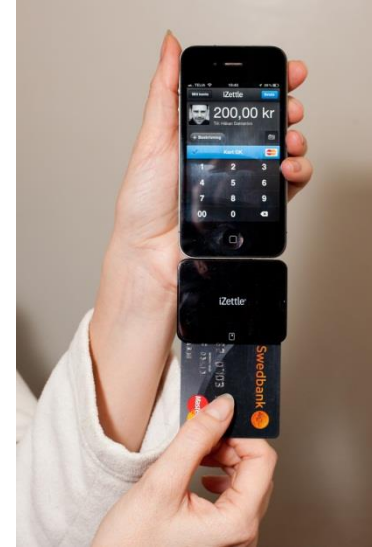
- IBAN and Business Identifier Code (BIC)
- SEPA Credit Transfer
- SEPA Direct Debit (Core & B2B)
- SEPA for Cards
- ISO standards UNIFI 20022 (XML)
- SEPA-regulation. Other legislation: Payment Services Directive 2, Payment Accounts Directive, Interchange Fee Regulation



The world of payments as we know it is undergoing a change process



New solutions are being introduced



And new providers are entering the market



Successful innovations are nevertheless rare



There are 4 factors which contribute to a recipe for success

1. Cooperation between different parties

2. Clear added value to consumers and retailers (i.e. end-users)

3. Communication by providers

4. Business case



1. Cooperation between different parties



2005: introduced by 3 large banks

2006: transfer to Currence -> possibility for other banks to join

Now accepted everywhere in the NL

Demand for online payment method

Advantages users: ease of use, safe, familiarity, payment confirmation

Good cooperation between banks

1. Cooperation between different parties



Introduced by participating banks (issuers) of the Multibanco (MB) scheme

Goal was to mitigate risks of online shopping

One-off proxy card numbers can be generated or one-year numbers for a given merchant

Advantages users: safety, familiarity, reliability

Cooperation between banks is a key factor

2. Clear added value to consumers and retailers



1996: introduction Chipknip, shortly after that Chipper

2001: Chipper abolished

2007: repositioned as a nicheproduct

Now: abolished as of 1st of January 2015

Introduction supply-side driven

Added value users - limited

Competition on standards and infrastructure

3. Communication by providers



Clear communication on:
Advantages of offered products,
Security aspects & risk mitigation
User guidance & instructions