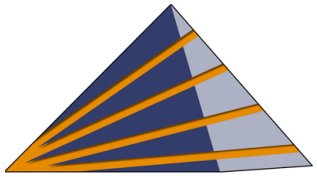

CSG 044-15 - Extract
(v1.0)

Euro Retail Payment Board

SEPA Card Standardisation

"Stock Taking Exercise" & Implementation plan

Progress Report

Extract: Executive Summary

29 June 2015

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Main Conclusions

During its 1 December 2014 meeting, the Euro Retail Payments Board (ERPB) agreed

- to invite the CSG to complete its stock taking exercise of market initiatives developing technical standards (so called implementation specifications) by June 2015;
- to invite the CSG to formulate a procedure for the assessment of conformity of those technical standards with the SEPA Cards Standardisation Volume by June 2015.

This CSG Stock Taking Exercise provides a report on the current situation for card payment standards in 4 of the most important card payment chain domains: Card Payment **Terminal to Acquirer** Protocols; **Card to Terminal** Domain (covering the card payment terminal application); Terminal **Security**; **Acquirer to Issuer** Processing.

This report notably shows how the SEPA card standardisation market is progressively evolving from a previously fragmented situation, where many standards were defined domestically, to a more pan-European organisation of the card standardisation ecosystem. This evolution is based both on the implementation of global standards (ISO, EMV…) and on the use of European standardisation or market initiatives detailed in this report.

Beyond the analysis of the situation, this report also presents the implementation plans of the CSG regarding the procedure for implementation specifications conformance assessment. With the creation of a new group, called SCCMB[1], the CSG will implement a "labelling" procedure to monitor the conformance of implementation specifications initiatives to the requirements spelled out in the SEPA Card Standardisation Volume.

These achievements, if pursued and supported by all the stakeholders and regulators, will improve the harmonisation of card transactions in SEPA, while also fostering innovation. Based on these conclusions, the ERPB is invited to acknowledge the present report, including the analysis of the situation in the different domains and the proposed recommendations and invitations.

For **Card-to-Terminal** and **Terminal-to-Acquirer domains**, the CSG Members could already agree on the same set of functional requirements, as described in the SCS Volume. For the implementation, the CSG concludes that the choice of implementation detailed specifications should be market driven. However, these implementations specifications have to be based on requirements and principles that are defined in the SCS Volume.

Card acquirers and processors should recognise and work with at least one SCS Volume conformant implementation specification. For new terminals, the choice of implementation

[1] SEPA Card Certification Management Body

specifications should be market driven among Volume conformant protocol specifications and should not be limited by the terminal software architecture. However, for the installed terminal base, it is not recommended to require a migration to a Volume conformant protocol specification since this would result in a huge investment, with no obvious return on investment for merchants or PSPs.

In the **Terminal Security domain** also, a lot of progress has already been achieved since all the CSG Members could already agree on the same set of security requirements, as described in the SCS Volume. It is now recommended that the identified evaluation methodologies, processes and certification frameworks implement the relevant security requirements described in the SCS Volume. It is also recommended that Card Schemes strictly follow the process described in the SCS Volume.

So far the CSG has only partially analysed the **Acquirer to Issuer Card Processing domain** with a focus on Data Element requirements and processing framework requirements. The CSG proposes to undertake a study, at European level, to evaluate any interest for and benefit of a migration to a given standard of messages set and clearing & settlement practices.

The ERPB is also invited to acknowledge the CSG plans on the **SCCMB** (new structure dedicated to the labelling of implementation specifications and monitoring of the conformance to the SCS Volume requirements). The CSG intends to put in place the SCCMB when the new CSG governance will be in place and also start the initial setup and preparation work during the second half of 2015.

Finally, the CSG proposes to keep the ERPB informed in the future on the study in the Acquirer-to-Issuer card processing domain, on the setup of the SCCMB, and more generally to provide an update of the Card Standardisation Stock Taking Report reflecting main evolutions with a periodicity of 12 or 18 months to be agreed by the ERPB.

Cards Stakeholders Group

Recommendation table

Number	Issue / Rationale	Recommendation/Invitation	Addressee
CSG-R1	**Terminal to acquirer domain:** The same set of functional requirements has been agreed among Card Stakeholders but, there is still a widespread fragmentation in the terminal to acquirer card payment protocols owing to differing domestic market practices.	The ERPB recommends that for newly installed payment card terminals the choice of protocol specification should be market driven among protocol specifications which are conformant to the SEPA Cards Standardisation Volume (SCS Volume). Acquirers and processors should recognise and work with at least one SCS Volume conformant protocol specification.	Acquirers and processors of payment card transactions. Merchants accepting payment cards.
CSG-R2	**Card-to-terminal domain:** All terminal applications in Europe are now based on EMV specifications. However, different payment applications are used to implement the rules of the different card schemes active in the different markets. This is due to different market practices and leads to a widespread market fragmentation in Europe.	The ERPB recommends that for newly installed payment card terminals the choice of terminal payment application should be market driven among terminal payment applications which are conformant to the SEPA Cards Standardisation Volume (SCS Volume). Acquirers and processors should recognise and work with at least one SCS Volume conformant terminal payment application.	Acquirers and processors of payment card transactions. Merchants accepting payment cards.
CSG-R3	**Terminal security domain:** Significant convergence has taken place over recent years since the CSG could already agree on the same set of security requirements. Two security evaluation methodologies/certification frameworks have been identified to verify the respect of these requirements: PCI Security Standard Council Common Criteria	The ERPB recommends that the identified terminal security certification methodologies, processes and certification frameworks will implement the relevant list of requirements described in the SCS Volume. Schemes shall follow strictly the process described in the SCS Volume for this domain.	Terminal security implementation specification providers and their certification bodies. Card Schemes.

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CSG-I1	**Acquirer to Issuer domain**: The CSG considers the acquirer to issuer card processing domain as a stable one, but it has not fully analysed it. It has only been partially included in the SCS Volume.	The ERPB invites the CSG to perform a study, at European level, to evaluate any interest and benefit of a migration to a given standard of messages set and clearing/settlement practices in the Issuer-to-Acquirer domain.	Cards Stakeholders Group
CSG-I2	**SCS Volume implementation**: The setup of the SCCMB, a structure dedicated to the SCS Volume Labelling of implementation specifications and monitoring of the Conformance to the SCS Volume requirements, represents a necessary step for the implementation of the SCS Volume.	The ERPB endorses the conformance procedures put forward by the CSG for the implementation of the SCS Volume and invites the CSG to implement these procedures during second half of 2015.	Cards Stakeholders Group
CSG-I3	**Reporting on the card technical standard harmonisation:** The CSG has been asked to perform a stock-taking exercise on the implementation of standards related to payment cards.	The ERPB invites the CSG to regularly report back to the ERPB on the progress in the implementation of harmonised standards related to payment cards in Europe. Such reporting is foreseen at least every 18 months.	Cards Stakeholders Group