



**Cards Stakeholders Group**

CSG 059-16  
(v1.0)

# **Euro Retail Payment Board**

## **SEPA Card Standardisation**

**“Stock Taking Exercise” & Implementation plan**

**Report UPDATE**

**13 June 2016**



## 1. Executive Summary

On the basis of a detailed report presented at the June 2015 meeting of the ERPB by the Cards Stakeholders Group (CSG), the members of the ERPB took stock of the market initiatives to develop technical standards (“implementation specifications”) for payment cards in the EU and made recommendations to the CSG.

No major changes have been observed in the market in the use of standards in the last year, therefore the data indicated in the 2015 report are still valid.

However the CSG decided to reorganise itself into an independent standardisation organisation for card payments, controlled equally by the 5 professional sectors active in the card business:

- retail sector
- payment service providers
- card schemes
- processors
- solution vendors

The new legal entity, called **ECSG, or European Card Stakeholders Group**, includes a specific management committee dedicated to the Volume Conformance assessment. This ‘Volume Conformance Management Committee’ (VCMC) has already started its work to monitor the conformance to the SEPA Card Standardisation Volume requirements.

On the basis of the established group and processes, it is proposed to monitor the migration of the European card payment standardisation with new specific progress indicators. The first report based on these new indicators shall be presented at the June 2017 ERPB meeting.

In the **Acquirer-to-Issuer domain**, a study has been delivered on the opportunity and feasibility of the migration of all European card processing to a common ISO20022 standard for cards.



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In the **Terminal Security domain**, different initiatives continue to implement the European security requirements defined in the SEPA Card Standardisation Volume. PCI SSC has notably announced that the European Card Payments Association (ECPA) has joined the PCI SSC as Strategic European Regional Member; this adds significant European technical involvement and influence in all PCI standards. And also the CSEC (Common Security Evaluation and Certification) Consortium was established by UKCA and GBIC.



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## 2. Background

On the basis of a detailed report presented at the June 2015 meeting of the Euro Retail Payments Board (ERPB) by the Cards Stakeholders Group (CSG), the members of the ERPB took stock of the market initiatives to develop technical standards (“implementation specifications”) for payment cards in the EU.

The members of the ERPB agreed that in the terminal-to-acquirer and card-to-terminal domains, the choice of implementation specifications should be market driven and conform to the SEPA Cards Standardisation Volume (SCS Volume). In the terminal security domain, terminal security certification methodologies, processes and certification frameworks should implement the relevant list of requirements described in the SCS Volume.

Furthermore, the members of the ERPB agreed to invite the CSG to:

1. implement the relevant procedures and start to monitor the conformance of implementation specifications for payment card products and services to the SCS Volume in the second half of 2015;
2. perform a study at the European level to evaluate any interest and benefit of the migration to a single message standard and standardised clearing/settlement practices in the issuer-to-acquirer domain;
3. report back to the ERPB every 12 months with an update on the stock-taking exercise concerning the progress of the implementation of harmonised standards related to payment cards in Europe.



The related three recommendations made by the ERPB are presented hereafter.

<b>Number</b>	<b>Issue / rationale</b>	<b>Recommendation</b>
ERPB/ 2015/ rec5	<p><b>Terminal-to-acquirer domain</b> The same set of functional requirements has been agreed among card stakeholders, but there is still widespread fragmentation in terminal-to-acquirer card payment protocols owing to differing domestic market practices.</p>	<p>The ERPB recommends that, for newly installed payment card terminals, the choice of protocol specification should be market driven and conform to the SEPA Cards Standardisation Volume (SCS Volume). Acquirers and processors should recognise and work with at least one protocol that conforms to the SCS Volume.</p>
ERPB/ 2015/ rec6	<p><b>Card-to-terminal domain</b> 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 widespread market fragmentation in Europe.</p>	<p>The ERPB recommends that, for newly installed payment card terminals, the choice of terminal payment application should be market driven and conform to the SCS Volume. Acquirers and processors should recognise and work with at least one terminal payment application that conforms to the SCS Volume.</p>
ERPB/ 2015/ rec7	<p><b>Terminal security domain</b> Significant convergence has taken place over recent years as the Cards Stakeholders Group already agreed on the same set of security requirements. Two security evaluation methodologies/certification frameworks have been identified to verify that these requirements are being respected:</p> <ul style="list-style-type: none"> <li>• Payment Card Industry Security Standard Council;</li> <li>• Common Criteria.</li> </ul>	<p>The ERPB recommends that the identified terminal security certification methodologies, processes and frameworks implement the relevant list of requirements described in the SCS Volume. Schemes shall strictly follow the process described in the SCS Volume for this domain.</p>



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### **3. Update Report on the card standardisation actions – June 2016**

#### **3.1. ERPB Requests**

##### **Report update**

**In line with ERPB 3<sup>rd</sup> request, this report presents the main changes compared to June 2015 situation.**

No major changes have been observed in the market in the use of standards in the last year, therefore the data indicated in the 2015 report are still valid.

To go further this report proposes also in its next steps the setup of progress indicators to measure quantitatively the progress of card standardisation harmonisation in Europe.

##### **Setup of the ECSG and VCMC**

The CSG members have approved the creation of the ECSG (European Card Stakeholders Group), independent association to be established in Brussels as an AISBL, now equally controlled by the 5 sectors active in card payments. Within the ECSG, the 'VCMC' (Volume Conformance Management Committee) will be setup. Its roles will be to assess the conformance of the implementation specifications with the standardisation requirements expressed in the SCS Volume.

**Both the ECSG and its internal Volume Conformance Management Committee are now in the process of being legally created. A detailed report on labelling has also been provided separately to the ERPB.**

##### **Progress in the Acquirer to Issuer Domain**

For the ACH model, ISO20022 based SCC messages derived from SDD messages have been successfully implemented for the clearing of card transactions in the girocard scheme (also active outside of Germany), representing 3 billion transactions annually. Within this framework also Maestro and VPay transactions are cleared using these messages. SCC is implemented by EBA Clearing too. SCC data elements are already included in Book 3 of the SCS Volume.



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A new standard has been published by ISO: ISO20022-ATICA in version 1. It includes 31 messages covering all the processes of the Acquirer-to-Issuer card processing domain: authorisations, clearing, reversals, network management, settlement, chargebacks...

The ISO group in charge is now working on a 2<sup>nd</sup> version of this standard to be published by the end of this year 2016. This new version will be functionally more complete and also include the necessary Message Users Guides. It should lead to concrete implementations.

The CSG has decided to include the ISO20022-ATICA data elements in the SCS-Volume next release version 8, due by the end of this year.

**A detailed study on the opportunity and feasibility of a migration to ISO 20022 is presented separately. It includes the assessment of the potential migration to this standard and proposes recommendations to foster the use of common ISO20022 card processing messages in Europe.**



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### 3.2. ERPB June 2015 Recommendations

In the **Card-to-Terminal** and **Terminal-to-Acquirer domains (ERPB/2015/rec5 and rec6)**, the solutions assessed by the VCMC will allow merchants, acquirers and vendors to deploy solutions for which the SCS Volume Conformance has been demonstrated.

Acquiris is the Specification and Certification Provider of the C-TAP implementation specifications, a multi-brand, multi-acquirer/processor, multi-technology solution for retail (large and mass market), petrol, vending machine environments. C-TAP is already installed on 500.000 terminals on the field in Belgium, the Netherlands, Luxembourg, Germany, Ireland, the United Kingdom, Sweden, Denmark, Slovakia and soon France; every C-TAP terminal has the potential to support about 30 brands (global, domestic, proprietary e.g. meal voucher). The Acquiris organization is active since years and has established efficient governance for the maintenance of the specifications, the certification of products having implemented C-TAP, the management of the operational parameters allowing any C-TAP POS to interact with any C-TAP host according to merchant acquiring contract per brand. Around 30 members (POS vendor, processor, acquirer) participate to Acquiris. A self-assessment of the conformance of the C-TAP implementation specification against the SCS Volume requirements was provided in October 2014.

CB2 is a Terminal to Acquirer scheme/processing independent solution provided by Consorzio Bancomat and used in a multi-brand environment, for retail, vending machine and petrol markets.

2 million POI terminals are expected to use CB2 standards by the end of 2017 in European Countries like Belgium, France, Italy, Spain, and UK between others.

The key characteristics are: management of multi-acquirer environments, security guaranteed by the use of mutual authentication between terminal to host and by the encryption of messages, remote management of terminal parameters and possibility to detect different error conditions.

The protocol is used to support online/offline transactions and in a contact/contactless environment. The conformance self-assessment against the SCS Volume is foreseen by the end of the 2016.

nexo solutions have been chosen by first merchants and acquirers in Europe and the nexo organisation finds interest by all the European 5 sector representatives. An assessment of the nexo implementation specifications against the SCS Volume requirements is planned in 2016. Solutions based on nexo standards are already used in France, Germany and Spain, by first large retailers such as Carrefour, Auchan, Total, supported by all the top payment terminal makers, schemes and processors.

The International Forecourt Standards Forum (IFSF) pan-European solution is already supported by many petrol stations & acquirers on a full pan-European basis. IFSF conformance assessment has not started yet, but is foreseen in the course of 2017.

nexo and IFSF are now cooperating on the inclusion of all the necessary IFSF data in ISO20022.





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**Terminal Security domain (ERP/2015/rec7)** has shown the following evolutions:

The PCI SSC a global open standards organisation announced on the 22<sup>nd</sup> March 2016 that the European Card Payments Association (ECPA) had joined PCI SSC as Strategic European Regional Member. This adds significant European technical involvement in all PCI standards but specifically the PCI PTS Standard, where the ECPA will join the existing Affiliate Members, and Global Card Schemes in helping ensure the PTS standards are Volume conformant, up to date and offer latest and best level of security evaluation and certification for all Point of Interaction Devices, including M-POS, Unattended Kiosks, Petrol Pumps, HSMs and the security of Card reader and PIN Pads used in an ATMs.

PCI will continue to share both the standards and the list of approved products and components with the new ECSG. PCI will also continue to work with the ECSG and all its members to ensure the very best levels of security for Payments throughout the SEPA region.

CSEC, the Common certification Consortium using the scheme independent ISO 15408 Common Criteria as the evaluation methodology was formally established by UKCA and GBIC and is up and running for POI security certification. The Consortium defined all processes and policies including a common certification body of UKCA and GBIC. This body issues security certificates which can be used by the vendors for both markets, UK and the girocard scheme. CSEC shows full compliance with the SCS Volume security requirements.



## 4. Future Developments and Next Steps

For future progress reports and in order to follow easily the progressive compliance progress of European card standardisation, the CSG proposes the introduction of progress indicators.

### 4.1. For New Solutions

Number of Volume conformant functional and security specifications for communication protocols and terminals in the following domains:

- Card to Terminal domain
- Terminal to Acquirer domain
- Terminal security domain
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### 4.2. For Installed Solutions

Market penetration of Volume conformant functional and security specifications:

In the card to terminal domain:

% of installed terminals using conformant implementation specifications

% of schemes recognising at least one compliant implementation specifications

(if available, % of processed transactions using conformant implementation specifications)

In the Terminal to Acquirer domain:

% of installed terminals using conformant implementation specifications

% of acquirers supporting conformant implementation specifications

% of schemes recognising at least one conformant implementation specifications

(if available, % of processed transactions using conformant implementation specifications)



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In the Terminal security domain:

% of installed terminals using conformant implementation specifications

% of schemes recognising at least one compliant implementation specifications

(if available, % of processed transactions using conformant implementation specifications)

It is proposed to start the reporting on these indicators in mid-2017 in regards to 2016 year end data.

