



Euro Alliance of Payment Schemes

EAPS contribution to the development of SEPA for cards payments in Europe?

IIR Conference, Lisbon

16 November 2010

Edwin Schooling Latter

Director of EAPS Board

Contents

- Introduction to EAPS
- European cards payments landscape
- EAPS achievements
- Implementations
- The future





Euro Alliance of Payment Schemes

INTRODUCTION TO EAPS

Introduction to EAPS

- Governed by European players; Issuers and Acquirers
- Connects European debit card schemes
- European alternative to international card schemes
- Leverage existing national payment infrastructures
- Increased market reach and card acceptance
- Free choice of processors
- No costs for brand usage



Organisation

Pago BANCOMAT – Italy

EUFISERV – Europe

EURO 6000 – Spain

MULTIBANCO – Portugal

girocard – Germany

LINK – United Kingdom



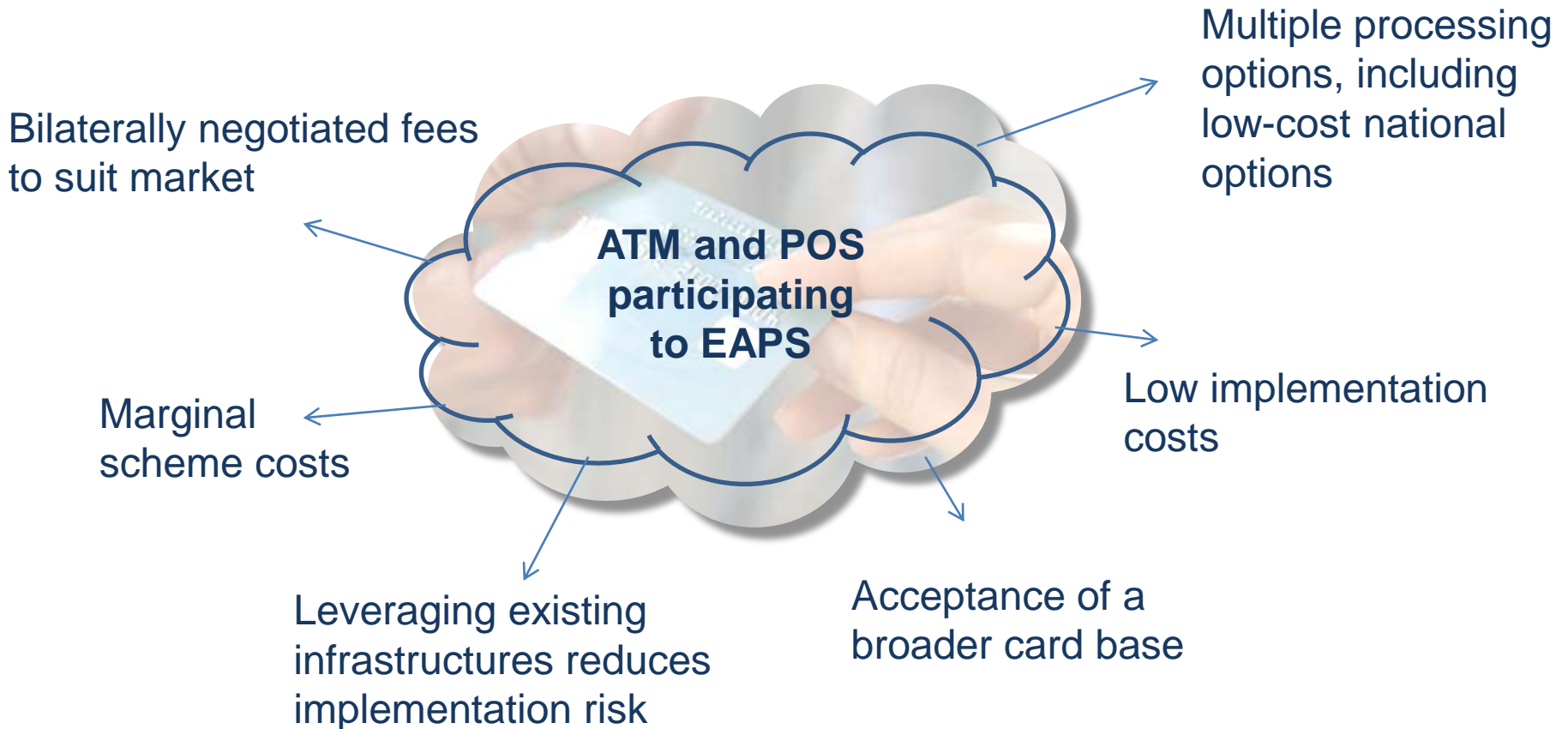
Implementation scope

| |  Pago Bancomat |  Girocard |  Eufiserv |  Euro 6000 |  LINK |  Multibanco |
|--------------|--|---|--|--|---|---|
| ATM | 37,500 | 52,500 | 58,500 | 16,500 | 63,000 | 13,391 |
| POS | 1,150,000 | 600,000 | N/A | 293,500 | N/A | 202,395 |
| Cards | 26,000,000 | 94,500,000 | 67,000,000 | 14,700,000 | 66,800,000 | 19,767,925 |



Key benefits of Participation

EAPS provides the European payments industry with greater choice, greater control, and lower costs...





Euro Alliance of Payment Schemes

EUROPEAN CARDS PAYMENTS LANDSCAPE

SEPA and SEPA compliance

- Open participation for banks and payment institutions
- Separation of scheme and processing
- Transparent pricing structure
- Increasing competition
- Providing greater cost efficiencies
- Maintaining European governance



Industry support

“The development ... shows EAPS’ capacity to extend the use of domestically issued debit cards for transactions across Europe.”



***Ugo Bechis,
Head of SEPA-Payments, UBI Banca***



Industry support

“The new partnership ... improves the service offered to German debit card customers, and further increases the competitiveness of the interlinked card-schemes within EAPS.”

*Mr Bernd M. Fieseler,
Executive Board Member, DSGV*



ECB encouragement

“... the Eurosystem appreciates the work being done by the Euro Alliance of Payment Schemes to establish inter-operability between the participating card schemes.”

*Gertrude Tumpel-Gugerell,
Member of Executive Boards, ECB*



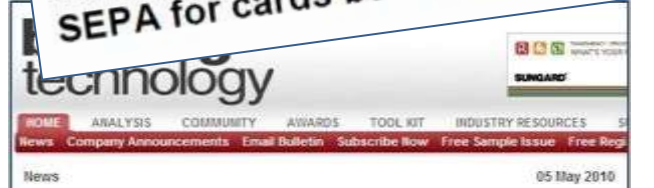
Press coverage



EAPS Euro Alliance of Payment Schemes

Press release

Euro Alliance of Payment Schemes: SEPA for cards becomes a reality



EAPS gains ground in Italy and German

EAPS opens access to UK ATMs for German debit cardholders

Monday 12 July 2010 | 02:08 PM CET

The Euro Alliance of Payment Schemes (EAPS), an alliance of European card schemes, has announced that the UK's LINK ATM network has opened all 63,000 UK cash machines to users of the German card scheme operated by Zentraler Kreditausschuss, the joint committee operated by the central associations of the German banking industry.

Euro Alliance of Payment Schemes (EAPS) has announced that transaction flows have increased following the agreement between the Euro Alliance of Payment Schemes (EAPS) and the German processing gateway, SWIFT, to allow each other's cardholders to use each other's ATMs.

EAPS (Euro Alliance of Payment Schemes), which bills itself as a European alternative to international card networks, has opened membership to individual organizations such as acquirers. Current members represent groups of financial institutions which collectively account for 222 million cards, 2.2 million POS terminals, and 200,000 ATMs. Ugo Bechis is Chairman of the Board at EAPS, 32 (2) 550-3628, ugo.bechis@card-alliance.eu.



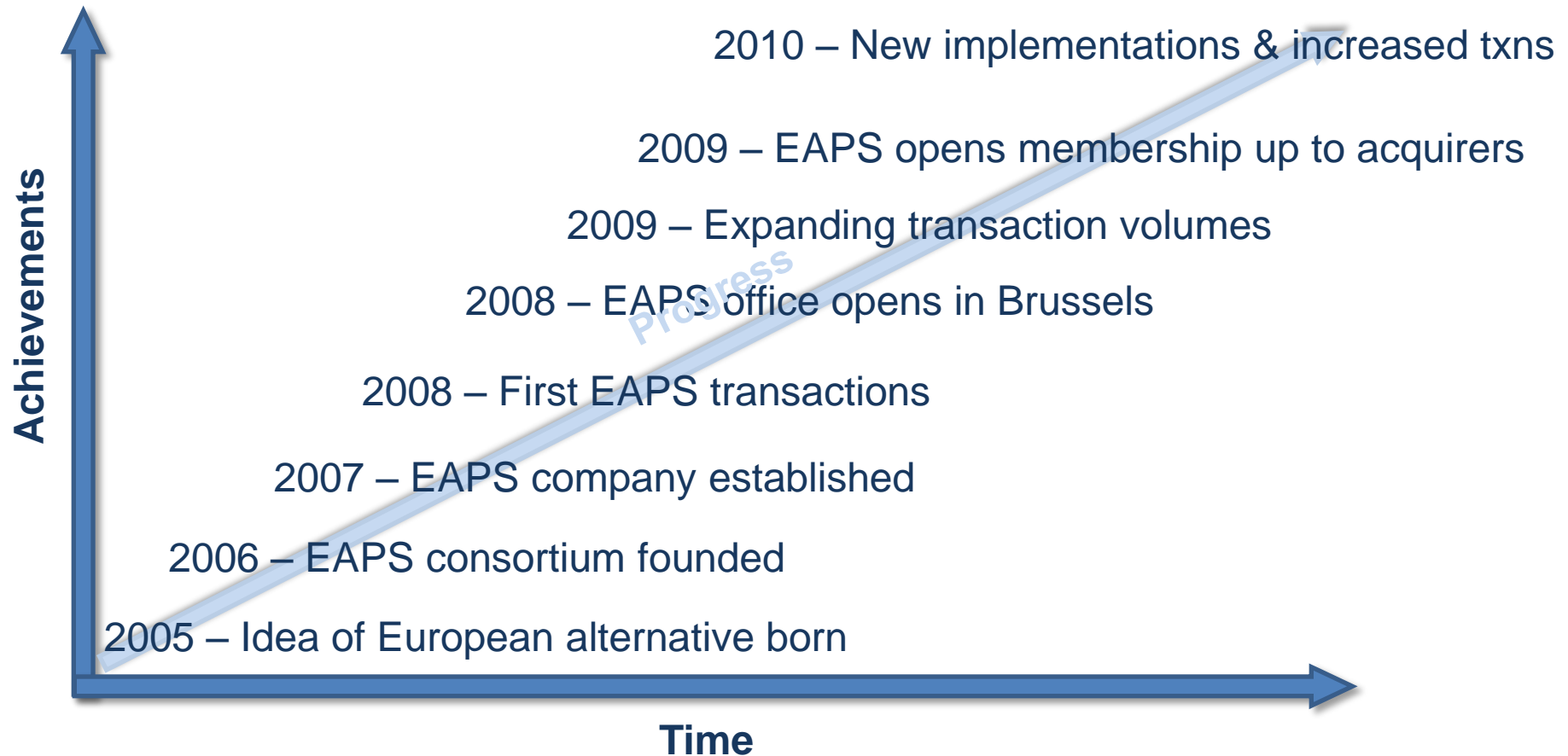
Euro Alliance of Payment Schemes



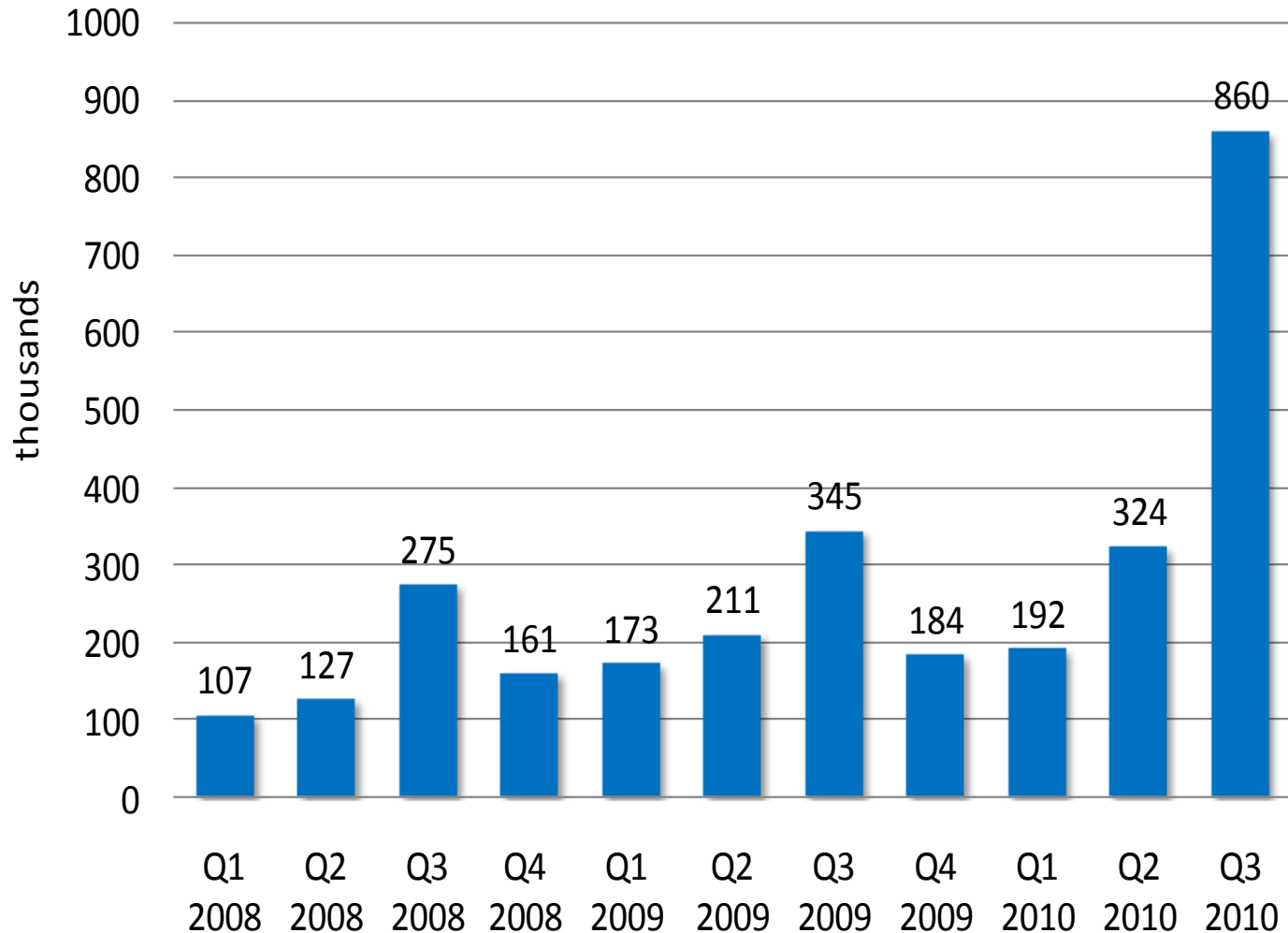
Euro Alliance of Payment Schemes

EAPS ACHIEVEMENTS

Timeline of achievements



EAPS - cross-border transaction volumes



Euro Alliance of Payment Schemes

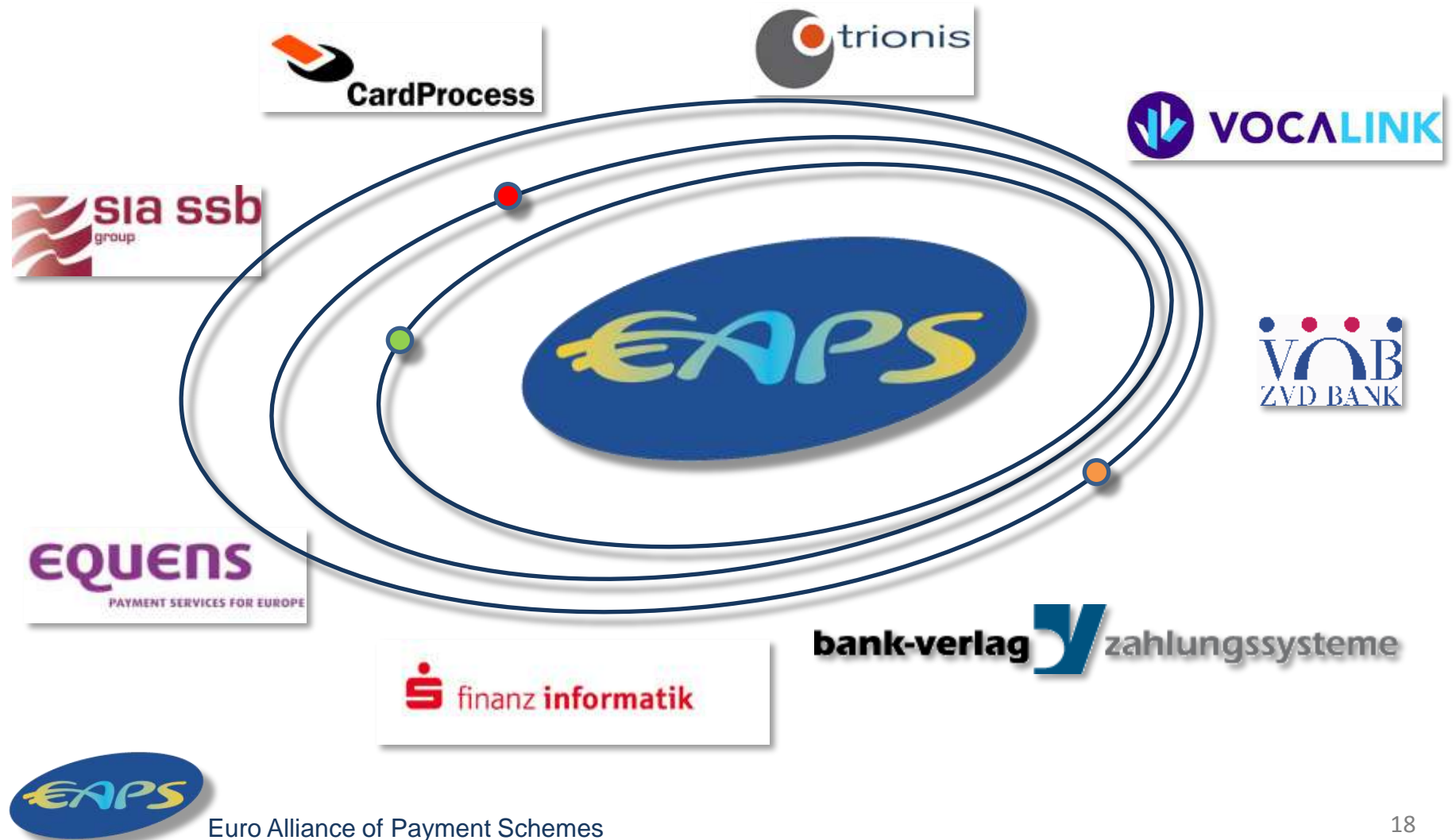
October 2010



Euro Alliance of Payment Schemes

IMPLEMENTATIONS

Gateways that have implemented EAPS



Consorzio BANCOMAT and girocard

- Cross-border cash withdrawal between Germany and Italy
- All gateways implemented
- Minimal investment / simple connection
- Cost-effective optimisation of existing ATM infrastructures
- 44,000 German ATMs and 8,500 Italian ATMs opened so far
- POS acceptance started with 3,600 Italian POS



LINK and girocard

- Germany – girocard – cash withdrawal in the UK
- Access to 63,000 LINK ATMs
- 20,000 ATMs more than previously available
- Cost-effective optimisation of existing infrastructures
- Increases competition of interlinked card schemes



The important hurdles already jumped

EAPS is at an early stage of growth, but has already made the key investments in:

- (a) agreeing and writing rule books;
- (b) creating a brand;
- (c) agreeing on standards and interfaces;
- (d) establishing live network connections;
- (e) establishing working settlement.

These difficult and time-consuming tasks have been completed successfully, and are working effectively.





Euro Alliance of Payment Schemes

THE FUTURE

Future activities and objectives

- Expansion into further countries
- Open up for individual issuers
- Business and product development
- Increase market awareness of EAPS



Open to Schemes and Acquirers



2009

2010

2011

2012



EAPS opened to Schemes



EAPS opened to Acquirers

EAPS opens to Issuers



Increase market awareness

Examples from present EAPS awareness programme:



POS

merchant information



Card

cardholder information



ATM

bank information



What key factors will shape the future?

- Continued growth in debit card transactions will increase dependence on, and fees paid by banks to card schemes and processors.
- But card payments are being commoditised. The technology is standard & simple. Consumers take ubiquity for granted and ignore scheme brands.
- Scheme and processing prices should fall to very low levels if competition exists.
- But prices will leap where competition is eliminated
- Tension between short-term profit, and long-term interests of control and competition
- The regulatory environment for interchange will mean convergence downwards. Banks stand to earn less, and potentially pay more.
- The rules and restrictions of incumbent players may be challenged
- Contactless – but whom will it benefit, and will it ever pay its way?



Thank you for your attention!

EAPS is open to new partners.

For more information, please visit www.card-alliance.eu.



The screenshot shows the homepage of the Euro Alliance of Payment Schemes (EAPS). The header features the EAPS logo and the tagline "ACROSS EUROPE'S NATIONAL BOUNDARIES". A navigation menu includes "HOME", "ABOUT EAPS", "BENEFITS", "PARTICIPATION", "NEWS/DOWNLOAD", and a search bar. The main content area is divided into three columns under the "HOME" heading. The first column, titled "HOME", contains a sub-heading "HOME" and a paragraph: "EAPS is the European card solution for payment schemes and individual banks, fully committed to improving card usage for consumers in Europe." The second column, titled "ABOUT EAPS", contains a paragraph: "EAPS is open to new participants with the aim of providing competitive opportunities as the European alternative to the global card schemes." The third column, titled "HEADQUARTERS", contains a paragraph: "EAPS builds on existing technical infrastructures, leveraging national economies of scale, minimising costs and increasing overall efficiency." Below the main content area, there are three sections: "NEWS" with a sub-heading "2010-05-04 Italian and German ATM networks connected" and a paragraph: "EAPS connects 19,000 ATMs from the German Cooperative Bank."; "ABOUT EAPS" with a sub-heading "The Eurosystem appreciates the work being done by the Euro Alliance of Payment Schemes to establish interoperability between the participating card schemes. The work can be seen as the first step towards a consolidation of card schemes, leading to a European card scheme." and a quote from Gertrude Tumpel-Gugger, Executive Board / European Central Bank; and "HEADQUARTERS" with a sub-heading "Euro Alliance of Payment Schemes" and a paragraph: "EAPS - Boston Tower, Level 21, 5 Place du Champ de Mars, 1050 Brussels / Belgium, info@card-alliance.eu, HAP".

