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# Connecting Independent Card Schemes Across Europe

## EAPS: A European Alternative To International Card Schemes

The Euro Alliance of Payment Schemes (EAPS) was founded in 2007 as an initiative designed to connect national debit card schemes across Europe. As the majority of card payments in the Euro-zone are still made using cards issued through national schemes, the key objective behind the formation of EAPS was to provide a European payment framework – or “scheme of schemes” - that allows participating national debit card schemes across Europe to connect with each other’s networks, in order to facilitate cross-border ATM and POS transactions. Today, EAPS’ mission is to become the leading European payment card scheme and it is making significant progress towards this goal.

By allowing regional European payment schemes and individual institutions such as acquirers to optimise their existing ATM and POS acquiring infrastructures and increase their relevance across European boundaries, EAPS offers a real regional alternative to the international payment schemes. The benefit of this is that EAPS offers vast cost-efficiencies over the international schemes; it does not charge fees for processing or brand usage but lets its participants agree fees on a mutual basis. It also allows large banks and payment institutions to offer acquiring services to pan-European retailers.

Another major advantage is that it is entirely driven and governed by its EU members – and so it has the European issues such as SEPA compliance at its core. It addresses all key requirements for a 3rd SEPA-compliant card scheme in Europe, by:

- Meeting the request from SEPA authorities for the separation of card scheme and processing activities from 2010 – a key development that looks set to impact the European card market in coming years. EAPS does not specify any processing requirements – participants under the EAPS framework are free to use their preferred processors and switches
- Increasing competition in the European marketplace. It does this by allowing issuers to market domestic payment products with a far greater geographic scope than ever before, and also by fostering greater competition through freedom of choice relative to processing
- Providing greater cost efficiencies. EAPS allows domestic schemes to optimise their existing ATM and POS infrastructures and uses cards that have already been issued and terminals that have already been deployed
- Maintaining European governance and total commitment to serving the European payment card market

EAPS is owned and operated today by its 6 founding members. They are the following European payment schemes - Consorzio Bancomat (Italy), Eufiserv (Europe), Euro 6000 (Spain), Link (UK), SIBS (Portugal) and Zentraler Kreditausschuss (Germany). Together, EAPS participants represent more than 222 million cards, 2.2 million POS payment terminals and almost 200,000 ATMs.

## Expanding Membership Benefits To Individual Organisations

As the name suggests, membership was originally limited to national payment schemes across Europe, specifically those which were SEPA Cards Framework-compliant. In December 2009, however, the organisation announced that it was widening its membership to include individual organisations. The move was intended to provide individual participants such as acquirers

with the option of accepting a growing number of EAPS cards within Europe, even if those cards are not co-branded with the international payment schemes.

In addition to offering acquirers the potential for increased transaction volumes, the opening of participation beyond European domestic payment schemes will also prove particularly beneficial for acquirers in European countries where no domestic payment scheme exists – in Eastern Europe, for example. This development will allow them to independently engage with EAPS to offer cross-border transactions. Ultimately, this widened access provides the European payment industry with greater choice and control.

By engaging EAPS and connecting networks with other European participants – to facilitate either cross-border ATM or POS transactions, or indeed both – organisations and payment schemes can take advantage of the following commercial benefits:

## Benefits of Using EAPS to Facilitate Cross-border ATM/POS Transactions:

- Very low net costs
- Acceptance of a broader card base
- Fees are bilaterally negotiated between EAPS participants
- Low implementation costs, due to usage of existing EMV-compliant infrastructure
- Increased profits from existing networks & Infrastructures

## A European Reality - Facilitating Significant Transaction Flows

The key differentiator between EAPS and alternative European payment scheme initiatives is that EAPS is already operational, proven and facilitating a significant number of ATM and POS transactions across Europe. Approximately 1 million transactions took place under the EAPS framework throughout 2009 and with widening acceptance continuing to expand the organisation’s reach throughout different European countries, the momentum towards increased EAPS transaction flows looks set to gather pace throughout 2010.

EAPS has benefited the European payment card market by facilitating a connection between Consorzio Bancomat and Zentraler Kreditausschuss – 2 founding participants of EAPS – to allow Italian and German domestic cardholders to withdraw cash from ATM networks in Germany (Girocard) and Italy (Bancomat) respectively. The connection has been made with relative simplicity and minimal investment and the result is that since 2009, German cardholders have been able to make ATM transactions in Italy. In Q1 2010, a connection between the CardProcess and SIA-SSB gateways has enabled transactions to take place using Italian cards in German ATMs.

Most recently, EAPS announced that holders of German debit cards will be able to withdraw cash from ATMs across the UK. The UK’s LINK ATM network opened all 63,000 UK cash machines to all users of the German card scheme operated by Zentraler Kreditausschuss. This means that over 20,000 additional ATMs can be used which significantly improves the service offered to German debit card customers, and further increases the competitiveness of the interlinked card schemes within EAPS.

EAPS is now open to new partners. Card schemes, banks and payment institutions compliant with European requirements and the SEPA Cards Framework of the European Payments Council are encouraged to join. As already highlighted, EAPS offers an established European card alternative that leverages existing customer bases, infrastructures and relationships. 