



EUROPEAN CENTRAL BANK

**REPORT ON
RETAIL PAYMENT INNOVATIONS 2005**

Abstract

“Retail payment innovations 2005” is a report on the survey conducted in 2005 by ECB in close cooperation with national central banks (NCBs) throughout Europe. The questionnaire, see annex, was sent to providers in all the EU countries and Norway. The aim of the survey was to observe tendencies of innovations in the retail payment market. The survey highlights two general groups of e-products in the retail payment market: e-payments and value-added services (VAS). E-payments are performed by using standard payment instruments via innovative channels like the internet and mobile networks. VAS are services supporting e-payments with the purpose to make the payment process easier and more efficient for the customers. VAS are e.g. e-invoicing and e-reconciliation which are offered by an increasing number of providers.

The report is based on the facts from the survey results. It does not include the views of the ECB nor the Eurosystem. The report is only a factual description of the innovations in the retail payment market based on the provider’s replies and comments.

Section 1 of this report describes the profile of the providers and their products. Section 2 describes the barriers providers see for e-payments and VAS and what expectations they have for the future. Section 3 looks at who the winners are in the current market.

The main findings of the survey are as follows: (i) two-thirds of companies are related to the banking sector and, as a consequence, most of the e-products include a link to settlement; (ii) the companies did not highlight any barriers as severe and more than 80% of the providers expect the market for value-added services to grow; (iii) the mainstream and frontrunner of the e-product market is the combination of the two groups of e-products, i.e. the combination of e-payments and additional convenient, fast and safe services either prior to or post of the payment.

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RETAIL PAYMENT INNOVATIONS 2005

Executive summary

The aim of the 2005 survey was, as in the previous 2003/2004 survey, to observe innovations in the market for e-products¹ – e-payments and value-added services – throughout Europe. E-payments² are retail payments made by using the following payment instruments: (i) e-money and other pre-funded instruments; (ii) standard payment instruments (credit transfers, direct debit and card payments) via innovative elements such as the internet and mobile telephones. Value-added services (VAS)³ are services offered to the customers before or after the payment. These services are for instance e-invoicing and e-reconciliation which are offered by an increasing number of companies. An e-product classification paper will be created in 2006 on the basis of the information gathered.

This recurring survey ensures that the database on e-products is continuously updated. The online database is available at <http://www.e-pso.int>.

The survey is a joint project between the ECB and the NCBs. It was launched on 9 March 2005 and finalised at the end of 2005. The questionnaire, see annex, was sent to more than 200 companies providing innovative e-products in Europe. The response rate was 36.8%.

This report is based on the facts from the survey results. It does not include the views of the ECB nor the Eurosystem. The report is only a factual description of the innovations in the retail payment market based on the provider's replies and comments.

Section 1 of this report describes the profile of the providers and their products. These profiles are generated from the main survey results making use of all available information on companies (e.g. ownership, licence, staff figures) as well as on their products (e.g. marketplace, initiation methods, services provided).

Section 2 describes the barriers providers see for e-payments and VAS and what expectations they have for the future. A comparison between the current and previous surveys is also included in this section.

Section 3 looks at who the winners are in the current market.

¹ In this report electronic products in the retail payment market are electronic payments (e-payments) and value-added services (VAS). The two e-products can overlap in practice, as some providers offer e-payments in combination with VAS.

² In this report electronic payments are retail payments based on cashless settlement, where the payment is initiated via the internet or mobile telephones using a standard payment instrument. Due to technological innovations the list of initiation methods is partial.

³ In this report value-added services are electronic prior and post retail payment services based on paper-free document flow.

The main findings of the survey are as follows: (i) two-thirds of companies are related to the banking sector and as a consequence most of the e-products have a link to settlement; (ii) the companies did not highlight any barriers as severe and more than 80% of the providers expect the market for value-added services to grow; (iii) the mainstream and frontrunner of the e-product market is a combination of the two categories, i.e. e-payment and additional convenient, fast and safe services either prior to or post of the payment.

1. Market profile

The aim of the survey is to cover all initiatives of innovations related to retail payment instruments in the EU market. Therefore, the scope of the providers is not only the banking sector, but also non-banking companies, who use innovative methods in retail payments. The providers offer different types of e-products that can be divided into two main groups: (i) e-payments using e-money and other pre-funded instruments or standard payment instruments (card, direct debit and credit transfer) via the internet and mobile telephones and (ii) VAS such as e-invoicing⁴ and e-reconciliation⁵.

The 2005 survey was sent to 201 of the companies that provide e-products in all the EU countries and Norway. To our knowledge these 201 companies offer 224 different e-products. 74 of the companies chose to participate in the survey and described a total of 104 e-payments and/or VAS. The fact that 104 e-products are described by only 74 companies is because some of the companies offer more than one product. Consequently, the response rate was 36.8% for the companies and 46.4% for the e-products.

The structure of this section follows that used in the survey questionnaire: the first part describes the profile of the providers, and the second the profile of the products.

1.1 Providers: banking and non-banking sectors

Providers of e-products exist in almost all European countries and as a result the findings relate to the overall profile of the EU providers. The average number of active providers is three companies per country. In Austria and Finland companies are very active in innovations on retail payments and showed a high level of interest in the survey.⁶

Banking licence and ownership

As shown below, a large number of the providers are related to the banking industry.

The E-money Directive (2000/46/EC) limits the issuance of e-money in the EU to traditional credit institutions and to a type of supervised undertaking called an e-money institution. Concerning VAS, no EU-wide legislative framework currently exists.

The sector profile of the e-providers is presented in Figure 1. A third of the providers are directly owned by the banking sector. Furthermore, substantial shares (36.1%) of the remaining companies (owned by non-banking sectors) have licences⁷ related to the financial sector, although they are not

⁴ The creation and delivery of electronic invoices between payee and payer. *See annex for the questionnaire.*

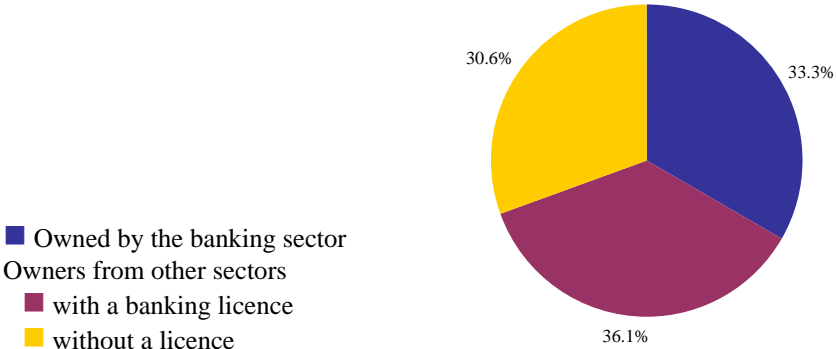
⁵ Process of matching invoices issued and/or open claims recorded against the payments received. *See annex for the questionnaire.*

⁶ Austria and Finland both had nine e-product providers that participated in the survey. This was the highest number of providers from any one country.

⁷ A full banking licence, a limited banking licence, an ELMI licence (electronic money institution licence) or a company is in the process of applying for one of these licences.

directly owned by this sector⁸. Two-thirds of the providers are thus related to the banking industry – either by licence or by ownership. A possible explanation can be (i) that in most countries a banking licence or an ELMI licence is needed before such services can be offered; (ii) the banking industry is in a better position to offer the full range of e-products, including settlement of funds; and (iii) that the public tends to trust the more traditional financial institutions, for example banks, when it comes to the payment industry.

Figure 1 **Providers ownership and licensing, 2005**



Company size and efficiency

The number of staff is the next indicator used to describe the companies. This indicator is split into two parts in the questionnaire: (i) the size of the company measured by the number of employees and (ii) the share of the staff working on e-payments and/or VAS.

The first indicator divides the EU e-product market (2004 data) into three groups: (i) large companies⁹, which account for 45.5% of all companies that participated in the survey; (ii) SMEs, which account for 36.4%; and (iii) micro-sized companies, which account for 18.2%.

The second indicator shows that the share of employees working on e-products decreases as the company size increases, vice versa. In 2004 half of the micro-sized companies and half of the SMEs had all their staff (100%) working on e-products. For large companies the opposite was true – 56.7% had less than 2% of their staff working on e-products.

Half of the companies which provided figures had more than 6,000 users and 80,000 transactions per staff member in 2004.

⁸ For instance, public transport companies, post banks or small ELMIs.
⁹ According to the Eurostat classification, 10-49 employees are small-sized companies, 50-249 are middle-sized companies and above 250 are large-sized companies. Companies which have less than 10 employees are usually classed as micro-sized companies.

1.2 Products: e-payments and value-added services

The description of e-products is also a general overview of the EU market. Through the survey 104 e-products in Europe are described. These products are portrayed by features such as marketplace, initiation tools, value chain, etc.

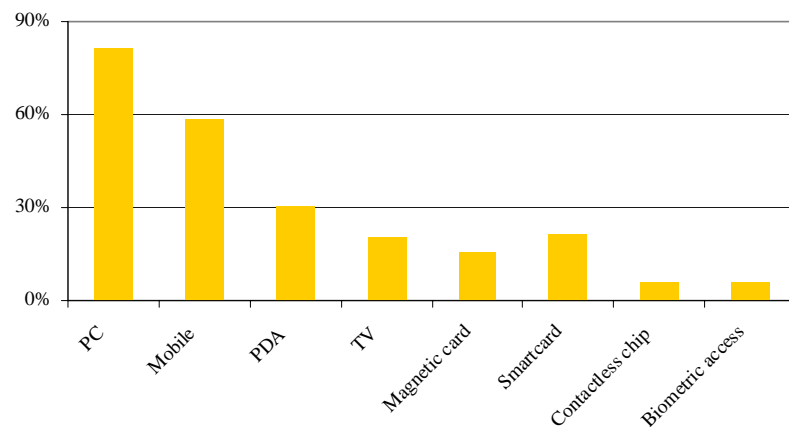
The survey shows that the European e-products are mainly (90%) done in the virtual marketplace. If unmanned points of sale are included, the coverage of the virtual or fully automated marketplace for e-products is around 97%. Only a few e-products in the survey are used at manned points of sale only.

The initiation methods are also related to the virtual market, as 93% of the e-payments and VAS described use PCs or/and mobile telephones for initiation. Other options are significantly less used (see Figure 2).

Figure 2

E-products initiated via the following devices

% of total, 2005



E-commerce uses a wide range of retail payments. According to the results available from the survey the most popular are B2C (business-to-customer) transactions, which are offered by 91.1% of e-payment products. Other options, such as person-to-person and business-to-business transactions, are offered less frequently (below 50%).

Around 40% of the e-products offer e-invoicing and/or e-reconciliation. Most e-products cover initiation, authorisation and/or settlement of funds and should therefore be considered as e-payments. Half of the e-payments are made by using pre-funded payment instruments.

More than half of the providers claim that their products can be used cross-border, at least technically. On average the products are 4.5 years old and the launch of eight additional e-products is planned for early 2006.

For the payer to use e-products, one or more of the following tools are needed: (i) a bank account; (ii) a payment card; (iii) internet access; or (iv) access via a mobile telephone network. Some providers mentioned that their products have age requirements. On the payee's side two general requirements are mentioned: (i) a technical service installation tool; and (ii) a bank account.

According to the providers almost half of the products are free of charge for the payer. If fees are specified they depend on the instrument used, e.g. SMS fees, card fees, internet fees, mobile operator fees, etc. Only a few companies provide precise figures on fixed set-up deposits¹⁰ or average transaction fees.

The transaction fees on the payee's side are mainly volume-based or a percentage of the transaction value. Fixed fees such as set-up costs or yearly/monthly fees are also mentioned by some companies.

All of the e-payments described in the survey are cashless, i.e. they are initiated and settled without cash. Similarly all VAS are based on paper-free document flow. Funding and withdrawal are also mainly cashless, but in some cases an additional option to load and withdraw cash also exists.

The use of e-products grew between 2003 and 2004. In 2004 the average transaction was EUR 50, ranging from EUR 0.6 to EUR 180.

¹⁰ Some providers charge the consumer a one off fee to join the product.

2. Market conditions

The retail payment market is closely related to the latest developments in information technology, telecommunications, the banking industry, etc. As a consequence the e-product market is constantly developing and customers are offered new VAS or new ways to use the existing payment instruments. However, the fast-changing environment creates certain obstacles for innovations as security issues are not always managed. The second part of the survey deals with these issues by asking companies to rank the different factors that they believe hinder the development of products. The companies are also asked to state their opinions regarding the future of e-products. The comments and views given by the various providers are expressed in the following section. The views presented are not necessarily the views of the ECB.

2.1 Obstacles and hindering factors

The list of potential hindering factors is similar to the list from the 2003/2004 survey. Companies are asked to rank the hindering factors according to their importance. The average answer places the hindering factors significantly lower this time. Overall, the average rating of how the factors hinder development of products is below “considerably” (see Table 1).

Table 1 Challenges and obstacles

Hindering factors	Average 2005	Average 2003
1. Insufficiently developed technology	0.59	1.09
2. Lack of interoperability between different schemes	1.57	1.84
3. Lack of standardisation	1.64	2.17
4. Underdeveloped legal/regulatory framework	1.51	1.62
5. Legal/regulatory framework is too restrictive	1.49	1.61
6. Security concerns on the part of payers	1.48	1.92
7. Security concerns on the part of payees	1.15	1.60
8. Limited payer interest	1.59	2.12
9. Limited payee interest	1.55	2.55

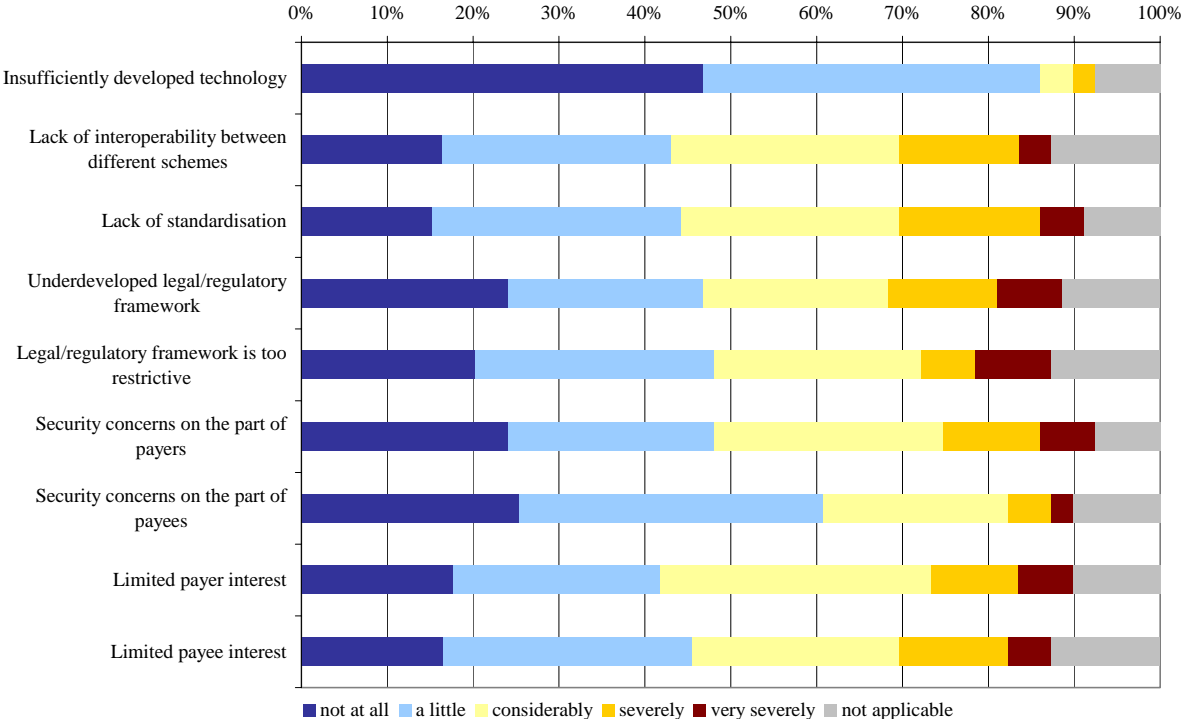
* Range of answers was: 0 (not at all), 1 (a little), 2 (considerably), 3 (severely), 4 (very severely).

In both surveys companies indicate that *Insufficiently developed technology* is the hindering factor of the least relevance. Technological development is one of the factors which allow companies to create VAS. Some hindering factors, however, will naturally arise from this as not all security issues are covered by technologies. Payments via the internet and mobile telephones are mentioned as payments with the best technological background.

Lack of interoperability between different schemes is considered to have a fair impact on the development of the e-product market (see Figure 3), although it is not considered as the largest hindering factor. Various companies stated that most e-products are well-connected nationally, but that there is a need for interoperability between national and cross-border products. In the survey it was also mentioned by some providers that it is necessary for national communities to start cross-border cooperation.

Lack of standardisation was considered a greater barrier in the 2003/2004 survey than in the current survey. However, it is still the hindering factor that has the greatest impact on companies. Standardisation is mentioned by some providers as an important and increasingly prevalent issue since the volume of internet transactions continues to grow as do the implementation costs for the various solutions. As standardisation can become mandatory at a later stage, it was suggested by some providers that recommendations on standards for the e-product industry should be prepared. It is also suggested that this could help to harmonise the price structure of e-payments in Europe. It should be mentioned that some countries already have well-established national standards.

Figure 3 Challenges and obstacles in 2005 – distribution



The next two obstacles the providers were asked to assess are related to the legal framework. The providers mentioned that *The Underdeveloped legal/regulatory framework* can be improved by providing: (i) guidelines for all main e-product initiatives; (ii) an equal level playing-field for e-products; and (iii) clearer and less complex licensing or authorisation of e-products. However, it should be taken into account that the core businesses of the companies (banking, telecommunications, etc.) have already been regulated by the appropriate sector authorities.

With regard to *Legal/regulatory framework is too restrictive* the e-providers have also asked for a level playing-field for e-products within Europe. Such a common framework should ensure that all e-providers can enter any market within the EU. This hindering factor is rated similarly in both surveys, although the ranking has declined slightly in the 2005 survey.

To a certain extent the development of e-products depends on security concerns. *Security concerns on the part of payers* are more limiting than *on the part of payees*. On the payer’s side security concerns seem to have considerable impact on the volume of transactions. If a new payment product is considered unsafe its adoption by customers can be slow. Security issues might explain why the

average volume per user is still modest in spite of the fast growing number of users. Additionally, the security risk rises if the communication infrastructure is not continuously updated. In both surveys this obstacle is ranked in the middle of the hindering factors.

Security concerns on the part of payees is the hindering factor of second least concern to companies (after *Insufficiently developed technology*). Some providers suggested that the general security aspects can be strengthened by improving marketing tools, educating consumers on internet use, etc.

The final hindering obstacles are related to critical mass issues. Stable new market initiatives can only be achieved if the volume of transactions reaches a critical level. *Limited payer interest* was previously the largest hindering factor to developments in the market for the providers. This year, it is also one of the most serious hindering factors. In the questionnaire companies argued that the traditional payment instruments – cash and card payments – have a strong market position that is hard to compete with. It was said that the push to use e-products should come from public authorities' use and policy stance on mass market products. Nevertheless, it is necessary that new market initiatives are safe, convenient and cheap so users are convinced that these alternative instruments should be chosen over the traditional payment instruments.

The payee is the other side of the e-product market. The survey shows that payees – like the payers – are stuck with the traditional payment instruments. Furthermore, it was mentioned that payees also encounter additional obstacles, such as a lack of interoperability between channels. Hence, the promotion of this two-sided market will depend on marketing and education, as well as successful cases from e-commerce.

Certain companies mention additional hindering factors. These are, to some extent, modifications of the above-mentioned obstacles, e.g. a lack of cooperation between the sectors involved (i.e. banks and telecommunications, etc) and an unclear level playing-field for the industries involved in this market.

Overall, these factors are not impeding e-product developments, and market conditions might even be assessed as positive for further progress.

2.2 Driving factors and future developments

The aim of the second question in the second part of the questionnaire is to collect opinions on the future of the innovative retail payment market. Table 2 provides an overview of the answers given by the providers.

The first future statement, relating to whether *there will be a market for pre-funded services*, received the average ranking of 2.70. Overall, this indicates that companies agree that there will be a market for pre-funded services in 2010. The penetration of pre-funded products is highly related to payment habits of customers at the national level. If there are already well-functioning online e-payments, such as card payments and credit transfers, it is more difficult to enter the market with a pre-funded product. On the contrary, pre-funded businesses via the internet might have a higher chance of success

if the national community has not yet implemented innovative elements in the standard payment instruments.

Table 2 Drivers and developments*

Questions (number of companies which provided answers)	Average
1. There will be a significant market for pre-funded services, including e-money products, in the EU by 2010. (69)	2.70
2. Some non-banks, e.g. mobile network operators or money transmitters, will play a significant role as payment institutions in the EU by 2010. (73)	2.70
3. There will be a significant market for value-added services related to e-payments in the EU by 2010. (72)	3.33
4. Cost-based pricing for retail payment services will be applied universally by 2010. Please comment on factors for and against it. (59)	2.76
5. The majority of e-payment services will be offered cross-border in the EU by 2010. (71)	2.46
6. National borders will still matter for e-payment services in the euro area in 2010 (“Single Euro e-Payments Area”). (70)	2.34

* Range of answers was from 0 (no, I don't agree at all) to 4 (yes, I fully agree).

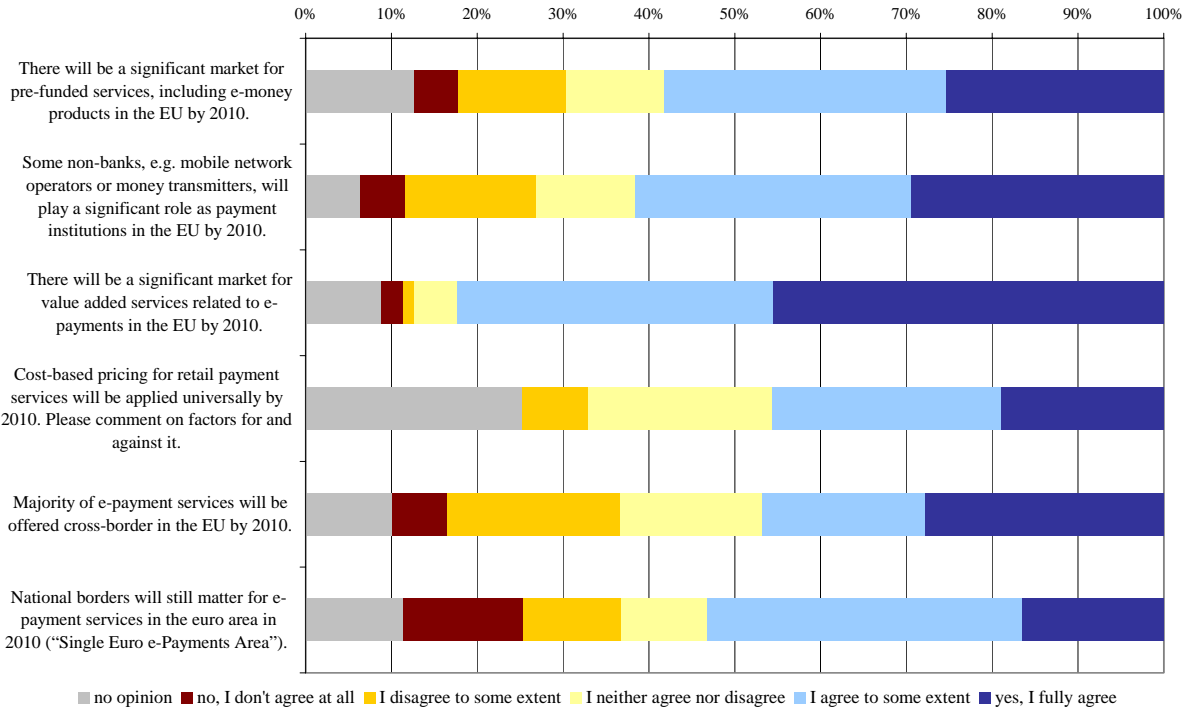
The question relating to whether the *mobile network operators or money transmitter will play a significant role* was ranked by the providers at 2.70. The companies commented that mobile operators are less conservative and more flexible than banks when addressing user needs, e.g. by offering e-ticketing and e-parking as VAS.

The question of whether *there will be a significant market for value-added services* received the highest average score in the questionnaire, at 3.33. There is general agreement among the companies that there is room for VAS in addition to standard payment functions. These VAS may become a competitive advantage in the future. The current market is open to new companies that only provide VAS.

The *cost-based pricing for retail payments* is the fourth question in the table (Table 2) on future developments in e-payment instruments. Figure 4 shows the distribution of responses in percentages. Around 25% of companies do not have a clear opinion on cost-based pricing for retail payments. Cost-based pricing means cost covering directly from the particular service and not by using alternative revenues. The revenues used for cost covering usually come from value dating, floats and minimising the interest on current accounts. Competition and VAS are given by the providers as the two main reasons for cost-based pricing.

The answers to the last two questions showed a slightly controversial view regarding the integration of services across borders within and beyond SEPA. The statement that *the majority of e-payment services will be offered cross-border by 2010* got an average ranking of 2.46 and the statement that *national borders will still matter in 2010* got an average of 2.34. Standard e-payments like credit card payments on a virtual platform are mentioned by the providers as a niche for cross-border services that is already stable. It was commented by some providers that although no technological (internet and mobile telephones) barriers exist for cross-border services, there are national obstacles due to different frameworks (tax systems, legislation and national habits). Thus, it is not expected that the majority of e-products will be offered cross-border by 2010.

Figure 4 Drivers and developments distribution, opinion in 2005



The following findings can be mentioned as main conditions stated by the providers for the EU e-product market: (i) there are no severe barriers which prevent developments in the e-product market; and (ii) a growing market for VAS can be expected throughout Europe by 2010.

Conclusion: winners in the EU e-product market

The majority of bank-to-bank transactions have used straight-through processing through large-value payment systems and security settlement systems for years. Transactions made by other end-users, for example citizens, SMEs and public authorities, vary in terms of the level of automation from country to country. According to Blue Book statistics e-payment instruments are preferred by customers in some countries, while in others customers still use less efficient instruments such as cash and cheques. E-payments and prior and post VAS are becoming more prevalent because of their convenience. When these products are combined the whole payment process is paper and cash-free and the use of these products is bound to grow within the coming years.

This survey has proven that the majority of providers are related to the banking sector, the reason most likely being that the public tends to trust the more traditional financial institutions when it comes to the payment industry. However, when banks do not provide VAS these services are provided by the telecommunications and IT sectors.

The success of a product depends on how easy it is to use and how trustworthy the provider is. The virtual and unmanned points of sale and PC & mobile tools have been almost fully adopted by private payers as well as by retailers (payees). The environment for e-products are thus in place and further adoption will depend on how successful the providers are promoting these products.

E-payments are not a new kind of payment instrument, as it has been possible to make electronic payments using e-money and standard payment instruments via the internet and mobile telephones for more than a decade. VAS, such as e-invoicing and e-reconciliation, have the most future potential. E-payments and VAS will continue to evolve in the future retail payment market as long as they extend their scope beyond the financial sector.

Regarding retail payments the legislation framework is almost established and some instruments are already standardised, which is necessary to ensure cross-border interoperability between the different channels and countries. As for VAS, no EU-wide legislation framework currently exists, e.g. a cross-border standard for e-invoicing. This means that every provider – banks, telecommunication or IT companies, etc. – is free to define their own value-added service.

Annex (questionnaire)



QUESTIONNAIRE ON E-PAYMENT SERVICES

The purpose of this questionnaire is to collect information on e-payment services. Some parts of it may be used to update the payment service inventory on the ePSO website run by the European Central Bank (<http://www.e-pso.info>). Other parts will be aggregated to analyse the market infrastructure and to identify challenges and expectations for e-payment services in Europe. We hope that you will take this opportunity to present your service in a comprehensive and up-to-date database for innovative payment services, which is a well-established source for those who are interested in the European e-payment and m-payment landscape. Thank you for taking time to complete this form.

PART 1 – Company and contact information

Disclosure of information? **1. General company information** [a-d]

- a) Company name:
- b) Website:
- c) Country of incorporation:
- d) Address for correspondence:
- d1) Street
- d2) Street number
- d3) Postcode
- d4) City
- d5) Country

2. Contact details (confidential) [a-h]

- a) Title: Ms Mr
- b) First name:
- c) Surname:
- d) Position in the company:
- e) Organisational unit:
- f) E-mail address:
- g) Telephone number:
- h) Fax number:

3. Detailed company information [a-d]

a) Does your company hold a banking or electronic money institution (ELMI) licence? Please select from the options below. If you select one of the last two possibilities, please give further details below.

Licence

Full banking licence

Limited banking licence

ELMI licence

None of these licences, but in the process of applying

None of these licences, and not intending to apply

Electronic money, ELMI?

In the case of a limited banking licence, please specify what kind here:

If you are in the process of applying for a licence, please specify what kind here:

PART 2 – Opinions regarding the future of e-payments (only for publication as aggregated data)

1. Challenges and obstacles

Please complete the following table. Rank each of the factors according to the extent to which, in your opinion, they hinder the development of services you offer. You may explain (by giving specific examples) the reasons behind the ranking you have given to the main factors, and you are invited to offer suggestions as to what could be done to overcome them.

Please use the grades shown below (in the table we have set "na" as the default)

The factor hinders the development of your services:

not at all	0
a little	1
considerably	2
severely	3
very severely	4
not applicable	na

No	Hindering factors	Grade	Comments	Suggestions
1	Insufficiently developed technology	na	Comments	Suggestions
2	Lack of interoperability between different schemes	na	Comments	Suggestions
3	Lack of standardisation	na	Comments	Suggestions
4	Underdeveloped legal/regulatory framework	na	Comments	Suggestions
5	Legal/regulatory framework is too restrictive	na	Comments	Suggestions
6	Security concerns on the part of payers	na	Comments	Suggestions
7	Security concerns on the part of payees	na	Comments	Suggestions
8	Limited payer interest	na	Comments	Suggestions
9	Limited payee interest	na	Comments	Suggestions
	Other			
10	Please specify	na	Comments	Suggestions
11	Please specify	na	Comments	Suggestions
12	Please specify	na	Comments	Suggestions

2. Drivers and developments

Please complete the following table which asks about your expectations regarding the future of e-payment services. You may explain the reasons behind the ranking you have given (if possible please give concrete examples).

Please indicate how strongly you agree or disagree, as shown below (in the table we have set "none" as the default)

Concerning the question posed:

no, I don't agree at all	0
I disagree to some extent	1
I neither agree nor disagree	2
I agree to some extent	3
yes, I fully agree	4
no opinion	none

	Questions	Level of agreement	Comments
<u>significant market/role?</u>	1. There will be a significant market for pre-funded services , including e-money products in the EU by 2010.	none	Comments
<u>payment institution?</u>	2. Some non-banks , e.g. mobile network operators or money transmitters, will play a significant role as payment institutions in the EU by 2010.	none	Comments
<u>value added services related to e-payments?</u>	3. There will be a significant market for value added services related to e-payments in the EU by 2010.	none	Comments
<u>retail payments?</u>	4. Cost-based pricing for retail payment services will be applied universally by 2010. Please comment on factors for and against it.	none	Comments
<u>cross-border?</u>	5. Majority of e-payment services will be offered cross-border in the EU by 2010.	none	Comments
<u>e-payments?</u>	6. National borders will still matter for e-payment services in the euro area in 2010 ("Single Euro e-Payments Area").	none	Comments

Additional comments on drivers and expected developments:

Additional comments...

Please don't forget to save before you go to the next page.

PART 3 – Questions on single e-payment products offered

This part should be answered for each service separately. In Part 4 you can indicate how many services you want to include in the questionnaire exercise.

1. E-payment product characteristics for publication in the ePSO inventory [a-h]

- a) Brand name of the service
- b) Website address (if different from the company's website)

c) In which of the following contexts can the service be used?

The service supports payment transactions...

- in the real marketplace, at a manned point of sale
- in the real marketplace, at an unmanned point of sale
- in the virtual marketplace, including distance selling

The service supports payment transactions initiated with the help of the following devices...

- PC
- mobile phone
- personal digital assistant
- interactive TV
- magnetic card reader
- smart card reader
- contactless chip reader
- biometric access

Other:

The service supports payment transfers ...

- among consumers (person-to-person)
- from consumers to businesses/government (e.g. B2C commerce, tax payments)
- from business/government to consumers (e.g. salary payments or social transfers)
- between companies (business-to-business)

Other:

d) Which of the following areas does it cover?

- acquisition?
- initiation?
- risk management, including fraud prevention?
- authorisation?
- clearing and routing?
- settlement?
- invoicing?
- reconciliation?

- Acquisition of users
- Initiation of payment transactions
- Risk management, including fraud prevention
- Authorisation of payment transactions
- Clearing and routing of payment messages, including clearing house services
- Settlement of funds
- Invoicing services among payers and payees
- Reconciliation services for payees or payers

Other:

e) What is the deployment status of the service?

First deployed in in

Will be launched in in

f) In which currencies is the service available? Please provide the currencies' alphabetic ISO code. If your services are available in more than one currency, please provide all the codes separated by commas.
CURR1, CURR2, CURR3, etc.

If the service is available in more than one currency, do you offer currency conversion?

Conversion yes no

cross-border?

g) Is the cross-border use of the service possible?

Cross-border use yes no not applicable

because...

h) Please complete the following table.

If your original data are not denominated in euro, please use the Converter. Please read the instructions carefully. Please type in only the figures as the units are already given in the table.

Data	Units	(End of) 2003	(End of) 2004	Please indicate*	Please indicate**
Number of registered users	Thousand persons	0	0	can be provided ▼	<input checked="" type="checkbox"/> Public
Number of active users	Thousand persons	0	0	can be provided ▼	<input checked="" type="checkbox"/> Public
Volume of transactions processed during the year	Thousands	0	0	can be provided ▼	<input checked="" type="checkbox"/> Public
...of which national	Thousands	0	0	can be provided ▼	<input checked="" type="checkbox"/> Public
...of which cross-border	Thousands	0	0	can be provided ▼	<input checked="" type="checkbox"/> Public
...of which within the EU	Thousands	0	0	can be provided ▼	<input checked="" type="checkbox"/> Public
...of which outside the EU	Thousands	0	0		<input checked="" type="checkbox"/> Public
Value of transactions processed during the year	Thousand EURs	0	0	can be provided ▼	<input checked="" type="checkbox"/> Public
...of which national	Thousand EURs	0	0	can be provided ▼	<input checked="" type="checkbox"/> Public
...of which cross-border	Thousand EURs	0	0	can be provided ▼	<input checked="" type="checkbox"/> Public
...of which within the EU	Thousand EURs	0	0	can be provided ▼	<input checked="" type="checkbox"/> Public
...of which outside the EU	Thousand EURs	0	0		<input checked="" type="checkbox"/> Public
Others					
Please specify	Please specify	0	0		<input checked="" type="checkbox"/> Public
Please specify	Please specify	0	0		<input checked="" type="checkbox"/> Public
Please specify	Please specify	0	0		<input checked="" type="checkbox"/> Public

* Indicate if the requested data are: not applicable
not available
can be provided

** Indicate if the data are to be kept confidential or can be made public.

2. More detailed questions on the services offered (only for publication as aggregated data) [a-g]

The questions in this section concern different parts of the payment value chain. You are asked to describe the functions of your service in the chain from payment initiation until final settlement of claims between the payer and the payee. At the end of this section you may provide additional information which you consider to be of relevance.

a) How does your service function? What kind of procedures (both internal and external) does it encompass from a business perspective? What infrastructure (both internal and external) is necessary (you may provide additional figures which you consider to be useful)?

Description of the service...

b) Who can use your service (consumers, companies, government authorities, financial service providers, communication network operators, retailers with physical shops, retailers with vending machines, ticketing systems for event managers, parking and transportation companies, etc.)?

b1) Who can be a payer?

Payer...

b2) Who can be a payee?

Payee...

c) What are the main conditions (legal, administrative, technical, etc.) of use?

c1) The payer must...

Payer's conditions...

c2) The payee must...

Payee's conditions...

d) Pricing: how much do you charge for the use of your service (in EUR)? Please type in only the figures as the units (EUR) are already given.

If your original data are not denominated in euro, please use the Converter. Please read the instructions carefully.

PART 4 – Final questions

1. Please indicate here if you would like to report on more than one product or service (in which case you may fill out supplementary forms that contain only Part 3).
Please use numbers from 0 to 10.
I will add supplementary forms for more single product descriptions (up to 10 possible).

2. Final comments (a-c)

a) Your comments on this questionnaire would be appreciated, e.g. for future surveys, what other information or aspects would you be interested in?
Please comment here.

[Link to the ePSO website?](#)

b) Please indicate if you would like to receive notification when the product information you provided in Part 3, Section1 is published on the ePSO website:

Notification on ePSO <input type="radio"/> yes <input type="radio"/> no
--

E-mail address:

c) Please indicate if you would like to receive notification if reports based on the results of this survey become available:

Notification of report <input type="radio"/> yes <input type="radio"/> no
--

E-mail address:

Please don't forget to save before you close the document.

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Thank you for your contribution.

GLOSSARY FOR THE QUESTIONNAIRE ON E-PAYMENT SERVICES

Acquisition

Registration and enrolment of customers as payers (e.g. consumers) and payees (e.g. merchants); provision of payment instruments, issuance of means of payment (including e-money and other e-values) and credentials to payers, provision of means of acceptance of payment and credentials to payees.

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Authorisation

(1) Formal approval process by a payer for a transaction amount to be paid from his available funds; (2) process to verify and confirm if the payer has sufficient funds (or credit lines) available to cover this transaction amount.

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Clearing and routing

Clearing is the process of transmitting, reconciling and, in some cases, confirming payment orders prior to settlement, possibly including the netting (the offsetting of several positions or obligations between trading partners or participants) of instructions and the establishment of final positions for settlement. Routing is the process of determining the path (network(s)) and/or method(s) to be used for forwarding payment orders to the final recipient.

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Cross-border

For the purposes of this questionnaire, cross-border shall be understood to mean that the payment amount needs to be settled between two different countries because the country of origin of the funds (e.g. location of payer's account) is different from the country of destination of the funds (e.g. location of payee's account).

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Disclosure of information

The questionnaire requests different items of information which will be subject to various levels of confidentiality. Confidential: the information will be kept confidential. Only for publication as aggregated data: individual information will be kept confidential, only aggregated data will be available to the public. Public: the information will be made public, e.g. in the inventory database on the ePSO website, unless you indicate otherwise.

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E-money, electronic money institution (ELMI)

According to the legal definition in the E-money Directive (2000/46/EC), electronic money or e-money "[...] shall mean monetary value as represented by a claim on the issuer which is: (i) stored on an electronic device; (ii) issued on receipt of funds of an amount not less in value than the monetary value issued; (iii) accepted as means of payment by undertakings other than the issuer." The Directive limits the issuance of e-money in the EU to traditional credit institutions and to a type of supervised undertaking called an e-money institution (ELMI). At the moment there is ongoing discussion about the definition of e-money. A review of the Directive is planned for 2005.

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E-payments, e-payment services

E-payments are payments that are initiated, processed and received electronically, and where (1) a payment is the payer's transfer of a monetary claim on a party acceptable to the payee; (2) the monetary claims (electronic means of payment) are held, processed and received in the form of digital information, and their transfer is initiated via electronic payment instruments.

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Initiation

Start of a payment transaction by the ordering party, identification and authentication of the ordering party (payer or payee).

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Invoicing

Creation and delivery of electronic invoices between payee and payer.

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Large value payments

Payments, generally of very large amounts, which are mainly exchanged between banks or between participants in the financial markets and usually require urgent and timely settlement.

Means of payment

The type of monetary claim transferred for making a payment. Examples include coins or banknotes or units stored on a prefunded electronic chip card.

Payment institution

The European Commission is working on a "New Legal Framework for Payments in the Internal Market" to harmonise and regulate the payment services industry in the EU. Payment service providers will have to seek authorisation as licensed payment institutions when providing certain types of payment services.

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Payment instruments

Tools and procedures to initiate the transfer of a means of payment, e.g. credit transfers, direct debits on bank accounts, debits on other user accounts, debit cards, credit cards, e-money cards/purses/access codes, cash, etc.

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Reconciliation

Process of matching invoices issued and/or open claims recorded against the payments received.

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Retail payments

This term describes all payments which are not included in the definition of large value payments. They are mainly consumer payments of relatively low value and urgency.

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Risk management, including fraud prevention

Solutions to reduce losses related to fraud and returned payments, e.g. decision support tools for selecting transaction partners and acceptable ways of payment, scoring or rating tools, etc.

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Settlement

An act of discharging obligations related to payment transactions between two or more parties. A settlement institution is an institution through whose books transfers of funds between participants take place in order to achieve settlement within a system.

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Significant market, significant provider's role

A **significant** market or provider's role in this context may be understood as an average share of at least 3% of the number of all cashless transactions in the EU in the year 2010 (e-money is currently around 0.5 % in the EU-25).

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Value added services related to e-payments

Examples include electronic invoicing, digital signatures, co-branding, e-ticketing and bonus points.

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Waiver

According to the E-money Directive, the Member States may allow their competent authorities to waive the application of some or all of the provisions of Directive 2000/12/EC to electronic money institutions in specific cases.

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