

Euro Changeover Project

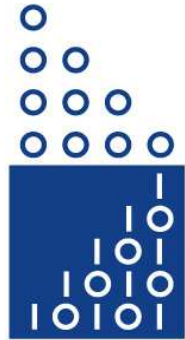
Card Offering with S€PA

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Highlights

- ❑ **Impact of the SEPA Card Framework**
- ❑ **Payments Services Directive**





EUROPEAN PAYMENTS COUNCIL
Towards our Single Payment Area

Challenges Maltese Banks are facing

□ € Adoption

□ TARGET II

□ SEPA



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SEPA Cards Framework

“The SCF spells out high level principles and rules which when implemented by banks, schemes and other stakeholders, will enable European customers to use general purpose cards to make payments and cash withdrawals in euro throughout the SEPA area with the same ease and convenience than they do in their home country. There should be no differences whether they use their card (s) in their home country or somewhere else within the SEPA area”.

Main Players

European Central Bank
Eurosystem

Driving a single payment area for the euro zone

DG Competition

Retail Banking Sector Inquiry

Ensuring Competitive Business Model

SEPA

Payment Services Directive

Creating the legal framework

DG Internal Market

European Payments
Council

SEPA Cards Framework

Developing the options and standards

Change in Markets



National, state-owned operators,
little or no competition
Suboptimal scale/usage



- Open market with intense competition

Vertically integrated value chain



- Unbundled services (phone, e-mail, SMS, etc...)

High cost for connecting to other
providers (e.g. international)



- Cheaper inter-network connectivity

Lack of innovation - viewed as
commodity



- New value-added services (ring tones, music downloads, phone design, email)

One size fits all service (voice only)

Payments Services Directive

- ❑ *To enhance competition between national payment markets by opening up markets and ensuring a level playing field between the different participants in the payments and cards market.*



Payments Services Directive

- ❑ *The second objective of the Payment Services Directive is to increase market transparency for both payment providers and users through increased provision of information; and*
- ❑ *To standardize the rights and obligations of providers and users of payment services in the EU, with strong emphasis on consumer protection.*



□ End of 2010,
all cards in
Malta will
have to be
Chip and Pin



VISA



S€PA
Single Euro Payments Area