

The Issuers' Perspective

The Digital Money Forum

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E-Money – experience

- E-money initially conceived as a more efficient substitute to cash
- Several models piloted throughout 90's
- Learnings:
 - Consumer reluctance unless discernable advantage
 - Success in Niches
- E-commerce (EMT) offers unique opportunities

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E-Money Status

- Unattended terminals established in some countries
- E-commerce
 - Person to Person successful – led by PayPal
 - Under 18's targeted
 - Small value payments still not resolved
 - Packaging & culture
- Mobile payments
 - Network delivered services successful, limited content
- Transport products planned in the UK

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Issuers' Challenges

- Regulatory uncertainty, now addressed
- Business challenges
- Competition from other payment products

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EMA inception & work

- The implementation of the e-money Directive provided the impetus
- Issuers found areas of common interest & benefits in cooperating on regulatory issues
- Built trust and shared knowledge

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EMA inception & work

- Implementation was a two stage process:
 - HMT Consultation on amending legislation
 - Definition of e-money
 - Aspects of FSMA which apply
 - FSA Consultation on implementation
 - Supervisory regime
 - Definition of rules and guidance

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Regulatory work

- Satisfied with HMT's proposals; submissions on
 - Definition of e-money
 - Application of the compensation & ombudsman schemes
 - Criteria for small issuers
- Also with the FSA's proposals; greater detail
 - Interpretation of definition & scope
 - Purse limits
 - Ombudsman scheme
 - Limitations on investments & activities

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Current Items

- Application of Money laundering legislation
 - Know your customer requirements
 - Possibility of an anonymous product
- Using regulatory publications & standards, develop criteria for voluntary best practice in:
 - Legal, reputational & operational risk

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Future Items

- Some of the issues are:
 - Passporting
 - Privacy
 - The business barrier - creating a marketplace for products & services

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The EMA's Objectives

EMA Objectives:

- Represent the joint interests of industry
- Pursue such interests
- Develop minimum standards wherever required
- Vehicle for communication within industry and with third parties
- Sharing of information

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The Issuers

EMA members include:

- Payment companies
- Telcos
- Transport companies
- Specialist E-money issuers
- Other miscellaneous sectors

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Future Development

- Provide a forum for all issuers – all issuers are invited
- European issuers encouraged to form own (or affiliate) organisations
- Widen or create new types of membership

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Thank you

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