eID Wallets in action

A EU payment player perspective

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Agenda

1. Introduction to EPI

2. Combining Payment and Digital ID

3. Security And Certification

1.
Introduction to EPI

EPI Vision: Changing the way Europe pays

EPI stands against

- A **fragmented European payment landscape** caused by many players all innovating separately

- Europe being reliant on **American payment giants** due to the lack of a local cross-border alternative

- **200 billion € held in transfer every day**, for 1-3 days, even though instant payments are available

EPI stands for

- A **unified payment system** where payment is on user's terms

- Giving **freedom, choice, security and control** to European citizens and institutions

- **Delivering more for Europeans by innovating together** rather than separately

EPI Market Scope

EPI is backed by 16 shareholders that will launch EPI products as EPI members

EPI will launch in 3 core markets in early 2024 before expanding to more European countries
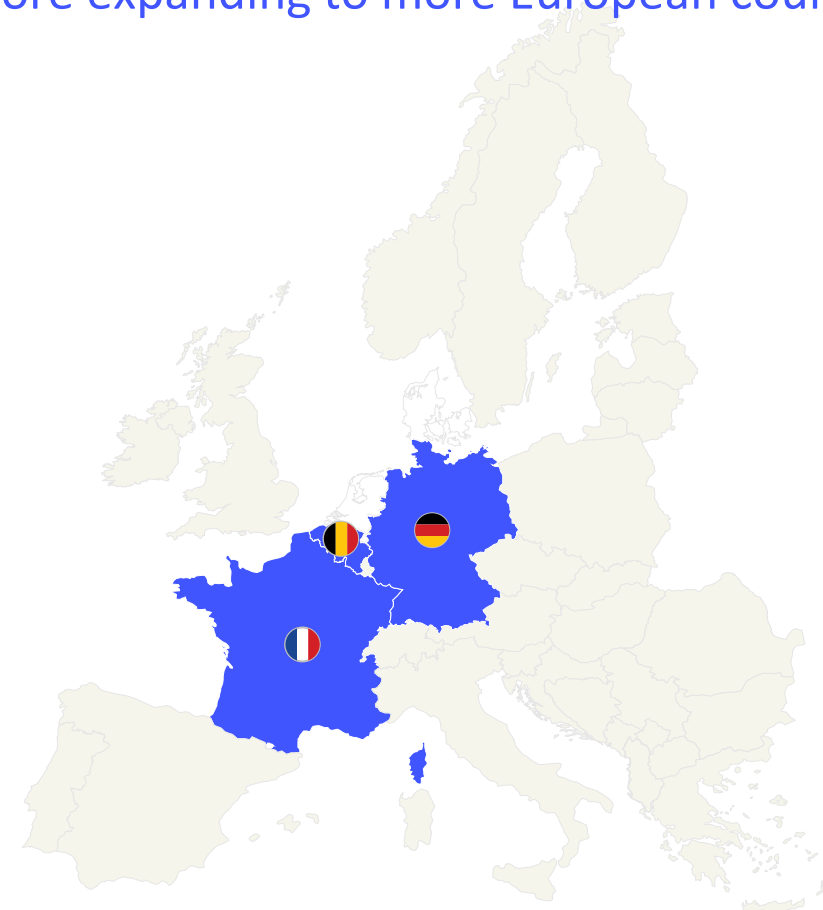
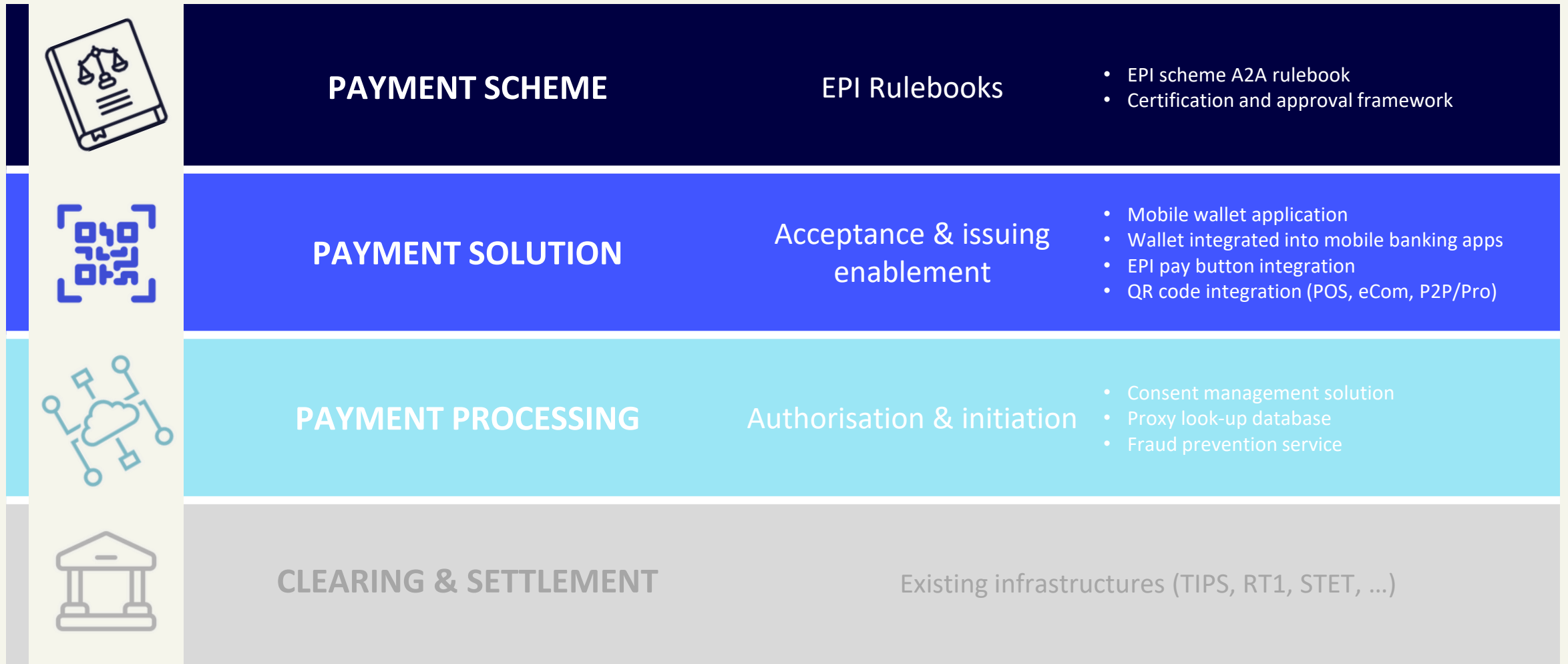# EPI Unique Selling Proposition towards consumers and merchants

CONSUMERS

Pay everywhere in Europe (participating countries for the start) very easily with your smartphone in all kind of situations directly from your account, benefitting from a unique bundle of services and instant money transfers
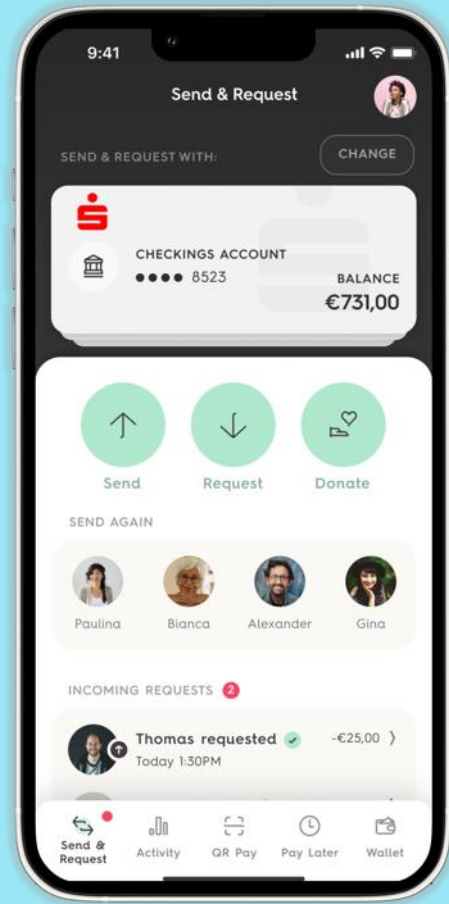
MERCHANTS

Pan-European payment solution addressing simple transactions, and all required complex payment types with one integration for all markets and an attractive business model
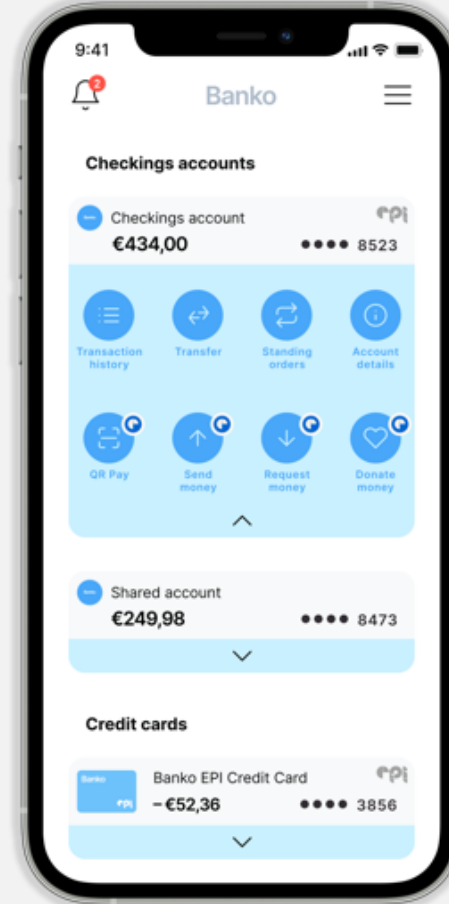
EPI Activities Scope

PAYMENT SCHEME	EPI Rulebooks	• EPI scheme A2A rulebook • Certification and approval framework
PAYMENT SOLUTION	Acceptance & issuing enablement	• Mobile wallet application • Wallet integrated into mobile banking apps • EPI pay button integration • QR code integration (POS, eCom, P2P/Pro)
PAYMENT PROCESSING	Authorisation & initiation	• Consent management solution • Proxy look-up database • Fraud prevention service
CLEARING & SETTLEMENT	Existing infrastructures (TIPS, RT1, STET, …)	

Standalone Wallet App

- Complete EPI value proposition

- Focused payment UX

- Fast time-to-market/ frequent updates

Mobile Banking App Integration

- Millions of active installs

- Familiar user experience

- Many more features/ beyond payment
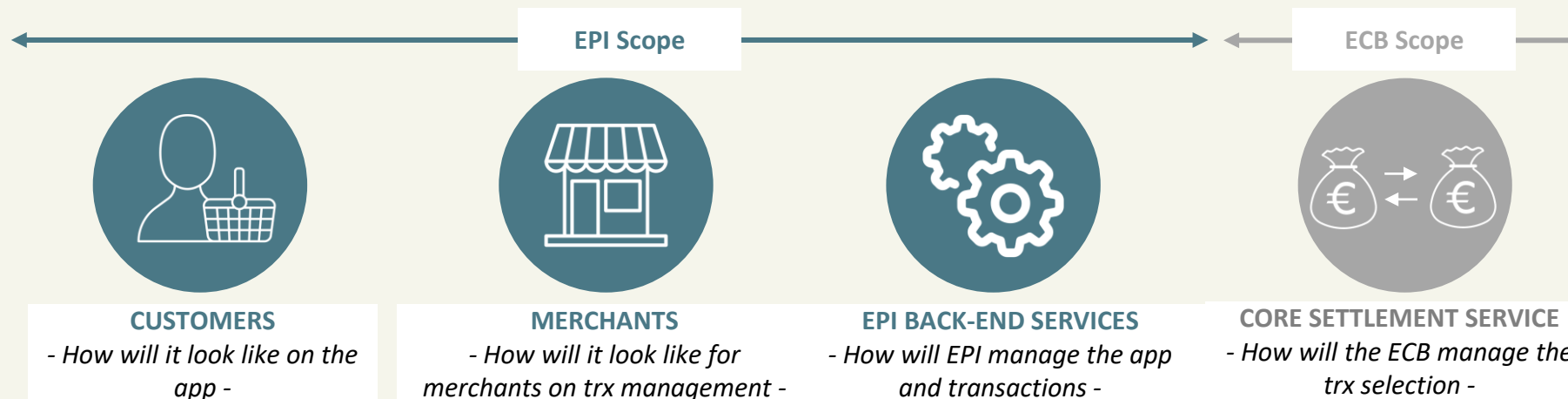
Consumers prefer using standalone payment apps | **37%** | **63%** | Consumers prefer using their mobile banking apps for payments

EPI was selected by the ECB for Digital Euro front-end prototyping project to cover POS Payment

epi

Prototyping project' goals of the ECB	• Serve as a research tool for the Digital Euro, not as the core of a later production system • Evaluate if end customer product ideas are well supported by Digital Euro's infrastructure • Evaluate technological aspects • Support other activities of the Digital Euro investigation phase (i.e., user requirements, planning of next phase…)

EPI Scope ⟶ **ECB Scope**

CUSTOMERS
- How will it look like on the app -

MERCHANTS
- How will it look like for merchants on trx management -

EPI BACK-END SERVICES
- How will EPI manage the app and transactions -

CORE SETTLEMENT SERVICE
- How will the ECB manage the trx selection -

2.
Combining Payment and Digital ID

Digital ID used by payment players

- As ID service consumer:
  - Fast contact data collection
  - KYC process (Regulatory compliance)
  - National ID (AML checks over several accounts)
  - Validated Address (ecommerce fraud reduction)

- As payment service provider:
  - All mandated EUDI Wallet services
  - Car rental payment + National ID + driver license
  - Hotel reservation + National ID
  - …

Real Life Case

- You just bought the piece of agricultural land situated behind your house.
- You want to install the vineyard of your dreams, and to become winemaker.

Bulldozer Rental
Use Case Analysis

- Key Requirements:
  - Must happen online, through the phone
  - Significant deposit required (3.000€)
  - Final transaction amount reviewed once the bulldozer is returned
  - ID Card required, with validated delivery address
  - Bulldozer value : 50.000€

Key Remarks

ID often associated with complex payment transactions

- **Complex payment transaction,** involving
  - Solution for deposit handling
  - Solid payment guarantee
  - Multiple pre-Authorization
  - Capture for confirming the final rental payment
- **High amounts**
- **Risks of dispute**
  - Disagreement on rental fees or on surcharges
  - Disagreement on deposit handling in case of damage claimed by the rental company
- **Risks of fraud:**
  - Bulldozer not returned
  - Abusive damage penalties by rental company…

ID-related considerations

- **Trust:** The merchant and the consumer must be convinced that their risks are covered
- **Technical Interoperability**
  - ID data, format,… « harmonized common format »
- **Legal proof (across the EU):**
  - The merchant must be able to introduce a claim based on the collected ID
- **Who is liable**
  - if the ID is incorrect, stolen or fake? If the address was hacked?
  - If the merchant misused the collected ID, resulting in damage for the consumer?
- **Business/rules common core:**
  - If several wallets co-exist, business rules must be sufficiently aligned, to enable acceptance and use.

3.
Security And Certification

EUDI Wallet Security

- **Mobile phone security** is challenging due to the **phone** and **phone manufacturers diversity**
  - How to distinguish phones meeting mandated criterias from the others?
  - How to ensure that each HW component is fit and secure?
- How to ensure **requirements consistency** across EU?
- Is there a proper **security standard** for each component ?
- GP could possibly contribute or be involved

Personal data

Certification

- Certification is a critical element to ensure trust and adoption, security and level-playing field
- Assessing and assuring the proper security of all the components of the EUID Wallet ecosystem is a major undertaking
- It needs to be either organized or setup by the authorities
- Again, GP could possibly contribute or be involved

Final Business Questions

- Business conditions to use the HW components?
- Who is liable in case of fraud, or technical problem?
- Which rules and processes to handle dispute and fraud cases amongst participants?
- How does a Wallet Provider properly assess and manage its own security risks?
- How will the authorities create the right framework to balance regulations and level-playing field allowing competition and innovation?