



EUROSMART position on the European New Legal Framework for payment (NLF)

The Smart Card industry in Europe, represented by the international association Eurosmart, is involved in the discussion on the European New Legal Framework for payments (NLF) since the beginning of the consultation process. Eurosmart gave its contribution to the debate launched by the European Commission in December 2003. The idea of the Commission was to foster the development of electronic payments and the implementation of efficient, secure and trustful products.

The first versions of the new legal framework referred to legal aspects relating to security of payments, security evaluation and security of products and transaction systems.

The smart card industry is already engaged in a process to reinforce security of payments, and wants to rationalize the deployment phase of products and applications, which remains too expensive. In this perspective, the industry took part to the debate in 2004 and 2005 within the Payment System Market Group (PSMG).

Eurosmart line of action meets the objectives of the text on the NLF that aims at implementing efficient and less expensive infrastructures and means of payments, free competition and at strengthening the fight against fraud. It is therefore essential to have common standards that reflect a high level of security. However, this is not the case today: security evaluation and certification procedures are neither coherent nor harmonised, whereas this is a condition to the implementation of the Single Euro Payment Area (SEPA).

In the final version of its proposal, the European Commission does not refer to any methodology of security evaluation and certification proposed by the industry. On the contrary, she considers that market actors have to take their own responsibility on this point within the European Payment Council or through other organisations.

The result is that many incoherent and expensive procedures are implemented by commercially influent actors. This situation does not enable a fast deployment of the different systems and a reduction of the costs that would be beneficial to all stakeholders and consumers.

The objectives of coherence and harmonisation of the procedures should be mentioned in such a proposal of a directive, in order to accelerate the implementation of efficient and interoperable systems of payment corresponding to optimal security levels for consumers.

The Smart Card industry appeals to:

- Implement a security evaluation and certification process based on common standards at the international level, with the aim to suppress parallel evaluation methods;
- Launch the same process of convergence for the whole electronic payment products, components and systems;
- Accelerate the discussion within the Fraud Prevention Expert Group in charge of security matters.

EUROSMART is the Brussels based international association representing the Smart Card Industry for multi-sector applications. Through its activities, Eurosmart act as a catalyst and forum for the smart card stakeholders. In a global environment, Eurosmart encourages interoperability through international cooperation. Eurosmart achievements have been acknowledged by the smart card community as "the voice of the experts".

ASK, Aspects, Atmel, Austria Card, Axalto, Bundesdruckerei, DataCard, FNMT, Galitt, Gemplus, GIE Cartes Bancaires, Giesecke & Devrient, Infineon Technology, Ingenico, MasterCard, Moneyline, Nedcard, Oberthur Card Systems, Philips Semiconductors, Renesas, SagemOrga, Samsung, Saqqarah Int, Sharp, SST Company, STMicroelectronics, Watchdata, Wave