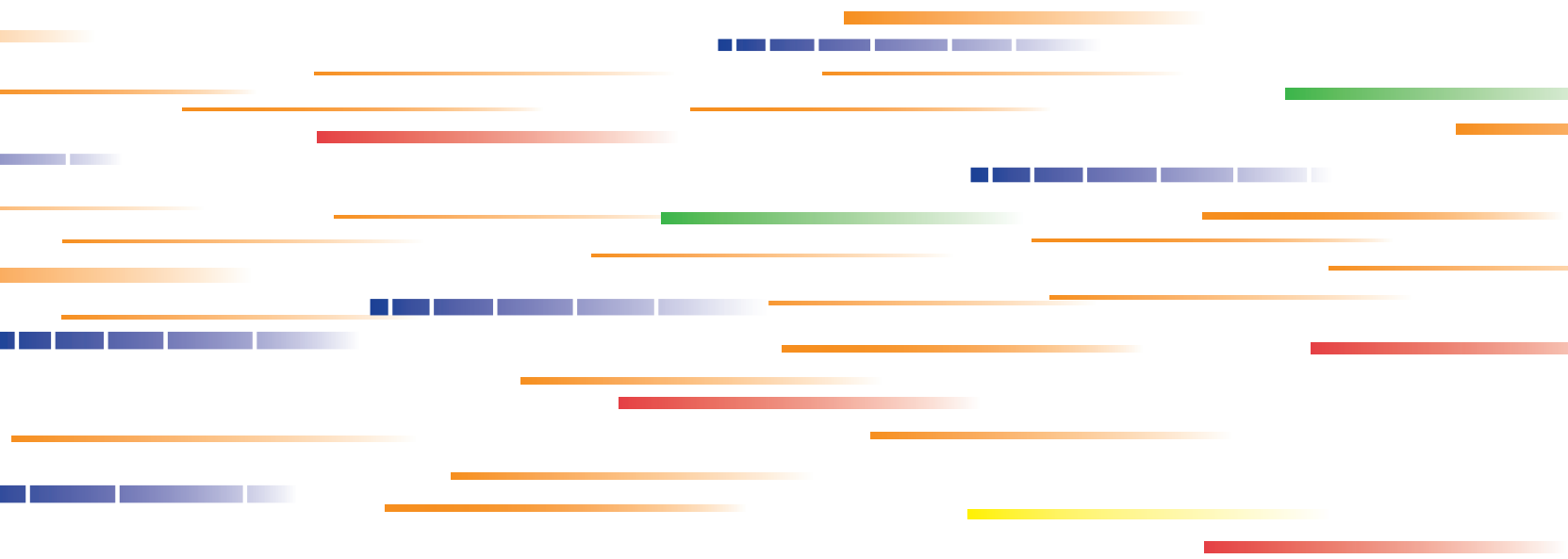




Channel Management



Evolution of Electronic Money on the European scenario: perspectives and answers

Over the latest years, the electronic money sector has been going through a significant evolution phase, which has gained it an increasingly important position on the banking scenario, both nationally and internationally.

The requirements of the banking and finance sectors focus today on system integration, internationalisation, insourcing, security, fraud prevention and management. Such trends take shape in a dynamic and fast evolving context, characterized by more and more frequent merger and acquisition operations among banks.

This area of business is also greatly affected on the legislative, procedural and technological plan, by entities and initiatives such as **SEPA** (Single Euro Payment Area), **EAPS** (Euro Alliance of Payment Schemes) and **PSD** (Payment Services Directive), aimed at unifying, ruling and rationalising the business, without neglecting customer protection as to information duties and terms & conditions transparency.

On this regard, a clear and authoritative confirmation has recently come from the European Central Bank (ECB), that wished the fast evolution of the debit card business toward a single European payment area, based on the precise guidelines that follow:

- European citizens must be able to access their current account anywhere in Europe and not only in their country
- Full benefits in terms of efficiency in the Euro zone will not be reached until money transfers, direct credits, and debits and payment cards are not accepted and processed in the same way
- A common processing and settling structure would make it easier to consolidate a trans-national banking sector, which is absolutely needed, reducing the important cost for system adjustment to the single local markets.

A primary role in this extremely lively scenario is played by PSD, whose main goal is to increment competitiveness among payment service suppliers with proven advantages both for the market and for end users, by means of the introduction of a new category: "Payment Institutions", authorized to supply payment services.

Sharing these principles and following these indications, TAS intends to support the major international players in the analysis and creation of systems and applications able to provide added value to the payment cards business in Europe, where significant differences still exist in terms of consistency and standardisation between the credit and debit sectors (in the latter, there are approximately 15 circuits that successfully serve the domestic markets, such as the Bancomat / Pagobancomat one).

Great innovation and changing drivers in the sector are also International Circuits, opening up interesting perspectives through the launch of always new and differentiated products and services (i.e. the contactless technology, which has recently started to spread also in Europe). To meet the new requirements relating to the issue of proximity cards, important electronic money solutions implementations are necessary, from authorization through to issuing, which requests specific parameterization and management of the new security and authentication components.

Further opportunities linked to retail and new channels (mobile, internet) should also be mentioned, claiming their place in the electronic money world. As to the mobile channel, which is still in the start-up phase, the aim is the identification of methods to make the service secure and extremely performing at the same time.

The realisation of these scenarios, always characterised by the greatest security standards, goes together with the development of monitoring systems that contribute both to maintaining an excellent service level and to preventing telecom frauds.

Even though efficiency improvement and system renovation remain the priorities of the sector's most important players, it is also true that marketing guidelines seem to be having nowadays increasing grasp. Suppliers are more and more requested to be real partners, able to transfer, through their technological and business experience and know-how, great added value in the determination of strategic choices.

Experience and innovation: the keys to success

TAS intends to win the above mentioned challenges and to direct to traditional financial institutions, both in Italy and abroad, as well as to the new market of Payment Service suppliers, which will be created by the PSD enforcement.

Putting together experience and innovation, TAS aims at confirming itself as leader and ideal partner in an area in which it has been one of the major players for the last 20 years, together with the leading banks, with the following goals:

- Enable the adaptation to new standards and new guidelines, both domestic (i.e. UCAMP) and international (i.e. SEPA), by its clients, through specific implementation preserving the investments made
- Make available to banking system's players an integrated and flexible suite of products, engineered with advanced technology, to manage all the issuing, acquiring, key management and fraud management activities
- Contribute to the reduction in the use of banknotes, which is an internationally set goal, through advanced payment systems.

To provide tangible and prompt answers to these issues, TAS efforts focus on the following:

- Innovation in the development and use of new technologies
- Fraud management through prevention features and constant monitoring, in accordance with institutional (UCAMP), Circuits and SEPA guidelines
- Advanced management of physical and logical security both on the traditional (ATM&POS) and virtual channels (Internet), in line with the international specifications
- Direct connection to the International Circuits through the internationalisation of the whole authorising and clearing

process, following SEPA's recommendations

- Consolidation of an Internal Debit Single Authorising Centre, to satisfy the need for rationalisation and control of the issuer
- Constant update of the components interested by the important evolutions of the EMV specifications issued by the Circuits (i.e. proximity cards)
- Evolution of chip applications for managing value added services, to be combined with traditional financial use.

Electronic Money Solutions

