



GSM Europe

The European interest group of the GSM Association

<http://www.gsmeurope.org>

GSM Europe's Response to the EU Blueprint on Mobile Payments

GSM Europe welcomes the support from the EU Commission on mobile payments. Mobile payments are crucial for the take-up of data services and the success of 3G.

However, GSM Europe is of the opinion that whilst the Blueprint initiative provided a useful forum for highlighting issues, it also highlighted the fact that most issues are already being addressed. Therefore the scope of the new Working Document (draft of 12/06/2003) is unnecessarily broad: many of the issues and recommendations mentioned in the paper are already being dealt with by the industry in various bodies, most notably in the Mobile Payment Forum (MPF), OMA and also in ETSI, which all gather representatives from both the telecom and the banking sectors. As long as co-operation between operators and banks in those bodies function, there is no real need for the European Commission to continue with the Blueprint initiative. There is also a danger that this broad high level approach may give a false impression that issues are being addressed by the Blueprint initiative when in fact they are not. If Blueprint is to serve any purpose it needs to focus on how it can contribute to the critical issues not already being addressed and if it does not it should be closed.

Therefore any European Commission action on mobile payments should exclusively focus on bringing regulatory clarity and on reducing current regulatory barriers for mobile operators. Such an appropriate regulatory environment would then foster market-led developments with regard to mobile payments which would be based on competition and benefit consumers.

Lack of clarity with regard to regulation (especially micro-payments) hinders investments into new service development. This problem has been strongly flagged by operators already for some time and also been acknowledged by the EU Commission.

The current legal framework for payments was designed to regulate and harmonise conventional financial services and did not take into consideration new developments that have arisen subsequently and which might require different treatments. GSME takes the view that, micro-payments, and more specifically mobile payments, require a new legal approach which may assist the mobile market *"in delivering its full potential benefits and that avoids hampering technological innovation in particular"* (as stated by Recital 5 of the e-Money Directive with respect to e-money).

A key outstanding issue to achieve is proportionate risk-based regulation of mobile payments. As an example, prudential requirements should reflect differences in risk between micro-payments and macro-payments. Accordingly, *"the prudential*

supervisory regime should be more targeted and, therefore, less cumbersome” bearing in mind the scale of the risks involved (see Recital 11 of E-money Directive). On the basis that the currently discussed new legal framework for payments addresses a risk-based approach there would be no need for further Blueprint activity in this area.

GSM Europe remains actively committed to removing barriers to the creation of a pan-European mobile payment system.

GSME, London 26th August 2003