

Editorial

A New European Card: the Pan-European Project 'Monnet' for a European Card Solution

In his recent talk at the opening of Goethe University's 'House of Finance' Federal Minister of Finance Peer Steinbrück pointed out, that it is a crucial success factor for 'Finanzplatz Frankfurt' to keep the autonomy for rules and definitions in financial markets in Europe and not to lose this competence to heavyweight oligopolies from outside Europe, such as e.g. MasterCard, VISA et cetera.

Some months ago, on 28th January 2008, the countdown was over and SEPA went live. With Credit Transfer payments in Europe now successfully harmonized to make the Single Euro Payment Area reality, a single market has also emerged for payment cards as well as for ATMs and POS terminals. A market, that covers a larger economy than that of the US. The European banks have invested heavily in the underlying infrastructures for SEPA. We have thus crossed the Rubicon! Besides Credit Transfer and Direct Debit, the SEPA Cards Framework (SCF) is the third pillar of the harmonized European payments market. But SEPA is also a disruptive force bringing in new players, new (infra-) structures, and new opportunities.

To cite Dr. Gertrude Tumpel-Gugerell speaking at the SEPA Launch Event on 28th January 2008¹⁾:

"With the SEPA Cards Framework extensive changes await the European cards market. The ECB expects a new European card scheme to emerge, harmonising card payments across Europe. That said, efficient national card schemes should not vanish, leaving the cards market entirely to international card schemes. Let's work together and use the experience of the national schemes to devise a new European card scheme."

And the European banks have listened very carefully. They are aware of their responsibility, and, for instance, leading French and German banks actively launched the project 'Monnet' for a new European card solution, which will be open for other banks from other countries to join. This project received its name from Jean Monnet, the first president of the High Authority of the European Coal and Steel Community (ECSC), which was the foundation for the modern-day European Union.

Key principle of 'Monnet' is to realize the benefits of SEPA regarding cards for the European



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market based on a high-quality service for customers, in a secure end-to-end payments process. This service should both be attractive for consumers and merchants and also provide a reasonable business model for banks with a fair compensation for investment in infrastructure. But although 'Monnet' is a name taken from European history, the new European card solution will be leading edge, blending decades of European experience especially with debit cards with state-of-the-art technological capabilities. 'Monnet' requires forward thinking to omit 30 year old legacy coming from the ages of overnight batch processing and to avoid just linking existing solutions at the end of the life cycle, whilst 'IP', 'http', and 'HTML' changed the world within only one decade. Also cross-industry knowledge transfer with regard to e.g. concepts of telco roaming, inter-



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net routing, RFID, and biometric finger print authorization et cetera will contribute added value and can help to circumvent thinking in traditional national structures. Discussion of new ideas and the synergy between practical experience and scientific research is essential for innovation. The E-Finance Lab is a great platform to facilitate exchange with the banking industry and cooperation can provide a valuable contribution to the discussion about a New European Card Solution.

1) Source: Speech by Gertrude Tumpel-Gugerell, Member of the Executive Board of the ECB. Launch event organized by the European Commission, the European Central Bank, and the European Payments Council, Brussels, January 28th, 2008.