

MyBank

MyBank

Facilitating e-payments and e-mandates Europe-wide

A solution description for e-merchants,
public institutions and other billers



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What is MyBank?

MyBank is a Europe-wide e-authorisation solution providing a simple and secure customer experience for electronic payments throughout the Single Euro Payments Area (SEPA)¹.

The MyBank button will be displayed as an additional option among the payment methods that e-merchants offer on their websites.

Customers across Europe click on this button to complete their purchase via the e-banking channel of their banks² or payment institutions.

E-merchants³ receive a message confirming this payment authorisation in real time.

The payment is executed via SEPA Core Direct Debit or SEPA Credit Transfer, depending on the option selected by the customer. Additional payment instruments may become available through MyBank at a later stage.

MyBank itself is not a payment instrument but makes it possible to use SEPA payment instruments for e-commerce and other online transactions by facilitating the exchange of real-time payment authorisations between sellers and buyers.

¹ The Single Euro Payments Area (SEPA) consists of the 27 EU Member States as well as Iceland, Liechtenstein, Monaco, Norway and Switzerland.

² Whenever the term "bank" is used in this document, it is intended to cover all authorised payment service providers including, without limitation, credit institutions and payment institutions.

³ Whenever the term "e-merchant" is used in this document, it may cover other sellers or billers benefiting from electronic authorisation and payment processes.

How does MyBank work?



Paying with MyBank means paying through online or mobile banking

1. Customers choose a product or service and add it to their shopping cart.
2. They click on the MyBank button, select their bank and are taken to their online banking log-in page.
3. They enter their log-in details to access their online banking account. There, they will see the transaction details to be authorised.
4. They check the details and authorise their bank to process the payment.
5. The bank confirms to the customer that the payment has been initiated.
6. The merchant instantly receives a confirmation that the payment has been electronically authorised and fulfils the customer's order.

The MyBank user experience

The merchant receives the confirmation that

- the buyer's payment account exists
- the buyer has the necessary credentials to access the payment account
- the buyer has instructed the buyer bank to make a payment, e.g. an irrevocable SEPA Credit Transfer
- the payment order has been received and accepted by the buyer bank

MyBank gives e-merchants and their customers the assurance they need to do business with each other.

The solution allows buyers and sellers to exchange information in real time via the Internet through trusted parties (banks acting as buyer banks or seller banks). The banks provide the necessary certainty that a credit transfer has been initiated or that a valid mandate for a direct debit has been sent.

What services does MyBank support?

MyBank is an e-authorisation solution for online payments

MyBank enables banks to deliver the following services to e-merchants and their customers:

- initiation and authorisation of SEPA Credit Transfers
- creation, modification and cancellation of e-mandates for SEPA Core Direct Debits (planned for October 2013)

Further services that the solution will be able to support are among others:

- an optimised mobile channel for using the solution
- payment on delivery
- e-identity or age verification

“I need an online solution for capturing SEPA direct debit mandates that allows me to collect in the same way from every customer in Europe. MyBank offers that vision.”

Lucio Carli
Amministratore
Fratelli Carli
www.carli.com

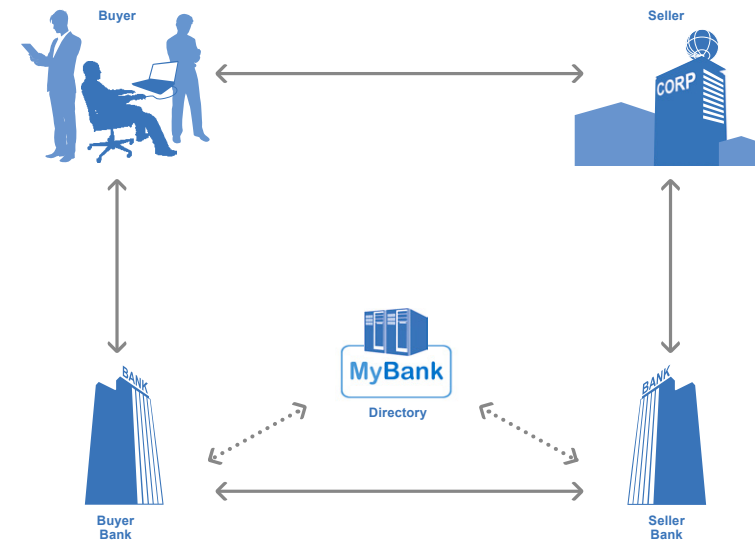
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What are the benefits of MyBank?

An attractive solution for online sellers of all types and sizes

- Small businesses: MyBank is easy to implement and cost-effective, which makes it an appealing solution even for small transaction volumes
- Cross-border merchants: MyBank offers a one-stop solution for e-payments all across Europe
- M-merchants: MyBank supports the e-authorisation of payments from mobile devices
- Professionals: MyBank supports the implementation of e-invoicing processes
- Public services: MyBank allows an easy and cost-effective collection of taxes and fines and can be used for e-identification processes required to give citizens remote access to certain services (e.g. on-line submission of tax forms)
- Utility companies: MyBank is a ready-to-use solution to move from paper mandates to e-mandates and leverage the opportunities of the digital world for collecting payments

MyBank is based on a four-corner model: the authorisation and transfer of payments are handled through the seller and buyer banks



MyBank offers Europe-wide reachability

MyBank allows e-merchants to offer a single solution for all electronic SEPA payments to customers across Europe

- MyBank will make it possible for merchants to reach millions of consumers across Europe through one e-payment channel.
- Since MyBank is based on a four-corner model, there is no need for e-merchants and their customers to individually sign up to a central solution provider. When a new bank joins, it can make MyBank available to all of its customers for direct use.



MyBank improves conversion

MyBank discards barriers preventing customers from completing a purchase on the Internet

- No sensitive data, such as account or payment details, are shared with the merchant or other third parties, which eases customer concerns regarding data security and privacy.
- By limiting the risk of fraud and triggering the initiation of SEPA payments, MyBank allows buyer banks to increase or completely remove spending limits, in particular for cross-border transactions. This means that MyBank can be used for online purchases of both low and high value.

Easy refund and transaction value management

- Refunding customers who have paid via SEPA Credit Transfer can be organised more efficiently with the support of MyBank: as the seller bank receives the IBAN of the buyer, it can help the e-merchant manage its refund processes in an automated fashion through back office tools supplied by the seller bank itself or by a payment gateway.
- The SEPA Core Direct Debit Scheme is the perfect solution for sellers requiring a payment method that is both reliable and flexible. The e-mandates signed by the customers may allow the e-merchants to change the amount they charge to their customers even after they have placed their order. If e-merchants can, for instance, only deliver fewer goods or services than ordered, they simply indicate the change in quantity and amount to be paid in the payment notification to their customers and then collect this pre-notified amount.

“MyBank will unlock e-payments for all European countries, through the familiar and trusted online banking portal in combination with the SEPA payment instruments SCT and SDD. Web merchants have great expectations for this solution, as it will combine reach and conversion [...]”

Position Paper E-payments (2012)
Ecommerce Europe
www.ecommerce-europe.eu



MyBank is a cost-effective solution

MyBank stands for fraud reduction, low infrastructure investments and a transparent fee approach

MyBank reduces security investment needs and costs related to fraud

- Customers using MyBank authorise their payments in the secured online banking environment of their bank through a two-factor authentication process. This approach considerably reduces the e-merchant's risk of direct losses as well as of dispute resolution and chargeback costs related to fraud.
- With MyBank, e-merchants do not need to handle or store any confidential data related to the payments of their customers, which should help them to cut down their expenses for security-related investments.

MyBank requires low operational investments

The implementation of the MyBank e-authorisation solution on an e-merchant's website only requires the installation of a component providing the necessary web infrastructure, connectivity to the seller bank, reporting and reconciliation of the transactions processed.

This component can be offered off the shelf by the seller bank or the e-merchant's usual payment gateway.

The MyBank solution can therefore be fully integrated within an existing payment gateway infrastructure requiring little investment and process adaptation for upgrade. In exchange for this single additional connection, e-merchants get an online banking e-authorisation solution for SEPA payments supporting all their online business across Europe. They can have a single contract as well as contact point and negotiate fees for all their European volumes.

MyBank is based on a transparent and cost-effective fee approach

The MyBank running fees for e-merchants are expected to be fairly moderate because

- the solution re-uses a great deal of existing infrastructure and there are few additional investments needed for its set-up and maintenance at the level of the participants (i.e. seller banks and buyer banks) and the e-merchants
- the solution management layer provided by EBA CLEARING is very light
- there is no interchange fee between participants
- the underlying SEPA payment instruments are highly efficient and cost-effective
- the fees to be paid by e-merchants for the use of MyBank are determined between each e-merchant and his or her seller bank

How does MyBank support SEPA Core Direct Debits?

By February 2014, the existing national direct debit schemes in the Eurozone will be replaced by SEPA Direct Debits, following an EU Regulation that also gives consumers the right to provide specific instructions to their banks with regard to direct debits (e.g. to put creditors on a black or white list).

The SEPA Core Direct Debit Scheme can be used for euro transactions all over Europe; it requires the signing of a mandate by the customer. Management of this mandate, which by default is paper based, is a new feature for many banks and merchants.

To facilitate direct debits in the online world, the use of e-mandates is foreseen. It is envisaged that MyBank will support SEPA Core Direct Debit e-mandates from 4th October 2013.

MyBank will allow customers to

- create e-mandates for one-off or recurring SEPA Core Direct Debits
- modify or cancel existing e-mandates


The e-merchant will be informed about the creation, modification or cancellation of an e-mandate in real time.

MyBank will enable e-merchants and utilities to continue offering their customers one of their favourite payment methods in an on-line context. If the merchants already use MyBank for SEPA Credit Transfers, adding the MyBank solution for SEPA Core Direct Debits to their portfolio will only require minimal technical intervention.

The benefits of SEPA Core Direct Debits

MyBank is a ready-to-use solution for moving from paper mandates to e-mandates and leveraging all the benefits of the SEPA Core Direct Debit (SDD Core) instrument for e-payments:

- The SDD Core Scheme can be used for one-off or recurring payments.
- The scheme provides uniform rules for direct debits across Europe.
- SDD payments are based on mandates, which customers can issue, modify and cancel electronically with the support of MyBank and the online banking platform of the buyer bank.
- The date on which a mandate for recurring payments comes to an end depends on the bilateral agreement between the e-merchant and the customer. Thus, the e-merchant can monitor the expiry date, which makes it easier to manage the relationship with the customer.
- SDD Core can be used for payments of up to EUR 999 million.
- SDD Core payments are processed in a fully automated way, which makes SDD Core a highly efficient and cost-effective payment option.



“Selling over the Internet is a very efficient channel. There are many more people out there who would buy on the Internet if they were offered a new payment solution from their bank.”

Karen Nahum
Director of Digital Publishing
Il Sole 24 Ore
www.ilsale24ore.com

Il Sole **24 ORE**

How does MyBank support mobile payments?

The growing market penetration of smart phones will further fuel the evolution of m-commerce and m-payments. Smart phones will allow their users to securely initiate payments through their online banking environment from almost any place at any time.

MyBank will provide appropriate specifications to enable the electronic authorisation of payments from mobile devices, so that customers can benefit from this solution in their mobile shopping experience.

The MyBank roadmap for mobile payments includes

- an improved shopping experience in web-stores optimised for mobile usage
- the usage of mobile applications provided by merchants

- the automatic redirection for payment initiation to online banking screens with a layout and security specifically designed for smart phones and tablet browsers
- the usage of mobile banking applications to authorise MyBank transactions initiated from mobile devices

Through the implementation of this functionality, MyBank will help e-merchants to get more value out of both their mobile applications and their browser-based offerings.

How does MyBank ensure security?

The most important aspects of web security include integrity, confidentiality, authenticity, non-repudiation and availability. The MyBank solution ensures that each of these aspects is optimally covered by having based its e-authorisation processes on a sophisticated and well-designed architecture as well as on up-to-date secure web standards and protocols.

Fraunhofer IAO, a leading institution in application-oriented research and development, is continuously reviewing the MyBank security concept in order to assure security compliance and mitigate as many risks as possible.

Supporting end-to-end security: key components of the MyBank security model

Security Issues	Security guaranteed by
Confidentiality	Encrypted TLS connections
Integrity	WS-Security
Authenticity	Certificates, RSA cryptography,
Non-repudiation	Two-factor authentication
Availability	Distributed architecture

“New payment options always improve sales. MyBank combines ease of use and high levels of security: this is likely to drive new people into buying online and to enhance the overall convenience of e-commerce.”

Edoardo Giorgetti
CEO
Banzai Commerce
www.banzai.it



What is the future vision for MyBank?

It is planned to develop a set of new value-added services related to MyBank at a later stage. Among others, it is foreseen to deliver:

- a functionality allowing the use of MyBank in the e-invoicing context
- the ability for MyBank to support person-to-person payments
- the ability for MyBank to support payment on delivery – this conditional payment can be pre-generated and will be initiated upon the delivery of goods

The future will also bring a set of new MyBank services to facilitate and enlarge the MyBank user experience. Some of these new services may include, but are not limited to:

- authorising payments where the payment instrument is a card
- generating payments in currencies other than the euro or payments involving a currency conversion
- e-identity services allowing the seller to obtain confirmation of the buyer's identity or age (e.g. over 18 years old) in accordance with applicable legislation, such as data protection laws

How to join MyBank

E-merchants and other online sellers who would like to join MyBank are asked to

- contact a participating bank that will act as seller bank and sign a contract with them.

The list of participants is available upon request.

- implement on their website a component providing the necessary web infrastructure, connectivity to the seller bank, management of e-authorisation requests and results, as well as reporting and reconciliation services for transactions processed by the seller bank.

This component may be offered by the seller bank to the seller as a value-added service, or it may be outsourced to another third party (service provider), including the one already used by the seller for other payment methods.

The list of self-certified third parties is available upon request.

If a seller would like to use a bank that is not yet listed, the MyBank Solution Manager can contact this bank on behalf of the seller in order for the bank to consider joining MyBank.

Contact: mybank@ebaclearing.eu



“We have to implement a slightly different solution in every country we do business – and that is most countries in Europe. MyBank is interesting because it offers a pan-European solution.”

Mauro Zerbini
CEO and General Manager
Internet Bookshop Italia (IBS)
www.ibs.it

ibs.it

MyBank is happening

- The solution counts close to 50 supporting institutions across Europe.
- The first 11 banks will go live in March 2013 representing millions of customers in Italy, France and Luxembourg. More banks are already planning to participate in one of three joining windows scheduled for 2013.
- From March 2013, off-the-shelf solutions supporting the deployment of MyBank by e-merchants will be available from 14 pan-European service providers.

Contact and Information

For any additional information, please contact:

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About EBA CLEARING

EBA CLEARING is the leading private sector provider of pan-European payment infrastructure solutions and is owned today by 64 banks.

The Company has vast experience in running major pan-European network projects, notably the implementation and operation of STEP2, a Pan-European Automated Clearing House (PE-ACH) for euro retail payments. STEP2 extends Europe-wide reach to over 4,700 financial institutions in the Single Euro Payments Area (SEPA) for the processing of SEPA Credit Transfers and SEPA Direct Debits.

EBA CLEARING's experience and expertise in fostering the development of industry payment networks for SEPA is the key to the success of MyBank.

EBA CLEARING will, in a first phase, act as the MyBank Solution Manager ensuring the smooth implementation and running of the solution, such as managing the registration of participants and the overall governance of the solution.

EBA CLEARING would like to thank the e-merchant representatives quoted in this brochure for their contribution.

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