



European Internet Foundation



EIF / EPFSF Joint Cocktail and Dinner Event

11 October 2011, European Parliament, Brussels

“Building the future of E-financial Services”

‘Mobile is the new plastic’ and ‘The Bank of Me’ were some of the intriguing phrases coined by our speakers during the EIF-EPFSF Dinner Debate about the future of e-Financial Services and the innovative payment options that should bring a range of benefits both for consumers and businesses. Financial institutions are rapidly adapting to these new trends in consumers’ behaviors and needs. This debate highlighted the current trends in these sectors, as well as the regulatory framework in which they operate and the opportunities and challenges that they entail.

To listen to the speeches from EIF-EPFSF’s Debate [click here](#).

Most important for the future of e-Financial Services is the fact that the building blocks are in place now. Smart phones exist, high-speed network connect them and allow us to have an appropriate customer experience. **Consumers have understood that you can do much more than calling and texting with a phone.** Standards have been agreed on or are in the process of being agreed on and business models for innovation are in place. Technologies such as Near Field Communication will be an accelerator of the shift from a cash economy to an e-payment economy which in turn will have an impact on the grey economy and can tackle money laundering.

But all of the above will only be possible if consumers believe that the services are secure. Operators are working hard to make sure that there is for example a virtual passport to access your electronic wallet and that when you lose your phone-wallet you can transfer your money to your new phone-wallet without your digital money being stolen. **Mechanisms such as asking for a password every 10 transactions are aimed at maximum protection against unauthorised use of your e-wallet.** Interoperable standards should make the technology transparent and should make it easy for as many businesses as possible to adopt the technology. Agreeing on the standards will be key for a successful adoption and implementation.

Mobile payments have been around for several years already but the early services were subscription-based services. When people would buy a ringtone or a logo on their phone they often did not realize that there were monthly fees associated with this purchase. **This left a bit of a stigma on mobile payments, but the definition of what a mobile payment is has vastly expanded over the years.** We are now moving into a much more sophisticated payment system that goes far beyond these early services. We can now make payments at point of sale for instance by 'touch to pay' to buy a coffee or a newspaper. The idea however is that this will also be possible for high value transactions in the near future.

Mobile payments would eventually replace the use of plastic cards to pay at a point of sale and credit cards would in fact become applications residing on the phone of your sim card with part of the information being stored in the Cloud. **What remains crucial is that within that entire payment spectrum there is adequate protection for these payments for all parties, i.e. consumers, merchants and banks** and that there is a maximum choice of handsets available to use as such a payment method and that payments are device agnostic. One speaker also begged the question 'who will want to pay extra for using a mobile phone as a payment tool and will the burden for this be on consumers or not?'

Enabling e-financial services will depend on security, convenience and utility and on the idea that it would be available anytime, anyplace, anywhere. As ironic as it may sound, cash is the most used but also most expensive method of payment. For innovation to progress, various players called upon the Institutions for a focus on outcome based standards and promoting competition to allow new entrants. The 'Bank of Me' is only a question of time it seems.
