

First effects of the international standard for mobile financial services

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ISO 12812 Core banking mobile financial services

Part 1 General framework (International standard)

Parts 2-5 technical standards (not full international standard status):

Part 2. Security and data protection for mobile financial services;

Part 3 Financial application lifecycle management;

Part 4 Mobile payments to persons;

Part 5 Mobile payments to businesses;

Part 1 Framework (International standard):

Key objective in introduction:

Promote consumer protection mechanisms including fair contract terms, rules on transparency of charges, clarification of liability, complaints mechanisms and dispute resolution;

Also reference to *End of service* (dormant assets);

Technical standards-Parts 2-5.

Part 2: ***Security and data protection for mobile financial services***

Limited liability for breach of security: *The liability arising from any breach of privacy should extend beyond actions taken directly by the MFSP (mobile financial service provider) and include other handlers of the information including authorised agents. MFSPs should put in place an effective mechanism guaranteeing the security of customer information and accepting liability for breaches even when attributable to their authorised agents.*

Data protection & privacy;

Part 4: ***Mobile payments to persons***

Remittances: *There is a need for transparency in the advance disclosure of all charges including variable exchange levels at both ends of the transaction.*

User expectations: *clarification of liability.*

Proof of transaction and legal status of receipts;

Early signs of progress in adoption.

EU SEPA (Single Euro Payments Area) covering euro-denominated transactions. Key objective is creation of secure and inter-operable EU space, covering functions such as credit transfer and direct debit.

Payment services Directive 2 (2015/2366) regulates payment services & payment service providers in EU and encourages competition, including from non-banks. Aims to harmonise consumer protection.

ISO 12812 influencing:

- Mobile proxy P2P standards; (part 4 relevant);
- Card specifications for European Card Stakeholders Group in context of SEPA for mobile card-based transactions (part 2 relevant);
- European Payments Council aims for equal protection for mobile and non-mobile transactions.
- USA standards body (ANSI) producing national version of ISO 12812.

Apple announced one billion mobile payment transactions in Q2 of 2018....

questions to industry

- What message do you want to send to consumers? You resisted limited liability for consumers; if systems are safe why resist? If systems are not safe then protection is needed.
- You resisted detailed safeguards in standards saying that is for legislation; but the industry also resists legislation;
- Industry resisted government regulation but sought to limit self-regulation to legal compliance;
- Industry even resisted suggested good practice (eg service providers 'may do X' not 'should') eg signals to visually handicapped.
- Industry wants a free market (and therefore competition) but resisted price comparability;

Next time....

ISO standards reviewed after 5 years. Our priorities will be:

- Has the industry met the wide commitments made in Part 1 (Framework)?
- Has liability policy been clarified?
- Has liability policy been strengthened?
- Consumer advocates need to work more on Applications (part 3).



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