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Hogan Lovells Global Payments Newsletter
3 October 2013

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You can also click [here](#) to subscribe to our "Global Media and Communications Watch" blog, for topical commentary on TMT related issues from Hogan Lovells lawyers across the world.

1. REGULATORY DEVELOPMENTS

1.1 **Germany:** Online merchants can continue to rely on internet direct debit mandates

- The German Single Euro Payment Area ("**SEPA**") Council has concluded that direct debit mandates obtained by payees will continue to be valid under the European Union ("**EU**") SEPA migration order and German law ("**the new rules**").
- The Council, an association of German banks, believes that the payee's bank will still be able to decide whether to accept SEPA mandates provided online without a physical or 'wet' signature. The decision will be a relief for online merchants who can continue to rely on existing mandates and offer a completely online sign up process.

Please contact us for more details

1.2 **Brazil:** Government passes mobile payments bill

- The Brazilian Central Bank is to regulate mobile payments following the passing of a mobile payments bill. Similarly to the EU, it will create a new regulatory regime for "payments institutions" (which could include digital wallet providers and mobile operators, among others) to offer m-payment and m-banking services, with the objective of promoting financial inclusion. It also provides for common standards and interoperability to be adopted.
- The Central Bank has 180 days from the President approving the text of the bill to develop the regulatory framework that will apply.

See reports [here](#) and [here](#)

2. PAYMENT MARKET DEVELOPMENTS

2.1 **France:** Banks team up to offer new digital wallet

- From October 2013, BNP Paribas, Société Générale and La Banque Postale are launching a new online payment system called Paylib, allowing customers to make payment at participating sites by entering a registered email address, password and an identification code generated by the Paylib app. Customer data will remain with the relevant bank.

- Eight major online merchants have already agreed to accept Paylib, which may help encourage uptake across the banks' large customer base. The banks also plan to allow other banks in Europe to offer the service.

See reports [here](#) (in French language) and [here](#)

2.2 **Italy:** Poste Italiane to distribute Payleven mPOS kit

- Payleven, a European provider of mobile card payments, and Poste Italiane S.p.A. have signed an agreement making the Payleven mobile card payment product available for new and existing clients with a Poste Italiane banking account in Italy.
- Using the Payleven Chip & PIN card reader and a specific app installed on a smartphone or tablet, small and medium sized enterprises and merchants can accept payments from consumers by debit or credit cards. The distribution deal with Poste Italiane will start in October 2014.

See a report [here](#)

2.3 **United States:** eBay to buy online payments company Braintree

- eBay is acquiring Braintree for approximately \$800 million (with completion expected by the end of the year) in order to strengthen its mobile devices presence. The online auction company owns PayPal, which faces competition from Braintree and other similar firms but is currently the dominant online payment platform.
- 40% of eBay's revenues are from PayPal, with 120 million consumers using the platform.

See a report [here](#)

2.4 **United States:** Credit Unions create a digital wallet

- Fifteen Credit Unions have joined to create a digital wallet where Credit Union interests are prioritised. The Credit Unions plan to use third party tools on a white label basis so the wallet can go live in the first quarter of 2014.
- The Credit Unions hope the service will attract younger members and reverse the decline in business due to falling interchange income and increased non-bank competition.

See a report [here](#)

2.5 **United States:** SecondMarket offers new Bitcoin Investment Trust

- SecondMarket is offering an open-ended fund which will allow institutional and accredited, those with higher annual incomes or net worth, investors to invest directly in Bitcoin.
- This follows the filing of plans by Cameron and Tyler Winklefoss to launch an exchange traded fund allowing investors to trade in Bitcoins like stocks.
- Although the workability of both plans is yet to be fully tested, they will be welcome developments for supporters of the digital currency who have been looking for ways to make the currency more accessible and mainstream.

See reports [here](#) and [here](#)

2.6 **United States:** Telesign develops mobile app for improved cyber security

- Telesign, a mobile identity company, has released an updated version of its authentication app, AuthID. The app securely identifies users without the need for them to carry another device such as a key fob.
- AuthID has three new features to provide customers with greater security and confidence in mobile logins and transactions: (a) simple push notifications providing alerts that can be accepted or denied; (b) code challenges, which send the user a code to enter into the mobile app; and (c) a soft token tool which uses a cryptographic key that changes every 30 seconds.

See a report [here](#)

2.7 **United States:** Citi launches two new apps to improve financial institutions' efficiency

- Citi has launched two mobile applications targeted at financial institutions: CitiDirect BE Payment Advisor and Payments Directory Mobile.
- CitiDirect BE Payment Advisor allows any party involved in a payment transaction, including banks, customers or third parties, to check the progress of the payment. Enquiries about the status of a payment is a significant source of calls so the app could help free up call centres to deal with other queries.
- Payments Directory Mobile is an application allowing banks to quickly locate institutions worldwide participating in U.S. dollar clearing, making it easier for banks to route international payments.

See a report [here](#)

2.8 **Canada:** MintChip digital currency almost ready for testing

- Software engineers at the Royal Canadian Mint are to test a new form of digital currency called MintChip, which will be available for use in the physical world as well as online, later this year.
- The new digital money has the backing of the federal government, which could help consumer confidence and provide MintChip with an edge over other digital currencies such as Bitcoin and Litecoin.

See a report [here](#)

3. **SURVEYS AND REPORTS**

3.1 **United Kingdom:** Global non-cash payments expected to have topped 333 billion transactions in 2012

- The latest data from the CapGemini and Royal Bank of Scotland's 2012 World Payments Report shows that non-cash payment transactions grew by 8.8% in 2011 to 307 billion transactions, with 2012 figures likely to exceed 333 billion.
- Debit and credit cards are still the most popular non-cash payment method, but online and mobile payment use is expected to grow by 18.1% and 58.5% respectively by 2014.
- While the developed markets of North America, Europe and mature Asia (Australia, Japan, Singapore and South Korea) still account for almost 80% of non-cash

transaction volumes, emerging markets are growing rapidly as consumers and merchants embrace the technology.

See the report [here](#)

3.2 **Italy:** Statistical report on payment card fraud

- According to a report issued by the Treasury Department of the Italian Ministry of Economy and Finance in August 2013, the rate of frauds through payment cards decreased by 2.8% in 2012 (compared to the rate in 2011). More specifically, "non-authorised transactions" decreased in number from 284,339 in 2011 to 266,966 in 2012.
- According to the report, in 2012 the Italian fraud rate (calculated as the ratio between the aggregate value of frauds and the aggregate value of the transactions through payment cards) has been 0.0190%. This value is less than the same rate calculated in the UK (0.077%), France (0.065%) and Australia (0.043%).

See the report [here](#) (in Italian language)

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