



# AN INTRODUCTION

Shaping Payment Technologies

February 2023







# SHAPING PAYMENT TECHNOLOGIES





# COMPETITION COMPLIANCE

## IMPORTANT REMINDER

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- ▶ All participants, whether members or advisory councils, must comply with all applicable competition/antitrust laws when participating in this meeting.
- ▶ Participants must limit their discussions to subjects set out on the agenda.
- ▶ It is strictly prohibited to discuss any of the following commercially sensitive matters at an SPA meeting or event:
  - previous, current or future prices;
  - capacity and production information or forecasts;
  - previous, current or future sales information;
  - purchasing prices or trading terms with suppliers;
  - previous, current or future negotiations with individual customers including bidding strategies for public or private contracts.
- ▶ Please abide by these rules in both the formal and informal SPA meetings/events.
- ▶ Any questions as to the appropriateness of a particular topic during a meeting or event should be addressed either to Chair of the meeting or, if in attendance, the SPA's external legal counsel.
- ▶ For further information please refer to SPA Competition Compliance Policy. Thank you for your assistance.





# AGENDA

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1. A short introduction of the SPA
2. Governance of the SPA
3. Advisory Councils
  - I. SPA Market Monitoring Workgroup Advisory Councils
  - II. SPA Standardization Workgroup Advisory Council





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# 1. A SHORT INTRODUCTION OF THE SPA



# WHO WE ARE

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The Smart Payment Association (SPA) is the trade body of the cards and mobile payments industry. SPA addresses the challenges of a fast-evolving payment ecosystem, promoting innovation, security and interoperability of payment instruments. SPA works closely with regulators and standardization bodies, offering leadership and expert guidance to help its members and their customers adopt new payment technologies of today and tomorrow.





# WHAT WE DO

The SPA works in partnership with regulators and standardization bodies, its own vendor community, and an expanding ecosystem of established and emerging brands; offering an ever-growing portfolio of expert advisory and support services.

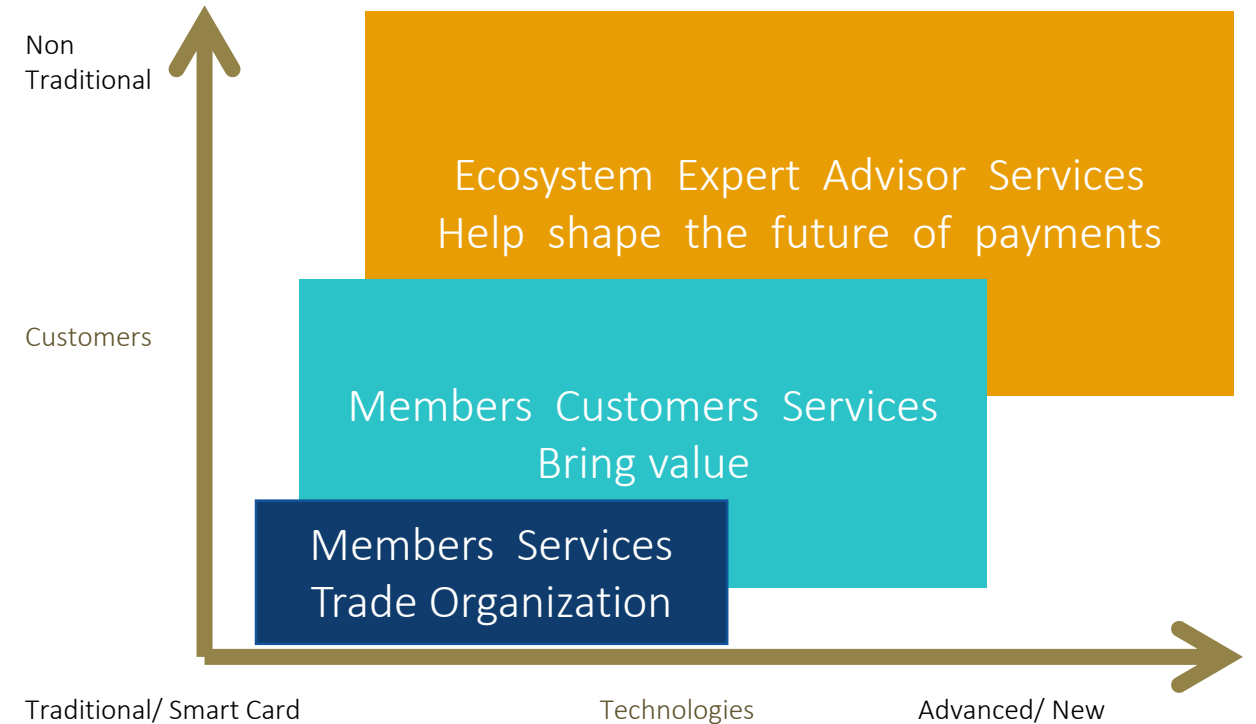


Fig 1

Extending advisory and support across the evolving community, the SPA is addressing today's challenges and shaping the future direction of payment technologies, standards and business models.





# SPA ENGAGEMENT WITH LIKE-MINDED ORGANIZATIONS





# HOW WE DO IT

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**Provide a comprehensive portfolio of advisory and advocacy services.**

- ▶ The market's most accurate barometer of card technology payment trends – annual analysis based on actual manufacturer data
- ▶ An ever-growing library of expert technical resources and thought leadership collaterals to shape payment technology



**Address issues of standardization, certification, quality and security**

- ▶ Engagement in standardization organizations across the world to follow, shape and clarify the increasing complexity of the payments' ecosystem



**Defend member interests from a regulatory perspective**

- ▶ Speak as a single voice on industry's behalf
- ▶ Providing the 'vendor' perspective and ensuring regulatory initiatives are beneficial to the efficiency of the ecosystem.



# WORKGROUPS PROGRAM

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## Business Workgroups

### Market Monitoring / S

Global source for smart payment card shipment data & market estimation (based on Workgroup and Advisory Council Members actual volume sales data)

### Contracts/ S

Address issues facing Members and defend their interests from a regulatory perspective

### Card Recycling/ S

Support members' customers with ESG objectives by defining and setting up collective recycling solutions to better manage the end of life of payment cards

### Alternative Payments S/L

Ensure that Secure Element and other card-based technologies remain relevant in Alternative Payment markets

## Technical Workgroups

### Standardization/ L

Provide guidance and acting as the main interface between SPA and regulatory/ standardization bodies (ex. ECB, DG Fisma, ECSG, EMVCo, PCI, ISO etc. )

### Certification/ L

Support the development of effective payment product functional and security certifications in collaboration with schemes and standards organizations (ex. EMVCo, PCI, Mastercard etc.)

### Quality & Manufacturing / S

Support the development of effective quality certification processes in collaboration with schemes (ex. Mastercard, Visa etc.)

### Security/ L

Address the development of effective site physical and logical security certification processes in collaboration with schemes and standards organizations (ex. PCI etc. )



# SPA SHIPMENTS > 2.63 BILLION UNITS IN 2021\*

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**Contactless smart  
payment card shipments  
account for 76% globally**

**Eco-friendly\*\* smart  
payment card shipments  
account for 95 M**



- \* 2021 SPA Members & Advisory Council Members shipments include all chip payment cards and modules
- \*\* Payment card bodies contain sustainable materials including R-PETG, Recycled PVC, Ocean Bound Plastic, Bio-sourced and Wood, whatever the % of the total body.





# LATEST SPA PUBLICATIONS

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- ▶ Eco-friendly Cards
- ▶ Instant Payments Card
- ▶ Payments for IoT
- ▶ Biometrics for Payments
- ▶ Payments for Wearable Tech
- ▶ (Mobile) Instant Payments Security



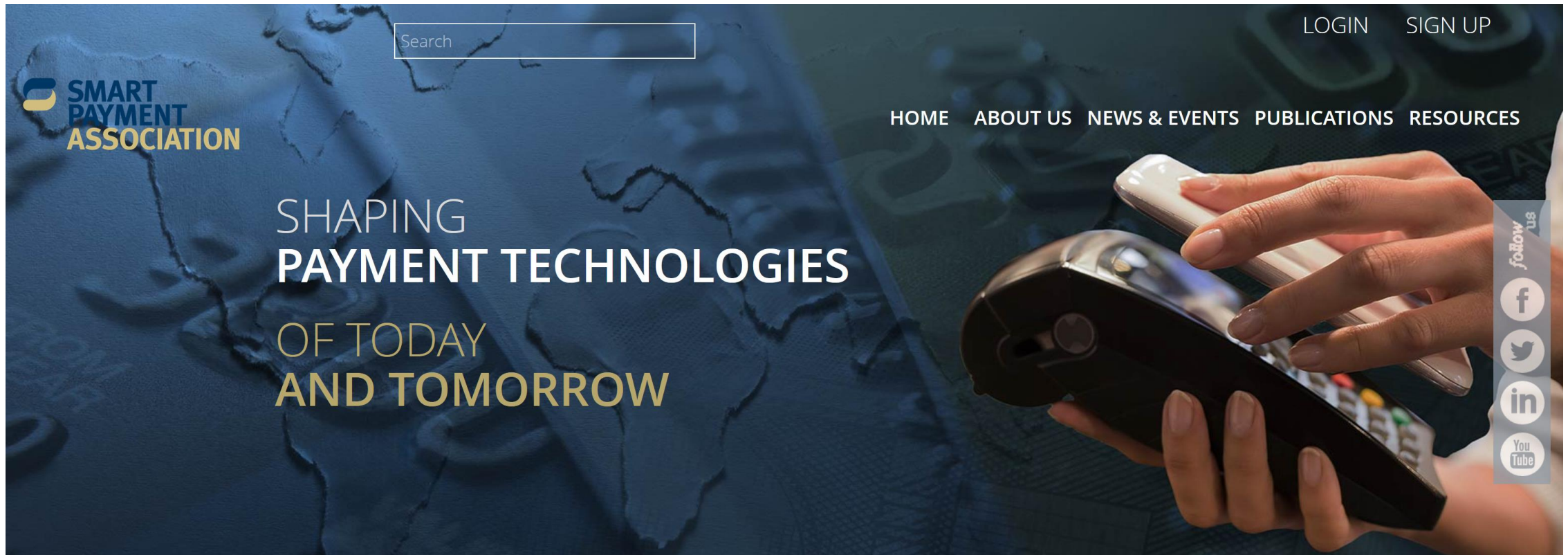
- ▶ PSD2/ Strong Customer Authentication
- ▶ Instant Issuance
- ▶ PIN by SMS
- ▶ Business Continuity in the Payment Card Issuance Industry
- ▶ Tokenization



- ▶ Contactless Payments and Security
- ▶ Host Card Emulation (HCE)
- ▶ Mobile Wallets
- ▶ Private Label Payment Solutions
- ▶ DDA Authentication



# ONE ADDRESS: WWW.SMARTPAYMENTASSOCIATION.COM



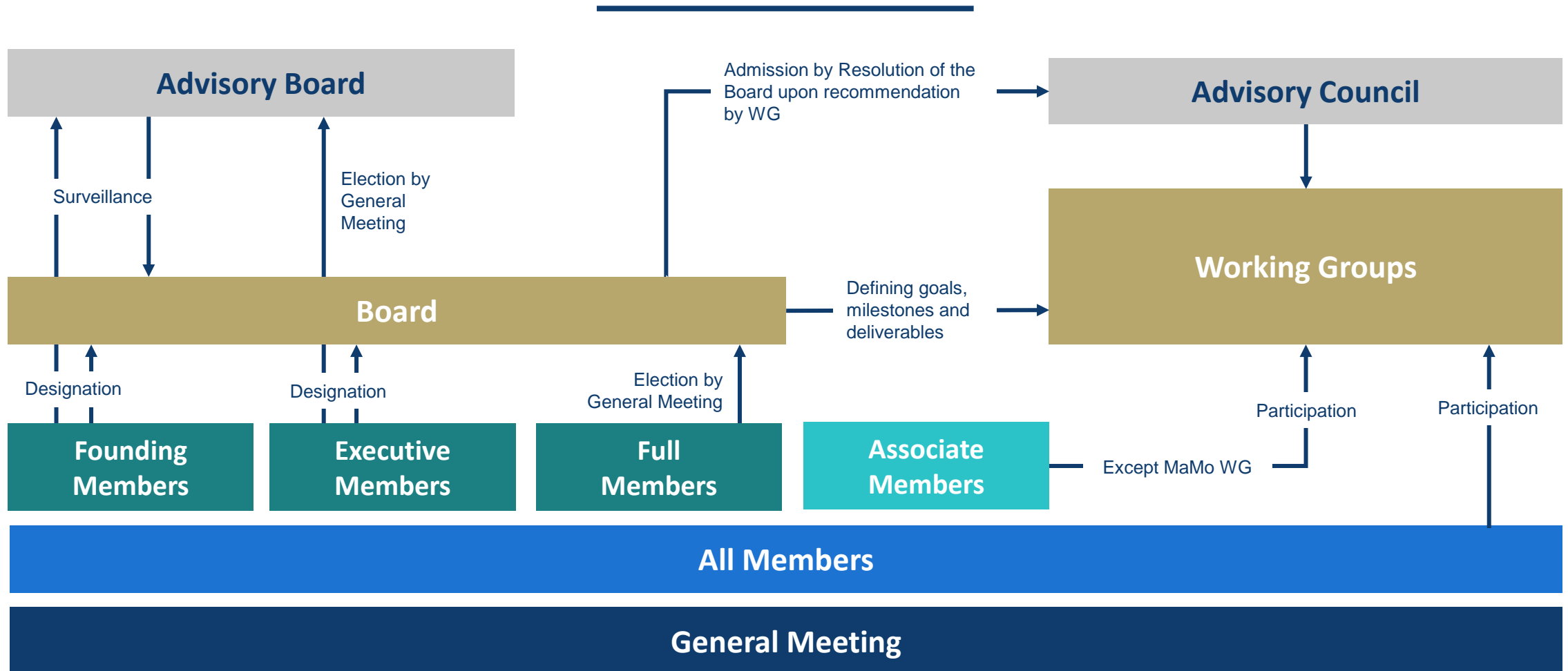




## 2. GOVERNANCE OF THE SPA

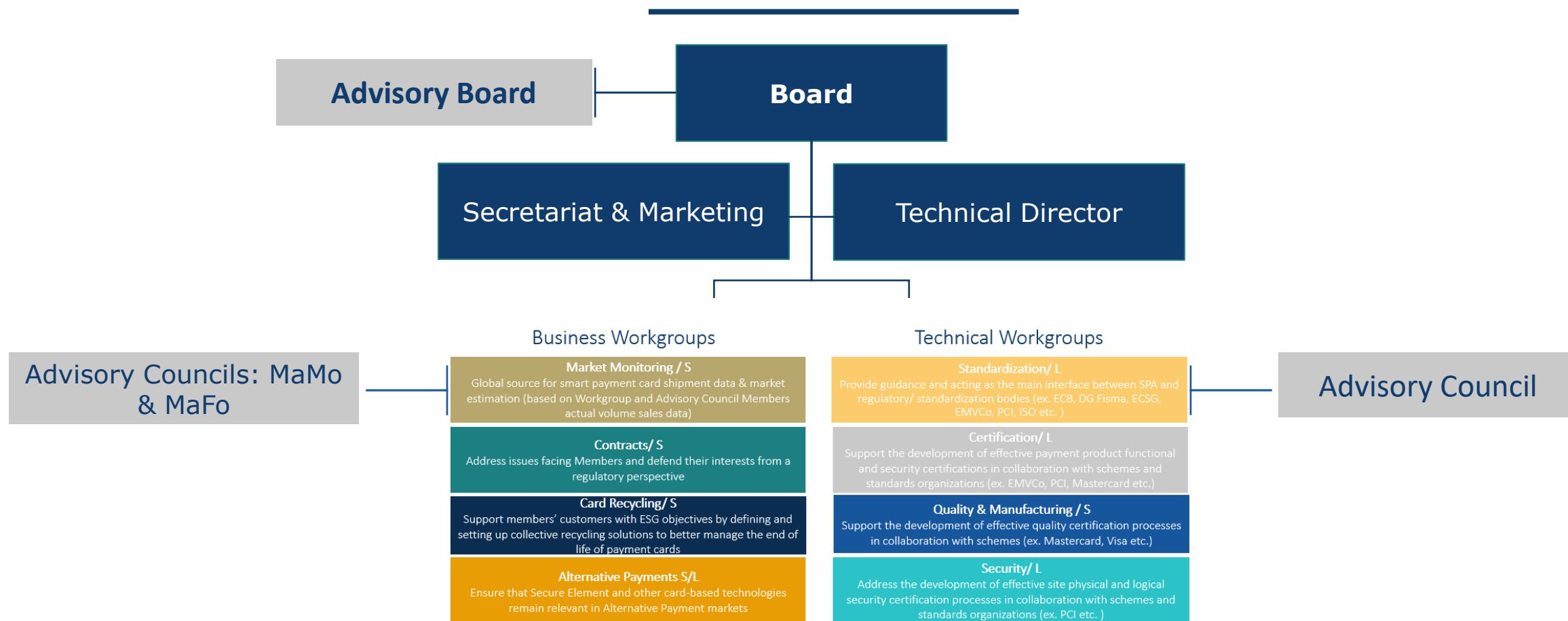


# LEGAL STRUCTURE OF SPA



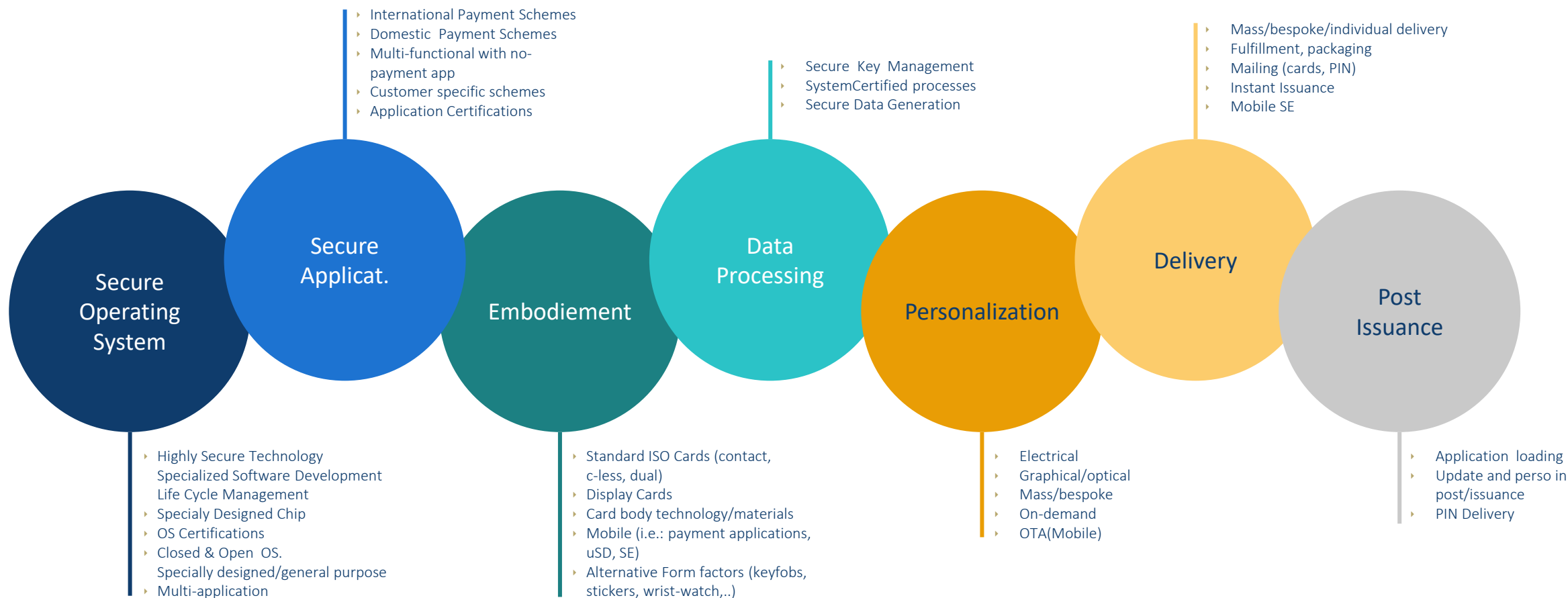


# OPERATIONAL STRUCTURE OF SPA





# THE SPA MEMBERS VALUE CHAIN





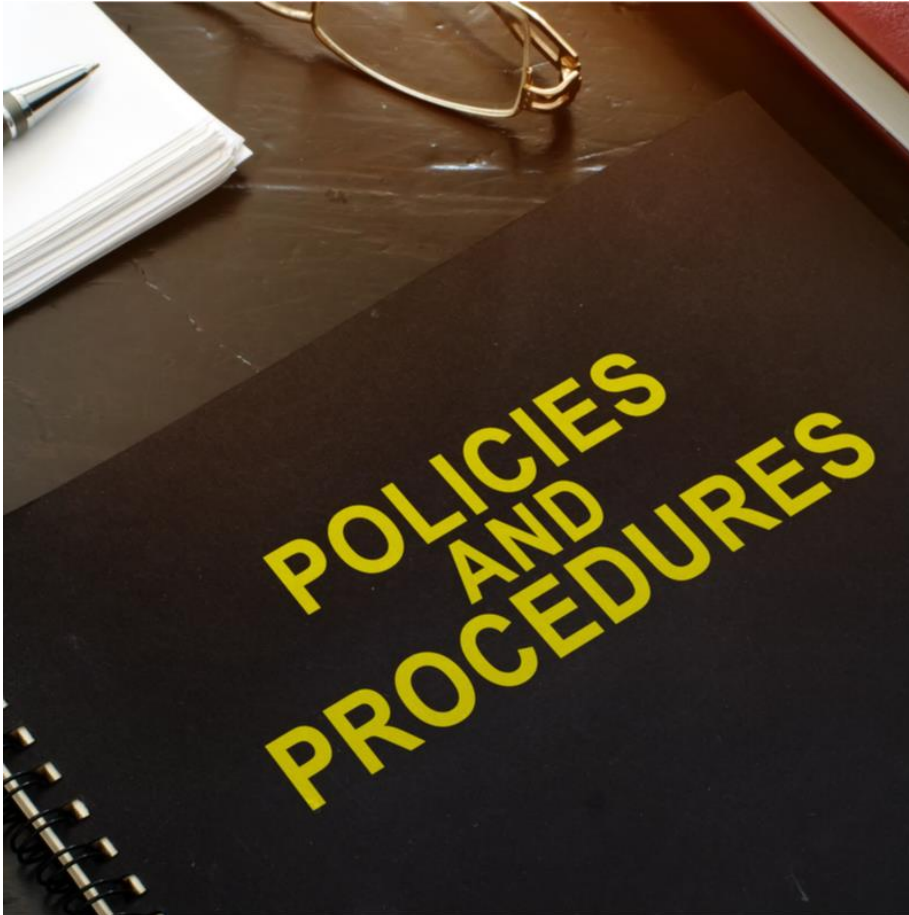
# SPA MEMBERS AND ADVISORY COUNCILS: RIGHTS, CRITERIA, DUTIES AND FEES

	ALL MEMBERS				
CLASS	MEMBERS			ASSOCIATE MEMBERS	ADVISORY COUNCIL MEMBERS
LEVEL	FOUNDING	EXECUTIVE	FULL		
Rights	-Presidency -Advisory Board -Board -Workgroups	-Elected to Advisory Board -Board -Workgroups	-Elected to Board -Workgroups	All Workgroups (but not MaMo or MaFo WGs)	Linked to 1 Workgroup (Board resolution upon recommendation by WG)
Commercial Activity	yes	yes	yes	Not compulsory	Not compulsory
HQ in Europe	yes	yes	No, but not Asia	no	no
Active on VC steps	7 steps	7 steps	At least 2 steps	no	no
Fees in Euro	25 k	20 k	15 k	8 k	MaMo : 12K MaFo F: 15K Standards: 8K Others:5K
Members Ass. Members Adv. Council Members	-Thales -G+D -Idemia		-Austria Card		CPI Card Group Infineon Linxens NXP ST



# SPA BYLAWS AND COMPLIANCE PROCEDURES & GUIDELINES

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SPA Articles of Association (19th January 2014)

SPA Competition Compliance Guidelines (20th July 2010)

SPA Board Decision on Operational Procedure (13<sup>th</sup> January 2022)

SPA Media Policy ( 14th January 2014)

SPA Privacy & Data Protection Policy (7th December 2018)

SPA Market Monitoring and Market Forecasting Procedures (7<sup>th</sup> December 2021)

SPA Code of Conduct ( 17<sup>th</sup> March 2021)

*Available at [www.smartpaymentassociation.com](http://www.smartpaymentassociation.com) in the private area*





# 3. SPA ADVISORY COUNCILS



# ADVISORY COUNCILS – OUTLINE

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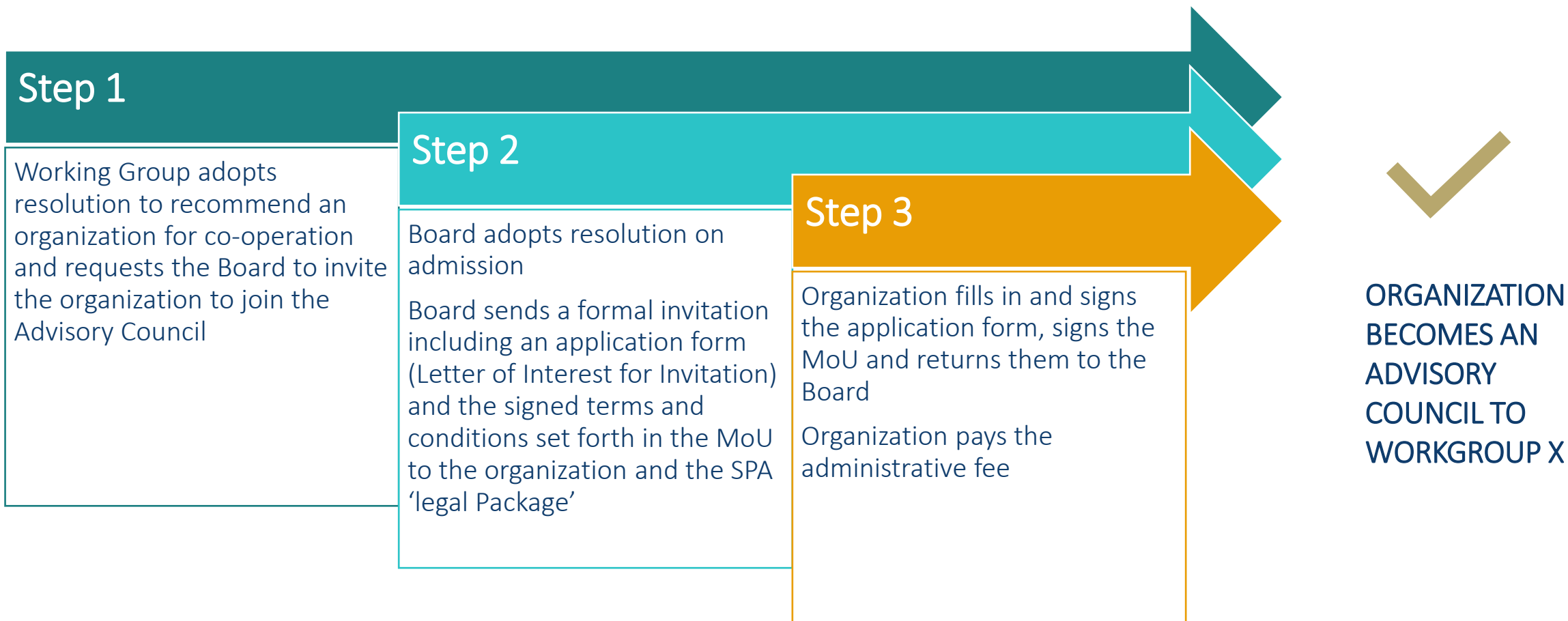
Advisory Councils do not require membership of the SPA – it is an organizational set up described in the SPA Bylaws and the SPA Operational Guideline

- ▶ An Advisory Council is linked to one Workgroup – Organizations can apply to a maximum of 3 Workgroups
- ▶ Organizations must apply using the SPA Letter of Interest for Invitation to Advisory Council
- ▶ Advisory Council Members must respect SPA Bylaws and Compliance Procedures & Guidelines
- ▶ Advisory Councils must sign an MOU with the SPA (one per workgroup)
- ▶ Advisory Councils usually meet with the Workgroup – but the workgroup can meet on its own
- ▶ Advisory Councils may meet on their own in the presence of a neutral party appointed by SPA for anti-trust compliance
- ▶ Collaboration between Workgroups and Advisory Councils works two-ways: SPA proposes topics, Advisory Councils can propose topics too
- ▶ Private area available on the SPA web portal for documents sharing
- ▶ Membership of the Advisory Councils to be publicized
- ▶ Annual Fee for administrative support



# 3 STEPS TO BECOME AN ADVISORY MEMBER

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## 3.1. MARKET MONITORING ADVISORY COUNCILS



# MARKET MONITORING (MAMO) WORKGROUP

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The SPA MaMo Workgroup produces:

- ▶ 4 global market monitoring reports per year (quarterly)
- ▶ 2 global market estimation reports per year (current year & year +1)

Actual volume sales (shipments) data, segmented by region and by interface, are sent on a quarterly basis by SPA Members and MaMo Advisory Council Members to an independent third party.

Total market estimates by region are also sent on a bi-annual basis to the independent third party to evaluate the TAM (Total Available Market).

There is no direct exchange of data between participants. Consistent with SPA's practices for the exchange of historical data, the third-party aggregates and anonymizes the data so that no participant is able to identify another participant's contribution.



# MAMO: 2 ADVISORY COUNCILS

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## Monitoring AC (MaMo)

**Open to EMV Technology Vendors supplying cards and/or modules**

- Participate in workgroup for both monitoring and forecasting
- Input into the market monitoring and forecasting processes
- Access all the data (same level of granularity than members/ monitoring and forecasting)

Annual Fee: 12K

## Forecasting AC (MaFo)

**Open to other Players**

- Participate in workgroup for forecasting
- Input into the market forecasting process only
- Access the market monitoring data (but with the level of granularity of the forecasting data – which is lower)
- Access the market forecasting data

Annual Fee: 15K



# SHIPMENTS FEEDBACK DATA GRANULARITY FOR FORECASTING ADVISORY COUNCIL MEMBERS

GEOGRAPHIES	TECHNOLOGIES	Contact / Contactless	DDA/ non DDA
Canada	Contact	North America	North America
USA	Pure Contactless	Latin America	Latin America
Brazil	Dual Interface	Western Europe	Western Europe
Rest of Latin America		Eastern Europe	Eastern Europe
Western Europe		CISMEA	CISMEA
Eastern Europe		North Asia	North Asia
RCIS		South Asia	South Asia
MEA			
China			
Rest of North Asia			
India			
Rest of South Asia			



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## 3.II. SPA STANDARDIZATION WORKGROUP ADVISORY COUNCIL



# SPA STANDARDIZATION WORKGROUP

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The Standardization workgroup supports the development of European and international standards for cards and mobile payment instruments, promoting innovation. Its objective is to guarantee that payment instruments remain secure and interoperable today and tomorrow.

It provides guidance and acts as the main interface between SPA and standardization and regulatory bodies (ex. ECB, EC, EBA, ECSG, EMVCo, PCI, ISO etc. ) thanks to a strong knowledge of the regulatory environment (PDS2, EMD2, AML, GDPR etc.) as well as a strong expertise on:

- ▶ Issuance and acceptance of card and mobile payment instruments (close / open loop)
- ▶ Trusted Services Management: Digital onboarding (KYC), Secured ID, Strong Customer Authentication (SCA), Tokenization/PAR, Device's Security Management, services wallets
- ▶ Internet Of Things (IOT) secured services
- ▶ Cybersecurity & Cryptography

The SPA is a founding Member of the EPSG (European Payments Stakeholders Group) – the body in charge of defining SEPA payment specifications and granting the labels for compliance of specifications implementations with the Volume Book of Requirements (the SEPA core card standard)

- ▶ SPA is the Spokesperson of the Vendor Sector
- ▶ SPA chairs the Expert Team on Innovative Payments



# STANDARDIZATION ADVISORY COUNCIL

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The Standardization Advisory Council is a way to use the SPA framework to agree on a common understanding of the role of payment regulations/standards on the evolution of payment market structures.

Join us to make common proposals amongst Vendors and advocate common position towards European and International Standard Setting bodies and Regulators.

New « hardware-based » markets ( Internet of Things, Wearables, Fingerprint biometrics) require stronger collaboration between Card and Silicon Manufacturers (i.e., low-energy devices, wireless protocols, new vulnerabilities) to facilitate market uptake.

Anticipate new chip, card and system attack patterns and assess security countermeasures for the upcoming context where cybersecurity is a must (in collaboration with the Certification WG) and Quantum Computer cryptanalysis is a threat.

The Standardization Advisory Council provides a platform for open discussions on different topics (new requirements, publications etc.).



# BENEFITS OF JOINING AN SPA ADVISORY COUNCIL

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## A SINGLE, INFLUENTIAL, GUIDING VOICE

- Use the SPA framework to effectively articulate a common understanding amongst Vendors and advocate common position



## GOOD VALUE

- Focused participation
- Less investment required compared to a membership
- Same benefits as membership for a specific topic



## NETWORKING

- Network with payment ecosystem peers





[www.smartpaymentassociation.com](http://www.smartpaymentassociation.com)

