

# Ecommerce Europe Priority Paper

Policy and market solutions to stimulate cross-border e-commerce in Europe

April 2015



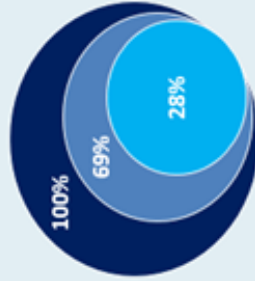
[www.ecommerce-europe.eu](http://www.ecommerce-europe.eu)



\*Not all final figures included, to be published in June 2015



West € 204 bn +12%  
 Central € 102 bn + 9%  
 South € 46 bn +12%  
 North € 36 bn + 9%  
 East € 22 bn +17%

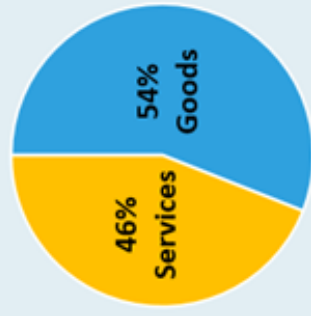


**818 million** people live in Europe  
**565 million** people use the Internet  
**231 million** people are e-shoppers



**229 million e-households**

Forecast 2015  
**€ 470 bn** Turnover E-commerce Goods & Services



**Europe** € 410 bn 11%  
**EU28** € 330 bn 13%  
**2.2% eGDP**  
 € 17.3 trn GDP 2013



1 2 3

**2,475,000+** jobs directly or indirectly via e-commerce  
**715,000+** estimated online businesses  
**3.94 billion+** number of parcels annually (f)

UK, Germany, France account for 60% of total e-commerce sales in Europe

Top 5 mature e-commerce countries in turnover (million)

UK	€ 122,000
Germany	€ 70,000
France	€ 56,800
Netherlands	€ 13,900
Austria	€ 11,000

Top emerging countries

Russia	€ 17,000
Spain	€ 15,000
Italy	€ 13,278
Poland	€ 6,000

Estimated share of online goods in total retail of goods



"443 million social media users"



In cooperation with: **GfK**

Powered by:



© Ecommerce Foundation March 2015  
 (Final figures will be published in June 2015)  
 info: [info@ecommercefoundation.org](mailto:info@ecommercefoundation.org)  
 for reports: [info@ecommercefoundation.org](mailto:info@ecommercefoundation.org)

Twitter: @eComFound

Free download at:  
<https://www.ecommerce-europe.eu/facts-figures/free-downloads>

## ECOMMERCE EUROPE'S NEW PROPOSALS TO STIMULATE CROSS-BORDER E-COMMERCE

Ecommerce Europe is the association representing 25,000+ companies selling products and/or services online to consumers in Europe. By providing in-depth research on the European e-commerce market, Ecommerce Europe specifically advises European policy makers on how to break down barriers to cross-border e-commerce and on how to work towards an integrated Digital Single Market.

The **full potential** of the European e-commerce market **has not been reached** yet. Today only 15% of consumers shop online from another EU country<sup>1</sup>.

The European Commission wants to facilitate cross-border e-commerce, especially for SMEs. The Commission will present its strategy for the Digital Single Market on 6 May. Ecommerce Europe welcomes the activeness and progress of the Commission. Together with all European stakeholders we should work together in order to rapidly remove these remaining barriers in cross-border e-commerce.

For policy makers this entails supporting market initiatives, abolishing superfluous regulation, and only considering new regulatory structures if absolutely necessary. The Commission should make sure not to complicate things any further for the online sector. Fundamental business freedoms - especially the freedom to provide goods and

services throughout the European Union - should also apply in the digital world.

According to the preliminary results of the Ecommerce Europe survey "Barriers to Growth" (launched in early 2015), the top three barriers faced daily by online shops when doing business abroad are issues related to **legal frameworks, logistics and taxation/VAT**.

Other difficult barriers to overcome when selling abroad involve (online) payments, competition issues (such as geo-blocking), language, client relationships and marketing.

Ecommerce Europe takes up its role in stimulating this growth by developing initiatives such as a pan-European Trustmark to foster consumer trust in cross-border purchases. Our organization also advocates a web platform on e-logistics, bringing delivery operators and online merchants together in order to create more transparency in the parcel delivery market.

However, for Europe to fully benefit from the potential of this sector, action is also needed on the policy level.

With this priority paper, Ecommerce Europe formulates market and policy proposals including action points for policy makers, online merchants and e-commerce industry suppliers, with the aim of stimulating cross-border e-commerce.

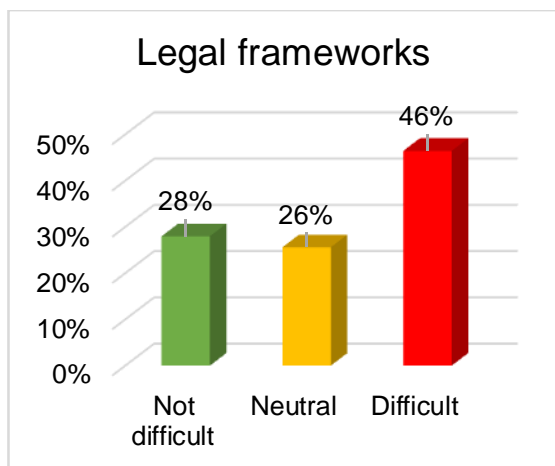
---

<sup>1</sup> TNS, Flash Eurobarometer 359, 2013

## CROSS-BORDER BARRIER 1:

- **LEGAL FRAMEWORKS**

**ECOMMERCE EUROPE ASKS FOR FULL HARMONIZATION OF LEGISLATION ON PRIVACY, SECURITY AND CONSUMER RIGHTS WITHOUT CREATING ADDITIONAL BURDENS FOR THE INDUSTRY.**



*Description: Perceived level of difficulty for companies selling cross-border.*

*Source: Ecommerce Europe preliminary results survey Barriers to Growth, 2015.*

The legal framework is one of the most difficult barriers to overcome for 46% of the companies that sell cross-border. Dealing with 28 different sets of rules for data protection, privacy, consumer and contract law does turn out to be burdensome for online merchants. Both businesses and consumers **need a single rule for a Single European Market.**

A concrete example of barriers can be found in the broad variety of privacy rules, resulting in large additional costs, overlapping requirements, conflicting national implementations and difficult enforcement of consumer laws across Member States. For

example, merchants who want to sell cross-border are forced to invest heavily in legal and IT system costs to adhere to privacy laws in different European countries.

Differing consumer rights legislation is another example of a significant trade barrier, as especially SMEs risk overwhelming the consumer with many different information requirements while being prevented from providing a user-friendly, clean and simple experience.

## **RECOMMENDATIONS ON CONSUMER RIGHTS:**

### **1. Fully harmonize legal framework for the sale of goods, services and digital content**

The Consumer Rights Directive (CRD) provides for an almost fully harmonized legal framework for the online Business-to-Consumer (B2C) sale of goods, services and digital content. However, the CRD does not cover all issues and uniformity on a national level is still lacking on important issues such as legal guarantees, unfair contract terms, notification of the lack of conformity, remedies, product/service liability and digital content. **Full harmonization will simplify cross-border B2C trading** as it increases certainty on the applicable rules, lowers legal compliance costs and enhances merchants' and consumers' trust in the European market.

### **2. Simplify consumer rules so that they can easily be understood by both consumers and SMEs**

Consumers and merchants are often not fully aware of their contractual relation, because the applicable legal framework on consumer rights

is too complex to be fully understood by others than legal specialists. **The mandatory legal framework should enable parties to focus on the main and basic characteristics of the contract** such as the identity of the trader and consumer, the characteristics of the product or the service, the price, delivery time, method, costs and place, payment, after sales services, complaint system, ADR/ODR and redress.

### **3. Develop a standard information form on consumer rights and obligations which is simplified and fit for easy adaption in all means of electronic communication**

Ecommerce Europe advocates transparency and easy contracting that allows for the parties involved to focus on the main characteristics of the contract. Explicit information obligations before and at the time of the conclusion of the contract should be restricted to the information relevant to a proper and transparent conclusion of the contract. The current rules oblige merchants to provide large amounts of information to the consumer at a time when it is inconvenient or irrelevant to the consumer. The information obligations are also widespread throughout national and supranational legislation, and therefore not easily accessible to merchants. **Ecommerce Europe wants to work with European Consumer Organizations and the European Commission to develop a standard information form on consumer rights and obligations which is compliant with the mandatory information obligations by European and national authorities supervising consumer protection.** It will create awareness, guidance, clearance, knowledge and general acceptance of the

mandatory rules, rights and obligations for both parties in the contract. The standardized information will also provide an easy objective insight in the differences on national level for traders as well as consumers trading cross-border, thus avoiding differences in explanation and lowering compliance costs in a practical and low cost way.

### **4. Stimulate the use of Rome I as a last resort and safeguard for consumers by explaining it in a consistent and uniform way**

As long as full harmonization is not realized, a solution to the differences between national legal consumer law systems lies in a clarification of the meaning and consistent application of article 6.1 of the Rome I Regulation. This Regulation can also help to answer the question which national provisions are applicable on cross-border B2C contracts.. Rome I should serve as a last resort for consumers purchasing cross-border, as it grants them at least the same protection and rights as in their own country and as it ensures that the merchant will respect their mandatory rights. In that view the Rome I consumer regime should be used more frequently. Merchants can however not rely on national supervisory authorities and/or courts explaining Rome I in a consistent and uniform way. This creates legal uncertainty and a compliance risk which discourages many merchants from trading cross-border. **The clarification of the meaning of article 6.1 Rome I should lead to the conclusion that under article 6.1 the applicable law is the law that parties have chosen in the contract, with respect for the mandatory rights the consumer has in his**

**country of residence.** This would mean that the merchants' home country law will most often be applicable and that the contract has to be compliant with that national law system. **Respect for the mandatory rights should thereby explicitly not mean that the contract has to be in compliance with the national law system of the consumers' residence, because this system is not chosen and thus not applicable.** It should only mean that the merchant has to respect those national mandatory provisions of the country of the consumers' residence which give the consumer more rights than under the applicable law system and on which the consumer appeals.

#### **5. Evaluate the Consumer Rights Directive rapidly**

Despite the published guidance, the Consumer Rights Directive is not able to sufficiently **harmonize consumer legislation** throughout the European Union. Interpretations of various provisions differ across Member States, and the Directive does not cover all aspects of consumer protection. Moreover some provisions in the Directive, such as the ones relating to withdrawal and return, do not correspond to common practices and business models in e-commerce. **The Consumer Rights Directive should therefore be evaluated as rapidly as possible with the aim of a full harmonization of consumer protection.**

#### **6. Support for industry-led Trustmark schemes for B2C e-commerce**

A pan-European Trustmark scheme is a powerful tool to stimulate trust in online cross-

border transactions. Ecommerce Europe is developing a pan-European Trustmark together with its national member associations. The Ecommerce Europe Trustmark is a non-profit Trustmark based upon self-regulation, which is widely available at a low cost. Online merchants can be expected to join the scheme from the second half of 2015 onwards. **In a landscape with multiple Trustmarks being developed it is important that European legislators give their support to the schemes which are the most accessible and reliable.**

#### **7. Fast rollout of a common European Online Complaint and Dispute Resolution system ensuring a basis to solve cross-border B2C disputes in a simple, fast and low cost way**

Ecommerce Europe welcomes the involvement of online merchants in the testing process of the forthcoming European system and pleads for a fast rollout. **The European ODR-system should be comprehensive, easily accessible, transparent, fast, easy to handle, low cost and should build upon the existing national systems of Alternative Dispute Resolution.**

#### **8. Reconsider the means for European contract law in case full harmonization will not be reached**

Ecommerce Europe strongly believes that remaining gaps in the European consumer protection legislation for cross-border e-commerce should be solved by further harmonization through mandatory instruments. The rapid revision of the Consumer Rights Directive should be used as a starting point for

this. Ecommerce Europe believes that **optional mandatory contract law can create confusion and legal uncertainty for consumers and businesses and will be too complex and expensive** to provide real practical value or to be a solution for the problem of the remaining legal diversity in the 28 Member States. Maximum harmonization of European consumer rights and obligations - and not optional additional contract law - would solve this complexity and would provide clarity to both merchants and consumers. **Ecommerce Europe accordingly sees the proposed Common European Sales Law as the least favorable solution to filling remaining gaps in the European consumer protection legislation for cross-border e-commerce.**

## **RECOMMENDATIONS ON INTERNET SECURITY & PRIVACY:**

### **9. Harmonize privacy and data protection legislation while recognizing the potential of innovation**

Ecommerce Europe fully supports the harmonization of European data protection legislation. However, any new or updated legislation should be implemented **without causing unreasonable costs and/or administrative burdens for online merchants, and especially for SMEs.** To keep the European e-commerce sector competitive, legislation should **recognize the economic potential of recent technical developments in information collection and analysis** - such as profiling, data driven marketing and the use of cookies - which stimulate business innovation and provide opportunities for merchants to optimize

personalization and further tailor their businesses to new consumer demands. Profiling of normal personal data without a legal effect or harm concerning the data subject should be recognized as normal processing of personal data, possible without special or new specific regulation. Data portability obligations should be restricted to user generated content in the course of social media and social network services.

### **10. Recognize the need for electronic communication and the possibilities of data driven marketing in the business model of online merchants**

Ecommerce Europe welcomes the upcoming revision of the e-Privacy Directive. It is crucial that in a revision of the e-Privacy Directive the important role is recognized that electronic communications and data driven marketing play in the business model of online merchants. **Ecommerce Europe supports the idea that an online merchant should be able to contact the consumer unsolicited with electronic commercial messages regarding all his products, services or digital content (naturally always including a - for the consumer - easy opt-out mechanism) as long as there is a prior online relationship between the consumer and merchant related to the orientation on and the purchase or delivery of goods, services or digital content by this merchant.** Many online merchants have no other resources to communicate with potential clients than the contact data they received from the consumer in the course of a online relationship and if they had to limit their electronic communication to client relationships

in which they came to a contract on the sale of a good, service or digital content, many e-commerce business models will cease to exist. Moreover, many online merchants make in their data driven marketing often use of (sub)contractors who have no direct relationship with the client but should be able to contact them on behalf of the e-commerce company - for instance for customer service purposes, delivery and payments. **When there is no online relationship with the consumer, electronic commercial messages should be allowed only with prior unambiguous consent of the consumer.** As the momentary cookie-rules form a substantial annoyance for as well the trader as the consumer and cause substantial compliance costs for businesses, a possible revision of the e-Privacy directive should take in to consideration the evaluation of the so called “cookie-directive” and should reshape the cookie rules towards a more practical and transparent instrument that is easy and cheap to comply with by especially SMEs.

#### 11. Move forward with e-identification and authentication

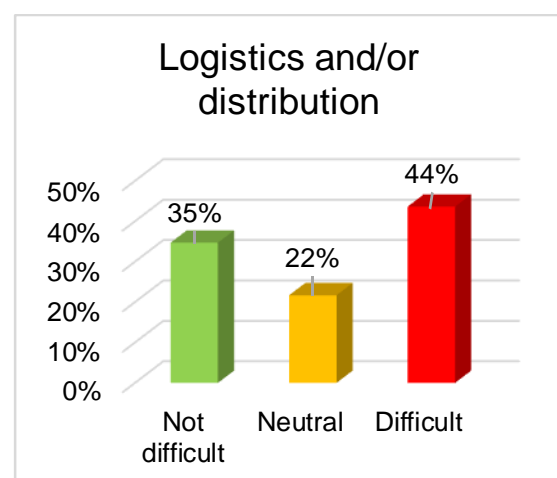
The mutual recognition and interoperability of national e-ID systems could provide a significant boost for security, convenience and trust in the e-commerce market. For merchants, it is fundamental to verify the identity of the consumer for many reasons. Having e-Identification schemes based on real IDs verified by governments or other trusted parties would help to reduce cybercrime and fraud, and would allow for effective age verification - which would be useful for age-dependent services such as online gambling or

certain products or services (e.g. alcohol, tobacco and medication). For consumers, properly functioning and reliable e-Identification can help secure their online identities and will increase trust and convenience in (cross-border) online shopping. The interoperability of national electronic identification schemes across borders is however still in its infancy. **Ecommerce Europe therefore calls upon national governments to stimulate the development of interoperable e-identity systems and to notify their electronic identification schemes to the European Commission for the mutual recognition and acceptance of pan-European eID means.**

#### CROSS-BORDER BARRIER 2:

- **E-LOGISTICS/DISTRIBUTION**

**ECOMMERCE EUROPE ASKS FOR INNOVATION AND STIMULATION OF THE PARCEL DELIVERY MARKET BY CREATION OF AN INTEROPRABLE EUROPEAN-WIDE DELIVERY SYSTEM.**



*Description: Perceived level of difficulty for companies selling cross-border.*

*Source: Ecommerce Europe preliminary results survey Barriers to Growth, 2015.*



Logistics and distribution represent a difficult barrier to tackle for 44% of the companies selling abroad. In addition, 15% of companies not selling at the international level refrain from doing so because of excessive transportation costs. Concretely, merchants identify the following **barriers which still remain**:

- **A lack of transparency and competition in pricing:** express services are too expensive for many merchants, and even big companies do not always manage to negotiate good prices;
- **A lack of information on differences in service and standards** in different countries and no choice in last-mile providers;
- **Too long delivery times throughout Europe** for non-express services;
- **No track and trace in postal services**, leading to consumers inquiring information with merchants or consumers unjustifiably claiming a package has not arrived;
- **Reverse logistics, which** are especially problematic for small volumes;
- **A lack of standardized labelling generates high costs and long time-to-market for merchants wanting to implement new carriers.**

Merchants and consumers need a European-wide delivery system in order to create more innovation and greater transparency in the logistics chain. Additionally, more options are needed, including different offers, alternative affordable delivery options, more flexibility, more information and transparency from delivery service providers.

## RECOMMENDATIONS ON

### E-LOGISTICS:

#### 12. Increase transparency by giving all parties involved access to more information on European delivery

Operating a cross-border e-commerce business necessarily means to entrust orders and parcels to a delivery operator from another country for the last mile at least. As local actors currently dominate e-commerce delivery, it is difficult to have the necessary expertise to know each one and to decide upon which actor to team up with, especially in a fast evolving landscape. Ecommerce Europe wants to help online merchants and especially SMEs by **the creation of an online e-Logistics Platform**. The Ecommerce Europe e-Logistics Platform will have an enormous impact on transparency, cost decrease and quality improvement by being the catalyst power at the centre of the whole e-Logistics ecosystem and by connecting merchants, service providers and databases.

The e-Logistics platform intends to be the most comprehensive source of delivery intelligence in Europe and will for the first time list all delivery suppliers active in e-commerce on the same website, with all necessary details allowing merchants to quickly identify for free which operators are most suited to their needs. The web platform will also offer SMEs **country by country information on regulations which impact their logistics set up** (consumer returns right, recycling duties, transport compensation rules, customs, and more) and **marketing information on delivery habits** (such as preferred delivery

methods, average returns ratio, Cash On Delivery ratio).

Beyond displaying neutral information on the vast offer in Europe, **the platform aims to help retailers in their supplier selection by integrating a matchmaking and marketplace feature.** Based on simple key information from retailers on their profile and needs, the platform will display the most relevant suppliers, with an easy way to contact them to discuss further. **Ecommerce Europe aims to roll out this first phase of the European e-Logistics Platform in early 2016.**

### **13. Promote better service and better affordability through the European e-Logistics Platform**

The overall perception of quality of service for cross border deliveries (beyond ‘integrators’ which are well integrated, but typically not affordable for all merchants) is poor, both from a shipper and consignee perspective: delivery times are slow and track and trace information is often incomplete. In the second phase of the e-Logistics Platform project, Ecommerce Europe will include an independent and scientific dashboard on the platform which is a unique opportunity **for retailers and service providers to share a common quality tool and hence build shared action plans leading to higher customer satisfaction** and hence a higher e-commerce penetration.

Moreover, Ecommerce Europe intends to help retailers by incorporating in its e-Logistics platform **a feature allowing merchants to combine volume, both for first mile freight forwarding and for last mile volume discounts.** This feature will be especially

useful for SMEs that do not have the necessary scale to inject their volume in foreign networks. They will be provided with a much wider choice in service offering and much cheaper options in cross-border delivery. On top of that, the platform intends to help merchants in their decision-making process by **indicating benchmarks for both Service Level Agreements (SLA) and tariffs, by providing a guidance in the contract drafting and by providing merchants with an overview of the total cost of the service.** **This total cost** goes well beyond the delivery cost itself, since it includes costs for non-quality as well as contacts, claims, returns and reputation.

### **14. Decrease costs of cross-border flows**

Ecommerce Europe estimates that more than 3.7 billion parcels are sent throughout Europe annually. At the moment there is no integrated European delivery system which meets all the consumers’ specific needs as well as the need of the merchants managing cross-border deliveries and reverses logistics. **Operators and service providers should work towards a well-connected and well-integrated common system.**

Ecommerce Europe asks the delivery sector for **several cost optimization initiatives with a better operational coordination between stakeholders** without requesting financial investment from shippers or delivery operators. **New invoicing structures for multi-operator schemes with terminal fees and distance-based invoicing** would significantly reduce cross-border delivery costs.

Furthermore, better operability through **promoting open standards** in the development of labelling and in the creation of EDI files (Electronic Data Interchange) would decrease the implementation cost of a new courier and would allow for the merchant to seize opportunities and to change more rapidly to another carrier. Lastly a **constructive dialogue** between all parties in the e-commerce sector - which all have a shared interests in increasing the volumes being shipped - could progressively **stimulate product development** and solve the current gap between supply and demand in the delivery products sector.

#### 15. Increase reliability and quality of service of European delivery operations

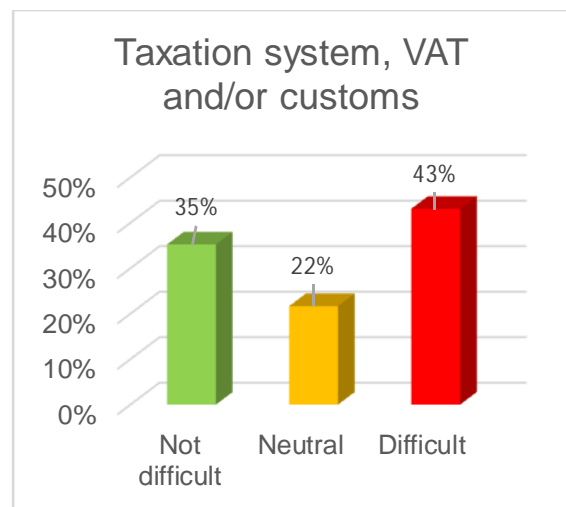
Today, cross-border e-commerce still suffers from insufficient integration of all delivery operators as a parcel will go through as many logistics systems as borders crossed, except for integrators. It would be in the consumers' interest that delivery **operators guarantee a swift reply when reassurance is needed and that they reverse the burden of proof of a claim** from the consignee to the carrier in case of a claim.

To enhance the quality and reliability of delivery services across Europe, Ecommerce Europe encourages **delivery operators to create partnerships, leading to increased cooperation and IT coordination**. On top of that, additional IT intelligence should be promoted to merchants, and continuous investments in delivery operators' service quality could be encouraged with **independent evaluation with a quality of service barometer and a delivery trust mark**.

### CROSS-BORDER BARRIER 3:

#### ▪ TAXATION/VAT

**ECOMMERCE EUROPE ASKS FOR THE CREATION OF A LEVEL PLAYING FIELD THROUGH SIMPLIFIED VAT REGISTRATION AND FAIR TAXATION POLICY WITHOUT ADMINISTRATIVE BURDENS FOR SMEs.**



*Description: Perceived level of difficulty for companies selling cross-border.*

*Source: Ecommerce Europe preliminary results survey Barriers to Growth, 2015.*

Different taxation systems, VAT rates and/or customs represent a difficult barrier to overcome when going cross-border for 44% of companies selling abroad. Concrete examples of barriers are enormous implementation and accounting costs to manage the different VAT tariffs, different thresholds, and different filing systems in different countries.

Online merchants still experience problems when implementing the destination principle in recent legislation on VAT in their online shops, for example in the pricing of the product and the verification of the country of delivery, as

well as in the verification of the consumer. Lastly, uncertainty persists about the practical implications of VAT rules when online merchants sell both electronic services and physical goods.

## RECOMMENDATIONS ON VAT:

### 16. Harmonize VAT rates as much as possible

The European Union currently has 75 VAT rates and there is a difference of 10 percentage points between the Member States with the lowest VAT rate - Luxembourg (15%) - and the highest - Sweden and Denmark (25%). This is a serious disturbance of the **level playing field that is needed to foster cross-border trade and to complete the internal market**. In the long run a harmonized European VAT system would greatly stimulate the development of cross-border e-commerce.

### 17. Facilitate competition and cross-border trade for SMEs by establishing a common European threshold for the destination principle

Complicated VAT registration in the different systems of many Member States is a great obstacle for online merchants, and especially for SMEs. Extending the destination principle to all goods and services sold online would bring clarity to the market and would foster fair competition. However, to avoid unreasonable burdens on smaller online merchants a common European threshold should be established. **A threshold of €100.000 for the destination principle would ensure that smaller online merchants do not have to invest disproportionate resources in verifying the home base of the consumer**

**and calculating and displaying individual prices.**

### 18. Extend Mini-One-Stop-Shop to all goods and services sold online

Many merchants, especially SMEs, have little knowledge of the fiscal demands of supranational and cross-border trade, limiting the potential of the Single Market. **There should be a pan-European information point to deal with fiscal questions**. The Mini-One-Stop-Shop for electronic services is a good start, and could easily be expanded to all products sold online.

### 19. Ensure a global level playing field by coordinating taxation of the digital economy within the OECD

To create a truly competitive market, **base erosion and profit shifting by large digital companies should be prevented**. While the negotiations on international taxation at the OECD level are ongoing, the **European Union can already publish guidelines** to ensure at least a level playing field at the European level. As the digital economy is becoming more entwined with the rest of the economy, Member States should act upon their responsibility to contribute to a fair and transparent taxation system.

## OTHER BARRIERS TO CROSS-BORDER E-COMMERCE:

### ▪ E-PAYMENTS

**ECOMMERCE EUROPE ASKS TO SWIFTLY CONCLUDE THE CREATION OF A PAN-EUROPEAN FRAMEWORK FOR ONLINE PAYMENTS WHICH LEAVES ROOM FOR INNOVATION AT A FAIR COST.**

A quarter (25%) of merchants indicates that online payments are a problematic area when selling cross-border. When asked for concrete examples of persisting barriers linked to online payments across the European Union, online merchants specifically mentioned:

- **Outdated regulation: we're still working with a** prescriptive 20<sup>th</sup> century payments regulation that impedes the roll-out of innovative online payment methods;
- **High costs:** burdensome interchange fees and processing fees of banks and third party payment providers still prevail – especially for convenient and easy-to-use payment solutions;
- **Identification of the consumer:** a lack of uniform electronic identification system forces consumers and merchants to go through a burdensome process of consumer authentication and identification;
- **Complicated check out process:** conversion is lost because consumers leave the process prematurely when authorization and authentication requires too many steps (registration, two or multi-factor authentication, tokens, etc.). This becomes an even bigger problem for mobile shoppers, who already tend to leave the process after the first step.

It is crucial that consumers can **pay and check out with their preferred method** during the online shopping process. This payment method should be **interoperable among channels, devices and borders**. It is equally crucial that the merchant gets certainty about the identity of the consumer for a **fast check-out**. To enhance trust in the online world, the solution needs to be **secure and trustworthy**.

## RECOMMENDATIONS ON E-PAYMENTS:

### 20. Facilitate interoperability of payment systems between all Member States and all online devices

**The fast pace of mobile (m-)commerce growth is helping to drive overall e-commerce growth.** We urge European policy makers to facilitate this growth in their design of all payments related policies. In order to foster cross-border trade, interoperability between payment systems of Member States is equally essential. There should be **an integral approach to the payment systems market in order to produce future-proof legislation**. Regulatory action should only be undertaken where the market itself is unable to come up with integrated solutions.

### 21. Stand up for a secure and innovative European payments market

Ecommerce Europe welcomes the revision of the Payment Services Directive. Third-party Payment Providers (TPPs), one-click-buy options, wallet solutions and other innovations can accelerate product development and stimulate cross-border purchases as long as they adhere to the same security standards

that regular merchants provide. Innovations in online banking solutions should be stimulated, as they can facilitate mobile payments and merge online, offline, cloud, and P2P payments. **We urge policy makers to demand adequate communication by the issuing banks and third parties developing the services when this new ‘class’ of payments is introduced.** We risk confusing the market if the services and rules of liability are not positioned properly.

## **22. Introduce a risk based approach to securitization to preserve merchants’ business models**

For online merchants, successful and interoperable e-payment innovations pay attention to three basic principles: reach, conversion, and cost. **Too strong securitization and too high authentication requirements only pay attention to the risk for the banks and are detrimental to the merchant’s reach and conversion.** Merchants should be able to choose other ways of identifying the consumer in payment transactions, so that business models based upon a merchant - consumer trust relationship can be preserved.

## **23. Lower card payment costs for consumers and retailers**

Ecommerce Europe believes that multilateral interchange fees (MIFs) hinder competition and innovation and welcomes the caps on the interchange fees as they will reduce costs for online merchants and consumers. **National governments should implement the MIF Regulation with a fixed cap instead of a weighted average,** as the calculation of a

weighted average is not transparent. Moreover it allows for interchange fees of higher than 0.2% for debit transactions, and would adversely affect small merchants who are unable to benefit from cross-border acquiring.

## **24. Facilitate SEPA Direct Debit through a pan-European e-mandate**

Ecommerce Europe calls upon all stakeholders in the payments industry to **introduce a viable and interoperable e-mandate solution.** An e-mandate, or SEPA direct debit, is an attractive and cost effective way of paying in specific situations, such as recurring payments. Legislators are asked to provide clarity on the status of non-bank solutions to enhance use.

## **OTHER BARRIERS TO CROSS-BORDER E-COMMERCE:**

### **▪ COMPETITION**

**STRENGTHEN PAN-EUROPEAN ACTION FOR FAIR COMPETITION WHICH TAKES A DYNAMIC APPROACH AND IS FOCUSED ON ENTRY OPPORTUNITIES FOR SMES AND START-UPS.**

## **RECOMMENDATIONS ON COMPETITION:**

### **25. Recognize economic freedom and freedom of entrepreneurial activity for a balanced approach towards differentiation**

Ecommerce Europe believes that consumers buying products and/or services online should not be subject to restrictive business practices - such as higher prices because of rerouting

based on the country where the consumer is resident - when there are no grounds for the entrepreneur to do so. However, Ecommerce Europe believes that differentiation in price and conditions should be allowed if there is an objective reason at the basis of the pricing policy decision. It is crucial that online merchants can rely on their right to economic freedom and freedom of entrepreneurial activity based upon grounded reasons. This also means that an individual company may decide not to sell to a consumer from another Member State. This qualifies as differentiation (and not discrimination) based on the place of residence and can be justified under so-called "objective criteria" (Article 20 (2) of the Services Directive). Examples of objective criteria are:

- Long-distance delivery, which can lead to higher costs for an online shop, and thus a higher final price for the consumer;
- Language barriers, which can also result in higher costs;
- Legal uncertainty due to differences in privacy, copyright and/or consumer legislation;
- Manufacturers (not online merchants) prohibiting the good to be sold everywhere in Europe.

**Ecommerce Europe asks for more guidance from the European Commission in the debate on geo-blocking and a clarification of Article 20.2 of the Services Directive, whereby objective reasons for entrepreneurs to differentiate in pricing and contract conditions are recognized.** Moreover, Ecommerce Europe asks the

European Commission to **expand the evidence in cases of restrictive business practices** to provide more guidance in the debate.

## **26. Stimulate innovation and the entry of new players into the market**

The European e-commerce sector can only remain competitive on a global scale when competition enforcement takes a dynamic approach and **gives priority to entry possibilities for newcomers** (SMEs and start-ups) while protecting consumers. Innovation policy and financing schemes should not fear disruption but recognize the major opportunities for growth and jobs that lie in the internet economy.

## **27. Strengthen and fasten pan-European action for fair competition**

Ecommerce Europe **wants stronger and faster pan-European action to ensure equal access for all online merchants to services of online platforms such as results of comparison tools, search engines and big data.** Online comparison sites and search engines should enable a transparent competitive market so that SMEs and their consumers can continue to benefit from the services these tools provide.

# Ecommerce Europe association data at a glance 2014



West € 204 bn +12%  
 Central € 102 bn + 9%  
 South € 46 bn +12%  
 North € 36 bn + 9%  
 East € 22 bn +17%



Europe (forecast 2014) EU28 (forecast 2014)  
 € 410 bn 11% € 330 bn 13%



818 million people live in Europe  
 565 million people use the Internet  
 231 million people are e-shoppers

**Our Mission**  
 To promote the interest of B2C e-commerce in Europe through advocacy, communication and networking.

**2,475,000+** jobs directly or indirectly via e-commerce  
**715,000+** estimated online businesses  
**3.94 billion+** number of parcels annually (f)

**GOMSEC**  
 Global Online Measurement Standard B2C E-Commerce



June 8-10 2015  
 Barcelona



**Round Tables**  
 Meetings in 8 European cities for e-commerce experts and invitees

## European Reports

Reports include country profiles, trends & infographics.

- Reports contain countries:
- Eastern: Rom, Rus, Ukr, a.o.
  - Southern: Gre, It, Port, Spa, Turk, a.o.
  - Northern: Den, Est, Fin, Lat, Lith, Nor, Swe, a.o.
  - Central: Aus, Cr, Germ, Hun, Pol, Swi, a.o.

## 16 leading e-commerce associations

**ECOMMERCE EUROPE partner**  
 25+ preferred business partners

**ECOMMERCE EUROPE member**  
 25,000+ members

© Ecommerce Europe March 2015  
 (Final figures will be published in June 2015)  
[www.ecommerce-europe.eu](http://www.ecommerce-europe.eu)  
 info: [info@ecommerce-europe.eu](mailto:info@ecommerce-europe.eu)  
 reports: [research@ecommerce-europe.eu](mailto:research@ecommerce-europe.eu)  
 Rue de Trèves 59-61 | B-1040 Brussels | Belgium  
 Tel: +32 (0) 2 502 31 34

Free download at:  
<https://www.ecommerce-europe.eu/facts-figures/free-downloads>  
 Twitter: @ecommerce\_eu





**Ecommerce Europe**

Rue de Trèves 59-61  
B-1040 Brussels  
Belgium

Tel. Office: +32 (0) 2 502 31 34

Fax: +32 (0) 2 514 37 22

Email: [info@ecommerce-europe.eu](mailto:info@ecommerce-europe.eu)

URL: [www.ecommerce-europe.eu](http://www.ecommerce-europe.eu)

Twitter: [@Ecommerce\\_EU](https://twitter.com/Ecommerce_EU)