

## EXPERTS' CORNER

**WILL MYBANK LEAD TO MORE CROSS-BORDER E-COMMERCE IN THE EU?****By Dr. Jesse Weltevreden**

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The launch of MyBank – the EU wide online payment system that provides consumers the possibility to make payments for goods and services in other EU countries via their own online banking environment – may give a boost to cross-border e-commerce within the European Union.

According to Eurostat figures, in 2012, about a quarter (24 percent) of the online shoppers in the European Union have ordered goods and services from sellers in other EU countries. Over the past years, this figure has remained fairly constant. Between 2009 and 2012 the share of cross-border online shoppers increased with no more than 2 percentage points.

In the Netherlands a similar online payment system like MyBank was launched in 2005: iDEAL. Within a period of just four years iDEAL has become the most popular online payment system in the Netherlands. As shown by figures from Currence, in 2012, more than half (55 percent) of the Dutch online buyers preferred iDEAL over other (online) payment systems such as a transfer form (acceptgiro), credit card and PayPal. Safe, fast and easy to use are the three main motivations for Dutch consumers to use iDEAL.

Given the parallels between iDEAL and MyBank similar motivations may also apply for the latter and therefore may enhance cross-border e-commerce within the European Union.

Another argument why MyBank can give a boost to cross-border shopping is that consumers only need a bank account to use this online payment system whereas with other systems you need to have a (costly) credit card and/or a separate account (e.g., PayPal). As such, in theory every EU citizen can use MyBank without any efforts.

There are however also factors that mitigate the potential growth in cross-border e-commerce by the introduction of MyBank.

*First*, the Eurostat figures also show that the share of online shoppers that purchase goods and services via the internet from merchants in other EU countries is particularly high in countries with small domestic e-commerce markets such as Malta, Luxembourg and Cyprus. In EU countries with a (relatively) large and mature domestic e-commerce market such as the UK, Germany, France and the Netherlands the share of cross-border e-commerce may remain relatively low.

*Second*, while MyBank can ease the cross-border online payment process and may enhance trust in international payments among consumers, it does not provide a solution for language barriers. Even when the online payment process becomes easier, many consumers may still be reluctant to make a cross-border online purchase frequently due to fears of the complexity of the after sales process because of language barriers (e.g., communication with regard to returning online orders, reporting a problem, and warranty issues). This holds especially for online merchants that sell from one EU country and have not set up country specific Web shops that offer popular national online payment systems and customer service in the national language.

The future will tell whether or not MyBank will lead to a significant increase in cross-border online shopping within the European Union.