



Press Release

The European Payments Council (EPC) launches the first SEPA payment scheme for credit transfer together with more than 4,000 European banks and their service providers.

Today a historical first step has been taken to start the SEPA (Single Euro Payments Area) by launching the SEPA Credit Transfer (SCT) for euro payments from more than 4,000 banks in 31 countries¹. SCT is the first SEPA core deliverable to be followed by SEPA Direct Debit (2009), and a step by step roll out to realise SEPA for cards. Starting today SEPA will gradually replace existing electronic euro payment instruments in the SEPA area impacting every citizen, corporate, small and medium sized enterprise, merchant and public administration. After the migration all consumers will be able to pay and receive euro payments to and from any corporate, SME and public administration with the same three euro payment instruments.

With the launch of SEPA Credit Transfer today EU banks are the first in the world to deploy a new file format based on global standards (ISO 20022 XML) for mass euro payment transactions. This innovation is likely to have an impact far beyond Europe as American and Asian corporates and banks have already started to realise the global impact of 31 countries moving jointly towards SEPA. It is a real contribution to make the European payments industry the most innovative in the world.

The achievements as promised in the EPC Declaration of 17th March 2005, of the EPC, the banks and their service providers are:

- The delivery of a SEPA Credit Transfer Rulebook with legally binding business rules and global standards (ISO 20022 XML) that will be used by more than four thousand banks throughout 31 countries as of 28 January 2008;
- The delivery of a SEPA Direct Debit Rulebook that will be used by banks for their SEPA Direct Debit services with a launch date at the latest from November 2009;
- The agreement on a single methodology for account identification based on global ISO standards “International Bank Account Number (IBAN)” and “Bank Identifier Code (BIC)”;

¹ The SEPA area comprises the 27 EU countries plus Switzerland, Norway, Iceland and Liechtenstein.

- The creation of a Customer Stakeholders Forum to actively involve users in the development of the two SEPA schemes;
- The creation of a Scheme Management Committee with independents (inclusive the chair) to ensure adherence to scheme rules of the two SEPA schemes;
- The delivery of a SEPA Cards Framework for euro payments with a general purpose card with principles for banks, for card schemes and for other stakeholders;
- The delivery of Pan-European clearing infrastructures for SEPA Credit Transfers;

For banks, SEPA represents a major project that is more complex and requires more investment in the processing, technology, marketing and sales functions than the euro changeover. Banks have to carry the burden of dual systems for euro payments during the migration period. At the same time the success and benefits of SEPA will only be realised when a critical mass of euro payments have migrated from the old to the new SEPA instruments. The European banks have decided to take a leading role in this migration by self regulation. However SEPA will only be realised with the commitment of corporates, SMEs and public authorities to remove remaining obstacles.

The role of customers to realise SEPA is recognised by the EPC. Therefore the EPC has intensified the dialogue with customers in our Customer Stakeholder Forum. A main focus currently is to agree on common standards for end-to-end straight through processing for corporates and public administrations allowing for automated reconciliation of euro payments. Unfortunately, most corporates and public administrations in Europe are still not sufficiently aware of the opportunities that SEPA will present and therefore there is a need for a major information campaign at least on par with what was done for the euro changeover. As agreed with the public sector and with the banks this will be undertaken at national level, as was done for the Euro introduction. The EPC supports the banks with communication documents like “Making SEPA a Reality”.

The role of public administration to realise SEPA is also recognised by the EPC. The buy-in of public administrations is of vital importance as they are in a position to substantially influence payment habits and could contribute with mass volumes. The EPC regrets that public administrations are still not taking part in the Customer Stakeholder Forum.

The banking industry has shouldered the investments needed to realise SEPA and it can be expected that the political initiators of the SEPA process will provide the necessary resources as well for public administrations to realise SEPA. This is in line with the e-Government objectives and with the Lisbon agenda which expected that the European banking industry realises the SEPA vision.

Banks have undertaken massive investments to make SEPA happen and customers will enjoy long-term benefits. It is therefore in the interest of government bodies and public administrations to endorse the project.

Therefore, to make SEPA a success the EPC expects the following from our public authorities:

1. Ensuring that in the National SEPA Steering Committees, the objectives of the SEPA project are clearly understood by our customers so that they are prepared and committed to implement the standards of the new SEPA payment instruments;
2. Ensuring that the Payment Services Directive will be implemented at the latest by November 2009 in a consistent manner in any of the EU 27 member states;
3. Ensuring that the remaining legal barriers in some of the member states (like Balance of Payments reporting) are removed;
4. Ensuring that the public authorities including competition authorities support a proven and efficient, well-balanced business model for cards and for Direct Debits as certainty for interchanges is of importance to all stakeholders.
5. Ensuring that public administrations in the 15 Euro area countries really start with their SEPA migration programmes (including introduction of IBAN in systems for social security and tax). The EPC also recommends that public administrations in their future public procurements for payment services require the standards of SEPA Credit Transfer and SEPA Direct Debit allowing all banks in the SEPA area to deliver SEPA payment services to any public administration in the SEPA area.

Only if corporate customers and public authorities actively take the next steps and support the national migrations, SEPA will become a reality for the long term benefit of European consumers.

The EPC is a decision making body for the European payments industry with four key functions including 1) common position vis-à-vis European public authorities, 2) developing common business rules and standards, 3) support members with implementation and 4) organising the scheme management of SEPA Credit Transfer and SEPA Direct Debit through a Scheme Management Committee (SMC). The SMC consists of 12 members out of which 3 are independent including the Chair. The EPC has 69 members including the major banks and a fair representation of smaller banks and their banking associations.