

THE 10 BEST REASONS TO PRACTICE SEPA

What is SEPA?

➤ The Single Euro Payments Area (SEPA) is a European Union (EU) integration initiative in the area of payments. Standard SEPA payment instruments will gradually replace national payment instruments. The SEPA payment schemes are developed, in close dialogue with all stakeholders, by the European Payments Council (EPC). The EPC is the decision-making and coordination body of the European banking industry in relation to payments.

Why SEPA?

➤ SEPA is an EU integration initiative designed to strengthen the euro currency, enhance competition in the payments market and promote technological innovation.

➤ Re-engineering payment processes based on innovative end-to-end solutions will reduce costs and drive forward standardisation, automation and centralisation. SEPA schemes and standards are an integral part of such solutions.

Have SEPA products custom-tailored for you

1.

➤ The SEPA payment schemes recognise that individual banks and communities of banks will provide complementary euro payment services based on the schemes in order to meet further specific customer needs.

2.

➤ The SEPA Credit Transfer (SCT) Scheme and the SEPA Direct Debit (SDD) Schemes developed by the EPC introduce a variety of innovative features, which facilitate the streamlining of payment processing at any company, regardless of whether business is being done domestically or cross-border.

3.

➤ The existence of a multitude of different national payment systems and formats posed a significant obstacle to the aspirations of companies seeking opportunities in several euro area markets. Availability of a standardised payment infrastructure in SEPA opens up new possibilities to expand your business beyond national borders.

Take advantage of innovation

Do business everywhere in SEPA

Decrease IT costs

4.

⇒ The introduction of the ISO 20022 message standards – the SEPA data format – allows for rationalisation, which in turn will significantly reduce the costs associated today with the maintenance of the different national payment formats and related IT-standards, including system administration.

Simplify reconciliation

5.

⇒ The SEPA data format streamlines account reconciliation of payables and receivables through the adoption of new standards. The SEPA format is being updated annually according to a predictable release schedule to reflect customer needs.

Streamline the back office

6.

⇒ Uniform settlement periods and exception processes for all European countries will significantly reduce current complexities. The EU Payment Services Directive (PSD) further improves legal certainty and predictability in payments.

Optimise cash management

7.

⇒ Companies maintaining accounts in other European countries to handle local euro payments will be able to centralise such accounts and the associated liquidity. Current differences between domestic and cross-border euro payments in SEPA will be eliminated.

Make payment factories work for you

8.

⇒ Payment factories are companies delivering payment-related services on an industrialised scale. The realisation of an integrated euro payments market will boost the trend towards outsourcing payments. SEPA allows payment factories to acquire additional transaction volumes which in turn will generate scale and scope advantages. This development will promote attractive service offerings to companies wishing to benefit from centralised payments processing.

Reap the economic benefits

9.

⇒ The replacement of existing national payment systems by SEPA holds a market potential of up to €123 billion in benefits, cumulative over six years and benefiting bank customers.

European Union Regulation defines mandatory deadlines for migration to SEPA

10.

⇒ In February 2012, the European legislator adopted the 'Regulation (EU) No 260/2012 establishing technical and business requirements for credit transfers and direct debits in euro and amending Regulation (EC) No 924/2009' (the SEPA Regulation), which defines 1 February 2014 as the deadline in the euro area for compliance with the core provisions of this Regulation. In non euro countries, the deadline will be 31 October 2016. Effectively, this means that as of these dates, existing national euro credit transfer and direct debit schemes will be replaced by SEPA Credit Transfer (SCT) and SEPA Direct Debit (SDD). The majority of market participants recognise the value of setting a deadline for migration to harmonised SEPA payment schemes through European Union Regulation.

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