

SHORTCUT TO Who Does What in SEPA

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⇒ This publication provides an **overview of the main actors involved in the Single Euro Payments Area (SEPA) process at a European level** and describes their specific responsibilities. It should be noted that Recital (5) of 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, see page 2), adopted by the European legislator in February 2012, states that the European Commission should “review the governance arrangements of the whole SEPA project before the end of 2012 and where necessary make a proposal. This review should examine, inter alia, the composition of the European Payments Council (EPC), the interaction between the EPC and an overarching governance structure, such as the SEPA Council, and the role of this overarching structure.”¹ This publication will be updated to reflect the outcome of this review process.

SEPA Vision

⇒ SEPA (Single Euro Payments Area) stands for a European Union (EU) integration initiative in the area of payments. Following the introduction of euro notes and coins in 2002, the political drivers of the SEPA initiative – EU governments, the European Parliament, the European Commission and the European Central Bank – focused on harmonising the euro payments market. Integrating the multitude of national payment systems existing today is a natural step towards making the euro a truly single and fully functioning currency.

⇒ This original SEPA concept defined by the European public authorities holds that within SEPA all euro payments will be domestic. Once SEPA is achieved, there should be no differentiation between national and cross-border euro payments. As such, SEPA payment instruments are designed to eventually replace national euro payment instruments existing today.

¹ Text of the ‘Regulation establishing technical and business requirements for credit transfers and direct debits in euro and amending Regulation (EC) No 924/2009’ (the SEPA Regulation) adopted by the European Parliament on 14 February 2012: <http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=OJ:L:2012:094:0022:0037:EN:PDF>.

“The introduction of the euro as the single currency of the euro area will only be completed when SEPA has become a reality, i.e. when consumers, businesses and governments are able to make cashless payments throughout the euro area from a single payment account anywhere in the euro area using a single set of payment instruments as easily, efficiently and safely as they can make payments today in the domestic context.”

Joint statement of the European Commission and the European Central Bank ²

The SEPA Regulation

➔ 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 SCT and SDD Schemes were developed – at the request of the EU authorities – by the EPC (see page 10) in close dialogue with the entire payment user community. The SEPA Regulation also empowers the European Commission to determine and amend technical requirements applicable to the SCT and SDD Schemes (see page 4 for details).

➔ The SEPA Regulation is the fourth major regulatory intervention within a decade designed to achieve a harmonised euro payments market as envisioned by the EU authorities. For details, refer to this dedicated page on the EPC Website: [SEPA Legal and Regulatory Framework](#).

“The success of SEPA is very important economically as well as politically. It is fully in line with the [European Commission] Europe 2020 strategy, which aims at a smarter economy in which prosperity results from innovation and more efficient use of available resources. Both the European Parliament through its resolutions of 12 March 2009 and 10 March 2010 on the implementation of SEPA and the Council [representing EU Member States] in its conclusions adopted on 2 December 2009 have underlined the importance of achieving rapid migration to SEPA.”

Regulation Establishing Technical and Business Requirements for Credit Transfers and Direct Debits in Euro (the SEPA Regulation), Recital (2)³

² Press Release of 4 May 2006: Single Euro Payments Area. Joint statement from the European Commission and the European Central Bank: <http://www.europeanpaymentscouncil.eu/documents/PR%20joint%20statement%20ECB%20EC%2004052006.pdf>

³ Text of the ‘Regulation establishing technical and business requirements for credit transfers and direct debits in euro and amending Regulation (EC) No 924/2009’ (the SEPA Regulation) adopted by the European Parliament on 14 February 2012: <http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=OJ:L:2012:094:0022:0037:EN:PDF>

European Commission

➤ The European Commission represents the general interest of the EU and is the driving force in proposing legislation (to the European Parliament and the Council representing EU Member States), administering and implementing EU policies, enforcing EU law (jointly with the Court of Justice) and negotiating in the international arena⁴. The history of the SEPA project reaches back to 1990 with the publication of a European Commission report ‘Making Payments in the Internal Market’ which outlined a community vision of a single payments area. The document stated that “the full benefits of the single market will only be achieved if it is possible for business and individuals to transfer money as rapidly, reliably and cheaply from one part of the community to another as is now the case with(in) most member states.”

➤ In 1998, the European Commission found that the EU was still a long way from fully exploiting the benefits of the internal market for financial services and renewed its call for the integration of the European payments sector; i.e. the European Commission reinforced efforts to create SEPA.

➤ As the political driver of SEPA, the European Commission and, in particular, the Directorate-General Internal Market and Services, monitors the progress of SEPA migration in EU Member States and publishes annual *Progress Reports on the State of SEPA Migration*⁵.

➤ In close cooperation with the European Central Bank (see page 7), the European Commission issued the Communication ‘Completing SEPA: a Roadmap for 2009 – 2012’⁶. This Roadmap identifies the actions to be completed by all stakeholders (EU and national authorities, industry and users) with regard to the following priorities: (1) foster migration; (2) increase awareness and promote SEPA products; (3) design a sound legal environment and ensure compliance; (4) promote innovation; (5) achieve standardisation and interoperability; and (6) clarify and improve SEPA project governance.

➤ In addition, the European Commission chairs the ‘EU Forum of National SEPA Coordination Committees’ (see page 9).

For more information visit http://ec.europa.eu/internal_market/payments/sepa/index_en.htm

“By agreeing with the [European] Commission proposal to fix a deadline for the migration to pan-European payment instruments just over a year after it was proposed, the European Parliament and the Council [representing EU Member States] have risen to the ambitious challenge to increase the efficiency of our payment systems so that high-quality and competitively priced electronic payment products exist throughout the whole of the EU.”

Commissioner Michel Barnier in charge of the European Commission’s Directorate-General Internal Market and Services⁷

⁴ European Commission website http://ec.europa.eu/about_en.htm.

⁵ The latest Annual Progress Report on the State of SEPA Migration prepared by the Commission Services is available on the EPC Website: http://www.europeanpaymentscouncil.eu/content.cfm?page=sepa_migration_-_reports_case_studies_and_indicators_.

⁶ Communication from the European Commission – Completing SEPA: a Roadmap for 2009 – 2012 available at http://ec.europa.eu/internal_market/payments/sepa/role/index_en.htm

⁷ European Commission Press Release of 20 December 2011: ‘Commissioner Michel Barnier Welcomes Agreement by Council and Parliament Establishing SEPA Migration End-Dates’.

The new role of the European Commission with regard to the evolution of SEPA payment schemes

⇒ The SEPA Regulation (see page 2) redefines the process governing the evolution of the SCT and SDD Schemes. To date, the EPC (see page 10) develops the SEPA payment schemes and frameworks, based on global technical standards made available by international standardisation bodies, in close dialogue with the customer community. Going forward, the SCT and SDD Schemes will need to be amended as mandated by the European Commission.

⇒ This means that the schemes will have to comply with the technical requirements detailed in Article 5 and in the Annex to the SEPA Regulation. The SEPA Regulation empowers the European Commission to amend the technical requirements set out in the Annex to the Regulation through ‘delegated acts’.

⇒ ‘Delegated acts’ are a new addition to the EU decision-making landscape. They were introduced by the Lisbon Treaty, which entered into force in December 2009 and more specifically, by Article 290 of the Treaty on the Functioning of the European Union (TFEU). Whereas European legislation is adopted by the EU legislators: the Council of Ministers (made up of representatives of the EU Member States) and the European Parliament (made up of directly elected members), Article 290 TFEU allows the Council and European Parliament to delegate the power to adopt non-legislative acts to the European Commission (the executive body).

⇒ When adopting these acts, the European Commission has committed to consulting experts appointed by EU governments in its preparatory work. Consultation of SEPA stakeholders not appointed by EU governments is yet to be defined.

⇒ For further details, refer to this article in the quarterly online [EPC Newsletter](#): ‘The New European Decision-Making Landscape: How the European Commission Rules Through Delegated Acts.’

The European Commission has reiterated that it has a lot of autonomy in relation to adopting delegated acts and “experts will have a consultative rather than an institutional role in the decision-making procedure.”⁸

⁸ See EPC Newsletter, issue 13 (January 2012): Article ‘The New European Decision-Making Landscape: How the European Commission Rules Through Delegated Acts’.

Economic and Financial Affairs Council (ECOFIN)

➔ The Council of the EU represents EU Member States. The Council meets in various configurations, each dealing with a number of fixed areas and is comprised of the authorised national ministers. Every minister in the Council is authorised to enter into agreements on behalf of their government. The Council decides on legislative proposals.

➔ The Economic and Financial Affairs Council (ECOFIN) is one of the oldest configurations of the Council of the EU and is composed of the economics and finance ministers of the EU Member States, as well as budget ministers when required. The Council covers a number of EU policy areas such as economic policy coordination, economic surveillance, monitoring of EU Member States' budgetary policy and public finances, the euro (legal, practical and international aspects), financial markets and capital movements and economic relations with third countries.

Establishing definitive end-dates for migration to SDD and SCT “would provide the clarity and the incentive needed by the market, ensuring that the substantial benefits of SEPA are rapidly achieved and that the high costs of running both legacy and SEPA products in parallel can be eliminated.”

*ECOFIN Conclusions on SEPA of December 2009*⁹

For more information visit
<http://www.consilium.europa.eu/policies/council-configurations/economic-and-financial-affairs?lang=en>.

⁹ The ECOFIN conclusions on SEPA (December 2009) are available for download on the EPC website at www.europeanpaymentscouncil.eu/knowledge_bank_detail.cfm?documents_id=343.

European Parliament

➔ The European Parliament is the only directly-elected body of the EU. The members of the European Parliament are elected once every five years by voters across the Member States of the EU, on behalf of its 500 million citizens. In many policy areas, decisions on new European laws are made jointly by the European Parliament and the Council representing EU Member States (see ECOFIN, page 5). The European Parliament also has joint power with the Council over the annual budget of the EU. The European Parliament organises its work through a system of specialised committees. The committees draw up, amend and adopt legislative proposals and own-initiative reports. They also consider European Commission and ECOFIN proposals and, where necessary, draw up reports to be presented to the plenary assembly of the European Parliament. The SEPA Regulation (see page 2) was considered by the Committee on Economic and Monetary Affairs (ECON) of the European Parliament. The European Parliament called on the European Commission in March 2009 and again in March 2010 “to set a clear, appropriate and binding end-date (...) for migrating to SEPA instruments, after which all payments in euro must be made using the SEPA standards”¹⁰.

“SEPA is a fundamental element of the internal market. The internal market cannot function well without SEPA. Moreover SEPA will provide the basis for other developments in the single market.”

Member of the ECON Sari Essayah, Rapporteur of the European Parliament on the SEPA Regulation¹¹

“What today’s agreement [on mandatory deadlines for migration to SEPA] shows is that even as we grapple with the crisis, the EU institutions continue to work diligently to deepen the internal market in financial services, with the euro at its core. This agreement is a vote of confidence in the euro, and I am convinced that it will be a good deal for consumers and businesses.”

ECON Chair, Sharon Bowles¹²

For further information visit
www.europarl.europa.eu/ (European Parliament)
and www.europarl.europa.eu/committees/econ_home_en.htm (ECON).

¹⁰ European Parliament Resolutions on the Implementation of the Single Euro Payments Area (March 2009) and (March 2010).

¹¹European Parliament Press Release of 20 December 2011: ‘Cheaper, Faster and Safer Cross-border Payment Services’.

¹² Ibid.

European Central Bank (ECB) / Eurosystem

➔ The ECB is the central bank for Europe's single currency, the euro. The Eurosystem comprises the ECB and the national central banks of those countries that have adopted the euro. The ECB's main task is to maintain the euro's purchasing power and thus price stability in the euro area. The euro area currently consists of the 18 EU countries that have introduced the euro since 1999¹³.

➔ In its role as a catalyst for the integration of the euro payments market, the ECB has long argued that the monetary union remains incomplete until Europe converts to common electronic euro money across all forms of payment. The ECB actively monitors the progress of SEPA in close dialogue with the political authorities, the banking industry and payment services users. The ECB also publishes regular SEPA Progress Reports. The ECB SEPA indicators track the rate of SEPA market uptake (see link to the ECB SEPA Internet pages below). The ECB, together with the European Commission, chairs the SEPA Council (see page 8).

“Almost ten years after the introduction of euro banknotes and coins, using common payment instruments will be an important further step to integrate the financial services in Europe and complement the single market for goods and services.”

Gertrude Tumpel-Gugerell, former Member of the Executive Board of the ECB¹⁴

For more information visit www.ecb.europa.eu (ECB homepage) and www.sepa.eu (SEPA pages of the ECB).

¹³ As of 2014, the following EU Member States have adopted the euro as their national currency: Austria, Belgium, Cyprus, Estonia, Finland, France, Germany, Greece, Ireland, Italy, Latvia, Luxembourg, Malta, The Netherlands, Portugal, Slovakia, Slovenia and Spain.

¹⁴ ECB Website: <http://www.ecb.europa.eu/paym/sepa/about/html/index.en.html>.

SEPA Council

➔ The SEPA Council, which brought together representatives of both the demand and supply sides of the payments market including the EPC, was established by the European Commission and the ECB in June 2010. Its aim was to promote the realisation of an integrated euro retail payments market by ensuring proper stakeholder involvement at a high level and by fostering consensus on the next steps towards the full realisation of SEPA.

All the members of the SEPA Council present at its inaugural meeting in June 2010 stressed their “strong support for the establishment of end-date(s) for migration to SEPA Credit Transfers and SEPA Direct Debits by means of legislation at EU level.”

Formal Declaration of the SEPA Council ¹⁵

Euro Retail Payments Board

➔ In December 2013 the ECB announced the launch of the Euro Retail Payments Board (ERPb). This new entity, which replaces the SEPA Council, will help foster the development of an integrated, innovative and competitive market for retail payments in euro in the EU.

For more information visit

<http://www.ecb.europa.eu/paym/sepa/stakeholders/governance/html/index.en.html#erpb>
(European Central Bank Web Page: Governance)

¹⁵ The Formal Declaration of the SEPA Council on SEPA End Date(s) is available on the EPC Website at http://www.europeanpaymentscouncil.eu/knowledge_bank_detail.cfm?documents_id=416.

EU Forum of National SEPA Coordination Committees (EU Forum)

➔ The EU Forum, established in October 2008, provides an opportunity for national SEPA Coordination Committees to familiarise themselves with the activities of their European counterparts, debate issues of common interest with the EU institutions and exchange information and good practices about SEPA migration. The forum is chaired by the European Commission and it is intended to hold meetings twice a year.

“National SEPA Coordination Committees have the essential task of masterminding SEPA at the national level.”

David Wright, Directorate-General Internal Market and Services of the European Commission ¹⁶

For more information on the meetings of the EU Forum of National SEPA Coordination Committees visit http://ec.europa.eu/internal_market/payments/sepa/ec_en.htm;

National SEPA migration plans are available at www.sepa.eu.

¹⁶ Minutes of the first meeting of the EU Forum of National SEPA Coordination Committees available at http://ec.europa.eu/internal_market/payments/sepa/ec_en.htm.

European Payments Council (EPC)

⇒ The EPC is the coordination and decision-making body of the European banking industry in relation to payments. The purpose of the EPC is to support and promote SEPA. The EPC develops payment schemes and frameworks which help to realise the integrated euro payments market. In particular, the EPC defines common positions for the cooperative space of payment services. EPC members represent banks, banking communities and payment institutions. More than 360 professionals are directly engaged in the work programme of the EPC, representing all sizes and sectors of the banking industry within Europe. The ECB (see page 7) acts as an observer in all EPC working and support groups and in the EPC Plenary (the Plenary is the decision-making body of the EPC).

⇒ Following the introduction of the euro notes and coins in 2002; the EU authorities called on the banking industry to develop harmonised schemes for electronic euro payments. The EPC is responsible, among other things, for the development and maintenance of SEPA payment schemes as defined in the SCT and SDD Rulebooks. The rulebooks contain sets of rules and standards for the execution of SEPA payment transactions that have to be followed by adhering payment service providers. These rulebooks can be regarded as instruction manuals which provide a common understanding on how to move funds from account A to account B within SEPA. The schemes are based on technical standards defined by standards bodies such as the International Organization for Standardization. The SEPA Schemes developed by the EPC have open access criteria in line with Article 28 of the Payment Services Directive (PSD).

⇒ To learn more about the term ‘SEPA payment scheme’, refer to this dedicated page on the EPC Website: [What is a Payment Scheme?](#)

⇒ The particular SEPA payment products and services – based on a particular payment scheme – offered to the customer, are developed by individual payment service providers or groups thereof operating in a competitive environment. The development of payment products based on the SEPA payment schemes, including all product-related features, is outside the scope of the EPC. The SEPA Schemes maintained by the EPC in

close dialogue with the entire payment community provide the flexibility and options which enable payment service providers to add features and services of their choice to the actual payment product.

⇒ The EPC is a not-for-profit organisation which makes all its deliverables, including the SEPA scheme rulebooks and adjacent documentation, available for download free of charge on the EPC Website. The EPC is not a supplier of technology or any goods or services.

⇒ The SCT and SDD Schemes have evolved, in close dialogue with the customer community, over time to reflect changes in market needs. The annual EPC scheme change management process provides all stakeholders with the opportunity to introduce suggestions for changes to the schemes. Proposed amendments are subject to a three month public consultation. Change requests that find broad acceptance from the entire user community are then taken forward, while requests that lack support are not. The SCT and SDD Rulebook release schedule established by the EPC foresees the publication of updated rulebook versions once annually in November of each year; these updated versions normally take effect in November of the following year. This ensures that banks and other service providers have one full year to address the rulebook updates before they become binding for all scheme participants. For further information, refer to this dedicated page on the EPC Website: [SCT / SDD Rulebook Release Management and Scheme Development](#).

⇒ It remains the EPC’s objective to ensure that the SCT and SDD Rulebooks evolve in response to proven market needs, based on a predictable release schedule. The EPC must, however, clarify that moving forward, the EPC may be required to adapt the rulebook release schedule at short notice to ensure compliance with technical requirements set out in the Annex to the SEPA Regulation as amended by the European Commission (see section titled ‘The role of the European Commission with regard to the evolution of SEPA payment schemes’, page 4).

“The SEPA payment schemes delivered by the EPC are key elements for making SEPA a reality. The EPC, however, is not responsible for the overall management of the SEPA process.”

Javier Santamaría, Chairman of the EPC

For more information visit the EPC Website at www.epc-cep.eu