



EPC378-10

## Press Release

### **European Payments Council Marks Further Progress Towards the Single Euro Payments Area (SEPA) And Calls On EU Lawmakers To Set End Dates For Migration To The SEPA Schemes Through Regulation**

**1 November, 2010 – Brussels:** The European Payments Council (EPC), the coordination and decision-making body of the European banking industry in relation to payments, today released updated and enhanced versions of the SEPA Credit Transfer (SCT) Scheme Rulebook and the SEPA Direct Debit (SDD) Scheme Rulebooks. 1 November 2010 marks another important target date on the route to SEPA as from today all banks in the euro area are reachable for cross-border SEPA direct debits as mandated by European Union (EU) law.

**The single element now required to achieve an integrated euro payments market is a clear deadline for the transition to the SEPA payment schemes. The EPC calls on EU lawmakers to set an end date for migration to SCT and SDD through EU Regulation. The EPC believes that a possible forthcoming regulatory intervention relating to SEPA, as outlined by the European Commission earlier this year, would derail the entire SEPA project. As such it would eliminate the extensive benefits SEPA would offer bank customers.**

The SCT and SDD Schemes evolve based on a transparent change management process providing all stakeholders with the opportunity to introduce suggestions for changes to the SEPA Schemes. Proposed changes to the schemes are subject to a three-month public consultation. As a result of this annual change cycle, the SCT and SDD Schemes incorporate numerous features introduced by end users. The limited number of requests for new elements to be introduced into the newly released Rulebooks demonstrates the maturity of the SCT and SDD Schemes and highlights that they are fit for purpose. In accordance with best industry practice, banks and their service providers have sufficient time to address the Rulebook updates ahead of November 2011, when these revised Rulebooks will come into effect.

**1 November 2010 is also an important target date for the roll-out of SDD services by banks. EU Regulation (EC) No 924/2009 establishes mandatory reachability of all banks in the euro area for cross-border direct debits.** In practice, this means that any consumer who holds an account in the euro area, which provides the option to make euro direct debit payments at a national level, can now make cross-border payments by SEPA Direct Debit as well. As a result, paying bills becomes significantly easier for mobile European citizens. At the same time, companies are now able to collect payments by SDD across the euro area resulting in enhanced business opportunities.

EPC Chair Gerard Hartsink comments: “The scene is set to bring SEPA to its successful conclusion. It is now up to EU lawmakers to provide planning security to all market participants by setting a clear deadline for migration to the SEPA Schemes.”



Earlier this year, the **European Commission indicated that it may introduce a formal proposal for a Regulation establishing end dates** for euro credit transfer schemes and euro direct debit schemes to comply with ‘essential requirements’. The EPC welcomes the European Commission’s willingness to legislate on end dates for migration to SEPA. Based on statements of the European Commission in March and June 2010, however, the EPC has several significant concerns regarding the possible forthcoming Regulation:

- The Regulation **might fail to establish definite end dates for the phasing out of existing national euro payment schemes**. This would prevent the realisation of potential financial benefits which could be reaped from migration to a set of harmonised SEPA Schemes. Existing national euro payment schemes could become compliant with the ‘essential requirements’. As a result, domestic transactions would still be handled by national schemes whilst the SEPA Schemes would be used exclusively for cross-border transactions. This scenario is called a ‘**Mini-SEPA**’.
- The Regulation **might allow for multiple competing and ‘interoperable’ euro credit transfer and direct debit schemes**. This concept would do little to overcome the fragmentation of the euro payments market and disregards that an optimally efficient payment environment would require that all payment service providers of all payment service users adhere to the exact same scheme rules and standards (which does not prevent competition on SEPA payment products and services). **The EPC does not understand why the European Commission contemplates now a scenario so radically different from the approach it has promoted over the past decade.**
- The Regulation **could render obsolete substantial investments made by early movers both on the demand and supply sides** who – in response to previous calls by regulators including the European Commission – have already renewed their payment architecture to comply with the SEPA Schemes developed by the EPC. Banks and other stakeholders shouldered these investments based on the shared expectation and understanding that national euro payment schemes would be phased out. The change of emphasis to ‘essential requirements’ and multiple competing schemes, however, fundamentally contradicts this original assumption upon which these investments were made.

Gerard Hartsink concludes: “In line with expectations expressed by the EU Finance Ministers, the European Parliament and the European Central Bank, **the forthcoming Regulation must set end dates for the phasing out of existing national euro credit transfer and euro direct debit schemes** to ensure that the high costs of running multiple payment schemes in parallel can be eliminated. A regulatory intervention based on the European Commission’s considerations published in March and June 2010, would effectively derail the entire SEPA project and eliminate the extensive benefits SEPA offers bank customers. The EPC welcomes the recent announcement by the Commission that a public hearing will be held in November 2010 to ensure that all market participants are consulted on the most appropriate approach to a regulatory intervention related to SEPA.” – **ENDS** –



#### Notes to editors:

- **Journalists are invited to attend a media webinar on Wednesday 3 November at 15:00 CET.** This will offer exclusive access to EPC spokespeople who will provide a comprehensive update on EPC activity and an outline of its response to the possible forthcoming regulatory intervention relating to SEPA. To register your attendance and receive further details, please contact Kirsty Pearson on +44 (0)1943 468007 / [kirsty@iseepr.co.uk](mailto:kirsty@iseepr.co.uk). The full webinar recording will be posted on the [EPC website](#) on Thursday 4 November 2010.
- **This press release is available in the following euro area languages:** full text: French and German; summary text: Italian and Spanish. These translations and other supporting information can be found in [the EPC Media Kit accompanying this press release, available here](#)
- **For a detailed analysis of the new mandatory and optional elements introduced into the updated versions of the SCT and SDD Rulebooks** see the article '[SEPA Schemes: Next Generation](#)' in issue 8 of the EPC Newsletter. Main elements introduced into the new Rulebooks are: the updated version of the SCT Rulebook references a standard developed by the European Association of Corporate Treasurers (EACT), which allows companies to agree on a structure for remittance information facilitating reconciliation of incoming payments with outstanding invoices. Also in response to user requests, the SDD Rulebooks now include an optional element called 'Advance Mandate Information (AMI)' enabling the payer's bank to widen its mandate management options; i.e. to validate whether a payer authorised a direct debit collection. This feature will further increase consumers' confidence in the SDD Schemes. [Click here to learn more about SDD.](#)
- **For a detailed analysis of the possible forthcoming Regulation, which may establish end dates for compliance of euro credit transfer and euro direct debit schemes with 'essential requirements'** see the article '[On Payments and Light Bulbs](#)' in issue 7 of the EPC Newsletter. This analysis is based on the European Commission's Discussion Paper 'SEPA Migration End-Date' of March 2010 and the Commission Services' Working Paper 'SEPA Migration End-Date' of June 2010.

**Media Contact at the EPC:** For further media information, please contact Meral Ruesing at the EPC Secretariat (Phone +32 2 733 35 33 or e-mail [meral.ruesing@europeanpaymentscouncil.eu](mailto:meral.ruesing@europeanpaymentscouncil.eu)).

#### About the European Payments Council:

The European Payments Council (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 the Single Euro Payments Area (SEPA). The EPC consists of 74 members representing banks, banking communities and payment institutions. SEPA is an EU integration initiative in the area of payments. SEPA is the area where citizens, companies and other economic actors can make and receive payments in euro, whether within or across national boundaries, under the same basic conditions, rights and obligations, regardless of their location. SEPA is currently defined as consisting of the EU 27 Member States plus Iceland, Norway, Liechtenstein, Switzerland and Monaco. For further information visit [www.europeanpaymentscouncil.eu](http://www.europeanpaymentscouncil.eu).

#### Source: European Payments Council

Av de Tervueren 12 B – 1040 Brussels – Tel.: + 32 2 733 35 33 – Fax: + 32 2 736 49 88  
[www.europeanpaymentscouncil.eu](http://www.europeanpaymentscouncil.eu) – [secretariat@europeanpaymentscouncil.eu](mailto:secretariat@europeanpaymentscouncil.eu)

**The EPC Newsletter. Your Key to SEPA. Get your free Subscription [here](#).**