

## SHORTCUT TO **S€PA** Single Euro Payments Area

### WHAT IS SEPA?

➔ In SEPA (Single Euro Payments Area) customers can make electronic euro payments within and across 32 countries under the same basic rights and obligations. Standard SEPA payment instruments will gradually replace national euro payment instruments. SEPA consists of the 27 EU member states, Iceland, Liechtenstein, Norway, Switzerland and Monaco. SEPA is the most ambitious initiative in European payments history.

### WHY SEPA?

- ➔ SEPA is an EU-wide policy-maker-driven integration initiative designed to
- ☑ Strengthen the euro currency
  - ☑ Enhance competition in the payments market thus creating tangible benefits for bank customers
  - ☑ Drive forward technological innovation

**The replacement of existing national payment systems by SEPA holds huge potential benefits to be enjoyed by bank customers.**

### WHO MAKES SEPA HAPPEN?

**1. Public authorities:** the European Commission, the European Central Bank and EU governments must create the appropriate conditions to support the migration of bank customers to the new SEPA payment instruments.

**2. Banking industry:** the European Payments Council (EPC) is the banking industry's decision-making and coordination body in relation to payments. The EPC has successfully delivered the necessary SEPA payment schemes and frameworks to build the integrated euro payments market (SEPA Credit Transfer, SEPA Direct Debit and the SEPA Cards Framework).

**3. Bank customers:** SEPA will only succeed, if customers – in particular the business community and public administrations – embrace the new SEPA payment instruments.

### ARE SEPA PAYMENTS FOR CROSS-BORDER USE ONLY?

➔ No. SEPA envisions the creation of one integrated euro payments market. Within SEPA, all euro payments will be domestic. Once SEPA is achieved, there will 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.

## WHAT IMPACT WILL IT HAVE ON THE PAYMENTS MARKET?

⇒ SEPA is an EU-wide policy-maker-driven integration initiative which will have an impact on all euro payments as a result of the introduction of SEPA payment schemes and standards. Every citizen, merchant, public administration and corporate with a banking relationship in the euro area will eventually be affected by SEPA, as will everyone in the payment supply chain.

## WHAT ARE THE BENEFITS?

⇒ Once SEPA is achieved, it will be possible to exchange euro payments between any accounts in SEPA as easily as it is possible today only within national borders. Common standards, faster settlement and simplified processing will improve cash flow, reduce costs and facilitate access to new markets. Moreover, customers will benefit from the development of innovative products offered by payment sector suppliers. Consumers can rely on one bank account and one bank card to make payments throughout 32 SEPA countries.

## WHAT HAS BEEN DELIVERED SO FAR?

⇒ The European banking industry has defined SEPA schemes for credit transfers and direct debits together with a SEPA data format based on global ISO standards. The SEPA Credit Transfer scheme was successfully launched in January 2008. The SEPA Core Direct Debit scheme and the SEPA Business to Business Direct Debit scheme go live in November 2009, the point in time when EU member states have adopted a common legal framework for payments. As of November 2009, banks gradually roll out SEPA Direct Debit services. In a step-by-step process all banks in the euro area offering direct debit services today will become reachable for SEPA Core Direct Debit by November 2010.

⇒ The recent EU Regulation on cross-border payments in euro mandates the timelines for banks to create reachability for European direct debits.

⇒ For payment cards, a SEPA Cards Framework has been agreed and is in the process of being implemented by banks, card schemes and card processors.

## SET A MIGRATION END DATE!

⇒ Setting an end date for legacy euro payment systems accelerates the SEPA migration process and provides planning security for all stakeholders. In a first step, it is important now to communicate that there will be an end date. Specific timelines can be determined once the SEPA Direct Debit schemes go live in November 2009.

## HOW CAN I LEARN MORE?

### EPC Shortcut Series\*

Shortcut to SEPA  
Shortcut to the SEPA Direct Debit Schemes  
Shortcut to the SEPA Credit Transfer Scheme  
Shortcut to the SEPA Data Formats  
Business – the 10 best Reasons to practice SEPA  
Public Sector – the 10 best Reasons to practice SEPA

### EPC brochures\*

Making SEPA a Reality – the definitive Guide to the Single Euro Payments Area  
The most popular Misunderstandings about SEPA – clarified  
SEPA for Business  
SEPA for the Public Sector  
SEPA for IT-Providers  
SEPA for Consumers  
SEPA for the Media

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