



## **MAKING SEPA A REALITY**

### **WHAT IS SEPA?**

⇒ The Single Euro Payments Area (SEPA) will be the area where citizens, companies and other economic participants can make and receive payments in euro, within Europe, whether between or within national boundaries under the same rights and obligations, regardless of their location. SEPA payment instruments will gradually replace existing electronic euro payment instruments in the euro area. SEPA encompasses the 27 EU member states, Iceland, Liechtenstein, Norway and Switzerland.

### **IMPACT ON PAYMENTS MARKET**

⇒ SEPA is an EU-wide policymaker-driven integration initiative, which will have an impact on all electronic euro payments as a result of the introduction of SEPA payment schemes and standards. SEPA will create the conditions for enhanced competition in the provision of payments services. It will also generate, through harmonisation and innovation, more efficient payment systems and will deliver tangible benefits for individual payments services users and the economy as a whole. The common currency will be systemically strengthened by a set of harmonised euro payment instruments.

### **MAKE SEPA A SUCCESS !**

⇒ The European banking industry has delivered innovative and commonly applicable SEPA payment schemes and standards. It is now up to the political drivers of the SEPA initiative – EU governments, the European Commission inclusive the ECOFIN and the Governing Council of the European Central Bank – to create the incentives and the appropriate regulatory environment needed to facilitate the change-over for the user side. To make SEPA a success the buy-in of all stakeholders – particularly in the euro area – is required.

## **EUROPEAN PAYMENTS COUNCIL (EPC) THE DELIVERABLES**

⇒ The EPC – the banking industry's decision-making and coordination body in relation to payments – has successfully delivered the building blocks for the realisation of SEPA.

### **SEPA CREDIT TRANSFER SCHEME (SCT)**

⇒ In January 2008, more than 4300 banks in 31 countries representing roughly 95 percent of payment volume in Europe took a historical first step to starting SEPA by launching the SEPA Credit Transfer Scheme (SCT) for euro payments. The SCT is the first SEPA core deliverable of the EPC.

### **SEPA DIRECT DEBIT SCHEMES (SDD)**

⇒ The general SEPA-wide launch date for the SEPA Direct Debit Schemes has now been set in principle by the EPC for November 2009. This launch date coincides with the deadline for all EU member states to have adopted the EU Payment Services Directive (PSD) into national law. The PSD plays an important role in underpinning the operation of the SDD Schemes across the SEPA area by harmonising key aspects of the legal environment and it is a prerequisite for the implementation of the SEPA Direct Debit.

## SEPA FOR CARDS

⇒ The step-by-step roll out to realise SEPA for cards based on the recommendations of the SEPA Cards Framework (SCF) is underway. Since January 2008 all banks are expected to issue only cards with an EMV chip together with a PIN to take a step forward in the implementation of common standards. The SEPA for cards will be achieved to the greatest extent possible through the use of open and free standards, available to all parties within the card payment value chain. In cooperation with other stakeholders, EPC is carrying out a card standardisation programme designed to remove any technical obstacle preventing a consistent customer experience throughout the SEPA cards market.

## SEPA DATA FORMAT

⇒ With the launch of the SEPA Credit Transfer, EU banks are the first in the world to deploy the global UNIFI (ISO 20022) XML message standard for mass euro payment transactions (see also [www.iso20022.org](http://www.iso20022.org)). This innovation is likely to have an impact far beyond Europe, as corporates and banks in Asia and in the Americas have already started to realise the global implications of 31 countries moving jointly towards this international standard. The European banking industry is leading the way in terms of innovation in global payments.

## NEXT STEPS

### E & M CHANNELS

⇒ The EPC is currently developing electronic and mobile channels for the instruction of SEPA payments including necessary standards and security requirements. This will allow customers to initiate SEPA payments either online or via a mobile phone.

### E-MANDATE

⇒ Work has been undertaken to add to the SEPA Direct Debit Scheme mandates created through the use of electronic channels – called e-mandates. The e-mandate facility is based on secure, widely used online banking services of the debtor bank. The debtor can re-use his online banking credentials. The EPC intends to deliver the e-mandate solution by end 2008.

### CUSTOMER-TO-BANK MESSAGES

⇒ Work has been done to further enhance the implementation guidelines applying to the UNIFI (ISO 20022) XML customer-to-bank credit transfer and direct debit messages. Harmonised specifications for the customer-to-bank communication are available as of September 2008 for optional but strongly recommended implementation in February 2009 for SEPA Credit Transfer and in November 2009 for SEPA Direct Debit. Such guidelines are of particular importance to businesses and public administrations in their communication with their banks.

### STAKEHOLDERS GET INVOLVED

⇒ The SEPA schemes and standards have been defined in close dialogue with all stakeholders including representatives of the business community. Stakeholders are actively involved in the further development of the schemes and standards through participation in the EPC Customer Stakeholders Forum. In addition, stakeholders are encouraged to provide feedback during ongoing public consultations with respect to specific EPC deliverables (for pending consultations visit [www.europeanpaymentscouncil.eu](http://www.europeanpaymentscouncil.eu)).

### CONTACT THE EPC

⇒ Detailed and up-to-date information on all EPC deliverables and ongoing activities can be obtained at [www.europeanpaymentscouncil.eu](http://www.europeanpaymentscouncil.eu).