

# The new SEPA landscape

## From vision to reality (and back)

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# Turning the SEPA vision into reality

## Student

While studying abroad, my local bills like rent are paid from my home bank account. That gives me peace of mind.

## Retailer

European shoppers keep dropping into my shop and now I can accept nearly all the payment cards I am offered.

## Corporate

With the new European standards, we can better manage our cash flow and significantly reduce our own processing and training costs.

## Consumer

Being away on holiday or for work I don't have to worry about carrying too much cash anymore. I just use my tried and tested debit or credit card.

## Government

We have many pensioners living in other European countries. The new payment services help us distribute these pensions cost-effectively and speedily.

Source: [www.europeanpaymentscouncil.eu](http://www.europeanpaymentscouncil.eu)

# Agenda

## Looking back from 2012

- Does the SEPA deliver efficient payment services?
- Does the SEPA ensure the safety of payment services?
- Has the SEPA contributed to the competitiveness of the EU economy?
- How has the SEPA shaped the banking industry?
- Do customers see real benefits?

## Does the SEPA deliver efficient payment services?

- SEPA Credit Transfer (since 2008) ✓
- SEPA Direct Debit (since 2009) ✓
- D+1 (since 1 January 2012) ✓
- Priority payment ✓
- Less paper, more STP ✓
- European debit card scheme emerging?
- Infrastructures consolidating?
- Governance?
- Pricing?
- Plans for phasing out legacy instruments?

## Does the SEPA ensure the safety of payment services?

- Strengthening card payment security ✓
- PSD ensures user protection ✓
- PSD delivers framework for payment service providers (banks, e-money institutions, payment institutions) ✓

# Has the SEPA contributed to the competitiveness of the EU economy?

## Payment Services Directive (PSD)

- EU-wide legal framework has facilitated the SEPA implementation and acceptance of the new payment services ✓
- Payment institutions compete with banks and e-money institutions in developing and offering payment services for end-users ✓
- Customer protection rules and minimum service level requirements have substantially increased customer satisfaction ✓

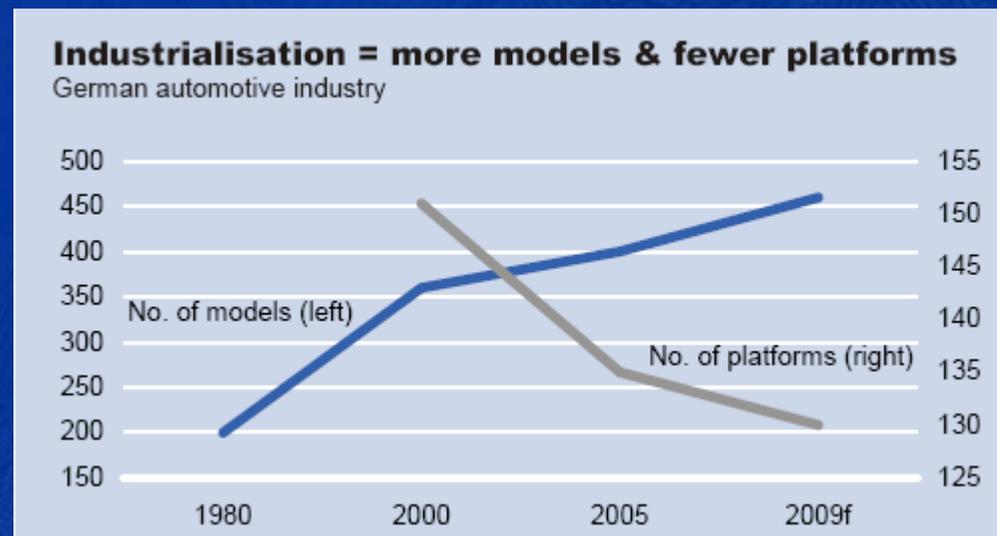
## Has the SEPA contributed to the competitiveness of the EU economy?

- SEPA has fostered the ease of use of electronic euro payments ✓
- SEPA has increased market transparency, removed entry barriers ✓
- SEPA fosters not only innovation of electronic payments, but also triggers the evolution of related electronic services for enhanced business processes ✓

# How has the SEPA shaped the banking industry?

## Market opportunities

- Changes in market scope: more countries, (value-added) services
- Restructured business processes, cooperation models and pricing models
- Industrialisation of financial services: boosting productivity by using standardised platforms for creating a growing variety of customised services



Sources: DB Research (2007)/Rundshagen and Riese (2006)

# Do customers see real benefits?

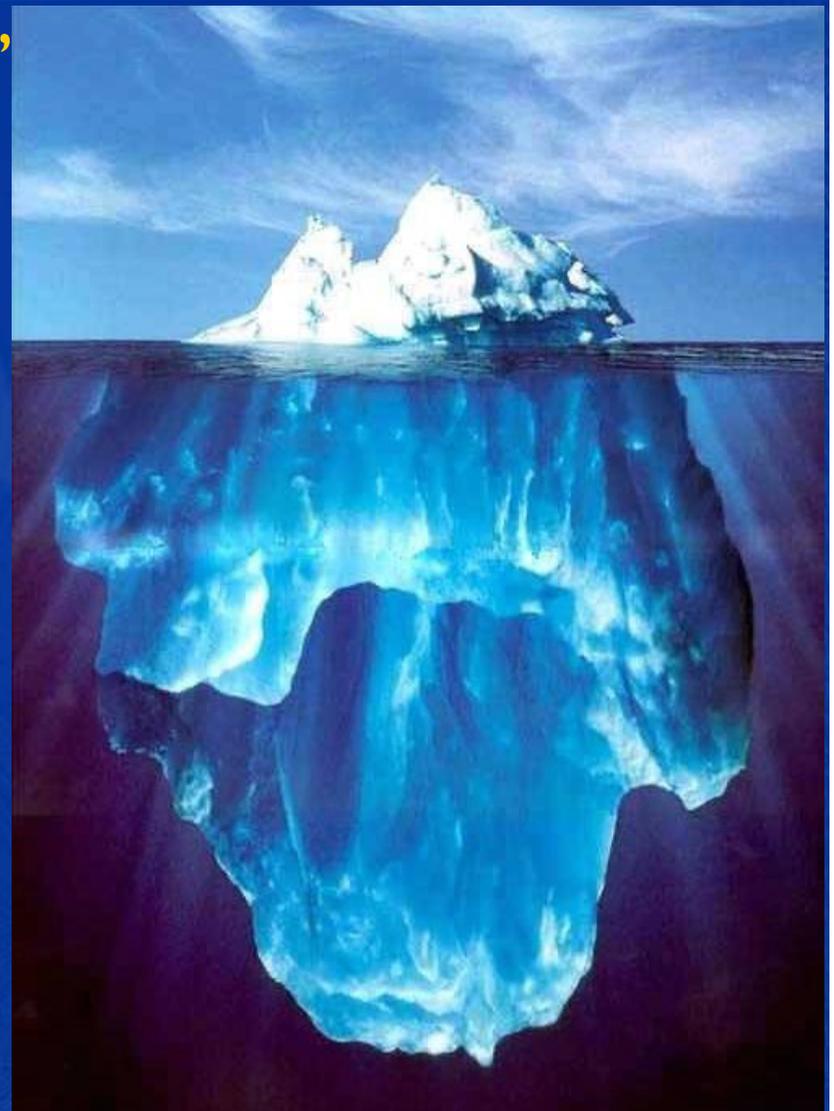
2008: The “Iceberg experience”

IMPLEMENTATION



USER MIGRATION

- Communication!
- Closing gaps between user experience and interest!



# Do customers see real benefits?

## Survey among Finnish SMEs

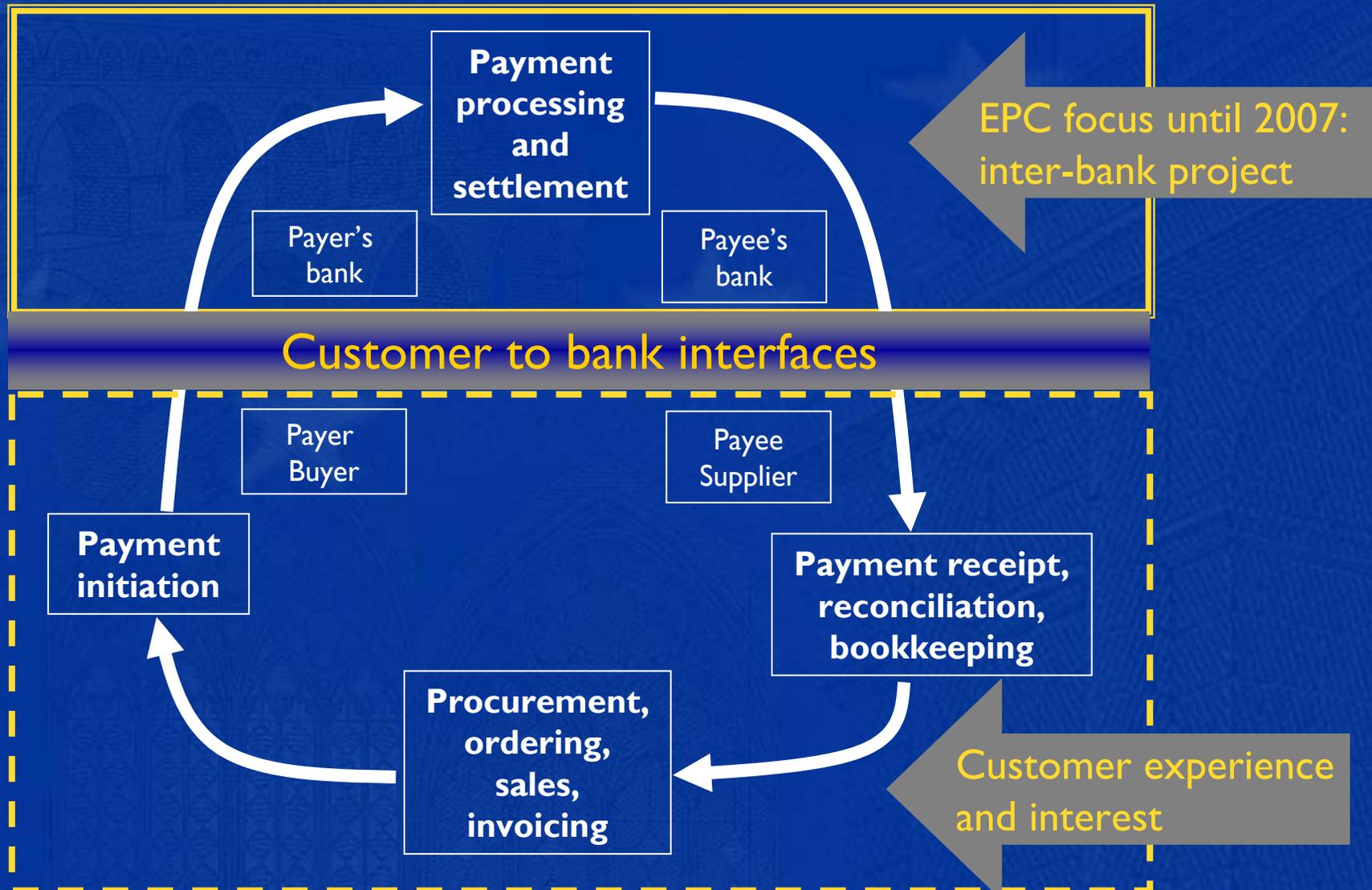
**How significant does your company consider easier cross-border payments for the following payment methods?\***

Use of a simple and unified bank account number convention (IBAN)....	3,5
Use of a standard bank debit-card in the euro area.....	3,5
Common electronic payment standard for the EU.....	3,3
Euro area-wide bank transfer.....	3,2
Euro area-wide express transfers .....	2,7
Euro area-wide direct debit .....	2,3

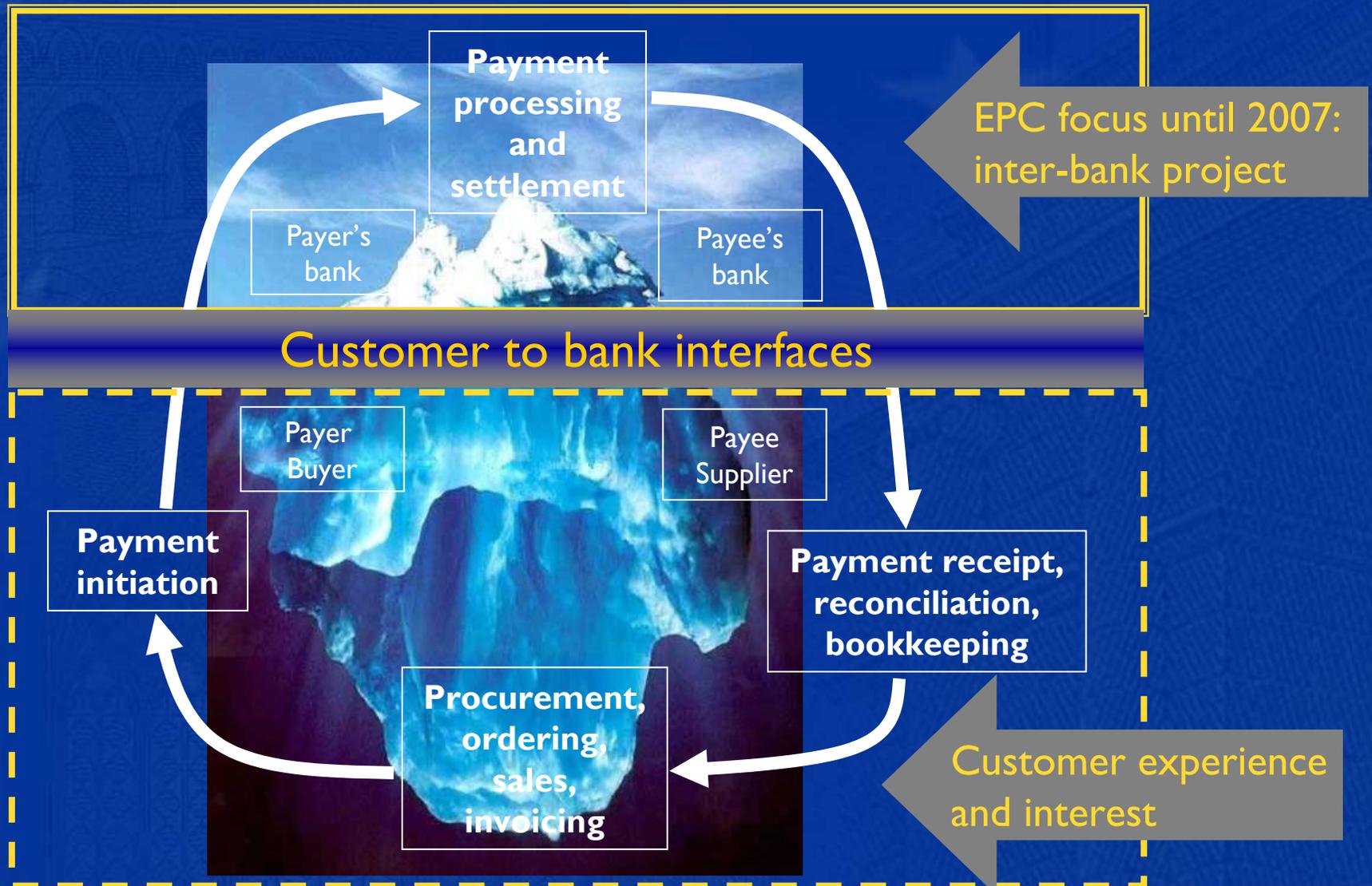
\* Averages based on 844 replies; Scale 1 = insignificant to 5 = extremely significant  
Source: Bank of Finland/Federation of Finnish Small and Medium Enterprises (Nov. 2005)

**Until 2007, only a few surveys had investigated detailed SEPA user requirements**

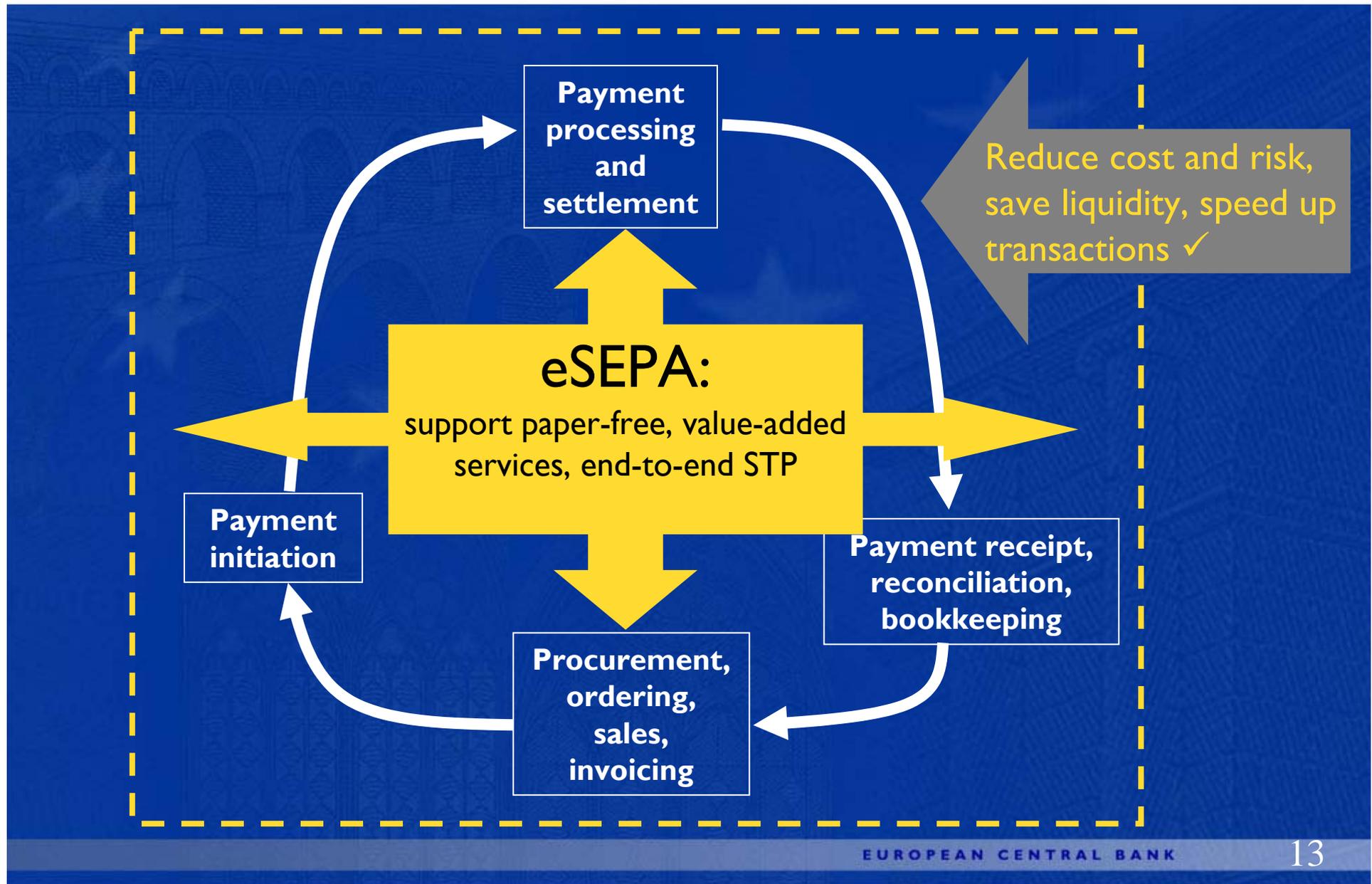
# Do customers see real benefits? Situation in 2007



# Do customers see real benefits? Situation in 2007



# Do customers see real benefits? Situation in 2012



## Back in time: lessons from the future

YES - SEPA is worth the effort.

BUT there is still work to do.

- Design: few tasks remaining
- Implementation: advancing
- Migration: only at the start
- Further evolution: lay foundations now

“Start by doing what is necessary, then do what is possible, and suddenly you are doing the impossible.”