

SEPA in a nutshell

The Single Euro Payments Area



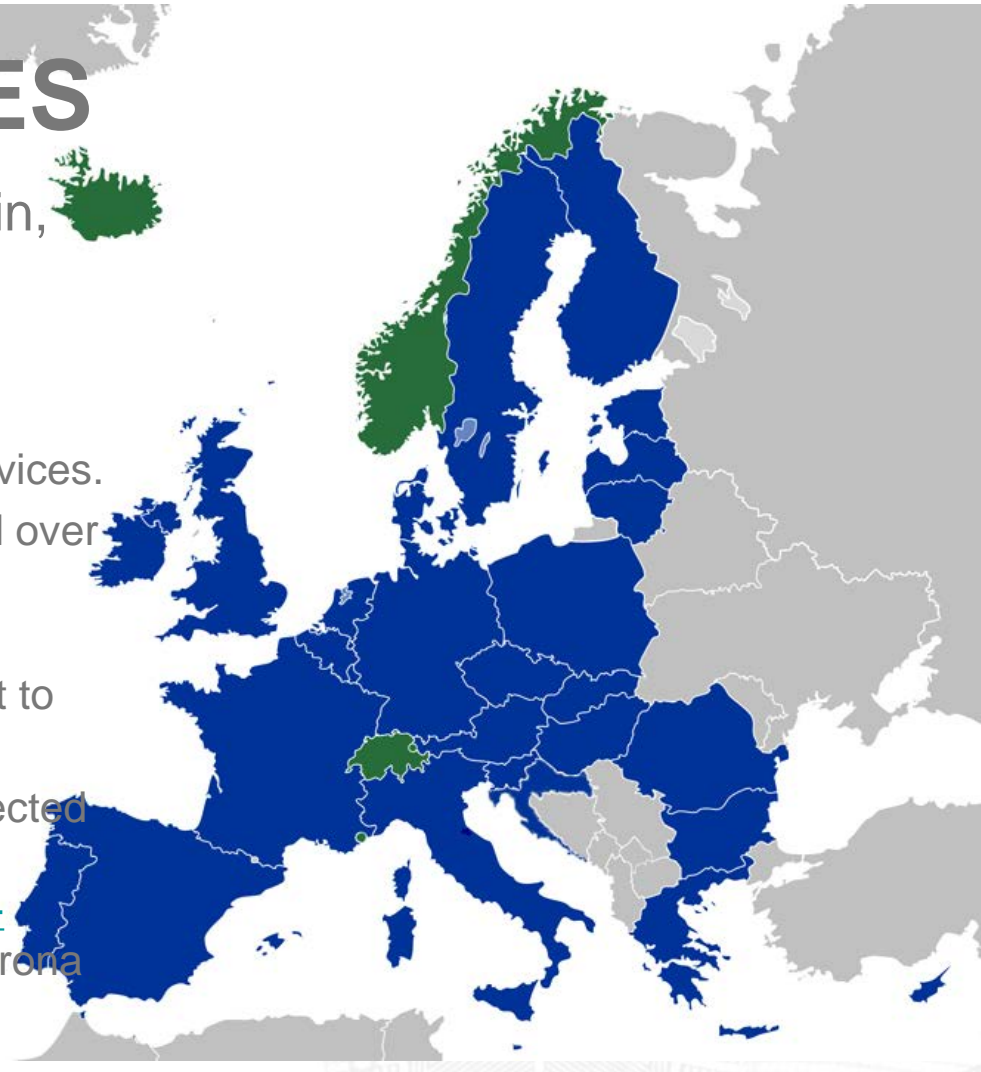
WHAT IS SEPA

- SEPA stands for Single Euro Payments Area.
- It harmonises the way Europeans make euro payments in 34 countries.
- To achieve this,
 - a common set of payment instruments was developed,
 - together with common standards,
 - and a legal basis for making payments across Europe fast, efficient and safe.

34 SEPA COUNTRIES

SEPA = EU-28 + Iceland, Liechtenstein, Monaco, Norway, San Marino and Switzerland

- 523 million inhabitants.
- Around 9,300 institutions offer payment services.
- Over 26 billion CTs, over 22 billion DDs and over 39 billion card payments in € and other currencies.
- All EU payments in euro are directly subject to SEPA provisions.
- Payments in other currencies are partly affected (e.g. [Payment Services Directive 2007/64](#); extension of [Regulation 924/2009 on cross-border payments](#) to payments in Swedish krona and Romanian lei).



SEPA PAYMENT INSTRUMENTS

SEPA credit transfer

provides customers with a single means of transferring funds, regardless of whether it's within a single country or involves a cross-border payment.

SEPA direct debit

makes it possible, for the first time, to charge directly an account in one European country for services provided by a company based in another country.

SEPA for cards

will enable consumers to use the same cards they use in their own country for purchases everywhere in Europe more conveniently. For merchants, accepting cards will become easier and more attractive.

SEPA STANDARDS

- IBAN
- BIC: until 1 Feb. 2016 (cross-border SEPA payments)
- ISO20022 XML
- Payment cards: migration from magnetic stripe to EMV chip
- Standards for payment cards and terminals

IBAN – International Bank Account Number

- ISO standard
- maximum: **34 digits**
 - 2 digits country code
 - 2 digits check digit
 - maximum: 30 digits account identification
→ country specific

IBAN structure: example



BIC – Business Identifier Code

- ISO standard
- maximum: **11 digits**
 - 4 digits institution code
 - 2 digits country code
 - 2 digits location code
 - 3 digits branch code (optional)

IMPORTANT LEGAL PROVISIONS

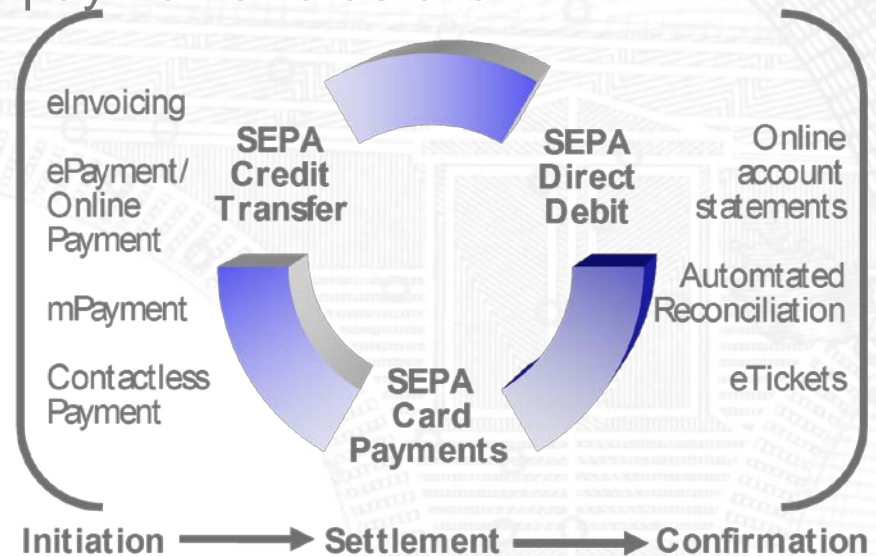
- **Regulation 260/2012** establishing EU-wide requirements for credit transfers and direct debits in euro
 - Sets end dates for migrating credit transfers and direct debits in euro
 - Amendment proposal for euro area countries: transition phase ending on 1 August 2014
- **Regulation 924/2009** on euro-denominated cross-border payments and direct debits (replacing Regulation 2560/2001)
 - Eliminates the differences in charges for cross-border and national payments in euro
 - Applies to payments in euro, in all EU Member States
 - Principle: charges for payment transactions in euro have to be the same whether the payment is a national or cross-border payment
- **Payment Services Directive 2007/64** (under review)
 - Harmonised terms and conditions
 - Harmonised transparency and information requirements
 - New category of service providers: payment institutions

TIMELINE

- The SEPA process started in 1999 (publication of Eurosystem objectives)
- It has now reached the final migration phase for two SEPA payment instruments.
- [Regulation 260/2012](#) defines end-dates for migration to these two SEPA payment instruments.
 - By 1 February 2014, credit transfers and direct debits in the euro area should be carried out in accordance with the technical requirements - a further transition period of six months is being introduced on European Commission initiative.
 - For niche products with specific characteristics a longer transition phase (until 1 February 2016) can be applicable in some countries.
 - For EU member states with other currencies than the euro the respective end-date is 31 October 2016 for all credit transfers and direct debits in euro.

AREAS OF FURTHER ACTION

- SEPA migration tracking; assisting the industry and users in timely migration
- SEPA for cards
- SEPA governance: Euro Retail Payments Board – start in 2014
- Further innovation along the retail payments value chain



MORE INFORMATION

SEPA on the ECB's website: www.sepa.eu

- Key facts to prepare for SEPA migration end dates
- Country-specific SEPA information, migration timelines and niche products, responsible authorities
- SEPA migration indicators and reports
- Video introduction