The Single Euro Payments Area: migration key facts

In March 2012 the European legislator adopted Regulation No 260/2012, commonly referred to as the “SEPA migration end-date regulation”. It lays down rules for the initiation and processing of retail credit transfers and direct debits denominated in euro within the European Union.

The regulation defines a clear timeline specifying when these rules need to be implemented in all Member States. For the euro area, the final deadline is 1 February 2014. The deadline for euro-denominated payments in non-euro area countries will be 31 October 2016. As of these dates, existing national euro credit transfer and direct debit schemes will have to be phased out and replaced by SEPA alternatives. Each country must ensure that the migration to the new SEPA instruments is conducted in accordance with the regulation. However, national timelines may be longer or shorter than at the general European level, as some requirements and migration deadlines may vary from country to country during a transitional period. This transitional period will end in 2016/2017 for all requirements.
Key requirements of the SEPA migration end-date regulation

• **Same rules and standards for retail credit transfers and direct debits denominated in euro**
  The regulation stipulates rules and sets standards for all credit transfers and direct debits denominated in euro within the EU where the payment service provider is located in the EU.

• **International Bank Account Number**
  By February 2014, the International Bank Account Number (IBAN) will be the sole payment account identifier for national and cross-border credit transfers and direct debits in euro within the EU.

• **Business Identifier Code**
  Payment service users may still be asked to provide a Business Identifier Code (BIC) until 1 February 2014 for national payments and until 1 February 2016 for cross-border payments. Member States may defer the requirement to phase out the BIC for national payment transactions until 1 February 2016.

• **ISO20022 XML message standard**
  The use of the ISO20022 XML message standard is mandatory: i) between payment service providers; and ii) for the bundled transmission of credit transfers and direct debits in euro by business users that are not microenterprises (microenterprises are those with less than ten staff members and a turnover or a balance sheet total of up to €2 million).

• **Pan-European reachability**
  Payment service providers must be reachable for Union-wide credit transfers and direct debits in euro if they currently accept equivalent transactions carried out under national payment schemes.
• **Free choice of payment locations**
  Payers cannot be restricted in choosing from which account in Europe they would like to make credit transfers or direct debits in euro. Neither can payees be forced to receive credit transfers or direct debits in euro in an account held in a specific country.

• **Additional debtor protection measures for direct debits**
  Consumers may instruct their payment service provider on how to handle incoming collections by specific billers. They may draw up black lists or white lists of billers, set maximum amounts, or specify payment intervals. Additionally, they can block any direct debit collections from their payment account.

• **Multilateral interchange fees eliminated for direct debits in euro**
  Multilateral interchange fees (applied between payment service providers in some Member States to individual direct debits) will be eliminated for direct debits in euro. Such fees will be eliminated by 1 February 2017 for national payments and by 1 November 2012 for cross-border payments.

• **Principle of equal charges**
  Payment service providers must apply equal charges to comparable cross-border and domestic payments in euro within the EU (Regulation No 924/2009). This principle of equal charges has been reinforced by the SEPA migration end-date regulation, which has eliminated the €50,000 ceiling under which equal charges could previously only be applied.
### Key dates for SEPA migration

<table>
<thead>
<tr>
<th>Date</th>
<th>Event Description</th>
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<tbody>
<tr>
<td>31 March 2012</td>
<td>Regulation No 260/2012 entered into force; pan-European reachability; phasing-out of € 50,000 ceiling for equal charges to apply.</td>
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<tr>
<td>1 November 2012</td>
<td>Cross-border transaction MIFs (multilateral interchange fees) to be eliminated for direct debits.</td>
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<tr>
<td>1 February 2014</td>
<td>Deadline for migration to SEPA credit transfer and SEPA direct debit within the euro area; no BIC (Business Identifier Code) to be required for national payments.</td>
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<tr>
<td>1 February 2016</td>
<td>No BIC to be required for cross-border payments; niche products migration complete.</td>
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<tr>
<td>31 October 2016</td>
<td>SEPA credit transfer and SEPA direct debit deadline for non-euro area countries.</td>
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<tr>
<td>1 February 2017</td>
<td>National transaction MIFs to be eliminated for direct debits.</td>
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For more information on the Single Euro Payments Area, provided by the Eurosystem, please see: [www.sepa.eu](http://www.sepa.eu)