

# 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 33 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.

# 33 SEPA COUNTRIES

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

- 522 million inhabitants.
- Around 9,300 institutions offer payment services.
- Over 26 billion CTs, over 22 billion DDs and over 38 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. 2014 (domestic payments); 1 Feb. 2016 (cross-border SEPA payments)
- ISO20022 XML
- EMV
- Standards for 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

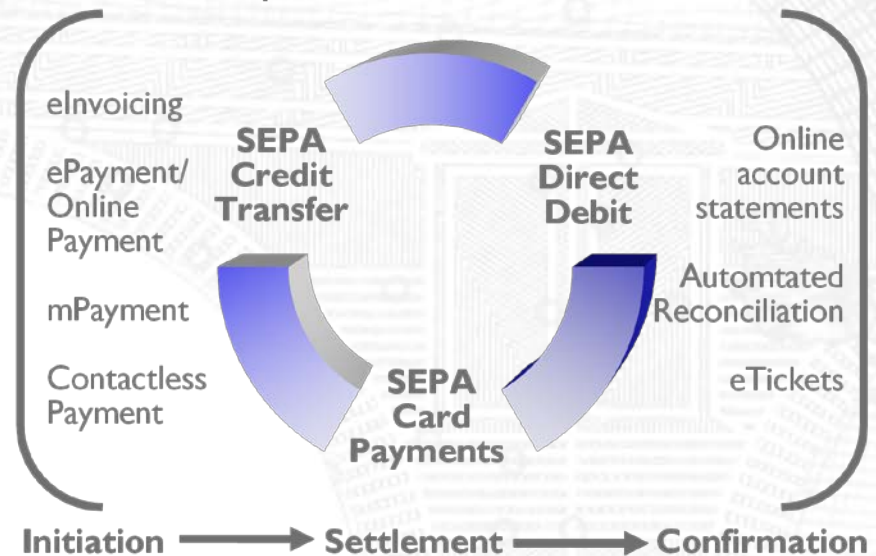
- **Regulation 260/2012** establishing EU-wide requirements for credit transfers and direct debits in euro
  - Sets end dates for migrating credit transfers and direct debits in euro
- **Regulation 924/2009** on euro-denominated cross-border payments and direct debits (replacing Regulation 2560/2001)
  - 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**, effective since November 2009, currently under revision
  - Harmonised terms and conditions
  - Harmonised transparency and information requirements
  - New category of service providers: payment institutions

# TIMELINE

- The SEPA process started in 2001.
- 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.
  - On 1 February 2014 all retail credit transfers and direct debits in the euro area need to fulfil SEPA requirements.
  - 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
- Cards
  - Chip-only cards
  - Separation of scheme and management
  - Common standards and harmonised certification processes
- SEPA governance
- Further SEPA innovation along the retail payments value chain





# MORE INFORMATION

SEPA on the ECB's website: [www.sepa.eu](http://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