

Brussels, 3 November 2009

## Single Euro Payments Area (SEPA): cross-border direct debits now a reality

(see [MEMO/09/489](#))

***From 2 November, banks will start to offer customers the possibility to make regular payments using the new SEPA Direct Debit scheme. This means that, for the first time, consumers and businesses will be able to make direct debit transactions between different countries in the euro area. Supporting the industry-led scheme are new EU rules on payment services and cross-border payments, in force as of 1 November, which are designed to ensure that SEPA Direct Debits will be as easy, efficient and secure as national schemes without being more expensive. Thousands of euro area banks have already signed up for the new scheme.***

Internal Market and Services Commissioner Charlie McCreevy said: *"This is another significant achievement on the road towards a Single Euro Payments Area. Thanks to industry's efforts and a solid legal platform at EU level, direct debit payments can now be made between different countries in the euro area – good news for consumers, for businesses and for the economy as a whole. This is a new and highly innovative product with real practical benefits, and I encourage those banks not currently participating in the scheme to join the thousands that have already signed up."*

### **SEPA Direct Debits**

Direct Debits are a convenient way for consumers to make recurring payments and an efficient method for companies to collect money such as bills for water, gas, electricity and telecom services as well for magazine and periodical subscriptions. A direct debit is initiated by creditors, but customers always have the right to decide whether or not to accept a direct debit on their bank account. Although direct debits are widely used in many euro area countries, at present, there is no pan-European scheme in place for making these payments possible across borders. Thousands of European banks have already signed up for the new scheme at the launch date.

### **EU legal platform**

The Payment Services Directive (PSD) ensures that electronic payments within the EU – mainly direct debits as well as credit transfers and card payments – become as easy, efficient and secure as the corresponding domestic payments. Moreover, the PSD reinforces the rights and protection of all users of payment services, such as consumers, retailers, businesses and public authorities. Most of the Member States have met the 1<sup>st</sup> November deadline for the implementation of the Directive, while the remaining States should do it by the end of the year (with two exceptions: Finland and Sweden).

The revised Cross-Border Payments Regulation extends the principle of equal charges for national and cross-border payments in euro (up to EUR 50.000) to direct debits. Credit transfers, electronic payments (including card transactions) and ATM cash withdrawals were already covered by the previous version of the Regulation. Furthermore, in order to facilitate the launch of the SEPA Direct Debit scheme, the Regulation also introduces temporary rules on multilateral interchange fees between banks and establishes a deadline for full reachability for direct debit transactions by November 2010 in the euro area. For banks from the non-euro area, this deadline is November 2014.

## **Background on SEPA**

The Single Euro Payments Area (SEPA) is the area in which citizens, companies and other economic actors will be able to make and receive payments in euros, within Europe, whether between or within national boundaries under the same basic conditions, rights and obligations, regardless of their location. In other words making euro payments throughout Europe will become as easy, cheap and secure as making national payments.

SEPA will harmonize the millions of everyday electronic payments made with credit transfers, direct debits and payment cards (debit and credit cards). SEPA will allow customers to make and receive non-cash euro payments anywhere in the SEPA (i.e. EU 27, plus Iceland, Liechtenstein, Norway, Switzerland, and Monaco), using a single bank account and a single set of payment instruments. SEPA is thus a natural progression to the introduction of the euro and another major step in realising the full potential of the single market for Europe.

The Single Euro Payments Area is an initiative of the European banking industry, represented by the European Payments Council that is strongly supported by the Commission and the European Central Bank (ECB).

### **More information is available at:**

For SEPA:

[http://ec.europa.eu/internal\\_market/payments/sepa/index\\_en.htm](http://ec.europa.eu/internal_market/payments/sepa/index_en.htm)

For the Payment Services Directive:

[http://ec.europa.eu/internal\\_market/payments/framework/index\\_en.htm](http://ec.europa.eu/internal_market/payments/framework/index_en.htm)

For the Cross-Border Payments Regulation:

[http://ec.europa.eu/internal\\_market/payments/crossborder/index\\_en.htm](http://ec.europa.eu/internal_market/payments/crossborder/index_en.htm)