

Brussels, 3 November 2009

SEPA Direct Debit Launch – Frequently Asked Questions

(see [IP/09/1665](#))

What are the characteristics of the SEPA Direct Debit (SDD) scheme?

The SDD scheme allows a creditor (supplier of goods or services) to collect funds from a debtor's (customer or consumer, i.e. payer) account provided that a signed mandate has been granted by the debtor to the creditor. The debtor and the creditor must each hold an account with a credit institution located within one of the SEPA countries. The credit institution executing the direct debit transaction must participate, i.e. formally adhere to the SDD scheme as defined by the European Payments Council (EPC). SDDs may be used for single (one-off) or recurrent direct debit collections. The SDD scheme applies to transactions for unlimited amounts in euro only.

What are the benefits of the SDD scheme for me as a consumer?

The SEPA Direct Debit – for the first time ever – enables consumers to make cross-border direct debit payments throughout all the SEPA countries. This is an important innovation, especially in times of increased citizen mobility. If you have regular bills to pay in another euro area country, e.g. if you temporarily move abroad or pay rent for a holiday home on a long-term basis you will be able to pay all these bills from your home country by direct debit. The SEPA Direct Debit will also open up many possibilities for regular payments and subscriptions, such as to a foreign newspaper or magazine. At the same time, the SEPA Direct Debit can of course be used domestically. As existing national direct debit schemes, it provides a convenient means for the consumer of paying bills without cumbersome manual intervention and at the same time allows for easy reconciliation of debits on account statements.

How secure is the SDD scheme?

Consumers benefit from a fast and simple refund procedure when making payments by SEPA Direct Debit. Refunds may always be claimed within in varying periods after the debit date depending on the exact nature of the transaction. These refund rights and periods are fully in line with what is provided in the Payments Service Directive.

Is the transposition of the Payments Services Directive (PSD) in Member States still on track?

The PSD forms the legal foundation of SEPA, in particular for SDD. The European Commission is working closely with Member States and other stakeholders through workshops and an inter-active web site to make sure the transposition of the PSD is in place by 1 November 2009. Most of the Member States have met the 1st 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 Commission will continue to carefully monitor the situation. Failure to transpose the PSD on time will cause legal uncertainty for citizens and the payment industry. The European Commission will therefore not hesitate to launch infringement proceedings under Article 226 of the EC Treaty, if necessary. For more background and benefits of the PSD, please consult [MEMO/07/152](#).

What are the main changes of the revised Regulation on cross-border payments compared to the original Regulation 2560/2001?

The new Regulation on cross-border payments in the Community which applies as from 1st November 2009 extends the principle of equal charges for national and cross-border payments to direct debits, in addition to credit transfers, electronic payments (including card transactions) and ATM cash withdrawals. It strengthens the supervisory and complaint-solving role of the competent national authorities and provides for the establishment of out-of-court redress procedures. It also removes, up to EUR 50.000, the payments-based statistical reporting obligations that hinder the smooth flow of cross-border transactions.

In order to facilitate the launch of the SEPA direct debit scheme, the Regulation introduces temporary rules on multilateral interchange fees and reachability for direct debit transactions. These temporary rules will give to the payments industry enough time to come forward with a long-term business model for direct debits in full respect of the competition rules.

More information is available at:

For SEPA:

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

For the Cross-Border Payments Regulation:

http://ec.europa.eu/internal_market/payments/crossborder/index_en.htm