

# 2006 annual report on the euro area

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The Council discussed the creation of a single euro payments area (SEPA) and adopted the following conclusions. In particular, it:

- supports the aim of the Single Euro Payments Area (SEPA) with the aim of achieving an integrated market for payment services in euro which is subject to effective competition and where there is no distinction between cross-border and national payments in euro within the EU;
- considers that the highest priority must be given to meeting users' needs by the payment services developed under the SEPA, which requires continual involvement at national level of all interested parties;
- expresses appreciation of the substantial work undertaken by industry to achieve this aim and encourages it to make progress in the areas where work remains to be completed;
- notes that the completion of SEPA calls for the removal of all technical, legal and commercial barriers between the current national payment markets;
- notes that continued attention is needed to ensure that SEPA-payment services, including their supporting technology and procedures, do not represent a deterioration compared to the national cost and service level in the most efficient Member States and that SEPA products and services are offered in a competitive environment;
- stresses the importance of ensuring a level-playing field as regards the application of competition principles to all market participants, including new entrants to the payment services market, and invites the Commission to continue without delay, its work on this subject;
- undertakes to work, together with the European Parliament, towards a swift adoption of the Proposal for a Directive on Payments Services;
- welcomes that the Commission intends to come forward with the final report regarding the sector inquiry into competition in the retail banking market (which includes payment cards) before the end of the year;
- in order to facilitate commitment to an early use of SEPA, it invites Member States to carry out cost and benefit analysis, where necessary, to check that SEPA products are better or at least equivalent to existing products in terms of price and quality, including as regards the security of payments and invites the industry to provide information to this end;
- invites the Finance Ministries of Member States to monitor progress on SEPA at national level, with all interested parties; as well as the Commission and the ECB to continue monitoring the overall development, together with the Financial Services Committee and the Economic and Financial Committee, and report back to the Council if progress is not satisfactory and at the latest in 2008;

- invites the Commission to assess the economic and competition impacts of the SEPA taking into account its planned time schedule, and invites the Commission to continue its work on the next steps regarding the issues raised in its consultative paper on SEPA, including the responses to the public consultation, without delay.