Basic information

2010/0373(COD) COD - Ordinary legislative procedure (ex-codecision procedure) Regulation	Procedure completed
Single Euro Payments Area: technical requirements for credit transfers and direct debits Amending Regulation (EC) No 924/2009 2008/0194(COD) Amended by 2013/0449(COD) Amended by 2022/0341(COD) **Subject** 2.50.04.02 Electronic money and payments, cross-border credit transfers 5.20.02 Single currency, euro, euro area	

Key players

European Parliament

Committee responsible	Rapporteur	Appointed
ECON Economic and Monetary Affairs	ESSAYAH Sari (PPE)	21/09/2010

Committee for opinion	Rapporteur for opinion	Appointed
IMCO Internal Market and Consumer Protection	GEBHARDT Evelyne (S&D)	10/02/2011
JURI Legal Affairs	The committee decided not to give an opinion.	

Council of the European Union

Council configuration	Meetings	Date
Economic and Financial Affairs ECOFIN	3100	2011-06-20
Heads of State or Government	3150	2012-02-28

European Commission

Commission DG	Commissioner
Financial Stability, Financial Services and Capital Markets Union	BARNIER Michel

Key events

Date	Event	Reference	Summary
16/12/2010	Legislative proposal published	COM(2010)0775	Summary

18/01/2011	Committee referral announced in Parliament, 1st reading		
20/06/2011	Debate in Council		
11/07/2011	Vote in committee, 1st reading		Summary
06/09/2011	Committee report tabled for plenary, 1st reading	A7-0292/2011	
14/02/2012	Decision by Parliament, 1st reading	T7-0037/2012	Summary
14/02/2012	Results of vote in Parliament		
28/02/2012	Act adopted by Council after Parliament's 1st reading		
14/03/2012	Final act signed		
14/03/2012	End of procedure in Parliament		
30/03/2012	Final act published in Official Journal		

Technical information

Procedure reference	2010/0373(COD)
Procedure type	COD - Ordinary legislative procedure (ex-codecision procedure)
Procedure subtype	Legislation
Legislative instrument	Regulation
Amendments and repeals	Amending Regulation (EC) No 924/2009 2008/0194(COD) Amended by 2013/0449(COD) Amended by 2022/0341(COD)
Legal basis	Treaty on the Functioning of the European Union TFEU 114-p1
Other legal basis	Rules of Procedure EP 165
Stage reached in procedure	Procedure completed
Committee dossier	ECON/7/04903

Documentation gateway

European Parliament

Document type	Committee	Reference	Date	Summary
Committee draft report		PE462.701	30/03/2011	
Amendments tabled in committee		PE464.956	17/05/2011	
Committee opinion	IMCO	PE462.912	16/06/2011	
Committee report tabled for plenary, 1st reading/single reading		A7-0292/2011	06/09/2011	
Text adopted by Parliament, 1st reading/single reading		T7-0037/2012	14/02/2012	Summary

Council of the EU

Document type	Reference	Date	Summary
Draft final act	00076/2011/LEX	14/03/2012	

European Commission

Document type	Reference	Date	Summary
Legislative proposal	COM(2010)0775	16/12/2010	Summary
Document attached to the procedure	SEC(2010)1583	16/12/2010	
Document attached to the procedure	SEC(2010)1584	16/12/2010	
Document attached to the procedure	SEC(2010)1585	16/12/2010	Summary
Commission response to text adopted in plenary	SP(2012)213	21/03/2012	
Follow-up document	COM(2017)0683	23/11/2017	Summary

National parliaments

Document type	Parliament /Chamber	Reference	Date	Summary
Contribution	PT_PARLIAMENT	COM(2010)0775	10/02/2011	
Contribution	IT_SENATE	COM(2010)0775	09/03/2011	
Contribution	RO_SENATE	COM(2010)0775	23/03/2011	

Other institutions and bodies

Institution/body	Document type	Reference	Date	Summary
ECB	European Central Bank: opinion, guideline, report	CON/2011/0032 OJ C 155 25.05.2011, p. 0001	07/04/2011	Summary
EESC	Economic and Social Committee: opinion, report	CES0794/2011	05/05/2011	
EDPS	Document attached to the procedure	N7-0091/2011 OJ C 284 28.09.2011, p. 0001	23/06/2011	Summary

Additional information

Source	Document	Date
National parliaments	IPEX	
European Commission	EUR-Lex	

Final act

Regulation 2012/0260
OJ L 094 30.03.2012, p. 0022

Single Euro Payments Area: technical requirements for credit transfers and direct debits

2010/0373(COD) - 14/02/2012 - Text adopted by Parliament, 1st reading/single reading

The European Parliament adopted by 635 votes to 17, with 31 abstentions, a legislative resolution on the proposal for a Regulation of the European Parliament and of the Council establishing technical requirements for credit transfers and direct debits in euros and amending Regulation (EC) No 924 /2009.

Parliament reached its position at first reading under the ordinary legislative procedure. The amendments adopted in plenary are the result of a compromise negotiated between the European Parliament and the Council. They amend the Commission's proposal as follows:

Purpose and scope: it is stipulated that the Regulation lays down rules for credit transfer and direct debit transactions denominated in euro within the Union where both the payer's payment service provider and the payee's payment service provider are located within the Union, or where the sole payment service provider in the payment transaction is located in the Union.

The Regulation does not apply to:

- payment transactions carried out between and within payment service providers (PSPs), including their agents or branches, for their own account;
- payment transactions processed and settled through **large-value payment systems**, excluding direct debit payment transactions which the payer has not explicitly requested be routed via a large-value payment system ;
- payment transactions transferring **electronic money** as defined in Directive 2009/110/EC on the taking up, pursuit and prudential supervision of the business of electronic money institutions, unless such transactions result in a credit transfer or direct debit to and from a payment account identified by BBAN or IBAN.

Definitions: the notion of "**credit transfer**" is laid down: "credit transfer" means a national or cross-border payment service for crediting a payee's payment account with a payment transaction or a series of payment transactions from a payer's payment account by the PSP which holds the payer's payment account, based on an instruction given by the payer.

By "**payer**" is meant a natural or legal person who holds a payment account and allows a payment order from that payment account or, where there is no payer's payment account, a natural or legal person who makes a payment order to a payee's payment account.

"**Payment scheme**" means a single set of rules, practices, standards and/or implementation guidelines agreed between PSPs for the execution of payment transactions across the Union and within Member States, and which is separated from any infrastructure or payment system that supports its operation.

Reachability: for a credit transfer to be executed, the payee's payment account must be reachable. Therefore, in order to encourage the successful take-up of Union-wide credit transfer and direct debit services, a reachability obligation should be established across the Union All payee payment accounts reachable for a national credit transfer should also be reachable via a **Union-wide credit transfer scheme**. All payers' payment accounts reachable for a national direct debit should also be reachable via a Union-wide direct debit scheme. This should apply whether or not a PSP decides to participate in a particular credit transfer or direct debit scheme.

Interoperability: payment schemes to be used by PSPs for the purposes of carrying out credit transfers and direct debits shall comply with the following conditions:

- **their rules are the same** for national and cross-border credit transfer transactions within the Union and similarly for national and cross-border direct debit transactions within the Union;
- the participants in the payment scheme represent **a majority of PSPs** within a majority of Member States, and constitute a majority of PSPs within the Union, taking into account only PSPs that provide credit transfers or direct debits respectively.

The participants of a retail payment system within the Union shall ensure that their payment system is technically **interoperable with other retail payment systems within the Union** through the use of standards developed by international or European standardisation bodies. In addition, they shall not adopt business rules that restrict interoperability with other retail payment systems within the Union.

In principle, t**he provisions regarding interoperability shall be effective by 1 February 2014**.

Requirements regarding credit transfer and direct debit transactions: the amended Regulation requires the use of certain common standards and technical requirements such as the use of international bank account numbers (IBAN), bank identifier codes (BIC) and a financial services messaging standard (ISO 20022 XML) for all bank account payments in euro in the EU.

With a view to strengthening the confidence of payment service users in the use of such services, especially for direct debits, the payer should have the right to instruct their PSPs to:

- limit a direct debit collection to a certain amount or periodicity or both,
- where a mandate under a payment scheme does not provide for the right to a refund, to verify each direct debit transaction, and to check whether the amount and periodicity of the submitted direct debit transaction is equal to the amount and periodicity agreed in the mandate, before debiting their payment account, based on the mandate-related information,
- block any direct debits to the payer's payment account or to block any direct debits initiated by one or more specified payees or to authorise direct debits only initiated by one or more specified payees.

In order to facilitate payments for all customers, the **use of the BIC should be limited to cases where it is really necessary**. The BIC of a payer's PSP shall be communicated until **1 February 2014** for national payment transactions and until **1 February 2016** for cross-border payment transactions by the payer but only where necessary.

The payer's PSP and the payee's PSP **shall not levy additional charges** or other fees on the read-out process to automatically generate a mandate for those payment transactions initiated through or by means of a payment card at the point of sale, which result in direct debit.

Migration deadlines for credit transfer and direct debit transactions: in line with Members' wishes, **a single deadline is set for migration**. Thus, the Regulation provides that national credit transfer and direct debit electronic payment schemes should be phased out **by 1 February 2014**. Member States may, having taken into account and evaluated the state of preparedness and readiness of their citizens, set earlier dates.

Direct debits shall be carried out in accordance with the requirements set out in Article 8(1) of the Regulation by 1 February 2017 for national payments and by 1 November 2012 for cross-border payments.

Validity of mandates and the right to a refund: a new article stipulates that **a valid payee authorisation to collect recurring direct debits in a legacy scheme prior to 1 February 2014 shall continue to remain valid after that date** and shall be considered as representing the consent to the payer's PSP to execute the recurring direct debits collected by that payee in compliance with this Regulation in the absence of national law or customer agreements continuing the validity of direct debit mandates.

Interchange fees for direct debit transactions: the Regulation stipulates that for direct debit transactions which cannot be properly executed by a payment service provider because the payment order is rejected, refused, returned or reversed (**R-transactions**) carried out by payment service providers, a multilateral interchange fee may be applied if a certain number of conditions are met.

Payment accessibility: acccording to the Regulation, a payer making a credit transfer to a payee holding a payment account located within the Union shall not specify the Member State in which that payment account is to be located, provided that the payment account is reachable. Likewise, a payee accepting a credit transfer or using a direct debit to collect funds from a payer holding a payment account located within the Union shall not specify the Member State in which that payment account is to be located, provided that the payment account is reachable.

Competent authorities: Member States shall **notify the Commission** of the competent authorities designated for ensuring compliance with this Regulation **by 1 February 2013**. They shall notify the Commission and the European Supervisory Authority (European Banking Authority) ('EBA') without delay of any subsequent change concerning those authorities. Where there is more than one competent authority for matters covered by this Regulation on its territory, Member States shall ensure that those authorities cooperate closely so that they can discharge their respective duties effectively.

Governance: the amended text underlines that fundamentally and formally governance still remains very much in the hands of the European Payments Council (EPC). The Commission should therefore review the governance arrangements of the whole SEPA project before the end of 2012 and, where necessary, make a proposal.

Penalties: Member States shall, **by 1 February 2013**, lay down rules on the penalties applicable to infringements of this Regulation and shall take all measures necessary to ensure that they are implemented. Member States shall notify the Commission of those rules and measures by 1 August 2013 and shall notify it without delay of any subsequent amendment affecting them. The penalties shall not be applied to consumers.

Out-of-court complaint and redress procedures: Member States shall establish adequate and effective out-of-court complaint and redress procedures for the settlement of disputes concerning rights and obligations arising from this Regulation between PSUs and their PSPs. They shall **notify the Commission of the bodies by 1 February 2013**. Member States may provide for this Article to apply only to PSUs that are consumers or only to those that are consumers and microenterprises. Member States shall inform the Commission of any such provision by 1 August 2013.

Transitional provisions: until 1 February 2016, Member States may:

- **allow PSPs to provide PSUs with conversion services** for national payment transactions enabling PSUs that are consumers to continue using BBAN instead of the payment account identifier on condition that interoperability is ensured by converting the payer's and the payee's BBAN technically and securely into the respective payment account identifier. That payment account identifier shall be delivered to the initiating PSU, where appropriate before the payment is executed. In such a case, PSPs shall not levy any charges or other fees on the PSU directly or indirectly linked to those conversion services;
- allow their competent authorities to waive all or some of the requirements regarding deadlines for those credit transfer or direct debit transactions with a cumulative market share, based on the official payment statistics published annually by the ECB, of **less than 10% of the total number of credit transfers or direct debit transactions respectively, in that Member State**;
- allow their competent authorities to waive all or some of the requirements regarding deadlines for those **payment transactions generated using a payment card at the point of sale** which result in direct debit to and from a payment account identified by BBAN or IBAN;
- defer the requirements relating to provision of BIC for national payment transactions.

Where a Member State intends to make use of a derogation, that Member State shall notify the Commission accordingly by 1 February 2013.

Delegated acts: the Commission shall be empowered to adopt delegated acts in order to take account of technical progress and market developments. The power to adopt delegated acts shall be conferred on the Commission for a period of five years from the date of entry into force of the Regulation.

Review: by 1 February 2017, the Commission shall present to the European Parliament, the Council, the European Economic and Social Committee, ECB and EBA a report on the application of this Regulation accompanied, if appropriate, by a proposal.

Single Euro Payments Area: technical requirements for credit transfers and direct debits

2010/0373(COD) - 14/03/2012 - Final act

PURPOSE: to establish technical requirements for credit transfers and direct debits in euros in the Union.

LEGISLATIVE ACT : Regulation (EU) No 260/2012 of the European Parliament and of the Council establishing technical and business requirements for credit transfers and direct debits in euro and amending Regulation (EC) No 924/2009

CONTENT: following agreement in first reading on 14 December 2011, the Council and European Parliament adopted a regulation setting technical and business requirements for credit transfers and direct debit transactions in euros.

Purpose: the Regulation lays down rules for credit transfer and direct debit transactions denominated in euro within the Union where both the payer's payment service provider and the payee's payment service provider are located in the Union, or where the sole payment service provider (PSP) involved in the payment transaction is located in the Union.

The Regulation constitutes a **key element of SEPA** (the single euro payments area), an EU-wide integrated market for credit transfers and direct debits with no distinction between national and cross-border payments.

The payments industry has committed itself to SEPA, creating the conditions for increased competition, economies of scale and a downward pressure on prices, whilst ensuring continued security and reliability for users. SEPA was originally conceived as a market-driven project, but slow migration from national payment instruments to EU-wide instruments has led stakeholders to consider it necessary for a legally binding end-date to be established.

The Regulation notes that only rapid and comprehensive migration to Union-wide credit transfers and direct debits will generate the full benefits of an integrated payments market. Rules are laid down to cover the execution of all credit transfer and direct debit transactions denominated in euro within the Union.

The Regulation accordingly sets a migration end-date for credit transfers and direct debits, introducing common standards and general technical requirements. It will also contribute to the simplification of payment processes.

For consumers, standardised cross-border payments will remove the need to maintain accounts in different countries. For payment service providers and payment processors, economies of scale and common standards will make payments more efficient.

Scope: the Regulation does not apply to:

- payment transactions carried out between and within payment service providers (PSPs), including their agents or branches, for their own account;
- payment transactions processed and settled through large-value payment systems, excluding direct debit payment transactions which the payer has not explicitly requested be routed via a large-value payment system ;
- payment transactions transferring electronic money as defined in Directive 2009/110/EC on the taking up, pursuit and prudential supervision of the business of electronic money institutions, unless such transactions result in a credit transfer or direct debit to and from a payment account identified by BBAN or IBAN.

End-dates: the Regulation sets **1 February 2014 as the migration deadline** for credit transfers and (in respect of most requirements) for direct debits. It phases out multilateral interchange fees (MIFs), which currently may apply to direct debit transactions in certain Member States, by 1 February 2017 for national payments. It also phases out, at the latest by 1 February 2016, the requirement to provide the business identifier code (BIC), with only the IBAN remaining as the account identifier for cross-border and national payments.

Reachability: for a credit transfer to be executed, the payee's payment account must be reachable. Therefore, in order to encourage the successful take-up of Union-wide credit transfer and direct debit services, a reachability obligation is established across the Union All payee payment accounts reachable for a national credit transfer should also be reachable via a Union-wide credit transfer scheme. All payers' payment accounts reachable for a national direct debit should also be reachable via a Union-wide direct debit scheme. This will apply whether or not a PSP decides to participate in a particular credit transfer or direct debit scheme.

Interoperability: payment schemes to be used by PSPs for the purposes of carrying out credit transfers and direct debits shall comply with the following conditions:

- their rules are the same for national and cross-border credit transfer transactions within the Union and similarly for national and cross-border direct debit transactions within the Union;

- the participants in the payment scheme represent a majority of PSPs within a majority of Member States, and constitute a majority of PSPs within the Union, taking into account only PSPs that provide credit transfers or direct debits respectively.

The participants of a retail payment system within the Union shall ensure that their payment system is technically interoperable with other retail payment systems within the Union through the use of standards developed by international or European standardisation bodies. In addition, they shall not adopt business rules that restrict interoperability with other retail payment systems within the Union.

With the exception of payment services benefiting from a waiver, the provisions regarding interoperability shall be effective by 1 February 2014.

Requirements regarding credit transfer and direct debit transactions: the Regulation requires the use of certain common standards and technical requirements such as the use of international bank account numbers (IBAN), bank identifier codes (BIC) and a financial services messaging standard (ISO 20022 XML) for all bank account payments in euro in the EU. With a view to strengthening the confidence of payment service users in the use of such services, especially for direct debits, the payer should have the right to instruct their PSPs to:

- limit a direct debit collection to a certain amount or periodicity or both,

- where a mandate under a payment scheme does not provide for the right to a refund, to verify each direct debit transaction, and to check whether the amount and periodicity of the submitted direct debit transaction is equal to the amount and periodicity agreed in the mandate, before debiting their payment account, based on the mandate-related information,

- block any direct debits to the payer's payment account or to block any direct debits initiated by one or more specified payees or to authorise direct debits only initiated by one or more specified payees.

In order to facilitate payments for all customers, the use of the BIC should be limited to cases where it is really necessary. The BIC of a payer's PSP shall be communicated until 1 February 2014 for national payment transactions and until 1 February 2016 for cross-border payment transactions by the payer but only where necessary.

The payer's PSP and the payee's PSP shall not levy additional charges or other fees on the read-out process to automatically generate a mandate for those payment transactions initiated through or by means of a payment card at the point of sale, which result in direct debit.

Validity of mandates and the right to a refund: a valid payee authorisation to collect recurring direct debits in a legacy scheme prior to 1 February 2014 shall continue to remain valid after that date and shall be considered as representing the consent to the payer's PSP to execute the recurring direct debits collected by that payee in compliance with this Regulation in the absence of national law or customer agreements continuing the validity of direct debit mandates.

Interchange fees for direct debit transactions: the Regulation stipulates that for direct debit transactions which cannot be properly executed by a payment service provider because the payment order is rejected, refused, returned or reversed (R-transactions) carried out by payment service providers, a multilateral interchange fee may be applied if a certain number of conditions are met.

Payment accessibility: a payer making a credit transfer to a payee holding a payment account located within the Union shall not specify the Member State in which that payment account is to be located, provided that the payment account is reachable. Similarly, a payee accepting a credit transfer or using a direct debit to collect funds from a payer holding a payment account located within the Union shall not specify the Member State in which that payment account is to be located, provided that the payment account is reachable.

Competent authorities: Member States shall notify the Commission of the competent authorities designated for ensuring compliance with this Regulation by 1 February 2013. They shall notify the Commission and the European Supervisory Authority (European Banking Authority) ('EBA') without delay of any subsequent change concerning those authorities. Where there is more than one competent authority for matters covered by this Regulation on its territory, Member States shall ensure that those authorities cooperate closely so that they can discharge their respective duties effectively.

Governance: the Regulation underlines that fundamentally and formally governance still remains very much in the hands of the European Payments Council (EPC). The Commission should therefore review the governance arrangements of the whole SEPA project before the end of 2012 and, where necessary, make a proposal.

Penalties: Member States shall, by 1 February 2013, lay down rules on the penalties applicable to infringements of the Regulation and shall take all measures necessary to ensure that they are implemented. Member States shall notify the Commission of those rules and measures by 1 August 2013 and shall notify it without delay of any subsequent amendment affecting them. The penalties shall not be applied to consumers.

Out-of-court complaint and redress procedures: Member States shall establish adequate and effective out-of-court complaint and redress procedures for the settlement of disputes concerning rights and obligations arising from this Regulation between PSUs and their PSPs. They shall notify the Commission of the bodies by 1 February 2013. Member States may provide for this Article to apply only to PSUs that are consumers or only to those that are consumers and microenterprises. Member States shall inform the Commission of any such provision by 1 August 2013.

Transitional provisions: until 1 February 2016, Member States may:

- allow PSPs to provide PSUs with conversion services for national payment transactions enabling PSUs that are consumers to continue using BBAN instead of the payment account identifier on condition that interoperability is ensured by converting the payer's and the payee's

BBAN technically and securely into the respective payment account identifier. That payment account identifier shall be delivered to the initiating PSU, where appropriate before the payment is executed. In such a case, PSPs shall not levy any charges or other fees on the PSU directly or indirectly linked to those conversion services;

- allow their competent authorities to waive all or some of the requirements regarding deadlines for those credit transfer or direct debit transactions with a cumulative market share, based on the official payment statistics published annually by the ECB, of less than 10% of the total number of credit transfers or direct debit transactions respectively, in that Member State;
- allow their competent authorities to waive all or some of the requirements regarding deadlines for those payment transactions generated using a payment card at the point of sale which result in direct debit to and from a payment account identified by BBAN or IBAN;
- defer the requirements relating to provision of BIC for national payment transactions.

Where a Member State intends to make use of a derogation, that Member State shall notify the Commission accordingly by 1 February 2013.

Review: by 1 February 2017, the Commission shall present to a report on the application of the Regulation accompanied, if appropriate, by a proposal.

ENTRY INTO FORCE: 31/03/2012.

DELEGATED ACTS: the Commission shall be empowered to adopt delegated acts in accordance with Article 14 to amend the Annex, in order to take account of technical progress and market developments. The power to adopt delegated acts shall be conferred on the Commission for a period of 5 years from 31 March 2012. The Commission shall draw up a report in respect of the delegation of power not later than 9 months before the end of the five-year period. The delegation of power shall be tacitly extended for periods of an identical duration, unless the European Parliament or the Council opposes such extension not later than 3 months before the end of each period. Delegated acts shall enter into force only if no objection has been expressed either by the European Parliament or the Council.

Single Euro Payments Area: technical requirements for credit transfers and direct debits

2010/0373(COD) - 23/11/2017 - Follow-up document

The Commission presented a report on the application of Regulation EU n°260/2012 establishing technical and business requirements for credit transfers and direct debits in euro and amending Regulation (EC) No 924/2009, also known as the Single Euro Payments Area (SEPA) Regulation.

The Regulation imposed 1 February 2014 as an end-date for migration in the euro area. A 6-month report was sufficient to ensure a smooth transition from legacy credit transfers and direct debits in euro to SEPA credit transfers (SCT) and direct debits (SDD). Member States that do not belong to the euro area had until 31 October 2016 to migrate to SCT and SDD.

Main conclusions: the report concluded that **the SEPA Regulation has been correctly applied and implemented across the EU. There is currently no need for any follow-up legislative proposal**.

SEPA credit transfers and direct debits enable European citizens to make efficient transfers and withdrawals in euros within the European Union.

The very few and well identified issues (IBAN discrimination and competent authorities competences) that persist have been addressed by Member States and their resolution should be closely monitored.

The main issue to be closely observed is the **IBAN discrimination** by payees: consumers across the EU have reported and complained about firms and payments (e.g., tax payments, cross-border utility payments) that can only be done from or to a national payment account in euro. Such restrictions are not allowed under article 3 (reachability) and article 9 (payment accessibility) of the SEPA Regulation and constitute a real barrier to the smooth functioning of SEPA.

Cases of IBAN discrimination were particularly reported in Belgium, France, Italy, Germany, Spain or the Netherlands who welcome the possibility to use them also across borders, as offered by the SEPA Regulation. Some national authorities (e.g. the central bank of the Netherlands, Bundesbank and Banca d'Italia) have taken action on these issues.

Current developments: national SEPA committees and their European Forum set up by the Commission have played a key role in implementing the Single Euro Payments Area and in achieving the goal of allowing Europeans to do all their transactions in euro anywhere in the EU from a single account.

While the SEPA transition is now almost completed, **the transformation of payment systems is still on-going** at a fast pace. Most of the national SEPA committees have been transformed into national payments committees/councils to steer this transformation. These national payments committees /councils now focus on new challenges, such as the **transition to instant payments or mobile payments**.

New projects within SEPA, such as SEPA instant payments will be available as of November 2017. These developments are supported by the **Euro Retail Payments Board**, an ECB-chaired body where the European Commission sits as an observer.

Moreover, with the entry into force of the second payment services Directive (PSD2) in January 2018, the national committees will have to monitor other developments and notably the arrival of **new players** on the payments market, such as account information aggregators and payment initiation service providers.

In order to support these new developments in the field of payments, to coordinate national initiatives and exchange information and best practices, the Commission is examining, in close cooperation with the European Central Bank, how the **EU Forum of national SEPA committees can be transformed into a platform** for these reformed national payment committees/councils.

Single Euro Payments Area: technical requirements for credit transfers and direct debits

2010/0373(COD) - 07/04/2011 - European Central Bank: opinion, guideline, report

OPINION OF THE EUROPEAN CENTRAL BANK on a proposal for a Regulation establishing technical requirements for credit transfers and direct debits in euro.

The ECB welcomes and supports the European Commission's proposal to impose end-dates for migration to the Single Euro Payments Area (SEPA) credit transfers and SEPA direct debits by means of a Union regulation. Although the potential benefits of the SEPA project are substantial, the primarily market-driven approach currently used cannot be characterised as being entirely successful. A Union act of general application, binding in its entirety and directly applicable in all Member States, is therefore considered essential for successful migration to SEPA, as the project would otherwise face a serious risk of failure.

The ECB agrees that the requirements for credit transfers and direct debits should enter into force within a rather short timeframe, especially considering that SEPA credit transfer was launched in January 2008 and SEPA direct debit in November 2009. Taking into consideration the payment industry's need for sufficiently long lead times, the ECB suggests setting concrete dates, which could preferably be at **the end of January 2013 for credit transfers and the end of January 2014 for direct debits**.

The ECB has on several occasions pointed out the need for clear guidance regarding interchange fees for direct debits. Articles 6 and 7 of Regulation (EC) No 924/2009 of the European Parliament and of the Council of 16 September 2009 on cross-border payments in the Community and repealing Regulation (EC) No 2560/2001 introduced a temporary default interchange fee for cross-border direct debits, together with a temporary endorsement of national interchange fees for direct debits. Both of these Articles will no longer apply on 1 November 2012; in order to avoid a legal vacuum hampering migration to SEPA direct debit, it is important that a long-term solution for interchange fees for direct debits is established. Article 6 of the proposed regulation concerning interchange fees for direct debits contributes to achieving such legal certainty.

Single Euro Payments Area: technical requirements for credit transfers and direct debits

2010/0373(COD) - 16/12/2010 - Legislative proposal

PURPOSE: to establish technical requirements for credit transfers and direct debits in euros in the Union.

PROPOSED ACT: Regulation of the European Parliament and of the Council.

BACKGROUND: the present proposal has to be seen in the context of the creation of an Internal Market for payment services in euro (Single Euro Payments Area or SEPA). Secure and efficient payment systems are crucial to the conduct of economic transactions and to the proper functioning of the Internal Market.

Two years after the launch of the SEPA credit transfer, the number of SEPA credit transfers processed by clearing and settlement mechanisms located in the euro area has not yet reached the 10% threshold. A linear extrapolation of the current SCT migration rate of 9.3% (as of August 2010), suggests that it will take around 30 years to complete SEPA. Even in a more optimistic scenario, it seems very unlikely that SEPA migration will be completed in less than 15–20 years without additional legislative intervention.

Although strongly supported by both the European Commission and the European Central Bank, SEPA was originally conceived as a primarily market-driven project. Union-wide schemes for credit transfers and direct debits were designed and implemented by the European Payments Council (EPC), a coordination and decision making body set up by the European banking sector to deliver SEPA. However, given the current slow rates of migration, there is increasing recognition by all categories of stakeholders that **a legally binding end-date may be necessary to achieve successful project completion**.

IMPACT ASSESSMENT: the impact assessment, prepared in close cooperation with the ECB, considers three scenarios: no intervention, additional incentives for SEPA migration without setting an end-date and the impacts of setting a migration end-date. It concludes that the best scenario for the Union payments market, the European economy and the stakeholders is setting an end-date for migration by way of a Regulation.

Subsequently, the impact assessment considers the best ways of implementing the end-date at the technical level, by discussing policy sub-options for the end-date implementation in several areas: i) the reference basis for adopting Union-wide credit transfers and direct debits: ii) the transaction domain; iii) product specification; iv) Member States scope; v) deadline for migration, and vi) clarity on the long term business model for pan-European direct debits.

LEGAL BASE: Article 114(1) of the Treaty on the Functioning of the EU (TFEU).

CONTENT: the proposal for setting technical requirements for credit transfers and direct debits is aimed at:

- **setting up separate migration end-dates for credit transfers and direct debits respectively**, by introducing a set of common standards and general technical requirements;
- **ensuring reachability of payment service providers for credit transfer transactions**, along the lines of the reachability obligation for direct debit transactions under Regulation (EC) No 924/2009 and interoperability of payment systems.

The main features of the regulation are as follows:

Purpose and scope: the proposal covers the execution of all credit transfer and direct debit transactions denominated in euros within the Union. It does not cover some types of payment transactions -such as payment card transactions, money remittance and payment transactions through means of any telecommunication, digital or IT device which do not result in a credit transfer or direct debit. To promote competition and efficiency, the Regulation should not foreclose from the market non-'traditional' payment schemes, in particular when they are based on combined schemes rules including a direct debit or credit transfer segment. Hence, the provisions of this Regulation only apply to the credit transfer or direct debit underlying the transaction.

Definitions: these arealigned, as much as possible, with those used in Directive 2007/64/EC. However, given the Regulation's limited scope in comparison with the Payment Services Directive, some of the definitions have been tailored to the needs of this proposal.

Reachability of payment service providers for credit transfer transactions is integrated with the reachability obligation for direct debit transactions under Article 8 of Regulation (EC) No 924/2009.

Technical interoperability: the proposal contains provisions which are necessary for the smooth functioning of payment schemes and systems, so that they can interact with each other across the Union using the same standards, without technical obstacles to the processing of payments by the market players.

Technical requirements for credit transfer and direct debit transactions: the text introduces deadlines for migration to Union-wide instruments, by making certain important standards used by the payment industry mandatory and defining technical requirements applying to both payment service providers and customers.

No later than 12 months after the entry into force of the Regulation, credit transfers shall be carried out in accordance with the technical requirements set out in the Annex. The deadline for direct debit transactions is set at 24 months after the entry into force of the Regulation.

Interchange fees for direct debit transactions: the proposal clarifies that, after 31 October 2012, multilateral interchange fees (MIFs) per transaction are not allowed for national and cross-border direct debits. It also defines general conditions for interchange fees (multilateral, bilateral and unilateral) for R-transactions, in line with the working document on the 'Applicability of Article 81 of the EC Treaty to multilateral interbank-payments in SDD' published by the Commission on 3 November 2009.

Waiver: this provision applies to so-called 'legacy' niche products which should also be phased out after an appropriate transitional period.

Payment accessibility: the proposal ensures that if a euro credit transfer or a euro direct debit is accepted domestically, it will also be used to and from a euro account on a cross-border basis.

Competent authorities: the competent authorities would be empowered to take necessary measures to ensure compliance with the obligations laid down in this Regulation.

Penalties: Member States are required to provide details of penalties to the Commission.

BUDGETARY IMPLICATION: leaving aside the normal administrative costs linked to ensuring the respect of EU legislation, there will be no budgetary impact since no new committees are created and no financial commitments are made. However, the Commission is also a significant user of payment services in its own right and therefore should benefit, along with other users, from enhanced competition generated by SEPA.

Single Euro Payments Area: technical requirements for credit transfers and direct debits

2010/0373(COD) - 23/06/2011 - Document attached to the procedure

OPINION OF THE EUROPEAN DATA SERVICE SUPERVISOR on the proposal for a Regulation of the European Parliament and of the Council establishing technical requirements for credit transfers and direct debits in euros and amending Regulation (EC) No 924/2009

It is recalled that SEPA aims at establishing a single market for retail euro payments by overcoming the technical, legal and market barriers stemming from the period prior to the introduction of the single currency. Once SEPA has been completed, there will be no difference between national and cross-border euro payments: they will all be domestic. The proposal applies to credit transfers and direct debits.

-**The introduction and development of SEPA** involves several data processing operations: names, bank account numbers, content of contracts need to be exchanged directly between payers and payees and indirectly through their respective payment service providers in order to guarantee a smooth functioning of the transfers. With this purpose, the proposal also includes an Article on 'Interoperability', which supports the creation of standard rules for national and cross-border transactions.

-The EDPS highlights that exchange and processing of personal data related to payers and payees and with the various payment services providers must respect the principles of **necessity, proportionality and purpose limitation**.

The passing along of the data through the various intermediaries must also respect the **principles of confidentiality and security of the processing** in compliance with Directive 95/46/EC.

The proposal also introduces a **new role for national authorities competent to monitor compliance with the Regulation** and take all necessary measures to ensure such compliance. While this role is fundamental to guarantee an effective implementation of SEPA, it also might involve broad powers to further process personal data of individuals by the authorities. Also in this area, access by the national competent authorities to personal data must respect the principles of necessity, proportionality and purpose limitation.

The EDPS welcomes the mentioning of Directive 95/46/EC in the proposal. However, he suggests that the **text could be modified slightly** to emphasise that any data processing operation must be carried out in accordance with the implementing rules, as follows:

- Recital 26 should state that any processing of personal data performed pursuant to the Regulation shall be in conformity with the relevant national laws implementing Directive 95/46/EC;
- the monitoring power of the national competent authorities in relation to the obligations contained in Articles 6 and 8 should be limited to a case-by-case basis, when there is a reasonable suspicion of an infringement of the Regulation, while in order to encourage compliance with the obligations of Article 8, the redress mechanism for litigation provided in Article 11 should be extended to controversies between payer and payee;
- references to Directive 95/46/EC in the Annex should be harmonised in order to avoid any misinterpretation.

Single Euro Payments Area: technical requirements for credit transfers and direct debits

2010/0373(COD) - 16/12/2010 - Document attached to the procedure

The Commission presents a Staff working document containing the first implementation report on the SEPA Roadmap for 2009–2012. The SEPA Roadmap details the work that still has to be accomplished in order successfully to reap the full benefits of the Single Euro Payments Area (SEPA). The key reason for the establishment of the SEPA Roadmap remains

valid: uncertainty still prevails on the payment supply and demand side as regards the future of SEPA, resulting in a slow pace of migration to SEPA products. This uncertainty is exacerbated by the aftermath of the financial crisis. The current adverse economic climate induces a very cautious approach to further SEPA investments by some payment service providers (mostly banks) and by high-volume payment users (mainly businesses and public administrations).

Despite repeated calls for swift migration from EU institutions and continuous political support for the SEPA project, actual migration from existing national payment instruments to the core SEPA payment instruments is still lagging behind expectations and mainly limited to cross-border transactions.

The SEPA Roadmap commits the Commission to monitoring its implementation by all identified stakeholders and publishing regular progress reports. This first report contains an assessment of the progress, direction and results achieved since the publication of the SEPA Roadmap. It and also provides a detailed breakdown of the state of play concerning the separate action points with potential follow-up actions.