



JOINT PRESS RELEASE

SEPA risks failure unless corrections are made, say end users

Brussels, 15 July 2009 (for immediate release) – The Single Euro Payments Area (SEPA)¹ that aims to establish one set of Europe-wide rules for credit transfers, debt transfers and payment card services risks not being sufficiently taken up by the market and failing to meet its objective to improve the efficiency of cross border euro payments, according to 8 leading European business and consumer organisations. The Payment Systems End User Committee (EUC)² published this week a position paper³ on the SEPA Direct Debit Scheme, a payment instrument that can be used for both national and cross-border euro direct debits throughout the SEPA area and that is to be launched in November this year. According to the EUC, the core SEPA Direct Debit Scheme (CMF) does not cater to the needs of a large number of users. The EUC therefore asked for additional optional services to be provided under the so-called “CMF+” scheme. End users also called for a better involvement in the governance of SEPA and for more engagement from the European Commission and the European Central Bank in the process. Finally, the EUC stressed that end dates for the migration to SEPA should be agreed beforehand with all stakeholders.

“One year and a half after the launch of the first SEPA product, less than 2% of all credit transfers are made using the new system. Direct debit, which is the second SEPA product, risks a similar fate unless corrective action is taken before its launch in November this year. Our paper spells out a series of concrete proposals on how to improve the current state of affairs. This is perhaps the most coherent and constructive initiative taken so far by SEPA users acting together through their professional and trade bodies”, said **Olivier Brissaud**, the EUC representative in the SEPA process.

First of all, corrections must be made on **direct debit**, i.e. an instruction that a bank receives from an account holder to collect an amount directly from another bank account. The current scheme proposed by the European Payments Council (CMF) offers fewer services than the existing national schemes. According to the EUC, end users will have little incentive to change over to the new system under these conditions. A “CMF+” scheme offering a basic service coupled with tailored optional services at an extra cost would be a better option and encourage the transition.

Secondly, the **governance** of SEPA must be improved and its structure must be changed. End users must be fully involved on an equal footing with payment system providers and regulators. SEPA cannot achieve its goals unless those who will use it are fully involved in its construction.

Finally, the EUC paper comments on the issue of **end dates** for the migration from national systems to SEPA. Setting end dates is not absolutely necessary or desirable at the present time, say end users. No decision on end dates should be taken until the remaining areas of disagreement have been resolved to the satisfaction of end users. The setting of arbitrary end dates by legislation would result in a failure of SEPA, concludes the EUC.

ENDS

For further information please contact:

- BEUC: Anne Fily, Head of Legal and Economic Department, +32 (0)2 7402812, anne.fily@beuc.eu; David McCullough, Head of Communication, +32 (0)2 78927 50, dmc@beuc.eu
- BUSINESSEUROPE: Luc Migeot, +33 1 46053440, luc.migeot@ni-hao.fr
- EACT: Gianfranco Tabasso, +39 335 255401, gianfranco.tabasso@fmsgroup.it
- EMOTA: Susanne Czech, +32 2 5020227, susanne@emota.eu
- EUROCOMMERCE: Ruth Milligan, +32 486 292229, milligan@eurocommerce.be
- FAEP: Max von Abendroth, +32 2 5360604, max.abendroth@faep.org
- CEA: Janina Clark, +32 2 5475812, clark@cea.eu
- UEAPME: Gerhard Huemer, +32 2 2307599, g.huemer@ueapme.com
- EUC Representative: Olivier Brissaud, +32 2 6454816, olivier.brissaud@volkswagen.de

Editors' notes:

¹ The Single Euro Payments Area (SEPA) is an EU integration initiative in the area of payments designed to achieve the completion of the EU internal market and monetary union. SEPA is the area where citizens, companies and other economic participants can make and receive payments in euro, within Europe, whether between or within national boundaries under the same basic conditions, rights and obligations, regardless of their location. For more information please visit the following website: http://ec.europa.eu/internal_market/payments/sepa/

² The End User Committee associations are: the European Association of Corporate Treasurers (EACT); the Confederation of European Business (BUSINESSEUROPE); the European Association of Crafts and SMEs (UEAPME); Bureau Européen des Unions de Consommateurs (BEUC); EuroCommerce, the European wholesaler and retailer organisation; the European insurance and reinsurance federation (CEA); the European e-commerce and Mail Order Trade Association (EMOTA); the European Federation of Magazine Publishers (FAEP).

³ Available online at the following address:

http://www.ueapme.com/IMG/pdf/090707_SEPA_SDD_EndUser_final.pdf