

## **Single Euro Payments Area**

### **Joint statement from the European Commission and the European Central Bank**

The European Commission (Commission) and the European Central Bank (ECB) share a common vision for the Single Euro Payments Area (SEPA) and the process leading to its realisation. Both institutions are co-operating closely in this process and encourage the European banking industry and the other relevant stakeholders to create the technical conditions for the realisation of the Single Euro Payment Area by the end of 2010.

#### **Vision**

The Commission and the ECB see SEPA as an integrated market for payment services which is subject to effective competition and where there is no distinction between cross-border and national payments within the euro area. This calls for the removal of all technical, legal and commercial barriers between the current national payment markets.

The introduction of the euro as the single currency of the euro area will only be completed when SEPA has become a reality, i.e. when consumers, businesses and governments are able to make cashless payments throughout the euro area from a single payment account anywhere in the euro area using a single set of payment instruments as easily, efficiently and safely as they can make payments today in the domestic context.

By creating open and common standards that overcome technical and commercial barriers and by fostering effective competition, improved payment service levels will benefit the end-users of these services, namely consumers, business and governments, with transparent prices and cost efficient services. SEPA will allow the payments industry to become more efficient, thereby providing significant savings and benefits to the wider European economy and facilitating the attainment of its full potential.

The SEPA process calls for the continuous improvement of payment services, by offering pan-European products that are as easy, efficient and safe as they are today at the national level. It requires to anticipate how modern payment systems will look at the end of the decade and a continuous improvement of service levels. SEPA must be forward-looking, both

embracing and enabling the realisation of new technological opportunities. In addition to the core SEPA products that are currently being developed, new opportunities, such as e-invoicing, can provide major benefits.

Standardisation of payment services and processing is critical. It is therefore essential that users, in particular corporations, and other relevant stakeholders are involved in the standard setting process.

### **Milestones**

Significant progress towards SEPA has already been achieved by the European Payments Council (EPC) towards the establishment of the schemes, frameworks and the necessary standards underlying SEPA. The Commission and the ECB take the opportunity to stress their support for the objectives set by the EPC for January 2008:

- That EU citizens, enterprises and public administrations should have the possibility to use the SEPA credit transfer and the SEPA direct debit payment instruments defined by the EPC.
- That the technical barriers to cross-border acceptance at the point of sale and cash withdrawals for card payments in euro should be removed. In addition, appropriate technical and contractual provisions and standards should be defined to ensure interoperability.
- That the necessary conditions for infrastructures to become SEPA-scheme compliant are in place. As a minimum, this calls for open and common standards that are available to all EU processing services and infrastructure providers for euro payments, so as to prepare for interoperability and effective competition.

In addition, the Commission and the ECB stress that it is important that all relevant stakeholders, in particular the public sector, contribute to achieving SEPA. By showing political support and by becoming early adopters of the SEPA products the public sector can play a vital role for the success of the SEPA.

The Commission and the ECB also support the schemes and frameworks, as agreed upon by the EPC on 8 March 2006, as the basis for SEPA products to be introduced in 2008. The Commission and the ECB attach great importance to the work of the EPC to further enhance the schemes and frameworks in the future in order to keep meeting user requirements and to

ensure that service levels improve continuously. In this perspective, the Commission and the ECB welcome as a start the dialogue between the EPC and end-users as well as their commitment to involve all stakeholders more openly in the future. They also welcome the commitment to work together on cross-industry standards necessary to make the SEPA attractive to all stakeholders.

The delivery of SEPA instruments is only the first step, since the introduction of the instruments as a mere cross-border payment solution would not result in a genuinely integrated market at the level of the Euro area. In particular, a critical mass of national credit transfers, direct debits and card payments should have migrated to SEPA payment instruments by the end of 2010. Further steps will be necessary in order to ensure widespread adoption of new and efficient SEPA instruments. The service level of SEPA instruments will have to be at least as good as existing national instruments, but preferably better. This will allow for a market-driven migration to the SEPA instruments.

The Commission and the ECB support to the greatest possible extent continued self-regulation by the industry, but given the importance and the size of the social and economic benefits of SEPA, the Commission expressly reserves the right to introduce or propose necessary legislation to achieve it.