



Brussels, 11 November 2011

**COMMISSION SERVICES’
5TH SURVEY
ON PUBLIC ADMINISTRATIONS’
PREPAREDNESS AND MIGRATION TO SEPA**

1. EXECUTIVE SUMMARY

- Public administrations’ (PA) migration to SEPA Credit Transfers (SCT) has accelerated since the last survey with the SCT migration rate increasing from 14.5 % in October 2010 to 24.9 % in June 2011.
- PA in many Members States in the euro area seem to be taking over the lead for the SEPA migration at national level, namely in Finland (90.9 %), Belgium (77.4 %), Slovenia (65 %), Austria (60 %), Germany (37.6 %), France (21.1 %) and Spain (16.5 %) and are expected to make further progress or fully completing migration to SCT in the coming months.
- Nevertheless, a number of euro area Member States are still lagging behind and their migration to SCT is progressing at an extremely slow pace, with the SCT rate often not exceeding 1 % of total credit transfers volume, namely in Greece (0.01 %), Estonia (0.10 %), Ireland (0.2 %), Slovakia (0.5 %), Cyprus (0.8 %), Netherlands (1.2 %) and Italy (2.3 %).
- PA migration to SEPA Direct Debits (SDD) stays close to 0 % with only a very few PA using SDD (in particular in Belgium and Germany). It is, however, important to stress that direct debits are generally used by PA to a very limited extent or not at all.

2. INTRODUCTION

The figures analysed in this survey refer to a reporting period of June 2011. Due to the fact that SEPA is primarily affecting credit transfers and direct debits in euro, the survey is limited to euro area Member States. This, however, does not exclude that some progress is also made by PA outside the euro area. To ensure that the results of this survey are comparable with the previous surveys, the same PA were requested to participate in the survey and were to reflect on the state of play on SCT and SDD migration at central governmental or federal level (not at the municipalities' and regional level). The survey is based on both data received from individual PA (Tables 1 and 2 and Graphs 1, 2, 3, 4 and 5) and on data coordinated at Member State level (Table 3). Concerning the methodology, as for the last survey, this is based on transaction volumes undertaken by each replying PA.

In total, replies were received from 67 individual PA, including for the first time Estonia. The PA contributing to the survey represent 86 % of the estimated total credit transfers transaction volume of PA.

Tables 1 and 2 below show the number of responses received from individual PA as well as the estimated relative importance of the total number of both credit transfers (CT) and direct debits (DD) undertaken by all PA.

Table 1: Contributions received from individual PA in euro area Member States for CT

Member State	Number of replies by individual PA	Estimated total number of CT made at central government level by all PA in the Member States in 2010 (millions)	Number of CT in 2010 by individual PA responding to the survey (millions)	Estimated share of replying individual PA as a percentage of the total number of CT by all PA	SCT weighted average out of all CT undertaken by the replying PA (June 2011)
Austria	1	35	24.0	69 %	60.00 %
Belgium	22	125*	46.9	38 %	77.36 %
Cyprus	3	4.1	4.1	100 %	0.75 %
Finland	5	48.1	48.1	100 %	90.93 %
France	2	807**	807	100 %	21.13 %
Germany	5	756	631.4	84 %	37.64 %
Greece	1***	30.37	30.37	100 %	0.01 %
Ireland	7	39.8	39.8	100 %	0.15 %
Italy	1	46	24	52 %	2.30 %
Luxembourg	1	0.99	0.99	100 %	100.00 %
Malta	3	2.04	2.04	100 %	9.24 %
Netherlands	4	300	199.8	67 %	1.19 %
Portugal	3	17	17	100 %	12.56 %
Slovenia	2	8.91	8.91	100 %	65.01 %
Slovakia	1***	25.8	25.1	97 %	0.53 %
Spain	4	199.6	199.6	100 %	16.50 %
Estonia	2	10.2	10.2	100 %	0.10 %
Euro area	67	2 456	2 119	86 %	24.9 %

* In the case of Belgium, an estimate was made for the total CT volume by PA at an aggregate level using the ECB Blue Book statistics 2008. The assumption is that 15 % of all the CT indicated in the ECB Blue Book statistics for the respective Member State is undertaken by PA.

** In the case of France, payments at regional and municipal level are also included.

*** represents the whole public sector

Table 2: Contributions received from individual PA in euro area Member States on DD

Member State	Number of replies by individual PA	Estimated total number of DD made by all PA at central government level in the Member States in 2010 (millions)	Number of DD in 2010 by the individual PA responding to the survey (millions)	Estimated share of the replying individual PA as a percentage of the total number of DD by all PA	SDD weighted average out of all DD undertaken by the replying PA (June 2011)
Austria	1	9	2.6	29 %	0 %
Belgium	22	18.57*	16.08	87 %	0.1 %
Cyprus			no DD used		
Finland	5	2.4	2.4	100 %	0 %
France	2	351**	351	100 %	0 %
Germany	5	172	121.65	71 %	0.01 %
Greece	1***	0.35	0.35	100 %	0 %
Ireland	7	1.50	1.50	100 %	0 %
Italy			no DD used		
Luxembourg			no DD used		
Malta			no DD used		
Netherlands	4	78.1	78.1	100 %	0 %
Portugal	3	0.0085	0.0085	100 %	0 %
Slovenia	2	2.93	2.93	100 %	0 %
Slovakia			no DD used		
Spain	4	77.62	72.62	94 %	0 %
Estonia			no DD used		
Euro area	56	713.48	649.24	91 %	0 %

* In the case of Belgium, an estimate was made for the total CT volume by PA at an aggregate level using the ECB Blue Book statistics 2008. The assumption is that 15 % of all the CT indicated in the ECB Blue Book statistics for the respective Member State is undertaken by PA.

** In the case of France, payments at regional and municipal level are also included.

*** represents the whole public sector

2.1. SCT migration

The SCT rate for the replying PA in the euro area was 24.9 % and has exceeded the overall SCT rate in the euro area¹ in the same reporting period (20.5 % in July 2011). Compared to the last survey, the SCT migration rate has increased by 10.4 % points over 8 months (from 14.5 % in October 2010 to 24.9 % in June 2011).

PA in a number of Members States in the euro area seems to be taking over the lead for the SEPA migration at national level, namely in Finland (90.9 %), Belgium (77.4 %), Slovenia (65 %), Austria (60 %), Germany (37.6 %), France (21.1 %) and Spain (16.5 %) and they are expected to make further progress or fully complete migration to SCT in the coming months, once their target dates are approaching. In particular, a substantial increase has been seen in PA in Germany with a raise of almost 30 % points (increase from 8.4 % to 37.6 %), followed by Belgium and Finland, with an increase of 17 % and 16 % points respectively. In the case of Germany, the key driver was the Post Pension Office with a 75 % SCT rate in June 2011 (for 314 million CT in 2010). This remarkable jump can be explained by the fact that this PA has set up its own target date for phasing out legacy CT (first half of 2012). In the case of Belgium and Finland, the substantial

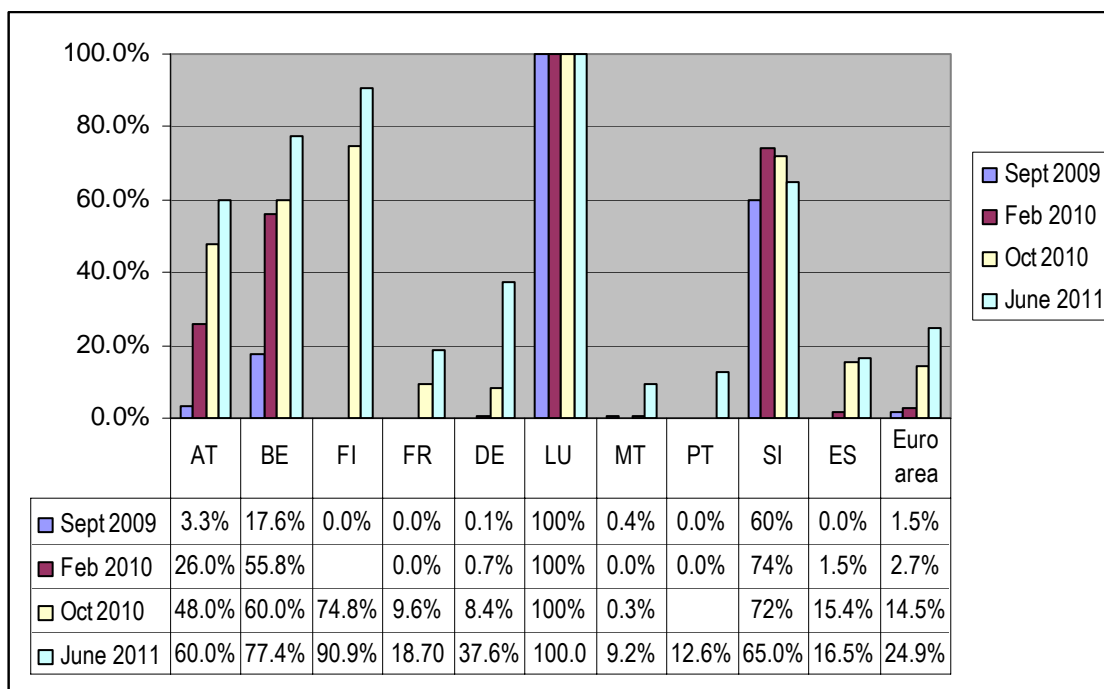
¹ <http://www.ecb.int/paym/sepa/about/indicators/html/index.en.html>

increase is driven by the fact that the common end-dates for phasing out CT established by PA in these Member States were respectively reached (end-2010 target date for critical mass of electronic CT) or were approaching (October 2011 end-date set up for all stakeholders at national level).

On the negative side, a number of PA in the euro area seem to be lagging behind with the SCT migration remaining at extremely low level, often not exceeding 1 % of the total credit transfers volume, namely in Greece (0.01 %), Estonia (0.1 %), Ireland (0.2 %), Slovakia (0.5 %), Cyprus (0.8 %), Netherlands (1.2 %) and Italy (2.3 %). Additionally, although PA in Malta have shown some progress (jump from 0.3 % to 9.2 %), their SCT rate was still far below the general SCT rate in the euro area (20.5 %). The SCT rates in Cyprus, Greece, Ireland and Slovenia decreased due to statistical effects².

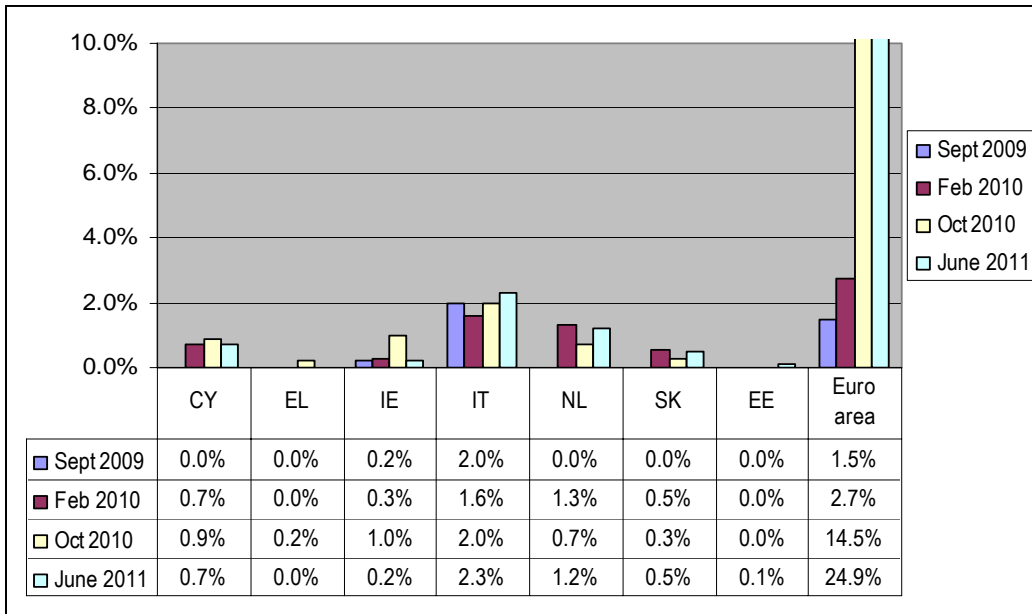
Graph 1 shows the evolution of the SCT rates for the PA migrating at a faster pace, while Graph 2 shows evolution of the SCT rates for the PA lagging substantially behind in the reporting periods of September 2009, February 2010, October 2010 and June 2011. Graph 3 shows the evolution of the SCT rates at euro area level.

Graph 1: Average SCT rates for individual PA in Member States – early movers

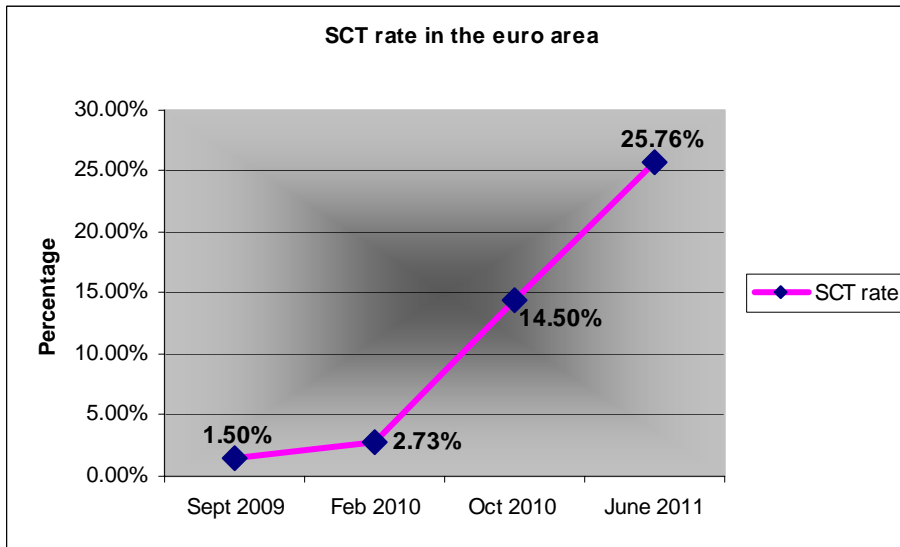


² In Cyprus, Greece and Slovenia the SCT rate has decreased due to an increase in the number of transactions in some PA which have not yet started using SCT. In Ireland, some PA were newly added in the current survey. However, as these PA only marginally use SCT, the SCT rate in Ireland decreased.

Graph 2: Average SCT rates for individual PA in Member States – moving at an extremely slow pace



Graph 3: Average SCT rates in the euro area



2.2. SDD migration

As for the last survey, the reported SDD migration rates are mostly still at zero or only marginal, namely in Belgium with 0.1 %³ and Germany with 0.01 %. Consequently, the SDD rate for the replying PA in the euro area was close to 0 % (0.003 %) and therefore below the overall SDD rate in the euro area (0.13 % in June 2011)⁴.

On the other hand, the relative importance of direct debits in the total payment volume as compared with other payment instruments used by PA, is generally very low (only a limited number of PA in Belgium, Greece, Germany, Ireland, Spain, Finland, France, Netherlands, Austria and Slovenia use direct debits) or nil (Cyprus, Estonia, Italy, Luxembourg, Malta, Portugal and Slovakia).

2.3. Technical preparedness for SEPA

2.3.1. IBAN/BIC usage

In the following analysis, the percentages of IBAN/BIC usage are weighted on the basis of the total number of credit transfers made by replying PA within each Member State. Calculated across the euro area, 21 % of replying PA have fully completed migration to IBAN/BIC (decrease of 3 % points as compared to October 2010⁵); 56 % are partially initiating domestic payments with IBAN/BIC (a decrease of 6 % points as compared to October 2010⁶) and 23 % have not started to use IBAN/BIC at all (an increase of 9 % points compared to October 2010⁷).

The graph below illustrates the degree of use of IBAN/BIC (full, partial or none) by individual PA in Member States and across the euro area.

³ The SDD rate has decreased compared to the last survey due to an increase in the number of transactions in some PA. However, as these PA only marginally use SDD, the SDD rate in Belgium decreased.

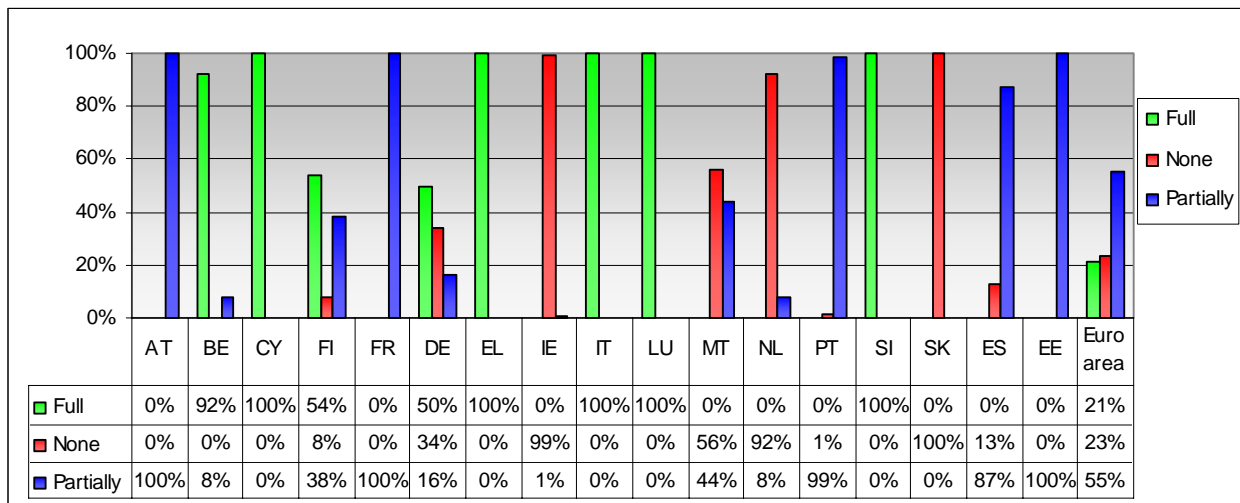
⁴ <http://www.ecb.int/paym/sepa/about/indicators/html/index.en.html>

⁵ Decrease due to statistical effects since some PA were newly added in the current survey using IBAN/BIC in a lesser extent. Additionally, compared to the last survey, all Member States in the euro area have contributed.

⁶ See footnote 5.

⁷ See footnote 5.

Graph 4: Use of IBAN/BIC weighted by volume of replying individual PA in Member States and across the euro area.

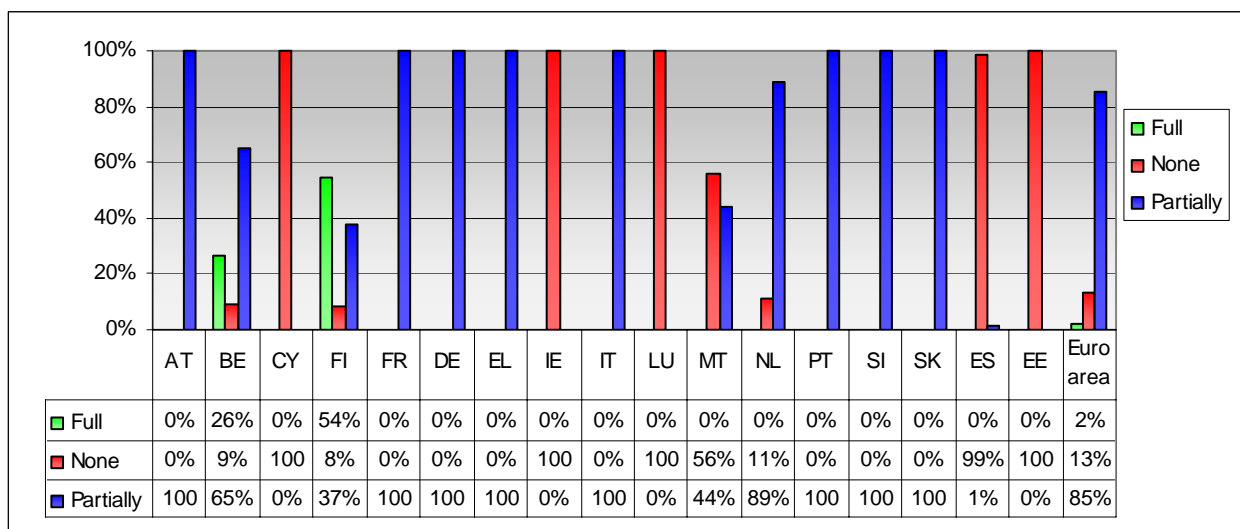


IBAN/BIC migration has been completed by PA in Cyprus, Greece, Italy, Luxembourg and Slovenia. In Malta, all new accounts are identified by IBAN/BIC and conversion facilities are provided by banks for existing bank accounts.

2.3.2. ISO 20022 XML usage

Similarly to the IBAN/BIC analysis above, ISO 20022 XML usage is weighted on the basis of the total number of CT made by replying PA within each Member State. Calculated across the euro area, only 13 % of replying PA still submit all payment instructions to their bank using a national file format (a decrease of 3 % points as compared to October 2010), 85 % partially use the ISO 20022 format (an increase of 1 % points as compared to October 2010). Only a few PA in Finland and Belgium fully use the new ISO 20022 XML format. PA in Cyprus and Luxembourg rely on the conversion facilities provided by banks.

Graph 5: Use of ISO 20022 XML weighted by volume of replying individual PA in Member States and across the euro area



2.4. End-date for SCT and SDD migration

Only seven Member States in the euro area have established a common end-date for all PA to phase out legacy credit transfers (CT). The Netherlands have postponed the target end-date as compared to the results from October 2010 (from end-2010)⁸.

Concerning the establishment of a common end-date for all PA for phasing out legacy direct debits (DD), only Greece has set a target date for migration to SDD.

The table below presents a summary of common end-dates established by the PA in different Member States for migration to IBAN/BIC, ISO 20022, SCT and SDD.

Table 3: Common end-dates established by the PA in euro area Member States

Member State	Common end dates			
	IBAN/BIC	ISO 20022	SCT	SDD
Austria*	end 2011	end 2011	end 2011	none
Belgium**	end 2010	none	end 2010	none
Cyprus***	done	end 2011	end 2011	N/A
Finland****	October 2011	October 2011	October 2011	none
France*****	end 2011	end 2011	end 2011	none
Germany	none	none	none	none
Greece	done	none	June 2012	September 2012
Ireland	none	none	none	none
Italy	done	none	none	N/A
Luxembourg	done	after May 2012	done	N/A
Malta	none	none	none	N/A
Netherlands	July 2012	July 2012	July 2012	none
Portugal	none	none	none	N/A
Slovenia	done	none	none	none
Slovakia****	end 2012	end 2012	end 2012	N/A
Spain	none	none	none	none

* Austria: target date for PA at federal level only (with the exception of the NL tax authority)

** Belgium: will stop processing legacy paper forms; target date for the critical mass of electronic CT

***Cyprus: target date for the National Central Bank which serves as the payment service provider for the Treasury and Social Insurance

**** Finland: date set up for all stakeholders at national level

***** France, Slovakia: target date for all PA

On the other hand, positive examples can be observed in Germany, where a common national target end-date for phasing out legacy credit transfers does not exist, but where two very large individual PA have set their own specific target dates: the Federal Labour Agency (with 212 million CT in 2010) with a target date of end-2012 and the Post Pension Service (with 314 million CT in 2010 and with the remarkable SCT rate of 75 % in June 2011) with a target date of the first half of 2012. Further positive example can be seen in Malta, where one individual PA has set up its own end-date for SCT migration (Ministry of Education, Employment and the Family with 1.1 million CT in 2010).

⁸ End-2010 was realised by most ministries, the new target end-date for the remaining PA is July 2012.