



EUROPEAN COMMISSION  
IMPACT ASSESSMENT BOARD

21 MAI 2010

Brussels,  
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## Opinion

### Title

**DG MARKT - Impact Assessment on: the proposal for a Regulation of the European Parliament and of the Council on migration to the pan-European payment instruments**

**(draft version of 21 April 2010)**

### **(A) Context**

Secure, efficient and standardized EU-wide payment systems facilitate the conduct of economic transactions and the functioning of the Internal Market. The issue of diverging national payment systems has been addressed at the EU level by (a) the Payment Services Directive (2007/64/EC, establishes standards and rights for payment services) and (b) the Regulation on Cross-Border Payments ((EC) No 924/2009, requires the same price to be applied for cross-border payments in euro as for national payments). The Single Euro Payments Area (SEPA) builds on this legal framework and aims at creating an integrated EU payment market. While SEPA was originally conceived of as a market-driven project, there is increasing recognition by stakeholders including the European Parliament and Council that a legally binding end-date may be necessary to achieve successful project completion. This impact assessment analyses potential implications of such an intervention at EU level, and is limited in scope to two payment instruments, euro SEPA credit transfers and euro SEPA direct debits.

### **(B) Overall assessment**

**The report is of acceptable quality and provides the evidence necessary to underpin action in this area. It should nevertheless improve the analysis of a number of issues. The report should develop further the argument on the reasons for the slow migration and clarify the differences in the situation on the supply side and that on the demand side. It should explain better the proposed migration end dates and also consider whether there would be ways to create additional market incentives for faster migration. The report should clarify the methodology of the cost benefit analysis it draws up and be more specific about the different types of costs and benefits both at the Member State and at the EU level. Finally, the report should explain better how the residence-based restrictions on cross-border account holding are related to the SEPA project, justify the EU action in this domain in terms of subsidiarity and proportionality and improve the related impact analysis.**

### **(C) Main recommendations for improvements**

**(1) Provide a more comprehensive analysis of the reasons for the slow migration to SEPA.** The report should clarify that there are differences in the progress on the supply side (banks and other payment service providers) and on the demand side (users and customers). The analysis should address the extent to which the supply side has already made the necessary investments, but is reluctant to promote SEPA payments for other reasons (for example, because integrated markets would increase competition and put pressure on revenues), and the extent to which the demand side still has to make investments and faces more complex reasons for not moving on. Besides the lack of a common time horizon, which may cause market players to delay migration efforts, the report should explain whether these reasons include the limited range of SEPA products available and issues with the perceived transaction risks. The impact of the current adverse economic climate should also be taken into consideration. Finally, based on the statistics on progress by Member States, the report should establish the success factors which have allowed some of them to progress more rapidly.

**(2) Explain and justify better the proposed migration end-dates and consider whether there are other options for accelerating the process.** The report should justify better the proposed migration end-dates – for SEPA credit transfers one year and for SEPA direct debits two years after the entry into force of the regulation. It should clarify that when counted from the start of the legislative process these deadlines would effectively provide 3-4 years for preparations. The report should discuss also the pros and cons of a longer compliance period. In addition, besides the option of the mandatory migration end-date, the report should consider whether there would be other options for accelerating SEPA migration. For instance it could examine the feasibility of providing additional incentives on top of existing initiatives (e.g. promotion of SEPA products, peer pressure among public authorities and investment support) to accelerate the progress on the demand side which currently falls behind.

**(3) Clarify the methodology of the cost-benefit analysis and strengthen the analysis of impacts.** First, the report should add an annex to explain the methodology and the underlying assumptions of the cost-benefit analysis. Second, to the extent possible, the report should provide a more detailed overview of investments, costs (operational and marketing) and benefits, both at the EU and MS level. This overview should specify which investments have already been made and which are still necessary, and how the future costs and benefits would be distributed over time. The report should clarify which Member States are included in the 'total' estimates (euro-zone or all). The report should also identify the costs and benefits for public administrations and consider whether the impacts of the accelerated migration may significantly differ by Member State. Finally, where available, quantitative estimates should be included in the comparison tables of the (sub)options.

**(4) Reinforce the arguments for including in the scope of this initiative the issues related to cross-border account holding.** The report should clarify the relevance to this initiative of the fact that opening a payment account in another Member State might be refused on the basis of non-residency. The report should demonstrate that a binding measure prohibiting customer refusal on the grounds of nationality or place of residence would be justified in terms of subsidiarity and proportionality. It should also be more specific about the expected impact of this measure on the integration of the payment market and discuss how the banks could overcome the higher perceived fraud risk of non-

resident accounts (including assessment of the related costs).

*Some more technical comments have been transmitted directly to the author DG and are expected to be incorporated in the final version of the impact assessment report.*

**(D) Procedure and presentation**

The report should provide a more comprehensive overview of the stakeholder consultation in an Annex, and reflect the views of different stakeholder groups systematically while discussing the policy options. For clarity, the report should add a diagram or table providing an overview of the various sub-options. It should also include a glossary. Finally, the executive summary should give more detail on the sub-options, including criteria for their comparison and the quantified costs/benefits, where available.

**(E) IAB scrutiny process**

Reference number	2010/MARKT/037 (catalogue)
External expertise used	No
Date of Board Meeting	19 May 2010