



Version 2.0 - September 2009

# **S€PA for CONSUMERS**

Information on the  
**SINGLE EURO PAYMENTS AREA**

## All you need to know about SEPA

### **EPC brochures\***

Making SEPA a Reality – the definitive Guide to the Single Euro Payments Area

The most popular Misunderstandings about SEPA – clarified

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Shortcut to the SEPA Direct Debit Schemes

Shortcut to the SEPA Credit Transfer Scheme

Shortcut to the SEPA Data Formats

Shortcut to the SEPA Cards Framework (available fall 2009)

Shortcut to SEPA Cards Standardisation (available fall 2009)

Business – the 10 best Reasons to practice SEPA

Public Sector – the 10 best Reasons to practice SEPA

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\*These EPC publications are available for download at [www.europeanpaymentscouncil.eu](http://www.europeanpaymentscouncil.eu)

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# SEPA FOR CONSUMERS – IN A NUTSHELL

## 1.

**In SEPA, consumers can rely on one bank account and one payment card to make payments across 32 countries.**

### 1.1 What is SEPA?

➡ The Single Euro Payments Area (SEPA) is the area where citizens, companies and other economic actors can make and receive payments in euro, within Europe, whether within or across national boundaries under the same basic conditions, rights and obligations, regardless of their location. The geographical scope of SEPA covers the 27 EU member states<sup>1</sup> plus Iceland, Liechtenstein, Norway, Switzerland and Monaco.

➡ SEPA payments are always euro payments. The accounts of the consumer making a SEPA payment and of the biller receiving this payment must be located in one of the 32 SEPA countries. The accounts may be in euro or in another currency<sup>2</sup>.

### 1.2 Why SEPA?

➡ SEPA is the logical next step following the introduction of euro notes and coins in 2002: SEPA payment instruments allow consumers to exchange electronic euro payments between any accounts in the SEPA area as conveniently as this is possible within national borders today.

➡ The European banking industry has delivered a set of harmonised SEPA payment instruments for credit transfers, direct debits and card payments. These same SEPA payment instruments can be used to make payments domestically or to pay for goods and services you purchase in a SEPA country other than your home country. Eventually, SEPA payment instruments will replace the national payment instruments existing today in euro countries.



<sup>1</sup> Austria, Belgium, Bulgaria, Cyprus, Czech Republic, Denmark, Estonia, Finland, France, Germany, Greece, Hungary, Ireland, Italy, Latvia, Lithuania, Luxembourg, Malta, Netherlands, Poland, Portugal, Romania, Slovakia, Slovenia, Spain, Sweden, United Kingdom.

<sup>2</sup> To learn more about how to make SEPA payments see page 6 of this publication.

1.3

## Who makes SEPA happen?

→ We all do! Public authorities including the European Commission, the European Central Bank and EU governments create the conditions that support the transition of bank customers to the new SEPA payment instruments.

→ The banking industry, cooperating in the European Payments Council (EPC)<sup>3</sup>, delivers the new SEPA payment instruments.

→ Most importantly, SEPA will become a success once bank customers including consumers embrace the new SEPA payment instruments.

1.4

## How does SEPA benefit consumers?

→ In SEPA, consumers can rely on one bank account and one payment card to make euro payments across 32 countries while enjoying highly competitive services provided by banks. In addition, SEPA drives forward technological innovation in payments empowering consumers to take advantage of many new features. As a result, the process of paying bills will be even more convenient.



1.5

## SEPA made easy!

→ SEPA does not re-invent the wheel: when paying by SEPA Credit Transfer, for example, consumers basically follow the same steps as when making such a payment using a national credit transfer system.

→ The only difference between a “traditional” credit transfer and a SEPA Credit Transfer is this: to do the latter, it is necessary to name the IBAN (International Bank Account Number) and the BIC (Bank Identifier Code) of the party receiving the payment. Going forward, your business partners will feature their IBAN and BIC prominently on websites, stationary and invoices.

→ At the same time, your bank will ensure that you can easily find the IBAN and BIC of your own account. You will have to submit this information when authorising a service provider to collect payments from your account by SEPA Direct Debit.

→ With regard to card payments, consumers will continue to use their bank cards in the exact same way as they do today while simply enjoying the fact that their card will be accepted by merchants across all SEPA countries.

**Consumers enjoy fast, secure and streamlined SEPA services featuring the most innovative options available in payments.**

<sup>3</sup> The EPC is the banking industry’s decision-making and coordination body in relation to payments. For more information visit [www.europeanpaymentscouncil.eu](http://www.europeanpaymentscouncil.eu).

## MAKING SEPA PAYMENTS

### 2.

➤ The introduction of SEPA makes paying bills significantly easier for mobile European citizens including workers, students, holiday home owners, tourists or retirees living abroad. At the same time, SEPA benefits consumers who wish to purchase goods or services from retailers located in SEPA countries other than their home country. All consumers will be able to rely on one home account and one payment card for all – domestic and cross-border – payments throughout SEPA.

➤ SEPA payments can be made to or from any accounts that are held with a bank located in SEPA. It is not necessary that the payer and / or the recipient of the payment have an account in a SEPA country that has already adopted the euro as its national currency<sup>4</sup>.

➤ For example: a consumer who holds an account in euro with a bank in Belgium can make a SEPA payment to a retailer who holds an account in Zloty with a bank in Poland. In such a case, the SEPA payment takes place like this: (1) the euro amount of the payment is debited to the Belgian consumer's account; (2) the exchange of funds between the Belgian bank and the Polish bank takes place in euro; and (3) the amount of the payment is converted from euro to Zloty when crediting the Polish retailer's account.

➤ SEPA payments can be made by credit transfer, direct debit or using a bank card.

<sup>4</sup> As of 2009, the following SEPA countries have adopted the euro as their national currency: Austria, Belgium, Cyprus, Finland, France, Germany, Greece, Ireland, Italy, Luxemburg, Malta, Monaco, The Netherlands, Portugal, Slovakia, Slovenia and Spain.

## 2.1 SEPA Credit Transfer

**SEPA Credit Transfer services allow customers to transfer euro amounts to any beneficiary account in SEPA.**

➤ When using the SEPA Credit Transfer, there will be no deductions to the original amount transferred.

➤ The payment will reach the receiving party within three banking business days or faster.

➤ Each party to the transaction, e.g. the consumer paying a bill on the one hand and the biller receiving the payment on the other, will be charged individually and separately by their bank for this payment service in a fully transparent manner. The basis and level of charges to customers are entirely a matter for individual banks.

➤ Banks offer easy-to-use tools to make SEPA Credit Transfer payments online or provide convenient paper-based forms at local branches to initiate the payment.

➤ To make a SEPA Credit Transfer payment, it is necessary to name the IBAN (International Bank Account Number) and the BIC (Bank Identifier Code) of the beneficiary receiving the payment. Further information on IBAN and BIC is featured on page 10 of this publication.



**The SEPA Direct Debit – for the first time ever – enables consumers to make cross-border direct debit payments throughout the 32 SEPA countries. At the same time, the SEPA Direct Debit can of course be used domestically.**

➤ By end 2009, banks will gradually start offering SEPA Direct Debit services.

➤ The SEPA Direct Debit provides a convenient and secure means of paying bills and allows for easy reconciliation of debits on account statements.

➤ Consumers enjoy a fast and simple refund procedure when making payments by SEPA Direct Debit. Refunds may be claimed within eight weeks of the debit date for authorised transactions and within 13 months for unauthorised transactions.

➤ Each party to the transaction, e.g. the consumer paying a bill on the one hand and the biller collecting the payment on the other, will be charged individually and separately by their bank for this payment service in a fully transparent manner. The basis and level of charges to customers are entirely a matter for individual banks.

➤ A consumer completes a SEPA mandate to authorise a biller (a retailer selling goods or tax authorities, for example) to collect payments via SEPA Direct Debit. At the same time, the SEPA mandate authorises the consumer's bank to pay these collections. To make life easier, existing mandates are likely to be carried forward under the SEPA Direct Debit as clarified below.

➤ Going forward, a biller may offer payment by SEPA Direct Debit in instances where a consumer and a biller have an existing agreement on direct debit collections. For example, you are subscribing to a newspaper today paying by direct debit. Your biller will clarify whether the mandate you originally issued continues to be valid or whether you have to issue a new mandate.

➤ Using the SEPA Direct Debit includes the possibility to issue a mandate through an electronic channel. This so-called e-mandate option brings further advantages to consumers as it avoids the inconvenience of printing, signing and mailing a paper form to the biller. The e-mandate facility is based on secure, widely used online banking services. Availability of the e-mandate will depend upon individual bank service offerings.

➤ When choosing to pay bills by SEPA Direct Debit, consumers will have to indicate to the biller the IBAN (International Bank Account Number) and BIC (Bank Identifier Code) of their account that is to be debited. Further information on IBAN and BIC is featured on page 10 of this publication.





## 2.3 SEPA for Cards

**SEPA for Cards makes it even easier for consumers to rely on a single card for paying bills and withdrawing cash.**

➤ Consumers can use their payment card in any SEPA country in the same way they use it in their home country.

➤ In line with best practices the SEPA cards market recognises the EMV standard as the technology that allows payments with cards at very high levels of security. EMV stands for Europay MasterCard Visa programme to implement CHIP and PIN security for card transactions.

➤ Consumers receive full details of any merchant currency conversion charges across SEPA.

➤ A so-called SEPA-compliant bank card must have the potential to be effectively accepted at ATMs and/or by merchants in all SEPA countries. However, it is important to note that it is the decision of the individual merchant – a supermarket, for example – what kind of bank cards to accept for payments or not. In very limited instances, therefore, it might happen that a bank card cannot be used to pay at the check-out of an individual retailer located in SEPA.



## 2.4 SEPA drives forward innovation in payments

➤ Anticipating changing customer habits and fostering innovation in payments, the EPC is now creating solutions that empower consumers to initiate and receive SEPA payments using their mobile phone.

➤ Responding to the rapidly increasing volume of electronic commerce, the EPC is also developing the means to make SEPA payments online.

➤ It is optional for banks offering SEPA payments to make available related mobile and / or online services.

## THE SEPA ACCOUNT IDENTIFIERS: IBAN AND BIC

### 3.

➤ When making a payment by credit transfer or direct debit today, consumers indicate an account number and a bank code that allow specifying bank accounts on national level.

➤ SEPA, however, enables bank customers to exchange euro payments between any accounts in the 32 SEPA countries. This is only possible when banks and bank customers agree to use account identifiers which allow pinpointing an account regardless whether the payment is exchanged between two parties located in the same SEPA country or in different SEPA countries. In SEPA, therefore, IBAN (International Bank Account Number) and BIC (Bank Identifier Code) are the only permissible account and bank identifiers.

➤ IBAN and BIC are features that were developed by ISO, the International Organisation for Standardisation. ISO is the world's developer of globally compatible standards that enable service providers (such as banks) to offer internationally compatible solutions (such as SEPA payment instruments).

**Banks, businesses and public administrations will provide the tools to ensure a smooth transition for consumers to IBAN and BIC.**



➡ Consumers find IBAN and BIC pertaining to their own account on their account statements and / or imprinted on their bank card.

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